FILED 7/24/2023
DOCUMENT NO. 04244-2023
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DATE: July 24, 2023

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Penny Mallow, Public Utility Analyst II, Office of Industry Development & Market Analysis

RE: Docket No. 20230086-TX-Application for certificate to provide local telecommunications service by Cincinnati Bell Extended Territories LLC d/b/a altafiber connected services.

Attached is altafiber connected services's additional financial information. Please add to docket file. If you have questions please contact me at 413-6586.

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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, 2020

☐ **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	Trading Symbol(s)	Name of each exchange on which registered
Common Shares ($0.01 par value)	CBB	New York Stock Exchange
Depository Shares, each representing 1/20 interest in a Share of 6 3/4% Cumulative Convertible Preferred Stock, without par value	CBB.PB	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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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, 2020, 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, 2021, there were 50,908,586 common shares outstanding.

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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") provide integrated communications and IT solutions that keep consumer and business customers connected with each other and with the world.

On December 21, 2019, the Company entered into an Agreement and Plan of Merger (as amended from time to time, the "Brookfield Merger Agreement") with affiliates of the Brookfield Infrastructure Group ("Brookfield"), the infrastructure investment division of Brookfield Asset Management, which was subsequently amended. Pursuant to the amended Brookfield Merger Agreement, the Company would be acquired by an affiliate of Brookfield for $14.50 per Common Share.

On March 13, 2020, the Company terminated the Brookfield Merger Agreement and entered into an Agreement and Plan of Merger (the "MIP Merger Agreement") pursuant to which the Company will be acquired by an affiliate of Macquarie Infrastructure Partners V ("MIP"), a fund managed by Macquarie Infrastructure and Real Assets (the "MIP Merger"). At the effective time of the MIP Merger (the "Effective Time"), each of our issued and outstanding Common Shares will be converted into the right to receive $15.50 in cash per Common Share, without interest, and the 6 3/4% Cumulative Convertible Preferred Shares will remain issued and outstanding as 6 3/4% Cumulative Convertible Preferred Shares of the Company, without par value, following the Effective Time. The consummation of the Merger is subject to customary closing conditions and is expected to close in the first half of 2021, although there can be no assurance that the Merger will occur by that date. As a result of the Merger, the Company will cease to be a publicly traded company.

In connection with the termination of the Brookfield Merger Agreement, the Company paid an affiliate of Brookfield a termination fee of $24.8 million in the first quarter of 2020 as required by the terms of the Brookfield Merger Agreement.

Through its Entertainment and Communications segment, the Company provides high-speed data, video, and voice solutions to consumers and businesses over an expanding fiber network and a legacy copper network. During 2018, the Company acquired Hawaiian Telcom Holdco, Inc. ("Hawaiian Telcom"), the largest full service provider of communication services on all of Hawaii's major islands. This acquisition added operational scale to our business by adding access to both Honolulu, a well-developed, fiber-rich city, as well as the growing neighbor islands. After the acquisition, the Company's combined fiber networks are approximately 17,800 fiber route miles.

Through its IT Services and Hardware segment, business customers across the U.S., Canada and Europe rely on the Company for the sale and service of efficient, end-to-end communications and IT systems and solutions. During 2017, the Company expanded the geographic footprint of its IT Services and Hardware segment as a result of the acquisitions of SunTel Services LLC ("SunTel") and OnX Holdings LLC ("OnX"), transforming the segment into a North American hybrid-cloud services provider. In addition, the acquisition of Hawaiian Telcom in 2018 also expanded the IT Services and Hardware segment to Hawaii.

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, we believe that, by leveraging our past and future investments, we have created 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 fiber network; and
- grow our IT Services and Hardware segment.

Expand our fiber network

We invested $95.6 million of capital in the Entertainment and Communications segment in products that can be categorized as either Fioptics in Cincinnati or Consumer/SMB Fiber in Hawaii (collectively, "Consumer/SMB Fiber") during 2020. Revenue from these high demand products totaled $446.4 million, up $6.0 million over the prior year partially mitigating the decline in legacy products. The primary focus of these investments is the expansion of high-speed internet products which are designed to compete directly with the cable Multiple System Operators, such as Charter Communications, serving the Company's operating territories. Year-over-year revenue and subscribers for these products are outlined in the table below:

Cincinnati Operating Territory	2020	2019	2018
Consumer / SMB Fiber Revenue (in millions):	$ 360.4	$ 353.2	$ 341.2
Subscribers (in thousands):			
High-speed internet	266.6	250.6	239.0
Video	128.0	135.1	139.9
Voice	103.8	106.8	107.6

Hawaii Operating Territory	2020	2019	2018
Consumer / SMB Fiber Revenue (in millions):	$ 86.0	$ 87.2	$ 42.3
Subscribers (in thousands):			
High-speed internet	70.8	68.2	65.9
Video	40.6	42.7	48.8
Voice	29.5	30.0	30.3

During the year, we passed an additional 13,600 addresses in the Greater Cincinnati area with Fioptics, which included a focus on Fiber to the Premise ("FTTP") addresses as FTTP has become a more relevant solution for our customers. As of December 31, 2020, the Fioptics products are now available to approximately 637,000 customer locations or 75% of the Greater Cincinnati operating territory. During 2020, we passed an additional 7,900 addresses in Hawaii. The Consumer/SMB Fiber products are now available to approximately 254,300 addresses, or 50% of the operating territory in Hawaii, including Oahu and the neighbor islands.

In 2020, the Company also invested $25.0 million in Enterprise Fiber products, which includes fiber and IP-based core network technology. These investments position the Company to meet increased business and carrier demand within Greater Cincinnati and in contiguous markets in the Midwest region. In Hawaii, expenditures are for high-bandwidth data transport products, such as metro-ethernet, including the Southeast Asia to United States ("SEA-US") cable. We continue to evolve and optimize network assets to support the migration of legacy products to new technology, and as of December 31, 2020, the Company has:

- increased the total number of commercial addresses with fiber-based services (referred to as a lit address) to 30,200 in Greater Cincinnati and 21,200 in Hawaii by connecting approximately 1,400 additional lit addresses in Greater Cincinnati and 900 additional lit addresses in Hawaii during the twelve months ended December 31, 2020;
- expanded the fiber network to span more than 12,900 route miles in Greater Cincinnati and 4,900 route miles in Hawaii; and
- provided cell site back-haul services to approximately 90% of the 1,000 cell sites in the Greater Cincinnati market, of which approximately 97% of these sites are lit with fiber, and 80% of the 1,100 cell sites in Hawaii, all of which are lit with fiber.

As a result of our investments, we generated year-over-year Entertainment and Communications revenue growth each year from 2013 through 2019. Revenue in 2020 was unfavorably impacted by the effects of COVID-19 and the Company's participation in the Keep Americans Connected pledge ("Pledge"). However, the Company continued to generate revenue growth in Consumer/SMB Data revenue in 2020 which has been the primary focus of our investments. In the fourth quarter of 2020, the Company entered into a definitive purchase agreement to acquire inter-island submarine and middle-mile terrestrial fiber infrastructure assets in Hawaii currently owned by the bankruptcy estate of the Paniolo Cable Company, LLC for $50.0 million. The transaction, which is subject to customary closing conditions, including approval of the bankruptcy court and federal regulatory authorities, is expected to close in the second half of 2021. The Company's expanding fiber assets allow us to support the ever-increasing demand for data, video and internet devices with speed, agility and security. 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 grow the IT Services and Hardware segment by developing new products, as well as expanding its reach to new customers. As a result of both organic and inorganic growth, our geographic footprint now extends across the U.S., Canada, Europe and India. We continue to diversify our customer base, and expand our product portfolio. During 2018, the acquisition of Hawaiian Telcom helped to expand the segment even further across the U.S. to Hawaii. The Company continues to develop high-demand products for business customers through our investments in unified communications and cloud services. Our ability to be innovative and to react to the changing technology demands of our customers is important to the growth of our IT Services and Hardware segment. Our offerings under the Infrastructure Solutions practice provide a platform for buyer engagement and an opportunity for connecting the customer to higher value professional and managed services. In 2020, 2019 and 2018, the Company saw significant increases in revenue from Communications solutions, specifically Unified Communications as a Service ("UCaaS"), Software-Defined Wide Area Network ("SD-WAN") and Network as a Service ("NaaS"), to customers that historically have purchased our hardware offerings.

As a company with a long history of managing customers' network and technology needs, we combine the management of the network, whether owned 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 managed service models. Customers are attracted to our ability to combine our historic knowledge, unique assets and talented workforce in order to help them improve their operational efficiency, mitigate risk and reduce costs.

Operations

As of December 31, 2020, the Company operated two segments: Entertainment and Communications and IT Services and Hardware.

The Entertainment and Communications segment provides products and services that can be categorized as either Consumer/SMB Fiber, Enterprise Fiber or Legacy. The table below demonstrates how our products and services are categorized:

Entertainment and Communications			
	Consumer / SMB Fiber	**Enterprise Fiber**	**Legacy**
Data	Fiber to the Premise ("FTTP") Fiber to the Node ("FTTN") DSL (> 10 Mb) (1)	Ethernet (>10Mb) Dedicated Internet Access Wavelength IRU Small Cell SONET (2)	DSL (< 10 Mb) DS0 (3), DS1, DS3 TDM (4) Ethernet (<10 Mb)
Voice	Voice (Fiber)		Traditional Voice Consumer Long Distance Switched Access Digital Trunking
Video	Television Service		
Other			Maintenance Information Services Connect America Fund support Directory Assistance Advertising Wireless Handsets and Accessories Wireless Services Wiring Projects

(1) Digital Subscriber Line
(2) Synchronous Optical Network
(3) Digital Signal
(4) Time Division Multiplexing

We classify the products and services of our IT Services and Hardware segment into four distinct practices: Consulting, Cloud, Communications and Infrastructure Solutions. The table below demonstrates how our products and services are categorized:

IT Services and Hardware	
Consulting	IT Staffing Application Services
Cloud	Virtual Data Centers Storage Backup Network Management/Monitoring Security Data Center Cloud Consulting
Communications	Unified Communications as a Services ("UCaaS") Contact Center Software Defined Wide Area Networking ("SD-WAN") Networking Solutions Multi-Protocol Label Switching ("MPLS") Network as a Service ("NaaS")
Infrastructure Solutions	Hardware Software Licenses Maintenance

Entertainment and Communications

The Entertainment and Communications segment provides products and services such as high-speed internet, data transport, local voice, 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 145 years. Voice and data services in the Enterprise Fiber and Legacy categories that are delivered beyond the Company's ILEC territory, particularly in Dayton and Mason, Ohio, are provided through the operations of Cincinnati Bell Extended Territories LLC ("CBET"), a subsidiary of CBT. Hawaiian Telcom, a subsidiary of the Company, is the ILEC for the State of Hawaii and the largest full service provider of communications services and products in that state. Originally incorporated in Hawaii in 1883 as Mutual Telephone Company, Hawaiian Telcom has a strong heritage of over 135 years as Hawaii's communications carrier. Its services are offered on all of Hawaii's major islands, except its video service, which currently is only available on the island of Oahu. 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. To address this demand, the Company is focused on building out FTTP addresses, enabling these addresses to receive speeds up to one gigabit per second ("Gbps"). FTTP addresses now cover 61% of the market in Greater Cincinnati and 38% of the market in Hawaii. The Company is now able to provide internet speeds of up to 30 megabits per second ("Mbps") or more to approximately 75% of Greater Cincinnati and up to 20 Mbps or more to approximately 69% of homes and businesses on the island of Oahu, of which approximately 499,600 and 184,300 addresses are capable of receiving speeds up to one Gbps in Greater Cincinnati and Hawaii, respectively.

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. 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.

As a result of the acquisition of Hawaiian Telcom, the Company gained access to the SEA-US trans-Pacific submarine cable system connecting Indonesia, the Philippines, Guam, Hawaii and the mainland United States. The system provides an initial 20 Terabytes per second ("Tbps") of capacity using state-of-the-art 100 Gbps technology to accommodate the increase in data consumption.

Voice

Voice represents local service over both copper and fiber. It also includes consumer 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 over copper continue to decrease as its customers have increasingly employed wireless technologies in lieu of wireline voice services ("wireless substitution"), migrated to competitors, or migrated to VoIP services provided by the Company and others.

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.

Video

In the Greater Cincinnati territory, the Company launched Fioptics in 2009 and initially focused our fiber network investment on densely populated areas, such as apartments and condominiums. Since that time, Fioptics has been deployed over a much broader base and is now available to approximately 75% of Greater Cincinnati. As of December 31, 2020, we have 128,000 video subscribers in Greater Cincinnati. Our Fioptics customers enjoy access to over 400 entertainment channels, including digital music, local, movie and sports programming with over 150 high-definition channels, parental controls, HD DVR and video On-Demand.

In Hawaii, the Company launched its next-generation television service on the island of Oahu in July 2011. The TV service is 100% digital with hundreds of local, national, international and music channels, including high-definition, premium, pay-per-view channels and video on-demand service. TV service has been deployed to 40,600 subscribers in Hawaii as of the end of 2020.

Other

Other revenue consists of revenue generated from wiring projects for business customers, Connect America Fund support (see "Regulatory Matters and Competitive Trends" for further discussion of universal service), advertising, directory assistance, maintenance and information services.

IT Services and Hardware

The IT Services and Hardware segment provides a full range of managed IT solutions, 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 U.S., Canada, Europe and India. By offering a full range of Infrastructure Solutions in addition to Cloud, Communications and Consulting services, the IT Services and Hardware segment provides end-to-end IT 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:

Consulting

The Company's consulting services offerings consist of IT staffing and project-based engagements, including engineering and installation of voice, connectivity and IT technologies, development of digital 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.

Communications

The Company 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 a service for a monthly utility fee allowing our customers to scale without a large capital investment.

The solutions offered in the Communications practice include UCaaS, SD-WAN, NaaS, Contact Center and other Networking Solutions. UCaaS provides a portfolio of solutions that includes VoIP, room-based video, mobile solutions, chat/presence, messaging, web conferencing, audio conferencing, social media, contact center solutions, and more in order to serve a customer's collaboration needs. Cloud delivered SD-WAN is a revolutionary, agile platform to deploy, manage and monitor hybrid public, private, wireline and wireless networks. NaaS is a fully managed networking solution with cloud integration, security, switching, Wi-Fi, management, monitoring and SD-WAN. Our Contact Center offering features speech-enabled Interactive Voice Response ("IVR"), call-back services, call analytics and surveys, speech analytics, alerts and notification, and improved customer satisfaction and productivity. Additionally, we manage the maintenance of a large base of customers with traditional voice systems as well as converged VoIP systems under Networking Solutions.

Cloud

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 the Company and monitored around the clock from its Enterprise Network Operations Center ("ENOC").

Storage is a flexible, on-demand solution that enables businesses to eliminate capital expenditures and ongoing asset management with SLA-based services. The Company offers Tier I, Tier II and Tier III storage to meet its customers' availability, accessibility, protection, performance and capacity needs.

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.

The Company provides SLA-based monitoring and management services utilizing its 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 equipment provided by the Company 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.

Infrastructure Solutions

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.

Sales and Distribution Channels

The Company's Entertainment and Communications segment utilizes a number of distribution channels to acquire customers. As of December 31, 2020, the Company operated eight retail stores in the Cincinnati operating territory to market and distribute our Fioptics suite of products. 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 for both the Cincinnati operating territory and the Hawaii operating territory. In addition, the Company utilizes a call center, as well as a door-to-door sales force, to target the sale of our consumer products to residents.

For both operating segments, we utilize a business-to-business sales force and a call center organization to reach business customers in our operating territories. Larger business customers are supported by sales account representatives and solution architects located in our branch offices across the U.S., Canada and Europe 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.

The IT Services and Hardware segment utilizes an indirect distribution channel to sell services, primarily focused on Communications. Compensation to the distributor is success-based and typically involves a residual payment based on revenue from customers.

Suppliers and Product Supply Chain

The Company generally subjects purchases to competitive bids and selects its vendors based on price, service level, delivery terms, quality of product and terms and conditions.

The Entertainment and Communications segment's primary purchases are for video content, network equipment, software, fiber cable and contractors to maintain and support the growth of the fiber network. The Company maintains facilities and operations for storing cable and other equipment, product distribution and customer fulfillment.

The Company purchases some of its programming directly from the program networks by entering into affiliation agreements with the programming suppliers. The Company also benefits from membership with the National Cable Television Cooperative ("NCTC"), which enables us to take advantage of volume discounts. As of December 31, 2020, approximately 65% of CBET's programming was sourced from the NCTC and approximately 55% of Hawaiian Telcom's programming was sourced from the NCTC.

The IT Services and Hardware segment 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 leading technology and software solutions including, but not limited to, Cisco, Hewlett-Packard, Dell and IBM. 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 portion of the customer base migrates to 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 and competition is the reason for the largest portion of the Company's access line and long-distance line losses.

Our Consumer/SMB Fiber and Enterprise Fiber 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 that allow them to more aggressively price products, as well as provide products on a much broader scale given their expanded geographic operations. Our competitors 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 Company's video product 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 churn and decreased penetration for video; however, this trend could also drive increased demand for our high-speed internet product.

The IT Services and Hardware segment competes against numerous 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. In addition, as more customers migrate to the public cloud, we expect to see declines in the demand for Infrastructure Solutions. However, this trend could provide an opportunity in Consulting, Communications and Cloud Services as the Company has IT professionals that can assist customers through this migration to the public cloud.

Customers

The Company had no customers whose revenue comprised greater than 10% of total revenue in 2020, 2019 and 2018. As of December 31, 2020 and 2019, Verizon Communications Inc. ("Verizon") comprised 20% and 25% of consolidated accounts receivable, respectively. The accounts receivable with Verizon are significant to the Company, but the associated revenue does not exceed 10% of total revenue as a result of the application of ASC 606 and management's conclusion that for hardware transactions we act as the agent, and as a result record revenue net of the cost of product.

Employees

At December 31, 2020, the Company had approximately 4,600 employees. Approximately 25% of its employees are covered by collective bargaining agreements. Approximately 15% of total employees are covered by a collective bargaining agreement with the Communications Workers of America ("CWA"), which is affiliated with the AFL-CIO, and approximately 10% of total employees are covered by a collective bargaining agreement with the International Brotherhood of Electrical Workers (IBEW) Local 1357. The collective bargaining agreements with the CWA and IBEW are effective through the second quarter of 2021 and third quarter of 2022, respectively.

In response to the COVID-19 pandemic, we implemented significant changes that we determined were in the best interest of our employees as well as the communities in which we operate. These include having the vast majority of our employees work from home starting in March 2020 and implementing additional safety measures for employees continuing critical work out in the field and at customer locations. We have also provided programs and resources to our employees to assist with the transition and added several company-wide paid days off and caregiving support to help employees balance their work and life responsibilities.

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"). The SEC 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 Forms 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, 2020, 2019, and 2018 and assets as of December 31, 2020 and 2019 are set forth in Note 17 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.

Risks Related to Our Business, Operations and Industry

The global outbreak of COVID-19 and related government, private sector and individual consumer responsive actions have adversely affected the Company's business operations, employee availability, financial performance, liquidity and cash flow and are expected to continue to do so for an unknown period of time.

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, and on March 13, 2020, President Trump declared a national emergency relating to the outbreak. The outbreak has spread globally and has, and continues to, adversely affect workforces, customers and consumer sentiment and, along with a decrease in consumer spending, has led to an economic downturn in many markets. National, state and local authorities have recommended social distancing measures and have imposed and continue to consider quarantine and isolation measures for large portions of the population, including mandatory business closures. These measures, while intended to protect human life, have had, and are expected to continue to have, serious adverse impacts on domestic and foreign economies of uncertain severity and duration. The effectiveness of economic stabilization efforts, including government payments to affected citizens and industries, is uncertain.

In the United States and in other countries and regions where we have a significant employee presence, facilities or critical operations, the outbreak of COVID-19 has impacted our ability to manage day-to-day operations and service our customers. It has also increased our costs of operations and resulted in, among other things, loss of revenue. For example, we have implemented corporate and personal travel restrictions for employees and vendors, cancelled events and enabled work-from-home for many employees by equipping them to safely support customers remotely. We have also implemented additional safety measures for our retail stores and field operations teams. Additionally, we have been required to temporarily close or reduce operations at some of our retail locations, facilities and customer call centers. Retail locations inside malls were closed temporarily, but reopened in June 2020 as stay-at-home orders began to ease in Ohio. Retail locations have remained open since June, but continue to have reduced hours of operation. Due to stay-at-home orders easing in the primary markets in which the Company operates, day-to-day operations have normalized as of the date of this filing, but the Company may be required to temporarily close or reduce operations at more of or all of its retail locations, facilities or call centers again if there is a resurgence of COVID-19 in the markets in which the Company operates. We expect the foregoing effects, and other effects of COVID-19, to continue for an unknown period of time.

Our business has been, and is expected to continue to be, negatively impacted by the effects of, or precautions taken to avoid exposure to, COVID-19, such as reduced travel or recommendations or mandates from governmental authorities to avoid large gatherings or to self-quarantine, and by the resulting disruptions to economic conditions and financial markets. Such impacts include, but are not limited to:

- Disruptions to our third-party providers, including those who provide many of our information technology, call center functions, certain accounting functions and other critical vendor services;
- Reduced workforces caused by, among other things, the temporary inability of the workforce to work due to illness, quarantine, or government mandates, or temporary unwillingness to work due to health concerns;
- Reduced customer demand or customer payment of accounts receivables as a result of adverse economic conditions resulting from the COVID-19 pandemic;
- Reduced availability of certain network equipment in the supply chain due to increased demand and certain suppliers who have had, or continue to have, workforce constraints due to the COVID-19 pandemic; and
- Reduced revenues as a result of our pledge to not terminate service to certain customers due to their inability to pay bills because of disruptions caused by COVID-19 and to waive late fees for certain customers as a result of circumstances related to COVID-19.

Potential future impacts include, but are not limited to:

- Increased supply chain risks such as increased scrutiny or embargoing of goods produced in infected areas;
- Increased health insurance and labor-related costs arising from illness, quarantine and the implementation of social distancing and work-from-home measures;
- Increased risk of phishing and other cybersecurity attacks, and increased risk of unauthorized dissemination of sensitive personal information or proprietary or confidential information about us, our customers or other third parties as a result of employees or third-party vendors' employees working remotely; and

- In the event of a natural disaster, power outage, connectivity issue or other event that impacts our employees' ability to work remotely, it may be difficult or, in certain cases, impossible, for us to continue to support our customers' needs and respond to inquiries through call center operations or to perform necessary repairs and maintenance.

The foregoing impacts, and other impacts of COVID-19 discussed elsewhere in these risk factors, are consistent with those generally affecting the economic, financial, regulatory and political conditions in the United States and elsewhere in the world, and are generally applicable to the industries and markets in which the Company and our subsidiaries operate. These impacts could materially increase our costs, negatively impact our consumer and business sales and damage the Company's financial condition, results of operations, cash flows and liquidity position, possibly to a significant degree. The severity and duration of any such impacts cannot be predicted because of the rapidly evolving nature of the COVID-19 pandemic and related factors, including the severity and transmission rate of the virus, the extent and effectiveness of containment actions, the distribution and effectiveness of vaccines and the impact of these and other factors on our employees, customers and suppliers.

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 that they can offer in expanded geographic regions. Our competitors are expected to continuously upgrade their service quality and offerings. If the Company cannot continue to offer reliable, competitively priced, value-added services, or if the Company does not keep pace with technological advances and upgrades, competitive forces could adversely affect it through a loss of market share or a decrease in revenue and profit margins. The Company has lost access lines and expects to continue to lose them as part of the customer base migrates to competitors or alternative products of the Company. These competitive factors could limit the Company's ability to grow revenue and cash flows despite the strategic initiatives implemented.

The Entertainment and Communications segment faces competition from other local exchange carriers, wireless service providers, inter-exchange carriers, cable, broadband and internet service providers, other telecom companies, niche fiber companies and companies that deliver movies, television shows and other video programming over broadband Internet connections. Wireless providers, particularly those that provide unlimited wireless voice and data plans with no additional fees for long distance, offer customers a substitution for the Company's services. The Company believes wireless substitution accounts for the largest portion of its access line losses. Also, cable competitors that have existing service relationships with the Company's customers in the Entertainment and Communications segment offer substitution services, such as VoIP and long distance voice services in the Company's operating areas. As a result of wireless substitution and increased competition, legacy voice lines decreased by 11% and 10% in Cincinnati and Hawaii, respectively, in 2020 compared to 2019.

In addition, our strategic products, particularly our fiber-based products, face competition from a number of different sources including cable operators, other telecom companies, niche fiber companies, and 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 churn and decreased penetration in our Consumer/SMB Fiber products. If the Company is unable to effectively implement strategies to attract and retain 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 segment 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. 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 adversely affect the Company's IT Services and Hardware segment and have a material adverse impact on the Company's business, financial condition, results of operations and cash flows.

The Company may be unable to grow its revenues and cash flows despite the initiatives it has 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, 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. We cannot be assured that these opportunities will be successful or that these initiatives will improve our financial position or our results of operations. The outbreak of COVID-19 has, and may continue to, negatively impact these opportunities and require us to incur additional related costs such as overtime wages for employees that are working additional hours to offset employees that are following quarantine protocol, personal protective equipment for field technicians and customer facing employees, and pandemic related wages for certain employees, particularly if the effects of COVID-19 persist for a significant period of time.

Failure to anticipate the need to 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 consumer 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 our 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 our 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 subsidiaries have 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.

The Company has provided alternative sources of revenue by way of its strategic products; however, these products may generate lower profit margins than its traditional services. In addition, as a larger portion of our customer base has already migrated to these new product offerings, a decreased growth rate of strategic products can be expected. Moreover, we cannot provide assurance that the revenues generated from our new offerings will mitigate revenue losses from the reduced sales of our legacy products or that our new strategic offerings will be as successful as anticipated.

Negotiations with the providers of content for our video programming may not be successful, potentially resulting in our inability to carry certain programming channels, which could result in the loss of subscribers. In addition, due to the influence of some content providers, we may be forced to pay higher rates for some content, resulting in increased costs.

We must negotiate with the content owners of the programming that we carry. These content owners are the exclusive provider of the channels they offer. If we are unable to reach a mutually-agreed upon contract with a content owner, our existing agreements to carry this content may not be renewed, resulting in the blackout of these channels. The loss of content could result in our loss of customers who place a high value on the particular content that is lost. In addition, many content providers own multiple channels. As a result, we typically have to negotiate the pricing for multiple channels rather than one, and carry and pay for content with which customers do not associate much value, in order to have access to other content with which customers do associate value. Some of our competitors have materially larger scale than we do and may, as a result, be better positioned than we are in such negotiations. As a result of these factors, the expense of content may continue to increase and have a material adverse impact on the Company's results of operations and cash flows.

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, leading 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 financial compensation or may be able to terminate their relationship with the Company. In order to provide these levels of service, the Company is required to protect against human error, natural disasters, equipment failure, power failure, sabotage and vandalism, and have disaster recovery plans available in the event of disruption of service. Additionally, in the event that a significant number of our field technicians are affected by COVID-19, our ability to maintain our network could be reduced or could require significant overtime by unaffected field technicians. The failure to address these or other events may result in a disruption of service. In addition, any inability to meet service level commitments or other performance standards could reduce the confidence of customers. Decreased customer confidence could impair the Company's ability to attract and retain customers, which could adversely affect the Company's ability to generate revenues and operating results.

The Company generates a substantial portion of revenue by serving a limited geographic area.

The Company generates a substantial portion of revenue by serving customers in Cincinnati, Ohio, Dayton, Ohio and the islands of Hawaii. An economic downturn or natural disaster occurring in any of these limited operating territories 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. Furthermore, because of Hawaii's geographic isolation, the successful operation and growth of the business in Hawaii is dependent on favorable economic and regulatory conditions in the state. The impact of COVID-19 on the Hawaiian Islands has been, and could continue to be, more significant than in other geographies due to reliance on tourism by many businesses and reductions in tourism due to social distancing measures, self-quarantine requirements for visitors and recommendations of federal, state and local governments.

The customer base for telecommunications services in Hawaii is small and geographically concentrated. The population of Hawaii is approximately 1.4 million, approximately 70% of whom live on the island of Oahu. Any adverse economic conditions affecting Oahu (including the outbreak of COVID-19), or Hawaii generally, could materially impair our ability to operate our business. Labor shortages or increased labor costs in Hawaii could also have an adverse effect on our business. In addition, we may be subject to increased costs for goods and services that we are unable to control or defray as a result of operating in this limited territory. Increased expenses including, but not limited to, energy and health care could have an adverse effect on our business and results of operations.

One large customer accounts for a significant portion of the Company's accounts receivable. The loss or significant reduction in business from this customer would cause operating results to decline and could negatively impact profitability and cash flows.

As of December 31, 2020 and 2019, Verizon Communications Inc. ("Verizon") comprised 20% and 25% of consolidated accounts receivable, respectively. As a result of these concentrations, the Company's results of operations and financial condition could be materially affected if the Company lost this customer or if products and services purchased were significantly reduced. In addition, if Verizon 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 Company's accounts receivable securitization facility ("Receivables Facility").

Maintaining the Company's telecommunications networks requires significant capital expenditures, and the Company's inability or failure to maintain its telecommunications networks could have a material impact on the Company's 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 intends to continue its capital expenditures for fiber optic cable.

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 continues to occur and our existing network capacity becomes unable to handle the increased demand, 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 could 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.

An IT and/or network security breach or cyber-attack may lead to unauthorized use or disabling of our network, theft of customer data or other sensitive data, unauthorized use or publication of our confidential business information and could have a material 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. In addition, the potential liabilities associated with these events could exceed the insurance coverage we maintain. Cyber-attacks, which include hacking, denial of service, use of malware, including ransomware and advanced persistent threats (APTs), and other means of unauthorized access or disruption of services, have increased in frequency, scope and potential harm in recent years. These risks may be further heightened as we expand our cloud-based and managed customer support businesses and reliance on internet-based services. 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, networks and data may be insufficient to repel a major cyber-attack in the future. Significant security failures could result in the unauthorized use or disabling of our network elements. The costs associated with a major cyber-attack could include material incentives offered to existing customers and business partners to retain their business, increased expenditures on cyber security measures, lost revenues from business interruption, litigation, fines from regulatory authorities and damage to our reputation. If we fail to prevent the theft of valuable information such as customer records and other sensitive information about the Company, including intellectual property, or if we fail to protect the privacy of customer and employee data against security breaches, it could 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.

Weather conditions, 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. 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 could 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.

In particular, from time to time, the islands of Hawaii experience severe weather conditions such as high winds and heavy rainfall and natural disasters such as earthquakes, volcanic eruptions and tsunami, which can overwhelm our employees, disrupt our services and severely damage our property. Such disruptions in service and damage to property could materially harm our business, financial condition, results of operations, liquidity and/or market price of our securities. Moreover, it is impossible to predict the extent to which climate change could cause extreme weather conditions to become more frequent or more extreme.

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, cause it to lose customers or materially and adversely impact its business, financial condition, and results of operations.

The Company depends on third-party providers to supply products and services. For example, many of the Company's information technology, call center functions and certain accounting functions are performed by third-party providers, some of which are located outside of the United States, and network equipment is purchased from and maintained by vendors. Additionally, certain installation services sold by our IT Services and Hardware segment are performed by third-party providers.

Governments, public institutions and other organizations in countries and regions where cases of COVID-19 have been detected have taken certain emergency measures to combat its spread and impact, including implementation of travel bans, suspension of public transportation and closures of factories, schools, public buildings, businesses and other institutions. As a result of such measures, our third-party off-shore call center was forced to reduce its hours of operation for several weeks, resulting in longer than normal hold times during that period. The call centers that support the Cincinnati market returned to normal hours of operation on April 28, 2020. The loss of, or further 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. While the full impact of the COVID-19 outbreak is not yet known, potential effects on our business include disruptions to or restrictions on our third-party providers, suppliers and other vendors in our supply chain, including limitations on the ability of their employees to travel and temporary closures or reductions in the hours of their facilities or customer call centers.

As a result of the COVID-19 pandemic and its effects on our suppliers around the world, we may experience shortages, price increases or delays to the delivery of materials. We could be materially adversely impacted, including from any disruption to critical vendor services or losses of business, if any of our suppliers face significant business disruptions as a result of COVID-19 or any similar outbreak.

Moreover, certain policies and statements by President Trump and senior government officials have given rise to uncertainty about the status of certain international trade agreements to which the United States is a party and the position of the United States with respect to international trade generally. The U.S. government has recently increased tariffs and imposed new tariffs on a wide range of products imported from China. It remains unclear what additional actions, if any, the current U.S. administration will take with respect to existing trade relationships. Additional trade restrictions, including tariffs, quotas, embargoes, safeguards and customs restrictions, could increase the cost or reduce the supply of products available to us and to our suppliers based in the United States and may require us to modify our supply chain organization or other current business practices, any of which could harm our business, financial condition, and results of operations.

Cyber-attacks or security breaches at third parties providing critical services or with access to or possession of sensitive data could also adversely impact business operations or result in regulatory actions, loss of customers, legal fees or increased costs, associated with incident response beyond current insurance limits. Cyber-attacks of technology that is used in the organizations supply-chain to provide network and IT services or that are resold to customers could also have the same adverse impacts.

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 unions when they expire, or if the Company's 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 unions in both the Cincinnati and Hawaii operating territories, which represents approximately 25% of the Company's 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 could have a material adverse effect on the business.

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 the Company's businesses and prospects generally.

As of December 31, 2020, the Company and our subsidiaries had outstanding indebtedness of $1,971.7 million, on which it incurred $134.2 million of interest expense in 2020 and had a total shareowners' deficit of $191.1 million. In October 2017, the Company entered into a new Credit Agreement. The Credit Agreement provides for (i) a five-year $200 million senior secured revolving credit facility including both a letter of credit subfacility of up to $30 million and a swingline loan subfacility of up to $25 million (the "Revolving Credit Facility") and (ii) a seven-year $600 million senior secured term loan facility (the "Tranche B Term Loan due 2024"). At December 31, 2020, the Company and our subsidiaries had $4.1 million of borrowing availability under the Receivables Facility and had the ability to borrow up to an additional $133.0 million under the Revolving Credit Facility, subject to compliance with certain conditions.

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 our 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 will 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 contain limitations on the Company and 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.

In addition, certain of the Company's variable rate debt, including debt under the Revolving Credit Facility and the Receivables Facility, uses LIBOR as one of the benchmarks for establishing the rate of interest and may be hedged with LIBOR-based interest rate derivatives. LIBOR is the subject of recent regulatory guidance and proposals for reform. On November 30, 2020, ICE Benchmark Administration ("IBA"), the administrator of LIBOR, with the support of the United States Federal Reserve and the United Kingdom's Financial Conduct Authority, announced plans to consult on ceasing publication of U.S. Dollar LIBOR on December 31, 2021 for only the one week and two month U.S. Dollar LIBOR tenors, and on June 30, 2023 for all other U.S. Dollar LIBOR tenors. While this announcement extends the transition period to June 2023, the United States Federal Reserve concurrently issued a statement advising banks to stop new U.S. Dollar LIBOR issuances by the end of 2021. These reforms may cause LIBOR to cease to be used entirely, to be replaced with a new benchmark or to perform differently than in the past. The consequences of these developments cannot be entirely predicted but could include an increase in the cost of the Company's variable rate indebtedness.

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 our subsidiaries, then preferred stockholders, and finally, if amounts are available, to holders of the Company's common stock.

The Company's credit agreement, the indenture governing the Company's notes due 2024, the indenture governing the Company's notes due 2025 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 make other distributions to shareholders;
- repurchase equity interests;
- enter into agreements that restrict dividends or other payments from subsidiaries;
- issue or sell capital stock of certain of our subsidiaries;
- consolidate, merge, or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis; and
- change our fiscal year.

The agreements governing the Credit Agreement also require the Company to achieve and maintain compliance with specified financial ratios.

The restrictions contained in the terms of the Credit Agreement and our 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 our operations, strategic acquisitions, investments or alliances, other capital needs, or to engage in other business activities that would be in our 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 Credit Agreement, the lenders may elect not to provide loans under the Revolving Credit Facility 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 our general obligations and could result in the Company's dissolution, bankruptcy, liquidation or reorganization.

The Company depends on its 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 Company depends on the Revolving Credit Facility and its Receivables Facility to provide for short-term financing requirements in excess of amounts generated by operations. The Revolving Credit Facility has a maturity date of October 2022. The Receivables Facility has a termination date of May 2023 and is subject to renewal every 364 days, with the next renewal occurring in May 2021.

The Company's ability to borrow under its Revolving Credit Facility 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 our ability to borrow under these facilities.

As of December 31, 2020, the Company had $67.0 million of outstanding borrowings under the Revolving Credit Facility, leaving $133.0 million in additional borrowing availability under this facility. The $200.0 million available under the 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 could be adversely affected.

As of December 31, 2020, the Company had a total borrowing capacity of $200.0 million on a maximum borrowing capacity of $200.0 million on our Receivables Facility. At that date, there were $182.0 million of outstanding borrowings and $13.9 million of outstanding letters of credit. 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, 2020, the Company had $4.1 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 the Company's control.

The Company's ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory, and other factors, including the effects of the COVID-19 outbreak, many of which are beyond its control. The Company cannot provide assurance that its business will generate sufficient cash flow from operations that additional sources of debt financing will be available or that future borrowings will be available under its Revolving Credit Facility 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, the Company will have to take actions such as reducing or delaying capital expenditures, strategic acquisitions, investments and alliances, selling assets, 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 our 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 our 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.

Risks Related to Our Financial Condition

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 COVID-19 pandemic has resulted in an economic downturn, including increased unemployment and a decrease in consumer and commercial activity that may continue for an extended period of time. The Company's primary source of cash is customer collections. As a result of current adverse economic conditions and uncertainty relating to the COVID-19 pandemic, some customers have cancelled or requested discounts on future contracted services or have had difficulty paying their accounts receivable. Additional customers may cancel or request discounts on future contracted services or have difficulty paying their accounts receivable, especially if economic conditions worsen. In response to the negative economic impacts of the COVID-19 pandemic, the Company has pledged to not terminate service to any residential or small business customers because of their inability to pay their bills due to the disruptions caused by COVID-19 and to waive any late fees that any residential or small business customers would incur because of economic circumstances related to COVID-19 through June 30, 2020. This pledge has resulted and could continue to result in lower revenues, and has resulted, and could continue to result, in increases in the allowance for doubtful accounts due to future collection risk, which has negatively affected our results of operations and could continue to negatively affect our results of operations in the future. Furthermore, the sales cycle has been lengthened, and could be further lengthened, due to business customers slowing spending and/or delaying decision-making on the Company's products and services, which has adversely affected, and could further adversely affect, revenues. Some competitors have lowered prices or offered promotions as a result of economic conditions, and others may do so as well, which has exerted, and could further exert, pricing pressure on the Company. If the economies of the U.S. and the world continue to deteriorate, this could have an adverse effect on the Company's business, financial condition, results of operations and cash flows.

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 noncontributory defined benefit pension plans for eligible management employees, non-management employees and 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 significant negative impact on the Company's shareowners' deficit. 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 to accelerate the timing of required payments.

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. The Company's recent stock price reflects the assumption that the MIP Merger, as defined below, will be completed or a new offer will proceed to an agreement and an acquisition will be completed.

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 market and industry fluctuations, as well as general economic, political, and market conditions, may negatively affect the market price of the Company's stock.

The COVID-19 outbreak has also caused severe disruption in financial and equity markets in the United States and abroad. Uncertainty around the duration of business disruptions and the extent of the spread of the virus could continue to adversely impact the national or global economy and 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.

Risks Related to the Merger with Macquarie Infrastructure Partners

There are material uncertainties and risks associated with the MIP merger agreement and Transaction.

On March 13, 2020, the Company entered into an Agreement and Plan of Merger (the "MIP Merger Agreement") pursuant to which the Company will be acquired by an affiliate of Macquarie Infrastructure Partners V ("MIP"), a fund managed by Macquarie Infrastructure and Real Assets (the "MIP Merger"). Below are material uncertainties and risks associated with the MIP Merger Agreement and the proposed MIP Merger. If any of the risks develop into actual events, then the Company's business, financial condition, results and ongoing operations, share price or prospects could be adversely affected.

- The announcement or pendency of the MIP Merger may impede the Company's ability to retain and hire key personnel (including senior management team and key sales associates) and its ability to maintain relationships with its customers, suppliers and others with whom we do business or our operating results and business generally;
- The attention of the Company's employees and management may be diverted due to activities related to the MIP Merger, which may affect the Company's business operations;
- Matters relating to the transactions may require substantial commitments of time and resources by the Company's management, which could harm the Company's relationships with its employees, customers, distributors, suppliers or other business partners, and may result in a loss of or a substantial decrease in purchases by its customers;
- The MIP Merger Agreement restricts the Company from engaging in certain actions without the approval of MIP, which could prevent the Company from pursuing certain business opportunities outside the ordinary course of business that arise prior to the closing of the MIP Merger;
- The MIP Merger Agreement contains provisions that could discourage a potential competing acquirer of the Company;
- The Company's directors and executive officers have financial interests in the MIP Merger that may be different from, or in addition to, the interests of the Company's shareholders generally, which could have influenced their decisions to support or approve the MIP Merger;
- Shareholder litigation in connection with the transactions contemplated by the MIP Merger Agreement may result in significant costs of defense, indemnification and liability; and
- The MIP Merger may materially limit the Company's ability to utilize existing deferred tax assets related to federal and state net operating losses.

The Transaction may not be completed in a timely manner or at all.

Completion of the MIP Merger is subject to customary closing conditions, including (1) the absence of an order, injunction or law prohibiting the MIP Merger, (2) the expiration or early termination of the waiting period (including any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, (3) approval of the MIP Merger by the Committee on Foreign Investment in the United States under Section 721 of the Defense Production Act of 1950, as amended, and (4) certain FCC consents and state regulatory consents required in connection with the MIP Merger, including consent by the Committee, shall have been obtained, shall not be subject to agency reconsideration or judicial review, and the time for any person to petition for agency reconsideration or judicial review shall have expired.

At this time, it is not possible for the Company to predict the outcome of ongoing regulatory reviews at the federal and state levels, including whether regulatory entities may condition approval of the MIP Merger on any specific mitigation arrangement or other conditions. Any such mitigation arrangement or condition may result in additional compliance obligations that may affect the Company's expenses and business operations in the future. In addition, the MIP Merger Agreement may require the Company and MIP to comply with conditions imposed by regulatory entities, and neither company is required to take any action with respect to obtaining any regulatory approval that, individually or in the aggregate, would be reasonably likely to have a material adverse effect on MIP and its affiliates (taken as a whole) or the Company and our subsidiaries (taken as a whole). There can be no assurance that regulators will not impose conditions, terms, obligations or restrictions and that such conditions, terms, obligations or restrictions will not result in the delay or abandonment of the MIP Merger. There can be no assurance that all of these required approvals and clearances will be obtained or will be obtained on a timely basis. The COVID-19 outbreak may also result in delays to the receipt of certain regulatory approvals required to consummate the MIP Merger.

The obligation of each of the Company and MIP to consummate the MIP Merger is also conditioned on, subject to certain materiality and other qualifiers, the accuracy of the representations and warranties of the other party and the performance in all material respects by the other party of its obligations under the MIP Merger Agreement. Competing offers or acquisition proposals for the Company may be made, resulting in delay of the MIP Merger or termination of the MIP Merger Agreement. Lawsuits have been and may be filed against the Company relating to the MIP Merger and an adverse ruling in any such lawsuit may prevent the MIP Merger from being completed in the time frame expected or at all. While the MIP Merger Agreement is not subject to any financing condition, if MIP fails to obtain debt financing, the MIP Merger is unlikely to be consummated. Each of the Company and MIP has the right to terminate the MIP Merger Agreement under certain circumstances, as described in the MIP Merger Agreement.

Failure to complete the Transaction could negatively impact the Company's business, financial results and stock price.

If the MIP Merger is delayed or not completed, the Company's ongoing businesses may be adversely affected and will be subject to several risks and consequences, including the following:

- decline in share price to the extent that the current price of Company common shares reflects an assumption that the MIP Merger will be completed;
- negative publicity and a negative impression of the Company in the investment community;
- loss of business opportunities and the ability to effectively respond to competitive pressures; and
- the Company may be required, under certain circumstances, to pay MIP a termination fee and additional expenses.

The Company has incurred, and will incur, substantial direct and indirect costs as a result of the Transaction.

The Company has incurred, and will continue to incur, significant costs, expenses and fees for professional advisors, printing and other transaction costs in connection with the MIP Merger, and some of these fees and costs are payable by the Company regardless of whether the MIP Merger is consummated.

Intellectual Property, Tax, Regulatory, and Litigation Risks

The Company's future cash flows could be adversely affected if it is unable to fully realize its deferred tax assets.

As of December 31, 2020, the Company had deferred tax assets of $331.1 million, which are primarily composed of deferred tax assets associated with U.S. federal net operating loss carryforwards of $197.5 million, and state and local net operating loss carryforwards of $42.4 million. The Company has recorded a valuation allowance against deferred tax assets related to certain state and local 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 significant 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 statutes, the Company's net income, shareowners' deficit and future cash flows would be adversely affected.

Changes in tax laws and regulations, and actions by federal, state and local taxing authorities related to the interpretation and application of such tax laws and regulations, could have a negative impact on the Company's financial results and cash flows.

The Company calculates, collects and remits various federal, state, and local taxes, surcharges, and regulatory fees to numerous federal, state and local governmental authorities, including but not limited to federal Universal Service Fund contributions, sales tax, regulatory fees and use tax on purchases of goods and services used in our business. Tax laws are subject to change, and new interpretations of how various statutes and regulations should be adhered to are frequently issued. In many cases, the application of tax laws are uncertain and subject to differing interpretations, especially when evaluated against the Company's new and evolving technologies and services. In the event that we have incorrectly calculated, assessed, or remitted amounts due to governmental authorities, or if revenue and taxing authorities disagree with positions we have taken, we could be subject to additional taxes, fines, penalties, or other adverse actions. In the event that federal, state, or local municipalities were to significantly increase taxes on goods and services used to construct and maintain our network, operations, or provision of services, or seek to impose new taxes, there could be a material adverse impact on financial results.

The regulation of the Company's businesses by federal and state authorities may, among other things, place the Company at a competitive disadvantage, restrict our ability to price our products and services competitively, and threaten our 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 the Company's revenue is derived from pricing plans that are subject to regulatory review and approval. These regulated pricing plans limit the rates the Company can charge for some services while the competition has typically been able to set rates for services with limited or no restriction. In the future, regulatory initiatives that would put the Company at a competitive disadvantage or mandate lower rates for our 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, the Company's telecommunications services are subject to the Communications Act of 1934 as amended by the Telecommunications Act of 1996, including rules adopted by the Federal Communications Commission ("FCC"). In addition, the Company's submarine cable facilities and operations are also subject to requirements imposed by the national security and law enforcement agencies (*e.g.*, the Departments of Justice, Defense and Homeland Security). At the state level, Cincinnati Bell Telephone Company LLC ("CBT") operates as the incumbent local exchange carrier ("ILEC") and carrier of last resort in portions of Ohio, Kentucky, and Indiana, while Hawaiian Telcom, Inc. ("HTI") serves as the ILEC and carrier of last resort in Hawaii. As the ILEC in those states, these entities are 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 and HTI's ability to compete in their respective markets. In addition, although less heavily regulated than the Company's ILEC operations, other subsidiaries are authorized to provide competitive local exchange service, long distance, and cable television service in various states, and consequently are also subject to various state and federal telecommunications and cable regulations that could adversely impact their operations.

There are currently many regulatory actions under way and being contemplated by federal and state authorities regarding issues, including national security and law enforcement matters that could result in significant changes to the business conditions in the telecommunications industry. On April 4, 2020, President Trump issued Executive Order No. 13913 Establishing the Committee for the Assessment of Foreign Participation in the United States Telecommunications Services Sector (the "Committee"), which formalized the ad-hoc foreign investment review process (formerly referred to as "Team Telecom") applicable to FCC licenses and transactions. The Executive Order empowers the Committee to review FCC license and transfer applications involving foreign participation to determine whether grant of the requested license or transfer approval may pose a risk to the national security or law enforcement interests of the United States, and to review existing licenses to identify any additional or new risks to national security or law enforcement interests that did not exist when a license was first granted. Following an investigation, the Committee may recommend that the FCC revoke or modify existing licenses or deny or condition approval of new licenses and license transfers. It is not possible for the Company to determine whether it may be subject to a proceeding to revoke or modify our existing licenses or predict the outcome of a review of new license or transfer applications by the Committee in the future. A review of existing licenses and/or a review of new licenses and transfers by the Committee may result in additional compliance obligations that may affect the Company's expenses and business operations in the future.

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 although court decisions, legislative action and/or changes in regulatory policy could lead to greater regulation of the internet (including internet access services). The Company 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 an adverse effect on the Company's business, financial condition, results of operations and cash flows.

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.

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 our 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 our business operations. The complexity of the technology involved and the uncertainty of intellectual property litigation increases 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 the development and sale of certain of our 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 significantly depends on the competitive advantage it gains from our 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.

The Company could be subject to a significant amount of litigation, which could require the Company to pay significant damages or settlements.

The industry that the Company operates in faces a substantial risk 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. Additionally, while preventative measures such as social distancing, frequent hand washing and wearing personal protective equipment including masks and gloves are being taken by our field technicians, the risk of inadvertent transmission of COVID-19 through human interaction could still occur and result in litigation in states in which we operate, with the exception of Ohio. We may incur significant expenses in defending these lawsuits. In addition, we may be required to pay significant awards and settlements.

The Ohio legislature passed House Bill 606, which became effective December 16, 2020, providing for Qualified Civil Immunity due to COVID-19 from March 9, 2020, through September 30, 2021. The bill significantly limits legal exposure to Ohio businesses, which, absent a showing of reckless, intentional, or willful or wanton misconduct, would not be liable to customers, employees, or others for actions or omissions resulting in the exposure to, or transmission or contraction of, COVID-19. The bill also flatly bars class actions based in whole or in part on allegations that a health care provider, business, government entity, or person caused exposure to, or the transmission or contraction of COVID-19.

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 clean-up 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 clean-up 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, 2020, the Company owned or maintained properties throughout the U.S., Canada and India. Our headquarters is located in Cincinnati, Ohio where we lease approximately 240,000 square feet for executive, administrative and business offices for the Company. In addition to the space in Cincinnati, we own a building with approximately 465,000 square feet of office space in Honolulu, Hawaii for the Hawaiian Telcom operations. We lease office space in multiple locations in Canada and India for operations to support our IT Services and Hardware segment.

Our properties include copper and fiber warehouses and associated equipment in each of our local operating markets. 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 Cincinnati 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, which are recorded as operating leases. The Company's network assets include a fiber network warehouse, internet protocol and circuit switches and integrated access terminal equipment. In addition, as of year-end, we lease eight Company-run retail locations.

With regard to its Hawaii Entertainment and Communications operations, the Company has properties consisting of both owned and leased properties, including our administrative facilities and facilities for call centers, customer service sites for the television business, switching equipment, fiber optic networks, cable head-end equipment, coaxial distribution networks, routers and servers used in our telecommunications business. Leased properties are recorded as operating leases.

With regard to the IT Services and Hardware operations, the majority of business and administrative offices are located in leased facilities, which are recorded as either finance or operating leases depending on respective terms.

For additional information about the Company's properties, see Note 6 to the consolidated financial statements.

Item 3. Legal Proceedings

The Company is 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 those contingencies that are probable and able to be estimated. 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, 2020, 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.

(b) Holders

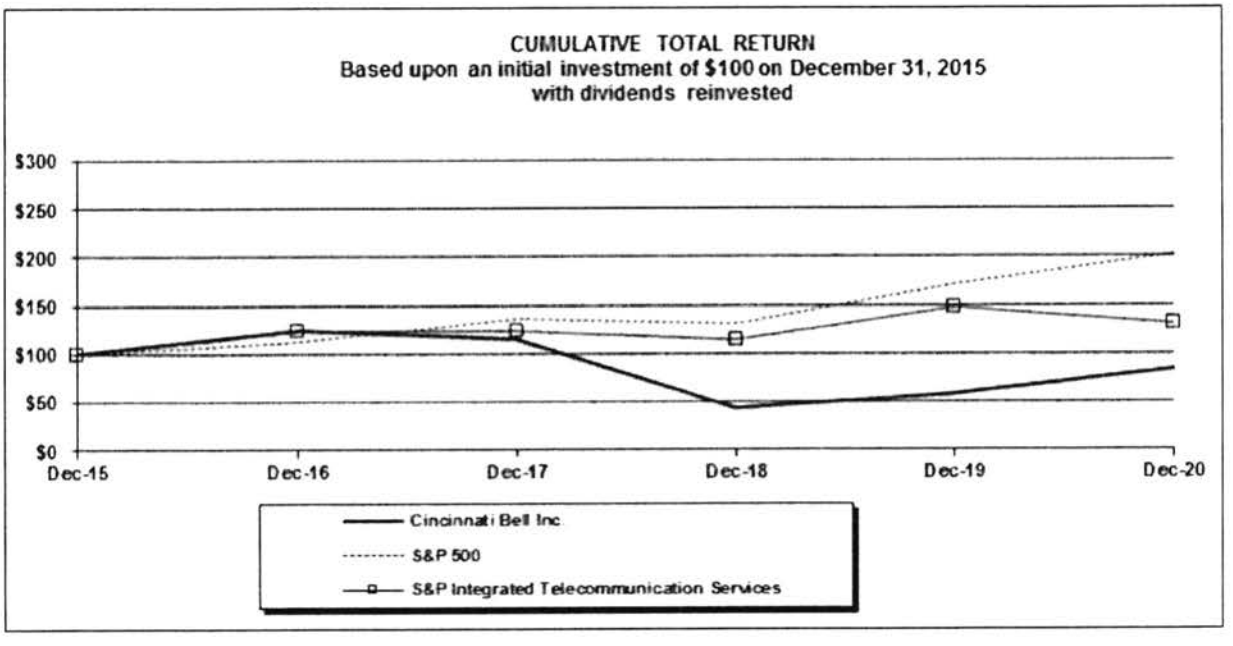
As of January 31, 2021, the Company had 4,635 holders of record of the 50,908,586 common shares outstanding and 155,250 shares outstanding of the 6 3/4% Cumulative Convertible Preferred Stock.

(c) Dividends

In both 2020 and 2019, the Company paid $10.4 million of dividends on its 6 3/4% Cumulative Convertible Preferred Stock. In 2020 and 2019, the Company did not pay any dividends on its common stock and does not intend to pay any common stock dividends in 2021.

(d) Stock Performance

The following graph compares 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, 2015 to December 31, 2020.



	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20
Cincinnati Bell Inc.	$ 100	$ 124	$ 116	$ 43	$ 58	$ 85
S&P 500	$ 100	$ 112	$ 136	$ 130	$ 171	$ 203
S&P Integrated Telecommunication Services	$ 100	$ 124	$ 124	$ 115	$ 148	$ 131

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(e) 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, 2020:

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)*
10/1/2020 - 12/31/2020	—	$ —	—	$ 124.4

* 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. This repurchase plan does not have a stated maturity.

Item 6. Selected Financial Data

ASU 2016-09, Compensation - Stock Compensation, was adopted effective January 1, 2017. As a result, cash flows related to excess tax benefits were reclassed from "Cash flows from operating activities" to "Cash flows from financing activities." All periods presented in the following table have been recast to present the impact of ASU 2016-09.

ASU 2014-09, Revenue from Contracts with Customers, was adopted effective January 1, 2018. As a result, there was a change to the treatment of hardware revenue in the Infrastructure Solutions category from recording hardware revenue as a principal (gross) to recording revenue as an agent (net), and as such recorded hardware sales net of the related cost of products. Additionally, contract assets related to fulfillment costs and costs of acquisition were recorded to "Other noncurrent assets." The periods ending in 2017 and 2016 have been recast to present the impact of ASU 2014-09, respectively. See Note 3 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further information regarding our adoption of Accounting Standards Codification ("ASC") 606.

ASU 2017-07, Improving the Presentation of Net Period Pension Cost and Net Periodic Postretirement Benefit Cost, was adopted effective January 1, 2018. As a result, expenses related to other components of net benefit cost were reclassed from "Cost of Services," "Selling, general and administrative" and "Other operating costs and losses" to a new line below Operating income, "Other components of pension and postretirement benefit plans expense." All periods presented in the following table have been recast to present the impact of ASU 2017-07.

ASU 2016-02, Leases, was adopted effective January 1, 2019. As a result, the Company recognized "operating lease right-of-use assets" and "operating lease liabilities" in the Consolidated Balance Sheets for 2019. ASU 2016-02 was adopted using the modified retrospective transition method, which did not require the Company to adjust comparative periods. Financial data for the periods ending in 2018, 2017 and 2016 have not been adjusted to reflect the adoption of ASU 2016-02. See Note 9 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for further information regarding our adoption of ASC 842.

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)	2020	2019	2018 (c)	2017 (d)	2016
Operating Data					
Revenue	$ 1,559.8	$ 1,536.7	$ 1,378.2	$ 1,065.7	$ 1,017.6
Cost of services and products, selling, general and administrative, depreciation and amortization expense	1,441.9	1,443.9	1,264.1	959.1	905.8
Other operating costs and losses (a)	51.9	19.7	30.8	51.2	13.0
Operating income	66.0	73.1	83.3	55.4	98.8
Interest expense	134.2	139.6	131.5	85.2	75.7
Loss on extinguishment of debt, net	—	—	1.3	3.2	19.0
Gain on sale of CyrusOne investment	—	—	—	(117.7)	(157.0)
(Loss) income from continuing operations	(81.1)	(77.2)	(60.4)	66.7	164.4
Income from discontinued operations, net of tax	—	—	—	—	0.3
Net (loss) income	(55.6)	(66.6)	(69.8)	40.0	103.0
Basic (loss) earnings per common share from continuing operations	$ (1.30)	$ (1.53)	$ (1.73)	$ 0.70	$ 2.19
Basic earnings per common share from discontinued operations	$ —	$ —	$ —	$ —	$ 0.01
Basic (loss) earnings per common share	$ (1.30)	$ (1.53)	$ (1.73)	$ 0.70	$ 2.20
Diluted (loss) earnings per common share from continuing operations	$ (1.30)	$ (1.53)	$ (1.73)	$ 0.70	$ 2.19
Diluted earnings per common share from discontinued operations	$ —	$ —	$ —	$ —	$ 0.01
Diluted (loss) earnings per common share	$ (1.30)	$ (1.53)	$ (1.73)	$ 0.70	$ 2.20
Dividends declared per common share	$ —	$ —	$ —	$ —	$ —
Weighted-average common shares outstanding					
Basic	50.6	50.4	46.3	42.2	42.0
Diluted	50.6	50.4	46.3	42.4	42.1
Financial Position					
Property, plant and equipment, net	$ 1,729.1	$ 1,780.8	$ 1,844.0	$ 1,129.0	$ 1,085.5
Total assets	2,668.6	2,653.8	2,730.2	2,187.6	1,561.3
Total long-term obligations (b)	2,313.6	2,270.3	2,263.5	1,948.2	1,429.8
Other Data					
Cash flow provided by operating activities	$ 206.1	$ 259.1	$ 214.7	$ 203.4	$ 173.1
Cash flow used in investing activities	(226.4)	(223.3)	(437.4)	(236.8)	(95.5)
Cash flow provided by (used in) financing activities	25.6	(39.6)	(158.1)	420.2	(75.3)
Capital expenditures	(223.6)	(223.8)	(220.6)	(210.5)	(286.4)

(a) Other operating costs and losses consist of restructuring and severance related charges (reversals), loss (gain) on disposal of assets – net and transaction and integration costs.

(b) Total Long-term obligations are comprised of long-term debt, less current portion, operating lease liabilities, pension and postretirement benefit obligations, pole license agreement obligation, deferred income tax liabilities and other noncurrent liabilities. See notes 1, 8, 9, 10, and 12 to the consolidated financial statements for discussions related to 2020 and 2019.

(c) Operating data includes Hawaiian Telcom results beginning with the date of the acquisition in July 2018.

(d) Operating data includes OnX results beginning with the date of the acquisition in October 2017.

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.

Pending Acquisition by MIP

On December 21, 2019, the Company entered into an Agreement and Plan of Merger (as amended from time to time, the "Brookfield Merger Agreement") with affiliates of the Brookfield Infrastructure Group ("Brookfield"), the infrastructure investment division of Brookfield Asset Management, which was subsequently amended. Pursuant to the amended Brookfield Merger Agreement, the Company would be acquired by an affiliate of Brookfield for $14.50 per Common Share.

On March 13, 2020, the Company terminated the Brookfield Merger Agreement and entered into an Agreement and Plan of Merger (the "MIP Merger Agreement") pursuant to which the Company will be acquired by an affiliate of Macquarie Infrastructure Partners V ("MIP"), a fund managed by Macquarie Infrastructure and Real Assets (the "MIP Merger"). At the effective time of the MIP Merger (the "Effective Time"), each of our issued and outstanding Common Shares will be converted into the right to receive $15.50 in cash per Common Share, without interest, and the 6 3/4% Cumulative Convertible Preferred Shares will remain issued and outstanding as 6 3/4% Cumulative Convertible Preferred Shares of the Company, without par value, following the Effective Time.

In connection with the termination of the Brookfield Merger Agreement, the Company paid an affiliate of Brookfield a termination fee of $24.8 million in the first quarter of 2020 as required by the terms of the Brookfield Merger Agreement.

The consummation of the MIP Merger is subject to customary closing conditions, including (i) the adoption of the MIP Merger Agreement by the affirmative vote of the holders of at least two-thirds of all outstanding Common Shares and 6 3/4% Cumulative Convertible Preferred Shares, voting as a single class; (ii) the expiration or early termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, (iii) the receipt of any required consents or approvals from (a) the Committee on Foreign Investment in the United States, (b) the Federal Communications Commission, (c) state public service and state public utility commissions and (d) local regulators in connection with the provision of telecommunications and media services; and (iv) the absence of any legal restraint preventing the consummation of the MIP Merger. On May 7, 2020, the shareholders of the Company adopted the MIP Merger Agreement at a virtual special meeting of shareholders.

The MIP Merger Agreement contains representations and warranties and covenants of the parties customary for a transaction of this nature.

The MIP Merger is expected to close in the first half of 2021, although there can be no assurance that the MIP Merger will occur by that date. Upon the closing of the MIP Merger, the Company will cease to be a publicly traded company.

Executive Summary

Segment results described in the Executive Summary and Consolidated Results of Operations section are net of intercompany and intersegment eliminations.

On July 2, 2018, the Company acquired Hawaiian Telcom Holdco, Inc. ("Hawaiian Telcom"). The Unified Communications as a Service ("UCaaS"), hardware, and enterprise long distance products and services provided by the Hawaiian Telcom business are included within the IT Services and Hardware segment. The Entertainment and Communications segment includes products delivered by Hawaiian Telcom such as high-speed internet access, digital subscriber lines, ethernet, dedicated internet access, indefeasible right of use ("IRU"), video, voice lines, consumer long distance and digital trunking.

Consolidated revenue totaled $1,559.8 million for the year ended December 31, 2020, an increase of $23.1 million compared to the same period in 2019 as growth in the IT Services and Hardware segment more than offset declines in the Entertainment and Communications segment. Entertainment and Communications Legacy revenue decreased $35.0 million in 2020 compared to the prior year. Decline in Video revenue due to fewer video subscribers and lower nonrecurring revenue due to participation in the Keep Americans Connected pledge ("Pledge") also contributed to the decline year over year. IT Services and Hardware revenue increased $47.3 million in 2020 compared to 2019. Revenue growth in the Consulting and Communications practices more than offset decreased revenue contributed by the Cloud and Infrastructure Solutions practices. Cloud revenue declined in 2020 due to General Electric Company ("GE") revenue related to certain programs still included in the first quarter of 2019 that did not recur in 2020.

Operating income in 2020 was $66.0 million, down $7.1 million compared to the same period in 2019. The decrease in operating income was primarily due to higher transaction and integration charges, including the termination fee of $24.8 million paid to an affiliate of Brookfield in the first quarter of 2020, as well as restructuring and severance related charges related to the voluntary severance program ("VSP") finalized in the three months ended March 31, 2020. These increased costs were partially offset by lower depreciation and amortization expense of $11.5 million and by cost savings in SG&A due to reduced travel and entertainment and lower advertising and promotional expense compared to 2019.

Loss before income taxes totaled $81.1 million for the year ended December 31, 2020, resulting in an increase in the loss of $3.9 million as compared to the comparable period in 2019. The increase in the loss primarily due to the factors impacting operating income was partially offset by a decrease in interest expense.

Impact of COVID-19 on Our Business

The COVID-19 pandemic has resulted, and is expected to continue to result, in significant economic disruption and has adversely affected, and is expected to continue to adversely affect, our business. Significant uncertainty continues to exist concerning the magnitude of the impact, the duration of the COVID-19 pandemic and the macroeconomic effects even once the pandemic has subsided. On March 13, 2020, in response to the COVID-19 pandemic, the Federal Communications Commission ("FCC") called on broadband and telephone service providers to keep Americans connected as the country reacts to the serious disruptions caused by the coronavirus outbreak. Cincinnati Bell, on behalf of all of its affiliates, including Hawaiian Telecom, signed on to the Pledge and committed to waive late fees for, and not terminate service to, any of our consumer or small business customers who did not pay their bills timely due to an inability to pay caused by the COVID-19 crisis. The Pledge expired on June 30, 2020, and the Company started to collect late payment fees and reactivation fees starting in August 2020. In accordance with regulatory orders in Hawaii, the Pledge continues to be honored for certain regulated services. The Company proactively worked with customers in an effort to avoid deactivations, but not all accounts could be cured and approximately 4,000 customer accounts in the Cincinnati market were disconnected during the third and fourth quarters of 2020. Balances associated with accounts that have been disconnected are fully reserved as of December 31, 2020 and are expected to be written off during the first quarter of 2021.

In response to the number of households that must provide remote schooling either full or part-time as a result of the COVID-19 pandemic, the Company partnered with several community organizations to provide free internet to qualifying students through the "Connect our Students" program. As of December 31, 2020, the Company has delivered internet to approximately 4,900 households through this program.

The majority of our operations have continued as usual as the services that we provide and the networks that we maintain are considered critical by local and state authorities in the geographies in which we operate. The Company started executing its business continuity plan in March and transitioned employees who could execute their work remotely to work from home with little disruption and has implemented additional safety protocols for customer facing employees. In states in which employees are allowed to return to the office, the Company has implemented updated safety policies to ensure the safety of our employees and customers. As of December 31, 2020, a significant portion of our workforce continues to work from home and are expected to continue to work from home for most of 2021.

With respect to liquidity, we continue to evaluate and take actions to reduce costs and spending across our organization. This includes reducing hiring activities, adjusting pay programs, limiting discretionary spending, significantly reducing non-essential travel until further notice and re-evaluating the timing of capital projects. Additionally, we have leveraged certain benefits included in the U.S. Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") that was enacted on March 27, 2020, including deferral of 2020 required pension plan contributions to the fourth quarter of 2020 and deferral of employer social security tax payments for wage payments subsequent to March 12, 2020 of approximately $5.0 million in the second, third and fourth quarters of 2020 to be paid equally in the fourth quarters of 2021 and 2022.

We expect the ultimate significance of the impact on our financial condition, results of operations, or cash flows will be dictated by the length of time that such circumstances continue, which will depend on the currently unknowable extent and duration of the COVID-19 pandemic, effectiveness of the vaccine and timeliness that individuals receive the vaccine. COVID-19 also makes it more challenging for management to estimate future performance of our businesses, particularly over the near term. We will continue to actively monitor the situation and may take further actions that alter our business operations as may be required by federal, state or local authorities or that we determine are in the best interests of our employees, customers, suppliers and shareholders. The programs put in place and efforts by employees to manage and reduce expenses have more than offset the negative impacts caused by COVID-19 since the start of the pandemic due to revenue loss and incremental spend for personal protective equipment, employee compensation programs and bad debt expense. To reward employees for their continued efforts during COVID-19, a one-time bonus was recorded in the third quarter of $5.7 million that was paid in the fourth quarter. While we are unable to determine or predict the nature, duration or scope of the overall impact the COVID-19 pandemic will have on our business, results of operations, liquidity or capital resources, we believe that it is important to share where we stand today, how our response to COVID-19 is progressing and how our operations and financial condition may change as the fight against COVID-19 progresses.

Consolidated Results of Operations

Revenue

(dollars in millions)	2020	2019	$ Change 2020 vs. 2019	% Change 2020 vs. 2019	2018	$ Change 2019 vs. 2018	% Change 2019 vs. 2018
Revenue							
Entertainment and Communications	$ 949.9	$ 974.1	$ (24.2)	(2)%	$ 831.1	$ 143.0	17%
IT Services and Hardware	609.9	562.6	47.3	8%	547.1	15.5	3%
Total revenue	$ 1,559.8	$ 1,536.7	$ 23.1	2%	$ 1,378.2	$ 158.5	12%

Entertainment and Communications revenue decreased in 2020 compared to the prior year primarily due to the decline in Legacy revenue. In addition to Legacy revenue decline, Video revenue declined due to 7,100 fewer subscribers in Cincinnati and 2,100 fewer subscribers in Hawaii as well as decline of certain nonrecurring revenue as a result of the Company suspending late payment fees and reactivation fees as part of the Pledge. Partially offsetting the revenue decline, Consumer Data increased $18.2 million compared to 2019 with internet subscriber growth in both the Cincinnati and Hawaii markets. Entertainment and Communications revenue increased in 2019 compared to 2018 due to the acquisition of Hawaiian Telcom, which contributed revenue of $306.6 million and $155.1 million in 2019 and 2018, respectively. In Cincinnati, Fioptics revenue was up 4% in 2019 compared to the comparable period in the prior year partially mitigating the decline in Legacy revenue.

IT Services and Hardware revenue increased in 2020 compared to the prior year due to revenue growth in the Consulting and Communications practices. Cloud revenue declined due to lower revenue resulting from GE insourcing certain cloud services. Lower Infrastructure Solutions revenue in 2020 compared to 2019 is due to a decline in hardware sales partially due to the impacts of COVID-19 and customers migrating to managed services. IT Services and Hardware revenue increased in 2019 compared to 2018 primarily due to the acquisition of Hawaiian Telcom which contributed revenue of $40.1 million and $19.9 million in 2019 and 2018, respectively. In addition to the impact of the acquisition, increased revenue from the Communications and Consulting practices was partially offset by lower revenue in the Cloud and Infrastructure Solutions practices. Cloud revenue decline in 2019 is primarily due to lower revenue contributed by GE of $20.6 million compared to the prior year due to GE insourcing certain cloud services.

Operating costs

(dollars in millions)	2020	2019	$ Change 2020 vs. 2019	% Change 2020 vs. 2019	2018	$ Change 2019 vs. 2018	% Change 2019 vs. 2018
Cost of services and products							
Entertainment and Communications	$ 420.2	$ 445.0	$ (24.8)	(6)%	$ 384.1	$ 60.9	16%
IT Services and Hardware	381.8	339.6	42.2	12%	314.6	25.0	8%
Total cost of services and products	$ 802.0	$ 784.6	$ 17.4	2%	$ 698.7	$ 85.9	12%

Entertainment and Communications costs decreased in 2020 compared to the prior year primarily due to decreases in payroll related costs, video content costs, operating taxes and contract services. Lower payroll related costs are due to headcount reductions made during restructuring initiatives that were executed in the first quarter of 2020 and throughout 2019. In addition to restructuring initiatives, payroll related costs declined due to lower expense for healthcare and workers compensation benefits in 2020 compared to 2019. Lower operating taxes are due to the release of a sales and use tax reserve in 2020 of $4.2 million due to favorable audit results in addition to a decrease in general excise tax. The decrease in contract services is driven by a one-time project for $1.6 million recognized in the fourth quarter of 2019.

Entertainment and Communications costs increased in 2019 compared to the same period in 2018 primarily due to the acquisition of Hawaiian Telcom which contributed costs of $150.9 million and $80.1 million in 2019 and 2018, respectively. Excluding the impact associated with the acquisition, costs of services and products decreased $9.9 million for the year ended December 31, 2019, as compared to the comparable period in the prior year. The decrease in 2019 compared to 2018 is due to lower contract services costs and lower payroll related costs due to headcount reductions made during restructuring initiatives that were executed in 2018.

IT Services and Hardware costs increased in 2020 and 2019 compared to the same periods in the prior year primarily due to increases in payroll related costs and contractor costs associated with additional resources to support the growth in the Consulting and Communications practices. IT Services and Hardware costs also increased in 2020 compared to 2019 due to increases in regulatory fees and software licensing costs. Higher software licenses costs were incurred to support the revenue growth in the Communications practice. In addition, the increase in costs in 2019 compared to the same period in 2018 is partially due to the acquisition of Hawaiian Telcom which contributed $21.9 million and $9.8 million to cost of services and products in 2019 and 2018, respectively.

(dollars in millions)	2020	2019	$ Change 2020 vs. 2019	% Change 2020 vs. 2019	2018	$ Change 2019 vs. 2018	% Change 2019 vs. 2018
Selling, general, and administrative							
Entertainment and Communications	$ 175.0	$ 179.1	$ (4.1)	(2)%	$ 148.0	$ 31.1	21%
IT Services and Hardware	148.5	153.3	(4.8)	(3)%	151.1	2.2	1%
Corporate	23.0	22.0	1.0	5%	14.3	7.7	54%
Total selling, general and administrative	$ 346.5	$ 354.4	$ (7.9)	(2)%	$ 313.4	$ 41.0	13%

SG&A costs decreased in both segments in 2020 compared to 2019 due to cost containment strategies taken in 2020 to reduce the negative impact of the COVID-19 pandemic on the business. Decreases in both segments were partially offset by an increase in bad debt expense due to updating our estimate of the impact of the economic downturn associated with the COVID-19 pandemic on the Company's receivables and incremental bonus expense recorded in the third quarter of 2020. The decrease in Entertainment and Communications SG&A costs was also partially offset by an increase in contract services due to higher insurance costs.

Entertainment and Communications SG&A expenses were up in 2019 compared to the same period in the prior year primarily due to the acquisition of Hawaiian Telcom. Hawaiian Telcom contributed SG&A expense of $64.2 million and $32.9 million in 2019 and 2018, respectively. SG&A costs also increased in 2019 compared to the prior year due to an increase in advertising expense and the bad debt reserve for certain receivables with a wholesale customer that filed for bankruptcy in the first quarter of 2019 whose collectability was uncertain. These increases were partially offset as the segment continued to focus on cost containment and realizing synergies with Hawaiian Telcom.

IT Services and Hardware SG&A costs increased in 2019 compared to the prior year due to additional expense contributed by Hawaiian Telcom. Hawaiian Telcom contributed SG&A costs of $9.4 million and $5.4 million in 2019 and 2018, respectively. The increase in 2019 was partially offset by lower payroll costs resulting from headcount reductions carried out in 2018.

Corporate SG&A costs increased in 2020 and 2019 driven largely by higher payroll related costs. Corporate SG&A costs in 2020 were also negatively impacted due to the Company no longer qualifying for a payroll tax benefit that was received in 2019 and 2018.

(dollars in millions)	2020	2019	$ Change 2020 vs. 2019	% Change 2020 vs. 2019	2018	$ Change 2019 vs. 2018	% Change 2019 vs. 2018
Depreciation and amortization expense							
Entertainment and Communications	$ 252.7	$ 255.8	$ (3.1)	(1)%	$ 210.8	$ 45.0	21%
IT Services and Hardware	40.6	48.9	(8.3)	(17)%	41.0	7.9	19%
Corporate	0.1	0.2	(0.1)	(50)%	0.2	—	0%
Total depreciation and amortization expense	$ 293.4	$ 304.9	$ (11.5)	(4)%	$ 252.0	$ 52.9	21%

Entertainment and Communications depreciation and amortization expense decreased in 2020 compared to the prior year primarily due to a decrease in assets placed in service in connection with the expansion of our fiber network. The increase in 2019 compared to 2018 is due to the acquisition of Hawaiian Telcom and the related increase in intangibles and property, plant and equipment.

IT Services and Hardware depreciation and amortization expense was impacted in 2020 and 2019 as compared to the same periods in the prior year due to accelerated depreciation for certain network assets that were determined in the first quarter of 2019 to have a shorter useful life due to a change in customer requirements and were fully depreciated as of December 31, 2019. Depreciation and amortization expense also decreased in 2020 compared to 2019 due to certain property, plant and equipment reaching the end of its useful life in 2019. In addition, depreciation and amortization expense increased in 2019 compared to the same period in the prior year due to Hawaiian Telcom contributing incremental depreciation expense of $3.8 million in 2019 as compared to 2018.

(dollars in millions)	2020	2019	$ Change 2020 vs. 2019	% Change 2020 vs. 2019	2018	$ Change 2019 vs. 2018	% Change 2019 vs. 2018
Restructuring and severance related charges							
Entertainment and Communications	$ 14.8	$ 4.9	$ 9.9	n/m	$ 3.1	$ 1.8	58%
IT Services and Hardware	2.0	2.0	—	0%	4.9	(2.9)	(59)%
Corporate	0.1	—	0.1	n/m	0.3	(0.3)	n/m
Total restructuring and severance related charges	$ 16.9	$ 6.9	$ 10.0	n/m	$ 8.3	$ (1.4)	(17)%

Restructuring and severance charges recorded in 2020 in the Entertainment and Communications segment are primarily related to a VSP for certain bargained and management employees in an effort to reduce costs associated with our copper field and network operations. Restructuring and severance charges recorded in 2020 in the IT Services and Hardware segment are associated with initiatives to reduce and contain costs.

Restructuring and severance charges recorded in 2019 in the Entertainment and Communications segment are primarily related to a severance program for certain management employees as the Company continued its efforts to streamline Cincinnati and Hawaii operations. The IT Services and Hardware segment also recorded restructuring and severance charges in 2019 associated with initiatives to reduce and contain costs as well as headcount reductions as a result of insourcing initiatives by one of our significant customers.

Restructuring and severance charges recorded in 2018 are primarily related to continued efforts to realize synergies following the acquisitions of Hawaiian Telcom and OnX. In the fourth quarter of 2018, there was a VSP for certain management employees in the Entertainment and Communications segment, as well as Corporate. In the second quarter of 2018, the Company incurred severance costs associated with initiatives to reduce costs in the IT Services and Hardware segment. In addition, a restructuring charge associated with lease abandonment of $0.8 million was recorded in the second quarter of 2018 related to an office space that will no longer be utilized.

(dollars in millions)	2020	2019	$ Change 2020 vs. 2019	% Change 2020 vs. 2019	2018	$ Change 2019 vs. 2018	% Change 2019 vs. 2018
Other operating costs							
Transaction and integration costs	$ 35.0	$ 12.8	$ 22.2	n/m	$ 22.5	$ (9.7)	(43)%
Total other operating costs	$ 35.0	$ 12.8	$ 22.2	n/m	$ 22.5	$ (9.7)	(43)%

Transaction and integration costs incurred in 2020, recorded as a Corporate expense, are primarily due to $24.8 million paid to an affiliate of Brookfield to terminate the Brookfield Merger Agreement in the first quarter of 2020. The Company also incurred transaction and integration costs in 2020 associated with the MIP Merger Agreement. Transaction and integration costs incurred in 2019 are primarily due to the Brookfield Merger Agreement entered into in the fourth quarter of 2019. Transaction and integration costs incurred in 2018 are due to the acquisition of Hawaiian Telcom that closed in the third quarter of 2018.

Non-operating expenses (income)

(dollars in millions)	2020	2019	$ Change 2020 vs. 2019	% Change 2020 vs. 2019	2018	$ Change 2019 vs. 2018	% Change 2019 vs. 2018
Non-operating costs							
Interest expense	$ 134.2	$ 139.6	$ (5.4)	(4)%	$ 131.5	$ 8.1	6%
Loss on extinguishment of debt, net	—	—	—	n/m	1.3	(1.3)	n/m
Other components of pension and postretirement benefit plans expense	14.1	11.2	2.9	26%	12.5	(1.3)	(10)%
Other (income) expense, net	(1.2)	(0.5)	(0.7)	n/m	(1.6)	1.1	(69)%
Income tax (benefit) expense	(25.5)	(10.6)	(14.9)	n/m	9.4	(20.0)	n/m

Interest expense decreased in 2020 compared to the prior year due to the decrease in LIBOR rates. Interest expense increased in 2019 compared to the same period in 2018 primarily due to interest incurred on the amounts outstanding on the Receivables Facility and the Revolving Credit Facility used to partially fund the cash portion of the acquisition of Hawaiian Telcom.

Other components of pension and postretirement benefit plans expense increased in 2020 compared to 2019 primarily due to recording pension settlement charges in 2020 of $2.3 million and $1.5 million for the Cincinnati Bell Management Pension Plan and the Hawaiian Telcom pension plans, respectively, as a result of lump sum payments to the plan participants exceeding the sum of the service cost and the interest cost component of the net pension cost.

Income tax expense fluctuates based on changes in income from continuing operations before income taxes, adjusted for non-deductible expenses, as well as rate changes. In periods without material tax law changes, the Company expects its effective tax rate to exceed statutory rates due to non-deductible expenses. Non-deductible transaction costs, related primarily to the MIP Merger and Brookfield Merger Agreement, were $33.3 and $11.1 million in 2020 and 2019, respectively. In addition, changes in the valuation allowance impact income tax expense. In 2020, substantially all of the $16.6 million of valuation allowances that were recorded as of December 31, 2019 on deferred tax assets relating to non-deductible interest were released. This was the result of a favorable tax provision in the CARES Act, which was enacted in March 2020. Section 163(j) of the Internal Revenue Code was amended to increase the deduction limit for interest expense. Valuation allowances on state NOLs decreased by $6.6 million in 2020 compared to 2019 due primarily to the expiration of the NOLs to which they related.

Discussion of Operating Segment Results

The Company manages its business based upon product and service offerings. For the years ended December 31, 2020, 2019, and 2018, we operated two business segments: Entertainment and Communications and IT Services and Hardware. 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 that can be categorized as either Fioptics in Cincinnati or Consumer/SMB Fiber in Hawaii (collectively, "Consumer/SMB Fiber"), Enterprise Fiber or Legacy. 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 145 years. Voice and data services in the Enterprise Fiber and Legacy categories that are delivered beyond the Company's ILEC territory, particularly in Dayton and Mason, Ohio, are provided through the operations of Cincinnati Bell Extended Territories LLC ("CBET"), a subsidiary of CBT. On July 2, 2018, the Company acquired Hawaiian Telcom. Hawaiian Telcom is the ILEC for the State of Hawaii and the largest full service provider of communications services and products in the state. Originally incorporated in Hawaii in 1883 as Mutual Telephone Company, Hawaiian Telcom has a strong heritage of over 135 years as Hawaii's communications carrier. Its services are offered on all of Hawaii's major islands, except its video service, which currently is only available on the island of Oahu.

Consumer/SMB Fiber products include high-speed internet access, voice lines and video. The Company is able to deliver speeds of up to 30 megabits or more to approximately 75% of Greater Cincinnati and up to 20 megabits or more to approximately 50% of Hawaii's total addressable market.

Enterprise Fiber products include metro-ethernet, dedicated internet access, wavelength, IRU contracts, and wireless backhaul to macro-towers and small cells. Hawaiian Telcom Enterprise Fiber also includes revenue from the SEA-US cable. As enterprise customers migrate from legacy products and copper-based technology, our metro-ethernet product becomes the preferred method of transport due to its ability to support multiple applications on a single physical connection.

Legacy products include traditional voice lines, consumer long distance, switched access, digital trunking, DSL, DS0, DS1, DS3 and other value-added services such as caller identification, voicemail, call waiting and call return.

(dollars in millions)	2020	2019	$ Change 2020 vs. 2019	% Change 2020 vs. 2019	2018	$ Change 2019 vs. 2018	% Change 2019 vs. 2018
Revenue:							
Data	$ 479.4	$ 475.0	$ 4.4	1%	$ 402.6	$ 72.4	18%
Video	193.8	203.0	(9.2)	(5)%	183.3	19.7	11%
Voice	262.8	284.9	(22.1)	(8)%	244.9	40.0	16%
Other	33.6	32.8	0.8	2%	22.6	10.2	45%
Total Revenue	969.6	995.7	(26.1)	(3)%	853.4	142.3	17%
Operating costs and expenses:							
Cost of services and products	427.4	450.4	(23.0)	(5)%	388.2	62.2	16%
Selling, general and administrative	175.0	179.1	(4.1)	(2)%	148.0	31.1	21%
Depreciation and amortization	252.7	255.8	(3.1)	(1)%	210.8	45.0	21%
Restructuring and severance charges	14.8	4.9	9.9	n/m	3.1	1.8	58%
Total operating costs and expenses	869.9	890.2	(20.3)	(2)%	750.1	140.1	19%
Operating income	$ 99.7	$ 105.5	$ (5.8)	(5)%	$ 103.3	$ 2.2	2%
Operating margin	10.3%	10.6%		(0.3) pts	12.1%		(1.5) pts
Capital expenditures	$ 200.0	$ 201.3	(1.3)	(1)%	$ 194.0	7.3	4%

Entertainment and Communications, continued

Metrics information (in thousands):	2020	2019	Change 2020 vs. 2019	% Change 2020 vs. 2019	2018	Change 2019 vs. 2018	% Change 2019 vs. 2018
Cincinnati							
Fioptics							
Data							
Internet FTTP*	239.9	219.2	20.7	9%	201.5	17.7	9%
Internet FTTN*	26.7	31.4	(4.7)	(15)%	37.5	(6.1)	(16)%
Total Fioptics Internet	266.6	250.6	16.0	6%	239.0	11.6	5%
Video							
Video FTTP	107.6	112.7	(5.1)	(5)%	115.0	(2.3)	(2)%
Video FTTN	20.4	22.4	(2.0)	(9)%	24.9	(2.5)	(10)%
Total Fioptics Video	128.0	135.1	(7.1)	(5)%	139.9	(4.8)	(3)%
Voice							
Fioptics Voice Lines	103.8	106.8	(3.0)	(3)%	107.6	(0.8)	(1)%
Fioptics Units Passed							
Units passed FTTP	499.6	484.8	14.8	3%	472.3	12.5	3%
Units passed FTTN	137.4	138.6	(1.2)	(1)%	138.7	(0.1)	0%
Total Fioptics units passed	637.0	623.4	13.6	2%	611.0	12.4	2%
Enterprise Fiber							
Data							
Ethernet Bandwidth (Gb)	6,566	5,228	1,338	26%	4,565	663	15%
Legacy							
Data							
DSL	61.9	64.0	(2.1)	(3)%	72.0	(8.0)	(11)%
Voice							
Legacy Voice Lines	175.1	196.8	(21.7)	(11)%	226.2	(29.4)	(13)%

*Fiber to the Premise (FTTP), Fiber to the Node (FTTN)

Entertainment and Communications, continued

Metrics information (in thousands):	2020	2019	Change 2020 vs. 2019	% Change 2020 vs. 2019	2018	Change 2019 vs. 2018	% Change 2019 vs. 2018
Hawaii							
Consumer / SMB Fiber							
Data							
Internet FTTP*	59.8	55.4	4.4	8%	51.6	3.8	7%
Internet FTTN*	11.0	12.8	(1.8)	(14)%	14.3	(1.5)	(10)%
Total Consumer / SMB Fiber Internet	70.8	68.2	2.6	4%	65.9	2.3	3%
Video							
Video FTTP	30.2	30.6	(0.4)	(1)%	33.8	(3.2)	(9)%
Video FTTN	10.4	12.1	(1.7)	(14)%	15.0	(2.9)	(19)%
Total Consumer / SMB Fiber Video	40.6	42.7	(2.1)	(5)%	48.8	(6.1)	(13)%
Voice							
Consumer / SMB Fiber Voice Lines	29.5	30.0	(0.5)	(2)%	30.3	(0.3)	(1)%
Consumer / SMB Fiber Units Passed **							
Units passed FTTP	184.3	173.5	10.8	6%	167.0	6.5	4%
Units passed FTTN	70.0	72.9	(2.9)	(4)%	73.5	(0.6)	(1)%
Total Consumer / SMB Fiber units passed	254.3	246.4	7.9	3%	240.5	5.9	2%
Enterprise Fiber							
Data							
Ethernet Bandwidth (Gb)	4,021	3,651	370	10%	2,091	1,560	75%
Legacy							
Data							
DSL	36.8	42.9	(6.1)	(14)%	48.7	(5.8)	(12)%
Voice							
Legacy Voice Lines	160.1	177.1	(17.0)	(10)%	197.8	(20.7)	(10)%

* Fiber to the Premise (FTTP), Fiber to the Node (FTTN)

** Includes units passed for both consumer and business on Oahu and neighbor islands

Entertainment and Communications, continued

(dollars in millions)	Twelve Months Ended December 31, 2020 Cincinnati	2020 Hawaii	2020 Total	2019 Cincinnati	2019 Hawaii	2019 Total	2018 Cincinnati	2018 Hawaii	2018 Total
Revenue									
Consumer / SMB Fiber *									
Data	$ 169.6	$ 36.1	$ 205.7	$ 155.4	$ 32.1	$ 187.5	$ 142.5	$ 13.5	$ 156.0
Video	155.5	38.3	193.8	159.5	43.5	203.0	160.1	23.2	183.3
Voice	34.0	10.9	44.9	36.8	10.9	47.7	37.4	5.4	42.8
Other	1.3	0.7	2.0	1.5	0.7	2.2	1.2	0.2	1.4
Total Consumer / SMB Fiber	360.4	86.0	446.4	353.2	87.2	440.4	341.2	42.3	383.5
Enterprise Fiber									
Data	86.0	41.2	127.2	84.9	39.4	124.3	84.3	17.7	102.0
Legacy									
Data	94.6	51.9	146.5	103.4	59.8	163.2	111.8	32.8	144.6
Voice	113.3	104.6	217.9	126.1	111.1	237.2	143.4	58.7	202.1
Other	15.6	16.0	31.6	14.1	16.5	30.6	13.5	7.7	21.2
Total Legacy	223.5	172.5	396.0	243.6	187.4	431.0	268.7	99.2	367.9
Total Entertainment and Communications revenue	$ 669.9	$ 299.7	$ 969.6	$ 681.7	$ 314.0	$ 995.7	$ 694.2	$ 159.2	$ 853.4

*Represents Fioptics in Cincinnati.

Cincinnati Fioptics and Hawaii Consumer/SMB Fiber (collectively, "Consumer/SMB Fiber")

Consumer/SMB Fiber revenue increased $6.0 million in 2020 compared to the same period in 2019 as the increase in the subscriber base for internet more than offset the decline in video and voice subscribers. The internet subscriber base continues to increase as we focus our attention on growing the internet FTTP subscriber base. Favorable churn in 2020 compared to 2019 has also contributed to the increased internet subscriber base. In addition, the Average Revenue Per User ("ARPU") for 2020 increased for internet in both Cincinnati and Hawaii by 3% and 9%, respectively, compared to 2019, primarily due to price increases for internet. Revenue in 2020 was also negatively impacted by a decline in non-recurring revenue due to COVID-19 and the Company's participation in the Pledge.

Consumer/SMB Fiber revenue increased by $56.9 million in 2019 compared to 2018 primarily due to increased revenue contributed by Hawaiian Telcom of $44.9 million. As of December 31, 2019, Hawaiian Telcom had added 42,700 video subscribers, 68,200 internet subscribers and 30,000 voice subscribers to the existing base of subscribers. The increase was also a result of the 5% increase in the subscriber base for internet in Cincinnati as we have focused our attention on growing the internet FTTP subscriber base. In addition, ARPU increased 4% for both internet and video in Cincinnati as compared to the prior year partially offsetting the decline in video subscribers in Cincinnati. ARPU increases are related to price increases for internet and video as well as the change in the mix of subscribers for video.

Enterprise Fiber

Enterprise Fiber revenue increased by $2.9 million in 2020 compared to 2019 as a result of customers migrating from legacy product offerings to higher bandwidth fiber solutions, as evidenced by the 26% increase in Ethernet Bandwidth in Cincinnati in 2020 and 10% increase in Hawaii in 2020, compared to the prior year. The increase to revenue from additional customers switching to fiber solutions is partially offset by pricing pressures to provide higher speeds for a lower cost. Enterprise Fiber revenue increased by $22.3 million in 2019 compared to 2018 as a result of the same factors impacting 2020 as well as incremental revenue contributed by Hawaiian Telcom of $21.7 million.

Legacy

Legacy revenue decreased in 2020 compared to 2019 due to the decline in voice lines and DSL subscribers. Voice lines declined 11% and 10% in Cincinnati and Hawaii, respectively, as the traditional voice lines become less relevant. DSL subscribers decreased by 3% and 14% in Cincinnati and Hawaii, respectively, as subscribers demand the higher speeds that can be provided by fiber. In addition, declines in DS1, DS3 and digital trunking have contributed to the revenue decline for these products in 2020 compared to the prior year as customers migrate away from these solutions to fiber-based solutions.

Entertainment and Communications, continued

Legacy revenue increased in 2019 compared to 2018 due to incremental revenue from Hawaiian Telcom of $88.2 million for the year ended December 31, 2019. Hawaiian Telcom added 42,900 DSL subscribers and 177,100 voice subscribers to the existing base of subscribers as of December 31, 2019. Increased revenue generated by Hawaiian Telcom was partially offset due to declines in both voice lines and DSL subscribers in Cincinnati in 2019 compared to the prior year. Voice lines and DSL subscribers in Cincinnati decreased by 13% and 11%, respectively, in 2019 compared to 2018. In addition, declines in DS0, DS1, DS3 and digital trunking contributed to the revenue decline in 2019.

Operating Costs and Expenses

Cost of services and products decreased $23.0 million in 2020 compared to 2019 due primarily to decreases in payroll related costs, video content costs, operating taxes and contract services. Payroll related costs decreased $3.6 million in 2020 compared to the prior year due to reduced headcount as well as lower healthcare and workers compensation benefits more than offsetting incremental bonus expense. Video content costs decreased by $5.9 million as a result of decreased subscribers. Lower operating taxes are primarily due to favorable audit results that resulted in a nonrecurring benefit of $4.2 million in 2020 in addition to a decrease in general excise tax. The decrease in contract services is driven by a one-time project recognized in the fourth quarter of 2019.

Cost of services and products increased in 2019 compared to 2018 primarily due to increased expense contributed by Hawaiian Telcom of $70.9 million. After considering the impact of the acquisition, costs of services and products decreased by $8.7 million. This decrease in 2019 compared to 2018 is primarily due to decreases in contract services and payroll costs. The decrease in contract services is driven by savings realized associated with the Company's call center. Lower payroll costs are due to reduced headcount and lower overtime. The reduced headcount is a result of the restructuring that took place in the prior two years. Lower overtime is the result of lower video activations as well as the rollout of certain internet installations performed by the consumer.

SG&A expenses decreased $4.1 million in 2020 compared to the prior year primarily related to cost containment strategies taken in 2020 to reduce the negative impact of the COVID-19 pandemic on the business. The decrease was partially offset by increases in contract services as a result of higher insurance costs, bad debt expense due to updating our estimate of the impact of the economic downturn associated with the COVID-19 pandemic on the Company's receivables and incremental bonus expense of $1.9 million recorded in the third quarter of 2020 for a one-time employee award.

SG&A expenses increased $31.1 million in 2019 compared to 2018 primarily due to increased expense contributed by Hawaiian Telcom of $31.4 million. In addition, bad debt expense increased related to a reserve for certain receivables with a wholesale customer that filed for bankruptcy in the first quarter of 2019, and advertising expense increased due to additional media spending. These increases were offset as the segment focused on cost containment and realizing synergies with Hawaiian Telcom.

Depreciation and amortization expenses decreased in 2020 compared to the prior year primarily due to a decrease in assets placed in service during 2020 in connection with the expansion of our fiber network. Depreciation and amortization expenses were up in 2019 compared to 2018 due to increased expense contributed by Hawaiian Telcom of $47.4 million. Excluding the increase associated with the acquisition, depreciation and amortization expense decreased $2.4 million due to certain property, plant and equipment reaching the end of its useful life.

Restructuring and severance charges recorded in 2020 are primarily related to a VSP for certain bargained and management employees in an effort to continue to reduce costs associated with our copper field and network operations. Restructuring and severance charges recorded in 2019 are related to a severance program for certain management employees as the Company continued its efforts to streamline operations between Cincinnati and Hawaii. Restructuring and severance charges were recorded in the fourth quarter of 2018 related to a VSP for certain management employees in Cincinnati as the Company identified efficiencies that can be achieved due to the acquisition of Hawaiian Telcom.

Entertainment and Communications, continued

Capital Expenditures

(dollars in millions)	Twelve Months Ended December 31, 2020		
	Cincinnati	Hawaii	Total
Consumer / SMB Fiber capital expenditures *			
Construction	$ 21.9	$ 14.5	$ 36.4
Installation	32.9	14.7	47.6
Other	10.7	0.9	11.6
Total Consumer / SMB Fiber	65.5	30.1	95.6
Enterprise Fiber	14.0	11.0	25.0
Other	35.3	44.1	79.4
Total Entertainment and Communications capital expenditures	$ 114.8	$ 85.2	$ 200.0

	Twelve Months Ended December 31, 2019		
	Cincinnati	Hawaii	Total
Consumer / SMB Fiber capital expenditures *			
Construction	$ 25.3	$ 9.4	$ 34.7
Installation	45.1	14.2	59.3
Other	10.6	1.3	11.9
Total Consumer / SMB Fiber	81.0	24.9	105.9
Enterprise Fiber	14.6	9.4	24.0
Other	39.4	32.0	71.4
Total Entertainment and Communications capital expenditures	$ 135.0	$ 66.3	$ 201.3

	Twelve Months Ended December 31, 2018		
	Cincinnati	Hawaii	Total
Consumer / SMB Fiber capital expenditures *			
Construction	$ 39.1	$ 5.1	$ 44.2
Installation	47.8	12.4	60.2
Other	12.2	1.5	13.7
Total Consumer / SMB Fiber	99.1	19.0	118.1
Enterprise Fiber	14.9	10.2	25.1
Other	37.3	13.5	50.8
Total Entertainment and Communications capital expenditures	$ 151.3	$ 42.7	$ 194.0

*Represents Fioptics in Cincinnati

Capital expenditures in Cincinnati are incurred to expand our Fioptics product suite, upgrade and increase capacity for our networks, and to extend the life of our fiber and copper networks. The Company is focused on building FTTP addresses, and during 2020, we passed 14,800 FTTP addresses in Cincinnati. As of December 31, 2020, the Company is able to deliver its Fioptics services with speeds up to 30 megabits or more to 637,000 residential and commercial addresses, or 75% of our operating territory in Cincinnati. Cincinnati construction capital expenditures decreased $3.4 million in 2020 compared to 2019 primarily due to the timing of capital expenditures, which does not necessarily coincide with the timing of when addresses become available. Cincinnati installation capital expenditures are primarily related to the timing of expenditures for customer premise equipment ("CPE") utilized for installations. In 2020, Cincinnati installation expenditures decreased $12.2 million compared to the prior year primarily due to lower volume of CPE purchased and to a lesser extent decreased labor hours due to fewer video installations compared to 2019.

Cincinnati construction capital expenditures decreased $13.8 million in 2019 compared to 2018 due to passing fewer addresses and the timing of capital expenditures. Cincinnati installation capital expenditures decreased $2.7 million in 2019 compared to the prior year due to the timing of CPE expenditures.

Enterprise Fiber capital expenditures in Cincinnati are related to success-based fiber builds, including associated equipment, for enterprise and carrier projects to provide ethernet services as well as network refresh projects that ensure that we continue to grow our capacity and services within the network core. Other capital expenditures are related to IT projects, cable and equipment maintenance and capacity additions, real estate upgrades and maintenance, plus other minor capital purchases.

Entertainment and Communications, continued

Hawaii construction capital expenditures increased $5.1 million and $4.3 million in 2020 and 2019, respectively, as compared to the same periods in the prior year due to building out 7,900 and 5,900 new addresses in 2020 and 2019, respectively, primarily in rural areas and on the neighbor islands. In addition, construction costs incurred for Connect America Fund ("CAF") doors totaled $6.7 million in 2020 compared to $5.0 million in 2019. Hawaii installation capital expenditures increased $0.5 million in 2020 compared to 2019 as a result of increased internet installations on the neighbor islands in addition to the timing of payments. Hawaii installation capital expenditures increased $1.8 million in 2019 compared to 2018 which only includes six months of activity subsequent to the acquisition close date. Enterprise fiber capital in Hawaii is primarily driven by new ethernet customers. Hawaii capital expenditures classified as Other include IT projects, real estate projects, road jobs or plant damage projects, and network upgrades or optimization projects.

IT Services and Hardware

The IT Services and Hardware segment provides end-to-end solutions from consulting to implementation to ongoing optimization. These solutions include Cloud, Communications and Consulting services along with the sale and maintenance of major branded Telecom and IT hardware reported as Infrastructure Solutions. These services and products are provided through the Company's subsidiaries in various geographic areas throughout the United States, Canada and Europe. By offering a full range of equipment and strategic services in conjunction with the Company's fiber and copper networks, the IT Services and Hardware segment provides our customers personalized solutions designed to meet their business objectives.

Cloud services include the design, implementation and on-going management of the customer's infrastructure. This includes on-premise, public cloud and private cloud solutions. The Company assists customers with the risk assessment phase through an in-depth understanding of the customer's business as well as building and designing a solution, using either the customer's existing infrastructure or new cloud-based options that transform the way the customer does business.

Communications solutions help to transform the way our customers do business by connecting employees, customers and business partners. By upgrading legacy technologies through customized build projects and reducing customer costs, the Company helps to transform the customer's business. These services include Unified Communications as a Service ("UCaaS"), Software-Defined Wide Area Network ("SD-WAN"), Network as a Service ("NaaS"), Contact Center and Collaboration.

Using our experience and expertise, Infrastructure Solutions are tailored to our customers' organizational goals. We offer a complete portfolio of services that provide customers with efficient and optimized IT solutions that are agile and responsive to their business and are integrated, simplified and manageable. Through consulting with customers, the Company will build a solution using standard manufacturer equipment to meet our customers' specific requirements.

Consulting services help customers assess their business and technology needs and provide the talent needed to ensure success. The Company is a premier provider of application services and IT staffing.

(dollars in millions)	2020	2019	$ Change 2020 vs. 2019	% Change 2020 vs. 2019	2018	$ Change 2019 vs. 2018	% Change 2019 vs. 2018
Revenue:							
Consulting	$ 196.0	$ 152.6	$ 43.4	28%	$ 138.7	$ 13.9	10%
Cloud	86.2	92.1	(5.9)	(6)%	98.0	(5.9)	(6)%
Communications	215.0	198.7	16.3	8%	178.5	20.2	11%
Infrastructure Solutions	119.4	124.0	(4.6)	(4)%	135.7	(11.7)	(9)%
Total revenue	616.6	567.4	49.2	9%	550.9	16.5	3%
Operating costs and expenses:							
Cost of services and products	400.0	359.6	40.4	11%	335.7	23.9	7%
Selling, general and administrative	149.4	154.3	(4.9)	(3)%	152.1	2.2	1%
Depreciation and amortization	40.6	48.9	(8.3)	(17)%	41.0	7.9	19%
Restructuring and severance related charges	2.0	2.0	—	0%	4.9	(2.9)	(59)%
Total operating costs and expenses	592.0	564.8	27.2	5%	533.7	31.1	6%
Operating income	$ 24.6	$ 2.6	$ 22.0	n/m	$ 17.2	$ (14.6)	(85)%
Operating margin	4.0%	0.5%		3.5 pts	3.1%		(2.6) pts
Capital expenditures	$ 23.5	$ 22.4	$ 1.1	5%	$ 26.4	$ (4.0)	(15)%

	December 31,			
Metrics information (in thousands):	2020	2019	Change	% Change
Consulting				
Billable Resources	1,665	1,034	631	61%
Communications				
NaaS Locations	5,691	4,047	1,644	41%
SD - WAN Locations	3,191	2,197	994	45%
Hosted UCaaS Profiles*	281,000	274,654	6,346	2%

*Includes Hawaii Hosted UCaaS Profiles

IT Services and Hardware, continued

Revenue

IT Services and Hardware revenue increased $49.2 million in 2020 compared to the same period in the prior year due to increased revenue in the Consulting and Communications practices. Consulting revenue increased due to obtaining new projects throughout 2019 which continue to bill and grow in 2020. Communications revenue increased as a result of customers migrating to newer technologies which has increased the Company's Hosted UCaaS profiles, NaaS locations and SD-WAN locations. In addition, Communications revenue was favorably impacted as certain customers required additional non-recurring services to mitigate the issues caused by the COVID-19 pandemic on their businesses. The decline in legacy Communications revenue partially offset these increases. Infrastructure Solutions revenue decreased $4.6 million in 2020 compared to the prior year primarily due to the decline in hardware sales partially due to the impacts of COVID-19 and customers migrating to managed services. Cloud revenue decreased due to less revenue generated from one-time projects in addition to lower revenue contributed by GE of $4.9 million in 2020 compared to 2019 due to GE insourcing certain cloud services.

IT Services and Hardware revenue increased $16.5 million in 2019 compared to 2018 due to increased revenue in the Consulting and Communications practices. Consulting revenue increased compared to the prior year due to obtaining significant new customers and projects throughout 2018 that continued to bill in 2019. Communications revenue increased primarily due to the acquisition of Hawaiian Telcom, which contributed incremental revenue of $12.4 million in 2019 compared to the prior year. In addition to Hawaiian Telcom revenue contribution, similar trends that impacted 2020 Communications revenue related to customer migrations, one-time project spend and legacy decline also impacted 2019. Cloud revenue decreased compared to the prior year as increased revenue from one-time projects was more than offset by lower revenue contributed by GE of $20.6 million. Infrastructure Solutions revenue also decreased due to a decline in one-time projects and hardware sales.

Operating Costs and Expenses

IT Services and Hardware cost of services and products increased $40.4 million in 2020 compared to the same period in the prior year due to increases in payroll related costs, contractor costs, software licensing costs and regulatory fees. The increase in payroll related costs and contractor costs is due to additional headcount to support the growth in the Communications and Consulting practices as well as a one-time bonus to reward employees for their efforts during COVID-19. As a result of the growth in consulting projects, billable resources increased by 631 compared to December 31, 2019. Higher software licensing costs were also incurred to support the revenue growth in the Communications practice.

Cost of services and products increased $23.9 million in 2019 compared to the comparable period in 2018 primarily driven by the acquisition of Hawaiian Telcom in addition to increased headcount and contract services costs to support the growth in the Consulting and Communications practices.

SG&A expenses decreased $4.9 million in 2020 compared to the prior year primarily due to cost containment strategies taken in 2020 to reduce the negative impact of the COVID-19 pandemic on the business. This was partially offset by an increase in bad debt expense due to updating our estimate of the impact of the economic downturn associated with the COVID-19 pandemic on the Company's receivables and a one-time bonus awarded to employees in the third quarter of 2020. In addition, employee contract termination costs incurred in the first quarter of 2020 partially offset the decrease in 2020 compared to 2019.

SG&A expenses increased $2.2 million in 2019 compared to 2018 primarily driven by the acquisition of Hawaiian Telcom, which contributed $9.4 million in 2019 compared to $5.4 million in 2018. The increase in SG&A expenses related to the acquisition was partially offset by lower payroll related costs due to restructuring initiatives executed in 2018.

Depreciation and amortization expense decreased in 2020 compared to the same period in 2019 due to accelerated depreciation for certain network assets that were determined in the first quarter of 2019 to have a shorter useful life due to a change in customer requirements and were fully depreciated as of December 31, 2019. In addition, certain property, plant and equipment reaching the end of its useful life in 2019 also contributed to the decrease in 2020. Depreciation and amortization expense increased in 2019 compared to 2018 as a result of accelerated depreciation for certain network assets. Hawaiian Telcom also contributed incremental depreciation expense of $3.8 million in 2019 as compared to 2018.

Restructuring and severance charges recorded in 2020 and 2019 are associated with initiatives to reduce and contain costs. In addition, restructuring and severance charges recorded in the second quarter of 2019 are related to insourcing initiatives by one of our significant customers. Restructuring and severance charges of $4.1 million recorded in 2018 are related to costs incurred in order to recognize future synergies as the Company identified efficiencies with the integration of OnX. A restructuring charge of $0.8 million was also recorded in the second quarter of 2018 associated with a lease abandonment related to an office space that will no longer be utilized.

Capital Expenditures

Capital expenditures are dependent on the timing of success-based projects. Capital expenditures in 2020 were primarily related to projects supporting the Communications practice. In addition to success-based projects, the Company incurred $2.2 million in capital expenditures for implementation work associated with internal software projects in 2020.

Corporate

Corporate is comprised primarily of general and administrative costs that have not been allocated to the business segments and transaction and integration costs related to acquisition transactions. Corporate costs totaled $58.3 million in 2020, $35.0 million in 2019 and $37.2 million in 2018.

Corporate costs increased by $23.3 million in 2020 compared to the prior year primarily due to higher transaction and integration costs of $22.2 million in addition to increased payroll related costs. Corporate costs decreased by $2.2 million in 2019 compared to 2018 as increases in payroll related costs and other general and administrative costs were more than offset by lower transaction and integration costs of $9.7 million.

Financial Condition, Liquidity, and Capital Resources

Capital Investment, Resources and Liquidity

Short-term view

Our primary source of cash is generated by operations. In 2020, 2019 and 2018, we generated $206.1 million, $259.1 million and $214.7 million, respectively, of cash flows from operations.

The Company's primary uses of cash are for capital expenditures and debt service. To a lesser extent, cash is also used to fund our pension obligations, retiree medical obligations, and pay preferred stock dividends. In the first quarter of 2020, as a result of terminating the Brookfield Merger Agreement, we paid an affiliate of Brookfield a termination fee of $24.8 million. In 2018, cash was also utilized to fund merger and acquisition activity.

Capital expenditures decreased $0.2 million in 2020 compared to the same period in the prior year. The increase in expenditures in the IT Services and Hardware segment was more than offset by the decrease in expenditures in the Entertainment and Communications segment due to timing of CPE utilized for installations as well as deferring certain projects to 2021. Capital expenditures increased $3.2 million in 2019 compared to the prior year primarily due to incremental capital expenditures contributed by Hawaiian Telcom of $69.3 million in 2019 compared to $43.8 million in 2018. The increase was partially offset by reductions in expenditures in the Entertainment and Communications segment in Cincinnati of $16.3 million in 2019 compared to the comparable period in the prior year due to lower construction costs and installation capital expenditures.

In July 2018, the Company completed the acquisition of Hawaiian Telcom. Net proceeds received from the $350 million 8% Senior Notes in the fourth quarter of 2017, combined with a draw on the Revolving Credit and Receivable Facilities in the third quarter of 2018, were utilized to finance in part the cash portion of the merger agreement and the payoff of the Hawaiian Telcom debt of $314.7 million.

Interest payments were $125.5 million, $129.3 million and $131.7 million in 2020, 2019 and 2018, respectively. Interest payments decreased in 2020 compared to the prior year primarily due to the decrease in interest rates. As a result of the decrease in the LIBOR rate in 2020, the Company's variable-rate borrowings under the Tranche B Term Loan and Receivables Facility are utilizing the LIBOR rate floor according to the terms of each agreement. Interest payments decreased in 2019 compared to 2018 primarily due to payments in 2018 which included $3.5 million of accrued interest related to Hawaiian Telcom. Our contractual debt maturities in 2021, including finance lease obligations and other financing arrangements, are $21.8 million and associated contractual interest payments are expected to be approximately $125 million.

As of December 31, 2020, we had $149.3 million of short-term liquidity, comprised of $12.2 million of cash and cash equivalents, $133.0 million of undrawn capacity on our Revolving Credit Facility and $4.1 million available under the Receivables Facility. In the second half of 2021, the Company expects to use a portion of this liquidity to fund the remaining cash consideration of $20.0 million associated with the pending acquisition of certain fiber assets currently held by the bankruptcy estate of Paniolo Cable Company, LLC ("Paniolo"). In the fourth quarter of 2020, $5.0 million of the total purchase price of $50.0 million was placed in escrow, and the remaining $25.0 million will be funded by committed purchase money financing.

In the second quarter of 2020, the Company executed amendments to its Receivables Facility, which replaced, amended and added certain provisions and definitions to decrease the credit availability and renew the facility, which is subject to renewal every 364 days, until May 2021, and extend the facility's termination date to May 2023. Capacity on the Receivables Facility is calculated and will continue to be calculated based on the quantity and quality of outstanding accounts receivables; therefore, if the Company experiences declines in revenue or extends discounts to customers, the capacity could be negatively impacted and reduce our short term liquidity. While we expect to continue to renew the Receivables Facility, we would be required to use cash, our Revolving Credit Facility, 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, 2020, the Company had $2.0 billion of outstanding indebtedness and an accumulated deficit of $2.8 billion. In addition to the uses of cash described in the *Short-term view* section above, the Company has to satisfy its long-term debt obligations. The Company has no significant debt maturities until 2024. In addition, we have ongoing obligations to fund our qualified pension plans. Funding requirements for future years are uncertain and will significantly depend on changes in future actuarial assumptions. 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.

In the fourth quarter of 2017, the Company entered into a new Credit Agreement (the "Credit Agreement") and terminated the then-existing Corporate Credit Agreement. The Credit Agreement has financial covenants that require the Company to maintain certain leverage and interest coverage ratios. As of December 31, 2020, these ratios and limitations include a maximum consolidated secured total leverage ratio of 3.50 to 1.00 and a minimum consolidated interest coverage ratio of 1.50 to 1.00. See Note 8 to the accompanying consolidated financial statements contained in "Part II. Item 8. Financial Statements and Supplementary Data" for further details regarding our outstanding debt and other financing arrangements, including certain information about maturities, covenants and restrictions related to such debt and financing arrangements. The agreements and instruments governing our debt and financing arrangements are complicated, and you should consult such agreements and instruments which are filed with the SEC for more detailed information.

As of December 31, 2020, the Company was in compliance with the Credit Agreement covenants and ratios.

Certain of our variable-rate debt, including debt under the Revolving Credit Facility and the Receivables Facility, uses LIBOR as one of the benchmarks for establishing the rate of interest and may be hedged with LIBOR-based interest rate derivatives. LIBOR is the subject of recent regulatory guidance and proposals for reform. In November 2020, plans were announced to consult on ceasing publication of the one week and two month U.S. Dollar LIBOR tenors on December 31, 2021, and on June 30, 2023, cease publication for all other U.S. Dollar LIBOR tenors. This announcement extends the transition period to June 2023, at which time we expect LIBOR to be replaced with a new benchmark. The consequences of these developments cannot be entirely predicted, but could include an increase in the cost of our variable-rate indebtedness.

Indentures

The Company's Senior Notes are 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. The Company is in compliance with all of its debt indentures as of December 31, 2020.

Management believes that cash on hand, operating cash flows, its Revolving Credit Facility 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 2020 was $206.1 million, a decrease of $53.0 million compared to 2019. The decrease is due primarily to increased transaction and termination costs and increased cash outflow due to working capital compared to the same period in the prior year. Increased cash outflow due to working capital is partially due to $44.7 million of accounts receivables sold on the Receivables Facility as of December 31, 2019, and no outstanding balance of accounts receivables sold as of December 31, 2020, as well as increased days sale outstanding in 2020 due to COVID-19 and the Pledge.

Cash provided by operating activities during 2019 was $259.1 million, an increase of $44.4 million compared to 2018. Hawaiian Telcom contributed operating cash flow of approximately $92.0 million in 2019 compared to approximately $18.0 million in 2018. In addition, the increase was due to lower restructuring and transaction and integration payments of $2.1 million and $33.9 million, respectively, compared to 2018. These increases were partially offset by lower tax refunds of $13.2 million for AMT refundable tax credits in 2019 compared to 2018, lower contribution due to loss of GE cloud revenue in 2019 and unfavorable working capital.

Cash flows from investing activities

Cash used by investing activities totaled $226.4 million in 2020, an increase of $3.1 million compared to the prior year primarily due to the purchase of wireless spectrum licenses in 2020 for $6.4 million to further expand the Company's broadband coverage across its operating footprint.

Cash used by investing activities totaled $223.3 million in 2019, a decrease of $214.1 million compared to the prior year, primarily due to the acquisition of Hawaiian Telcom in 2018.

Cash flows from financing activities

Cash provided by financing activities was $25.6 million in 2020. In 2020, the Company borrowed $60.2 million on the Revolving Credit Facility and Receivables Facility. The increase in cash flow was partially offset by debt repayments of $22.4 million related to finance leases and the Tranche B Term Loan due 2024.

Cash used in financing activities was $39.6 million in 2019. In 2019, the Company made debt repayments of $21.5 million related to finance leases and the Tranche B Term Loan due 2024. Additionally, the Company made net debt repayments of $6.1 million related to the Revolving Credit and the Receivables Facilities.

Cash used in financing activities was $158.1 million in 2018. In 2018, the Company borrowed $194.6 million on the Revolving Credit Facility and the Receivables Facility. Proceeds were used to partially fund the cash portion of the acquisition of Hawaiian Telcom. This increase in cash flow was offset by the repayment of debt of $328.7 million in 2018, which included the payoff of the Hawaiian Telcom debt of $314.7 million.

Dividends paid on the Company's preferred stock totaled $10.4 million in each of 2020, 2019 and 2018.

Future Operating Trends

Entertainment and Communications

We continue to mitigate the revenue decline experienced with our Legacy products with increases in revenue of our fiber-based products. In addition, the merger with Hawaiian Telcom has allowed us to build scale and fiber density to help capitalize on the growing demands for internet speeds that only a fiber network can provide. We expect the desire by customers for increased internet speeds will only continue as evidenced by the fact that more than 65% of Cincinnati's internet customers subscribe to speeds of 100 megabits or more, compared to two years ago when 40% subscribed to such speeds. As of December 31, 2020, approximately 50% of internet customers in Hawaii subscribe to speeds of 100 megabits or more.

During 2021, we expect continued competition for internet, voice and video services as the cable competitor in the Cincinnati market continues to target areas where we have copper and FTTN. Due to this competition, as well as customers migrating to obtaining video programming over broadband Internet connections, we expect to continue to see a decline in video subscribers as well as FTTN and DSL internet subscribers. In the Hawaii market, we also expect continued competition for internet, voice and video services as the cable competitor has increased advertising subsequent to the acquisition of Hawaiian Telcom. In 2021, we plan to invest approximately $100 million for Consumer/SMB Fiber, including construction, installation and value-added services. Our focus for 2021 in both the Cincinnati and Hawaii markets is to identify opportunities to expand our FTTP footprint to residential and commercial addresses with the highest return profile, increase penetration, and drive operational efficiencies. We will take a FTTP internet-based focus due to the increased relevance of this product and the high return profile that it provides. Furthermore, we will apply a similar strategy as we identify opportunities to expand our network footprint in areas outside the Greater Cincinnati market.

In 2020, we purchased 56 Citizens Broadband Radio Service ("CBRS") Priority Access Licenses ("PALs") within our Cincinnati ILEC, Cincinnati CLEC and Hawaiian Telcom operating footprints from the FCC. We intend to use the licenses to provide high-speed internet and voice services to consumer and business customers in rural areas where building a fiber network is not financially feasible. Initial work to prepare the network will begin in 2021 with capital spend of approximately $2.0 million and continued capital spend in subsequent years as additional subscribers are added to the network.

For our enterprise fiber customers, we expect to continue to see a migration from Legacy products and copper-based technology to higher bandwidth fiber solutions as evidenced by the 26% and 10% increases in Ethernet Bandwidth in Cincinnati and Hawaii, respectively, in 2020 compared to 2019.

IT Services and Hardware

The Company's strategy for future growth is to diversify the geographies in which it operates. As a part of executing this strategy, in February 2017, the Company completed the acquisition of SunTel, a regional provider of network security, data connectivity, and unified communications solutions based in Troy, Michigan, and in October 2017 completed the acquisition of OnX, with locations throughout the U.S., Canada and Europe. The expectation is that these acquisitions will continue to provide future growth opportunities in the IT Services and Hardware segment by providing additional geographies to operate within, and an expanded customer base in which to sell our products and services. In addition, the acquisitions create synergies and opportunities for cost savings.

In 2021, the Company will continue to focus on expanding products and services to our customer base with our full stack of products from simple hardware sales through managed voice and software defined network management, creating contractual recurring revenue streams. We expect budget constraints by certain customers will continue to put pressure on our revenue and operating income in the future, increasing the need to diversify. In addition, as more customers migrate to the public cloud, we will see declines in the demand for Infrastructure products. However, this trend can provide an opportunity in the form of consulting as we have IT professionals that can develop the strategy to guide customers through this migration.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2020:

	Payments due by Period				
(dollars in millions)	Total	< 1 Year	1-3 Years	3-5 Years	Thereafter
Long-term debt, excluding finance leases and other financing arrangements (1)					
Principal amount	$ 1,920.7	$ 6.0	$ 283.3	$ 1,543.5	$ 87.9
Interest payments (2)	473.6	119.3	228.8	108.9	16.6
Finance leases (3)					
Principal amount	66.0	13.5	15.7	11.3	25.5
Interest payments (2)	18.7	4.0	6.2	4.5	4.0
Non-cancellable operating lease obligations	54.7	11.7	16.0	9.8	17.2
Purchase obligations (4)	376.0	376.0	—	—	—
Pension and postretirement benefits obligations (5)	30.4	14.1	5.1	4.4	6.8
Unrecognized tax benefits (6)	19.2	—	—	—	19.2
Other liabilities (7)	132.4	21.0	31.1	14.0	66.3
Total	$ 3,091.7	$ 565.6	$ 586.2	$ 1,696.4	$ 243.5

(1) Excludes net unamortized discounts and premiums.

(2) Assumes 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, 2020.

(3) Includes finance lease obligations primarily related to vehicles, network equipment used in the deployment of our fiber network and to provide our IT managed services, and wireless towers assumed from our discontinued operations.

(4) Includes amounts under open purchase orders and open blanket purchase orders for purchases of network, IT and telephony equipment, video content, and other goods; contractual obligations for services such as software maintenance and outsourced services; and other purchase commitments.

(5) Includes payments for Cincinnati and Hawaii Pension and Postretirement Plans as well as other employee retirement agreements. Amounts for 2021 include approximately $8 million expected to be contributed for postretirement benefits. Although the Company expects to continue operating the plans past 2021, its contractual obligation related to postretirement obligations only extends through 2021. Amounts for 2021 through 2025 include approximately $3 million of estimated cash contributions to the qualified pension plans. 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 and employee severance reserves, long-term disability obligations, workers compensation liabilities, cash-settled awards, deferred employer payroll taxes arising from the CARES Act, asset removal obligations, liabilities related to the pole license agreement obligation, a deferred vendor rebate, and other financing arrangements.

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 those contingencies that are probable and able to be estimated. 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, 2020, 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 $13.9 million as of December 31, 2020. 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:

- reviewing the carrying values of goodwill;
- accounting for income taxes; and
- accounting for pension and postretirement obligations.

Reviewing the Carrying Values of Goodwill — The Company adheres to the guidance under ASC 350-20 in testing goodwill for impairment. Under this guidance, the Company has the option of performing a qualitative assessment for impairment prior to performing the quantitative tests. A qualitative analysis was performed utilizing Step 0 guidance in 2020. A quantitative analysis was performed in 2019 and 2018. 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 based on the following steps:

Step 0 or Qualitative assessment - Evaluate qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. The factors we consider include, but are not limited to, macroeconomic conditions, industry and market considerations, cost factors, overall financial performance or events-specific to that reporting unit. If or when we determine it is more likely than not that the fair value of a reporting unit is less than the carrying amount, including goodwill, we would move to Step 1 of the quantitative method.

Step 1 - Compare the fair value for each reporting unit to its carrying value, including goodwill. Fair value is determined based on 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. A goodwill impairment charge is recognized for the amount that the carrying amount of a reporting unit, including goodwill, exceeds its fair value, limited to the total amount of goodwill allocated to that reporting unit. If a reporting unit's fair value exceeds the carrying value, no further work is performed and no impairment charge is necessary.

No goodwill impairment losses were recognized in 2020, 2019 or 2018.

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 and market multiples. These assumptions are subject to change as the Company's long-term plans and strategies are updated each year. As of December 31, 2020, each reporting unit was considered more likely than not to have a fair value that exceeded its carrying value in the goodwill impairment test.

IT Services and Hardware is our only reporting unit with material goodwill. At December 31, 2020 total goodwill in this reporting unit is $149.1 million. In 2019, the estimated fair value of the reporting unit exceeded its carrying amount by approximately 23 percent using an income approach based on its expected future cash flows and a market approach. The critical assumptions that factored into the valuation are the projected future revenues and EBITDA margins of the business as well as the discount rate used to present value these future cash flows. In addition to reviewing relevant events and circumstances, these assumptions were all assessed as part of the Step 0 analysis to determine if such assumptions are still appropriate to use. Management concluded that the qualitative indicators such as observing a decrease in discount rate, realizing on plan performance in 2020 and projecting similar assumptions in the current year long range plan update support a position that the fair value of the reporting unit has not significantly changed from the last valuation date.

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 2016.

The Company has net operating loss carryforwards at the federal, state and local levels. Federal net operating loss carryforwards are available to offset taxable income in current and future periods. If unused, a tranche of Federal operating loss carryforwards totaling $125.6 million would expire in 2023. 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. The Company assessed all available positive and negative evidence to determine whether it expects that sufficient future taxable income will be generated to allow it to realize its existing deferred tax assets. Despite the cumulative book loss incurred over the three-year period ended December 31, 2020, there is sufficient objectively verifiable income for management to conclude that it is more likely than not that the Company will utilize available federal net operating loss carryforwards prior to their expiration. However, realization of certain state, local and foreign net operating losses, as well as other deferred tax assets, is not certain. Changes in our current estimates due to such factors as unanticipated market conditions and legislative developments could have a material effect on our ability to utilize deferred tax assets. A change in ownership, as defined in Section 382 of the Internal Revenue Code, could limit the Company's ability to fully utilize existing deferred tax assets related to federal and state net operating losses.

Valuation allowances of $28.4 million and $49.3 million have been recognized as of December 31, 2020 and 2019, respectively. While the valuation allowances are primarily against state and local net operating losses and state credits, another significant component of the 2019 valuation allowance was a $16.6 million valuation allowance against deferred tax assets related to non-deductible interest, substantially all of which was reversed in 2020 due to taxpayer-favorable amendments to Section 163(j) of the Internal Revenue Code brought about by the enactment of the CARES Act on March 27, 2020.

As of December 31, 2020 and 2019, the liability for unrecognized tax benefits was $19.2 million and $21.9 million, respectively. The liability is representative of tax positions taken where tax authorities' interpretation of the appropriate tax treatment may differ from the position the Company has taken. As of December 31, 2020, the amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is $19.0 million. Accrued interest related to unrecognized tax benefits is recognized in interest expense.

Accounting for Pension and Postretirement Obligations — 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 (benefits) that arise during the period are recognized as a component of "Accumulated other comprehensive loss" on the Consolidated Balance Sheets.

The Company sponsors noncontributory defined benefit pension plans for eligible management employees, non-management employees, and 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. No amendments to the plan were made during 2020 or 2019.

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, rate of return 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, 2020 and 2019, the average discount rate used to value the Cincinnati pension plans was 2.40% and 3.10%, respectively, while the average discount rate used to value the Cincinnati postretirement plans was 2.40% and 3.20%, respectively. As of December 31, 2020 and 2019, the average discount rate used to value the Hawaii pension plans was 2.30% and 3.10%, respectively, while the average rate used to value the Hawaii postretirement plans was 2.60% and 3.30%, respectively. Lower rates of interest available on high-quality corporate bonds drove the decrease in the discount rates in 2020.

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. For the year ended December 31, 2020 and 2019, the estimated long-term rate of return for both the Cincinnati pension plan assets and Hawaii pension plan assets was 6.00% and 6.50%, respectively. The long-term rate of return on the Cincinnati and Hawaii postretirement plan assets was estimated to be zero for the disclosed periods as these plans have minimal assets with a low rate of return. Actual asset returns for the Cincinnati pension trusts were gains of 17.23% and 23.90% in 2020 and 2019, respectively. Actual asset returns for the Hawaii pension trusts were gains of 16.80% and 18.32% in 2020 and 2019, respectively. 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, 2020 and 2019, the healthcare cost trend rate used to measure the Cincinnati postretirement health benefit obligations was 6.5%. As of December 31, 2020, the healthcare cost trend rate for the Cincinnati plans is assumed to decrease gradually to 4.5% by the year 2025. As of both December 31, 2020 and 2019, the Hawaii postretirement plans have exceeded the per capita cost caps, and therefore, the healthcare cost trend does not apply.

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 and other components of pension and postretirement benefit plans expense.

The following table represents the sensitivity of changes in certain assumptions related to the Cincinnati pension and postretirement plans as of December 31, 2020:

		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%	($26.9)/$26.9	($1.0)/$1.0	($3.6)/$3.9	($0)/$0
Expected return on assets	+/- 0.5%	n/a	($1.6)/$1.6	n/a	($0)/$0

The following table represents the sensitivity of changes in certain assumptions related to the Hawaii pension and postretirement plans as of December 31, 2020:

		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%	($7.8)/$7.8	($0.4)/$0.4	($2.1)/$2.3	($0.3)/$0.2
Expected return on assets	+/- 0.5%	n/a	($0.8)/$0.8	n/a	n/a

At December 31, 2020 and 2019, unrecognized actuarial net losses were $195.7 million and $215.3 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 remaining service life of active employees for the Cincinnati pension plans (approximately 7-11 years) and Hawaii postretirement plans (approximately 7-8 years), average remaining life expectancy of retirees for the Cincinnati postretirement plans (approximately 14-15 years) and average remaining life expectancy of participants for the Hawaii union pension plan (approximately 31 years). The accumulated gains or losses associated with the nonunion Hawaii pension plan do not exceed the corridor requiring amortization.

Regulatory Matters and Competitive Trends

Federal - The Telecommunications Act of 1996 (the "1996 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 aimed at promoting competition and deregulation. Although the 1996 Act called for a deregulatory framework, the FCC continued to maintain significant regulatory restraints on the traditional 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. Simultaneously, the FCC has been adopting measures that it believes would promote competition, protect consumers, reform universal service, and enhance public safety and national security. Over the past four years, the FCC focused on eliminating burdensome and unnecessary regulations that impede broadband investment. With the change of administration beginning in January 2021, we anticipate an increased focus on measures to close the digital divide in both rural and urban areas and consumer protection. We will monitor the changing regulatory environment for any potential impacts, particularly on the following proceedings.

COVID-19 Assistance

On March 13, 2020, in response to the COVID-19 pandemic, FCC Chairman Pai called on broadband and telephone service providers to keep Americans connected as the country reacts to the serious disruptions caused by the coronavirus outbreak. To ensure that Americans do not lose their broadband or telephone connectivity during this outbreak, he asked the service providers to take the *Keep Americans Connected Pledge*. Cincinnati Bell, on behalf of all of its affiliates, including Hawaiian Telcom, signed on to the Pledge under which it committed that for the next 60 days, it would (1) not terminate service to any residential or small business customers because of their inability to pay their bills due to the disruptions caused by the coronavirus pandemic; (2) waive any late fees that any residential or small business customers incur because of their economic circumstances related to the coronavirus pandemic; and (3) open its Wi-Fi hotspots to any American who needs them. Chairman Pai later called on companies to extend the pledge through June 30, 2020, which Cincinnati Bell and all of its affiliates agreed to do. In accordance with regulatory orders in Hawaii, the Pledge has continued to be honored for residential customers subscribing to regulated intrastate wireline telecom services at least through March 31, 2021. By participating in the Pledge, Cincinnati Bell suffered revenue loss versus the prior year due to not charging late payment fees and re-activation fees, as well as incurring significant bad debt due to no-pay customers being allowed to maintain service during the Pledge but ultimately not paying their past due balances.

On December 27, 2020, President Trump signed the Consolidated Appropriations Act, 2021 which established a $3.2 billion Emergency Broadband Connectivity Fund and directed the FCC to establish an Emergency Broadband Benefit Program under which eligible households may receive a discount off the cost of broadband service and certain connected devices during the COVID-19 pandemic. Participation by service providers is voluntary and participating providers are eligible for reimbursement for discounts provided in accordance with the rules. The FCC is required to finalize the rules for this new program by the end of February 2021.

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 schools and libraries programs.

In October 2011, the FCC adopted new rules aimed at controlling the size of the high-cost portion of the fund and transitioning it from supporting legacy circuit-switched networks to broadband. These rules capped the high-cost fund and established a framework for transitioning support to the new Connect America Fund 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. Hawaiian Telcom received $1.4 million in Phase I support and has completed its Phase I buildout. Under Phase II, $1.8 billion of annual support was made 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 that was available to them. The Phase II support was distributed over a six-year period and carriers were required to satisfy their buildout commitment by the end of 2020. Cincinnati Bell Telephone ("CBT") accepted approximately $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. Hawaiian Telcom accepted $4.4 million to build to 11,081 locations in Hawaii over the six-year award period. On September 10, 2020, Hawaiian Telcom filed a Petition for Waiver with the FCC requesting that the FCC modify its buildout obligation to account for the 523 locations destroyed or isolated by the Kilauea Volcano eruptions that began in May 2018. The FCC has not yet ruled on this Petition for Waiver. On January 4, 2021, Hawaiian Telcom notified the FCC that it would likely fall short of its 100% CAF II buildout milestone, however, CAF II carriers have until year-end 2021 to address any shortfalls before being subject to any financial penalties. In a Report and Order adopted in January 2020, the FCC gave the price cap carriers receiving CAF II support the opportunity to elect to receive an additional year of CAF II support in 2021 in exchange for a commitment to continue providing broadband service to the CAF II areas during that time. CBT and Hawaiian Telcom accepted the seventh year of CAF II support, which will provide $2.2 million for CBT and $4.4 million for Hawaiian Telcom during 2021.

In August 2018, bidding concluded in the FCC's Connect America Fund Phase II auction. Under this reverse auction, up to $2 billion in support over a 10-year period was available to expand fixed broadband service into additional unserved high-cost areas of the country. There were 103 winning bidders and the total amount of support that will be provided to these bidders over the 10-year term is $1.5 billion. Winning bidders must build out their broadband networks within the winning geographic areas (specific census block groups covering 713,176 locations in 45 states) within the first six years of the support term. CBT and Hawaiian Telcom were both winning bidders. As a result, CBT will receive $1.1 million to extend its broadband service to 342 unserved locations and Hawaiian Telcom will receive $18.1 million to build to 3,936 unserved locations. CBT and Hawaiian Telcom auction support distributions began in May 2019 and will continue until May 2029. The build out to all funded auction locations must be completed by December 31, 2025.

In January 2020, the FCC adopted a Report and Order establishing the Rural Digital Opportunity Fund ("RDOF"), which will be used to distribute $20.4 billion over ten years to expand broadband in areas that remain unserved at the conclusion of the CAF II price cap support program. The funds will be awarded via two reverse auctions. The Phase I auction (Auction 904) began on October 29, 2020 and concluded on November 25, 2020 with 180 winning bidders for a 10-year support amount of $9.23 billion to serve over 5 million locations. The remaining $11 billion will be distributed via a second auction to be held at a later date when more accurate broadband availability data becomes available. Cincinnati Bell was announced as the winning bidder for $26.9 million of support over the 10-year period to reach 11,131 locations in Hawaii, Indiana, Kentucky and Ohio.

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 that 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 were phased out over a six-year period that concluded in 2018 for price cap carriers including CBT and Hawaiian Telcom. The plan contains a mechanism that enables ILECs to recover some of the lost revenue from increased end-user charges, which CBT and Hawaiian Telcom have utilized to the fullest extent possible. On October 9, 2020, the FCC released a Report and Order transitioning originating access charges for toll free calls to bill and keep over a three-year period. The Order does not provide a specific recovery mechanism for price cap companies to replace this lost revenue, finding instead that these companies can increase their existing Subscriber Line Charge or Access Recovery Charge to the extent they are otherwise able to do so. CBT and Hawaiian Telcom will assess the impact of the reduction in toll free charges and determine whether they have the ability to recover the lost revenue via existing mechanisms.

Special Access/Business Data Services

In 2005, the FCC opened a proceeding to review its Special Access (aka Business Data Services or "BDS") pricing rules. Under the rules in effect at that time, special access services were subject to price cap regulation with no earnings cap, and ILECs had pricing flexibility in certain metropolitan statistical areas served by a sufficient number of competitors. 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.

In April 2017, the FCC adopted a Report and Order finding that the market for all packet-based services, Ethernet services, TDM services above the DS3 level, and DS1 and DS3 transport services is competitive in all geographic markets and should no longer be subject to price regulation. Price regulation of TDM services of DS3 or below terminating to end users depends upon the competitive status of the county in which the service is provided. The FCC designated counties as competitive or non-competitive for these TDM end user services based upon historical data submitted by providers and purchasers of BDS in response to a mandatory data request issued in 2012 and supplemented with cable broadband deployment data submitted by providers in the FCC's semi-annual broadband deployment report. Price regulation will be eliminated for these TDM end user services in competitive counties. In non-competitive counties, price regulation will continue, although carriers are permitted to offer contract tariffs and volume and term discounts. The Order required all price cap companies to remove all competitive BDS services from their tariffs by August 2020. The list of competitive and non-competitive counties released by the FCC in May 2017 designated all but two of the counties in the Company's CBT ILEC territory as competitive, and in Hawaii, four of the five counties were deemed competitive. In November 2017, Hawaiian Telcom filed an application with the FCC to discontinue offering BDS services in Kalawao County (the non-competitive county). This application was granted in January 2018 and Hawaiian Telcom subsequently filed to detariff all BDS services statewide except for special federal government services, which were detariffed effective August 1, 2020. On August 1, 2020, CBT eliminated its tariffs for BDS services offered in its competitive counties which is nearly all of its BDS revenue.

Unbundled Network Elements

Under rules adopted pursuant to the Telecommunications Act of 1996, ILECs were required to unbundle the components of their network and provide the unbundled network elements ("UNE's") to requesting competitive local exchange carriers at cost-based rates set by state public utility commissions in the 1990's. The rules also required ILECs to resell their voice service to requesting competitive carriers at wholesale rates set by state regulators. Since 2019, the FCC has taken significant steps to eliminate the ILEC unbundling obligations. On July 10, 2019, in response to a forbearance petition filed by USTelecom – The Broadband Association ("USTelecom"), the FCC granted forbearance for unbundled DS1 and DS3 transport and on August 2, 2019, it granted forbearance from UNE loop and resale requirements. Specifically, it granted forbearance from the unbundling requirements for DS1 and DS3 transport along routes where competitive fiber is present within a half mile of the ILEC wire center endpoints that trigger the unbundling obligation. As it relates to UNE loops and resale, forbearance was granted for analog voice-grade copper loops and the avoided-cost resale requirements. Finally, on October 27, 2020, the FCC adopted a Report and Order eliminating DS0 loops in densely populated areas, DS1 and DS3 loops in areas with sufficient competition, and dark fiber loops near competitive fiber networks. All of the orders allow for a transition period during which existing UNES can be maintained and new UNEs can be ordered. While Cincinnati Bell's ILECs may benefit from the ability to charge competitive commercially negotiated prices for these facilities and services, the Company's competitive carrier operations could see increased prices for such facilities currently purchased from other ILECs. As a result, the Company is reviewing its current UNE purchases to determine where to transition to commercial agreements for these facilities versus deploying its own facilities and will pursue the most cost effective solution in each market.

IP Transition

In late 2013, the FCC opened a proceeding to explore how to transition from the legacy circuit-switched 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 during 2015 and 2016, the FCC adopted several orders imposing additional requirements on service providers seeking to transition their networks from copper to fiber. However, during the second quarter of 2017, the FCC opened several proceedings aimed at removing barriers to wireline and wireless broadband deployment and proposed reversing several of the additional requirements imposed in 2015 and 2016. Following this review, in November 2017, the FCC revised its rules to streamline the ILEC copper retirement process and the approval process for discontinuing legacy TDM service to speed the transition from legacy copper-based TDM services to IP services. It also reformed the pole attachment rules to make it easier for providers to attach equipment necessary for next-generation networks. In 2018, the FCC adopted additional changes aimed at streamlining the pole attachment process and preempting state and local processes considered to be detrimental to broadband deployment, particularly the small cells that will be used for 5G networks. The Company does not anticipate any significant financial impact due to these proceedings.

Citizens Band Radio Service Spectrum Auction

The FCC conducted an auction of over 22,000 county-sized Priority Access Licenses ("PALs") in the 3550-3650 MHz portion of the Citizens Band Radio Service ("CBRS") 3.5 GHz spectrum band. This auction (Auction 105), commenced on July 23, 2020 and ended on August 25, 2020. This auction offered up to seven PALs in each county-based license area, for a total of 22,631 PALs nationwide. Each PAL consists of a 10-megahertz unpaired channel in the 3.55-3.65 GHz band. Cincinnati Bell was the winning bidder for 56 PALs (23 in Ohio, 20 in Kentucky, and 13 in Hawaii) at a total cost of $6.2 million.

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 and Hawaiian Telcom elected the non-regulated information service designation for broadband Internet access service. The FCC also ruled that wireless broadband service was 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 these new rules were appealed by numerous parties, in June 2016, the D.C. Circuit Court of Appeals upheld the FCC's new rules in their entirety. In November 2016, the FCC adopted an order establishing broadband privacy and security requirements for Internet service providers using its authority under Title II. The restrictive new privacy rules diverged from the Federal Trade Commission framework that had for years set the standard for protecting Internet users' privacy.

In March 2017, Congress adopted a resolution under the Congressional Review Act to invalidate the new broadband privacy and security rules approved by the FCC in November 2016. In December 2017, the FCC issued a Declaratory Ruling restoring the information service classification of broadband Internet access service that existed prior to 2015 and affirmed that broadband consumer protection authority resides with the Federal Trade Commission. In the accompanying *Restoring Internet Freedom Order*, the FCC required that Internet service providers disclose information about their practices relative to blocking, throttling, paid prioritization, or affiliated prioritization. Challenges to the *Restoring Internet Freedom Order* were largely rejected by the D.C. Circuit Court of Appeals. In October 2020, the FCC adopted an Order on Remand reaffirming its decision on the three discrete issues that had been remanded to it by the Court.

We expect that demands for broadband Internet access service to be reclassified as a telecommunications service will resurface again in 2021 in light of the outcome of the 2020 election.

Robocalls

During 2019, the FCC took several steps to mitigate the impact of illegal robocalls and spoofed calls on consumers and businesses, including the Chairman calling on the largest voice service providers to "voluntarily" adopt the secure telephone identity revisited signature-based handling of asserted information using tokens ("STIR/SHAKEN") call authentication standards developed by the Alliance for Telecommunications Industry Standards ("ATIS"). In addition, in December 2019, Congress passed and President Trump signed into law the Pallone-Thune Telephone Robocall Abuse Criminal Enforcement and Deterrence Act ("Pallone-Thune TRACED Act"). Under the Pallone-Thune TRACED Act, within 18 months, all voice service providers must implement the STIR/SHAKEN framework in their IP networks and take reasonable measures to implement an effective call authentication framework in their non-IP networks. During 2020, the FCC adopted several Orders to implement the provisions of the TRACED Act that require voice service providers to take proactive steps to mitigate the origination of illegal robocalls from their networks. The Company is taking the steps necessary to comply with the new requirements.

State - Ohio and Kentucky - CBT, the Company's ILEC in Ohio and Kentucky, moved from rate of return regulation to alternative regulation plans for its local services in 1994. These alternative regulation plans restricted CBT's ability to increase the price of basic local service and related services, but eliminated any earnings cap associated with traditional rate of return regulation. 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 Ohio, statutory changes enacted by the Ohio General Assembly in 2005 gave the Public Utilities Commission of Ohio ("PUCO") the authority to provide ILECs with pricing flexibility for basic local rates upon a showing that consumers have sufficient competitive alternatives (House Bill 218). As a result of that legislation, the Company received authority from the PUCO to increase its rates for basic local exchange service in eight of its Ohio exchanges. In September 2010, the Ohio General Assembly passed Substitute Senate Bill 162, which revised state policy concerning the provision of telecommunications service, repealed Ohio's alternative regulation legislation, and authorized additional pricing flexibility for ILEC basic local exchange service ("BLES" - a standalone access line not bundled with other services) upon a competitive showing by the ILEC. CBT filed an application for pricing flexibility under the new rules and, in January 2011, received authority to increase the monthly rate for a standalone local service line throughout its Ohio serving area by $1.25 annually. Nearly all other retail services were removed from rate regulation, including local service lines bundled with other services. Substitute SB 162 also provided cost savings and revenue opportunities resulting from revision of the PUCO's retail rules and service standards beginning in January 2011. In June 2015, House Bill 64 was enacted, which 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 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 2015 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. Finally, in December 2018, the General Assembly passed House Bill 402 giving ILECs the ability to increase the monthly BLES rate by $2.00 annually. Beginning in 2022, BLES rate regulation will cease entirely in exchanges in which the ILEC demonstrates that it has lost more than 50% of its access lines. The 2018 legislation also limited the PUCO's authority over other aspects of telecom regulation, including eliminating the PUCO's authority to review and approve mergers and acquisitions for telecom companies.

In Kentucky, CBT entered into an alternative regulation plan in July 2006 under terms established by the Kentucky General Assembly in House Bill No. 337. Under this plan, BLES prices were capped in exchange for earnings freedom and pricing flexibility on other retail services. The caps on BLES prices expired in July 2011 providing CBT with flexibility to increase rates for basic local exchange service. In March 2015, the General Assembly passed House Bill 152, which removed the Public Service Commission's authority to regulate terms, conditions, rates or availability of any retail service in urban exchanges (greater than 15,000 Households) for a modifying utility. In March 2017, the General Assembly passed Senate Bill 10, which extended the same privileges as HB 152 to all exchanges, thus providing CBT with nearly complete deregulation for all retail services in Kentucky.

Hawaii - In Hawaii, the legislature and the Hawaii Public Utilities Commission ("HPUC") have taken steps over the last decade to reduce rate regulation of some of the services of the Company's Hawaiian Telcom subsidiaries.

In 2009 and 2010, the Hawaii State Legislature required the HPUC to treat all intrastate retail telecommunications services, including intrastate toll (*i.e.*, inter island), central exchange (Centrex), most residential and business local exchange services, integrated service digital network (ISDN) private lines and special assemblies, and directory assistance, as "fully competitive" under the HPUC's rules with certain qualifications. As a result, HPUC approval and cost support filings were no longer required to establish or reduce rates or to bundle service offerings; however, all service offerings were required to be priced above the service's long run incremental cost and HPUC retained the ability to suspend and investigate any offering. In 2012, the Hawaii State Legislature passed legislation that gave Hawaiian Telcom pricing flexibility to increase tariffed intrastate rates for any retail telecommunications service without approval from the HPUC, with the exception of basic exchange service (*i.e.*, single line residential and single line business services).

In May 2019, the Hawaii State Legislature granted nearly full pricing flexibility to telecommunications carriers, including Hawaiian Telcom, for intrastate telecommunications services. Rate changes for retail telecommunications services no longer need to be filed with and approved by the HPUC except for any price increase greater than $6.50 on an annual basis for basic exchange services in counties with a population of less than 500,000. In addition, the traditional cost-of-service regulatory framework that required cost support for retail telecommunications service offerings and pricing above a service's long run incremental cost are no longer applicable; however, the HPUC retains the ability to investigate any offering. The legislation also eliminated the requirements for providers of fully competitive retail telecommunications services to obtain HPUC approval for financing and the sale or encumbrance of regulated property and assets, except when such sale or encumbrance occurs as part of a merger or consolidation with any other public utility. Additional relief was also granted on reporting affiliated transactions and accidents. Based on these regulatory reforms, the Company can now compete more effectively in Hawaii by making decisions based on marketplace dynamics and other economic information.

Cable Franchises - Ohio, Kentucky and Indiana - The states of Ohio and Indiana permit statewide video service authorization. The Company is now authorized by Ohio and Indiana to provide service in its 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 agreements with fifty-three franchising authorities in Kentucky.

Hawaii - In Hawaii, cable franchises must be approved by the Hawaii Department of Commerce and Consumer Affairs. Since 2011, the Company's Hawaiian Telcom Services Company, Inc. subsidiary has held a cable franchise authorizing it to provide video services throughout the island of Oahu.

Recently Issued Accounting Standards

Refer to Note 2 of the consolidated financial statements for further information on recently issued accounting standards.

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 concerning plans, objectives, goals, strategies, future events, future revenues or performance, financing needs, plans or intentions relating to acquisitions and restructuring, business trends, statements regarding the MIP Merger and the expected timetable for completing the merger, are forward-looking statements. Words such as "expects," "anticipates," "predicts," "projects," "intends," "plans," "believes," "seeks," "estimates," "continues," "endeavors," "strives," "will," "may," "proposes," "potential," "could," "should," "outlook," or variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of future financial performance, anticipated growth and trends in businesses, and other characterizations of future events or circumstances are forward-looking statements. There are a number of risks, uncertainties and other important factors that could cause our actual results to differ materially from the forward-looking statements contained in this report. 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 global outbreak of COVID-19 and related government, private sector and individual consumer responsive actions have adversely affected the Company's business operations, employee availability, financial performance, liquidity and cash flow and are expected to continue to do so for an unknown period of time;
- 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 Company may be unable to grow its revenues and cash flows despite the initiatives it has have implemented;
- failure to anticipate the need to 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;
- negotiations with the providers of content for our video programming may not be successful, potentially resulting in our inability to carry certain programming channels, which could result in the loss of subscribers. In addition, due to the influence of some content providers, we may be forced to pay higher rates for some content, resulting in increased costs;
- 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, leading to reduced revenues and/or increased costs;
- the Company generates a substantial portion of revenue by serving a limited geographic area;
- one large customer accounts for a significant portion of the Company's accounts receivable. The loss or significant reduction in business from this customer would cause operating results to decline and could negatively impact profitability and cash flows;
- maintaining the Company's telecommunications networks requires significant capital expenditures, and the Company's inability or failure to maintain its telecommunications networks could have a material impact on the Company's 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 the material that content providers distribute over our networks;
- an IT and/or network security breach or cyber-attack may lead to unauthorized use or disabling of our network, theft of customer data or other sensitive data, unauthorized use or publication of our confidential business information and could have a material adverse effect on our business;
- weather conditions, natural disasters, terrorist acts or acts of war could cause damage to our infrastructure and result in significant disruptions to our operations;
- 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, cause it to lose customers or materially and adversely impact its business, financial condition, and results of operations;
- 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 unions when they expire, or if the Company's 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'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 the Company's businesses and prospects generally;
- the Company's credit agreement, the indenture governing the Company's notes due 2024, the indenture governing the Company's notes due 2025 and other indebtedness impose significant restrictions on the Company;
- the Company depends on its 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 the Company's control;
- the Company depends on the receipt of dividends or other intercompany transfers from its subsidiaries and investments;
- the uncertain economic environment, including uncertainty in the U.S. and world securities markets, could impact the Company's business and financial condition;
- 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 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;
- there are material uncertainties and risks associated with the MIP merger agreement and Transaction;
- the transaction may not be completed in a timely manner or at all;
- failure to complete the Transaction could negatively impact the Company's business, financial results and stock price;
- the Company has incurred, and will incur, substantial direct and indirect costs as a result of the Transaction;
- the Company's future cash flows could be adversely affected if it is unable to fully realize its deferred tax assets;
- changes in tax laws and regulations, and actions by federal, state and local taxing authorities related to the interpretation and application of such tax laws and regulations, could have a negative impact on the Company's financial results and cash flows;
- the regulation of the Company's businesses by federal and state authorities may, among other things, place the Company at a competitive disadvantage, restrict our ability to price our products and services competitively, and threaten our operating licenses;
- 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;
- the Company could be subject to a significant amount of litigation, which could require the Company 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 borrows funds at a combination of fixed and variable rates. The Company has exposure to interest rate risk, primarily in the form of variable-rate borrowings from its Revolving Credit Facility and Receivables Facility, as well as changes in current rates compared to that of its fixed rate debt. Certain of our variable rate debt, including debt under the Credit Agreement and the Receivables Facility, uses LIBOR as one of the benchmarks for establishing the rate of interest and may be hedged with LIBOR-based interest rate derivatives. LIBOR is the subject of recent regulatory guidance and proposals for reform. On November 30, 2020, ICE Benchmark Administration ("IBA"), the administrator of LIBOR, with the support of the United States Federal Reserve and the United Kingdom's Financial Conduct Authority, announced plans to consult on ceasing publication of U.S. Dollar LIBOR on December 31, 2021, for only the one week and two month U.S. Dollar LIBOR tenors, and on June 30, 2023, for all other U.S. Dollar LIBOR tenors. While this announcement extends the transition period to June 2023, the United States Federal Reserve concurrently issued a statement advising banks to stop new U.S. Dollar LIBOR issuances by the end of 2021.

The Company's management periodically employs interest rate hedge contracts, such as swaps, to manage exposure to interest rate risk. The use of these types of instruments to hedge a portion of our exposure to changes in interest rates carries additional risks, such as counterparty credit risk and the legal enforceability of hedging contracts.

The Company had $1,085.2 million principal amount of fixed rate debt outstanding as of December 31, 2020 and 2019, excluding debt with a variable rate that is effectively fixed by related interest rate hedge contracts. The estimated aggregate fair market value of this debt was $1,137.9 million and $1,137.5 million as of December 31, 2020 and 2019, respectively. At December 31, 2020, the weighted average interest rate on fixed-rate debt is 7.3%.

At December 31, 2020, the Company had variable-rate borrowings of $19.5 million under the Tranche B Term Loan due 2024 not protected by interest rate hedge contracts, $182.0 million of borrowings under the Receivables Facility, and $67.0 million of borrowings under the Credit Agreement's Revolving Credit Facility. The estimated aggregate fair market value of this debt was $268.5 million as of December 31, 2020. At December 31, 2019, the Company had variable-rate borrowings of $25.5 million under the Tranche B Term Loan due 2024 not protected by interest rate hedge contracts, $131.5 million of borrowings under the Receivables Facility, and $57.0 million of borrowings under the Credit Agreement's Revolving Credit Facility. The estimated aggregate fair market value of this debt was $214.1 million as of December 31, 2019. At December 31, 2020, the weighted average interest rate on variable rate debt is 2.7%. Due to the decline in the LIBOR rate during 2020 as a result of the COVID-19 pandemic, the Company's variable-rate borrowings under the Tranche B Term Loan and Receivables Facility are utilizing the LIBOR rate floor according to the terms of each agreement, and consequently, a hypothetical decrease in the LIBOR rate would have no impact on our annual interest expense for those borrowings. A hypothetical decrease of one hundred basis points in the LIBOR rate would decrease our annual interest expense associated with the Credit Agreement's Revolving Credit Facility by $0.7 million. A hypothetical increase of one hundred basis points in the LIBOR rate would increase our annual interest expense by $2.4 million.

At December 31, 2020 and 2019, the Company had $586.5 million and $592.5 million, respectively, of variable-rate debt outstanding under the Tranche B Term Loan due 2024 with $567.0 million of related floating-to-fixed interest rate swaps. The interest rate swaps are comprised of one swap with a notional amount of $300.0 million and three swaps with a notional amount $89.0 million each. These swaps effectively fix the underlying one-month LIBOR rate at a weighted average rate of 2.938%, 2.275%, 2.244% and 2.328%, respectively, plus the applicable margin per the requirements in the Credit Agreement. If the underlying LIBOR interest rate increases or decreases by 100 basis points, the aggregate fair market value of the swaps at December 31, 2020 would increase by $5.3 million or decrease by $0.6 million. If the underlying LIBOR interest rate increased or decreased by 100 basis points, the aggregate fair market value of the swaps at December 31, 2019 would increase by $18.5 million or decrease by $12.9 million. The $300.0 million swap expires in June 2023 and the three $89.0 million swaps expire in March 2024. For further information, see Footnote 11 to the accompanying consolidated financial statements contained in "Part II. Item 8. Financial Statements and Supplementary Data."

Foreign Currency Risk

IT Services and Hardware currently has business operations in Canada, the U.K. and India, and foreign currency risk might arise in the future. 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

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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, 2020. 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, 2020, 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, 2021

/s/ Leigh R. Fox
Leigh R. Fox
Chief Executive Officer

/s/ Andrew R. Kaiser
Andrew R. Kaiser
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareowners and Board of Directors of Cincinnati Bell Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Cincinnati Bell Inc. and subsidiaries (the "Company") as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2020, of the Company and our report dated February 25, 2021, expressed an unqualified opinion on those financial statements.

Basis for Opinion

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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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 its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio

February 25, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareowners and Board of Directors of Cincinnati Bell Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Cincinnati Bell Inc. and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, shareowners' deficit and cash flows, for each of the three years in the period ended December 31, 2020, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on 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, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Change in Accounting Principles

As discussed in Note 2 to the financial statements, the Company changed its method of accounting for leases due to the adoption of Accounting Standards Update 2016-02, *Leases* ("ASU 2016-02"), during 2019.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Income Taxes – Valuation Allowance — Refer to Notes 1 and 14 to the financial statements

Critical Audit Matter Description

The Company recognizes deferred taxes (including Federal net operating loss carryforwards, or "NOL carryforwards") for temporary differences between the financial statement and income tax basis of assets and liabilities at enacted statutory tax rates in effect for the years in which the differences are expected to reverse. In addition, 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 remaining Federal deferred tax assets depends upon the ability to generate future taxable income in an amount sufficient to utilize such deferred tax assets prior to any applicable expiration periods.

As of December 31, 2020, the Company had $940.4 million of federal net operating loss carryforwards with a deferred tax asset value of $197.5 million. Approximately $125.6 million of the Federal NOL carryforwards expire in 2023. In addition, the Company has recognized cumulative pre-tax losses for financial statement purposes over the previous three-year period ended December 31, 2020, requiring the Company's projections of future taxable income to be based on objectively verifiable historical results. Based on those projections, the Company expects to realize the unreserved Federal deferred tax assets (including all Federal NOL carryforwards) prior to their expiration. While U.S. tax laws limit the annual utilization of tax loss carryforwards of acquired entities, the Company also expects to fully utilize the tax carryforwards associated with their 2018 acquisition of Hawaiian Telcom Holdco, Inc.

We identified management's assertion that the unreserved Federal deferred income tax assets are more likely than not going to be realized as a critical audit matter due to the significance of management's judgments and the inherent uncertainty in forecasting financial results, coupled with the specialized tax knowledge that is necessary to accurately schedule future taxable income and deductions. A high degree of auditor judgment and the involvement of our tax specialists was required when performing audit procedures to evaluate management's assertion.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures to evaluate management's assertion that the unreserved Federal deferred tax assets (including Federal NOL carryforwards) are more likely than not realizable included the following:

- We tested the effectiveness of the Company's controls over income taxes, including those over the calculation of the valuation allowance and the projections of future taxable income.
- We evaluated management's projections of future taxable income by:
    - Evaluating management's ability to accurately project future reversals of temporary differences including the use of tax planning strategies by comparing these projections to historical results, evaluation of current tax laws, and our understanding of anticipated future events.
    - Testing the reasonableness of management's determination of the Company's objectively verifiable income by testing management's calculation to verify:
        - Testing that applicable amounts agree to historical results
        - Testing the normalization for appropriate one-time items
        - Evaluating that non-deductible interest amounts are reasonable based on prior year historical results and current tax laws.
- We evaluated management's assessment that it is more likely than not that sufficient taxable income will be generated in the future to utilize the unreserved Federal deferred tax assets.
- We tested the mathematical accuracy of the Company's valuation allowance analysis.
- We evaluated whether the projections of future taxable income were consistent with evidence obtained in other areas of the audit.
- We evaluated the sufficiency of the Company's disclosures related to the realizability of deferred income tax assets and valuation allowances in the financial statements.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio

February 25, 2021

We have served as the Company's auditor since 2005.

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

	December 31, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	$ 12.2	$ 11.6
Receivables, less allowances of $23.0 and $14.3	369.6	307.7
Inventory, materials and supplies	35.5	44.6
Prepaid expenses	33.5	28.3
Other current assets	8.3	11.6
Total current assets	459.1	403.8
Property, plant and equipment, net	1,729.1	1,780.8
Operating lease right-of-use assets	37.4	35.8
Goodwill	161.5	160.5
Intangible assets, net	148.1	155.4
Deferred income tax assets	82.5	59.3
Other noncurrent assets	50.9	58.2
Total assets	$ 2,668.6	$ 2,653.8
Liabilities and Shareowners' Deficit		
Current liabilities		
Current portion of long-term debt	$ 21.8	$ 22.3
Accounts payable	299.2	284.6
Unearned revenue and customer deposits	68.9	59.1
Accrued taxes	28.1	29.1
Accrued interest	26.7	26.8
Accrued payroll and benefits	50.5	49.0
Other current liabilities	50.9	52.6
Total current liabilities	546.1	523.5
Long-term debt, less current portion	1,949.9	1,901.3
Operating lease liabilities	33.6	32.1
Pension and postretirement benefit obligations	200.2	215.5
Pole license agreement obligation	36.7	38.0
Deferred income tax liabilities	10.9	11.7
Other noncurrent liabilities	82.3	71.7
Total liabilities	2,859.7	2,793.8
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, 2020 and 2019; liquidation preference $1,000 per share ($50 per depositary share)	129.4	129.4
Common shares, $.01 par value; 96,000,000 shares authorized; 50,680,605 and 50,420,700 shares issued and outstanding at December 31, 2020 and 2019, respectively	0.5	0.5
Additional paid-in capital	2,670.3	2,676.2
Accumulated deficit	(2,831.6)	(2,776.0)
Accumulated other comprehensive loss	(159.7)	(170.1)
Total shareowners' deficit	(191.1)	(140.0)
Total liabilities and shareowners' deficit	$ 2,668.6	$ 2,653.8

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,		
	2020	2019	2018
Revenue	$ 1,559.8	$ 1,536.7	$ 1,378.2
Costs and expenses			
Cost of services and products, excluding items below	802.0	784.6	698.7
Selling, general and administrative	346.5	354.4	313.4
Depreciation and amortization	293.4	304.9	252.0
Restructuring and severance related charges	16.9	6.9	8.3
Transaction and integration costs	35.0	12.8	22.5
Total operating costs and expenses	1,493.8	1,463.6	1,294.9
Operating income	66.0	73.1	83.3
Interest expense	134.2	139.6	131.5
Loss on extinguishment of debt, net	—	—	1.3
Other components of pension and postretirement benefit plans expense	14.1	11.2	12.5
Other income, net	(1.2)	(0.5)	(1.6)
Loss before income taxes	(81.1)	(77.2)	(60.4)
Income tax (benefit) expense	(25.5)	(10.6)	9.4
Net loss	(55.6)	(66.6)	(69.8)
Preferred stock dividends	10.4	10.4	10.4
Net loss applicable to common shareowners	$ (66.0)	$ (77.0)	$ (80.2)
Basic and diluted net loss per common share	$ (1.30)	$ (1.53)	$ (1.73)
Weighted-average common shares outstanding (millions)			
Basic	50.6	50.4	46.3
Diluted	50.6	50.4	46.3

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,		
	2020	2019	2018
Net loss	$ (55.6)	$ (66.6)	$ (69.8)
Other comprehensive income (loss), net of tax:			
Foreign currency translation gain (loss)	2.2	3.7	(6.5)
Cash flow hedges:			
Unrealized loss on cash flow hedges arising during the period, net of tax of ($3.4), ($3.7), ($1.4)	(11.4)	(12.5)	(4.8)
Reclassification adjustment for net losses included in net income, net of tax of $2.0, $0.5, $0.3	6.4	1.7	0.9
Defined benefit plans:			
Net (loss) gain arising from remeasurement during the period, net of tax of ($0.8), $0.7, ($1.6)	(2.7)	2.5	(5.5)
Amortization of prior service benefits included in net income, net of tax of ($0.6), ($0.6), ($0.7)	(1.9)	(1.9)	(2.4)
Amortization of net actuarial loss included in net income, net of tax of $4.4, $3.6, $4.7	14.9	11.9	16.4
Reclassification adjustment for pension settlement charges included in net income, net of tax of $0.9, $0.0	2.9	—	0.1
Total other comprehensive income (loss), net of tax	10.4	5.4	(1.8)
Total comprehensive loss	$ (45.2)	$ (61.2)	$ (71.6)

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

Cincinnati Bell Inc.
CONSOLIDATED STATEMENTS OF SHAREOWNERS' DEFICIT
(in millions)

	6 3/4% Cumulative Convertible Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2017	3.1	129.4	42.2	0.4	2,565.6	(2,639.6)	(173.7)	(117.9)
Net loss	—	—	—	—	—	(69.8)	—	(69.8)
Other comprehensive loss	—	—	—	—	—	—	(1.8)	(1.8)
Shares issued under employee plans	—	—	0.3	—	0.2	—	—	0.2
Shares purchased under employee plans and other	—	—	—	—	(2.1)	—	—	(2.1)
Stock-based compensation	—	—	—	—	5.6	—	—	5.6
Dividends on preferred stock	—	—	—	—	(10.4)	—	—	(10.4)
Stock consideration for acquisition of Hawaiian Telcom	—	—	7.7	0.1	121.1	—	—	121.2
Balance at December 31, 2018	3.1	129.4	50.2	0.5	2,680.0	(2,709.4)	(175.5)	(75.0)
Net loss	—	—	—	—	—	(66.6)	—	(66.6)
Other comprehensive income	—	—	—	—	—	—	5.4	5.4
Shares issued under employee plans	—	—	0.2	—	—	—	—	—
Shares purchased under employee plans and other	—	—	—	—	(0.8)	—	—	(0.8)
Stock-based compensation	—	—	—	—	7.4	—	—	7.4
Dividends on preferred stock	—	—	—	—	(10.4)	—	—	(10.4)
Balance at December 31, 2019	3.1	$ 129.4	50.4	$ 0.5	$ 2,676.2	$ (2,776.0)	$ (170.1)	$ (140.0)
Net loss	—	—	—	—	—	(55.6)	—	(55.6)
Other comprehensive income	—	—	—	—	—	—	10.4	10.4
Shares issued under employee plans	—	—	0.3	—	—	—	—	—
Shares purchased under employee plans and other	—	—	—	—	(1.1)	—	—	(1.1)
Stock-based compensation	—	—	—	—	5.6	—	—	5.6
Dividends on preferred stock	—	—	—	—	(10.4)	—	—	(10.4)
Balance at December 31, 2020	3.1	$ 129.4	50.7	$ 0.5	$ 2,670.3	$ (2,831.6)	$ (159.7)	$ (191.1)

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,		
	2020	2019	2018
Cash flows from operating activities			
Net loss	$ (55.6)	$ (66.6)	$ (69.8)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	293.4	304.9	252.0
Loss on extinguishment of debt	—	—	1.3
Provision for loss on receivables	14.7	12.5	8.4
Noncash portion of interest expense	5.5	6.2	5.4
Deferred income taxes	(27.7)	(10.9)	6.9
Pension and other postretirement payments less than (in excess of) expense	1.0	(0.1)	(7.2)
Stock-based compensation	5.6	7.4	5.6
Other, net	0.4	(5.0)	(3.5)
Changes in operating assets and liabilities:			
(Increase) decrease in receivables	(74.9)	27.6	(83.1)
Decrease in inventory, materials, supplies, prepaid expenses and other current assets	5.0	5.0	2.2
Increase (decrease) in accounts payable	15.8	(40.0)	95.1
Increase in accrued and other current liabilities	6.8	13.0	10.5
Decrease (increase) in other noncurrent assets	13.7	9.3	(0.9)
Increase (decrease) in other noncurrent liabilities	2.4	(4.2)	(8.2)
Net cash provided by operating activities	206.1	259.1	214.7
Cash flows from investing activities			
Capital expenditures	(223.6)	(223.8)	(220.6)
Acquisitions of businesses, net of cash acquired	—	—	(216.8)
Wireless spectrum license purchase	(6.4)	—	—
Other, net	3.6	0.5	—
Net cash used in investing activities	(226.4)	(223.3)	(437.4)
Cash flows from financing activities			
Net increase (decrease) in corporate credit and receivables facilities with initial maturities less than 90 days	60.2	(6.1)	194.6
Repayment of debt	(22.4)	(21.5)	(328.7)
Debt issuance costs	(0.7)	(0.8)	(11.7)
Dividends paid on preferred stock	(10.4)	(10.4)	(10.4)
Other, net	(1.1)	(0.8)	(1.9)
Net cash provided by (used in) financing activities	25.6	(39.6)	(158.1)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	0.3	—	(0.3)
Net increase (decrease) in cash, cash equivalents and restricted cash	5.6	(3.8)	(381.1)
Cash, cash equivalents and restricted cash at beginning of year	11.6	15.4	396.5
Cash, cash equivalents and restricted cash at end of year	$ 17.2	$ 11.6	$ 15.4

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 Cincinnati, Ohio, Dayton, Ohio and the islands of Hawaii. An economic downturn or natural disaster occurring in these, or a portion of these, limited operating territories 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, 2020, we operate our business through the following segments: Entertainment and Communications and IT Services and Hardware.

The Company has approximately 4,600 employees as of December 31, 2020. Approximately 25% of total employees are covered by collective bargaining agreements with the Communications Workers of America ("CWA") and the International Brotherhood of Electrical Workers ("IBEW)" Local 1357. The effective dates for collective bargaining agreements with the CWA and IBEW range through the second quarter of 2021 and third quarter of 2022, respectively.

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.

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 allowances for receivables and deferred income taxes; reserves recorded for income tax exposures; assets and liabilities related to employee benefits; the valuation of deferred costs under Accounting Standards Codification ("ASC") 606, "Revenue Recognition"; purchase price allocation for acquired businesses; and the valuation of intangible assets and 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. We periodically review our estimates in light of changes in circumstances, facts and experience. The effects of material revisions in estimates are reflected in our financial statements prospectively from the date of the change in estimate.

Cash, Cash Equivalents and Restricted Cash — 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. Restricted cash consists of funds held in an escrow account associated with the pending transaction to acquire substantially all of the operating assets of Paniolo Cable Company, LLC ("Paniolo"). See Note 4 for further information related to this transaction. Restricted cash is included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the Consolidated Statements of Cash Flows. A reconciliation of cash, cash equivalents and restricted cash to the consolidated balance sheet follows:

(dollars in millions)	December 31, 2020	December 31, 2019	December 31, 2018
Cash and cash equivalents	$ 12.2	$ 11.6	$ 15.4
Restricted cash included in Other noncurrent assets	5.0	—	—
Cash, cash equivalents and restricted cash per Consolidated Statements of Cash Flows	$ 17.2	$ 11.6	$ 15.4

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 customer, Verizon Communications Inc., which make up 20% and 25% of the outstanding accounts receivable balance at December 31, 2020 and 2019, respectively. Unbilled receivables arise from services rendered but not yet billed. As of December 31, 2020 and 2019, unbilled receivables totaled $41.0 million and $15.3 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. In 2020, in response to the pandemic, the Company participated in the Keep Americans Connected Pledge ("Pledge"), and as a result, we temporarily suspended involuntary account terminations. The Company continued to record allowance for uncollectible accounts but write-offs were delayed until the expiration of the Pledge and past due accounts could pass through the standard collection process. Due to this reduction of write-offs in 2020, the allowance for uncollectible accounts is $23.0 million at December 31, 2020 compared to $14.3 million at December 31, 2019.

Factoring Arrangements — In the second quarter of 2018, the Company executed an amendment of its Receivables Facility that includes an option for Cincinnati Bell Funding LLC ("CBF") to sell certain receivables, on a non-recourse basis, directly to PNC Bank. The terms of the factoring arrangement provides for the factoring of certain receivables, which are purchased at the face amount of the receivable discounted at the annual rate of LIBOR plus a bank determined spread on the purchase date. Such sales of accounts receivable are reflected as a reduction of "Receivables, less allowances" in the Consolidated Balance Sheets as they meet the applicable criteria in ASC 860, "Transfers and Servicing." The fees recorded in relation to such sales of accounts receivable were immaterial in 2020 and $0.7 million in 2019, and are included in "Selling, general, and administrative" in the Consolidated Statements of Operations. As of December 31, 2020, there was no outstanding balance of receivables sold under the terms of the factoring agreement. As of December 31, 2019, the outstanding balance of receivables sold under the terms of the factoring agreement was $44.7 million. See Note 8 for further information related to the Receivables Facility.

Inventory, Materials and Supplies — Inventory, materials and supplies consists of network components, various telephony and IT equipment to be sold to customers, 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. Property, plant and equipment acquired in conjunction with the acquisition of Hawaiian Telcom was stated at fair value in accordance with ASC 805, "Business Combinations." 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 allocated at the business segment level. 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 is recognized. An impairment loss is measured as the excess of the carrying value of goodwill of a reporting unit over its fair value.

Indefinite-Lived Intangible Assets — Intangible assets represent purchased assets that lack physical substance but can be separately distinguished from goodwill because of contractual or legal rights, or because the asset is capable of being separately sold or exchanged. Federal Communications Commission ("FCC") licenses for wireless spectrum represent indefinite-lived intangible assets. The Company may renew the wireless licenses in a routine manner every ten years for a nominal fee, provided the Company continues to meet the service and geographic coverage provisions required by the FCC. Intangible assets not subject to amortization are tested for impairment annually, or when events or changes in circumstances indicate that the asset might be impaired. Annual impairment test was not considered necessary in 2020 due to transfer of the licenses occurring in the fourth quarter of 2020.

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.

Cost Method Investments — Certain of our cost method investments do not have readily determinable fair values. The carrying value of these investments was $6.9 million and $6.6 million as of December 31, 2020 and 2019, respectively, and was included in "Other noncurrent assets" in the Consolidated Balance Sheets. Investments are reviewed annually to determine if changes in circumstances exist that would indicate the carrying value may not be recoverable. If indicators are present then an analysis is performed to determine if carrying value exceeds the estimate fair value.

Leases — The Company adheres to lease accounting principles described in ASC 842, "Leases." Under ASC 842, the Company determines if an arrangement is a lease at inception based on the facts and circumstances present. In lease transactions where the Company acts as the lessor, the lease component is accounted for in accordance with ASC 842, and the non-lease component is accounted for in accordance with ASC 606. Although separation of lease and non-lease components is required, certain practical expedients are available that release the Company from this requirement. Adoption of the practical expedient allows the Company to account for each lease component and the related non-lease component together as a single component provided that the timing and patterns of revenue recognition for the components are the same and the combined, single unit of account would be classified as an operating lease. The Company's operating leases for certain services that include Customer Premise Equipment, including handsets and set-top boxes, have lease and non-lease components. In these arrangements, management has concluded that the non-lease components are the predominant characteristic, and, as a result, the Company has elected to account for these arrangements as one single non-lease component recorded as "Revenue" in the Consolidated Statements of Operations in accordance with ASC 606.

Right-of-use assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Certain adjustments to the right-of-use asset may be required for items such as initial direct costs paid or incentives received.

The Company's lease terms include options to extend, terminate or buyout the lease when it is reasonably certain that we will exercise that option. Leases that have contract prices based on variable factors, such as power usage, are recognized as variable lease expense in the period in which the obligation for those payments are incurred. Lease expense for variable lease payments is recognized on a straight-line basis over the lease term.

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 — The Company adheres to revenue recognition principles described in ASC 606. Under ASC 606, revenue is recognized when the Company 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. A good or service is considered to be transferred when the customer obtains control.

Revenue derived from foreign operations is approximately 5%, 5% and 6% of consolidated revenue in 2020, 2019 and 2018, respectively.

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. Consumer 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.

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.

For long-term indefeasible right of use, or IRU, contracts for fiber circuit capacity, the Company may receive up-front payments for services to be delivered for a period of up to 25 years. In these situations, the Company defers the revenue and amortizes it on a straight-line basis to earnings over the term of the contract. See Note 3 for further information.

IT Services and Hardware — Revenue is 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.

For hardware sales, revenue is recognized net of the cost of product and is recognized when the hardware is either shipped or delivered in accordance with the terms of the contract. Installation service revenue is generally recognized when installation is complete. We sell equipment and installation services on both a combined and standalone basis.

For the sale of hardware within the Infrastructure Solutions category, the Company evaluated whether it is the principal (in which case we report revenues on a gross basis) or the agent (in which case we report revenues on a net basis). The Company has concluded it acts as an agent because it does not control the inventory before it is transferred to customers, it does not have the ability to direct the product to anyone besides the purchasing customer, and it does not integrate the hardware with any of its own goods or services.

Advertising Expenses — Costs related to advertising are expensed as incurred. Advertising costs were $15.6 million, $18.6 million, and $14.2 million in 2020, 2019, and 2018, 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 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 revenue 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 2020, 2019 and 2018 were $32.2 million, $29.2 million and $22.2 million, respectively. The amounts reported as expense for 2020, 2019 and 2018 were $34.2 million, $32.5 million, and $23.4 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, the Company accounts for forfeitures as they occur. Actual forfeiture activity reduces the total fair value of the awards to be recognized as compensation expense. 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 remaining 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 estimates 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 Cincinnati pension plans (approximately 7-11 years) and Hawaii postretirement plans (approximately 7-8 years), average remaining life expectancy of retirees for the Cincinnati postretirement plans (approximately 14-15 years) and average remaining life expectancy of participants for the Hawaii union pension plan (approximately 31 years). The accumulated gains or losses associated with the nonunion Hawaii pension plan do not exceed the corridor requiring amortization.

Derivative Financial Instruments — The Company accounts for derivative financial instruments by recognizing derivative instruments as either assets or liabilities in the Consolidated Balance Sheets at fair value and recognizing the resulting gains or losses as adjustments to the Consolidated Statements of Operations or "Accumulated Other Comprehensive Loss." The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

For derivative instruments that hedge the exposure to variability in expected future cash flows that are designated and qualify as cash flow hedges, the gain or loss on the derivative instrument is reported as a component of "Accumulated Other Comprehensive Loss" in stockholder's equity and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. To receive hedge accounting treatment, cash flow hedges must be highly effective in offsetting changes to expected future cash flows on hedged transactions. Derivatives that do not qualify as hedges are adjusted to fair value through earnings in the current period.

Business Combinations — In accounting for business combinations, we apply the accounting requirements of ASC 805, which requires the recording of net assets of acquired businesses at fair value. The Company utilizes management estimates and an independent third-party valuation firm to assist in determining the fair values of acquired assets and assumed liabilities. In developing estimates of the fair value of net assets, the Company 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.

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.

The determination of where an asset or liability falls in the hierarchy requires significant judgment.

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. Gains and losses arising from foreign currency transactions are recorded in "Other (income) expense, net" in the period incurred.

2. Recently Issued Accounting Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases, which represents a wholesale change to lease accounting. Since that date, the FASB has issued additional ASUs clarifying certain aspects of ASU 2016-02 but did not change the core principal. The standard introduces a lessee model that brings most leases onto the balance sheet, as well as aligns certain underlying principles of the new lessor model with those in ASC 606. The ASU is effective for public entities for fiscal years beginning after December 15, 2018. The Company adopted the standard and all subsequent amendments effective January 1, 2019, using the modified retrospective transition method, which did not require the Company to adjust comparative periods.

The Company elected the package of practical expedients permitted under the transition guidance, which allowed the Company to carryforward its historical assessments of: (1) whether contracts are or contain leases, (2) lease classification and (3) initial direct costs. In addition to the package of practical expedients, the Company elected the practical expedients of using hindsight in determining the lease term and in assessing impairment of the entity's right-of-use assets as well as not to assess whether existing or expired land easements that were not previously accounted for as leases under ASC 840 are or contain a lease under ASC 842.

Upon adoption of this standard, the Company recognized operating lease right-of-use assets of $38.3 million and operating lease liabilities of $46.2 million in the Consolidated Balance Sheets for 2019. The Company elected the practical expedient outlined in ASU 2018-11 allowing entities to initially apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The adoption of ASU 2016-02 had no impact to accumulated deficit.

The Company implemented internal controls and procured a third-party lease accounting software solution to facilitate the ongoing accounting and financial reporting requirements of the ASU. The standard did not have a material impact on our Consolidated Statements of Operations for 2019. The most significant impact was the recognition of right-of-use assets and lease liabilities for operating leases, while our accounting for finance leases remained substantially unchanged. See Note 9 for required disclosures as a result of adopting ASC 842.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), which replaces the incurred loss model with the current expected credit loss ("CECL") model to estimate credit losses for financial assets measured at amortized cost and certain off-balance sheet credit exposures. The CECL model requires a company to estimate credit losses expected over the life of the financial assets based on all relevant information including historical information, current conditions and reasonable and supportable forecasts that affect the collectability of the amounts. This standard is effective for public entities for fiscal years beginning after December 15, 2019. The standard requires a modified retrospective approach by recording a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. ASU 2016-13 was amended in November 2018 by the provisions of ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments – Credit Losses, in April 2019 by the provisions of ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments – Credit Losses, in May 2019 by the provisions of ASU 2019-05, Financial Instruments – Credit Loses (Topic 326), and in November 2019 by the provisions of ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments – Credit Losses. The Company adopted this ASU and all subsequent amendments effective January 1, 2020. The adoption of this standard, as amended, did not have a material effect on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, Intangibles-Goodwill and Other-Internal-Use Software, which aligns the accounting for implementation costs incurred in a hosting arrangement that is a service contract with the requirements in ASC 350-40 for capitalizing implementation costs incurred to develop or obtain internal-use software. The amendments in this ASU also require the entity to present the expense related to the capitalized implementation costs in the same line item in the statement of income as the fees associated with the hosting element of the arrangement and classify payments for capitalized implementation costs in the statement of cash flows in the same manner as payments made for fees associated with the hosting element. The amendments in this ASU are effective for public business entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The amendments should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. Early adoption is permitted in any interim period after issuance of the update. The Company early adopted this standard prospectively effective January 1, 2019. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which simplifies the accounting for income taxes, eliminates certain exceptions within *Income Taxes (740)*, and clarifies certain aspects of the current guidance to promote consistency among reporting entities, and is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2020. Most amendments within ASU 2019-12 are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company plans to adopt the standard effective January 1, 2021. The Company has evaluated the amendments that must be applied on a retrospective or modified retrospective basis and concluded that no adjustments are necessary. The company will apply all other amendments on a prospective basis and does not expect the changes to have a material effect on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The ASU is intended to provide temporary optional expedients and exceptions to the U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. These amendments are effective as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020 and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The Company is currently evaluating our contracts and the optional expedients provided by the new standard.

In August 2020, the FASB issued ASU 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. The ASU reduces the number of accounting models for convertible debt instruments by eliminating the cash conversion and beneficial conversion models. As compared with current U.S. GAAP, more convertible debt instruments will be reported as a single liability instrument and the interest rate of more convertible debt instruments will be closer to the coupon interest rate. In addition, the ASU increases information related to disclosures for convertible instruments and aligns the consistency of diluted Earnings Per Share ("EPS") calculations for convertible instruments by requiring that (1) an entity use the if-converted method and (2) share settlement be included in the diluted EPS calculation for both convertible instruments and equity contracts when those contracts include an option of cash settlement or share settlement. The ASU is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is currently evaluating the impact this guidance may have on its consolidated financial statements and related disclosures and plans to adopt for the fiscal year beginning January 1, 2022.

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. Revenue

The Entertainment and Communications segment provides products and services to both consumer and enterprise customers that can be categorized as either Fioptics in Cincinnati or Consumer/SMB Fiber in Hawaii (collectively, "Consumer/SMB Fiber"), Enterprise Fiber or Legacy. The products and services within these three categories can be further categorized as either Data, Voice, Video or Other. Consumer/SMB Fiber and Legacy revenue include both consumer and commercial customers. Enterprise Fiber revenue includes ethernet and dedicated internet access services that are provided to enterprise customers. Enterprise Fiber also includes revenue associated with the Southeast Asia to United States ("SEA-US") trans-Pacific submarine cable system, which was acquired in conjunction with the acquisition of Hawaiian Telcom in the third quarter of 2018, and connects Indonesia, the Philippines, Guam, Hawaii and the mainland United States.

Residential customers have implied month-to-month contracts, while commercial customers, with the exception of contracts associated with the SEA-US cable system, typically have contracts with a duration of one to five years and automatically renew on a month-to-month basis. Customers are invoiced on a monthly basis for services rendered. Contracts for projects that are included within the Other revenue stream are typically short in duration and less than one year. Contracts associated with the SEA-US cable system typically range from 15 to 25 years and payment is prepaid.

The IT Services and Hardware segment provides a full range of Information Technology ("IT") solutions, including Communications, Cloud and Consulting services. IT Services and Hardware customers enter into contracts that have a typical duration of one to five years, with varied renewal options at the end of the term. Customers are invoiced on a monthly basis for services rendered. The IT Services and Hardware segment also provides enterprise customers with Infrastructure Solutions, which includes the sale of hardware and maintenance contracts. These contracts are typically satisfied in less than twelve months and revenue is recognized at a point in time.

The Company has elected the practical expedient described in ASC 606-10-32-18 that allows an entity to not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects that the period of time between the transfer of a promised good or service to the customer and when the customer pays for such good or service will be one year or less. Customers are typically billed immediately upon the rendering of services or the delivery of products. Payment terms for customers are between 30 and 120 days. Subsequent to the acquisition of Hawaiian Telcom, the Company began recognizing a financing component associated with the up-front payments for services to be delivered under indefeasible right of use ("IRU") contracts for fiber circuit capacity. The IRU contracts are associated with the SEA-US cable system. The IRU contracts typically have a duration ranging from 15 to 25 years.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, or a series of distinct goods or services, and is the unit of account defined in ASC Topic 606. The transaction price identified in the contract is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Contract modifications for changes to services provided are routine throughout the term of our contracts. In most instances, contract modifications are for the addition or reduction of services that are distinct, and price changes are based on the stand-alone selling price of the service and, as such, are accounted for on a prospective basis as a new contract.

Goods and services are sold individually, or a contract may include multiple goods or services. For contracts with multiple goods and services, the contract transaction price is allocated to each performance obligation using the stand-alone selling price of each distinct good or service in the contract.

Certain customers of the Company may receive cash-based rebates based on volume of sales, which are accounted for as variable consideration. Potential rebates are considered at contract inception in our estimate of transaction price based on the projected volume of sales. Estimates are reassessed quarterly.

Performance obligations are satisfied either over time as services are performed or at a point in time. Substantially all of our service revenue is recognized over time. For services transferred over time, the Company has elected the practical expedient to recognize revenue based on amounts invoiced to the customer as the Company has concluded that the invoice amount directly corresponds with the value of services provided to the customer. Management considers this a faithful depiction of the transfer of control as services are provided evenly over the month and are substantially the same over the life of the contract. As the Company has elected the practical expedients detailed at ASC 606-10-50-13, revenue for these unsatisfied performance obligations that will be billed in future periods has not been disclosed.

As of December 31, 2020, our estimated revenue, including a financing component, expected to be recognized in the future related to performance obligations associated with customer contracts that are unsatisfied (or partially unsatisfied) is $34.8 million. Approximately 80% of this revenue is related to IRU contracts associated with the SEA-US cable system (see Note 10). Certain IRU contracts extend for periods of up to 30 years and are invoiced at the beginning of the contract term. The revenue from such contracts is recognized over time as services are provided over the contract term. The expected revenue to be recognized for existing IRU contracts is as follows:

(dollars in millions)	
2021	$ 2.5
2022	2.6
2023	2.5
2024	2.6
2025	2.6
Thereafter	22.0

Entertainment and Communications

The Company has identified four distinct performance obligations in the Entertainment and Communications segment, namely Data, Voice, Video and Other. For each of the Data, Voice and Video services, service is delivered to the customer continuously and in a substantially similar manner for each period of the agreement, the customer takes full control over the services as the service is delivered, and as such, Data, Voice and Video are identified to be a series of distinct services. Services provided by the Entertainment and Communications segment can be categorized into three main categories that include Consumer/SMB Fiber, Enterprise Fiber and Legacy, each of which may include one or more of the aforementioned performance obligations. Data services include high-speed internet access, digital subscriber lines, ethernet, routed network services, SONET (Synchronous Optical Network), dedicated internet access, wavelength, digital signal and IRU revenue. Voice services include traditional and fiber voice lines, switched access, digital trunking and consumer long distance calling. Video services are offered through our fiber network to residential and commercial customers based on various standard plans with the opportunity to add premium channels. To receive video services, customers are required to use the Company's set top boxes that are billed as part of the monthly recurring service. Set top boxes are not considered a separate performance obligation from video because the equipment is necessary for the service to operate and the customer has no alternative use for the equipment.

Services and products not included in Data, Voice or Video are included in Other revenue and are comprised of wire care, wire time and materials projects and advertising. Transfer of control of these services and products is evaluated on an individual project basis and can occur over time or at a point in time.

The Company uses multiple methods to determine stand-alone selling prices in the Entertainment and Communications segment. For Data, Video and Voice products in Consumer/SMB Fiber, market rate is the primary method used to determine stand-alone selling prices. For Data performance obligations under the Enterprise Fiber category, and Voice, Data and Other performance obligations under the Legacy category, stand-alone selling prices are determined based on a list price, discount off of list price, a tariff rate, a margin percentage range, or a minimum margin percentage.

IT Services and Hardware

The Company has identified four distinct performance obligations in the IT Services and Hardware segment. These performance obligations are Communications, Cloud, Consulting and Infrastructure Solutions. Communications services are monthly services that include data and VoIP services, tailored solutions that include converged IP communications of data, voice, video and mobility applications, enterprise long distance, MPLS (Multi-Protocol Label Switching) and conferencing services. Cloud services include storage, backup, disaster recovery, SLA-based monitoring and management, cloud computing and cloud consulting. Consulting services provide customers with IT staffing, consulting and emerging technology solutions. Infrastructure Solutions includes the sale of hardware and maintenance contracts as well as installation projects.

For the sale of hardware, the Company evaluated whether it is the principal or the agent. The Company has concluded it acts as an agent because it does not control the inventory before it is transferred to customers, it does not have the ability to direct the product to anyone besides the purchasing customer, and it does not integrate the hardware with any of its own goods or services. Based on this assessment, the performance obligation is to arrange a sale of hardware between the vendor and the customer. In the instance where there is an issue with the hardware, the Company coordinates with the manufacturer to facilitate a return in accordance with the standard manufacturer warranty. Hardware returns are not significant to the Company.

Within the IT Services and Hardware segment, stand-alone selling prices for the four performance obligations are determined based on either a margin percentage range, minimum margin percentage or standard price list.

For hardware sales, revenue is recognized net of the cost of product and is recognized when the hardware is shipped or delivered in accordance with the terms of the contract. For certain projects within Communications and Consulting, revenue is recognized when the customer communicates acceptance of the services performed. For contracts with freight on board shipping terms, management has elected to account for shipping and handling as activities to fulfill the promise to transfer the good, and therefore, has not evaluated whether shipping and handling activities are promised services to its customers.

Contract Balances

The Company recognizes incremental fulfillment costs as an asset when installation expenses are incurred as part of performing the agreement for Voice, Video and Data product offerings in the Entertainment and Communications segment in which the contract life is longer than one year. These fulfillment costs are amortized ratably over the expected life of the customer, which is representative of the expected period of benefit of the asset capitalized. The expected life of the customer is determined utilizing the average churn rate for each product. The Company calculates average churn based on the historical average customer life. We also recognize an asset for incremental fulfillment costs for certain Communications services in the IT Services and Hardware segment that require us to incur installation and provisioning expenses. The asset recognized for Communication services is amortized over the average contract life. Churn rates and average contract life are reviewed on an annual basis. Fulfillment costs are capitalized to "Other noncurrent assets." The related amortization expense is recorded to "Cost of services and products."

The Company recognizes an asset for the incremental costs of acquiring a contract with a customer if we expect the benefit of those costs to be longer than one year. We have determined that certain sales incentive programs related to Voice, Video, Data and certain Communications and Cloud services meet the requirements to be capitalized. The contract asset established for the costs of acquiring a contract is recorded to "Other noncurrent assets." Sales incentives are amortized ratably over the period that services are delivered using either an average churn rate or average contract term, both representative of the expected period of benefit of the asset capitalized. Customer churn rates and average contract term assumptions are reviewed on an annual basis. The related amortization expense is recorded to "Selling, general and administrative."

Management has elected to use the practical expedient detailed in ASC 340-40-25-4 to expense any costs to fulfill a contract and costs to obtain a contract as they are incurred when the amortization period would be one year or less. This practical expedient has been applied to fulfillment costs that include installation costs associated with wiring projects and certain Cloud services. In addition, this practical expedient has been applied to acquisition costs associated with revenue from certain Communications projects.

The following table presents the activity for the Company's contract assets:

	Fulfillment Costs			Cost of Acquisition			Total Contract Assets		
(dollars in millions)	Entertainment and Communications	IT Services and Hardware	Total Company	Entertainment and Communications	IT Services and Hardware	Total Company	Entertainment and Communications	IT Services and Hardware	Total Company
Balance as of December 31, 2017	$ 17.5	$ 2.0	$ 19.5	$ 11.6	$ 1.3	$ 12.9	$ 29.1	$ 3.3	$ 32.4
Additions	9.9	1.9	11.8	7.9	1.7	9.6	17.8	3.6	21.4
Amortization	(12.9)	(1.4)	(14.3)	(6.5)	(1.0)	(7.5)	(19.4)	(2.4)	(21.8)
Balance as of December 31, 2018	14.5	2.5	17.0	13.0	2.0	15.0	27.5	4.5	32.0
Additions	3.6	3.5	7.1	10.0	1.6	11.6	13.6	5.1	18.7
Amortization	(10.1)	(1.9)	(12.0)	(8.2)	(1.3)	(9.5)	(18.3)	(3.2)	(21.5)
Balance as of December 31, 2019	8.0	4.1	12.1	14.8	2.3	17.1	22.8	6.4	29.2
Additions	3.6	2.2	5.8	9.4	3.5	12.9	13.0	5.7	18.7
Amortization	(8.1)	(2.4)	(10.5)	(8.4)	(2.2)	(10.6)	(16.5)	(4.6)	(21.1)
Balance as of December 31, 2020	$ 3.5	$ 3.9	$ 7.4	$ 15.8	$ 3.6	$ 19.4	$ 19.3	$ 7.5	$ 26.8

The Company recognizes a liability for cash received upfront for IRU contracts. At December 31, 2020 and 2019, $1.6 million and $1.5 million, respectively, of contract liabilities were included in "Other current liabilities." At December 31, 2020 and 2019, $26.2 million and $27.1 million, respectively, of contract liabilities were included in "Other noncurrent liabilities."

Disaggregated Revenue

The following table presents revenues disaggregated by product and service lines:

	Year ended December 31,		
(dollars in millions)	2020	2019	2018
Data	$ 479.4	$ 475.0	$ 402.6
Video	193.8	203.0	183.3
Voice	262.8	284.9	244.9
Other	33.6	32.8	22.6
Total Entertainment and Communications	969.6	995.7	853.4
Consulting	196.0	152.6	138.7
Cloud	86.2	92.1	98.0
Communications	215.0	198.7	178.5
Infrastructure Solutions	119.4	124.0	135.7
Total IT Services and Hardware	616.6	567.4	550.9
Intersegment revenue	(26.4)	(26.4)	(26.1)
Total revenue	$ 1,559.8	$ 1,536.7	$ 1,378.2

In the first quarter of 2019, the Company determined that certain revenue in the IT Services and Hardware segment associated with nonrecurring projects is better aligned with Infrastructure Solutions, rather than Consulting, where it was previously reported. As a result, the Company reclassed revenue of $26.6 million from Consulting to Infrastructure Solutions for the twelve months ended December 31, 2018. This reclassification of revenue had no impact on the Consolidated Statements of Operations.

	Year ended December 31,		
(dollars in millions)	2020	2019	2018
Entertainment and Communications			
Products and services transferred at a point in time	$ 27.9	$ 31.7	$ 25.3
Products and services transferred over time	922.0	942.4	805.8
Intersegment revenue	19.7	21.6	22.3
Total Entertainment and Communications	969.6	995.7	853.4
IT Services and Hardware			
Products and services transferred at a point in time	127.9	138.7	142.9
Products and services transferred over time	482.0	423.9	404.2
Intersegment revenue	6.7	4.8	3.8
Total IT Services and Hardware	616.6	567.4	550.9
Total Revenue			
Total products and services transferred at a point in time	155.8	170.4	168.2
Total products and services transferred over time	1,404.0	1,366.3	1,210.0
Total revenue	$ 1,559.8	$ 1,536.7	$ 1,378.2

4. Mergers and Acquisitions

Acquisition of Hawaiian Telcom Holdco, Inc.

On July 2, 2018, the Company acquired Hawaiian Telcom Holdco, Inc. ("Hawaiian Telcom") for cash consideration of $218.3 million, stock consideration of $121.2 million and debt repayments, including accrued interest, of $318.2 million. Hawaiian Telcom is the ILEC for the State of Hawaii and the largest full service provider of communication services and products in the state. With the acquisition, the Company gains access to both Honolulu, a well-developed, fiber-rich city, as well as the growing neighbor islands. The companies' combined fiber networks are nearly 17,800 fiber route miles.

The purchase price for Hawaiian Telcom consisted of the following:

(dollars in millions)	
Cash consideration plus debt assumed	$ 536.5
Cincinnati Bell Inc. stock issued	121.2
Debt repayment	(318.2)
Total purchase price	$ 339.5

In order to fund the acquisition, the Company utilized proceeds of $350.0 million from the 8% Senior Notes due 2025 ("8% Notes"), $16.5 million of the cash that was previously restricted to fund interest payments on the 8% Notes, drew $35.0 million on the Revolving credit facility and $154.0 million on the accounts receivable securitization facility (see Note 8). In conjunction with the acquisition, the Company issued 7.7 million Common Shares at a price of $15.70 per share as stock consideration. The Company recorded a total of $28.1 million in acquisition expenses related to the acquisition of Hawaiian Telcom, of which $0.9 million and $19.2 million were recorded in 2019 and 2018, respectively. These expenses are recorded in "Transaction and integration costs" on the Consolidated Statements of Operations.

Purchase Price Allocation and Other Items

The determination of the purchase price allocation to specific assets acquired and liabilities assumed is final for the Hawaiian Telcom transaction. The purchase price for Hawaiian Telcom has been allocated to individual assets acquired and liabilities assumed as follows:

(dollars in millions)	Hawaiian Telcom
Assets acquired	
Cash	$ 4.3
Receivables	24.8
Inventory, materials and supplies	6.7
Prepaid expenses and other current assets	5.9
Property, plant and equipment	697.6
Goodwill	10.2
Intangible assets	52.0
Deferred income tax asset	45.6
Other noncurrent assets	2.1
Total assets acquired	849.2
Liabilities assumed	
Accounts payable	60.0
Current portion of long-term debt	10.2
Unearned revenue and customer deposits	13.5
Accrued expenses and other current liabilities	21.8
Long-term debt, less current portion	304.5
Pension and postretirement benefit obligations	68.9
Other noncurrent liabilities	30.8
Total liabilities assumed	509.7
Net assets acquired	$ 339.5

During 2019 and 2018, the Company recorded immaterial measurement period adjustments for Hawaiian Telcom. The offset of these adjustments were recorded as an increase to "Goodwill."

The revenues and net income of Hawaiian Telcom included in the Consolidated Statements of Operations from the acquisition date through December 31, 2018 were $175.0 million and $0.7 million, respectively.

The estimated fair value of identifiable intangible assets and their estimated useful lives are as follows:

	Hawaiian Telcom	
(dollars in millions)	Fair Value	Useful Lives
Customer relationships	$ 26.0	15 years
Trade name	26.0	15 years
Total identifiable intangible assets	$ 52.0	

The goodwill for Hawaiian Telcom is attributable to the acquired workforce in Honolulu and the neighbor islands, deep fiber infrastructures that include direct access to the SEA-US cable linking the U.S. with Asia and increased access to a diversified customer base.

Pro Forma Information (Unaudited)

The following table provides the unaudited pro forma results of operations for the year ended 2018 as if the acquisition of Hawaiian Telcom had taken place as of the beginning of fiscal year 2017. These pro forma results include adjustments related to the financing of the acquisitions, an increase to depreciation and amortization associated with the higher values of property, plant and equipment and intangible assets, an increase to interest expense for the additional debt incurred to complete the acquisitions, and reflects the related income tax effect and change in tax status.

The pro forma information does not necessarily reflect the actual results of operations had the acquisitions been consummated at the beginning of the annual reporting period indicated, nor is it necessarily indicative of future operating results. The pro forma information does not include any (i) potential revenue enhancements, cost synergies or other operating efficiencies that could result from the acquisitions or (ii) transaction or integration costs relating to the acquisitions.

(dollars in millions, except per share amounts)	Year Ended December 31, 2018
Revenue	$ 1,556.5
Net loss applicable to common shareholders	(77.2)
Earnings per share:	
Basic and diluted loss per common share	(1.54)

Pending Acquisition by MIP

On December 21, 2019, the Company entered into an Agreement and Plan of Merger (as amended from time to time, the "Brookfield Merger Agreement") with affiliates of the Brookfield Infrastructure Group ("Brookfield"), the infrastructure investment division of Brookfield Asset Management, which was subsequently amended. Pursuant to the amended Brookfield Merger Agreement, the Company would be acquired by an affiliate of Brookfield for $14.50 per Common Share.

On March 13, 2020, the Company terminated the Brookfield Merger Agreement and entered into an Agreement and Plan of Merger (the "MIP Merger Agreement") pursuant to which the Company will be acquired by an affiliate of Macquarie Infrastructure Partners V ("MIP"), a fund managed by Macquarie Infrastructure and Real Assets (the "MIP Merger"). At the effective time of the MIP Merger (the "Effective Time"), each of our issued and outstanding Common Shares will be converted into the right to receive $15.50 in cash per Common Share, without interest, and the 6 3/4% Cumulative Convertible Preferred Shares will remain issued and outstanding as 6 3/4% Cumulative Convertible Preferred Shares of the Company, without par value, following the Effective Time.

In connection with the termination of the Brookfield Merger Agreement in the first quarter of 2020, the Company paid to an affiliate of Brookfield a termination fee of $24.8 million as required by the terms of the Brookfield Merger Agreement. The termination fee is recorded in "Transaction and integration costs" on the Condensed Consolidated Statements of Operations.

The consummation of the MIP Merger is subject to customary closing conditions, including (i) the adoption of the MIP Merger Agreement by the affirmative vote of the holders of at least two-thirds of all outstanding Common Shares and 6 3/4% Cumulative Convertible Preferred Shares, voting as a single class; (ii) the expiration or early termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, (iii) the receipt of any required consents or approvals from (a) the Committee on Foreign Investment in the United States, (b) the Federal Communications Commission, (c) state public service and state public utility commissions and (d) local regulators in connection with the provision of telecommunications and media services; and (iv) the absence of any legal restraint preventing the consummation of the MIP Merger. On May 7, 2020, the shareholders of the Company adopted the MIP Merger Agreement at a virtual special meeting of shareholders.

The MIP Merger Agreement contains representations and warranties and covenants of the parties customary for a transaction of this nature.

The MIP Merger is expected to close in the first half of 2021, although there can be no assurance that the MIP Merger will occur by that date. At the Effective Time, the Company will cease to be a publicly traded company as a result of the completion of the MIP Merger.

Consent Solicitation for 7.000% Senior Notes due 2024 and 8.000% Senior Notes due 2025

On June 15, 2020, the Company announced that it had commenced consent solicitations (the "Consent Solicitations") with respect to certain proposed amendments to the change of control provisions contained in the (i) indenture, dated as of September 22, 2016 (as supplemented and amended, the "2024 Notes Indenture") governing its 7.000% Senior Notes due 2024 (the "2024 Notes") and (ii) indenture, dated as of October 6, 2017 (as supplemented and amended, the "2025 Notes Indenture," and together with the 2024 Notes Indenture, the "Indentures") governing its 8.000% Senior Notes due 2025 (the "2025 Notes," and together with the 2024 Notes, the "Notes").

Upon the terms and subject to the conditions described in the consent solicitation statement, dated June 15, 2020 (as supplemented and amended, the "Consent Solicitation Statement"), the Company solicited consents in order to (i) amend the definition of "Change of Control" in the Indentures so that the MIP Merger would not constitute a Change of Control and (ii) add a definition of, and designate certain persons, including MIP and its affiliates and Ares Management Corporation and its affiliates as, "Permitted Holders" (collectively, the "Proposed Amendments").

On July 2, 2020 (the "Effective Date"), following receipt of the requisite consents from holders of each series of Notes with respect to the Proposed Amendments pursuant to the Consent Solicitations, the Company, certain of the Company's subsidiaries, as guarantors, and Regions Bank, as trustee, entered into a sixth supplemental indenture, dated as of July 2, 2020 (the "Sixth Supplemental Indenture") to the 2024 Notes Indenture and a second supplemental indenture, dated as of July 2, 2020 to the 2025 Notes Indenture (the "Second Supplemental Indenture", and together with the Sixth Supplemental Indenture, the "Supplemental Indentures").

Subject to the terms and conditions in the Consent Solicitation Statement (including the consummation of the MIP Merger), holders who validly delivered (and did not validly revoke) their consents on or prior to the Effective Date are eligible to receive (i) with respect to the 2024 Notes, an aggregate cash payment of $2,812,500, on a pro rata basis (based on aggregate principal amount of 2024 Notes for which consents have been validly delivered and not revoked), and (ii) with respect to the 2025 Notes, an aggregate cash payment of $1,050,000, on a pro rata basis (based on aggregate principal amount of 2025 Notes for which consents have been validly delivered and not revoked). The Company expects to make this cash payment substantially concurrently with the consummation of the MIP Merger.

The Supplemental Indentures became effective upon execution thereof, but the Proposed Amendments will only become operative upon the occurrence of certain conditions described in the Supplemental Indentures, including payment of the consent fees pursuant to the Consent Solicitations. If the conditions described in the Supplemental Indentures are not satisfied, the Indentures will revert to the form in effect immediately prior to the Effective Date. In addition, subject to the terms and conditions described in the Consent Solicitation Statement and upon satisfaction or waiver of such conditions, including the consummation of the MIP Merger, the Company will secure the Notes and the related guarantees on a *pari passu* basis (subject to certain exceptions) with the new senior secured credit facilities expected to be entered into in connection with the MIP Merger (the "Collateral"). Any Collateral granted by the Company (but not its subsidiaries) to secure the Notes will also secure the 7.25% Senior Notes due 2023 and any Collateral granted by the Company's subsidiary Cincinnati Bell Telephone Company LLC ("CBT") to secure the Notes will also secure CBT's 6.30% Senior Notes due 2028, in each case on an equal and ratable basis.

Pending Acquisition of Paniolo Fiber Assets

On November 30, 2020, the Company entered into a definitive purchase agreement to acquire substantially all of the operating assets of Paniolo Cable Company, LLC, currently held by the bankruptcy estate of Paniolo, which include inter-island submarine and middle-mile terrestrial fiber infrastructure assets. The Company plans to account for the Paniolo acquisition as an asset acquisition under ASC 805-10-55 "Business Combinations" because the assets to be acquired from Paniolo do not include an assembled workforce, and the gross value of the assets to be acquired meets the screen test in ASC 805-10-55-5A related to substantially all of the fair value being concentrated in a single asset or group of assets (i.e., the fiber infrastructure assets) and, thus, the assets are not considered a business. The acquisition of Paniolo's assets will augment the Company's existing backbone network and increase the Company's total submarine and terrestrial fiber footprint by more than 400 miles.

The aggregate purchase price to be paid upon closing of the Paniolo acquisition will be $50.0 million, consisting of $25.0 million in cash and $25.0 million in committed purchase money financing. As of December 31, 2020, the Company has funded $5.0 million to an escrow account to fund a portion of the purchase price, and has entered into an agreement with Paniolo to maintain the Paniolo network prior to the close of the acquisition. This escrow amount is classified as restricted cash and recorded in "Other noncurrent assets" on the Condensed Consolidated Balance Sheets. The transaction which is subject to customary closing conditions, including approval of the bankruptcy court and federal regulatory authorities, is expected to close in the second half of 2021.

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, 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, 2020	2019	2018
Numerator:			
Net loss	$ (55.6)	$ (66.6)	$ (69.8)
Preferred stock dividends	10.4	10.4	10.4
Net loss applicable to common shareowners - basic and diluted	$ (66.0)	$ (77.0)	$ (80.2)
Denominator:			
Weighted-average common shares outstanding - basic	50.6	50.4	46.3
Stock-based compensation arrangements	—	—	—
Weighted-average common shares outstanding - diluted	50.6	50.4	46.3
Basic and diluted net loss per common share	$ (1.30)	$ (1.53)	$ (1.73)

In conjunction with the acquisition of Hawaiian Telcom in the third quarter of 2018, the Company issued 7.7 million Common Shares as a part of the acquisition consideration. In addition, the Company granted 0.1 million time-based restricted stock units to certain Hawaiian Telcom employees under the Hawaiian Telcom 2010 Equity Incentive Plan.

For the years ended December 31, 2020, 2019 and 2018, the Company had a net loss available to common shareholders 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 0.9 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, 2020	2019	Depreciable Lives (Years)
Land and rights-of-way	$ 115.7	$ 117.2	20 – Indefinite
Buildings and leasehold improvements	323.8	315.4	5 – 40
Network equipment	4,180.0	4,044.6	2 – 50
Office software, furniture, fixtures and vehicles	243.7	229.3	2 – 14
Construction in process	60.4	38.9	n/a
Gross value	4,923.6	4,745.4	
Accumulated depreciation	(3,194.5)	(2,964.6)	
Property, plant and equipment, net	$ 1,729.1	$ 1,780.8	

Depreciation expense on property, plant and equipment, including assets accounted for as finance leases, totaled $279.0 million in 2020, $290.2 million in 2019 and $239.6 million in 2018. The portion of depreciation expense associated with cost of providing services was 86%, 87% and 85% in 2020, 2019 and 2018, respectively. 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 25 years.

No asset impairment losses were recognized in 2020, 2019 or 2018 on property, plant and equipment.

7. Goodwill and Intangible Assets

Goodwill

The changes in the Company's goodwill consisted of the following:

(dollars in millions)	IT Services and Hardware		Entertainment and Communications		Total Company	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Goodwill, beginning balance	$ 148.1	$ 146.0	$ 12.4	$ 11.0	$ 160.5	$ 157.0
Activity during the year						
Adjustments to prior year acquisitions	—	—	—	1.4	—	1.4
Currency translations	1.0	2.1	—	—	1.0	2.1
Goodwill, ending balance	$ 149.1	$ 148.1	$ 12.4	$ 12.4	$ 161.5	$ 160.5

During 2019, the Company recorded immaterial measurement period adjustments for Hawaiian Telcom. For further information related to the acquisition, see Note 4.

No impairment losses were recognized in goodwill for the years ended December 31, 2020, 2019 and 2018. During the annual review performed in the fourth quarter of 2020, we completed a Step 0 or Qualitative assessment and determined it was more likely than not that the fair value of our reporting units exceeded their carrying amounts, including goodwill and, therefore, goodwill was not impaired.

Intangible Assets

The Company's intangible assets consisted of the following:

	December 31, 2020			December 31, 2019		
(dollars in millions)	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Intangible assets subject to amortization						
Customer relationships	$ 141.6	$ (38.9)	$ 102.7	$ 140.8	$ (28.4)	$ 112.4
Trade names	41.7	(9.4)	32.3	41.3	(6.0)	35.3
Technology	9.9	(3.2)	6.7	9.9	(2.2)	7.7
Total	193.2	(51.5)	141.7	192.0	(36.6)	155.4
Intangible assets not subject to amortization						
FCC licenses and spectrum usage rights	6.4	—	6.4	—	—	—
Total intangible assets	$ 199.6	$ (51.5)	$ 148.1	$ 192.0	$ (36.6)	$ 155.4

During the third quarter of 2020, the Company participated in Auction 105 conducted by the FCC for Priority Access Licenses of the Citizens Band Radio Service Spectrum ("CBRS"). The Company was the winning bidder of 56 wireless spectrum licenses in 17 Greater Cincinnati, Dayton and Hawaiian counties that allow the Company to further expand broadband coverage across its operating footprint. The licenses were transferred to the Company in the fourth quarter of 2020.

The Company's finite-lived intangible assets were established in connection with completed acquisitions. They are amortized over their useful lives based on a number of assumptions including the estimated period of economic benefit and utilization. The change in gross carrying amounts for finite-lived intangible assets is due to foreign currency translation on finite-lived intangible assets denominated in foreign currency.

The amortization expense for finite-lived intangible assets was $14.4 million, $14.7 million and $12.4 million in 2020, 2019 and 2018, respectively. No impairment losses were recognized on intangible assets for the years ended December 31, 2020, 2019 and 2018.

The estimated useful lives for each finite-lived intangible asset class are as follows:

Customer relationships	8 to 15 years
Trade names	10 to 15 years
Technology	10 years

The annual estimated amortization expense for future years is as follows:

(dollars in millions) Year ended December 31,	
2021	$ 14.3
2022	14.1
2023	13.7
2024	13.5
2025	13.3
Thereafter	72.8
Total	$ 141.7

8. Debt and Other Financing Arrangements

The Company's debt consists of the following:

(dollars in millions)	December 31, 2020	December 31, 2019
Current portion of long-term debt:		
Credit Agreement - Tranche B Term Loan due 2024	$ 6.0	$ 6.0
Other financing arrangements	1.9	2.0
Finance lease liabilities	13.9	14.3
Current portion of long-term debt	21.8	22.3
Long-term debt, less current portion:		
Receivables Facility	182.0	131.5
Credit Agreement - Revolving Credit Facility	67.0	57.0
Credit Agreement - Tranche B Term Loan due 2024	580.5	586.5
7 1/4% Senior Notes due 2023	22.3	22.3
7% Senior Notes due 2024	625.0	625.0
8% Senior Notes due 2025	350.0	350.0
Various Cincinnati Bell Telephone notes	87.9	87.9
Other financing arrangements	0.9	3.2
Finance lease liabilities	52.1	59.5
	1,967.7	1,922.9
Net unamortized premium	1.1	1.3
Unamortized note issuance costs	(18.9)	(22.9)
Long-term debt, less current portion	1,949.9	1,901.3
Total debt	$ 1,971.7	$ 1,923.6

Credit Agreement

In the fourth quarter of 2017, the Company entered into a new Credit Agreement (the "Credit Agreement") and terminated the existing Corporate Credit Agreement. The Credit Agreement provides for (i) a five-year $200 million senior secured revolving credit facility including both a letter of credit subfacility of up to $30 million and a swingline loan subfacility of up to $25 million) (the "Revolving Credit Facility") and (ii) a seven-year $600 million senior secured term loan facility (the "Tranche B Term Loan due 2024"). The Revolving Credit Facility expires in October 2022, and the Tranche B Term Loan due 2024 expires in October 2024. Borrowings under the Credit Agreement's Revolving Credit Facility are used to provide ongoing working capital as well as other general corporate cash flow needs of the Company.

Borrowings under the Credit Agreement 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. In the second quarter of 2018, the Company amended the Credit Agreement to reduce the applicable margin on the Revolving Credit Facility and Tranche B Term Loan due 2024. The LIBOR applicable margin for advances under the Revolving Credit Facility and Tranche B Term Loan due 2024 was changed from the previous 3.75% per annum to 3.25% per annum. The base rate applicable margin for advances under the Revolving Credit Facility and Tranche B Term Loan due 2024 was changed from 2.75% per annum to 2.25% per annum. 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%. In the case of the Tranche B Term Loan due 2024, the LIBOR rate may not fall below 1.00%. In addition, the Company will be required to pay a commitment fee on any unused portion of the Revolving Credit Facility at a rate of 0.50% per annum, or, if the consolidated total leverage ratio of the Company and its restricted subsidiaries is equal to or less than 3.25 to 1.00, 0.375% per annum. The Company will also pay customary letter of credit fees, including a fronting fee equal to 0.125% per annum of the dollar equivalent of the maximum amount available to be drawn under all outstanding letters of credit, as well as customary issuance and administration fees. As a result of the amendment, the Company recorded a loss on extinguishment of debt of $1.3 million in 2018. At December 31, 2020, borrowings under the Credit Agreement's Revolving Credit Facility were $67.0 million, leaving $133.0 million available.

The Revolving Credit Facility requires maintenance of a maximum consolidated secured leverage ratio of 3.50 to1.00 and a minimum consolidated interest coverage ratio of 1.50 to 1.00. The Company may voluntarily repay and reborrow outstanding loans under the Revolving Credit Facility at any time without a premium or a penalty, other than customary "breakage" costs with respect to LIBOR revolving loans.

In addition, certain of our variable rate debt, including debt under the Credit Agreement and the Receivables Facility, uses LIBOR as one of the benchmarks for establishing the rate of interest and may be hedged with LIBOR-based interest rate derivatives. LIBOR is the subject of recent regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to be replaced with a new benchmark in the future or to perform differently than in the past. Recent announcements suggest that publication of U.S. Dollar LIBOR tenors will continue to be published until June 2023 with the exception of the one week and two month U.S. Dollar LIBOR tenors which will cease publication in December 2021. The consequences of these developments cannot be entirely predicted, but could include an increase in the cost of our variable rate indebtedness.

Guarantors and Security Interests, Credit Agreement

All existing and future subsidiaries of the Company (other than Cincinnati Bell Funding LLC (and any other similar special purpose receivables financing subsidiary), the Company's joint ventures, subsidiaries prohibited by applicable law from becoming guarantors, unrestricted subsidiaries and foreign subsidiaries) are required to guarantee borrowings under the Credit Agreement. Debt outstanding under the 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 Credit Agreement) and 66% of the equity interests in certain first-tier foreign subsidiaries held by the Company and the guarantors under the Credit Agreement and (ii) certain personal property and intellectual property of the Company and its subsidiaries (other than that of non-guarantors of the Credit Agreement and certain other excluded property).

Accounts Receivable Securitization Facility

Cincinnati Bell Inc. and certain of its subsidiaries have an accounts receivable securitization facility ("Receivables Facility"). In the second quarter of 2020, the Company executed amendments to its Receivables Facility, which replaced, amended and added certain provisions and definitions to decrease the credit availability, renew the facility, which is subject to renewal every 364 days, until May 2021, and extend the facility's termination date to May 2023. The maximum borrowing limit for loans and letters of credit under the Receivables Facility was reduced from $225.0 million to $200.0 million in the aggregate. 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. The amendments also added provisions for a successor to LIBOR in the event LIBOR is no longer applicable and made technical changes to account for the continued integration of the Company's Hawaiian Telcom and OnX acquisitions into the facility. In addition, a provision was added that the LIBOR rate for the Receivables Facility may not fall below 0.75%. At December 31, 2020, the available borrowing capacity was $200.0 million. Of the total borrowing capacity of $200.0 million, there were $182.0 million of outstanding borrowings and $13.9 million of outstanding letters of credit, leaving $4.1 million available as of December 31, 2020.

Interest on the Receivables Facility is based on the LIBOR rate plus 1.2%. The average interest rate on the Receivables Facility was 2.3% in 2020. The Company pays letter of credit fees on letters of credit drawn under the securitization facility and also pays commitment fees on the unused portion of the total facility.

Under this agreement, certain U.S. and Canadian subsidiaries, as originators, sell their respective trade receivables on a continuous basis to Cincinnati Bell Funding LLC ("CBF") or Cincinnati Bell Funding Canada Ltd. ("CBFC"), wholly-owned consolidated subsidiaries of the Company. Although CBF and CBFC are wholly-owned consolidated subsidiaries of the Company, CBF and CBFC are 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 or CBFC, such accounts receivable are legally assets of CBF and CBFC and, as such, are not available to creditors of other subsidiaries or the parent company. The Receivables Facility includes an option for CBF to sell, rather than borrow against, certain receivables on a non-recourse basis. As of December 31, 2020, there was no outstanding balance for accounts receivable sold.

The transferors sell their respective trade receivables on a continuous basis to CBF or CBFC. In turn, CBF or CBFC 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 and CBFC at market rates; accordingly, no servicing asset or liability has been recorded.

For the purposes of consolidated financial reporting, the Receivables Facility is accounted for as secured financing. Because CBF and CBFC have 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."

7 1/4% Notes due 2023

In 1993, the Company issued $50.0 million of 7 1/4% Notes due 2023 ("7 1/4% Notes"). The indenture related to the 7 1/4% 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 7 1/4% Notes equally and ratably with the indebtedness or obligations secured by such liens. The liens under the Credit Agreement have resulted in the debt outstanding under the 7 1/4% Notes being secured equally and ratably with the collateral granted by the Company (but not its subsidiaries) that secures the obligations under the Credit Agreement. The Company expects to enter into new senior secured credit facilities upon the consummation of the MIP acquisition. Upon such consummation, the 7 1/4% Notes will be equally and ratably secured with the collateral granted by the Company (but not its subsidiaries) to secure the new senior secured credit facilities. Additionally, in connection with the 2024 Notes Consent Solicitation and the 2025 Notes Consent Solicitation described below, the Company has agreed to secure the 7% Senior Notes and the 8% Senior Notes on a *pari-passu* basis with the new senior secured credit facilities upon the consummation of the MIP acquisition, such that at such time, the 7% Senior Notes and the 8% Senior Notes will also become secured equally and ratably by the collateral granted by the Company to secure the 7¼% Notes.

Interest on the 7 1/4% Notes is payable semi-annually on June 15 and December 15. The Company may not redeem the 7 1/4% Notes prior to maturity. The indenture governing the 7 1/4% 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.

7% Senior Notes due 2024

In the third quarter of 2016, the Company issued in a private offering $425.0 million aggregate principal amount of 7% Senior Notes due 2024 ("7% Senior Notes") at par. The Company issued an additional $200.0 million aggregate principal amount of 7% Senior Notes at a price of 105.000% in the fourth quarter of 2016. The 7% Senior Notes were issued pursuant to an indenture, dated as of September 22, 2016 (the "2024 Notes Indenture"), among the Issuer, the subsidiary guarantors and Regions Bank, as trustee (the "Trustee"). Under the 2024 Notes Indenture, the 7% Senior Notes are senior unsecured obligations of the Company, which rank equally in right of payment with all existing and future unsecured senior debt of the Company. The 7% Senior Notes are guaranteed on a joint and several basis by certain of the Company's existing and future domestic subsidiaries. Each such guarantee is currently a senior unsecured obligation of the applicable guarantor, ranking equally with all existing and future unsecured senior debt of such guarantor and effectively subordinated to all existing and future secured indebtedness of such guarantor to the extent of the value of the assets securing that indebtedness.

The 7% Senior Notes bear interest at a rate of 7% per annum, payable semi-annually on January 15 and July 15 of each year, beginning on January 15, 2017, to persons who are registered holders of the 7% Senior Notes on the immediately preceding January 1 and July 1, respectively.

The 7% Senior Notes will mature on July 15, 2024. The Company may, at its option, redeem some or all of the 7% Senior Notes at any time at declining redemption prices equal to (i) 103.500% through September 14, 2021, (ii) 101.750% beginning on September 15, 2021 and (iii) 100.000% beginning on September 15, 2022 and thereafter, plus, in each case, accrued and unpaid interest, if any, to the applicable redemption date.

The 2024 Notes Indenture 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 generally 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 2024 Notes Indenture provides for customary events of default, including a cross-default provision for both nonpayment at final maturity or acceleration due to a default of any other existing debt instrument that equals or exceeds $35 million.

In June 2020, the Company solicited consents from the holders of the 7% Senior Notes (the "2024 Notes Consent Solicitation") to amend the 2024 Notes Indenture to (i) amend the definition of "Change of Control" so that MIP's acquisition of the Company would not constitute a Change of Control and (ii) add a definition of, and designate certain persons, including MIP and its affiliates and Ares Management Corporation and its affiliates as, "Permitted Holders" of the 7% Senior Notes. On July 2, 2020, the Company received the requisite consents from the holders of the 7% Senior Notes, and accordingly, the Company, together with the subsidiary guarantors, entered into the Sixth Supplemental Indenture with the Trustee to give effect to foregoing amendments effective concurrently with the consummation of the MIP Acquisition. Also as part of the 2024 Notes Consent Solicitation, the Company, the subsidiary guarantors and the Trustee agreed to further amend the 2024 Notes Indenture effective concurrently with the consummation of the MIP Acquisition to: (i) secure the 7% Senior Notes and the related guarantees on a *pari-passu* basis with the 8% Senior Notes and the senior secured credit facilities (subject to certain exceptions) expected to be entered into in connection with the MIP acquisition, and (ii) add a covenant to the 2024 Notes Indenture that restricts the Company from redeeming all or part of the applicable series of 7% Senior Notes under Section 3.07 of the 2024 Notes Indenture prior to September 15, 2021. These further provisions will only be operative upon consummation of the MIP acquisition and subject to certain other conditions. Any collateral granted by the Company (but not its subsidiaries) to secure the 7% Senior Notes will also secure the Issuer's 7.25% Senior Notes due 2023 and any collateral granted by the Company's subsidiary Cincinnati Bell Telephone Company LLC ("CBT") to secure the 7% Senior Notes will also secure CBT's 6.30% Senior Notes due 2028, in each case on an equal and ratable basis.

8% Senior Notes due 2025

In the fourth quarter of 2017, CB Escrow Corp. (the "Issuer"), an Ohio corporation and wholly owned subsidiary of Cincinnati Bell Inc., closed a private offering of $350 million aggregate principal amount of 8% Senior Notes due 2025 ("8% Senior Notes") at par. The 8% Senior Notes were issued pursuant to an indenture, dated as of October 6, 2017 (the "2025 Notes Indenture"), between the Issuer and Regions Bank, as trustee.

At the closing of the acquisition of Hawaiian Telcom, the Issuer merged with and into the Company, and the Company assumed the obligations of the Issuer under the 8% Senior Notes and the 2025 Notes Indenture.

Under the 2025 Notes Indenture, the 8% Senior Notes are senior unsecured obligations of the Company, which rank equally in right of payment with all existing and future unsecured senior debt of the Company. The 8% Senior Notes are guaranteed on a joint and several basis by certain of the Company's existing and future domestic subsidiaries. Under the 2025 Notes Indenture, each such guarantee is a senior unsecured obligation of the applicable guarantor, ranking equally with all existing and future unsecured senior debt of such guarantor and effectively subordinated to all existing and future secured indebtedness of such guarantor to the extent of the value of the assets securing that indebtedness.

The 8% Senior Notes bear interest at a rate of 8.00% per annum, payable semi-annually on April 15 and October 15 of each year, beginning on April 15, 2018, to persons who are registered holders of the 8% Senior Notes on the immediately preceding April 1 and October 1, respectively.

The 8% Senior Notes will mature on October 15, 2025. The Company may, at its option, redeem some or all of the 8% Senior Notes at any time at declining redemption prices equal to (i) 106.000% through October 14, 2021, (ii) 104.000% beginning on October 15, 2021, (iii) 102.000% beginning on October 15, 2022 and (iv) 100.000% beginning on October 15, 2023 and thereafter, plus, in each case, accrued and unpaid interest, if any, to the applicable redemption date.

In June 2020, contemporaneously with the 2024 Notes Consent Solicitation, the Company solicited consents from the holders of the 8% Senior Notes (the "2025 Notes Consent Solicitation") to amend the 2025 Notes Indenture to (i) amend the definition of "Change of Control" so that MIP's acquisition of the Company would not constitute a Change of Control and (ii) add a definition of, and designate certain persons, including MIP and its affiliates and Ares Management Corporation and its affiliates as, "Permitted Holders" of the 8% Senior Notes. On July 2, 2020, the Company received the requisite consents from the holders of the 8% Senior Notes, and accordingly, the Company together with its subsidiary guarantors entered into the Second Supplemental Indenture with the Trustee to give effect to foregoing amendments effective concurrently with the consummation of the MIP Acquisition. Also as part of the 2025 Notes Consent Solicitation, the Company, the subsidiary guarantors and the Trustee agreed to further amend the 2025 Notes Indenture effective concurrently with the consummation of the MIP Acquisition to: (i) secure the 8% Senior Notes and the related guarantees on a *pari-passu* basis with the 7% Senior Notes and the senior secured credit facilities (subject to certain exceptions) expected to be entered into in connection with the MIP acquisition, and (ii) add a covenant to the 2025 Notes Indenture that restricts the Company from redeeming all or part of the applicable series of 8% Senior Notes under Section 3.07 of the 2025 Notes Indenture prior to October 15, 2021. These further provisions will only be operative upon consummation of the MIP acquisition and subject to certain other conditions. Any collateral granted by the Company (but not its subsidiaries) to secure the 8% Senior Notes will also secure the Issuer's 7.25% Senior Notes due 2023 and any collateral granted by the Company's subsidiary CBT to secure the 8% Senior Notes will also secure CBT's 6.30% Senior Notes due 2028, in each case on an equal and ratable basis.

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. In 2017, CBT pledged its assets in support of the Company's debt under the Credit Agreement, and as a result, the CBT Notes became equally and ratably secured with the collateral granted by CBT that secure the debt under the Credit Agreement. The Company expects to enter into new senior secured credit facilities upon the consummation of the MIP acquisition, such that the new senior secured credit facilities will be equally and ratably secured with the collateral granted by CBT to secure the CBT Notes. Additionally, in connection with the 2024 Notes Consent Solicitation and the 2025 Notes Consent Solicitation, the Company has agreed to secure the 7% Senior Notes and the 8% Senior Notes on a *pari-passu* basis with the new senior secured credit facilities upon the consummation of the MIP acquisition, such that at such time, the 7% Senior Notes and the 8% Senior Notes will also become secured equally and ratably by the collateral granted by CBT to secure the CBT Notes.

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.

Finance Lease Liabilities

Finance lease liabilities 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 other financing arrangements for the five years subsequent to December 31, 2020, and thereafter:

(dollars in millions)	Debt	Other financing arrangements
Year ended December 31,		
2021	$ 6.0	$ 1.9
2022	73.0	0.5
2023	210.3	0.4
2024	1,193.5	—
2025	350.0	—
Thereafter	87.9	—
	1,920.7	2.8
Net unamortized premium	1.1	—
Unamortized note issuance costs	(18.9)	—
Total debt	$ 1,902.9	$ 2.8

Deferred Financing Costs

Deferred financing costs are costs incurred in connection with obtaining long-term financing and renewing revolving credit agreements. Deferred financing costs are amortized on the effective interest method. The Company incurred deferred financing costs of $0.4 million and $0.8 million in 2020 and 2019, respectively, related to amending and renewing revolving credit agreements. The Company wrote-off deferred financing costs associated with the extinguishment of debt of $1.3 million in 2018.

The Company records costs incurred in connection with obtaining revolving credit agreements as an asset. As of December 31, 2020 and 2019, deferred financing costs recorded to "Other non-current assets" totaled $2.0 million and $3.1 million, respectively. Amortization of deferred financing costs, included in "Interest expense" in the Consolidated Statements of Operations, totaled $5.9 million in 2020, $6.4 million in 2019, and $5.7 million in 2018.

Debt Covenants

Credit Agreement

The Credit Agreement has financial covenants that require the Company to maintain certain leverage and interest coverage ratios. As of December 31, 2020, these ratios and limitations include a maximum secured consolidated total leverage ratio of 3.50 to 1.00 and a minimum consolidated interest coverage ratio of 1.50 to 1.00. In addition, the Credit Agreement contains customary affirmative and negative covenants, including but not limited to, restrictions on Company's ability to incur additional indebtedness, create liens, pay dividends, make certain investments, and prepay other indebtedness, sell, transfer, lease, or dispose of assets and enter into, or undertake, certain liquidations, mergers, consolidations or acquisitions.

The 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 Credit Agreement, no additional borrowings under this facility would be available until the default was waived or cured.

The Tranche B Term Loan due 2024 is subject to the same affirmative and negative covenants and events of default as the Revolving Credit Facility, except that a breach of the financial covenants will not result in an event of default under the Tranche B Term Loan due 2024 unless and until the agent or a majority in interest of the lenders under the Revolving Credit Facility have terminated their commitments under the Revolving Credit Facility and accelerated the loans then outstanding under the Revolving Credit Facility in response to such breach in accordance with the terms and conditions of the Credit Agreement.

9. Leases

Lessee Disclosures

The Company primarily leases real estate for offices, retail stores and central offices, as well as equipment, cell towers and fleet vehicles. The Company leases its real estate for terms between 1 and 55 years, its equipment for terms between 3 and 6 years, its cell towers for terms between 4 and 21 years and its vehicles for terms of 5 years. Our leases have various expiration dates through 2066, some of which include options to extend the leases for up to 15 years.

Upon adoption of ASC 842 on January 1, 2019, the Company elected not to recognize leases with terms of one-year or less on the balance sheet. The Company's leases generally do not provide an implicit rate, and therefore the Company uses its incremental borrowing rate as the discount rate when measuring operating lease liabilities. The incremental borrowing rate represents an estimate of the interest rate the Company would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of the lease.

Supplemental balance sheet information related to the Company's leases was as follows:

(dollars in millions)	Balance Sheet Location	December 31, 2020	December 31, 2019
Operating lease assets, net of amortization	Operating lease right-of-use assets	$ 37.4	$ 35.8
Finance lease assets, net of amortization	Property, plant and equipment, net	28.0	33.2
Operating lease liabilities:			
Current operating lease liabilities	Other current liabilities	9.6	10.9
Noncurrent operating lease liabilities	Operating lease liabilities	33.6	32.1
Total operating lease liabilities		43.2	43.0
Finance lease liabilities:			
Current finance lease liabilities	Current portion of long-term debt	13.9	14.3
Noncurrent finance lease liabilities	Long-term debt, less current portion	52.1	59.5
Total finance lease liabilities		$ 66.0	$ 73.8

The components of lease expense were as follows:

(dollars in millions)	Year Ended December 31, 2020	Year Ended December 31, 2019
Operating lease cost	$ 13.0	$ 13.2
Short-term lease cost	0.3	0.3
Variable lease cost	2.6	2.1
Finance lease cost:		
Depreciation on leased assets	7.0	8.3
Interest on lease liabilities	4.5	5.1
Total lease cost	$ 27.4	$ 29.0

Under ASC 840, the Company recorded lease expense of $18.4 million in 2018.

Other information related to leases was as follows:

(dollars in millions)	Year Ended December 31, 2020	Year Ended December 31, 2019
Supplemental Cash Flows Information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$ 4.4	$ 5.1
Operating cash flows from operating leases	$ 12.1	$ 11.0
Financing cash flows from finance leases	$ 16.6	$ 14.4
Right-of-use assets obtained in exchange for lease obligations:		
New operating leases	$ 12.6	$ 7.5
New finance leases	$ 7.7	$ 14.5
Weighted Average Remaining Lease Term		
Operating leases	7.35 years	7.93 years
Finance leases	6.88 years	7.20 years
Weighted Average Discount Rate		
Operating leases	5.42%	6.94%
Finance leases	7.08%	7.00%

Future minimum lease payments under non-cancellable leases as of December 31, 2020 are as follows:

(dollars in millions)	Operating Leases	Finance Leases
Year ended December 31,		
2021	$ 11.7	$ 17.5
2022	8.7	12.7
2023	7.3	9.2
2024	5.5	8.4
2025	4.3	7.4
Thereafter	17.2	29.5
Total future minimum lease payments	54.7	84.7
Less imputed interest	(10.4)	(18.7)
Total	$ 44.3	$ 66.0

As of December 31, 2020, we have an additional operating lease for a building that has not yet commenced for $1.1 million. This operating lease will commence on January 1, 2021 with a lease term of 10 years.

Sale-Leaseback Disclosures

On December 31, 2020, the Company, through its subsidiary Hawaiian Telcom, sold its real property in Wailuku, Hawaii to the County of Maui for $3.7 million. Net proceeds received from the transaction were approximately $3.5 million after transactional costs. Concurrently with the sale, the Company entered into an operating lease arrangement with the County of Maui for a portion of the building to maintain use of the location as a central office switching station. The transaction qualified for sale-leaseback accounting in accordance with ASC 842, and the Company recognized a nominal loss associated with the sale in 2020. The Company will record an operating lease right-of-use asset and liability of $1.1 million related to the leaseback agreement on January 1, 2021.

Lessor Disclosures

The Company has operating leases related to its dark fiber arrangements for terms between 1 and 30 years. Our leases have various expiration dates through 2048, some of which include options to extend the lease. The Company recorded $2.9 million and $3.1 million in lease income related to operating lease payments in 2020 and 2019, respectively.

The Company owns the underlying assets associated with its operating leases and records them in "Property, plant and equipment, net" on the Consolidated Balance Sheets.

Future minimum lease payments to be received under non-cancellable leases as of December 31, 2020 are as follows:

(dollars in millions)	Operating Leases
Year ended December 31,	
2021	$ 2.4
2022	1.9
2023	1.8
2024	1.8
2025	1.7
Thereafter	15.4
Total future minimum lease payments	25.0
Less imputed interest	(8.8)
Total	$ 16.2

10. Commitments and Contingencies

Other Installment Financing Arrangements

Prior to the acquisition of Hawaiian Telcom in July 2018, Hawaiian Telcom had an open dispute related to jointly-owned utility poles. Each of the electric utilities for the four counties in the State of Hawaii had separate agreements with Hawaiian Telcom for the joint ownership and maintenance of utility poles along with other third parties, such as the State of Hawaii. The agreements set forth various circumstances requiring pole removal, installation and replacement and the sharing of costs among the joint pole owners. The agreements allowed for the cost of work done by one joint pole owner to be shared by the other joint pole owners based on the apportionment of costs in the agreements. Generally, the electric utilities had maintained, replaced and installed the majority of the jointly-owned poles and had billed the other joint pole owners for their respective share of the costs. Hawaiian Telcom had a disagreement with the common owner of the utilities in three of the counties in Hawaii regarding the amount the utilities were requesting for their share of the capitalized costs.

The agreement approved by the Hawaii Public Utilities Commission in October 2018 provided for the transfer of Hawaiian Telcom's ownership responsibility of the poles to Hawaiian Electric Company (HEC) and Hawaiian Telcom to pay a fixed annual fee to HEC for continued use of the poles. The agreement, referred to as the Pole License Agreement, has a duration of 10 years at a fixed rate with two renewal options each for five year terms. Due to the continuing involvement by the Company, this transaction does not meet the requirements to be accounted for as a sale-leaseback, and therefore it has been treated as a financing obligation. As of December 31, 2020, the Company has a liability recorded of $38.0 million related to the payments for the use of the poles, of which $1.3 million is recognized within "Other current liabilities" in the Consolidated Balance Sheets. As of December 31, 2019, the Company had a liability recorded of $39.1 million related to the payments for the use of the poles, of which $1.1 million is recognized within "Other current liabilities" in the Consolidated Balance Sheets.

The IT Services and Hardware segment entered into an agreement in June 2018 for a building to use in its data center operations. Structural improvements were made to the facility in excess of normal tenant improvements and, as such, we are deemed the accounting owner of the facility. The term of the agreement for the building shell is a duration of 10 years with two renewal options each with a two-year term. As of December 31, 2020, the Company has a liability of $4.1 million related to the financing arrangement, of which $0.4 million is recognized within "Other current liabilities" and $3.7 million is recognized within "Other noncurrent liabilities" in the Consolidated Balance Sheets. As of December 31, 2019, the Company had a liability of $4.4 million related to the financing arrangement which is recognized within "Other noncurrent liabilities" in the Consolidated Balance Sheets.

The future minimum payments under the base agreements, as well as the renewal options for each lease which the Company expects to exercise, are as follows:

(dollars in millions)	
Year ended December 31,	
2021	$ 0.8
2022	3.5
2023	5.8
2024	5.8
2025	5.8
Thereafter	52.0
Total future minimum financing obligation payments	73.7
Less imputed interest	(33.5)
Total	$ 40.2

Trans-Pacific Submarine Cable

Commensurate to the acquisition of Hawaiian Telcom, the Company gained access to the SEA-US cable. In August 2014, Hawaiian Telcom joined several other telecommunication companies to form a consortium to build and operate the SEA-US cable. The total system cost was $235.0 million and was primarily composed of a supply contract with the lead contractor. The Company has a fractional ownership in the system and recognizes its fractional share at cost. In addition, the Company constructed a cable landing station in Hawaii and provides cable landing services. The system was completed in August 2017. During 2020 and 2019, the Company incurred costs of $0.7 million and $0.4 million, respectively, primarily to the cable contractor for construction, with all such costs capitalized.

The Company has excess capacity on its share of the SEA-US cable that it makes available to other carriers for a fee. The Company has contracted and expects to enter into additional IRU agreements with other carriers for use of this excess fiber circuit capacity. The Company may receive up-front payments for services to be delivered over a period of up to 25 years. The Company has a remaining obligation related to the sale of capacity and other services of $20.8 million and $21.3 million at December 31, 2020 and 2019, respectively, recorded in "Other noncurrent liabilities" and $1.3 million and $1.2 million at December 31, 2020 and 2019, respectively, recorded to "Other current liabilities" in the Consolidated Balance Sheets, which was previously received in up-front payments. The Company is recognizing revenue for the cable on a straight-line basis over the contract term. The Company recognizes a financing component in accordance with ASC 606 associated with the upfront payments as the contract terms range up to 25 years.

Asset Retirement Obligations

Asset retirement obligations exist for certain assets. In conjunction with the acquisition of Hawaiian Telcom, the Company recognized certain asset retirement obligations related to underground tanks and environmental remediation that will occur prior to the retirement of certain assets. These obligations are recorded in "Other noncurrent liabilities" in the Consolidated Balance Sheets. Additionally, the Company recognizes certain asset retirement obligations related to data center leases which are recorded in "Accounts payable" in the Consolidated Balance Sheets.

The following table presents the activity for the Company's asset retirement obligations:

	December 31,	
(dollars in millions)	2020	2019
Balance, beginning of period	$ 7.1	$ 9.1
Hawaiian Telcom opening balance sheet adjustment	—	(3.2)
Liabilities incurred	—	1.8
Liabilities settled	(0.6)	(0.7)
Accretion expense	0.2	0.1
Balance, end of period	$ 6.7	$ 7.1

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 $13.9 million as of December 31, 2020. 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, 2020 or 2019.

Purchase Commitments

The Company has purchase commitments and blanket purchase requisitions related to certain goods and services. These agreements typically range from one to three years. As of December 31, 2020 and 2019, the minimum commitments associated with these arrangements that are noncancellable in nature, are not considered significant. 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, 2020, cannot be reasonably determined.

11. Financial Instruments and Fair Value Measurements

Interest Rate Swaps

The Company uses interest rate swap agreements to minimize its exposure to interest rate fluctuations on variable rate debt borrowings. Interest rate swaps involve the exchange of fixed and variable rate interest payments and do not represent an actual exchange of the underlying notional amounts between parties.

In the second quarter of 2018, the Company entered into one forward starting non-amortizing interest rate swap with a notional amount of $300.0 million to convert variable rate debt to fixed rate debt. The interest rate swap became effective in June 2018 and expires in June 2023. The interest rate swap results in interest payments based on an average fixed rate of 2.938% plus the applicable margin per the requirements in the Credit Agreement.

In the first quarter of 2019, the Company entered into three forward starting non-amortizing interest rate swaps, with a notional amount of $89.0 million each, to convert variable rate debt to fixed rate debt. The interest rate swaps became effective in March 2019 and expire in March 2024. The interest rate swaps result in interest payments based on an average fixed rate per swap of 2.275%, 2.244% and 2.328% plus the applicable margin per the requirements in the Credit Agreement.

During the next twelve months, the Company estimates that $9.3 million will be reclassified as an increase to interest expense.

The fair value of the Company's interest rate swaps are impacted by the credit risk of both the Company and its counterparties. The Company has agreements with its derivative financial instrument counterparties that contain provisions providing that if the Company defaults on the indebtedness associated with its derivative financial instruments, then the Company could also be declared in default on its derivative financial instruments obligations. In addition, the Company minimizes nonperformance risk on its derivative instruments by evaluating the creditworthiness of its counterparties, which are limited to major banks and financial institutions.

Upon inception, the interest rate swaps were designated as cash flow hedges under ASC 815, with gains and losses, net of tax, measured on an ongoing basis recorded in accumulated other comprehensive loss. The fair value of the interest rate swaps are categorized as Level 2 in the fair value hierarchy as they are based on well-recognized financial principles and available market data.

As of December 31, 2020, the fair value of the interest rate swap liability was $25.4 million and is recorded in the Consolidated Balance Sheets as follows:

(dollars in millions)	Balance Sheet Location	December 31, 2020	Quoted Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Liabilities:					
Interest Rate Swap	Other current liabilities	$ 9.3	$ —	$ 9.3	$ —
Interest Rate Swap	Other noncurrent liabilities	$ 16.1	$ —	$ 16.1	$ —

As of December 31, 2019, the fair value of the interest rate swap liability was $19.0 million and is recorded in the Consolidated Balance Sheets as of December 31, 2019 as follows:

(dollars in millions)	Balance Sheet Location	December 31, 2019	Quoted Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Liabilities:					
Interest Rate Swap	Other current liabilities	$ 5.7	$ —	$ 5.7	$ —
Interest Rate Swap	Other noncurrent liabilities	$ 13.3	$ —	$ 13.3	$ —

The amount of losses recognized in Accumulated Other Comprehensive Income ("AOCI") net of reclassifications into earnings is as follows:

	Year Ended December 31,	
(dollars in millions)	2020	2019
Interest Rate Swap	$ (6.4)	$ (14.0)

The amount of losses reclassified from AOCI into earnings is as follows:

		Year Ended December 31,	
(dollars in millions)	Statement of Operations Location	2020	2019
Interest Rate Swap	Interest Expense	$ (8.4)	$ (2.2)

Disclosure on Financial Instruments

The carrying values of the Company's financial instruments approximate the estimated fair values as of December 31, 2020 and December 31, 2019, except for the Company's long-term debt and other financing arrangements. The carrying and fair values of these items are as follows:

	December 31, 2020		December 31, 2019	
(dollars in millions)	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current portion*	$ 1,921.8	$ 1,973.4	$ 1,867.5	$ 1,921.5
Other financing arrangements	42.1	58.6	43.5	55.5

* Excludes finance leases, other financing arrangements and note issuance costs

The fair value of our long-term debt was based on closing or estimated market prices of the Company's debt at December 31, 2020 and December 31, 2019, which is considered Level 2 of the fair value hierarchy. The fair value of other financing arrangements was calculated using a discounted cash flow model that incorporates current borrowing rates for obligations of similar duration, which is considered Level 3 of the fair value hierarchy. As of December 31, 2020, the current borrowing rate was estimated by applying the Company's credit spread to the risk-free rate for a similar duration borrowing.

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 $13.1 million, $12.9 million, and $11.3 million in 2020, 2019, and 2018, respectively.

Pension and Postretirement Plans

Cincinnati 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 (collectively the "Cincinnati Plans"). 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. 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. 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.

During 2020, the management pension plan made lump sum payments of $6.0 million resulting in a reduction of the plan benefit obligation of $6.0 million. The Company recorded a pension settlement cost of $2.3 million in 2020 as a result of the lump sum payments to the plan participants exceeding the sum of the service cost and the interest cost component of the net pension cost.

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 were phased out as of December 31, 2018 for all employees, with the exception of a small group of grandfathered employees. The postretirement health plan also includes liabilities associated with employees who have special death benefits only.

Hawaii Plans

The Company sponsors one noncontributory defined benefit plan for union employees, one cash balance pension plan for nonunion employees, and two postretirement health and life insurance plans for Hawaiian Telcom employees (collectively the "Hawaii Plans"). The noncontributory defined benefit plan was frozen as of March 1, 2012, and the cash balance pension plan was frozen as of April 1, 2007.

During 2020, Hawaiian Telcom's pension plans made lump sum payments of $15.1 million resulting in a reduction of plan benefit obligation of $15.1 million. The Company recorded a pension settlement cost of $1.5 million in 2020 as a result of lump sum payments to the plan participants exceeding the sum of the service cost and the interest cost component of the net pension cost. During 2019, Hawaiian Telcom's pension plans made lump sum payments of $1.0 million resulting in a reduction of plan benefit obligation of $1.0 million and a nominal pension settlement cost. During 2018, Hawaiian Telcom's pension plans made lump sum payments of $3.6 million resulting in a reduction of plan benefit obligation of $3.6 million and a pension settlement cost of $0.1 million.

Components of Net Periodic Cost

The following information relates to noncontributory defined benefit pension plans, postretirement healthcare plans, and life insurance benefit plans at December 31, 2020, 2019 and 2018 for the Cincinnati Plans and the Hawaii Plans. Hawaii pension and postretirement costs recorded in 2018 are related to the six month period subsequent to the July 2, 2018 acquisition date. In accordance with ASU 2017-07, only the service cost component of net benefit cost is eligible for capitalization, which was immaterial for 2020, 2019 and 2018.

Pension and postretirement benefit costs for these plans were comprised of:

	Pension Benefits			Postretirement and Other Benefits		
(dollars in millions)	2020	2019	2018	2020	2019	2018
Service cost	$ —	$ —	$ —	$ 0.4	$ 0.6	$ 0.6
Interest cost on projected benefit obligation	18.8	23.9	20.0	3.7	5.0	4.2
Expected return on plan assets	(29.0)	(30.7)	(29.8)	—	—	—
Amortization of:						
Prior service benefit	—	—	—	(2.5)	(2.5)	(3.1)
Actuarial loss	18.1	13.7	17.0	1.2	1.8	4.1
Pension settlement charges	3.8	—	0.1	—	—	—
Pension/postretirement cost	$ 11.7	$ 6.9	$ 7.3	$ 2.8	$ 4.9	$ 5.8

The following are the weighted-average assumptions used in measuring the net periodic cost of the pension and postretirement benefits:

Cincinnati Plans	Pension Benefits			Postretirement and Other Benefits		
	2020	2019	2018	2020	2019	2018
Discount rate	3.10%	4.20%	3.60%	3.20%	4.30%	3.60%
Expected long-term rate of return	6.00%	6.50%	7.00%	—	—	—
Cash balance interest credit rate	4.00%	4.00%	4.00%	—	—	—
Future compensation growth rate	—	—	—	—	—	—

Hawaii Plans	Pension Benefits			Postretirement and Other Benefits		
	2020	2019	2018	2020	2019	2018
Discount rate	2.80%	4.20%	4.10%	3.30%	4.40%	4.20%
Expected long-term rate of return	6.00%	6.50%	7.00%	—	—	—
Cash balance interest credit rate	2.00%	2.20%	3.10%	—	—	—
Future compensation growth rate	—	—	—	—	—	—

The expected long-term rate of return on plan assets, developed using the building block approach, for each of the plans 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.

The Company utilized the Pri-2012/MP-2020 and Pri-2012/MP-2019 mortality tables published by the Society of Actuaries to measure the benefit obligations as of December 31, 2020 and 2019, respectively.

Benefit Obligation and Funded Status

Changes in the plans' benefit obligations and funded status are as follows:

(dollars in millions)	Pension Benefits		Postretirement and Other Benefits	
	2020	2019	2020	2019
Change in benefit obligation:				
Benefit obligation at January 1,	$ 652.9	$ 606.8	$ 116.3	$ 123.7
Service cost	—	—	0.4	0.6
Interest cost	18.8	23.9	3.7	5.0
Actuarial loss (gain) (a) (b)	62.8	72.7	(3.5)	(5.1)
Benefits paid	(39.3)	(49.5)	(7.9)	(8.6)
Retiree drug subsidy received	—	—	0.1	0.1
Settlements (c)	(21.1)	(1.0)	—	—
Other	—	—	0.5	0.6
Benefit obligation at December 31,	$ 674.1	$ 652.9	$ 109.6	$ 116.3
Change in plan assets:				
Fair value of plan assets at January 1,	$ 538.8	$ 482.4	$ 4.3	$ 5.8
Actual return on plan assets	84.5	101.0	0.1	0.3
Employer contributions	7.7	5.9	6.5	6.7
Retiree drug subsidy received	—	—	0.1	0.1
Benefits paid	(39.3)	(49.5)	(7.9)	(8.6)
Settlements (c)	(21.1)	(1.0)	—	—
Fair value of plan assets at December 31,	570.6	538.8	3.1	4.3
Unfunded status	$ (103.5)	$ (114.1)	$ (106.5)	$ (112.0)

(a) The actuarial loss recorded during the periods ended December 31, 2020 and 2019 for the pension plans was primarily driven by changes in the discount rate as well as gains or losses to record pension assets to fair value.

(b) The actuarial (gain) recorded for the period ending December 31, 2020 for the postretirement plans is primarily due to an updated participation assumption for the Hawaii plans for terminated vested participants as a result of an experience study completed in 2020 partially offset by changes to the discount rate for both plans. The actuarial (gain) recorded for the period ending December 31, 2019 is primarily due to updated participant assumptions for the Hawaii plans partially offset by changes to the discount rate and updated mortality tables.

(c) The increase in pension plan settlements in 2020 increased due to participant elections to take lump sum payments upon termination as result of the voluntary severance program offered to employees in both Cincinnati and Hawaii. The extent of the funding exceeded the settlement accounting threshold, and as such in the year ended December 31, 2020, these activities have been categorized as settlements.

The following are the weighted-average assumptions used in accounting for and measuring the projected benefit obligations:

Cincinnati Plans	Pension Benefits December 31,		Postretirement and Other Benefits December 31,	
	2020	2019	2020	2019
Discount rate	2.40%	3.10%	2.40%	3.20%
Cash balance interest credit rate	4.00%	4.00%	—	—
Future compensation growth rate	—	—	—	—

Hawaii Plans	Pension Benefits December 31,		Postretirement and Other Benefits December 31,	
	2020	2019	2020	2019
Discount rate	2.30%	3.10%	2.60%	3.30%
Cash balance interest credit rate	1.20%	2.30%	—	—
Future compensation growth rate	—	—	—	—

The assumed healthcare cost trend rate used to measure the postretirement health benefit obligation is shown below:

Cincinnati Plans	December 31,	
	2020	2019
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	2025	2024

The projected benefit obligation is recognized in the Consolidated Balance Sheets as follows:

(dollars in millions)	Pension Benefits December 31,		Postretirement and Other Benefits December 31,	
	2020	2019	2020	2019
Accrued payroll and benefits (current liability)	$ 2.1	$ 2.1	$ 8.5	$ 9.5
Pension and postretirement benefit obligations (noncurrent liability)	101.4	112.0	98.0	102.5
Total	$ 103.5	$ 114.1	$ 106.5	$ 112.0

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,		Postretirement and Other Benefits December 31,	
	2020	2019	2020	2019
Prior service (cost) benefit, net of tax of ($0.1), ($0.1), $3.4, $4.0	$ (0.1)	$ (0.1)	$ 13.7	$ 15.6
Actuarial loss, net of tax of ($39.0), ($42.4), ($4.3), ($5.4)	(136.1)	(147.5)	(16.3)	(20.0)
Total	$ (136.2)	$ (147.6)	$ (2.6)	$ (4.4)

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		Postretirement and Other Benefits	
	2020	2019	2020	2019
Prior service cost recognized:				
Reclassification adjustments	$ —	$ —	$ (2.5)	$ (2.5)
Actuarial (loss) gain recognized:				
Reclassification adjustments	21.9	13.7	1.2	1.8
Actuarial (loss) gain arising during the period	(7.1)	(2.3)	3.6	5.5

Plan Assets, Investment Policies and Strategies

Cincinnati and Hawaii Plans

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. The investment follows a glide path approach toward liability-driven investing that shifts a higher portfolio weighting to fixed income as the plan's funded status increases. The current target allocations for the pension plan assets are 50% equity securities and 50% 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 50% of the equity securities held by the pension plans at December 31, 2020, 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 and U.S. Treasuries. The postretirement plan assets held by the Cincinnati plan are currently invested in a group insurance contract.

The fair values of the pension plan assets at December 31, 2020 and 2019 by asset category are as follows:

(dollars in millions)	December 31, 2020	Quoted Prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
Mutual funds				
U.S. equity index funds	$ 151.2	$ 151.2	$ —	$ —
International equity index funds	152.4	152.4	—	—
Fixed income bond funds	265.0	265.0	—	—
Fixed income short-term money market funds	2.0	2.0	—	—
Group insurance contract	3.1	—	—	—
Total	$ 573.7	$ 570.6	$ —	$ —

(dollars in millions)	December 31, 2019	Quoted Prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
Mutual funds				
U.S. equity index funds	$ 137.2	$ 137.2	$ —	$ —
International equity index funds	137.4	137.4	—	—
Fixed income bond funds	263.7	263.7	—	—
Fixed income short-term money market funds	0.5	0.5	—	—
Group insurance contract	4.3	—	—	—
Total	$ 543.1	$ 538.8	$ —	$ —

The fair values of Level 1 investments are based on quoted prices in active markets.

The group insurance contract is valued at contract value plus accrued interest and has not been included in the fair value hierarchy, but is included in the totals above.

Contributions to our qualified pension plans were $5.5 million in 2020, $3.6 million in 2019, and $9.3 million in 2018. The 2018 contributions include a $5.0 million contribution to the Hawaii Plans that was required by the Public Utilities Commission of the State of Hawaii in order to complete the merger. Contributions to our non-qualified pension plan were $2.2 million in 2020, $2.3 million in 2019, and $2.3 million in 2018.

Based on current assumptions, contributions are expected to be approximately $3 million to both the qualified and non-qualified plans in 2021. Management expects to make cash payments of approximately $8 million related to its postretirement health plans in 2021.

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
2021	$ 55.3	$ 8.7	$ (0.2)
2022	54.6	8.2	(0.2)
2023	51.0	7.8	(0.1)
2024	50.0	7.4	(0.1)
2025	49.0	7.0	(0.1)
Years 2026 - 2030	198.7	30.6	(0.4)

13. Shareowners' Deficit

Common Shares

The par value of the Company's common shares is $0.01 per share. At December 31, 2020 and 2019, common shares outstanding were 50,680,605 and 50,420,700, 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 2020, 2019 and 2018, no shares were repurchased or retired under this plan. As of December 31, 2020, the Company had the authority to repurchase $124.4 million of its common stock.

On July 2, 2018, the Company completed its acquisition of Hawaiian Telcom. In conjunction with the acquisition, the Company issued 7.7 million common shares as stock consideration, with a total value of $121.2 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 6 3/4% 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 5.7676 shares of the Company common stock per one share of 6 3/4% cumulative convertible preferred stock. Annual dividends of $67.50 per share (or $3.3752 per depositary share) on the outstanding 6 3/4% 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 6 3/4% cumulative convertible preferred stock is $1,000 per share (or $50 per depositary share). The Company paid $10.4 million in preferred stock dividends in each of 2020, 2019, and 2018.

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, unrealized loss on cash flow hedges arising during the period and foreign currency translation losses.

For the years ended December 31, 2020 and 2019, the changes in accumulated other comprehensive loss by component were as follows:

(dollars in millions)	Unrecognized Net Periodic Pension and Postretirement Benefit Cost	Unrealized Loss on Cash Flow Hedges, Net	Foreign Currency Translation Loss	Total
Balance as of December 31, 2018	$ (164.5)	$ (3.9)	$ (7.1)	$ (175.5)
Remeasurement of benefit obligations	2.5	—	—	2.5
Reclassifications, net	10.0 (a)	1.7 (b)	—	11.7
Unrealized loss on cash flow hedges arising during the period, net	—	(12.5) (c)	—	(12.5)
Foreign currency gain	—	—	3.7	3.7
Balance as of December 31, 2019	$ (152.0)	$ (14.7)	$ (3.4)	$ (170.1)
Remeasurement of benefit obligations	(2.7)	—	—	(2.7)
Reclassifications, net	15.9 (a)	6.4 (b)	—	22.3
Unrealized loss on cash flow hedges arising during the period, net	—	(11.4) (c)	—	(11.4)
Foreign currency gain	—	—	2.2	2.2
Balance as of December 31, 2020	$ (138.8)	$ (19.7)	$ (1.2)	$ (159.7)

(a) These reclassifications are included in the other components of net periodic pension and postretirement benefit plans expense and represent amortization of prior service benefit and actuarial loss, net of tax and pension settlement charges, net of tax. The other components of net periodic pension and postretirement benefit plans expense are recorded in "Other components of pension and postretirement benefit plans expense" on the Consolidated Statements of Operations. See Note 12 for further disclosures.

(b) These reclassifications are reported within "Interest expense" on the Consolidated Statements of Operations when the hedged transactions impact earnings.

(c) The unrealized loss on cash flow hedges represents the change in the fair value of the derivative instruments that occurred during the period, net of tax. The unrealized loss on cash flow hedges is recorded in "Other current liabilities" and "Other noncurrent liabilities" on the Consolidated Balance Sheets. See Note 11 for further disclosures.

14. Income Taxes

Income tax expense for continuing operations consisted of the following:

(dollars in millions)	Year Ended December 31, 2020	2019	2018
Current:			
Federal	$ (1.4)	$ (1.4)	$ (0.6)
State and local	0.6	—	0.9
Foreign	3.5	0.5	1.6
Total current	2.7	(0.9)	1.9
Deferred:			
Federal	(13.8)	(9.1)	(10.3)
State and local	7.7	(1.5)	5.7
Foreign	(1.3)	0.4	(1.0)
Total deferred	(7.4)	(10.2)	(5.6)
Valuation allowance	(20.8)	0.5	13.1
Total	$ (25.5)	$ (10.6)	$ 9.4

The following is a reconciliation of the statutory federal income tax rate with the effective tax rate for each year:

	Year Ended December 31,		
	2020	2019	2018
U.S. federal statutory rate	21.0%	21.0%	21.0%
State and local income taxes, net of federal income tax	1.4	2.1	1.4
Transaction costs	(8.6)	(3.0)	(3.1)
Non-Deductible meals and entertainment	(0.4)	(1.5)	(1.8)
Equity compensation	—	(1.7)	0.3
Merger adjustments	—	(1.7)	—
State net operating loss adjustments	(9.5)	(1.0)	(10.1)
Change in valuation allowance, net of federal income tax	25.7	(0.5)	(21.8)
Change in uncertain tax positions	2.5	—	—
Other differences, net	(0.6)	—	(1.4)
Effective tax rate	31.5%	13.7%	(15.5)%

The income tax (benefit) provision was charged to continuing operations or accumulated other comprehensive income (loss) as follows:

	Year Ended December 31,		
(dollars in millions)	2020	2019	2018
Income tax (benefit) provision related to:			
Continuing operations	$ (25.5)	$ (10.6)	$ 9.4
Accumulated other comprehensive income	2.4	0.2	1.3

The components of our deferred tax assets and liabilities were as follows:

	December 31,	
(dollars in millions)	2020	2019
Deferred tax assets:		
Net operating loss carryforwards	$ 239.9	$ 210.2
Finance and operating lease obligations	19.7	29.1
Pension and postretirement benefits	50.4	54.3
Employee benefits	9.1	6.1
Interest limitation	—	16.6
State tax credit	9.0	9.2
Other	31.4	29.0
Total deferred tax assets	359.5	354.5
Valuation allowance	(28.4)	(49.3)
Total deferred tax assets, net of valuation allowance	$ 331.1	$ 305.2
Deferred tax liabilities:		
Property, plant and equipment and intangibles	$ (250.9)	$ (239.2)
Other	(8.6)	(18.4)
Total deferred tax liabilities	(259.5)	(257.6)
Net deferred tax assets	$ 71.6	$ 47.6

As of December 31, 2020, the Company had $940.4 million of federal net operating loss carryforwards with a deferred tax asset value of $197.5 million and $42.4 million in deferred tax assets related to state and local net operating loss carryforwards. Federal net operating loss carryforwards of $125.6 million will expire in 2023, if unused. U.S. tax laws limit the annual utilization of net operating loss carryforwards of acquired entities but the Company expects to fully utilize the net operating loss carryforwards.

The Company assessed all available positive and negative evidence to determine whether it expects that sufficient future taxable income will be generated to allow it to realize its existing deferred tax assets. Despite the cumulative book loss incurred over the three-year period ended December 31, 2020, there is sufficient objectively verifiable income for management to conclude that it is more likely than not that the Company will utilize available federal net operating loss carryforwards prior to their expiration.

In 2020, the CARES Act was enacted, which amended section 163(j) of the Internal Revenue Code to increase the deduction limit for interest expense. As a result of the increased limit, the Company was able to release substantially all of its valuation allowances against deferred tax assets relating to previously-disallowed interest expense, which were $16.6 million as of December 31, 2019.

As of December 31, 2020 and 2019, the Company has valuation allowances of $28.4 million and $32.7 million, respectively, recorded against other deferred tax assets consisting primarily of state and local net operating loss carryforwards and state credits. Management has concluded that it is more likely than not that it will realize all other deferred tax assets.

The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate is $19.0 million and $21.7 million at December 31, 2020 and December 31, 2019, respectively. Accrued interest and penalties on income tax uncertainties were immaterial as of December 31, 2020 and 2019.

A reconciliation of the unrecognized tax benefits is as follows:

	Year Ended December 31,		
(dollars in millions)	2020	2019	2018
Balance, beginning of year	$ 21.9	$ 22.0	$ 22.2
Change in tax positions for the current year	(2.2)	0.2	—
Change in tax positions for prior years	(0.5)	(0.3)	(0.2)
Balance, end of year	$ 19.2	$ 21.9	$ 22.0

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 2016.

The Company has not recorded deferred income taxes on the undistributed earnings of its foreign subsidiaries because of management's intent to indefinitely reinvest such earnings. Determination of the amount of any unrecognized deferred income tax liability on temporary differences arising from tax and financial reporting basis differences has not been practicable.

15. Stock-Based and Deferred Compensation Plans

The Company may grant stock options, stock appreciation rights, performance-based awards, restricted stock units, and time-based restricted shares to officers and key employees under the 2017 Long-Term Incentive Plan and stock options, restricted shares, and restricted stock units to directors under the 2017 Stock Plan for Non-Employee Directors. The maximum number of shares authorized and available for award under the 2017 plans at December 31, 2020 was 1.1 million.

On July 2, 2018, the Company completed its acquisition of Hawaiian Telcom. In conjunction with the acquisition, the Company assumed responsibility for the eventual payout of certain stock-based compensation awards that were previously granted to Hawaiian Telcom employees under the Hawaiian Telcom 2010 Equity Incentive Plan. These awards were originally granted by Hawaiian Telcom in the first quarter of 2017 and in the first quarter of 2018, before the merger with Cincinnati Bell was completed. Going forward, all stock-based compensation awards for Hawaiian Telcom employees will be granted under the 2017 Long-Term Incentive Plan.

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 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:

	2020		2019		2018	
(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,	144	$ 18.35	151	$ 18.29	181	$ 17.10
Exercised	—	—	—	—	(19)	8.68
Forfeited	(1)	17.05	(7)	17.05	(9)	17.05
Expired	—	—	—	—	(2)	8.35
Outstanding and exercisable at December 31,	143	$ 18.37	144	$ 18.35	151	$ 18.29
(dollars in millions)						
Compensation expense for the year	$ —		$ —		$ —	
Tax benefit related to compensation expense	$ —		$ —		$ —	
Intrinsic value of awards exercised	$ —		$ —		$ 0.1	
Cash received from awards exercised	$ —		$ —		$ 0.2	
Grant date fair value of awards vested	$ —		$ —		$ —	

The following table summarizes our outstanding and exercisable awards at December 31, 2020:

	Outstanding		Exercisable	
(in thousands, except per share amounts)	Shares	Weighted-Average Exercise Price Per Share	Shares	Weighted-Average Exercise Price Per Share
Range of Grant Price				
$ 17.05	115	$ 17.05	115	$ 17.05
$23.75 to $26.05	28	23.83	28	23.83
Total	143	$ 18.37	143	$ 18.37

As of December 31, 2020, the aggregate intrinsic value for awards outstanding and exercisable was zero. The weighted-average remaining contractual life for awards outstanding and exercisable is approximately three years. As of December 31, 2020, there was no remaining unrecognized stock compensation expense related to stock options or stock appreciation rights.

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:

	2020		2019		2018	
(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,	1,282	$ 13.00	692	$ 18.67	871	$ 17.30
Granted*	—	—	763	8.34	288	17.60
Vested	(245)	22.03	(160)	15.45	(308)	15.45
Forfeited	—	—	(13)	11.32	(159)	15.45
Non-vested at December 31,	1,037	$ 10.87	1,282	$ 13.00	692	$ 18.67
(dollars in millions)						
Compensation expense for the year	$ 2.4		$ 2.7		$ 2.1	
Tax benefit related to compensation expense	$ (0.5)		$ (0.6)		$ (0.5)	
Grant date fair value of awards vested	$ 5.4		$ 2.5		$ 4.7	

* Assumes the maximum number of awards that can be earned if the performance conditions are achieved.

As of December 31, 2020, unrecognized compensation expense related to performance-based awards was $2.2 million, assuming maximum performance attainment, which is expected to be recognized over a weighted-average period of approximately one year.

Time-Based Restricted Awards

Awards granted to Cincinnati Bell employees in 2019 and 2018 vest at the end of a three year period. Awards granted to directors in 2020, 2019 and 2018 vest on the first anniversary of the grant date.

As part of the terms of the acquisition of Hawaiian Telcom, certain stock-based compensation awards granted by Hawaiian Telcom before the merger date were converted to time-based restricted stock units. The Company assumed responsibility for the eventual payout of these time-based restricted stock units as part of the acquisition. These awards were originally granted by Hawaiian Telcom in the first quarter of 2017 and 2018, and vest in one-fourth increments over a period of four years. One-fourth of the awards granted in the first quarter of 2017 vested and were distributed by Hawaiian Telcom prior to July 2, 2018. All remaining awards that vest after July 2, 2018 will be distributed by Cincinnati Bell Inc.

The following table summarizes our time-based restricted award activity:

	2020		2019		2018	
(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,	942	$ 11.67	497	$ 17.02	164	$ 18.57
Granted	68	14.99	625	8.43	245	17.05
Awards converted pursuant to Hawaiian Telcom acquisition	—	—	—	—	149	15.70
Vested	(216)	13.58	(167)	15.39	(61)	18.08
Forfeited	(2)	15.70	(13)	12.76	—	—
Non-vested at December 31,	792	$ 11.42	942	$ 11.67	497	$ 17.02
(dollars in millions)						
Compensation expense for the year	$ 3.2		$ 4.7		$ 3.5	
Tax benefit related to compensation expense	$ (0.7)		$ (1.1)		$ (0.8)	
Grant date fair value of awards vested	$ 2.9		$ 2.6		$ 1.1	

As of December 31, 2020, there was $2.2 million of unrecognized compensation expense related to these restricted stock awards, which is expected to be recognized over a weighted-average period of approximately one year.

Cash-Settled Awards

For the year ended December 31, 2020, the Company granted officers and key employees cash-settled awards in place of performance-based restricted awards and time-based restricted awards. These cash-settled awards vest at the end of a three year period. Employees generally must be actively employed on the vesting date in order to receive the award payout.

No cash-settled awards were issued in 2019 or 2018. The Company granted cash-settled awards of $10.5 million in 2020. For the year ended December 31, 2020, expense incurred for cash-payment awards was $3.2 million and is recorded to "Other noncurrent liabilities" on the Consolidated Balance Sheets. At December 31, 2020, there was $7.3 million remaining unrecognized compensation expense for cash-settled awards, which will be recognized ratably over the remaining two years of the award.

16. Restructuring and Severance

Liabilities have been established for employee separations, lease abandonment and contract terminations. A summary of activity in the restructuring and severance liability is shown below:

(dollars in millions)	Employee Separation	Lease Abandonment	Total
Balance as of December 31, 2017	$ 14.4	$ 0.1	$ 14.5
Charges	7.5	0.8	8.3
Hawaiian Telcom opening balance sheet adjustment	3.8	—	3.8
Utilizations	(16.2)	(0.2)	(16.4)
Balance as of December 31, 2018	9.5	0.7	10.2
Charges	6.9	—	6.9
Hawaiian Telcom opening balance sheet adjustment	0.1	—	0.1
Utilizations	(13.9)	(0.4)	(14.3)
Balance as of December 31, 2019	2.6	0.3	2.9
Charges	16.9	—	16.9
Utilizations	(15.0)	(0.3)	(15.3)
Balance as of December 31, 2020	$ 4.5	$ —	$ 4.5

Restructuring and severance charges recorded in 2020 in the IT Services and Hardware segment are associated with initiatives to reduce and contain costs. In the first quarter of 2020, the Company finalized a voluntary severance program ("VSP") in Cincinnati and Hawaii for certain bargained and management employees in an effort to continue to reduce costs associated with our copper field and network operations. As a result, a severance charge of $14.5 million was recorded in the Entertainment and Communications segment.

Restructuring and severance charges recorded in 2019 in the Entertainment and Communications segment are related to a severance program for certain management employees as the Company continued its efforts to streamline operations between Cincinnati and Hawaii. Restructuring and severance charges recorded in the IT Services and Hardware segment in 2019 are associated with initiatives to reduce and contain costs as well as headcount reductions as a result of insourcing initiatives by one of our significant customers.

In 2018, an opening balance sheet adjustment of $3.8 million was recorded for certain employees who received severance due to the change of control clause within their employment agreements that was triggered at the time of the acquisition of Hawaiian Telcom. Restructuring and severance charges recorded in 2018 are primarily related to a VSP for certain management employees in the Entertainment and Communications segment, as well as Corporate. The VSP that took place in the fourth quarter of 2018 related to the Company's continued efforts to realize synergies that can be achieved due to the acquisition of Hawaiian Telcom. The Company also incurred employee severance costs in 2018 associated with initiatives to reduce costs and recognize future synergies in the IT Services and Hardware segment as a result of the acquisition of, and integration with, OnX. In addition, a restructuring charge associated with lease abandonment of $0.8 million was recorded in the second quarter of 2018 related to an office space that will no longer be utilized.

Lease abandonment costs represent future minimum lease obligations, net of expected sublease income, for abandoned facilities. Lease payments on abandoned facilities were completed in the third quarter 2020.

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, 2017	$ 12.3	$ 2.2	$ —	$ 14.5
Charges	3.1	4.9	0.3	8.3
Hawaiian Telcom opening balance sheet adjustment	3.8	—	—	3.8
Utilizations	(10.6)	(5.8)	—	(16.4)
Balance as of December 31, 2018	8.6	1.3	0.3	10.2
Charges	4.9	2.0	—	6.9
Hawaiian Telcom opening balance sheet adjustment	0.1	—	—	0.1
Utilizations	(11.2)	(2.8)	(0.3)	(14.3)
Balance as of December 31, 2019	2.4	0.5	—	2.9
Charges	14.8	2.0	0.1	16.9
Utilizations	(12.8)	(2.5)	—	(15.3)
Balance as of December 31, 2020	$ 4.4	$ —	$ 0.1	$ 4.5

At December 31, 2020 and 2019, $4.5 million and $2.9 million, respectively, of the restructuring liabilities were included in "Other current liabilities."

17. Business Segment Information

For the years ended December 31, 2020, 2019, and 2018, we operated two business segments: Entertainment and Communications and IT Services and Hardware.

Effective January 1, 2019, we adopted the requirement of ASU 2016-02, Leases. The standard was adopted using the modified retrospective transition method, which did not require the Company to adjust comparative period amounts.

In July 2018, the Company acquired Hawaiian Telcom. Based on the nature of the products and services offered, financial results are presented in either the Entertainment and Communications segment or the IT Services and Hardware segment.

The Entertainment and Communications segment provides products and services that can be categorized as either Fioptics in Cincinnati or Consumer/SMB Fiber in Hawaii (collectively, "Consumer/SMB Fiber"), Enterprise Fiber or Legacy. 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. Voice and data services in the Enterprise Fiber and Legacy categories that are delivered beyond the Company's ILEC territory, particularly in Dayton and Mason, Ohio, are provided through the operations of Cincinnati Bell Extended Territories LLC ("CBET"), a subsidiary of CBT. On July 2, 2018, the Company acquired Hawaiian Telcom. Hawaiian Telcom is the ILEC for the State of Hawaii and the largest full service provider of communications services and products in the state. Capital expenditures in the Entertainment and Communications segment are incurred to expand our Consumer/SMB Fiber product suite, upgrade and increase capacity for our internet and data networks, and to maintain our wireline network.

The IT Services and Hardware segment provides end-to-end solutions from consulting to implementation to ongoing optimization to customers in the U.S., Canada and the U.K. These solutions include Cloud, Communications and Consulting services along with the sale and maintenance of major branded hardware reported as Infrastructure Solutions. In July 2018, the Company completed the acquisition of Hawaiian Telcom, and products such as UCaaS, hardware and enterprise long distance delivered by Hawaiian Telcom are included in the IT Services and Hardware segment.

Total assets for the Company increased $14.8 million as of December 31, 2020 as compared to December 31, 2019. Entertainment and Communications assets decreased $36.7 million due to a decrease in property, plant and equipment primarily as a result of depreciation exceeding capital expenditures. IT Services and Hardware assets decreased by $23.5 million primarily due to amortization of intangible assets during the twelve months ended December 31, 2020 as well as higher inventory on hand associated with customer sales at December 31, 2019. Corporate assets increased $75.0 million primarily due to increased receivables. The increase in receivables is due to $44.7 million of accounts receivables sold on the Receivables Facility as of December 31, 2019, and no outstanding balance of accounts receivables sold as of December 31, 2020, as well as deterioration in the aging of receivables in 2020 due to COVID-19. Deferred tax assets and liabilities totaled $82.5 million and $10.9 million as of December 31, 2020, respectively. Deferred tax assets and liabilities totaled $59.3 million and $11.7 million as of December 31, 2019, respectively. The increase in deferred tax assets in 2020, as compared to 2019, is primarily due to the release of substantially all of its valuation allowances against deferred tax assets relating to previously-disallowed interest expense, which were $16.6 million as of December 31, 2019 as well as increased net operating losses in 2020.

Our business segment information is as follows:

(dollars in millions)	Year Ended December 31, 2020	2019	2018
Revenue			
Entertainment and Communications	$ 969.6	$ 995.7	$ 853.4
IT Services and Hardware	616.6	567.4	550.9
Intersegment	(26.4)	(26.4)	(26.1)
Total revenue	$ 1,559.8	$ 1,536.7	$ 1,378.2
Intersegment revenue			
Entertainment and Communications	$ 19.7	$ 21.6	$ 22.3
IT Services and Hardware	6.7	4.8	3.8
Total intersegment revenue	$ 26.4	$ 26.4	$ 26.1
Operating income			
Entertainment and Communications	$ 99.7	$ 105.5	$ 103.3
IT Services and Hardware	24.6	2.6	17.2
Corporate	(58.3)	(35.0)	(37.2)
Total operating income	$ 66.0	$ 73.1	$ 83.3
Expenditures for long-lived assets*			
Entertainment and Communications	$ 206.4	$ 201.3	$ 408.0
IT Services and Hardware	23.5	22.4	29.2
Corporate	0.1	0.1	0.2
Total expenditures for long-lived assets	$ 230.0	$ 223.8	$ 437.4
Depreciation and amortization			
Entertainment and Communications	$ 252.7	$ 255.8	$ 210.8
IT Services and Hardware	40.6	48.9	41.0
Corporate	0.1	0.2	0.2
Total depreciation and amortization	$ 293.4	$ 304.9	$ 252.0

*Includes cost of acquisitions and purchase of wireless spectrum assets

(dollars in millions)	As of December 31, 2020	2019
Assets		
Entertainment and Communications	$ 1,803.3	$ 1,840.0
IT Services and Hardware	477.2	500.7
Corporate and eliminations	388.1	313.1
Total assets	$ 2,668.6	$ 2,653.8

18. Quarterly Financial Information (Unaudited)

	2020				
(in millions, except per common share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue	$ 380.0	$ 380.0	$ 389.5	$ 410.3	$ 1,559.8
Operating (loss) income	(20.2)	27.7	24.7	33.8	66.0
Net loss	(34.0)	(7.8)	(8.2)	(5.6)	(55.6)
Basic and diluted loss per common share	$ (0.72)	$ (0.21)	$ (0.21)	$ (0.16)	$ (1.30)

	2019				
(in millions, except per common share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue	$ 379.6	$ 384.2	$ 382.5	$ 390.4	$ 1,536.7
Operating income	10.1	24.9	22.8	15.3	73.1
Net loss	(26.9)	(5.5)	(13.6)	(20.6)	(66.6)
Basic and diluted loss per common share	$ (0.59)	$ (0.16)	$ (0.32)	$ (0.46)	$ (1.53)

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.

Restructuring and employee severance charges totaled $15.2 million, $0.4 million, $0.8 million and $0.5 million in the first, second, third and fourth quarters of 2020, respectively. Restructuring and employee severance charges totaled $3.3 million, $1.8 million, $1.3 million, and $0.5 million in the first, second, third and fourth quarters of 2019, respectively.

Transaction and integration costs totaled $29.1 million, $2.5 million, $2.2 million and $1.2 million in the first, second, third and fourth quarters of 2020, respectively. These costs were primarily related to the pending acquisition by MIP entered into in the first quarter of 2020. First quarter 2020 transaction charges also include a termination fee of $24.8 million paid to an affiliate of Brookfield as required by the terms of the Brookfield Merger Agreement. Transaction and integration costs totaled $3.0 million, $0.6 million, $0.2 million and $9.0 million in the first, second, third and fourth quarters of 2019, respectively. These costs were primarily related to the pending acquisition by Brookfield entered into in the fourth quarter of 2019.

Interest expense totaled $134.2 million in 2020 compared to $139.6 million in 2019. This decrease is due to the decrease in LIBOR rates.

19. Supplemental Cash Flow Information

	Year Ended December 31,		
(dollars in millions)	2020	2019	2018
Capitalized interest expense	$ 1.3	$ 1.7	$ 1.0
Cash paid/(received) for:			
Interest	125.5	129.3	131.7
Income taxes, net of refunds	0.5	0.5	(13.8)
Noncash investing and financing activities:			
Stock consideration for acquisition of Hawaiian Telcom	—	—	121.2
Acquisition of property by assuming debt and other financing arrangements	7.7	14.5	51.5
Acquisition of property on account	24.3	26.0	35.8

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. Employees continue to primarily work remotely in response to the COVID-19 pandemic, and management has concluded that this transition to remote working did not result in changes to Cincinnati Bell Inc.'s internal control over financial reporting that materially affect, or are reasonably likely to materially affect, Cincinnati Bell Inc.'s internal control over financial reporting. 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 2020 that materially affect, or are reasonably likely to materially affect, Cincinnati Bell Inc.'s internal control over financial reporting.

Cincinnati Bell Inc.'s management, with the participation of the Chief Executive Officer and Chief Financial Officer, have evaluated any changes in the Company's internal control over financial reporting that occurred during the fourth quarter of 2020, including the continuation of employees working remotely that started in mid-March in response to the COVID-19 pandemic. Management has concluded that there were no changes to Cincinnati Bell Inc.'s internal control over financial reporting during the fourth quarter of 2020 that materially affect, or are reasonably likely to materially affect, Cincinnati Bell Inc.'s internal control over financial reporting. We are continually monitoring and assessing the COVID-19 situation on our internal controls to minimize the impact to their design and operating effectiveness

Item 9B. Other Information

No reportable information under this item.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Role of the Board

The Board's primary role is to oversee the Company's long-term business strategy of creating value for its shareholders. To effectively execute its responsibilities, members of the Board actively participate in Board and Committee meetings, engage in discussions with the Chief Executive Officer, other Company officers and shareholders, and stay abreast of trends impacting our industry and businesses in general. The Board also ensures that it is a well-functioning, diverse group of individuals who possess strong business acumen and integrity to properly represent the best interests of shareholders in overseeing the management of the Company.

The Board is committed to good corporate governance practices and continues to make progress against key benchmarks of importance to our investors. Some of these actions include affording proxy access rights to shareholders, offering an annual advisory vote on say on pay for executive compensation, evaluating the performance of the Board, its Committees, the Chief Executive Officer and other key executive officers and properly planning for the succession of key positions.

Board Composition and Refreshment

The size of the Board is ten persons.

The Company's Board refreshment process (whose aim is to add directors with new perspectives and knowledge about the Company's industries/businesses and other industry and Board experience) has already resulted in the addition of four new independent directors in the last six years.

The Company has a long-standing policy that the positions of Chairman of the Board (currently held by Ms. Lynn A. Wentworth) and Chief Executive Officer (currently held by Mr. Leigh R. Fox) should be held by separate persons, as set forth in its Corporate Governance Guidelines. The Company continues to believe that this structure is in the best interest of its 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.

Directors are elected each year at the Annual Meeting of Shareholders to hold office until the next annual meeting and until their respective successors are elected and qualified.

Required Characteristics

The Board and the Governance and Nominating Committee expect every Director to be a person of high integrity with an established leadership reputation in his or her field and to be able to devote the time and effort necessary to properly fulfill their Board and Committee responsibilities. Directors must also demonstrate ethical behavior, a respect for diverse individuals and cultures, good business judgment, innovative thinking, adherence to corporate governance requirements, and a commitment to responsibly addressing environmental and social issues.

Directors

The following are brief biographies of each person serving as a director of the Company as of December 31, 2020.



Meredith J. Ching

Ms. Ching is currently Executive Vice President of External Affairs at Alexander & Baldwin ("A&B"). Since joining A&B in 1982, Ms. Ching has held a number of positions of increasing responsibility. Ms. Ching also serves on the board of Matson Navigation Company, Inc. Director since 2018. Age 64.

Ms. Ching served as a director and member of the Audit and Compensation committees of Hawaiian Telcom's Board prior to the merger with Cincinnati Bell Inc. in July 2018. An active member of the community, she has served on numerous non-profit boards with current board service including the Kapiolani Health Foundation, Hawaii Ag and Culinary Alliance and A&B Sugar Museum. She has also been appointed to several government boards and commissions including the State Commission on Water Resource Management, State Board of Agriculture, Honolulu Charter Commission and the Governor's Task Force on the Department of Environmental Protection. Her corporate and community service experience make Ms. Ching a valuable asset to the Board and in her role as a member of the Compensation Committee.



Walter A. Dods, Jr.

Mr. Dods is retired. He served as Director of Hawaiian Telcom's Board prior to the merger with Cincinnati Bell Inc. in July 2018, including serving as Chairman of the Board from 2008 to 2010. He held positions as Chief Executive Officer and Chairman of the Board of First Hawaiian Bank, Chairman of Alexander & Baldwin, and Chairman of Matson, Inc. He currently serves on the boards of First Hawaiian Bank, Pacific Guardian Life Insurance Co. Ltd., Par Pacific Holdings, Inc., Pohaku Pa'a, LLC, and Servco Pacific Inc. He also serves on several civic and community boards throughout the state of Hawaii. Director since 2018. Age 79.

With over 50 years of experience in the banking and financial services industry as well as service on numerous public company and non-profit boards, Mr. Dods brings a unique perspective to the Board. This experience makes him a valuable asset to the Board as Chairman of the Governance and Nominating Committee and as a member of the Compensation Committee and Executive Committee.



John W. Eck

Mr. Eck is currently President and CEO of Mattress Firm, the nation's largest specialty retailer of bedding products. Mr. Eck previously served as the Chief Local Media Officer at Univision Communications, Inc. ("Univision"), the leading Hispanic media company in the United States. Prior to joining Univision in 2011, Mr. Eck worked at NBC Universal ("NBCU") for 18 years, most recently serving as President of the NBC Television Network. While with NBCU, he also led MediaWorks, NBCU's technology and operations division. Prior to joining NBCU, Mr. Eck held various other executive and financial positions at General Electric Company ("GE"). Director since 2014. Age 61.

With over 35 years of media, operating, finance and technology experience at Univision, GE/NBCU and now Mattress Firm, Mr. Eck brings a significant leadership background and relevant industry experience. This experience makes him a valuable asset to the Board as a member of the Audit and Finance Committee and the Governance and Nominating Committee.



Leigh R. Fox

Mr. Fox has served as President and Chief Executive Officer of Cincinnati Bell Inc. since June 1, 2017. Mr. Fox joined Cincinnati Bell in 2001 and held several positions, including President and Chief Operating Officer from September 2016 to June 2017; Chief Financial Officer from October 2013 to September 2016; Chief Administrative Officer from July 2013 to October 2013; Senior Vice President of Finance and Operations from December 2012 to July 2013; and Vice President of Finance at Cincinnati Bell Technology Solutions Inc. from October 2008 to December 2012. Director since 2018. Age 48.

Mr. Fox is on the boards of the Cincinnati USA Regional Chamber, American Red Cross, Anthony Munoz Foundation, University of Cincinnati Foundation, and ArtsWave. Mr. Fox brings to the Board valuable public-company financial experience, a keen understanding of the communications and information technology industries, and vast knowledge of the Company's business.



Jakki L. Haussler

Ms. Haussler has served as Chairman of Opus Capital Group (a registered investment advisory firm) since 1996 and she also served as Chief Executive Officer from 1996 to June 2019. She is a director of Morgan Stanley Funds and Service Corporation International. She is a former director of Capvest Venture Fund, LP, Adena Ventures, LP (a venture capital fund), Blue Chip Venture Company (a venture capital fund) and The Victory Funds. Director since 2008. Age 63.

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 as Chair of the Audit and Finance Committee and as a member of the Executive Committee and Governance and Nominating Committee.



Craig F. Maier

Mr. Maier is retired. He was President and Chief Executive Officer of Frisch's Restaurants, Inc. ("Frisch's"), an operator of family style restaurants and a former publicly-traded company, a position he held from 1989 to 2015. He was also a director of Frisch's from 1984 to 2015. Director since 2008. Age 71.

With over 20 years of experience as the chief executive officer of a large, publicly-traded company, 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 companies. This experience makes him a valuable asset to the Board as Chairman of the Compensation Committee and as 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 a large consulting company in information technology and digital and business transformation. He also was the chair of the Emerging Manufacturing IT and Digital Technologies Advisory Board for the CEO of a large software and services company for 5 years after retirement. Prior to joining the Board, Mr. Mayer held several executive-level information technology and business process re-engineering positions at General Electric Company ("GE"). 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 later to include 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 leadership positions at Chiquita Brands International, Republic Steel Corporation and Enduro Stainless Corporation. Director since 2013. Age 67.

With over 40 years of information technology and business process transformation experience at large, global organizations, Mr. Mayer brings relevant industry experience from the customer's perspective. This experience makes him a valuable asset to the Board as a member of the Audit and Finance Committee and the Governance and Nominating Committee. He also serves as a valuable resource to the Company's management team.



Theodore H. Torbeck

Mr. Torbeck retired as Chief Executive Officer of Cincinnati Bell Inc. effective May 31, 2017. Prior to his retirement, he also served as President from January 31, 2013 until September 1, 2016. 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, Inc. and also worked for 28 years for the General Electric Company ("GE"), where he served as the Vice President of Operations for GE Industrial Business, President and CEO of GE's Rail Services business and Vice President of Global Supply Chain for GE Aviation. He is a director of Americraft Manufacturing, Inc. He serves on the boards of CTI Clinical Trial & Consulting and Triumph Signs & Consulting, Inc., as well as several non-profit boards. Director since January 2013. Age 64.

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. He also serves as a member of the Executive Committee.



Lynn A. Wentworth

Ms. Wentworth is the former Senior Vice President, Chief Financial Officer and Treasurer of BlueLinx Holdings Inc. ("BlueLinx"), a building products distributor, from 2007 to 2008. Prior to joining BlueLinx, she was Vice President and Chief Financial Officer for BellSouth Corporation's Communications Group ("BellSouth") 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. She is also a director, chair of the Audit and Finance Committee, a member of the Compensation Committee and a member of the Transaction Committee of CyrusOne Inc. Director since 2008. Age 62.

Ms. Wentworth's experience as Chief Financial Officer and Treasurer of BlueLinx as well as her 22 years of telecommunications industry experience at BellSouth makes her a valuable asset as Chairman of the Board and as a member of the Audit and Finance Committee, the Compensation Committee, the Governance and Nominating Committee and the 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 ("Disney") 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 Inc. (2003-2005). Previously, Mr. Yudkovitz was President of two divisions at NBC and a key member of the teams that developed and launched the CNBC and MSNBC networks. Mr. Yudkovitz recently served as Chairman of the FCC Advisory SubCommittee on Rural Deployment of Broadband. Director since 2015. Age 66.

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

Audit and Finance Committee

The Audit and Finance Committee currently consists of five persons, none of whom is an executive officer of the Company and all of which are independent directors. The Audit and Finance Committee held five meetings during 2020. Members of the Audit and Finance Committee are Mr. Eck, Ms. Haussler, Mr. Maier, Mr. Mayer and Ms. Wentworth. 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.

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 New York Stock Exchange ("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. Haussler, Ms. Wentworth and Mr. Eck 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.

Code of Ethics:

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 September 2020, 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, 2021 are as follows:

Name	Age	Title
Leigh R Fox	48	President and Chief Executive Officer
Andrew R Kaiser	52	Chief Financial Officer
Christi H. Cornette	65	Chief Culture Officer
Thomas E. Simpson	48	Chief Operating Officer
Christopher J. Wilson	55	Vice President and General Counsel
Joshua T. Duckworth	42	Vice President of Treasury, Corporate Finance and Investor Relations
Suzanne E. Maratta	38	Vice President and Corporate Controller

Officers are elected annually but are removable at the discretion of the Board of Directors.

LEIGH R. FOX, President and Chief Executive Officer since May 31, 2017; President and Chief Operating Officer of the Company from September 2016 to May 2017; Chief Financial Officer of the Company from October 2013 to September 2016; 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.

ANDREW R. KAISER, Chief Financial Officer of the Company since September 2016; Vice President, Consumer Marketing and Data Analytics of the Company from December 2015 to September 2016; Vice President, Corporate Finance of the Company from January 2014 to December 2015; Partner at Howard Roark Consulting, LLC from 2005 to January 2014.

CHRISTI H. CORNETTE, Chief Culture Officer of the Company since June 2017; Senior Vice President, Marketing of the Company from August 2013 to June 2017; Vice President, Marketing of the Company from October 2008 to August 2013; Director of CBTS Marketing from October 2002 to October 2008.

THOMAS E. SIMPSON, Chief Operating Officer since June 2017, Senior Vice President and Chief Technology Officer of the Company from January 2015 to June 2017; 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 and General Counsel of the Company since August 2003.

JOSHUA T. DUCKWORTH, Vice President of Treasury, Corporate Finance and Investor Relations since October 2017; Vice President, Investor Relations and Controller of the Company from July 2013 to October 2017; 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.

SUZANNE E MARATTA, Vice President and Corporate Controller of the Company since May 2019; Assistant Corporate Controller of the Company from August 2017 to May 2019; Senior Financial Reporting Manager of the Company from May 2014 to August 2017; Auditor at PricewaterhouseCoopers from January 2007 to May 2014.

Item 11. Executive Compensation

Compensation Discussion and Analysis

Named Executive Officers

The Company's 2020 named executive officers ("NEOs") were:

Leigh R. Fox	President and Chief Executive Officer
Andrew R. Kaiser	Chief Financial Officer
Thomas E. Simpson	Chief Operating Officer
Christi H. Cornette	Chief Culture Officer
Christopher J. Wilson	Vice President and General Counsel

This Compensation Discussion and Analysis (the "CD&A") discusses the elements of our 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.

The Company utilizes certain non-GAAP financial measures, Adjusted EBITDA ("EBITDA") and Adjusted Unlevered Operating Cash Flow ("Adjusted OCF"), in order to compensate NEOs. The Company defines Adjusted EBITDA as GAAP operating income plus depreciation, amortization, stock-based compensation, restructuring and severance related charges, (gain) loss on sale or disposal of assets, transaction and integration costs, transaction related employee retention agreements, asset impairments, and other special items. The Company defines Adjusted OCF as cash flows from operating activities (as defined by GAAP) adjusted to exclude (1) cash paid for interest on (a) all long-term debt, (b) capital lease obligations, and (c) other financing arrangements for the period (computed on the basis of the Company's interest expense for purposes of the Company's applicable income statements as determined in accordance with GAAP, less non-cash items); and (2) cash paid for transaction and integration costs.

The reconciliation of Non-GAAP Adjusted EBITDA and Adjusted OCF to the most directly comparable GAAP measure is presented in the following tables. Certain other adjustments may be made for items not contemplated as part of the target goals, such as the results associated with the acquisition of Hawaiian Telcom. All adjustments are approved by the Board.

(dollars in millions)	Year ended December 31, 2020
Net loss (GAAP)	$ (55.6)
Add:	
Income tax benefit	(25.5)
Interest expense	134.2
Other income, net	(1.2)
Other components of pension and postretirement benefit plans expense	14.1
Operating Income (GAAP)	$ 66.0
Add:	
Depreciation and Amortization	293.4
Restructuring and severance related charges	16.9
Transaction and integrations costs	35.0
Employee contract termination costs	1.1
Transaction related employee retention agreements	3.2
Stock-based compensation	5.6
Adjusted EBITDA	$ 421.2

(dollars in millions)	Year ended December 31, 2020
Operating cash flow (GAAP)	$ 206.1
Add:	
Cash paid for interest	125.5
Transaction and integrations payments	43.1
Adjusted Unlevered Operating Cash Flow	$ 374.7

Executive Summary

Our goal is to link the executive compensation program to the Company's strategic plan and the long-term interests of its shareholders. The Company's long-term strategy is to become a leading technology company with state-of-the-art fiber assets providing end-to-end communications services (high speed data, video and voice solutions) and IT infrastructure and solutions. The Company's strategic goals are to:

- expand our fiber network; and
- grow our IT services and hardware segment.

Consequently, 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 2020, the key financial measures utilized to assess annual performance are revenue and Adjusted EBITDA. For the 2018-2020 and 2019-2021 awards, the key financial measures utilized to assess long-term performance include a combination of operating cash flow and total shareholder return ("TSR"). See *Elements of Compensation* below for a detailed discussion of the payments made under the annual and long-term incentive plans for 2020 performance.

For 2020, the Company achieved the following financial and operational results:

- Revenue totaled $1,560 million, an increase of $23 million compared to the prior year
- Adjusted EBITDA totaled $421 million, an increase of $16 million compared to the prior year
- Operating income totaled $66 million, down $7 million compared to the prior year
- Entertainment and Communications revenue totaled $970 million, down 3% compared to the prior year
- Entertainment and Communications Adjusted EBITDA totaled $368 million, up $1 million compared to the prior year
- IT Services and Hardware revenue totaled $617 million, generating Adjusted EBITDA of $68 million, up 9% and 27%, respectively, compared to the prior year
- Cash provided by operating activities totaled $206 million, down $53 million as compared to the prior year
- Free cash flow totaled $31 million, down $15 million year-over-year
- Fiber-to-the-premise ("FTTP") internet subscribers increased by approximately 20,700 in Cincinnati and 4,400 in Hawaii compared to the prior year
- Continued construction of its fiber network and passed an additional 14,800 addresses with FTTP in Cincinnati, which is now available to approximately 60% of Cincinnati's addressable market and 10,800 addresses with FTTP in Hawaii, which is now available to approximately 35% of Hawaii's total addressable market

As a result of the above achievements, the NEOs earned their annual incentives above target and their long-term performance incentives below target for the 2018-2020 long-term incentive awards. The NEOs earned their annual incentives and their long-term performance incentives above target for the 2019-2021 long-term incentive awards.

We believe that our 2020 results confirm that the Company's executive compensation program effectively focuses our executive talent on achieving our key financial goals over multiple years and aligns 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.

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	2020 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	• While the Company reviews salary market data for all non-union employees on an annual basis, it follows a practice of only providing merit increases on an 18-24 month basis. • The NEOs received a one-time lump sum payment equivalent to 3% of their base salary in 2020.
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 • Annual incentive target set as a percentage of base salary	• The revenue and Adjusted EBITDA performance metrics, which affect 80% of incentive payout, were attained at 100.8% and 103.4%, respectively, of target. Together with the individual performance portion, NEO total annual incentive payouts were 125.5% of target. • Annual incentives for NEOs are set as a percentage of base salary. Since the NEOs received no base salary increases in 2020, their annual incentive targets for 2020 did not change.

Performance-Based and Time-Based Restricted Stock Unit Awards	• Motivate achievement of Company long-term financial goals and strategic objectives • Facilitate executive equity ownership thereby further aligning executive and shareholder interests • Retain key executives	• Performance-based stock unit awards provide performance-based long-term equity incentive compensation (with vesting based on both continued service and achievement of performance goals) • Performance-based stock unit awards are granted annually with three-year performance cycles • Restricted stock units are time-based and vest on the 3rd anniversary of the grant date	• No performance-based or time-based restricted stock unit awards were granted to any NEO in 2020.
Restricted Cash Awards	• Motivate achievement of Company long-term financial goals and strategic objectives • Retain key executives	• Restricted cash awards are time-based and vest 25% upon the closing of the pending MIP Merger (defined in *2020 Say-on-Pay Vote and Shareholder Outreach* on page 120), 25% six months following the close and 50% eighteen months following the close. • If the MIP merger is not consummated, the awards will fully vest on the third anniversary of the grant date.	• All NEOs received a restricted cash award in 2020.

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 compensation 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 15% of the Chief Executive Officer's 2020 target compensation and 31% of the other NEOs' 2020 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. See *Other Compensation Policies* 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. The definition of a repricing includes cash buyouts of underwater stock options and stock appreciation rights. This change applies to all grants, including existing grants.
- Double-Trigger Equity Vesting. The Cincinnati Bell Inc. 2007 Long Term Incentive Plan and the Cincinnati Bell Inc. 2017 Long-Term Incentive Plan provide that, in the event of a change in control ("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. The Company (i) uses the general industry peer group as the primary source of market data for competitive assessments of executive pay, (ii) uses a peer group consisting of 19 telecommunications and IT services companies (the "Telecommunications Peer Group"), filed as Exhibit 99.1 to this Annual Report on Form 10-K, as a secondary reference for assessing market pay and industry compensation practices, and (iii) each year reviews and modifies, if necessary, the Telecommunications Peer Group to make certain that it is an appropriate peer group for comparisons to 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, no current employment agreements contain any excise tax gross-up provisions.

2020 Say-on-Pay Vote and Shareholder Outreach

On March 13, 2020, the Company entered into an Agreement and Plan of Merger (the "MIP Merger Agreement") pursuant to which the Company will be acquired by an affiliate of Macquarie Infrastructure Partners V ("MIP"), a fund managed by Macquarie Infrastructure and Real Assets (the "MIP Merger"). On May 7, 2020, the shareholders of the Company adopted the MIP Merger agreement at a virtual special meeting of shareholders.

While the Compensation Committee believes aligning executives' compensation with shareholder return is key to a balanced approach, the long-term incentive compensation plan awards for executives were replaced with restricted cash awards in 2020 to ensure continued focus on managing the business while taking the necessary action to close the MIP Merger in a timely fashion.

Given the pending MIP Merger and the approximately 98% favorable vote of the shares voted with respect to the Company's say-on-pay proposal in 2020, the Company's shareholder outreach program was suspended for 2020.

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.

While the Company reviews salary market data for all non-union employees on an annual basis, it follows a practice of providing merit increases on an 18-24 month basis. In lieu of a merit increase, the NEOs each received a one-time lump sum payment in 2020 equal to 3% of their base salary.

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 the individual performance evaluation represents 20%. Payouts, if any, can range from 0% to 150% of the total target annual 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 2020:

- 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 incentive 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 strategy, 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 2020 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 2020 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
Leigh R. Fox	100%
Andrew R. Kaiser	100%
Thomas E. Simpson	100%
Christi H. Cornette	100%
Christopher J. Wilson	100%

In 2020, for annual incentive purposes, the chart below sets out the Adjusted EBITDA and revenue target goals and actual results, adjusted for items not contemplated as part of the target goals. These results produced a weighted-average payout for the financial portion of approximately 86% of target:

Financial Objective	2020 Threshold Performance Level	2020 Adjusted Target	2020 Superior Performance Level	2020 Actual Results
Adjusted EBITDA	95%	$ 411M	120%	$ 425M
Revenue	95%	$ 1.548B	120%	$ 1.560B

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 weights. 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 annual incentive award as the Compensation Committee believes is warranted.

The table below shows the percentage of target annual incentive earned by each NEO for 2020 for each performance measure and in total as well as the actual award payment:

Named Executive Officer	Total Company Adjusted EBITDA	Total Company Revenue	Individual Performance	Total Annual Incentive Award	Total Annual Incentive Award Payment
Leigh R. Fox	103%	101%	200%	126%	$ 840,850
Andrew R. Kaiser	103%	101%	200%	126%	$ 517,060
Thomas E. Simpson	103%	101%	200%	126%	$ 581,693
Christi H. Cornette	103%	101%	200%	126%	$ 491,207
Christopher J. Wilson	103%	101%	200%	126%	$ 475,695

Long-Term Incentives

NEOs received restricted cash awards in lieu of long-term incentive grants in 2020.

Stock Options/SARs

No stock options or stock appreciation rights ("SARs") were granted to NEOs in 2020.

Performance-Based and Time-Based Restricted Stock Unit Awards

No performance-based or time-based stock unit awards were granted to NEOs in 2020

Restricted stock units from the 2018 and 2019 grants will be paid in common shares at the end of a three-year vesting period.

As was the practice in 2018, the performance-based stock units granted in 2019 are structured to be paid in common shares, equal to the fair market value of common shares at the end of a three-year performance period and are based on the achievement of specific Company quantitative goals over such three-year performance period. Such awards were granted during the first quarter of each calendar year following finalization and approval by the Board of the financial goals for the next three-year performance period. For the 2018 awards, performance goal attainment will be based on the achievement of the specific Company quantitative goals on a cumulative basis for each of the performance periods (2018, 2018-2019 and 2018-2020) as approved by the Board, with a single payout at the end of the three-year performance period. For the 2019 awards, performance goal attainment will be based on the achievement of the specific Company quantitative goals for each of the performance periods (2019, 2019-2020 and 2019-2021) as approved by the Board, with a single payout at the end of the three-year performance period.

For each of the 2018 performance periods (2018, 2018-2019 and 2018-2020) within the three-year performance cycle ending December 31, 2020, and each of the 2019 performance periods (2019, 2019-2020 and 2019-2021) within the three-year performance cycle ending December 31, 2021, 70% of the award payout is based on Adjusted Unlevered Operating Cash Flow ("Adjusted OCF"), with the remaining 30% based on the Company's TSR for each of the 2018 performance periods and 2019 performance periods compared to the Telecommunications Peer Group approved by the Compensation Committee as in effect on the last day of the respective performance period. For Adjusted OCF, achievement must be at least 95% of the target goal in order to generate a threshold level payment equal to 50% of this component of the target award for each executive. With respect to the TSR component of the award, the Company's TSR for the respective performance period must be at least in the 20th percentile when compared to the Telecommunications Peer Group in order to generate a threshold level payout equal to 25% of this component of the target award for each NEO (achievement above the 30th percentile is based on a sliding scale, with achievement of the 50th percentile generating a payout at 100% and achievement of the 90th percentile or greater generating payout at 150% of this component of the target award for each NEO).

The threshold, target and superior performance levels are the same for each of the NEOs. For the 2018-2020 long-term incentive awards, each of the NEOs received 86.1% of their target awards based on the results of the three-year performance cycle ending December 31, 2020 as shown in the table below, adjusted for the TSR results.

2018-2020 Performance Cycle	Threshold Performance Level	Target	Superior Performance Level	Actual Results (a)		
				2018	2018-2019	2018-2020
Adjusted Unlevered Cash Flow	95.0%	100.0%	120.0%	106.9%	106.2%	103.9%
Telecom Peer Group TSR	20th Percentile	50th Percentile	90th Percentile	n/a	n/a	43.0%

(a) The maximum payout for the full 3-year performance cycle is 150%.

Business Value Program

On May 1, 2018, the Board approved a new management incentive program (the "Business Value Award Program") intended to reward key management of the Company for growing, and creating significant enterprise value through such growth, in the IT Services and Hardware business of the Company ("IT Segment"). The Business Value Award Program has been implemented through an award of Business Value Award "points." A "point" is a measure used to determine the amount of cash, if any, that could be distributed to a participating employee who receives such an award upon the occurrence of certain events. A form of Business Value Award Agreement (the "BVAP Agreement") for the award of such points was approved by the Committee on May 1, 2018. A maximum of 1,000 total points may be awarded to all employees participating in this Business Value Award Program.

The BVAP Agreement provides for a specified cash payment to the participating employee in the event that (i) the employee is continuously employed for a two-year period after the date of grant, (ii) a qualifying transaction (as described below) involving the IT Segment is consummated before May 1, 2023, and (iii) the qualifying transaction generates a Net Value Created by the IT Segment (as described below). The value of an award granted to a participating employee is equal to the number of points awarded to such employee multiplied by 0.001 multiplied by the Award Pool Amount (as described below). For purposes of determining the amount of an award payable: (i) a "qualifying transaction" means a transaction that would result in the Company selling or transferring (including through an initial public offering) and ceasing to own at least 51% of the fair market value of the assets or equity of the IT Segment; (ii) the "Net Value Created by the IT Segment" means the total consideration received by the Company in a qualifying transaction less the cost of acquisitions and investments made by the Company to inorganically grow the IT Segment (including the OnX Holdings acquisition); and (iii) the "Award Pool Amount" means an amount equal to 10% of the Net Value Created by the IT Segment. If a qualifying transaction does not occur before May 1, 2023, unless such date is extended because a qualifying transaction is in progress but has not yet closed, the Agreement terminates with no payment to the participating employee. Moreover, if the participating employee's employment is terminated for any reason (other than a termination for the Employee's retirement, death or disability), prior to the consummation of a qualifying transaction, then the employee will not receive any payment under the BVAP Agreement. In addition, if the qualifying transaction is a result of a "change in control" as defined in the Cincinnati Bell Inc. 2017 Long-Term Incentive Plan (the "2017 LTIP"), the amount of any award payable pursuant to a BVAP Agreement may be reduced by any "change in control" payment received by such participating employee under the 2017 LTIP. The CEO was awarded 100 points and each of the other NEOs were awarded 50 points.

Benefits

NEOs hired prior to January 1, 2009 participate in the Cincinnati Bell Management Pension Plan (the "Management Pension Plan") on the same basis 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 in *Discussion of Summary Compensation Table and Grants of Plan-Based Awards Table*, 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 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 annual incentive 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 as described below:
- Pay practices for executive officers from Willis Towers Watson's compensation survey, reflecting general industry companies across a broad range of revenue sizes (the "General Industry Survey"). Since executive compensation correlates to a company's annual revenue (i.e., the higher a company's revenue, generally the higher the executive's market compensation), the Company, in consultation with Willis Towers Watson, uses a statistical technique called "regression analysis[1]" to adjust the survey data to the Company's revenue size. The Compensation Committee approved the use of the General Industry Survey information as the primary source for market competitive assessments of NEO pay levels for the following reasons:
  - 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, industry developments and other business changes;
  - 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 the Telecommunications Peer Group. 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 to provide reasonable assurance that using the General Industry Survey data for comparative analysis does not cause an aberration of the Company's executive compensation at the 50th percentile. The Telecommunications Peer Group used in 2020 is filed as Exhibit 99.1 to this Annual Report on Form 10-K.
- The Compensation Committee annually reviews and approves the list of companies in the Telecommunications Peer Group.

[1] 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 Survey). For each executive position whose compensation is assessed and set by the Compensation Committee (or the 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:

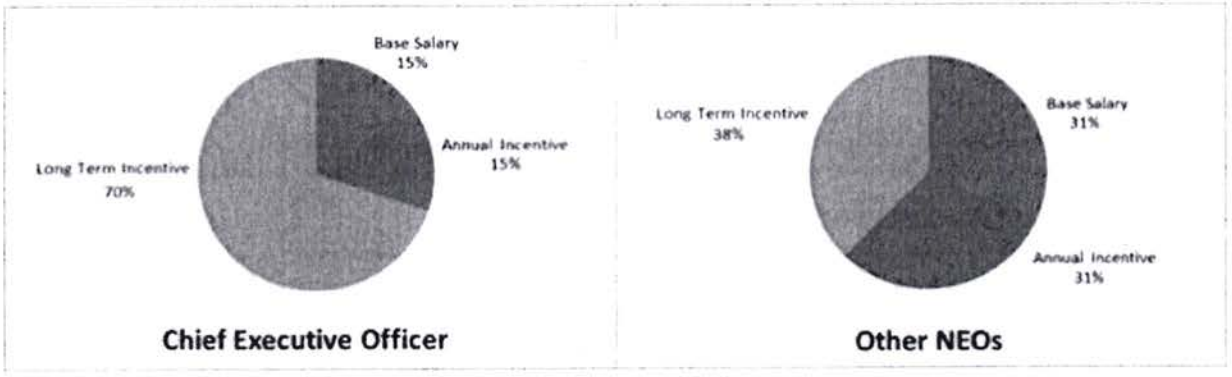
- Benchmarking target compensation at the 50th percentile is consistent with the practice followed by a majority of companies and is considered "best practice," and
- Above-median compensation should be on a delivered actual basis, rather than a target basis, for over achievement of target performance 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 the general industry survey and the industry peer group data:

- Base salary;
- Total target cash compensation - the sum of base salary plus target annual incentive opportunity; and
- Total target direct compensation - the sum of base salary plus target annual incentive 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 2020, 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 incentive compensation 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. Stock ownership guidelines for the NEOs are as follows:

- Chief Executive Officer - 5 times base salary (as adjusted each year)
- Other NEOs - 2 times base salary (as adjusted each year)

The Compensation Committee has established a timeline of five years from the date the individual becomes an NEO to reach the 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) 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 are not counted in determining the executive's level of ownership.

As of February 1, 2021, Mr. Fox has achieved approximately 80% of his ownership goal; Mr. Kaiser has achieved approximately 67% of his ownership goal; Mr. Simpson has achieved approximately 75% of his ownership goal; Ms. Cornette has achieved approximately 59% of her ownership goal; and Mr. Wilson has achieved approximately 148% 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 NEOs 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, CIC payments and benefits provided under the employment agreements as described in more detail in *Potential Payments upon Termination of Employment or a Change in Control* 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 Company-provided healthcare benefits for a defined period post-employment, and accelerated vesting of all equity as determined by the provisions in their employment agreements, which are discussed in detail in *Potential Payments upon Termination of Employment or a Change in Control*. Under a dismissal without cause or constructive discharge following a CIC, 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 termination without cause or constructive discharge absent a CIC, 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 (24 months in the case of the Chief Executive Officer) 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 CIC, 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 was 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 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, except for performance-based compensation that meets certain requirements and is paid under a binding agreement that was in effect on or before November 2, 2017. The Compensation Committee believes that a significant portion of an NEO's compensation should be tied to Company performance and has determined that it will not limit executive compensation to amounts deductible under Section 162(m) of the Code.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis included in this report on Form 10-K 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 report on Form 10-K for the fiscal year ended December 31, 2020.

COMPENSATION COMMITTEE

Craig F. Maier, Chairman
Lynn A. Wentworth
Meredith J. Ching
Walter A. Dods, Jr.
Martin J. Yudkovitz

Compensation Tables

Summary Compensation Table

The following table sets forth information concerning the compensation of any person who served as the principal executive officer (Leigh R. Fox) or principal financial officer (Andrew R. Kaiser) during the year ended December 31, 2020, and the three most highly compensated persons who served as executive officers (Thomas E. Simpson, Christi H. Cornette and Christopher J. Wilson) at the end of the year ended December 31, 2020 (collectively, the "NEOs").

Name, Principal Position	Year	Salary ($)(a)	Bonus ($) (b)	Stock Awards ($) (c)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($) (d)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($) (e)	All Other Compensation ($) (f)	Total ($)
Leigh R. Fox	2020	690,100	—	—	—	840,850	33,301	11,400	1,575,651
President and	2019	669,538	—	2,460,000	—	809,025	38,980	14,487	3,992,030
Chief Executive Officer	2018	650,000	—	1,800,000	—	650,000	(9,311)	18,167	3,108,856
Andrew R. Kaiser	2020	424,360		—	—	517,060	—	11,400	952,820
Chief Financial Officer	2019	411,723	75,000	550,000	—	497,490	—	11,113	1,545,326
	2018	400,000	—	400,000	—	400,000	—	14,486	1,214,486
Thomas E. Simpson	2020	477,405	—	—	—	581,693	28,002	11,400	1,098,500
Chief Operating Officer	2019	463,188	—	633,000	—	559,676	33,046	11,000	1,699,910
	2018	450,000	—	450,000	—	450,000	(7,654)	14,524	1,356,870
Christi H. Cornette	2020	403,142	—	—	—	491,207	59,504	11,400	965,253
Chief Culture Officer	2019	391,137	—	240,000	—	472,616	79,719	11,000	1,194,472
	2018	380,000	—	240,000	—	380,000	2,723	7,015	1,009,738
Christopher J. Wilson	2020	390,411	—	—	—	475,695	95,169	11,400	972,675
Vice President and	2019	378,785	—	400,000	—	457,691	120,209	11,000	1,367,685
General Counsel	2018	368,000	—	390,000	—	368,000	(23,726)	10,800	1,113,074

(a) In addition to base salary, salary in 2020 includes one-time lump sum payment equal to 3% of their base salary for award in lieu of a merit increase.

(b) The 2019 amount reflects the cash payment made to Mr. Kaiser in March 2019. The payment was made pursuant to the terms of an agreement made with Mr. Kaiser under the Cincinnati Bell 2016 Cash Retention Program in March, 2016. Mr. Kaiser did not become a NEO until September 2016.

(c) The 2019 amount reflects the grant-date fair value of the restricted stock units (50% of award) and the performance stock units (50% of award) issued in 2019 to Messrs. Fox, Kaiser, Simpson and Wilson and Ms. Cornette for the 2019-2021 performance cycle. The 2018 amount reflects the grant-date fair value of the restricted stock units (50% of award) and the performance stock units (50% of award) issued in 2018 to Messrs. Fox, Kaiser, Simpson and Wilson and Ms. Cornette for the 2018-2020 performance cycle. All amounts assume payout at target. For further discussion of these awards, see Note 15 to the accompanying consolidated financial statements contained in "Part II. Item 8. Financial Statements and Supplementary Data." The table below shows the amounts if the maximum payout is earned based on the stock price at date of grant.

	Stock Awards ($)		
Name	2020	2019	2018
Leigh R. Fox	—	3,075,000	2,250,000
Andrew R. Kaiser	—	687,500	500,000
Thomas E. Simpson	—	791,250	562,500
Christi H. Cornette	—	300,000	300,000
Christopher J. Wilson	—	500,000	487,500

(d) Non-equity incentive plan compensation represents amounts earned for annual performance-based cash incentives.

(e) The amounts shown in this column for Messrs. Fox, Simpson and Wilson and Ms. Cornette represent the one-year change in the value of their qualified defined benefit plan and nonqualified excess plan for 2020, 2019 and 2018, respectively, projected forward to age 65 for each executive with interest credited at 4.0%, and then discounted back to the respective year at the discount rate (2.4% for 2020, 3.1% for 2019 and, 4.2% for 2018) required under Accounting Standards Codification Topic ("ASC") 960. The present value of the accrued pension benefits increased in 2020 primarily due to a decrease in the applicable discount rate. The Company froze participation in its qualified pension plan for management employees in 2009; therefore, Mr. Kaiser is 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.

(f) For each NEO, the amount includes 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 generally includes base wages plus any annual incentive paid to eligible participants. For 2020, the maximum Company matching contribution is $11,400.

Grants of Plan-Based Awards

The following table sets forth information concerning equity grants to the NEOs during the year ended December 31, 2020 as well as estimated future payouts under cash incentive plans:

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards (a)			All Other Stock Awards: Number of Stock or Units (#) (a)	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 Based Awards ($) (a)
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)					
Leigh R. Fox												
Performance-based stock units		—	—	—	—	—	—	—	—	—	—	—
Restricted stock units		—	—	—	—	—	—		—	—	—	—
Annual cash incentive		335,000	670,000	1,005,000	—	—	—	—	—	—	—	—
Andrew R. Kaiser												
Performance-based stock units		—	—	—	—	—	—	—	—	—	—	—
Restricted stock units		—	—	—	—	—	—	—	—	—	—	—
Annual cash incentive		206,000	412,000	618,000	—	—	—	—	—	—	—	—
Thomas E. Simpson												
Performance-based stock units		—	—	—	—	—	—	—	—	—	—	—
Restricted stock units		—	—	—	—	—	—	—	—	—	—	—
Annual cash incentive		231,750	463,500	695,250	—	—	—	—	—	—	—	—
Christi H. Cornette												
Performance-based stock units		—	—	—	—	—	—	—	—	—	—	—
Restricted stock units		—	—	—	—	—	—	—	—	—	—	—
Annual cash incentive		195,700	391,400	587,100	—	—	—	—	—	—	—	—
Christopher J. Wilson												
Performance-based stock units		—	—	—	—	—	—	—	—	—	—	—
Restricted stock units		—	—	—	—	—	—	—	—	—	—	—
Annual cash incentive		189,520	379,040	568,560	—	—	—	—	—	—	—	—

(a) No performance-based or restricted stock units were granted to NEOs in 2020.

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

Employment Agreements

During 2020, 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, annual incentive 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, 2020:

- 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 $650,000 and a minimum annual incentive target of $650,000 per year.
- Mr. Kaiser's employment agreement provides for the employment and retention of Mr. Kaiser for a one-year term subject to automatic one-year extensions. Mr. Kaiser's employment agreement provides for both a minimum base salary of $400,000 and a minimum annual incentive target of $400,000 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 $450,000 and a minimum annual incentive target of $450,000 per year.
- Ms. Cornette's employment agreement provides for the employment and retention of Ms. Cornette for a one-year term subject to automatic one-year extensions. Ms. Cornette's employment agreement provides for a minimum base salary of $380,000 and a minimum annual incentive target of $380,000 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 $368,000 per year and a minimum annual incentive target of $368,000 per year.

Each of the NEOs, except for Mr. Kaiser, has accrued benefits 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.

As described below, accruals under the Management Pension Plan are frozen. Except as noted below, prior to the freeze, all eligible salaried employees of the Company participated 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 includes base wages including any applicable overtime wages paid plus annual bonus payments. Upon retirement or other termination from employment, the amount of vested benefits to be paid are 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. The vested benefits are payable either as a lump-sum, a single life annuity or, for married participants, a 50% joint and survivor annuity, 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. 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 March 8, 2009. 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 for grandfathered participants 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 in *Pension Benefits*.

Each of the employment agreements also provide for payments upon termination of employment as a result of death or disability, termination by the Company without cause or termination upon a CIC. The payments to the NEOs upon termination, including termination following a CIC as of December 31, 2020 are described in *Potential Payments upon Termination of Employment or a Change in Control*.

Long-Term Incentives

NEOs received restricted cash awards in lieu of long-term incentive grants in 2020. The long-term incentives granted to the NEOs in 2018 and 2019 are described in *Compensation Discussion and Analysis*.

Salary and Cash Incentive Awards in Proportion to Total Compensation

In 2020, the percentage of total compensation for each NEO represented by the sum of their salary plus annual incentive and non-equity incentive plan compensation as shown in the Summary Compensation Table in *Compensation Tables* was as follows: Mr. Fox - 97% Mr. Kaiser - 99%, Mr. Simpson - 96%, Ms. Cornette - 93% , and Mr. Wilson - 89%.

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, 2020:

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Option (#) Exercisable	Number of Securities Underlying Unexercised Option (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date (a)	Number of Shares or Units of Stocks That Have Not Vested (#) (b)	Market Value of Shares or Units of Stock That Have Not Vested ($) (b)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (c)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (d)
Leigh R. Fox		—	—						
						198,618	3,034,883	—	—
						—	—	297,927	4,552,325
Andrew R. Kaiser	1,001	—	—	17.05	10/23/2024				
						44,337	677,469	—	—
						—	—	66,505	1,016,196
Thomas E. Simpson	—	—	—	—	—				
						50,734	775,216	—	—
					—		—	76,099	1,162,793
Christi H. Cornette	—	—	—	—		—			
						21,206	324,028	—	—
						—	—	31,809	486,042
Christopher J. Wilson	19,102	—	—	23.75	1/31/2023				
	—	—	—	—	—	35,061	535,732	—	—
						—	—	52,588	803,545

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

(b) Amounts in the column include the restricted stock units granted on January 25, 2018 as part of the 2018-2020 long-term incentive award and on January 31, 2019 as part of the 2019-2021 long-term incentive award; all awards vest three years from the date of grant. The value is based on the closing price of the Company's common shares as of December 31, 2020 ($15.28).

(c) Amounts in the column include the performance-based stock units granted for the 2018-2020 performance cycle and the 2019-2021 performance cycle. All performance-based stock units are shown at the maximum level of payout.

(d) Assuming the maximum number of stock units 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, 2020 ($15.28).

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, 2020:

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#) (a)	Value Realized on Exercise ($) (a)	Number of Shares Acquired on Vesting (#) (b)	Value Realized on Vesting ($) (c)
Leigh R. Fox	—	—	95,163	1,451,747
Andrew R. Kaiser	—	—	21,147	322,605
Thomas E. Simpson	—	—	23,789	362,910
Christi H. Cornette	—	—	12,687	193,545
Christopher J. Wilson	—	—	20,617	314,520

(a) No NEOs exercised stock options or share-settled stock appreciation rights in 2020.

(b) The amounts for Ms. Cornette and Messrs. Fox, Kaiser, Simpson and Wilson represent shares issued on January 25, 2021 upon vesting of the restricted stock units and on January 28, 2021 upon vesting of the performance-based stock units under the long-term performance plan awards for the 2018-2020 performance period.

(c) The amounts represent the value realized upon vesting based on the closing price of a share of our common stock on the vesting date. For the long-term performance plan awards under the 2018-2020 performance period, the closing price on January 25, 2021 was $15.26 and the closing price on January 28, 2021 was $15.25.

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 in *Discussion of Summary Compensation Table and Grants of Plan-Based Awards Table*). 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. Ms. Cornette is a grandfathered participant but no longer accrues 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. Kaiser is 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	170,062	—
	Non-Qualified Excess Plan (e)	—	—	—
	Total		170,062	—
Thomas E. Simpson	Qualified Defined Benefit Plan (d)	8	147,133	—
	Non-Qualified Excess Plan (e)	—	—	—
	Total		147,133	—
Christi H. Cornette	Qualified Defined Benefit Plan (d)	12	587,453	—
	Non-Qualified Excess Plan (e)	12	29,891	—
	Total		617,344	—
Christopher J. Wilson	Qualified Defined Benefit Plan (d)	10	464,036	—
	Non-Qualified Excess Plan (e)	10	183,372	—
	Total		647,408	—

(a) This column reflects the 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 the accompanying consolidated financial statements contained in "Part II. Item 8. Financial Statements and Supplementary Data."

(c) If any of the above-identified executive officers had retired on December 31, 2020, they would have been entitled to a benefit based on 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 2020 was 4.0% per annum.

Potential Payments upon Termination of Employment or a Change in Control

The following table shows potential payments to the NEOs directly and indirectly on their behalf under existing contracts, agreements, plans or arrangements, whether written or unwritten, for various scenarios involving a CIC or termination of employment, assuming a December 31, 2020 termination or CIC date and, where applicable, using the closing price of our common shares on December 31, 2020 of $15.28.

Name	Executive Payment on Termination	Involuntary Not for Cause Termination ($)	Change in Control ($)	Death ($)	Disability ($)
Leigh R. Fox	Base Salary	1,340,000	2,003,300	—	—
	Annual Incentive Target Opportunity	—	2,003,300	670,000	670,000
	Long-Term Incentives — Restricted Cash Awards	—	3,100,000	950,365	950,365
	Long-Term Incentives — Performance-Based Stock Units (a)	3,034,883	3,034,883	3,034,883	3,034,883
	Long-Term Incentives — Restricted Stock Units	3,034,883	3,034,883	2,202,830	2,202,830
	Basic Benefits (b)	32,964	32,964	—	32,964
	Total	7,442,730	13,209,330	6,858,078	6,891,042
Andrew R. Kaiser	Base Salary	824,000	1,030,000	—	—
	Annual Incentive Target Opportunity	—	1,030,000	412,000	412,000
	Long-Term Incentives — Restricted Cash Awards	—	650,000	199,270	199,270
	Long-Term Incentives — Performance-Based Stock Units (a)	677,469	677,469	677,469	677,469
	Long-Term Incentives — Restricted Stock Units	677,469	677,469	491,464	491,464
	Long-Term Incentives — Stock Options	—	—	—	—
	Basic Benefits (b)	32,023	32,023	—	32,023
	Total	2,210,961	4,096,961	1,780,203	1,812,226
Thomas E. Simpson	Base Salary	927,000	1,158,750	—	—
	Annual Incentive Target Opportunity	—	1,158,750	463,500	463,500
	Long-Term Incentives — Restricted Cash Awards	—	650,000	199,270	199,270
	Long-Term Incentives — Performance-Based Stock Units (a)	775,200	775,200	775,200	775,200
	Long-Term Incentives — Restricted Stock Units	775,216	775,216	561,243	561,243
	Basic Benefits (b)	32,023	32,023	—	32,023
	Total	2,509,439	4,549,939	1,999,213	2,031,236
Christi H. Cornette	Base Salary	782,800	978,500	—	—
	Annual Incentive Target Opportunity	—	978,500	391,400	391,400
	Long-Term Incentives — Restricted Cash Awards	—	280,000	85,839	85,839
	Long-Term Incentives — Performance-Based Stock Units (a)	324,028	324,028	324,028	324,028
	Long-Term Incentives — Restricted Stock Units	324,028	324,028	242,217	242,217
	Basic Benefits (b)	11,029	11,029	—	11,029
	Total	1,441,885	2,896,085	1,043,484	1,054,513
Christopher J. Wilson	Base Salary	758,080	947,600	—	—
	Annual Incentive Target Opportunity	—	947,600	379,040	379,040
	Long-Term Incentives — Restricted Cash Awards	—	400,000	122,628	122,628
	Long-Term Incentives — Performance-Based Stock Units (a)	535,702	535,702	535,702	535,702
	Long-Term Incentives — Restricted Stock Units	535,732	535,732	399,474	399,474
	Long-Term Incentives — Stock Options	—	—	—	—
	Basic Benefits (b)	32,964	32,964	—	32,964
	Total	1,862,478	3,399,598	1,436,844	1,469,808

(a) Performance-based stock units include shares and cash awards that are based on the attainment of target performance metrics in the 2020 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 and vision coverage 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 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. Fox, Kaiser, Simpson and Wilson and Ms. Cornette 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 lump-sum cash payment equal to 2.0 times the executive's base salary;
- Access to medical, dental and vision benefits during the two-year period following the executive's termination of employment on an after-tax basis 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 in which the executive may be participating, and any unvested stock options will continue to vest under the normal vesting schedule as though the executive was still an active employee (provided, with respect to awards granted under the 2017 Long-Term Incentive Plan, that the executive's termination is at least one year after the grant date of the award); 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 CIC, the executive will be entitled to the following:

- A lump-sum cash payment equal to 2.5 times the sum of his or her base salary and annual incentive target in the case of Messrs. Kaiser, Simpson and Wilson and Ms. Cornette and 2.99 times in the case of Mr. Fox;
- Access to medical, dental and vision benefits during the two-year period following the executive's termination of employment on an after-tax basis provided any required monthly contributions are made;
- Full vesting and payout of any restricted cash awards;
- Full vesting of any options granted under the 2007 Long Term Incentive Plan and the ability to exercise such options for the two-year period following termination; and
- Full vesting and payout at target amounts of any other awards granted under long-term incentive plans (in the event an executive is terminated within the two-year period following a CIC) that are continued after a CIC. Awards that constitute deferred compensation under Internal Revenue Code Section 409A shall not be continued in the event of a CIC and will become vested and pay out at target upon a CIC. The types of outstanding awards that are deferred compensation are restricted stock units and performance-based stock units.

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 prorated incentive and payable to the deceased executive for the current year;
- Prorated vesting and payout from the date of grant through the date of death of any outstanding restricted cash awards granted to the deceased executive;
- 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;
- Full vesting and payout at target amounts of any outstanding performance-based awards granted to the deceased executive under long-term incentive plans; and
- Prorated vesting and payout from the date of grant through the date of death of any outstanding time-based 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 prorated incentive and payable to the disabled executive for the current year;
- Prorated vesting and payout from the date of grant through the date of disability of any outstanding restricted cash awards granted to the disabled executive;
- Full vesting of all options held by the disabled executive and the ability to exercise such options for the one-year period following the date of the executive's disabling condition;
- Continued participation by the disabled executive in any outstanding performance-based awards granted under long-term incentive plans;
- Prorated vesting and payout from the date of grant through the date of disability of any time-based awards granted to the disabled executive under 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.

Receipt of the above-described payments (other than the "vested amounts") is conditioned upon the executive executing a release of claims in favor of the Company.

Under all of the termination scenarios in the preceding table, as of December 31, 2020, Messrs. Fox, Kaiser, Simpson, and Wilson and Ms. Cornette had certain "vested amounts" to which they were entitled as follows: Mr. Fox - $78,132, Mr. Kaiser - $4,457, Mr. Simpson - $68,654, Ms. Cornette - $377,634 and Mr. Wilson - $388,965.

CEO Pay Ratio

As required by the SEC, we are providing the following information about the relationship between the annual total compensation ("ATC") of our employees and the ATC of Mr. Fox, our President and Chief Executive Officer (the "PEO").

For 2020, our last completed fiscal year,

- The ATC of the median employee of the Company was $82,341; and
- The ATC for our PEO was $1,575,651

Based on this information, for 2020 the resulting pay ratio between the ATC of the PEO to the ATC of the median employee was 19:1.

To identify the median employee, we took the following steps:

1. As of December 31, 2020, the Company had approximately 4,600 employees.
2. In determining the employee population, we used all full-time, part-time and temporary employees (except for our PEO and those employees on leaves of absence).
3. The median employee was identified from our employee population by comparing our payroll records for such employees as reported to the Internal Revenue Service on Form W-2 and to the Canada Revenue Agency on Form T4 for 2020. We used a December 31, 2020 conversion rate of 1 CAD to 0.78 USD for our Canadian-based employees. In addition, since the Company does not widely distribute equity awards to our employees, such awards were excluded from our compensation measure.
4. We identified our median employee using this compensation measure, which was consistently applied to all our employees included in this calculation. Since the majority of our employees and our PEO are based in the U.S., we did not make any cost of living adjustments in identifying the median employee.
5. Once we identified the median employee, we determined the ATC for the median employee in the same manner used to determine Mr. Fox's ATC as reflected in the Summary Compensation Table in *Compensation Tables*, resulting in an ATC of $82,341.

Director Annual Compensation Program

The Company uses a combination of cash and stock-based 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 2020.

Compensation Element	2020
Chairman of the Board Annual Retainer (a)	$ 180,000
Annual Board Retainer	$ 70,000
Annual Chairman Equity Award (b)	$ 145,000
Annual Board Equity Award (b)	$ 110,000
Annual Audit and Finance Committee Chair Retainer	$ 27,000
Annual Audit and Finance Committee Member Retainer	$ 15,000
Annual Compensation Committee Chair Retainer	$ 18,000
Annual Compensation Committee Member Retainer	$ 10,000
Annual Governance and Nominating Committee Chair 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 for 2020 was granted under the Cincinnati Bell Inc. 2017 Stock Plan for Non-Employee Directors ("2017 Directors Plan") to all non-employee directors, including the Chairman of the Board, in the form of restricted stock units with a one-year vesting period. The award value for 2020 is $145,000 for the Chairman and $110,000 for all other non-employee directors.

Stock Plan for Non-Employee Directors

On September 24, 2020, the Company granted restricted stock unit awards that vest after one year and with an aggregate value of $145,000 for the Chairman and $110,000 for each of the remaining non-employee directors on the date of grant under the 2017 Directors Plan. Awards in 2019 were granted under the 2017 Directors Plan with an aggregate value of $145,000 for the Chairman and $110,000 for each of the remaining non-employee directors. Awards in 2018 were granted under the 2017 Directors Plan with an aggregate value of $100,000. For 2019 and 2018, the awards were in the form of restricted stock units which vested on the first anniversary of the grant date.

2020 Director Compensation

The following table shows the compensation paid to our non-employee directors for the 2020 fiscal year:

	DIRECTOR COMPENSATION			
Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (a) (b)	Option Awards ($) (b)	Total ($)
Meredith J. Ching	80,000	110,000	—	190,000
Walter A. Dods, Jr.	96,000	110,000	—	206,000
John W. Eck (c)	118,750	110,000	—	228,750
Jakki L. Haussler	107,000	110,000	—	217,000
Craig F. Maier	103,000	110,000	—	213,000
Russel P. Mayer	95,000	110,000	—	205,000
Theodore H. Torbeck	70,000	110,000	—	180,000
Lynn A. Wentworth	180,000	145,000	—	325,000
Martin J. Yudkovitz	80,000	110,000	—	190,000

(a) The values reflect the aggregate grant-date fair value of the restricted stock units granted on September 24, 2020 computed in accordance with Accounting Standards Codification Topic 718, "Compensation - Stock Compensation" for all awards. For a discussion of the valuation assumptions and methodology, see Note 15 to the accompanying consolidated financial statements contained in "Part II. Item 8. Financial Statements and Supplementary Data."

(b) No stock options were awarded in 2020. None of the non-employee directors held outstanding stock options as of December 31, 2020.

(c) Mr. Eck earned fees of $95,000 in 2020. The remaining balance of the fees, $23,750, were earned in 2019 and were paid in 2020.

Name	Number of Unvested Stock Awards Outstanding as of December 31, 2020	Number of Option Awards Outstanding as of December 31, 2020
Meredith J. Ching	7,338	—
Walter A. Dods, Jr.	7,338	—
John W. Eck	7,338	—
Jakki L. Haussler	7,338	—
Craig F. Maier	7,338	—
Russel P. Mayer	7,338	—
Theodore H. Torbeck	7,338	—
Lynn A. Wentworth	9,673	—
Martin J. Yudkovitz	7,338	—

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

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 1, 2021 (except as otherwise noted) by (i) each current director and each executive officer named in the Summary Compensation Table in *Compensation Tables*, 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 1, 2021 (a)	Percent of Common Shares (b)	6 3/4% Convertible Preferred Shares Beneficially Owned as of February 1, 2021 (c)	Percent of 6 3/4% Cumulative Convertible Preferred Shares (c)
Meredith J. Ching	28,784	*	—	*
Christi H. Cornette	30,292	*	—	*
Walter A. Dods, Jr.	26,541	*	—	*
John W. Eck	33,726	*	—	*
Leigh R. Fox	175,169	*	—	*
Jakki L. Haussler	53,535	*	—	*
Andrew R. Kaiser	37,368	*	—	*
Craig F. Maier	53,493	*	—	*
Russel P. Mayer	38,115	*	—	*
Thomas E. Simpson	45,488	*	—	*
Theodore H. Torbeck	270,591	*	—	*
Lynn A. Wentworth	56,876	*	—	*
Christopher J. Wilson	92,724	*	—	*
Martin J. Yudkovitz	39,998	*	—	*
All directors and executive officers as a group (consisting of 16 persons, including those named above)	1,005,097	2.0%	—	*

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

(a) Includes common shares subject to outstanding vested options under the Cincinnati Bell Inc. 2007 Long Term Incentive Plan as of February 1, 2021. The following common shares subject to outstanding vested options are included in the totals: 1,001 common shares for Mr. Kaiser and 19,102 common shares for Mr. Wilson. 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 shares and prohibits officers and directors from pledging Company securities as collateral for loans.

(b) These percentages are based upon 50,908,586 common shares outstanding as of February 1, 2021.

(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.

Principal Shareholders

The following table sets forth the beneficial ownership of common shares as of February 16, 2021 (except as otherwise noted) by each beneficial owner of more than five percent (5%) of common shares or 6 3/4% Cumulative Convertible Preferred Shares (or depositary shares representing one-twentieth of a 6 3/4% Cumulative Convertible Preferred Share) outstanding known by the Company.

Name and Address of Beneficial Owner	Common Shares Beneficially Owned		Percent of Common Shares (a)	Depositary Shares Representing 6 3/4% Cumulative Convertible Preferred Shares Beneficially Owned (b)		Percent of Depositary Shares Representing 6 3/4% Cumulative Convertible Preferred Shares (b)
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	7,053,207	(c)	13.85%	*		*
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	3,398,923	(d)	6.68%	*		*
Morgan Stanley 1585 Broadway New York, NY 10036	2,814,783	(e)	5.53%	*		*
Private Management Group, Inc. 15635 Alton Parkway, Suite 400 Irvine, CA 92618	*		*	237,264	(f)	7.64%

* Indicates ownership of less than 5%, or the equivalent of 5% in share count, of common shares or 6 3/4% Cumulative Convertible Preferred Shares.

(a) These percentages are based upon 50,908,586 common shares outstanding as of February 16, 2021.

(b) These numbers represent the depositary shares representing interests in 6 ¾% Cumulative Convertible Preferred Shares. In the aggregate, the 155,250 issued and outstanding 6 ¾% Cumulative Convertible Preferred Shares are represented by 3,105,000 depositary shares, and each 6 ¾% Cumulative Convertible Preferred Share is represented by 20 depositary shares.

(c) As reported on Schedule 13G/A filed on February 5, 2021 by BlackRock, Inc., as of December 31, 2020, BlackRock, Inc. has sole voting power for 7,003,706 common shares and sole dispositive power for 7,053,207 common shares.

(d) As reported on Schedule 13G/A filed on February 10, 2021 by The Vanguard Group, as of December 31, 2020, The Vanguard Group has shared voting power for 71,809 common shares, sole dispositive power for 3,289,470 common shares and shared dispositive power for 109,453 common shares.

(e) As reported on Schedule 13G/A filed on February 10, 2021 by Morgan Stanley and Morgan Stanley Capital Services LLC, a wholly owned subsidiary of Morgan Stanley, as of December 31, 2020, Morgan Stanley has shared voting power for 2,793,149 common shares and shared dispositive power for 2,814,783 common shares and Morgan Stanley Capital Services LLC has shared voting and dispositive power for 2,638,052 common shares.

(f) As reported on Schedule 13G/A filed on February 9, 2021 by Private Management Group, Inc., as of December 31, 2020, Private Management Group, Inc. has sole voting and dispositive power for 237,264 depositary shares, each representing one-twentieth of a 6 ¾% Cumulative Convertible Preferred Share.

Item 13. Certain Relationships and Related Transactions, and Director Independence

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 under the SEC rules. In 2020, there were no related party transactions requiring disclosure.

Director Independence

In accordance with the rules and listing standards of the 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 2020 is independent and has no relationship with the Company, except as a director and shareholder:

- Meredith J. Ching
- Walter A. Dods, Jr.
- John W. Eck
- Jakki L. Haussler
- Craig F. Maier
- Russel P. Mayer
- Lynn A. Wentworth
- Martin J. Yudkovitz

In addition, based on these standards, the Board determined that Mr. Fox was not independent because he currently serves as the Chief Executive Officer of the Company and Mr. Torbeck was not independent because he served as Chief Executive Officer of the Company through May 31, 2017.

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

Item 14. Principal Accountant Fees and Services

Deloitte & Touche LLP was the Company's Independent Registered Public Accounting Firm for the 2020 and 2019 fiscal years. Aggregate fees for professional services rendered by Deloitte & Touche LLP for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Audit fees	$ 2,316,350	$ 2,635,700
Audit related fees	—	38,000
Tax fees	40,787	52,201
All other fees	—	—
Total	$ 2,357,137	$ 2,725,901

Audit Fees

The audit fees for the years ended December 31, 2020 and 2019 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. The audit of the Company's 2020 financial statements included work related to statutory audits. The audit of the Company's 2019 financial statements included work related to statutory audits, new accounting guidance related to lease accounting and implementation of new systems.

Audit Related Fees

There were no audit related fees for the year ended December 31, 2020. The audit related fees for the year ended December 31, 2019 are due to work performed related to due diligence projects.

Tax Fees

Tax fees for the years ended December 31, 2020 and 2019 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 chair 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, 2020 and 2019.

PART IV

Item 15. Exhibits and Financial Statement Schedules

Financial Statements

Consolidated financial statements are included in Part II, Item 8.

Financial Statement Schedules

Financial Statement Schedule II — Valuation and Qualifying Accounts. All other schedules are not required under the related instructions or are not applicable.

Exhibits

Exhibits identified in parenthesis below, on file with the Securities and Exchange Commission, are incorporated herein by reference as exhibits hereto.

Exhibit Number	Description
(2.1)	Agreement and Plan of Merger, dated as of March 13, 2020, by and among Cincinnati Bell Inc., Red Fiber Parent LLC and RF Merger Sub Inc. (Exhibit 2.1 to Current Report on Form 8-K, date of Report March 13, 2020, File No. 1-8519).
(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)	Amendment to the Amended and Restated Articles of Incorporation of Cincinnati Bell Inc. (Exhibit 3.1 to Current Report on Form 8-K, date of Report October 4, 2016, File No. 1-8519).
(3.3)	Amended and Restated Regulations of Cincinnati Bell Inc. (Exhibit 3.3 to Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, 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 7 1/4% 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 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).
(4.3)	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).
(4.4)	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).
(4.5)	Indenture, dated September 22, 2016, among Cincinnati Bell Inc., the guarantor parties thereto and Regions Bank, as trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report September 22, 2016, File No. 1-8519).
(4.6)	First Supplemental Indenture dated April 3, 2017 among Cincinnati Bell Inc., SunTel Services LLC and Regions Bank, as trustee (Exhibit 99.1 to Current Report on Form 8-K, date of Report April 3, 2017, File No. 1-8519).
(4.7)	Second Supplemental Indenture dated May 31, 2017 among Cincinnati Bell Inc., Cincinnati Bell Telephone Company LLC, Cincinnati Bell Extended Territories LLC, and Regions Bank, as trustee (Exhibit 10.1 to Current Report on Form 8-K, date of Report May 31, 2017, File No. 1-8519).
(4.8)	Third Supplemental Indenture dated October 2, 2017 among Cincinnati Bell Inc., Cincinnati Bell Shared Services LLC, Data Center South Holdings, LLC, Twin Acquisition Corp. and Regions Bank, as trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report October 2, 2017, File No. 1-8519).

(4.9)	Fourth Supplemental Indenture dated as of December 22, 2017 among Cincinnati Bell Inc., CBTS Holdco LLC, and Regions Bank, as trustee (Exhibit 10.1 to Current Report on Form 8-K, date of Report December 22, 2017, File No. 1-8519).
(4.10)	Fifth Supplemental Indenture, dated as of July 2, 2018, by and among Cincinnati Bell Inc., the guarantors party thereto and Regions Bank, as Trustee. (Exhibit 4.2 to Current Report on Form 8-K, date of Report July 2, 2018, File No. 1-8519).
(4.11)	Sixth Supplemental Indenture, dated as of July 2, 2020, among Cincinnati Bell Inc., as Issuer, each subsidiary of the Issuer identified as a Guarantor, and Regions Bank, as Trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report July 6, 2020, File No. 1-8519).
(4.12)	Indenture, dated October 6, 2017, between CB Escrow Corp. and Regions Bank, as trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report October 6, 2017, File No. 1-8519).
(4.13)	Assumption Supplemental Indenture, dated as of July 2, 2018, by and among Cincinnati Bell Inc., the guarantors party thereto and Regions Bank, as Trustee. (Exhibit 4.1 to Current Report on Form 8-K, date of Report July 2, 2018, File No. 1-8519).
(4.14)	Second Supplemental Indenture, dated as of July 2, 2020, among Cincinnati Bell Inc., as Issuer, each subsidiary of the Issuer identified as a Guarantor, and Regions Bank, as Trustee. (Exhibit 4.2 to Current Report on Form 8-K, date of Report July 6, 2020, File No. 1-8519).
(4.15)	Escrow Agreement, dated October 6, 2017, by and among CB Escrow Corp., Regions Bank, as trustee, and Regions Bank, as Escrow Agent (Exhibit 4.2 to Current Report on Form 8-K, date of Report October 6, 2017, File No. 1-8519).
(4.16)	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.
(4.17)	Description of Registrant's Securities. (Exhibit 4.15 to Annual Report on Form 10-K for the year ended December 31, 2019, File No. 1-8519).
(10.1)	Credit Agreement by and among Cincinnati Bell Inc., the Guarantor parties thereto, the Lender parties thereto, PNC Bank, National Association, as the Swingline Lender, and Morgan Stanley Senior Funding, Inc., as Administrative Agent, Collateral Agent, Swingline Lender and an L\C Issuer, dated October 2, 2017 (Exhibit 10.1 to Current Report on Form 8-K, date of Report October 3, 2017, File No. 1-8519).
(10.2)	Amendment No. 1 to Credit Agreement dated as of April 5, 2018, by and among Cincinnati Bell Inc., the subsidiary guarantors thereto, Morgan Stanley Senior Funding, Inc. and the tranche B term lenders party thereto (Exhibit 10.1 to Current Report on Form 8-K, date of Report April 5, 2018, File No. 1-8519).
(10.3)	Amendment No. 2 to Credit Agreement dated as of April 5, 2018, by and among Cincinnati Bell Inc., the subsidiary guarantors thereto, Morgan Stanley Senior Funding, Inc. and the tranche B term lenders party thereto (Exhibit 10.2 to Current Report on Form 8-K, date of Report April 5, 2018, File No. 1-8519).
(10.4)	Receivables Financing Agreement dated as of May 10, 2018, among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets LLC, as Structuring Agent (Exhibit 99.3 to Current Report on Form 8-K, date of Report May 10, 2018, File No. 1-8519).
(10.5)	First Amendment to the Receivables Financing Agreement, dated as of November 21, 2018, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets LLC, as Structuring Agent (Exhibit 99.2 to Current Report on Form 8-K, date of Report November 23, 2018, File No. 1-8519).
(10.6)	Second Amendment to Receivables Financing Agreement, dated as of May 9, 2019, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time parties thereto, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets, as Structuring Agent. (Exhibit 10.3 to Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, File 1-8519).

(10.7)	Third Amendment to the Receivables Financing Agreement, dated as of May 7, 2020, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets, as Structuring Agent. (Exhibit 99.2 to Current Report on Form 8-K, date of Report May 7, 2020, File No. 1-8519).
(10.8)	Receivables Purchase Agreement dated as of May 10, 2018 among Cincinnati Bell Funding LLC, as Seller, Cincinnati Bell Inc., as Servicer, PNC Bank, National Association, as Buyer, and PNC Capital Markets LLC, as Structuring Agent (Exhibit 99.4 to Current Report on Form 8-K, date of Report May 10, 2018, File No. 1-8519).
(10.9)	First Amendment to Receivables Purchase Agreement, dated as of May 9, 2019, by and among Cincinnati Bell Funding LLC, as Seller, Cincinnati Bell Inc., as Servicer, and PNC Bank, National Association, as Buyer. (Exhibit 10.2 to Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, File 1-8519).
(10.10)	Second Amendment to the Receivables Purchase Agreement, dated as of May 7, 2020, by and among Cincinnati Bell Funding LLC as Seller, Cincinnati Bell Inc. as Servicer, and PNC Bank, National Association, as Buyer. (Exhibit 99.1 to Current Report on Form 8-K, date of Report May 7, 2020, File No. 1-8519).
(10.11)*	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).
(10.12)*	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).
(10.13)*	Restatement of the Cincinnati Bell Management Pension Plan executed December 22, 2016 (Exhibit 10.28 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
(10.14)*	Restatement of the Cincinnati Bell Pension Plan executed December 22, 2016 (Exhibit 10.29 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
(10.15)*	Amendment to Cincinnati Bell Management Pension Plan executed December 22, 2016 (Exhibit 10.30 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
(10.16)*	Amendment to the Cincinnati Bell Pension Plan executed December 22, 2016 (Exhibit 10.31 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
(10.17)*	Cincinnati Bell Inc. 2011 Short Term Incentive Plan (Appendix II to the Company's 2016 Proxy Statement on Schedule 14A filed March 17, 2016, File No. 1-8519).
(10.18)*	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).
(10.19)*	Amendment to Cincinnati Bell Inc. Deferred Compensation Plan for Outside Directors, as of November 7, 2016 (Exhibit 10.2 to Current Report on Form 8-K, date of Report November 7, 2016, File No. 1-8519).
(10.20)*	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).
(10.21)*	Amendment to Cincinnati Bell Inc. Executive Deferred Compensation Plan, as of November 7, 2016 (Exhibit 10.1 to Current Report on Form 8-K, date of Report November 7, 2016, File No. 1-8519).
(10.22)*	Cincinnati Bell Inc. 2007 Long Term Incentive Plan, as amended (Appendix I to the Company's 2015 Proxy Statement on Schedule 14A filed March 20, 2015, File No. 1-8519).
(10.23)*	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).
(10.24)*	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).
(10.25)*	Cincinnati Bell Inc. Form of 2016 - 2018 Share-Based Performance Unit Award Agreement (2007 Long Term Incentive Plan) (Exhibit 10.40 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).

(10.26)*	Cincinnati Bell Inc. Form of 2017-2019 Share-Based Performance Award Agreement (2007 Long Term Incentive Plan) (Exhibit 10.39 to Annual Report on Form 10-K for the year ended December 31, 2017, File No. 1-8519).
(10.27)*	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).
(10.28)*	Cincinnati Bell Inc. Form of Restricted Stock Unit Award Agreement (2007 Long Term Incentive Plan) (Exhibit 10.45 to Annual Report for the year ended December 31, 2015, File No. 1-8519).
(10.29)*	Cincinnati Bell Inc. 2007 Stock Option Plan for Non-Employee Directors, as amended (Appendix I to the Company's 2016 Proxy Statement on Schedule 14A filed on March 17, 2016, File No. 1-8519).
(10.30)*	Cincinnati Bell Inc. 2017 Long-Term Incentive Plan (Appendix I to the Company's 2017 Proxy Statement on Schedule 14A filed on March 24, 2017, File No. 1-8519).
(10.31)*	Cincinnati Bell Inc. Form of Restricted Stock Unit Award (2017 Long-Term Incentive Plan). (Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, File 1-8519).
(10.32)*	Cincinnati Bell Inc. Form of 2019-2021 Share-Based Performance Unit Award Agreement (2017 Long Term Incentive Plan). (Exhibit 10.2 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, File 1-8519).
(10.33)*	Cincinnati Bell Inc. 2017 Stock Plan for Non-Employee Directors (Appendix II to the Company's 2017 Proxy Statement on Schedule 14A filed on March 24, 2017, File No. 1-8519).
(10.34)*	Cincinnati Bell Inc. Form of 2018-2023 Business Value Award Agreement (Exhibit 10.1 to Current Report, date of Report May 7, 2018, File No. 1-8519).
(10.35)*	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).
(10.36)*	Cincinnati Bell Inc. Form of Long-Term Restricted Cash Retention Award (Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, File 1-8519).
(10.37)*	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).
(10.38)*	Employment Agreement between Cincinnati Bell Inc. and Christopher J. Wilson effective as of December 1, 2017 (Exhibit 10.4 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.39)*	Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Leigh R. Fox effective as of September 1, 2016 (Exhibit 10.1 to Current Report on Form 8-K, date of Report September 1, 2016, File No. 1-8519).
(10.40)*	Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Leigh R. Fox effective as of March 1, 2017 (Exhibit 10.1 to Current Report on Form 8-K, date of Report March 1, 2017, File No. 1-8519).
(10.41)*	Employment Agreement between Cincinnati Bell Inc. and Leigh R. Fox effective as of December 1, 2017 (Exhibit 10.1 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.42)*	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, File No. 1-8519).
(10.43)*	Employment Agreement between Cincinnati Bell Inc. and Joshua T. Duckworth effective as of December 1, 2017 (Exhibit 10.5 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.44)*	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).
(10.45)*	Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Thomas E. Simpson effective as of September 1, 2016 (Exhibit 10.1 to Current Report on Form 8-K, date of Report September 9, 2016, File No. 1-8519).

(10.46)*	Employment Agreement between Cincinnati Bell Inc. and Thomas E. Simpson effective as of December 1, 2017 (Exhibit 10.3 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.47)*	Employment Agreement between Cincinnati Bell Inc. and Andrew R. Kaiser effective as of September 1, 2016 (Exhibit 10.2 to Current Report on Form 8-K, date of Report September 1, 2016, File No. 1-8519).
(10.48)*	Employment Agreement between Cincinnati Bell Inc. and Andrew R. Kaiser effective as of September 1, 2017 (Exhibit 10.1 to Current Report on Form 8-K, date of Report August 3, 2017, File No. 1-8519).
(10.49)*	Employment Agreement between Cincinnati Bell Inc. and Andrew R. Kaiser effective as of December 1, 2017 (Exhibit 10.2 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.50)*	Employment Agreement between Cincinnati Bell Inc. and Christi H. Cornette effective as of September 1, 2017 (Exhibit 10.2 to Current Report on Form 8-K, date of Report August 3, 2017, File No. 1-8519).
(10.51)*	Employment Agreement between Cincinnati Bell Inc. and Christi H. Cornette effective as of December 1, 2017 (Exhibit 10.6 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.52)*	Employment Agreement between Cincinnati Bell Inc. and Shannon M. Mullen effective as of December 1, 2017 (Exhibit 10.7 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.53)*	Employment Agreement between Cincinnati Bell Inc. and Mark J. Fahner effective as of September 16, 2018 (Exhibit 10.3 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, File 1-8519).
(10.54)*	Employment Agreement between Cincinnati Bell Inc. and Suzanne E. Maratta effective May 12, 2019. (Exhibit 10.4 to Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, File 1-8519).
(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.
(22) +	List of Guarantor Subsidiaries and Subsidiary Issuers of Guaranteed Securities.
(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.
(99.1) +	Telecommunications Peer Group
101	The following financial statements from Cincinnati Bell Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020 were formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Condensed Consolidated Statements of Shareholders' Deficit, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

+ 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.

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: Charge (Benefit) to Expenses	Additions: (To) From Other Accounts	Deductions	End of Period
Allowance for Doubtful Accounts					
Year 2020	$ 14.3	$ 14.7	$ —	$ 6.0	$ 23.0
Year 2019	$ 13.0	$ 12.5	$ —	$ 11.2	$ 14.3
Year 2018	$ 10.4	$ 8.4	$ —	$ 5.8	$ 13.0
Deferred Tax Valuation Allowance					
Year 2020	$ 49.3	$ (20.8)	$ (0.1)	$ —	$ 28.4
Year 2019	$ 48.7	$ 0.5	$ 0.1	$ —	$ 49.3
Year 2018	$ 36.1	$ 13.1	$ (0.5)	$ —	$ 48.7

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, 2021

/s/ Andrew R. Kaiser
Andrew R. Kaiser
Chief Financial 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/ Leigh R. Fox Leigh R. Fox	President and Chief Executive Officer (Principal Executive Officer)	February 25, 2021
/s/ Andrew R. Kaiser Andrew R. Kaiser	Chief Financial Officer (Principal Financial Officer)	February 25, 2021
/s/ Suzanne E. Maratta Suzanne E. Maratta	Vice President and Corporate Controller (Principal Accounting Officer)	February 25, 2021
Lynn A. Wentworth * Lynn A. Wentworth	Chairman of the Board and Director	February 25, 2021
Meredith J. Ching* Meredith J. Ching	Director	February 25, 2021
Walter A. Dods, Jr.* Walter A. Dods, Jr.	Director	February 25, 2021
John W. Eck* John W. Eck	Director	February 25, 2021
Jakki L. Haussler* Jakki L. Haussler	Director	February 25, 2021
Craig F. Maier* Craig F. Maier	Director	February 25, 2021
Russel P. Mayer* Russel P. Mayer	Director	February 25, 2021
Theodore H. Torbeck* Theodore H. Torbeck	Director	February 25, 2021
Martin J. Yudkovitz* Martin J. Yudkovitz	Director	February 25, 2021

*By: /s/ Leigh R. Fox
Leigh R. Fox
as attorney-in-fact and on his behalf
as President and Chief Executive Officer

Subsidiaries of the Registrant
(as of February 25, 2021)

Subsidiary Name	State or Country of Incorporation or Formation
Cincinnati Bell Shared Services LLC	Ohio
Cincinnati Bell Wireless, LLC	Ohio
CBTS LLC	Delaware
Cincinnati Bell Entertainment Inc.	Ohio
Cincinnati Bell Funding LLC	Delaware
Cincinnati Bell Telephone Company LLC	Ohio
Cincinnati Bell Extended Territories LLC	Ohio
CBTS Federal LLC	Delaware
CBTS Technology Solutions LLC	Delaware
CBTS Virginia LLC	Virginia
CBTS Technology Solutions UK Ltd.	United Kingdom
OnX UK Limited	United Kingdom
OnX Enterprise Solutions Ltd.	Ontario
Cincinnati Bell Funding Canada Ltd.	Ontario
Hawaiian Telcom Holdco, Inc.	Delaware
Hawaiian Telcom Communications, Inc.	Delaware
Hawaiian Telcom Federal LLC	Delaware
Hawaiian Telcom, Inc.	Hawaii
Hawaiian Telcom Services Company, Inc.	Delaware
Wavecom Solutions Corporation	Hawaii
SystemMetrics Corporation	Hawaii
CBTS Technology Solutions India LLP	India

Exhibit 22

Subsidiary Guarantees

As of December 30, 2020, each of the following subsidiaries of Cincinnati Bell Inc., an Ohio corporation (the "Company"), has fully and unconditionally guaranteed on an unsecured, joint and several basis each of the debt securities of the Company listed below.

Subsidiary Guarantors

CBTS LLC, a Delaware limited liability company
CBTS Technology Solutions LLC, a Delaware limited liability company
CBTS Virginia LLC, a Virginia limited liability company
Cincinnati Bell Entertainment Inc., an Ohio corporation
Cincinnati Bell Extended Territories LLC, an Ohio limited liability company
Cincinnati Bell Shared Services LLC, an Ohio limited liability company
Cincinnati Bell Telephone Company LLC, an Ohio limited liability company
Cincinnati Bell Wireless, LLC, an Ohio limited liability company
Hawaiian Telcom Communications, Inc., a Delaware corporation
Hawaiian Telcom Holdco, Inc., a Delaware corporation
Hawaiian Telcom, Inc., a Hawaii corporation
Hawaiian Telcom Services Company, Inc., a Delaware corporation
SystemMetrics Corporation, a Hawaii corporation
Wavecom Solutions Corporation, a Hawaii corporation

Debt Securities of the Company Guaranteed by each of the Subsidiary Guarantors

7.000% Senior Notes due 2024
8.000% Senior Notes due 2025

In addition, as of December 31, 2020, Cincinnati Bell Telephone Company LLC is the issuer of 6.300% Senior Notes, which debt securities have been fully and unconditionally guaranteed by the Company.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements on Forms S-8 of our reports dated February 25, 2021, relating to the financial statements of Cincinnati Bell Inc. and the effectiveness of Cincinnati Bell Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2020.

Form S-8
333-192225
333-192226
333-159160
333-143089
333-204562
333-217839
333-217840
333-226027

Cincinnati, Ohio
February 25, 2021

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2020 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Andrew R. Kaiser and Christopher J. Wilson, and each of them singly, her attorneys for her and in her name, place and stead, and in her office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as she might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand this 5th day of February, 2021.

/s/ Meredith J. Ching
Meredith J. Ching
Director

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

On the 5th day of February, 2021, personally appeared before me Meredith J. Ching, to me known and known to me to be the person described in and who executed the foregoing instrument, and she duly acknowledged to me that she executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 5th day of February, 2021.

/s/ Connie M. Vogt
Connie M. Vogt
Notary Public, State of Ohio
My commission expires 04-28-2025

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2020 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Andrew R. Kaiser and Christopher J. Wilson, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 5th day of February, 2021.

/s/ Walter A. Dods, Jr.
Walter A. Dods, Jr.
Director

STATE OF HAWAII)
) SS:
CITY AND COUNTY OF HONOLULU)

On the 5th day of February, 2021, personally appeared before me Walter A. Dods, Jr., to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 5th day of February, 2021.

/s/ Pamela A. Amii
Pamela A. Amii
Notary Public, State of Hawaii
My commission expires 11-17-2024

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2020 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Andrew R. Kaiser and Christopher J. Wilson, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 4th day of February, 2021.

/s/ John W. Eck
John W. Eck
Director

STATE OF TEXAS)
) SS:
COUNTY OF HARRIS)

On the 4th day of February, 2021, personally appeared before me John W. Eck, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 4th day of February, 2021.

/s/ Denise L. Snow
Denise L. Snow
Notary Public, State of Texas
My commission expires 05-01-2022

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2020 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Andrew R. Kaiser and Christopher J. Wilson, and each of them singly, her attorneys for her and in her name, place and stead, and in her office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as she might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand this 1st day of February, 2021.

/s/ Jakki L. Haussler
Jakki L. Haussler
Director

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

On the 1st day of February, 2021, personally appeared before me Jakki L. Haussler, to me known and known to me to be the person described in and who executed the foregoing instrument, and she duly acknowledged to me that she executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 1st day of February, 2021.

/s/ Connie M. Vogt
Connie M. Vogt
Notary Public, State of Ohio
My commission expires 04-28-2025

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2020 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Andrew R. Kaiser and Christopher J. Wilson, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 1st day of February, 2021.

/s/ Craig F. Maier
Craig F. Maier
Director

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

On the 1st day of February, 2021, personally appeared before me Craig F. Maier, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 1st day of February, 2021.

/s/ Connie M. Vogt
Connie M. Vogt
Notary Public, State of Ohio
My commission expires 04-28-2025

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2020 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Andrew R. Kaiser and Christopher J. Wilson, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 3rd day of February, 2021.

/s/ Russel P. Mayer
Russel P. Mayer
Director

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

On the 3rd day of February, 2021, personally appeared before me Russel P. Mayer, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 3rd day of February, 2021.

/s/ Connie M. Vogt
Connie M. Vogt
Notary Public, State of Ohio
My commission expires 04-28-2025

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2020 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Andrew R. Kaiser and Christopher J. Wilson, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 1st day of February, 2021.

/s/ Theodore H. Torbeck
Theodore H. Torbeck
Director

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

On the 1st day of February, 2021, personally appeared before me Theodore H. Torbeck, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 1st day of February, 2021.

/s/ Connie M. Vogt
Connie M. Vogt
Notary Public, State of Ohio
My commission expires 04-28-2025

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2020 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Andrew R. Kaiser and Christopher J. Wilson, and each of them singly, her attorneys for her and in her name, place and stead, and in her office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as she might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand this 8th day of February, 2021.

/s/ Lynn A. Wentworth
Lynn A. Wentworth
Director

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

On the 8th day of February, 2021, personally appeared before me Lynn A. Wentworth, to me known and known to me to be the person described in and who executed the foregoing instrument, and she duly acknowledged to me that she executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 8th day of February, 2021.

/s/ Connie M. Vogt
Connie M. Vogt
Notary Public, State of Ohio
My commission expires 04-28-2025

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2020 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Andrew R. Kaiser and Christopher J. Wilson, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 4th day of February, 2021.

/s/ Martin J. Yudkovitz
Martin J. Yudkovitz
Director

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

On the 4th day of February, 2021, personally appeared before me Martin J. Yudkovitz, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 4th day of February, 2021.

/s/ Connie M. Vogt
Connie M. Vogt
Notary Public, State of Ohio
My commission expires 04-28-2025

Exhibit 31.1

Certifications

I, Leigh R. Fox, Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 10-K of Cincinnati Bell Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:February 25, 2021

/s/ Leigh R. Fox
Leigh R. Fox
Chief Executive Officer

Exhibit 31.2

Certifications

I, Andrew R. Kaiser, Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 10-K of Cincinnati Bell Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:February 25, 2021

/s/ Andrew R. Kaiser
Andrew R. Kaiser
Chief Executive Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Cincinnati Bell Inc. (the "Company") on Form 10-K for the period ending December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Leigh R. Fox, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Leigh R. Fox
Leigh R. Fox
Chief Executive Officer
February 25, 2021

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Cincinnati Bell Inc. (the "Company") on Form 10-K for the period ending December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Leigh R. Fox, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Andrew R. Kaiser
Andrew R. Kaiser
Chief Financial Officer
February 25, 2021

Exhibit 99.1

Cincinnati Bell Inc.

Telecommunications Peer Group

The companies comprising the Telecommunications Peer Group are listed below:

ATN International, Inc.
CenturyLink, Inc.
Cogent Communications Holdings, Inc.
Consolidated Communications Holdings, Inc.
Endurance International Group Holdings, Inc.
Frontier Communications Corporation
GCI Liberty, Inc.
Gogo Inc.
GTT Communications, Inc.
IDT Corporation
Iridium Communications Inc.
ORBCOMM Inc.
SBA Communications Corporation
Shenandoah Telecommunications Company
Spok Holdings, Inc.
Telephone and Data Systems, Inc.
United States Cellular Corporation
Vonage Holdings Corp.
Zayo Group Holdings, Inc.

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, 2021

☐ **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:

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 every Interactive Data File required to be submitted 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 such files). Yes ☐ No ☒

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The Company no longer meets the definition of an SEC registrant and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K. The Company is filing this Form-10-K with the SEC on a voluntary basis.

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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") provide integrated communications and IT solutions that keep consumer and business customers connected with each other and with the world. The Company operates its businesses through the following segments: Network, previously referred to as Entertainment and Communications, and IT Services and Hardware.

On March 13, 2020 the Company, entered into an Agreement and Plan of Merger (the "Merger Agreement") with Red Fiber Parent LLC, a Delaware limited liability company ("Parent"), and RF Merger Sub Inc., an Ohio corporation and directly wholly owned subsidiary of Parent ("Merger Sub"). On September 7, 2021 (the "Closing Date" or "Merger Date"), upon the terms and subject to the conditions set forth in the Merger Agreement, and in accordance with the applicable provisions of the Ohio General Corporation Law (the "OGCL"), Merger Sub merged with and into the Company, with the Company continuing as the surviving corporation (the "Merger"). At the effective time of the Merger (the "Effective Time"), the separate corporate existence of Merger Sub ceased, and the Company survived the Merger as a wholly owned private subsidiary of Parent.

Pursuant to the Merger Agreement, each of Cincinnati Bell's issued and outstanding Common Shares was converted into the right to receive $15.50 per share in cash, without interest. Trading of the Company's Common Shares was suspended on the New York Stock Exchange ("NYSE") and the Common Shares were subsequently delisted from the NYSE. Additionally, the Company redeemed Depositary Shares simultaneously with the redemption of the 6 3/4% Preferred Shares, at a redemption price of $50 per Depositary Share (equivalent to $1,000 per 6 3/4% Preferred Share), and the Depositary Shares were then delisted from the NYSE. As a result of the Merger Agreement, the Company has ceased to be a registrant (see Note 12 to the consolidated financial statements); however, due to contractual provisions in certain indentures, the Company is required to voluntarily file with the U.S. Securities and Exchange Commission ("SEC").

This Annual Report on Form 10-K provides an overview of Cincinnati Bell Inc.'s financial condition as of December 31, 2021 and our results of operations for the periods January 1, 2021 through September 7, 2021, September 8, 2021 through December 31, 2021 and the years ended December 31, 2020 and 2019. References in this Annual Report to "Successor" refer to the Company on or after September 8, 2021 and references to "Predecessor" refer to the results prior to September 8, 2021. This discussion should be read in conjunction with the accompanying Consolidated Financial Statements and accompanying notes.

Our results of operations as reported in our Consolidated Financial Statements for these periods are prepared in accordance with GAAP. Although GAAP requires that we report on our results for the period from January 1, 2021 through September 7, 2021 and the period from September 8, 2021 through December 31, 2021 separately, management views the Company's operating results for the year ended December 31, 2021 by combining the results of the applicable Predecessor and Successor periods because such presentation provides the most meaningful comparison of our results to prior periods.

To enhance the analysis of our operating results for the periods presented, we have included a discussion of selected financial and operating data of the Predecessor and Successor on a combined basis for the year ended December 31, 2021. This presentation consists of the mathematical addition of selected financial and operating data of the Predecessor for the period from January 1, 2021 to September 7, 2021 plus the comparable financial and operating data of the Successor for the period from September 8, 2021 to December 31, 2021. There are no other adjustments made in the combined presentation. The mathematical combination of selected financial and operating data is included below under the heading "Combined Year Ended December 31, 2021" and this data is a non-GAAP presentation. Management believes that this selected financial and operating data provides investors with useful information upon which to assess our operating performance because the results of operations for a twelve-month period correspond to how we have reported our results in the past and how we will report our results in the future.

Through its Network segment, the Company provides high-speed data, video, and voice solutions to consumers and businesses over an expanding fiber network and a legacy copper network. During 2018, the Company acquired Hawaiian Telcom Holdco, Inc. ("Hawaiian Telcom"), the largest full service provider of communication services on all of Hawaii's major islands. This acquisition added operational scale to our business by adding access to both Honolulu, a well-developed, fiber-rich city on Oahu, as well as the growing neighbor islands. As a result of the acquisition, the Company's combined fiber networks are approximately 18,800 fiber route miles.

Through its IT Services and Hardware segment, business customers across the U.S., Canada and Europe rely on the Company for the sale and service of efficient, end-to-end communications and IT systems and solutions. During 2017, the Company expanded the geographic footprint of its IT Services and Hardware segment as a result of the acquisitions of SunTel Services LLC ("SunTel") and OnX Holdings LLC ("OnX"), transforming the business into a North American hybrid-cloud services provider. In addition, the acquisition of Hawaiian Telcom in 2018 also expanded the IT Services and Hardware segment to Hawaii.

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, we believe that by leveraging our past and future investments, we have created 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 fiber network; and
- grow our IT Services and Hardware segment.

Expand our fiber network

We invested $152.1 million of capital in the Network segment in products that can be categorized as either Fioptics in Cincinnati or Consumer/SMB Fiber in Hawaii (collectively, "Consumer/SMB Fiber") during the combined Predecessor and Successor periods included within 2021. Revenue from these high demand products totaled $473.6 million for the combined Predecessor and Successor periods included within 2021, up $27.2 million over the prior year partially mitigating the decline in legacy products. The primary focus of these investments is the expansion of high-speed internet products which are designed to compete directly with the cable Multiple System Operators, such as Charter Communications, serving the Company's operating territories. Year-over-year revenue and subscribers for these products are outlined in the table below:

Cincinnati Operating Territory	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Non-GAAP Combined Year Ended December 31, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
Consumer / SMB Fiber Revenue (in millions):	$ 124.5	$ 260.5	$ 385.0	$ 360.4	$ 353.2
Subscribers (in thousands):					
High-speed internet	283.0	n/a	283.0	266.6	250.6
Video	123.3	n/a	123.3	128.0	135.1
Voice	101.2	n/a	101.2	103.8	106.8

Hawaii Operating Territory	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Non-GAAP Combined Year Ended December 31, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
Consumer / SMB Fiber Revenue (in millions):	$ 27.7	$ 60.9	$ 88.6	$ 86.0	$ 87.2
Subscribers (in thousands):					
High-speed internet	74.3	n/a	74.3	70.8	68.2
Video	37.5	n/a	37.5	40.6	42.7
Voice	28.0	n/a	28.0	29.5	30.0

During the year, we passed an additional 22,100 addresses in the Greater Cincinnati area with Fioptics, which included a focus on Fiber to the Premise ("FTTP") addresses as FTTP has become a more relevant solution for our customers. As of December 31, 2021, the Fioptics products are now available to approximately 659,100 customer locations or 80% of the Greater Cincinnati operating territory. During 2021, we passed an additional 25,000 addresses in Hawaii. The Consumer/SMB Fiber products are now available to approximately 279,300 addresses, or 55% of the operating territory in Hawaii, including Oahu and the neighbor islands.

In the combined Predecessor and Successor periods included within 2021, the Company also invested $35.2 million in Enterprise Fiber products, which includes fiber and IP-based core network technology. These investments position the

Company to meet increased business and carrier demand within Greater Cincinnati and in contiguous markets in the Midwest region. In Hawaii, expenditures are for high-bandwidth data transport products, such as metro-ethernet, including the Southeast Asia to United States ("SEA-US") cable. We continue to evolve and optimize network assets to support the migration of legacy products to new technology, and as of December 31, 2021, the Company has:

- increased the total number of commercial addresses with fiber-based services (referred to as a lit address) to 31,500 in Greater Cincinnati and 22,400 in Hawaii by connecting approximately 1,300 additional lit addresses in Greater Cincinnati and 1,200 additional lit addresses in Hawaii during the combined Predecessor and Successor periods included within 2021;
- expanded the fiber network to span more than 13,500 route miles in Greater Cincinnati and 5,300 route miles in Hawaii; and
- provided cell site back-haul services to approximately 95% of the 1,075 cell sites in the Greater Cincinnati market, of which approximately 97% of these sites are lit with fiber, and approximately 90% of the 1,200 cell sites in Hawaii, nearly all of which are lit with fiber.

In the fourth quarter of 2020, the Company entered into a definitive purchase agreement to acquire inter-island submarine and middle-mile terrestrial fiber infrastructure assets in Hawaii owned by the bankruptcy estate of the Paniolo Cable Company, LLC. The transaction closed in August 2021 for an amount of $52.3 million, inclusive of transaction costs. The Company's expanding fiber assets allow us to support the ever-increasing demand for data, video and internet devices with speed, agility and security. 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 grow the IT Services and Hardware segment by developing new products as well as expanding its reach to new customers. As a result of both organic and inorganic growth, our geographic footprint now extends across the U.S., Canada, Europe and India. We continue to diversify our customer base and expand our product portfolio. During 2018, the acquisition of Hawaiian Telcom helped to expand the segment even further across the U.S. to Hawaii. The Company continues to develop high-demand products for business customers through our investments in unified communications and cloud services. Our ability to be innovative and to react to the changing technology demands of our customers is important to the growth of our IT Services and Hardware segment. Our offerings under the Infrastructure Solutions practice provide a platform for buyer engagement and an opportunity for connecting the customer to higher value professional and managed services.

As a company with a long history of managing customers' network and technology needs, we combine the management of the network, whether owned 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 managed service models. Customers are attracted to our ability to combine our historic knowledge, unique assets and talented workforce in order to help them improve their operational efficiency, mitigate risk and reduce costs.

Operations

As of December 31, 2021, the Company operated two segments: Network and IT Services and Hardware.

The Network segment provides products and services that can be categorized as either Consumer/SMB Fiber, Enterprise Fiber or Legacy. The table below demonstrates how our products and services are categorized:

Network			
	Consumer / SMB Fiber	**Enterprise Fiber**	**Legacy**
Data	Fiber to the Premise ("FTTP") Fiber to the Node ("FTTN") DSL (> 10 Mb) (1)	Ethernet (>10Mb) Dedicated Internet Access Wavelength IRU Small Cell SONET (2)	DSL (< 10 Mb) DS0 (3), DS1, DS3 TDM (4) Ethernet (<10 Mb)
Voice	Voice (Fiber)		Traditional Voice Consumer Long Distance Switched Access Digital Trunking
Video	Television Service		
Other	Connect America Fund support Subsidized Fiber Build Projects		Maintenance Information Services Directory Assistance Advertising Wireless Handsets and Accessories Wireless Services Wiring Projects

(1) Digital Subscriber Line
(2) Synchronous Optical Network
(3) Digital Signal
(4) Time Division Multiplexing

We classify the products and services of our IT Services and Hardware segment into four distinct practices: Consulting, Cloud, Communications and Infrastructure Solutions. The table below demonstrates how our products and services are categorized:

IT Services and Hardware	
Consulting	IT Staffing Application Services
Cloud	Virtual Data Centers Storage Backup Network Management/Monitoring Security Data Center Cloud Consulting Public Cloud
Communications	Unified Communications as a Services ("UCaaS") Contact Center Software Defined Wide Area Networking ("SD-WAN") Networking Solutions Multi-Protocol Label Switching ("MPLS") Network as a Service ("NaaS")
Infrastructure Solutions	Hardware Software Licenses Maintenance

Network

The Network segment provides products and services such as high-speed internet, data transport, local voice, 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 approximately 150 years. Voice and data services in the Enterprise Fiber and Legacy categories that are delivered beyond the Company's ILEC territory, particularly in Dayton and Mason, Ohio, are provided through the operations of Cincinnati Bell Extended Territories LLC ("CBET"), a subsidiary of CBT. Hawaiian Telcom, a subsidiary of the Company, is the ILEC for the State of Hawaii and the largest full service provider of communications services and products in that state. Originally incorporated in Hawaii in 1883 as Mutual Telephone Company, Hawaiian Telcom has a strong heritage of over 135 years as Hawaii's communications carrier. Its services are offered on all of Hawaii's major islands, except its video service, which currently is only available on the island of Oahu. The key products and services provided by the Network 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. To address this demand, the Company is focused on building out FTTP addresses, enabling these addresses to receive speeds up to one gigabit per second ("Gbps"). FTTP addresses now cover 65% of the market in Greater Cincinnati and 44% of the market in Hawaii. The Company is now able to provide internet speeds of up to 30 megabits per second ("Mbps") or more to approximately 80% of Greater Cincinnati and up to 20 Mbps or more to approximately 72% of homes and businesses on the island of Oahu, of which approximately 530,800 and 215,000 addresses are capable of receiving speeds up to one Gbps in Greater Cincinnati and Hawaii, respectively.

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. 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.

As a result of the acquisition of Hawaiian Telcom, the Company gained access to the SEA-US trans-Pacific submarine cable system connecting Indonesia, the Philippines, Guam, Hawaii and the mainland United States. The system provides an initial 20 Terabytes per second ("Tbps") of capacity using state-of-the-art 100 Gbps technology to accommodate the increase in data consumption.

Voice

Voice represents local service over both copper and fiber. It also includes consumer 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 over copper continue to decrease as its customers have increasingly employed wireless technologies in lieu of wireline voice services ("wireless substitution"), migrated to competitors, or migrated to VoIP services provided by the Company and others.

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.

Video

In the Greater Cincinnati territory, the Company launched Fioptics in 2009 and initially focused our fiber network investment on densely populated areas, such as apartments and condominiums. Since that time, Fioptics has been deployed over a much broader base and is now available to approximately 80% of Greater Cincinnati. As of December 31, 2021, we have 123,300 video subscribers in Greater Cincinnati. Our Fioptics customers enjoy access to over 400 entertainment channels, including digital music, local, movie and sports programming with over 150 high-definition channels, parental controls, HD DVR and video On-Demand.

In Hawaii, the Company launched its next-generation television service on the island of Oahu in July 2011. The TV service is 100% digital with hundreds of local, national, international and music channels, including high-definition, premium, pay-per-view channels and video on-demand service. TV service has been deployed to 37,500 subscribers in Hawaii as of the end of 2021.

Other

Other revenue consists of revenue generated from wiring projects for business customers, Connect America Fund support (see "Regulatory Matters and Competitive Trends" for further discussion of universal service), advertising, directory assistance, maintenance and information services. Beginning in 2021, Other revenue also includes subsidized fiber build project revenue related to extending the Company's fiber network in the Greater Cincinnati territory subsidized through our UniCity program.

IT Services and Hardware

The IT Services and Hardware segment provides a full range of managed IT solutions, 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 U.S., Canada, Europe and India. By offering a full range of Infrastructure Solutions in addition to Cloud, Communications and Consulting services, the IT Services and Hardware segment provides end-to-end IT 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:

Consulting

The Company's consulting services offerings consist of IT staffing and project-based engagements, including engineering and installation of voice, connectivity and IT technologies, development of digital 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. These professionals are comprised of employees and contractors located in the U.S., Canada, Europe and India.

Communications

The Company 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 a service for a monthly utility fee allowing our customers to scale without a large capital investment.

The solutions offered in the Communications practice include UCaaS, SD-WAN, NaaS, Contact Center and other Networking Solutions. UCaaS provides a portfolio of solutions that includes VoIP, room-based video, mobile solutions, chat/presence, messaging, web conferencing, audio conferencing, social media, contact center solutions, and more in order to serve a customer's collaboration needs. Cloud delivered SD-WAN is a revolutionary, agile platform to deploy, manage and monitor hybrid public, private, wireline and wireless networks. NaaS is a fully managed networking solution with cloud integration, security, switching, Wi-Fi, management, monitoring and SD-WAN. Our Contact Center offering features speech-enabled Interactive Voice Response ("IVR"), call-back services, call analytics and surveys, speech analytics, alerts and notification, and improved customer satisfaction and productivity. Additionally, we manage the maintenance of a large base of customers with traditional voice systems as well as converged VoIP systems under Networking Solutions.

Cloud

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 the Company and monitored around the clock from its Enterprise Network Operations Center ("ENOC").

Storage is a flexible, on-demand solution that enables businesses to eliminate capital expenditures and ongoing asset management with SLA-based services. The Company offers Tier I, Tier II and Tier III storage to meet its customers' availability, accessibility, protection, performance and capacity needs.

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.

The Company provides SLA-based monitoring and management services utilizing its 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 equipment provided by the Company 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.

Infrastructure Solutions

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.

Sales and Distribution Channels

The Company's Network segment utilizes a number of distribution channels to acquire customers. As of December 31, 2021, the Company operated seven retail stores in the Cincinnati operating territory to market and distribute our Fioptics suite of products. 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 for both the Cincinnati operating territory and the Hawaii operating territory. In addition, the Company utilizes a call center, as well as a door-to-door sales force, to target the sale of our consumer products to residents.

For both operating segments, we utilize a business-to-business sales force and a call center organization to reach business customers in our operating territories. Larger business customers are supported by sales account representatives and solution architects located in our branch offices across the U.S., Canada and Europe 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.

The IT Services and Hardware segment utilizes an indirect distribution channel to sell services, primarily focused on Communications. Compensation to the distributor is success-based and typically involves a residual payment based on revenue from customers.

Suppliers and Product Supply Chain

The Company generally subjects purchases to competitive bids and selects its vendors based on price, service level, delivery terms, quality of product and terms and conditions.

The Network segment's primary purchases are for video content, network equipment, software, fiber cable and contractors to maintain and support the growth of the fiber network. The Company maintains facilities and operations for storing cable and other equipment, product distribution and customer fulfillment.

The Company purchases some of its programming directly from the program networks by entering into affiliation agreements with the programming suppliers. The Company also benefits from membership with the National Cable Television Cooperative ("NCTC"), which enables us to take advantage of volume discounts. As of December 31, 2021, approximately 70% of Cincinnati's programming was sourced from the NCTC and approximately 55% of Hawaiian Telcom's programming was sourced from the NCTC.

The IT Services and Hardware segment 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 leading technology and software solutions including, but not limited to, Cisco, Hewlett-Packard, Dell and IBM. 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 Network 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 portion of the customer base migrates to 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 and competition is the reason for the largest portion of the Company's access line and long-distance line losses.

Our Consumer/SMB Fiber and Enterprise Fiber 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 that allow them to more aggressively price products, as well as provide products on a much broader scale given their expanded geographic operations. Our competitors 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 Company's video product 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 churn and decreased penetration for video; however, this trend could also drive increased demand for our high-speed internet product.

The IT Services and Hardware segment competes against numerous 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. In addition, as more customers migrate to the public cloud, we expect to see declines in the demand for Infrastructure Solutions. However, this trend could provide an opportunity in Consulting, Communications and Cloud Services as the Company has IT professionals that can assist customers through this migration to the public cloud.

Customers

The Company had no customers whose revenue comprised greater than 10% of total revenue for the combined Predecessor and Successor periods included within 2021 and the years ended December 31, 2020 and 2019. As of December 31, 2021 and 2020, Verizon Communications Inc. ("Verizon") comprised 26% and 20% of consolidated accounts receivable, respectively. The accounts receivable with Verizon are significant to the Company, but the associated revenue does not exceed 10% of total revenue as a result of the application of ASC 606 and management's conclusion that for hardware transactions we act as the agent and, as a result, record revenue net of the cost of product.

Employees and Human Capital Resources

At December 31, 2021, the Company had approximately 5,200 employees. Approximately 22% of its employees are covered by collective bargaining agreements. Approximately 11% of total employees are covered by a collective bargaining agreement with the Communications Workers of America ("CWA"), which is affiliated with the AFL-CIO, and approximately 11% of total employees are covered by a collective bargaining agreement with the International Brotherhood of Electrical Workers (IBEW) Local 1357. The collective bargaining agreements with the CWA and IBEW are effective until the second quarter of 2026 and third quarter of 2022, respectively.

The Company knows that our people are our most valuable assets and is committed to investing in them and their success. We have developed various programs and practices to support, develop and care for our employees throughout their careers with the Company.

Diversity, Equity and Inclusion – The Company believes in the transformative power of connectivity, and we believe connections are made stronger when we embrace the diversity in our employees. It is our mission to create an environment that celebrates the unique qualities of those around us and empowering every employee to reach his or her full potential. We are committed to employing diversity and inclusion efforts that align with our values, such as talent development and progressive hiring practices which will help drive increased representation of underrepresented groups across the organization. In addition, we are committed to developing fair systems, procedures and resource distribution to ensure that we create equitable opportunities for all employees. The Company has dedicated staff focused on diversity, equity and inclusion efforts throughout the organization.

Professional Development – Investing in the development of our people is a core value of the Company. As a result, the Company continually seeks to offer new and innovative ways to provide development opportunities to our employees throughout their careers including, but not limited to, on-demand training for both professional and industry-specific skills through our intranet site, certification programs to encourage employees to develop and enhance skills, technical talent programs to provide technical leadership and define job enrichment opportunities across the organization and leadership development programs to enable employees to grow and progress on the leadership path.

Employee Engagement – The Company seeks to create and communicate engagement opportunities for all employees for increased development and retention through surveys, periodic town hall meetings with leadership and other forms of direct employee feedback. In addition, the Company sponsors several resource groups which we believe are the cornerstone for personal and professional enrichment and are also integral to the exploration of diversity and inclusion in our workplace. Employees are encouraged to partner with the Company to pursue areas of passion including community outreach activities and volunteer programs.

Safety – The Company is focused on establishing safety as a core value among employees with the primary goal that every employee returns home safely at the end of the day. This applies not only to our field technicians and warehouse personnel but also to our employees working in an office environment. As a result, the Company has hired additional staff to increase safety training, observations and assist in building our overall safety culture.

Compensation and Benefits – The Company is committed to rewarding and supporting our employees, and therefore, we offer a comprehensive compensation program that includes market-competitive pay, healthcare benefits, a retirement savings plan, tuition reimbursement programs, and paid time off and family leave.

In response to the COVID-19 pandemic, we implemented significant changes that we determined were in the best interest of our employees as well as the communities in which we operate. These include having the vast majority of our employees work from home starting in March 2020 and implementing additional safety measures for employees continuing critical work out in the field and at customer locations. We have also provided programs and resources to our employees to assist with the transition and added several company-wide paid days off and caregiving support to help employees balance their work and life responsibilities.

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 has ceased to be a registrant but continues to voluntarily file annual, quarterly and certain other information with the SEC due to contractual provisions included in certain indentures. The SEC maintains an internet site that contains reports, proxy statements, and other information about issuers which file electronically with the SEC. The address of that site is http://www.sec.gov.

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.

Risks Related to Our Business, Operations and Industry

The global outbreak of COVID-19 and related government, private sector and individual consumer responsive actions have adversely affected the Company's business operations, employee availability, financial performance, liquidity and cash flow and are expected to continue to do so for an unknown period of time.

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, and on March 13, 2020, President Trump declared a national emergency relating to the outbreak. The outbreak has spread globally and has, and continues to, adversely affect workforces, customers and consumer sentiment and, along with a decrease in consumer spending, has led to an economic downturn in many markets. National, state and local authorities have recommended social distancing measures and have imposed and continue to consider quarantine and isolation measures for large portions of the population, including mandatory business closures. These measures, while intended to protect human life, have had, and are expected to continue to have, serious adverse impacts on domestic and foreign economies of uncertain severity and duration.

In the United States and in other countries and regions where we have a significant employee presence, facilities or critical operations, the outbreak of COVID-19 has impacted our ability to manage day-to-day operations and service our customers. It has also increased our costs of operations and resulted in, among other things, loss of revenue. For example, we have implemented corporate and personal travel restrictions for employees and vendors, cancelled events and enabled work-from-home for many employees by equipping them to safely support customers remotely. We have also implemented additional safety measures for our retail stores and field operations teams. Due to stay-at-home orders easing in the primary markets in which the Company operates, day-to-day operations normalized for most of 2021. In late 2021 the Omicron variant was identified and started to spread across both the vaccinated and unvaccinated population resulting in temporary closures of certain business in the first quarter of 2022 as a result of staffing limitations. The ultimate impact of this variant and future variants is unknown, and the Company may be required to temporarily close or reduce operations at certain of its retail locations, facilities or call centers again due to the resurgence of the COVID-19 omicron variant in the markets in which the Company operates. We expect the foregoing effects and other effects of COVID-19 to continue for an unknown period of time.

Our business has been, and is expected to continue to be, negatively impacted by the effects of, or precautions taken to avoid exposure to, COVID-19, such as reduced travel, or recommendations or mandates from governmental authorities to avoid large gatherings or to self-quarantine, and by the resulting disruptions to economic conditions and financial markets. Such impacts include, but are not limited to:

- Disruptions to our third-party providers, including those who provide many of our information technology, call center functions, certain accounting functions and other critical vendor services;
- Reduced workforces caused by, among other things, the temporary inability of the workforce to work due to illness, quarantine, government mandates, or temporary unwillingness to work due to health concerns;
- Increased labor and material costs with certain third-party providers that are contracted to support and perform activities associated with the build-out of our fiber network.
- Reduced customer demand or customer payment of accounts receivables as a result of adverse economic conditions resulting from the COVID-19 pandemic; and
- Reduced availability of certain network equipment in the supply chain due to increased demand and certain suppliers who have had, or continue to have, workforce constraints due to the COVID-19 pandemic.

Potential future impacts include, but are not limited to:

- Increased supply chain risks such as increased scrutiny or embargoing of goods produced in infected areas;
- Increased health insurance and labor-related costs arising from illness, quarantine and the implementation of social distancing and work-from-home measures;

- Reduced availability of employees or increased attrition due to new government orders or mandates, such as government-imposed vaccine mandates
- Increased risk of phishing and other cybersecurity attacks, and increased risk of unauthorized dissemination of sensitive personal information or proprietary or confidential information about us, our customers or other third parties as a result of employees or third-party vendors' employees working remotely; and
- In the event of a natural disaster, power outage, connectivity issue or other event that impacts our employees' ability to work remotely, it may be difficult or, in certain cases, impossible, for us to continue to support our customers' needs and respond to inquiries through call center operations or to perform necessary repairs and maintenance.

The foregoing impacts, and other impacts of COVID-19 discussed elsewhere in these Risk Factors, are consistent with those generally affecting the economic, financial, regulatory and political conditions in the United States and elsewhere in the world and are generally applicable to the industries and markets in which the Company and our subsidiaries operate. These impacts could materially increase our costs, negatively impact our consumer and business sales and damage the Company's financial condition, results of operations, cash flows and liquidity position, possibly to a significant degree. The severity and duration of any such impacts cannot be predicted because of the rapidly evolving nature of the COVID-19 pandemic and related factors, including the severity and transmission rate of the virus, the extent and effectiveness of containment actions, the distribution and effectiveness of vaccines and the impact of these and other factors on our employees, customers and suppliers.

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 that they can offer in expanded geographic regions. Our competitors are expected to continuously upgrade their service quality and offerings. If the Company cannot continue to offer reliable, competitively priced, value-added services, or if the Company does not keep pace with technological advances and upgrades, competitive forces could adversely affect it through a loss of market share or a decrease in revenue and profit margins.

The Network segment faces competition from other local exchange carriers, wireless service providers, inter-exchange carriers, cable, broadband and internet service providers, other telecom companies, niche fiber companies and companies that deliver movies, television shows and other video programming over broadband Internet connections. Wireless providers, particularly those that provide unlimited wireless voice and data plans with no additional fees for long distance, offer customers a substitution for the Company's services. The Company believes wireless substitution accounts for the largest portion of its access line losses. Also, cable competitors that have existing service relationships with the Company's customers in the Network segment offer substitution services, such as VoIP and long distance voice services in the Company's operating areas. As a result of wireless substitution and increased competition, legacy voice lines decreased by 11% and 14% in Cincinnati and Hawaii, respectively, in 2021 compared to 2020.

In addition, our strategic products, particularly our fiber-based products, face competition from a number of different sources including cable operators, other telecom companies, niche fiber companies, and 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 churn and decreased penetration in our Consumer/SMB Fiber products. If the Company is unable to effectively implement strategies to attract and retain 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 Network segment 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. 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 adversely affect the Company's IT Services and Hardware segment and have a material adverse impact on the Company's business, financial condition, results of operations and cash flows.

The Company may be unable to grow its revenues and cash flows despite the initiatives it has 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, and fund our pension and other employee benefit obligations. We have identified some potential areas of opportunity and implemented several growth initiatives. We cannot be assured that these opportunities will be successful or that these initiatives will improve our financial position or our results of operations. The outbreak of COVID-19 has, and may continue to, negatively impact these opportunities and require us to incur additional related costs such as overtime wages for employees that are working additional hours to offset employees that are following quarantine protocol and personal protective equipment for field technicians and customer facing employees.

If the Company's goodwill, indefinite-lived intangible assets or long-lived assets become impaired, the Company may be required to record significant charges to earnings.

The Company has a substantial amount of goodwill, intangible assets and long-lived assets on its balance sheet. The Company reviews goodwill, indefinite-lived intangible assets and long-lived assets for impairment annually or whenever events or circumstances indicate impairment may have occurred. The impairment evaluation requires significant judgment and estimates by management, and unfavorable changes in these assumptions or other factors could result in future impairment charges and have a significant adverse impact on the Company's reported earnings. Such factors include operating performance of the business, the execution of the Company's network build plan, growth of consumer and business activations, higher than anticipated churn, changes in customer behavior post-pandemic, ability of the infrastructure practice to obtain product on a timely basis, changes in discount rates, or other key business initiatives. Additionally, value of comparable companies may also impact the fair value of our reporting units, which could result in a write-down of goodwill and reduction to net income.

For further information on Cincinnati Bell's evaluation of impairment for goodwill, indefinite-lived intangible assets and long-lived assets, see "Critical Accounting Estimates" under Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Failure to anticipate the need to introduce new products and services or to compete with new technologies may compromise the Company's success in our industries.

The Company's success depends, in part, on being able to anticipate the needs of current and future business, carrier and consumer 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 our industry is technologically driven, such that new technologies can offer alternatives to the Company's existing services. If our new products and services fail to gain acceptance in the marketplace, or if costs associated with the implementation and introduction of these new products and services materially increase, it could 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 subsidiaries have 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.

The Company has provided alternative sources of revenue by way of its strategic products; however, these products may generate lower profit margins than its traditional services. In addition, as a larger portion of our customer base has already migrated to these new product offerings, a decreased growth rate of strategic products can be expected. Moreover, we cannot provide assurance that the revenues generated from our new offerings will mitigate revenue losses from the reduced sales of our legacy products or that our new strategic offerings will be as successful as anticipated.

Negotiations with the providers of content for our video programming may not be successful, potentially resulting in our inability to carry certain programming channels, which could result in the loss of subscribers. In addition, due to the influence of some content providers, we may be forced to pay higher rates for some content resulting in increased costs.

We must negotiate with the content owners of the programming that we carry. These content owners are the exclusive provider of the channels they offer. If we are unable to reach a mutually-agreed upon contract with a content owner, our existing agreements to carry this content may not be renewed, resulting in the blackout of these channels. The loss of content could result in our loss of customers who place a high value on the particular content that is lost. In addition, many content providers own multiple channels. As a result, we typically have to negotiate the pricing for multiple channels rather than one, and carry and pay for content with which customers do not associate much value, in order to have access to other content with which customers do associate value. Some of our competitors have materially larger scale than we do and may, as a result, be better positioned than we are in such negotiations. As a result of these factors, the expense of content may continue to increase and have a material adverse impact on the Company's results of operations and cash flows.

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, leading 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 financial compensation or may be able to terminate their relationship with the Company. In order to provide these levels of service, the Company is required to protect against human error, natural disasters, equipment failure, power failure, sabotage and vandalism, and have disaster recovery plans available in the event of disruption of service. Additionally, in the event that a significant number of our field technicians are affected by COVID-19, our ability to maintain our network could be reduced or could require significant overtime by unaffected field technicians. The failure to address these or other events may result in a disruption of service. In addition, any inability to meet service level commitments or other performance standards could reduce the confidence of customers. Decreased customer confidence could impair the Company's ability to attract and retain customers, which could adversely affect the Company's ability to generate revenues and operating results.

The Company generates a substantial portion of revenue by serving a limited geographic area.

The Company generates a substantial portion of revenue by serving customers in Cincinnati, Ohio, Dayton, Ohio and the islands of Hawaii. An economic downturn or natural disaster occurring in any of these limited operating territories 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. Furthermore, because of Hawaii's geographic isolation, the successful operation and growth of the business in Hawaii is dependent on favorable economic and regulatory conditions in the state. The impact of COVID-19 on the Hawaiian Islands has been, and could continue to be, more significant than in other geographies due to reliance on tourism by many businesses and reductions in tourism due to social distancing measures, self-quarantine and vaccine requirements for visitors and recommendations of federal, state and local governments.

The customer base for telecommunications services in Hawaii is small and geographically concentrated. The population of Hawaii is approximately 1.5 million, approximately 70% of whom live on the island of Oahu. Any adverse economic conditions affecting Oahu (including the outbreak of COVID-19), or Hawaii generally, could materially impair our ability to operate our business. Labor shortages or increased labor costs in Hawaii could also have an adverse effect on our business. In addition, we may be subject to increased costs for goods and services that we are unable to control or defray as a result of operating in this limited territory. Increased expenses including, but not limited to, energy and health care could have an adverse effect on our business and results of operations.

One large customer accounts for a significant portion of the Company's accounts receivable. The loss or significant reduction in business from this customer would cause operating results to decline and could negatively impact profitability and cash flows.

As of December 31, 2021 and 2020, Verizon Communications Inc. ("Verizon") comprised 26% and 20% of consolidated accounts receivable, respectively. As a result of these concentrations, the Company's results of operations and financial condition could be materially affected if the Company lost this customer or if products and services purchased were significantly reduced. In addition, if Verizon 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 Company's accounts receivable securitization facility ("Receivables Facility").

Maintaining the Company's telecommunications networks requires significant capital expenditures, and the Company's inability or failure to maintain its telecommunications networks could have a material impact on the Company's 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 intends to continue its capital expenditures for fiber optic cable.

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 continues to occur and our existing network capacity becomes unable to handle the increased demand, 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 could 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.

An IT and/or network security breach or cyber-attack may lead to unauthorized use or disabling of our network, theft of customer data or other sensitive data, unauthorized use or publication of our confidential business information and could have a material adverse effect on our business.

Cyber-attacks and other breaches of network or information technology security could have an adverse effect on our business. Our business relies on the integrity and availability of our technology infrastructure and systems and the processes that deliver services to our customers and business partners. The security of data we create or collect is also important to our customers, business partners and stakeholders.

We have a comprehensive security program in place designed to mitigate risks to our business from:

- Physical and personnel security threats;
- Data breaches involving customer, employee and other confidential data;
- Malware, including ransomware;
- Denial of service threats;
- Unauthorized changes to technology systems and data;
- Fraud;
- Hacking, including nation-state sponsored attacks on critical infrastructure;
- Unauthorized or unintentional actions by third parties;
- Compliance failures;
- Disasters and business continuity events; and
- Misuse of our systems, products and services.

Although we take proactive and reasonable steps to address these risks, including the use of insurance, we understand that physical and cyber security incidents are possible and could have a material effect to our businesses. Costs associated with a major security incident could include material retention incentives offered to existing customers or business partners, lost revenues from business interruption, litigation and damage to our reputation, fines from regulatory authorities, and increased expenditures for technology, security measures, and incident response. These costs or any prolonged disruption to our business operations could result in a material adverse effect on our results and financial condition. To date, we have not experienced any material security incident and continue to evaluate security risks to our businesses. We proactively review our security posture and adopt new control measures that address current and future physical and cyber security threats.

Cyber-attacks or security breaches at third parties providing critical services or with access to or possession of sensitive data could also adversely impact business operations or result in regulatory actions, loss of customers, legal fees or increased costs, associated with incident response beyond current insurance limits. Cyber-attacks of technology that is used in the organization's supply-chain to provide network and IT services or that are resold to customers could also have the same adverse impacts.

Weather conditions, 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, and other political instability, such as the current conflict between Russia and Ukraine and events beyond our control. Such events could cause significant damage to our infrastructure resulting in degradation or disruption of service to our customers. 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 could cause us to experience substantial losses resulting in significant recovery time and expenditures to resume operations as well as lost revenues from business interruption as well as damage to our reputation.

In particular, from time to time, the islands of Hawaii experience severe weather conditions such as high winds and heavy rainfall and natural disasters such as earthquakes, volcanic eruptions and tsunami, which can overwhelm our employees, disrupt our services and severely damage our property. Such disruptions in service and damage to property could materially harm our business, financial condition, results of operations or liquidity. Moreover, it is impossible to predict the extent to which climate change could cause extreme weather conditions to become more frequent or more extreme.

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, cause it to lose customers or materially and adversely impact its business, financial condition, and results of operations.

The Company depends on third-party providers to supply products and services. For example, many of the Company's information technology, call center functions and certain accounting functions are performed by third-party providers and network equipment is purchased from and maintained by vendors, some of which providers and vendors are located outside of the United States. Additionally, certain installation services sold by our IT Services and Hardware segment are performed by third-party providers.

Events that adversely impact our third-party providers could impair our ability to obtain adequate and timely services or supplies. Such events include, among others, difficulties or problems associated with our third party providers' business, the financial instability and labor problems of third party providers, natural or man-made disasters, inclement weather conditions, war, acts of terrorism and other political instability, such as the current conflict between Russia and Ukraine, economic conditions, shipment issues, and increased production costs. Our third-party providers may be forced to reduce their production, shut down their operations or file for bankruptcy. The occurrence of one or more of these events could impact our ability to get necessary inventory to build the fiber network, result in disruptions to our operations, increase our costs and decrease our profitability.

Governments, public institutions and other organizations in countries and regions where cases of COVID-19 have been detected have taken certain emergency measures to combat its spread and impact, including implementation of travel bans, suspension of public transportation and closures of factories, schools, public buildings, businesses and other institutions. The loss of 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. While the full impact of the COVID-19 outbreak is not yet known, potential effects on our business include disruptions to or restrictions on our third-party providers, suppliers and other vendors in our supply chain, including limitations on the ability of their employees to travel and temporary closures or reductions in the hours of their facilities or customer call centers.

As a result of the COVID-19 pandemic and its effects on our suppliers around the world, we have experienced shortages of certain inventory and capital assets, price increases and delays to the delivery of materials that have adversely impacted the Company's financial condition and operations. The ultimate impact of these adverse events is unknown as of the date of this filing and will be determined based on the duration of the pandemic. Additionally, we could be materially adversely impacted, including from any disruption to critical vendor services or losses of business, if any of our suppliers face significant business disruptions as a result of COVID-19 or any similar outbreak.

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 unions when they expire, or if the Company's 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 unions in both the Cincinnati and Hawaii operating territories, which represent approximately 22% of the Company's 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 could have a material adverse effect on the Company's business.

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 the Company's businesses and prospects generally.

In connection with the Merger, in September 2021, the Company entered into a new Credit Agreement (the "Credit Agreement") and terminated the Company's existing corporate credit agreement. The Credit Agreement was subsequently amended in November 2021 and provides for (i) a five-year $400 million senior secured revolving credit facility including both a letter of credit subfacility of up to $40 million and a swingline loan subfacility of up to $10 million (the "Revolving Credit Facility"), (ii) a seven-year $500 million senior secured term loan facility (the "Term B-1 Loans"), and (iii) a seven-year $650 million senior secured term loan facility (the "Term B-2 Loans" and together with the Term B-1 Loans, the "Term Loans"). The Revolving Credit Facility matures in September 2026, and the Term Loans mature in November 2028. Borrowings under the Term Loans were used in part to refinance existing Company indebtedness and for working capital and general corporate purposes. At December 31, 2021, there were no outstanding borrowings under the Revolving Credit Facility, leaving $400.0 million available.

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 our 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 will 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 contain limitations on the Company and 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 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 make other distributions to shareholders;
- repurchase equity interests;
- enter into agreements that restrict dividends or other payments from subsidiaries;
- issue or sell capital stock of certain of our subsidiaries;
- consolidate, merge, or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis; and
- change our fiscal year.

The Credit Agreement also requires the Company to achieve and maintain compliance with specified financial ratios.

The restrictions contained in the terms of the Credit Agreement and our 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 our operations, strategic acquisitions, investments or alliances, other capital needs, or to engage in other business activities that would be in our 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 Credit Agreement, the lenders may elect not to provide loans under the Revolving Credit Facility 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, subject to certain materiality thresholds. Failure to comply with these covenants, if not cured or waived, would limit the cash available to the Company required to fund operations and our general obligations and could result in the Company's dissolution, bankruptcy, liquidation or reorganization.

The Company depends on its 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 Company depends on the Revolving Credit Facility and its Receivables Facility to provide for short-term financing requirements in excess of amounts generated by operations. The Revolving Credit Facility has a maturity date of September 2026. The Receivables Facility has a termination date of June 2024 and is subject to renewal every 364 days, with the next renewal occurring in June 2023.

The Company's ability to borrow under its Revolving Credit Facility 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 our ability to borrow under these facilities.

As of December 31, 2021, the Company had no outstanding borrowings under the Revolving Credit Facility, leaving $400.0 million in additional borrowing availability under this facility. The $400.0 million available under the 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 could be adversely affected.

As of December 31, 2021, the Company had a total borrowing capacity of $215.0 million on a maximum borrowing capacity of $215.0 million on our Receivables Facility. At that date, there were $153.6 million of outstanding borrowings and $16.3 million of outstanding letters of credit. 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, 2021, the Company had $45.1 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 the Company's control.

The Company's ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory, and other factors, including the effects of the COVID-19 outbreak, many of which are beyond its control. The Company cannot provide assurance that its business will generate sufficient cash flow from operations, that additional sources of debt financing will be available or that future borrowings will be available under its Revolving Credit Facility 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, the Company will have to take actions such as reducing or delaying capital expenditures, strategic acquisitions, investments and alliances, selling assets, 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.

Risks Related to Our Financial Condition

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 COVID-19 pandemic has resulted in an economic downturn, including difficulty to hire and retain staff and a decrease in consumer and commercial activity that may continue for an extended period of time. The current conflict between Russia and Ukraine may also create additional uncertainty in the economic environment and world securities markets. The Company's primary source of cash is customer collections. As a result of current adverse economic conditions and uncertainty relating to the COVID-19 pandemic, some customers have cancelled or requested discounts on future contracted services or have had difficulty paying their accounts receivable. Additional customers may cancel or request discounts on future contracted services or have difficulty paying their accounts receivable, especially if economic conditions worsen. As a result of the negative economic impacts of the COVID-19 pandemic, the sales cycle has been lengthened, and could be further lengthened, due to business customers slowing spending and/or delaying decision-making on the Company's products and services, which has adversely affected, and could further adversely affect, revenues. Some competitors have lowered prices or offered promotions as a result of economic conditions, and others may do so as well, which has exerted, and could further exert, pricing pressure on the Company. If the economies of the U.S. and the world continue to deteriorate, this could have an adverse effect on the Company's business, financial condition, results of operations and cash flows.

Adverse changes in the value of assets or obligations associated with the Company's employee benefit plans could negatively impact shareowners' equity and liquidity.

The Company sponsors noncontributory defined benefit pension plans for eligible management employees, non-management employees and 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 significant negative impact on the Company's shareowners' equity. 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 to accelerate the timing of required payments.

Growing inflation, supply chain disruption and other increased operating costs could materially and adversely affect our results of operations.

Global demand inflation, supply chain disruptions, interest rate increases, civil unrest, tariffs and government regulations, which are beyond our control, could adversely affect operating costs and administrative expenses such as wages, benefits, supplies and inventory costs, insurance costs and costs of borrowing. Any such increase could impact results of operations and cash flows if we do not choose, or are unable, to pass the increased costs to our customers.

We rely on a limited number of suppliers for capital purchases needed to construct the fiber network, the hardware resale business and certain other supplies we use in our operations. Our ability to secure such equipment and supplies from alternative sources as needed may be time-consuming or expensive or may cause a temporary disruption in our supply chain. In recent months, we have anticipated intermittent shortages of certain supplies from our standard vendors and, accordingly, we enhanced our sourcing procedures to identify alternative suppliers and bought in excess in order to avoid any actual shortages, albeit sometimes at additional cost. Increasingly during 2021, the delivery times were extended on certain inventory items utilized by the Network business and the hardware resale business but, through alternative sourcing, we have thus far avoided any significant disruptions. Shortages or interruptions in the supply chain could occur for reasons within or beyond the control of us and the supplier. Decreased fuel supplies are anticipated to increase fuel prices, which may adversely impact our transportation costs for the field technicians and third parties who are assisting us with the network build. Any shortage or interruption to our supply chain could reduce our sales and profit margins, which in turn may materially and adversely affect our business and results of operations.

Intellectual Property, Tax, Regulatory, and Litigation Risks

The Company's future cash flows could be adversely affected if it is unable to fully realize its deferred tax assets.

As of December 31, 2021, the Company had deferred tax assets of $342.2 million, which are primarily composed of deferred tax assets associated with U.S. federal net operating loss carryforwards of $223.6 million, and state and local net operating loss carryforwards of $34.7 million. The Company has recorded a valuation allowance against deferred tax assets related to certain state and local 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 significant future tax liabilities without the use of the Company's cash resources. As a result of the merger, the Company's net operating losses face potential limitation under Internal Revenue Code Section 382 and similar state provisions. If the Company is unable for any reason to generate sufficient taxable income to fully realize its deferred tax assets, including its net operating losses, the Company's net income, shareowners' deficit and future cash flows would be adversely affected.

Changes in tax laws and regulations, and actions by federal, state and local taxing authorities related to the interpretation and application of such tax laws and regulations, could have a negative impact on the Company's financial results and cash flows.

The Company calculates, collects and remits various federal, state, and local taxes, surcharges, and regulatory fees to numerous federal, state and local governmental authorities, including but not limited to federal Universal Service Fund contributions, sales tax, regulatory fees and use tax on purchases of goods and services used in our business. Tax laws are subject to change, and new interpretations of how various statutes and regulations should be adhered to are frequently issued. In many cases, the application of tax laws are uncertain and subject to differing interpretations, especially when evaluated against the Company's new and evolving technologies and services. In the event that we have incorrectly calculated, assessed, or remitted amounts due to governmental authorities, or if revenue and taxing authorities disagree with positions we have taken, we could be subject to additional taxes, fines, penalties, or other adverse actions. In the event that federal, state, or local municipalities were to significantly increase taxes on goods and services used to construct and maintain our network, operations, or provision of services, or seek to impose new taxes, there could be a material adverse impact on financial results.

The regulation of the Company's businesses by federal and state authorities may, among other things, place the Company at a competitive disadvantage, restrict our ability to price our products and services competitively, and threaten our 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 the Company's revenue is derived from pricing plans that are subject to regulatory review and approval. These regulated pricing plans limit the rates the Company can charge for some services while the competition has typically been able to set rates for services with limited or no restriction. In the future, regulatory initiatives that would put the Company at a competitive disadvantage or mandate lower rates for our 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, the Company's telecommunications services are subject to the Communications Act of 1934 as amended by the Telecommunications Act of 1996, including rules adopted by the Federal Communications Commission ("FCC"). In addition, certain aspects of the Company's communications facilities and operations are subject to oversight by the Department of Justice and the Department of Defense relative to assessing and mitigating national security risks. Violations of the terms of the agreements with these agencies could result in the revocation of the Company's FCC licenses which would affect its business operations in the future. The Company's submarine cable facilities and operations are also subject to requirements imposed by the national security and law enforcement agencies (*e.g.*, the Departments of Justice, Defense and Homeland Security). At the state level, Cincinnati Bell Telephone Company LLC ("CBT") operates as the incumbent local exchange carrier ("ILEC") and carrier of last resort in portions of Ohio, Kentucky, and Indiana, while Hawaiian Telcom, Inc. ("HTI") serves as the ILEC and carrier of last resort in Hawaii. As the ILEC in those states, these entities are 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 and HTI's ability to compete in their respective markets. In addition, although less heavily regulated than the Company's ILEC operations, other subsidiaries are authorized to provide competitive local exchange service, long distance, and cable television service in various states, and consequently are also subject to various state and federal telecommunications and cable regulations that could adversely impact their operations.

There are currently many regulatory actions under way and being contemplated by federal and state authorities regarding issues, including national security and law enforcement matters that could result in significant changes to the business conditions in the telecommunications industry. On April 4, 2020, President Trump issued Executive Order No. 13913 Establishing the Committee for the Assessment of Foreign Participation in the United States Telecommunications Services Sector (the "Committee"), which formalized the ad-hoc foreign investment review process (formerly referred to as "Team Telecom") applicable to FCC licenses and transactions. The Executive Order empowers the Committee to review FCC license and transfer applications involving foreign participation to determine whether grant of the requested license or transfer approval may pose a risk to the national security or law enforcement interests of the United States, and to review existing licenses to identify any additional or new risks to national security or law enforcement interests that did not exist when a license was first granted. Following an investigation, the Committee may recommend that the FCC revoke or modify existing licenses or deny or condition approval of new licenses and license transfers. It is not possible for the Company to determine whether it may be subject to a proceeding to revoke or modify our existing licenses or predict the outcome of a review of new license or transfer applications by the Committee in the future. A review of existing licenses and/or a review of new licenses and transfers by the Committee may result in additional compliance obligations that may affect the Company's expenses and business operations in the future.

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 although court decisions, legislative action and/or changes in regulatory policy could lead to greater regulation of the internet (including internet access services). The Company 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 an adverse effect on the Company's business, financial condition, results of operations and cash flows.

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.

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 our 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 our business operations. The complexity of the technology involved and the uncertainty of intellectual property litigation increases 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 the development and sale of certain of our 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 significantly depends on the competitive advantage it gains from our 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.

The Company could be subject to a significant amount of litigation, which could require the Company to pay significant damages or settlements.

The industry that the Company operates in faces a substantial risk 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. Additionally, while preventative measures such as social distancing, frequent hand washing and wearing personal protective equipment including masks and gloves are being taken by our field technicians, the risk of inadvertent transmission of COVID-19 through human interaction could still occur and result in litigation in states in which we operate. We may incur significant expenses in defending these lawsuits. In addition, we may be required to pay significant awards and settlements.

The Ohio legislature passed House Bill 606, which became effective December 16, 2020, providing for Qualified Civil Immunity due to COVID-19 from March 9, 2020, through September 30, 2021. The bill significantly limits legal exposure to Ohio businesses, which, absent a showing of reckless, intentional, or willful or wanton misconduct, would not be liable to customers, employees, or others for actions or omissions resulting in the exposure to, or transmission or contraction of, COVID-19. The bill also flatly bars class actions based in whole or in part on allegations that a health care provider, business, government entity, or person caused exposure to, or the transmission or contraction of COVID-19. The bill expired on October 1, 2021 and has not been renewed as of the date of the filing.

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 clean-up 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 clean-up 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.

The Company has incurred, and will continue to incur, substantial direct and indirect costs as a result of merger and acquisition activity.

The Company has incurred, and will continue to incur, significant costs, expenses and fees for professional advisors, printing and other transaction costs in connection with the Merger and other acquisition activity.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2021, the Company owned or maintained properties throughout the U.S., Canada and India. Our headquarters is located in Cincinnati, Ohio where we lease approximately 200,000 square feet for executive, administrative and business offices for the Company. In addition to the space in Cincinnati, we own a building with approximately 465,000 square feet of office space in Honolulu, Hawaii for the Hawaiian Telcom operations. We lease office space in multiple locations in Canada and India for operations to support our IT Services and Hardware segment.

Our properties include copper and fiber warehouses and associated equipment in each of our local operating markets. 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 Cincinnati Network 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, which are recorded as operating leases. The Company's network assets include a fiber network warehouse, internet protocol and circuit switches and integrated access terminal equipment. In addition, as of year-end, we lease seven Company-run retail locations.

With regard to its Hawaii Network operations, the Company has properties consisting of both owned and leased properties, including our administrative facilities and facilities for call centers, customer service sites for the television business, switching equipment, fiber optic networks, cable head-end equipment, coaxial distribution networks, routers and servers used in our telecommunications business. Leased properties are recorded as operating leases.

With regard to the IT Services and Hardware operations, the majority of business and administrative offices are located in leased facilities, which are recorded as operating leases.

For additional information about the Company's properties, see Note 5 to the consolidated financial statements.

Item 3. Legal Proceedings

The Company is 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 those contingencies that are probable and able to be estimated. 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, 2021, 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

Prior to the Merger, shares of Cincinnati Bell Common Stock and Preferred Stock were registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended and listed on the New York Stock Exchange (the "NYSE") under the ticker symbol CBB. As a result of the Merger, effective on September 7, 2021, the Company requested that the NYSE withdraw the shares of Cincinnati Bell Common Stock and Preferred Stock from listing on the NYSE and filed a Form 25 with the SEC to report that Cincinnati Bell Common Stock and Preferred Stock are no longer listed on the NYSE. The number of shares outstanding of Cincinnati Bell Common Stock was 50.9 million and the number of shares outstanding of Cincinnati Bell Preferred Stock was 0.2 million at September 7, 2021. Pursuant to the Merger Agreement, each of Cincinnati Bell's issued and outstanding Common Shares was converted into the right to receive $15.50 per share in cash, without interest. Additionally, the Company redeemed each of our issued and outstanding Depositary Shares simultaneously with the redemption of the 6 ¾% Preferred Shares at a redemption price of $50 per Depositary Share (equivalent to $1,000 per 6 ¾% Preferred Share). Red Fiber Parent is the sole record holder of Cincinnati Bell Common Stock. No other shares remain issued and outstanding as of December 31, 2021.

Item 6. Selected Financial Data

Effective with the Merger and the subsequent filing of the Form 25, the Company no longer meets the definition of an SEC registrant and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K. The Company is filing this Form-10-K with the SEC on a voluntary basis.

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.

Introduction

This Management's Discussion and Analysis section provides an overview of Cincinnati Bell Inc.'s financial condition as of December 31, 2021 and the results of operations for the periods January 1, 2021 through September 7, 2021 ("Predecessor"), September 8, 2021 through December 31, 2021 ("Successor") and the years ended December 31, 2020 and 2019. References in this Annual Report to "Successor" refer to the Company on or after September 8, 2021 and references to "Predecessor" refer to the results prior to September 8, 2021. This discussion should be read in conjunction with the accompanying Consolidated Financial Statements and accompanying notes.

Our results of operations as reported in our Consolidated Financial Statements for these periods are prepared in accordance with GAAP. Although GAAP requires that we report on our results for the period from January 1, 2021 through September 7, 2021 and the period from September 8, 2021 through December 31, 2021 separately, management views the Company's operating results for the year ended December 31, 2021 by combining the results of the applicable Predecessor and Successor periods because such presentation provides the most meaningful comparison of our results to prior periods.

To enhance the analysis of our operating results for the periods presented, we have included a discussion of selected financial and operating data of the Predecessor and Successor on a combined basis for the year ended December 31, 2021. This presentation consists of the mathematical addition of selected financial and operating data of the Predecessor for the period from January 1, 2021 to September 7, 2021 plus the comparable financial and operating data of the Successor for the period from September 8, 2021 to December 31, 2021. There are no other adjustments made in the combined presentation. The mathematical combination of selected financial and operating data is included below under the heading "Combined Year Ended December 31, 2021" and this data is a non-GAAP presentation. Management believes that this selected financial and operating data provides investors with useful information upon which to assess our operating performance because the results of operations for a twelve-month period correspond to how we have reported our results in the past and how we will report our results in the future.

Acquisition by Red Fiber Parent LLC

On March 13, 2020, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Red Fiber Parent LLC, a Delaware limited liability company ("Parent"), and RF Merger Sub Inc., an Ohio corporation and directly wholly owned subsidiary of Parent ("Merger Sub"). On September 7, 2021 (the "Closing Date" or "Merger Date"), upon the terms and subject to the conditions set forth in the Merger Agreement and in accordance with the applicable provisions of the Ohio General Corporation Law (the "OGCL"), Merger Sub merged with and into the Company, with the Company continuing as the surviving corporation (the "Merger"). At the effective time of the Merger (the "Effective Time"), the separate corporate existence of Merger Sub ceased, and the Company survived the Merger as a wholly owned private subsidiary of Parent.

Upon completion of the Merger, Parent was deemed the accounting acquirer and Cincinnati Bell Inc. the accounting acquiree. Under the acquisition method of accounting, the assets and liabilities associated with Cincinnati Bell Inc. were recorded at their fair values measured as of the acquisition date. The excess of the purchase price over the estimated fair values of the net assets acquired was recorded as goodwill. The capital contribution as a result of the Merger included cash from Parent in the amount of $1,716.1 million. These proceeds were used to pay on the date of the Merger (1) $807.3 million of consideration payable to Common Shareholders, including restricted stock awards that vested upon Closing Date to certain employees, (2) $155.2 million of consideration payable to Preferred Shareholders, (3) $658.2 million of existing debt and accrued interest under the Corporate Credit Agreement and (4) transaction costs of $44.0 million primarily related to legal costs and acquisition-related advisory fees associated with the Merger. The Company also incurred note issuance costs of $38.1 million related to the Credit Agreement entered into in connection with the Merger. The Note issuance costs were capitalized as a reduction to the outstanding debt balances or to "Other noncurrent assets" for costs associated with the Revolving Credit Facility due 2026. In addition, certain stock-based compensation awards were accelerated upon the Closing Date, which resulted in a nonrecurring expense of approximately $9.3 million recorded to SG&A in the Predecessor period.

Prior to entering into the Merger Agreement, the Company previously entered the Brookfield Merger Agreement with affiliates of Brookfield, the infrastructure investment division of Brookfield Asset Management, which was subsequently amended. On March 13, 2020, the Company terminated the Brookfield Merger Agreement and entered into the Merger Agreement. In connection with the termination of the Brookfield Merger Agreement, the Company paid to an affiliate of Brookfield a termination fee of $24.8 million as required by the terms of the Brookfield Merger Agreement. The termination fee is recorded in "Transaction and integration costs" on the Consolidated Statements of Operations.

altafiber Brand

In March 2022, the Company announced that we will begin doing business as "altafiber" in Ohio, Kentucky and Indiana as we continue to expand our geographic reach and invest in our fiber network that delivers broadband connectivity. The branding change will not impact our Hawaiian Telcom business or IT Services business, which is branded as CBTS.

Executive Summary

Segment results described in the Executive Summary and Consolidated Results of Operations section are net of intercompany and intersegment eliminations.

Consolidated revenue for the combined Predecessor and Successor periods included within 2021 totaled $1,693.1 million, an increase of $133.3 million as compared to 2020 as strategic revenue growth in both segments offset declines in Legacy revenue. For the combined Predecessor and Successor periods included within 2021, Consumer/SMB Fiber revenue increased $27.2 million compared to 2020 as the Company continues to focus on high-speed internet activations while Legacy revenue decreased $29.7 million compared to the prior year. IT Services and Hardware experienced revenue growth in all practices in 2021 compared to 2020, with the most significant growth in the Consulting practice in which revenue increased 53% for the combined Predecessor and Successor periods included within 2021 compared to the prior year.

Operating income for the combined Predecessor and Successor periods included within 2021 was $18.6 million, down $47.4 million compared to 2020. Revenue growth was more than offset by transaction and integration charges, higher depreciation and amortization expenses related to the increased value of property, plant and equipment and intangibles as a result of recording amounts at fair value as of the Merger Date, and increased SG&A expenses primarily due to the accelerated vesting of certain stock-based awards on the Closing Date resulting in additional expense of $9.3 million. These increases were partially offset by lower restructuring and severance related charges in the combined Predecessor and Successor periods included within 2021 compared to 2020 due to the voluntary severance program ("VSP") finalized in the three months ended March 31, 2020.

Loss before income taxes totaled $132.7 million for the combined Predecessor and Successor periods included within 2021 resulting in an increase in the loss of $51.6 million as compared to the prior year. Lower interest expense and pension and postretirement benefit plans expense in the combined Predecessor and Successor periods included within 2021 compared to 2020 was more than offset by the decrease in operating income and recording a loss on termination of interest rate swaps of $20.1 million in the Predecessor period of 2021 and loss on extinguishment of debt of $12.8 million in the combined Predecessor and Successor periods included within 2021.

Impact of COVID-19 on Our Business

The COVID-19 pandemic has resulted, and is likely to continue to result, in significant economic disruption. As of the date of this filing, significant uncertainty continues to exist concerning the magnitude of the impact and duration of the COVID-19 pandemic. We continue to see logistics challenges in obtaining inventory in a timely manner due to demand exceeding the supply of certain inventory products. Additionally, access to skilled employees and contractors could create delays or increased costs in the planned build-out of the fiber network in both geographies. As a business with employees greater than 100 and who provides services to certain government agencies, we have been monitoring and will continue to monitor the requirements and necessity for compliance with vaccine mandates.

On March 13, 2020, in response to the COVID-19 pandemic, the Federal Communications Commission ("FCC") called on broadband and telephone service providers to keep Americans connected as the country reacted to the serious disruptions caused by the coronavirus outbreak. Cincinnati Bell, on behalf of all of its affiliates, including Hawaiian Telecom, signed on to the Keep Americans Connected Pledge ("Pledge") and committed to waive late fees for, and not terminate service to, any of our consumer or small business customers who did not pay their bills timely due to an inability to pay caused by the COVID-19 crisis. The impacts to revenue as a result of these commitments primarily occurred during the second quarter of 2020 and included a decline in revenue related to late payment fees and certain other one-time fees. The impacts to revenue as a result of these commitments were limited in the combined Predecessor and Successor periods included within 2021. The Pledge expired on June 30, 2020, and customer accounts in the Cincinnati market that were not cured were disconnected during the third and fourth quarters of 2020. Balances associated with disconnected accounts were fully reserved as of December 31, 2020 and were written off during the first quarter of 2021.

The majority of our operations have continued as usual as the services that we provide and the networks that we maintain are considered critical by local and state authorities in the geographies in which we operate. The Company started executing its business continuity plan in March of 2020 and transitioned employees who could execute their work remotely to work from home with little disruption and has implemented additional safety protocols for customer facing employees. In states in which employees are allowed to return to the office, the Company has implemented updated safety policies to ensure the safety of our employees and customers. As of December 31, 2021, a significant portion of our workforce continues to work from home.

In 2020, the Company leveraged certain benefits included in the U.S. Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") that was enacted on March 27, 2020, including deferral of 2020 required pension plan contributions to the fourth quarter of 2020 and deferral of employer social security tax payments for wage payments subsequent to March 12, 2020 of approximately $5.0 million in each of the second, third and fourth quarters of 2020. The first payment was made in the fourth quarter of 2021 and the second payment of an equal amount will be made in the fourth quarter of 2022.

We expect the ultimate significance of the impact on our financial condition, results of operations, or cash flows will be dictated by the length of time that such circumstances continue, which will depend on the currently unknowable extent and duration of the COVID-19 pandemic, effectiveness of the vaccine and timeliness that individuals receive the vaccine. COVID-19 also makes it more challenging for management to estimate future performance of our businesses, particularly over the near term. We will continue to actively monitor the situation and may take further actions that alter our business operations as may be required by federal, state or local authorities or that we determine are in the best interests of our employees, customers, suppliers and shareholder.

Consolidated Results of Operations

Revenue

(dollars in millions)	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Non-GAAP Combined Year Ended December 31, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
Revenue					
Network	$ 297.3	$ 651.1	$ 948.4	$ 949.9	$ 974.1
IT Services and Hardware	257.1	487.6	744.7	609.9	562.6
Total revenue	$ 554.4	$ 1,138.7	$ 1,693.1	$ 1,559.8	$ 1,536.7

Network revenue decreased for the combined Predecessor and Successor periods included within 2021 compared to the prior year primarily due to the decline in Legacy revenue. In addition to Legacy revenue decline, Video revenue declined due to 4,700 fewer subscribers in Cincinnati and 3,100 fewer subscribers in Hawaii. Partially offsetting the revenue decline, Consumer/SMB Fiber data revenue increased $25.1 million compared to 2020 with internet subscriber growth in both the Cincinnati and Hawaii markets. Network revenue decreased in 2020 compared to 2019 primarily due to similar trends that impacted 2021 as well as decline of certain nonrecurring revenue as a result of the Company suspending late payment fees and reactivation fees as part of the Pledge.

IT Services and Hardware revenue increased for the combined Predecessor and Successor periods included within 2021 compared to the prior year due to revenue growth in each of the practices. The most significant contributor was the Consulting practice in which revenue increased by $103.1 million in the combined Predecessor and Successor periods included within 2021 compared to 2020. IT Services and Hardware revenue increased in 2020 compared to 2019 due to revenue growth in the Consulting and Communications practices. Cloud revenue declined due to lower revenue resulting from a certain customer insourcing certain cloud services. Lower Infrastructure Solutions revenue in 2020 compared to 2019 is due to a decline in hardware sales partially due to the impacts of COVID-19 and customers migrating to managed services.

Operating costs

(dollars in millions)	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Non-GAAP Combined Year Ended December 31, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
Cost of services and products					
Network	$ 135.5	$ 296.4	$ 431.9	$ 420.2	$ 445.0
IT Services and Hardware	166.6	323.1	489.7	381.8	339.6
Total cost of services and products	$ 302.1	$ 619.5	$ 921.6	$ 802.0	$ 784.6

Network costs increased for the combined Predecessor and Successor periods included within 2021 compared to the prior year primarily due to increases in operating taxes, contract services and operating materials. The increase in operating taxes is due to increased regulatory fees in addition to lower operating taxes in 2020 due to favorable audit results that resulted in a nonrecurring benefit of $4.2 million in 2020. Contract services increased $3.6 million for the combined Predecessor and Successor periods included within 2021 compared to the prior year primarily due to outsourcing certain functions in the prior year as well as a significant general liability insurance claim incurred in each of the first and fourth quarters of 2021. The increase in operating materials is due to increased purchases associated with the expansion of our fiber network. These increases were partially offset by a decrease in payroll expense for the combined Predecessor and Successor periods included within 2021 compared to 2020 due to lower headcount as a result of the outsourcing certain functions in prior years and a one-time bonus incurred in the third quarter of 2020.

Network costs decreased in 2020 compared to 2019 primarily due to decreases in payroll related costs, video content costs, operating taxes and contract services. Lower payroll related costs are due to headcount reductions made during restructuring initiatives that were executed in the first quarter of 2020 and throughout 2019. In addition to restructuring initiatives, payroll related costs declined due to lower expense for healthcare and workers compensation benefits in 2020 compared to 2019. Lower operating taxes are due to the release of a sales and use tax reserve in 2020 of $4.2 million due to favorable audit results in addition to a decrease in general excise tax. The decrease in contract services is driven by a one-time project for $1.6 million recognized in the fourth quarter of 2019.

IT Services and Hardware costs increased for the combined Predecessor and Successor periods included within 2021 and in 2020 compared to the same periods in the prior year primarily due to increases in payroll related costs and contractor costs associated with additional resources to support the growth in the Consulting and Communications practices. In addition, costs also increased in 2021 and 2020 compared to the comparable periods in the prior year due to increases in regulatory fees and software licensing costs. Higher software licenses costs were incurred to support the revenue growth in the Communications practice.

(dollars in millions)	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Non-GAAP Combined Year Ended December 31, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
Selling, general, and administrative					
Network	$ 58.9	$ 118.3	$ 177.2	$ 175.0	$ 179.1
IT Services and Hardware	50.8	104.2	155.0	148.5	153.3
Corporate	5.7	20.9	26.6	23.0	22.0
Total selling, general and administrative	$ 115.4	$ 243.4	$ 358.8	$ 346.5	$ 354.4

SG&A costs increased for the combined Predecessor and Successor periods included within 2021 compared to 2020 in both segments due to increased payroll related costs due to additional headcount. In addition, Network costs increased due to higher contract services costs for higher utilization of outside contractors on certain specialized projects, increased marketing expenses as the Company delayed certain marketing campaigns and promotional events in 2020 and other nonrecurring savings realized in 2020 as a result of cost containment strategies implemented to reduce the negative impact of the COVID-19 pandemic on the business. The increases in SG&A in both segments were partially offset by decreased bad debt expense of $8.1 million and $0.9 million in the Network and IT Services and Hardware segments, respectively, compared to the prior year due to updating our estimate of the expected impact of the economic downturn associated with the COVID-19 pandemic on the Company's receivables in 2020 and favorable collections in 2021 in the Network segment. The increase in IT Services and Hardware SG&A costs was also partially offset by employee contract termination costs incurred in the first quarter of 2020 that did not recur in 2021.

SG&A costs decreased in both segments in 2020 compared to 2019 due to cost containment strategies taken in 2020 to reduce the negative impact of the COVID-19 pandemic on the business. Decreases in both segments were partially offset by an increase in bad debt expense due to updating our estimate of the impact of the economic downturn associated with the COVID-19 pandemic on the Company's receivables and incremental bonus expense recorded in the third quarter of 2020. The decrease in Network SG&A costs was also partially offset by an increase in contract services due to higher insurance costs.

Corporate SG&A costs increased for the combined Predecessor and Successor periods included within 2021 compared to 2020 driven largely by previously unrecognized compensation expense of $9.3 million that was accelerated upon the closing of the Merger for previously granted stock awards to officers, key employees and Non-Employee Directors that vested upon the Closing Date. This increase was partially offset by lower payroll related costs. Corporate SG&A costs increased in 2020 compared to the prior year driven largely by higher payroll related costs. Corporate SG&A costs in 2020 were also negatively impacted due to the Company no longer qualifying for a payroll tax benefit that was received in 2019.

(dollars in millions)	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Non-GAAP Combined Year Ended December 31, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
Depreciation and amortization expense					
Network	$ 113.0	$ 166.9	$ 279.9	$ 252.7	$ 255.8
IT Services and Hardware	31.4	27.9	59.3	40.6	48.9
Corporate	0.2	0.1	0.3	0.1	0.2
Total depreciation and amortization expense	$ 144.6	$ 194.9	$ 339.5	$ 293.4	$ 304.9

Depreciation and amortization expense increased for the combined Predecessor and Successor periods included within 2021 compared to the prior year in each of the segments primarily due to additional expense incurred in the Successor period related to the increased value of property, plant and equipment and intangibles as a result of recording amounts at fair value as of the Merger Date.

Network depreciation and amortization expense decreased in 2020 compared to 2019 primarily due to a decrease in assets placed in service in connection with the expansion of our fiber network. IT Services and Hardware depreciation and amortization expense decreased in 2020 compared to the prior year due to accelerated depreciation for certain network assets that were determined in the first quarter of 2019 to have a shorter useful life due to a change in customer requirements and were fully depreciated as of December 31, 2019 as well as certain property, plant and equipment reaching the end of its useful life in 2019.

(dollars in millions)	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Non-GAAP Combined Year Ended December 31, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
Other operating costs					
Restructuring and severance related charges	$ 0.6	$ 1.2	$ 1.8	$ 16.9	$ 6.9
Transaction and integration costs	0.8	54.8	55.6	35.0	12.8
Gain on sale of assets, net	—	(2.8)	(2.8)	—	—
Total other operating costs	$ 1.4	$ 53.2	$ 54.6	$ 51.9	$ 19.7

Restructuring and severance charges recorded in the combined Predecessor and Successor periods included within 2021 are primarily due to initiatives to reduce and contain costs in the IT Services and Hardware segment. Restructuring and severance charges recorded in 2020 are primarily related to a VSP for certain bargained and management employees in an effort to reduce costs associated with our copper field and network operations in the Network segment. Restructuring and severance charges of $4.9 million recorded in 2019 in the Network segment are primarily related to a severance program for certain management employees as the Company continued its efforts to streamline Cincinnati and Hawaii operations. The IT Services and Hardware segment also recorded restructuring and severance charges of $2.0 million in 2019 associated with initiatives to reduce and contain costs as well as headcount reductions as a result of insourcing initiatives by one of our significant customers.

Transaction and integration costs, recorded as a Corporate expense, for the combined Predecessor and Successor periods included within 2021 are primarily associated with the Merger. The Company elected to record all expenses that were triggered by the transaction closing in the Predecessor period. Included in transaction and integration costs in the Predecessor period of 2021 are legal and financial advisory costs of $44.0 million that were paid on the Merger Date as well as $2.4 million of costs incurred prior to the Merger Date, transaction-related bonuses of $5.3 million, and severance associated with a change of control termination in an employee contract of $2.9 million. Other transaction costs recorded in the combined Predecessor and Successor periods included within 2021 are related to the Merger as well as other projects. Transaction and integration costs incurred in 2020, recorded as a Corporate expense, are primarily due to $24.8 million paid to an affiliate of Brookfield to terminate the Brookfield Merger Agreement in the first quarter of 2020. The Company also incurred transaction and integration costs in 2020 associated with the Merger. Transaction and integration costs incurred in 2019 are primarily due to the Brookfield Merger Agreement entered into in the fourth quarter of 2019.

The gain on sale of assets, net recorded in the Predecessor period of 2021 is related to the sale and leaseback of a building in the IT Services and Hardware segment.

Non-operating expenses (income)

(dollars in millions)	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Non-GAAP Combined Year Ended December 31, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
Non-operating costs					
Interest expense	$ 28.3	$ 89.1	$ 117.4	$ 134.2	$ 139.6
Other components of pension and postretirement benefit plans (benefit) expense	(4.7)	6.4	1.7	14.1	11.2
Loss on extinguishment of debt, net	2.1	10.7	12.8	—	—
Other (income) expense, net	(0.3)	19.7	19.4	(1.2)	(0.5)
Income tax benefit	(7.3)	(16.9)	(24.2)	(25.5)	(10.6)

Interest expense decreased for the combined Predecessor and Successor periods included within 2021 compared to 2020 primarily due to the extinguishment of the Tranche B Term Loan due 2024 in connection with the Merger, the extinguishment of the 7% Senior Notes due 2024 and 8% Senior Notes due 2025 in the fourth quarter of 2021, the termination of the interest rate swaps in the Predecessor period of 2021, and the decrease in LIBOR rates. These decreases were partially offset by the issuance of the Term B-1 Loans in connection with the Merger as well as the $350 million incremental increase to the Term B-1 Loans and issuance of the Term B-2 Loans in the fourth quarter of 2021.

Interest expense decreased in 2020 compared to 2019 due to the decrease in LIBOR rates.

Loss on extinguishment of debt recorded in the Predecessor period of 2021 is due to the termination of the Company's former Corporate Credit Agreement in connection with the Merger. Loss on extinguishment of debt recorded in the Successor period is due to the termination of the 7% Senior Notes due 2024 and 8% Senior Notes due 2025.

Other components of pension and postretirement benefit plans expense decreased for the combined Predecessor and Successor periods included within 2021 compared to 2020 due to remeasuring the pension and postretirement projected benefit obligations, actuarial gains (losses) and prior service costs (benefits) as of the Merger Date.

Other components of pension and postretirement benefit plans expense increased in 2020 compared to 2019 primarily due to recording pension settlement charges in 2020 of $2.3 million and $1.5 million for the Cincinnati Bell Management Pension Plan and the Hawaiian Telcom pension plans, respectively, as a result of lump sum payments to the plan participants exceeding the sum of the service cost and the interest cost component of the net pension cost.

Income tax expense fluctuates based on changes in income from continuing operations before income taxes, adjusted for non-deductible expenses, as well as rate changes. In periods without material tax law changes, the Company expects its effective tax rate to exceed statutory rates due to non-deductible expenses. Non-deductible transaction costs, related primarily to the Merger and Brookfield Merger Agreement, were $19.1 and $33.3 million in the combined Predecessor and Successor period included within 2021 and in 2020, respectively. In addition, changes in the valuation allowance impact income tax expense. In 2020, substantially all of the $16.6 million of valuation allowances that were recorded as of December 31, 2019 on deferred tax assets relating to non-deductible interest were released. This was the result of a favorable tax provision in the CARES Act, which was enacted in March 2020. Section 163(j) of the Internal Revenue Code was amended to increase the deduction limit for interest expense. Valuation allowances on state NOLs decreased by $6.0 million in 2021 compared to 2020 due primarily to the expiration of the NOLs to which they related.

Discussion of Operating Segment Results

The Company manages its business based upon product and service offerings. For the years ended December 31, 2021, 2020 and 2019, we operated two business segments: Network, previously referred to as Entertainment and Communications, and IT Services and Hardware. 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.

Network

The Network segment provides products and services that can be categorized as either Fioptics in Cincinnati or Consumer/SMB Fiber in Hawaii (collectively, "Consumer/SMB Fiber"), Enterprise Fiber or Legacy. 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 approximately 150 years. Voice and data services in the Enterprise Fiber and Legacy categories that are delivered beyond the Company's ILEC territory, particularly in Dayton and Mason, Ohio, are provided through the operations of Cincinnati Bell Extended Territories LLC ("CBET"), a subsidiary of CBT. On July 2, 2018, the Company acquired Hawaiian Telcom. Hawaiian Telcom is the ILEC for the State of Hawaii and the largest full service provider of communications services and products in the state. Originally incorporated in Hawaii in 1883 as Mutual Telephone Company, Hawaiian Telcom has a strong heritage of over 135 years as Hawaii's communications carrier. Its services are offered on all of Hawaii's major islands, except its video service, which currently is only available on the island of Oahu.

Consumer/SMB Fiber products include high-speed internet access, voice lines and video. The Company is able to deliver speeds of up to 30 megabits or more to approximately 80% of Greater Cincinnati and up to 20 megabits or more to approximately 55% of Hawaii's total addressable market.

Enterprise Fiber products include metro-ethernet, dedicated internet access, wavelength, IRU contracts, and wireless backhaul to macro-towers and small cells. Hawaiian Telcom Enterprise Fiber also includes revenue from the SEA-US cable. As enterprise customers migrate from legacy products and copper-based technology, our metro-ethernet product becomes the preferred method of transport due to its ability to support multiple applications on a single physical connection.

Legacy products include traditional voice lines, consumer long distance, switched access, digital trunking, DSL, DS0, DS1, DS3 and other value-added services such as caller identification, voicemail, call waiting and call return.

(dollars in millions)	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Non-GAAP Combined Year Ended December 31, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
Revenue:					
Data	$ 156.2	$ 334.6	$ 490.8	$ 479.4	$ 475.0
Video	60.4	131.8	192.2	193.8	203.0
Voice	76.4	177.3	253.7	262.8	284.9
Other	10.8	20.5	31.3	33.6	32.8
Total Revenue	303.8	664.2	968.0	969.6	995.7
Operating costs and expenses:					
Cost of services and products	138.2	301.2	439.4	427.4	450.4
Selling, general and administrative	58.9	118.3	177.2	175.0	179.1
Depreciation and amortization	113.0	166.9	279.9	252.7	255.8
Restructuring and severance charges	—	(0.5)	(0.5)	14.8	4.9
Total operating costs and expenses	310.1	585.9	896.0	869.9	890.2
Operating (loss) income	$ (6.3)	$ 78.3	$ 72.0	$ 99.7	$ 105.5
Operating margin	(2.1)%	11.8%	7.4%	10.3%	10.6%
Capital expenditures	$ 113.1	$ 149.3	$ 262.4	$ 200.0	$ 201.3

Network, continued

Metrics information (in thousands):	Successor December 31, 2021	Predecessor December 31, 2020	Change 2021 vs. 2020	% Change 2021 vs. 2020	Predecessor December 31, 2019	Change 2020 vs. 2019	% Change 2020 vs. 2019
Cincinnati							
Fioptics							
Data							
Internet FTTP*	261.3	239.9	21.4	9%	219.2	20.7	9%
Internet FTTN*	21.7	26.7	(5.0)	(19)%	31.4	(4.7)	(15)%
Total Fioptics Internet	283.0	266.6	16.4	6%	250.6	16.0	6%
Video							
Video FTTP	106.0	107.6	(1.6)	(1)%	112.7	(5.1)	(5)%
Video FTTN	17.3	20.4	(3.1)	(15)%	22.4	(2.0)	(9)%
Total Fioptics Video	123.3	128.0	(4.7)	(4)%	135.1	(7.1)	(5)%
Voice							
Fioptics Voice Lines	101.2	103.8	(2.6)	(3)%	106.8	(3.0)	(3)%
Fioptics Units Passed							
Units passed FTTP	530.8	499.6	31.2	6%	484.8	14.8	3%
Units passed FTTN	128.3	137.4	(9.1)	(7)%	138.6	(1.2)	(1)%
Total Fioptics units passed	659.1	637.0	22.1	3%	623.4	13.6	2%
Enterprise Fiber							
Data							
Ethernet Bandwidth (Gb)	7,232	6,566	666	10%	5,228	1,338	26%
Legacy							
Data							
DSL	52.1	61.9	(9.8)	(16)%	64.0	(2.1)	(3)%
Voice							
Legacy Voice Lines	155.3	175.1	(19.8)	(11)%	196.8	(21.7)	(11)%

*Fiber to the Premise (FTTP), Fiber to the Node (FTTN)

Network, continued

Metrics information (in thousands):	Successor December 31, 2021	Predecessor December 31, 2020	Change 2021 vs. 2020	% Change 2021 vs. 2020	Predecessor December 31, 2019	Change 2020 vs. 2019	% Change 2020 vs. 2019
Hawaii							
Consumer / SMB Fiber							
Data							
Internet FTTP*	65.7	59.8	5.9	10%	55.4	4.4	8%
Internet FTTN*	8.6	11.0	(2.4)	(22)%	12.8	(1.8)	(14)%
Total Consumer / SMB Fiber Internet	74.3	70.8	3.5	5%	68.2	2.6	4%
Video							
Video FTTP	29.4	30.2	(0.8)	(3)%	30.6	(0.4)	(1)%
Video FTTN	8.1	10.4	(2.3)	(22)%	12.1	(1.7)	(14)%
Total Consumer / SMB Fiber Video	37.5	40.6	(3.1)	(8)%	42.7	(2.1)	(5)%
Voice							
Consumer / SMB Fiber Voice Lines	28.0	29.5	(1.5)	(5)%	30.0	(0.5)	(2)%
Consumer / SMB Fiber Units Passed **							
Units passed FTTP	215.0	184.3	30.7	17%	173.5	10.8	6%
Units passed FTTN	64.3	70.0	(5.7)	(8)%	72.9	(2.9)	(4)%
Total Consumer / SMB Fiber units passed	279.3	254.3	25.0	10%	246.4	7.9	3%
Enterprise Fiber							
Data							
Ethernet Bandwidth (Gb)	4,407	4,021	386	10%	3,651	370	10%
Legacy							
Data							
DSL	30.1	36.8	(6.7)	(18)%	42.9	(6.1)	(14)%
Voice							
Legacy Voice Lines	137.2	160.1	(22.9)	(14)%	177.1	(17.0)	(10)%

* Fiber to the Premise (FTTP), Fiber to the Node (FTTN)

** Includes units passed for both consumer and business on Oahu and neighbor islands

Network, continued

(dollars in millions)	Successor September 8, 2021 to December 31, 2021 Cincinnati	Hawaii	Total	Predecessor January 1, 2021 to September 7, 2021 Cincinnati	Hawaii	Total	Non-GAAP Combined Twelve Months Ended December 31, 2021 Cincinnati	Hawaii	Total
Revenue									
Consumer / SMB Fiber *									
Data	$ 62.3	$ 13.1	$ 75.4	$ 127.3	$ 28.1	$ 155.4	$ 189.6	$ 41.2	$ 230.8
Video	49.3	11.1	60.4	106.9	24.9	131.8	156.2	36.0	192.2
Voice	10.7	3.5	14.2	23.7	7.9	31.6	34.4	11.4	45.8
Other	2.2	—	2.2	2.6	—	2.6	4.8	—	4.8
Total Consumer / SMB Fiber	124.5	27.7	152.2	260.5	60.9	321.4	385.0	88.6	473.6
Enterprise Fiber									
Data	27.1	13.9	41.0	57.8	29.3	87.1	84.9	43.2	128.1
Legacy									
Data	24.9	14.9	39.8	59.1	33.0	92.1	84.0	47.9	131.9
Voice	31.0	31.2	62.2	72.9	72.8	145.7	103.9	104.0	207.9
Other	4.2	4.4	8.6	9.0	8.9	17.9	13.2	13.3	26.5
Total Legacy	60.1	50.5	110.6	141.0	114.7	255.7	201.1	165.2	366.3
Total Network revenue	$ 211.7	$ 92.1	$ 303.8	$ 459.3	$ 204.9	$ 664.2	$ 671.0	$ 297.0	$ 968.0

(dollars in millions)	Predecessor Twelve Months Ended December 31, 2020 Cincinnati	Hawaii	Total	Predecessor Twelve Months Ended December 31, 2019 Cincinnati	Hawaii	Total
Revenue						
Consumer / SMB Fiber *						
Data	$ 169.6	$ 36.1	$ 205.7	$ 155.4	$ 32.1	$ 187.5
Video	155.5	38.3	193.8	159.5	43.5	203.0
Voice	34.0	10.9	44.9	36.8	10.9	47.7
Other	1.3	0.7	2.0	1.5	0.7	2.2
Total Consumer / SMB Fiber	360.4	86.0	446.4	353.2	87.2	440.4
Enterprise Fiber						
Data	86.0	41.2	127.2	84.9	39.4	124.3
Legacy						
Data	94.6	51.9	146.5	103.4	59.8	163.2
Voice	113.3	104.6	217.9	126.1	111.1	237.2
Other	15.6	16.0	31.6	14.1	16.5	30.6
Total Legacy	223.5	172.5	396.0	243.6	187.4	431.0
Total Network revenue	$ 669.9	$ 299.7	$ 969.6	$ 681.7	$ 314.0	$ 995.7

*Represents Fioptics in Cincinnati.

Network, continued

Cincinnati Fioptics and Hawaii Consumer/SMB Fiber (collectively, "Consumer/SMB Fiber")

Consumer/SMB Fiber revenue increased $27.2 million for the combined Predecessor and Successor periods included within 2021 compared to the prior year as the increase in the subscriber base for internet more than offset the decline in video and voice subscribers. The internet subscriber base continues to increase as we focus attention on growing the internet FTTP subscriber base. In addition, low consumer churn in 2021 compared to 2020 has also contributed to the increased internet subscriber base. The Average Revenue Per User ("ARPU") for the combined Predecessor and Successor periods included within 2021 increased for internet in both Cincinnati and Hawaii by 5% and 8%, respectively, compared to 2020, primarily due to price increases and more customers subscribing to higher broadband tiers. Video ARPU also increased for the combined Predecessor and Successor periods included within 2021 compared to the prior year in both Cincinnati and Hawaii by 5% and 3%, respectively, which partially offset the decline in subscribers. Video ARPU increases are related to price increases as well as change in the mix of subscribers. Voice revenue increased for the combined Predecessor and Successor periods included within 2021 compared to 2020 due to revenue associated customer surcharges related to increased regulatory fees which more than offset the decline in voice subscribers. Other revenue increased for the combined Predecessor and Successor periods included within 2021 compared to the prior year primarily due to revenue associated with fiber build projects in Cincinnati. Consumer/SMB Fiber revenue was also unfavorably impacted in 2020 due to a decline in certain nonrecurring revenue as a result of the Company's participation in the Pledge that expired June 30, 2020.

Consumer/SMB Fiber revenue increased $6.0 million in 2020 compared to the same period in 2019 primarily due to similar trends that impacted 2021. In addition, ARPU for 2020 increased for internet in both Cincinnati and Hawaii by 3% and 9%, respectively, compared to 2019, primarily due to price increases for internet. Revenue in 2020 was also negatively impacted by a decline in non-recurring revenue due to COVID-19 and the Company's participation in the Pledge.

Enterprise Fiber

Enterprise Fiber revenue increased by $0.9 million for the combined Predecessor and Successor periods included within 2021 compared to the comparable period in 2020 as a result of customers migrating from legacy product offerings to higher bandwidth fiber solutions, as evidenced by the 10% increase in Ethernet Bandwidth in both Cincinnati and Hawaii compared to the prior year. The increase to revenue from additional customers switching to fiber solutions was partially offset by pricing pressures to provide higher speeds at a lower cost. Enterprise Fiber revenue increased by $2.9 million in 2020 compared to 2019 due to similar trends that impacted 2021. Ethernet Bandwidth increased in 2020 by 26% and 10% in Cincinnati and Hawaii, respectively, as compared to the prior year.

Legacy

Legacy revenue decreased for the combined Predecessor and Successor periods included within 2021 compared to 2020 due to the decline in voice lines and DSL subscribers. Voice lines declined 11% and 14% in Cincinnati and Hawaii, respectively, as the traditional voice lines become less relevant. DSL subscribers decreased by 16% and 18% in Cincinnati and Hawaii, respectively, as subscribers demand the higher speeds that can be provided by fiber. In addition, declines in DS1, DS3 and digital trunking have contributed to the revenue decline for these products in 2021 compared to the prior year as customers migrate away from these solutions to fiber-based solutions.

Legacy revenue decreased in 2020 compared to 2019 due to the decline in voice lines and DSL subscribers and other similar trends that impacted 2021. Voice lines declined 11% and 10% in Cincinnati and Hawaii, respectively, and DSL subscribers decreased by 3% and 14% in Cincinnati and Hawaii, respectively.

Network, continued

Operating Costs and Expenses

Cost of services and products increased $12.0 million for the combined Predecessor and Successor periods included within 2021 compared to 2020 due primarily to increases in operating taxes, contract services and operating materials which were partially offset by a decrease in payroll related costs. Operating taxes increased $11.7 million primarily due to increased regulatory fees in addition to lower operating taxes in 2020 due to favorable audit results that resulted in a nonrecurring benefit of $4.2 million in 2020. Contract services increased $3.6 million for the combined Predecessor and Successor periods included within 2021 compared to the prior year primarily due to outsourcing certain functions in the prior year as well as a significant general liability insurance claim incurred in each of the first and fourth quarters of 2021. Operating materials increased $2.1 million for the combined Predecessor and Successor periods included within 2021 compared to 2020 as a result of increased purchases associated with the expansion of our fiber network. Payroll related costs decreased $4.2 million for the combined Predecessor and Successor periods included within 2021 compared to the prior year primarily due to lower headcount as a result of restructuring activities executed in prior years in addition to higher bonus expense recorded in the third quarter of 2020 associated with a one-time bonus awarded to employees for their efforts during COVID-19.

Cost of services and products decreased $23.0 million in 2020 compared to 2019 due primarily to decreases in payroll related costs, video content costs, operating taxes and contract services. Payroll related costs decreased $3.6 million in 2020 compared to the prior year due to reduced headcount as well as lower healthcare and workers compensation benefits more than offsetting incremental bonus expense. Video content costs decreased by $5.9 million as a result of decreased subscribers. Lower operating taxes are primarily due to favorable audit results that resulted in a nonrecurring benefit of $4.2 million in 2020 in addition to a decrease in general excise tax. The decrease in contract services is driven by a one-time project recognized in the fourth quarter of 2019.

SG&A expenses increased $2.2 million for the combined Predecessor and Successor periods included within 2021 compared to the prior year due to increased payroll related costs of $2.0 million due to additional headcount, higher contract services costs of $2.4 million for higher utilization of outside contractors on certain specialized projects, increased marketing expenses of $3.7 million as the Company delayed certain marketing campaigns and promotional events in 2020 and other nonrecurring savings realized in 2020 as a result of cost containment strategies implemented to reduce the negative impact of the COVID-19 pandemic on the business. The increase in SG&A expenses was partially offset by a decrease in bad debt expense of $8.1 million for the combined Predecessor and Successor periods included within 2021 compared to 2020 as a result of updating our estimate of the impact of the economic downturn associated with the COVID-19 pandemic on the Company's receivables in 2020 as well as focus on collection efforts and favorable resolution of reserved balances in the first quarter of 2021 associated with a customer that filed for bankruptcy in a prior period.

SG&A expenses decreased $4.1 million in 2020 compared to the prior year primarily related to cost containment strategies taken in 2020 to reduce the negative impact of the COVID-19 pandemic on the business. The decrease was partially offset by increases in contract services as a result of higher insurance costs, bad debt expense due to updating our estimate of the impact of the economic downturn associated with the COVID-19 pandemic on the Company's receivables and incremental bonus expense of $1.9 million recorded in the third quarter of 2020 for a one-time employee award.

Depreciation and amortization expenses increased $27.2 million for the combined Predecessor and Successor periods included within 2021 compared to 2020 primarily due to additional expense incurred in the Successor period related to the increased value of property, plant and equipment and intangibles as a result of recording amounts at fair value. Depreciation and amortization expenses decreased in 2020 compared to the prior year primarily due to a decrease in assets placed in service during 2020 in connection with the expansion of our fiber network.

Restructuring and severance charge reversals recorded in the Predecessor period of 2021 are due to employees that transitioned to new positions in the Company and were previously included in the VSP offered in the first quarter of 2020. Restructuring and severance charges recorded in 2020 are primarily related to a VSP for certain bargained and management employees in an effort to continue to reduce costs associated with our copper field and network operations. Restructuring and severance charges recorded in 2019 are related to a severance program for certain management employees as the Company continued its efforts to streamline operations between Cincinnati and Hawaii.

Network, continued

Capital Expenditures

(dollars in millions)	Successor September 8, 2021 to December 31, 2021		
	Cincinnati	Hawaii	Total
Consumer / SMB Fiber capital expenditures *			
Construction	$ 30.0	$ 12.4	$ 42.4
Installation	14.7	8.7	23.4
Other	2.9	0.6	3.5
Total Consumer / SMB Fiber	47.6	21.7	69.3
Enterprise Fiber	5.8	5.3	11.1
Other	18.2	14.5	32.7
Total Network capital expenditures	$ 71.6	$ 41.5	$ 113.1

	Predecessor January 1, 2021 to September 7, 2021		
	Cincinnati	Hawaii	Total
Consumer / SMB Fiber capital expenditures *			
Construction	$ 22.3	$ 16.7	$ 39.0
Installation	30.6	9.5	40.1
Other	3.3	0.4	3.7
Total Consumer / SMB Fiber	56.2	26.6	82.8
Enterprise Fiber	14.5	9.6	24.1
Other	19.4	23.0	42.4
Total Network capital expenditures	$ 90.1	$ 59.2	$ 149.3

	Non-GAAP Combined Twelve Months Ended December 31, 2021		
	Cincinnati	Hawaii	Total
Consumer / SMB Fiber capital expenditures *			
Construction	$ 52.3	$ 29.1	$ 81.4
Installation	45.3	18.2	63.5
Other	6.2	1.0	7.2
Total Consumer / SMB Fiber	103.8	48.3	152.1
Enterprise Fiber	20.3	14.9	35.2
Other	37.6	37.5	75.1
Total Network capital expenditures	$ 161.7	$ 100.7	$ 262.4

	Predecessor Twelve Months Ended December 31, 2020		
	Cincinnati	Hawaii	Total
Consumer / SMB Fiber capital expenditures *			
Construction	$ 21.9	$ 14.5	$ 36.4
Installation	32.9	14.7	47.6
Other	10.7	0.9	11.6
Total Consumer / SMB Fiber	65.5	30.1	95.6
Enterprise Fiber	14.0	11.0	25.0
Other	35.3	44.1	79.4
Total Network capital expenditures	$ 114.8	$ 85.2	$ 200.0

Network, continued

	Predecessor Twelve Months Ended December 31, 2019		
	Cincinnati	Hawaii	Total
Consumer / SMB Fiber capital expenditures *			
Construction	$ 25.3	$ 9.4	$ 34.7
Installation	45.1	14.2	59.3
Other	10.6	1.3	11.9
Total Consumer / SMB Fiber	81.0	24.9	105.9
Enterprise Fiber	14.6	9.4	24.0
Other	39.4	32.0	71.4
Total Network capital expenditures	$ 135.0	$ 66.3	$ 201.3

*Represents Fioptics in Cincinnati

Capital expenditures in Cincinnati are incurred to expand our Fioptics product suite, upgrade and increase capacity for our networks, and to extend the life of our fiber and copper networks. The Company is focused on building FTTP addresses, and during the combined Predecessor and Successor periods included within 2021, we passed 31,200 FTTP addresses in Cincinnati. As of December 31, 2021, the Company is able to deliver its Fioptics services with speeds up to 30 megabits or more to 659,100 residential and commercial addresses, or 80% of our operating territory in Cincinnati.

Cincinnati construction capital expenditures increased $30.4 million for the combined Predecessor and Successor periods included within 2021 compared to 2020 primarily due to passing more addresses in 2021 and the timing of capital expenditures, which does not necessarily coincide with the timing of when addresses become available. The increase in Consumer/SMB Fiber units passed in 2021 was partially offset due to decommissioning a legacy video platform, thereby disqualifying approximately 13,200 addresses. Cincinnati installation capital expenditures are primarily related to the timing of expenditures for customer premise equipment ("CPE") utilized for installations. In the combined Predecessor and Successor periods included within 2021, Cincinnati installation expenditures increased $12.4 million compared to the prior year primarily due to higher volume of CPE purchased and to a lesser extent increased purchases of materials used for installations.

Cincinnati construction capital expenditures decreased $3.4 million in 2020 compared to 2019 primarily due to the timing of capital expenditures. Cincinnati installation expenditures decreased $12.2 million in 2020 compared to the prior year primarily due to lower volume of CPE purchased. The decrease was also impacted by decreased labor hours due to fewer video installations compared to 2019.

Enterprise Fiber capital expenditures in Cincinnati are related to success-based fiber builds, including associated equipment, for enterprise and carrier projects to provide ethernet services as well as network refresh projects that ensure that we continue to grow our capacity and services within the network core. Cincinnati Enterprise Fiber capital expenditures increased $6.3 million for the combined Predecessor and Successor periods included within 2021 compared to the prior year primarily due to increased spend associated with a scheduled network refresh project in addition to fiber build projects. Other capital expenditures are related to IT projects, cable and equipment maintenance and capacity additions, real estate upgrades and maintenance, plus other minor capital purchases.

Hawaii construction capital expenditures increased $14.6 million for the combined Predecessor and Successor periods included within 2021 and $5.1 million in 2020 as compared to the same periods in the prior year due to building out 25,000 and 7,900 new addresses in 2021 and 2020, respectively, primarily in rural areas and on the neighbor islands. In addition, construction costs incurred for Connect America Fund ("CAF") addresses totaled $7.9 million in the combined Predecessor and Successor periods included within 2021 compared to $6.7 million in 2020 and $5.0 million in 2019. Hawaii installation capital expenditures increased $3.5 million for the combined Predecessor and Successor periods included within 2021 and $0.5 million in 2020 as compared to the comparable periods in the prior year primarily due to increased internet installations on the neighbor islands. The increase in 2020 compared to 2019 was also impacted by the timing of payments. Enterprise fiber capital in Hawaii is primarily driven by new ethernet customers. Hawaii capital expenditures classified as Other include IT projects, real estate projects, road jobs or plant damage projects, and network upgrades or optimization projects.

IT Services and Hardware

The IT Services and Hardware segment provides end-to-end solutions from consulting to implementation to ongoing optimization. These solutions include Cloud, Communications and Consulting services along with the sale and maintenance of major branded Telecom and IT hardware reported as Infrastructure Solutions. These services and products are provided through the Company's subsidiaries in various geographic areas throughout the United States, Canada and Europe. By offering a full range of equipment and strategic services in conjunction with the Company's fiber and copper networks, the IT Services and Hardware segment provides our customers personalized solutions designed to meet their business objectives.

Cloud services include the design, implementation and on-going management of the customer's infrastructure. This includes on-premise, public cloud and private cloud solutions. The Company assists customers with the risk assessment phase through an in-depth understanding of the customer's business as well as designing and building a solution, using either the customer's existing infrastructure or new cloud-based options that transform the way the customer does business.

Communications solutions help to transform the way our customers do business by connecting employees, customers and business partners. By upgrading legacy technologies through customized build projects and reducing customer costs, the Company helps to transform the customer's business. These services include Unified Communications as a Service ("UCaaS"), Software-Defined Wide Area Network ("SD-WAN"), Network as a Service ("NaaS"), Contact Center and Collaboration.

Using our experience and expertise, Infrastructure Solutions are tailored to our customers' organizational goals. We offer a complete portfolio of services that provide customers with efficient and optimized IT solutions that are agile and responsive to their business and are integrated, simplified and manageable. Through consulting with customers, the Company will build a solution using standard manufacturer equipment to meet our customers' specific requirements.

Consulting services help customers assess their business and technology needs and provide the talent needed to ensure success. The Company is a premier provider of application services and IT staffing.

(dollars in millions)	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Non-GAAP Combined Year Ended December 31, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
Revenue:					
Consulting	$ 105.5	$ 193.6	$ 299.1	$ 196.0	$ 152.6
Cloud	31.9	66.4	98.3	86.2	92.1
Communications	68.5	149.1	217.6	215.0	198.7
Infrastructure Solutions	53.4	83.3	136.7	119.4	124.0
Total revenue	259.3	492.4	751.7	616.6	567.4
Operating costs and expenses:					
Cost of services and products	172.3	335.6	507.9	400.0	359.6
Selling, general and administrative	51.0	104.8	155.8	149.4	154.3
Depreciation and amortization	31.4	27.9	59.3	40.6	48.9
Restructuring and severance related charges	0.6	1.7	2.3	2.0	2.0
Gain on sale of assets, net	—	(2.8)	(2.8)	—	—
Total operating costs and expenses	255.3	467.2	722.5	592.0	564.8
Operating income	$ 4.0	$ 25.2	$ 29.2	$ 24.6	$ 2.6
Operating margin	1.5%	5.1%	3.9%	4.0%	0.5%
Capital expenditures	$ 13.9	$ 15.9	$ 29.8	$ 23.5	$ 22.4

IT Services and Hardware, continued

Metrics information:	Successor December 31, 2021	Predecessor December 31, 2020	Change 2021 vs. 2020	% Change 2021 vs. 2020	Predecessor December 31, 2019	Change 2020 vs. 2019	% Change 2020 vs. 2019
Consulting							
Billable Resources	2,385	1,665	720	43%	1,034	631	61%
Communications							
NaaS Locations	10,640	5,691	4,949	87%	4,047	1,644	41%
SD - WAN Locations	7,174	3,191	3,983	n/m	2,197	994	45%
Hosted UCaaS Profiles*	302,766	281,000	21,766	8%	274,654	6,346	2%

*Includes Hawaii Hosted UCaaS Profiles

Revenue

IT Services and Hardware revenue for the combined Predecessor and Successor periods included within 2021 increased $135.1 million compared to 2020. Consulting revenue is the most significant contributor.in which revenue increased $103.1 million in the combined Predecessor and Successor periods included within 2021 as compared to the prior year due to obtaining new projects throughout 2020 and 2021 which continue to bill and grow. Cloud revenue increased $12.1 million for the combined Predecessor and Successor periods included within 2021 compared to 2020 due primarily to providing ongoing monitoring and management services to new customers obtained in 2020 that continued to bill in 2021 in addition to an increase in professional services projects. Communications revenue increased $2.6 million for the combined Predecessor and Successor periods included within 2021 compared to the same period in the prior year. The increase in revenue as a result of customers migrating to newer technologies which has increased the Company's Hosted UCaaS profiles, NaaS locations and SD-WAN locations was partially offset by the decline in legacy communications revenue. The increase in Infrastructure Solutions revenue is due primarily to increased hardware sales in addition to revenue associated with professional services projects.

IT Services and Hardware revenue increased $49.2 million in 2020 compared to the same period in the prior year due to increased revenue in the Consulting and Communications practices. Consulting revenue increased due to obtaining new projects throughout 2019 which continued to bill and grow in 2020. Communications revenue increased in 2020 due to customer migrations to newer technologies in addition to being favorably impacted as certain customers required additional non-recurring services to mitigate the issues caused by the COVID-19 pandemic on their businesses. The decline in legacy Communications revenue partially offset these increases. Infrastructure Solutions revenue decreased $4.6 million in 2020 compared to the prior year primarily due to the decline in hardware sales partially due to the impacts of COVID-19 and customers migrating to managed services. Cloud revenue decreased due to less revenue generated from professional services projects in addition to lower revenue of $4.9 million contributed by a certain customer in 2020 compared to 2019 due to their decision to insource certain cloud services.

Operating Costs and Expenses

IT Services and Hardware cost of services and products increased $107.9 million for the combined Predecessor and Successor periods included within 2021 compared to 2020 due to increases in payroll related costs, contractor costs, software licensing costs and regulatory fees. In the combined Predecessor and Successor periods included within 2021, the increases in payroll related costs of $15.3 million and contractor costs of $86.4 million as compared to the prior year are due to additional headcount to support the growth in the Communications and Consulting practices. Primarily as a result of the consulting projects obtained in 2020 and 2021 that have continued to grow, billable resources increased by 720 persons compared to December 31, 2020. Higher software licensing costs were also incurred to support the revenue growth in the Communications practice.

Cost of services and products increased $40.4 million in 2020 compared to the prior year due to increases in payroll related costs, contractor costs, software licensing costs and regulatory fees as a result of similar trends that impacted 2021. In addition, payroll related costs increased in 2020 compared to 2019 due to a one-time bonus awarded to employees for their efforts during COVID-19.

IT Services and Hardware, continued

SG&A expenses increased $6.4 million for the combined Predecessor and Successor periods included within 2021 compared to the prior year primarily due to an increase in payroll related costs due to additional headcount. The increase was partially offset by employee contract termination costs incurred in the first quarter of 2020 that did not recur in 2021 in addition to a decrease in bad debt expense due to updating our estimate of the expected impact of the economic downturn associated with the COVID-19 pandemic on the Company's receivables in 2020.

SG&A expenses decreased $4.9 million in 2020 compared to 2019 primarily due to cost containment strategies taken in 2020 to reduce the negative impact of the COVID-19 pandemic on the business. This was partially offset by an increase in bad debt expense due to updating our estimate of the impact of the economic downturn associated with the COVID-19 pandemic on the Company's receivables and a one-time bonus awarded to employees in the third quarter of 2020. In addition, employee contract termination costs incurred in the first quarter of 2020 partially offset the decrease in 2020 compared to 2019.

Depreciation and amortization expense increased $18.7 million for the combined Predecessor and Successor periods included within 2021 compared to the prior year due to additional expense incurred in the Successor period related to the increased value of property, plant and equipment and intangibles as a result of recording amounts at fair value.

Depreciation and amortization expense decreased in 2020 compared to the same period in 2019 due to accelerated depreciation for certain network assets that were determined in the first quarter of 2019 to have a shorter useful life due to a change in customer requirements and were fully depreciated as of December 31, 2019. In addition, certain property, plant and equipment reaching the end of its useful life in 2019 also contributed to the decrease in 2020.

Restructuring and severance charges recorded in the combined Predecessor and Successor periods included within 2021 and the years ended December 31, 2020 and 2019 are associated with initiatives to reduce and contain costs. In addition, restructuring and severance charges recorded in the second quarter of 2019 are related to insourcing initiatives by one of our significant customers.

Capital Expenditures

Capital expenditures are dependent on the timing of success-based projects. Capital expenditures for the combined Predecessor and Successor periods included within 2021 were primarily related to projects supporting the Cloud and Communications practice. In addition to success-based projects, the Company incurred $5.0 million in capital expenditures for implementation work associated with internal software projects in the combined Predecessor and Successor periods included within 2021.

Corporate

Corporate is comprised primarily of general and administrative costs that have not been allocated to the business segments and transaction and integration costs related to acquisition transactions. Corporate costs totaled $82.5 million in the combined Predecessor and Successor periods included within 2021, $58.3 million in 2020 and $35.0 million in 2019.

Corporate costs increased by $24.2 million in the combined Predecessor and Successor periods included within 2021 as compared to 2020 primarily due to higher transaction and integration costs of $20.6 million in addition to increased bonus expense for certain stock-based compensation awards that were accelerated upon the Merger Date. Corporate costs increased by $23.3 million in 2020 compared to 2019 due to an increase in transaction and integration costs of $22.2 million and higher payroll related costs.

Financial Condition, Liquidity, and Capital Resources

Capital Investment, Resources and Liquidity

Short-term view

Our primary source of cash is generated by operations. The Company generated cash flows from operations of $167.7 million in the combined Predecessor and Successor periods included within 2021 and $206.1 million and $259.1 million for the years ended December 31, 2020 and 2019, respectively.

The Company's primary uses of cash are for capital expenditures and debt service and, to a lesser extent, to fund pension and retiree medical obligations. In connection with the Merger and the initial capitalization by Parent, the Company paid $807.3 million as consideration to Common Shareholders, including restricted stock awards that vested on the Merger Date to certain employees, $155.2 million as consideration to Preferred Shareholders and $44.0 million of transaction costs primarily related to legal costs and acquisition-related advisory fees associated with the Merger. In the first quarter of 2020, as a result of terminating the Brookfield Merger Agreement, we paid an affiliate of Brookfield a termination fee of $24.8 million on March 13, 2020.

In connection with the Merger, at the Effective Time, the Company entered into a new Credit Agreement (the "Credit Agreement") and terminated the existing Corporate Credit Agreement. The Credit Agreement initially provided for (i) a five-year $275 million senior secured revolving credit facility, including both a letter of credit subfacility of up to $40 million and a swingline loan subfacility of up to $10 million (the "Revolving Credit Facility due 2026") and (ii) a seven-year $150 million senior secured term loan facility (the "Term B-1 Loans"). The Revolving Credit Facility due 2026 matures in September 2026 and the Term B-1 Loans mature in September 2028. Borrowings under the Term B-1 Loans were used to refinance existing company indebtedness, finance a portion of the fees and expenses relating to the acquisition of the Company and the establishment of the Credit Agreement, and for working capital and general corporate purposes. The Company capitalized $32.0 million of costs incurred as a result of the Term B-1 Loans as a reduction of debt. In addition, $6.1 million of costs incurred as a result of the Revolving Credit Facility due 2026 were capitalized and recorded in "Other noncurrent assets."

In November 2021, the Company entered into an Amendment (the "Amendment No. 1") to the Credit Agreement to provide for, among other things, (i) a $125.0 million upsize to the Revolving Credit Facility due 2026, increasing the total commitments under the Revolving Credit Facility due 2026 to $400.0 million, (ii) a $350.0 million incremental increase to the Term B-1 Loans (the "Incremental Term B-1 Loans Increase"), increasing the aggregate principal amount of Term B-1 Loans to $500.0 million, and (iii) the incurrence of a new tranche of $650.0 million aggregate principal amount of senior secured term loans (the "Term B-2 Loans"). The proceeds of the Incremental Term B-1 Loans Increase and the Term B-2 Loans were used by the Company to redeem in full all of the Company's existing 7.000% Senior Notes due 2024 (the "2024 Notes") and 8.000% Senior Notes due 2025 (the "2025 Notes"), and to pay fees and expenses in connection thereto. The Term B-2 Loans mature in November 2028. The Amendment No. 1 also extended the maturity of all Term B-1 Loans to November 2028 and reduced the interest applicable to the Term B-1 Loans and the Revolving Credit Facility due 2026. The Amendment No. 1 also provided for the transition of the benchmark rate of interest under the Credit Agreement from LIBOR to Term SOFR. As a result of the Amendment No. 1, the Company incurred deferred financing costs of $4.3 million and $9.7 million related to the Incremental Term B-1 Loans Increase and the Term B-2 Loans, respectively, and capitalized the amounts as a reduction to the outstanding debt balances. In addition, $1.3 million of costs incurred related to increasing the capacity of the Revolving Credit Facility due 2026 were capitalized and recorded in "Other noncurrent assets."

The Credit Agreement has a financial covenant that requires the Company to maintain a Senior Secured Net Leverage Ratio (as defined in the Credit Agreement) of 5.75 to 1.00 when the utilization under the Revolving Credit Facility due 2026 exceeds 35%. In addition, the 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 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 Credit Agreement, no additional borrowings under the Revolving Credit Facility due 2026 would be available until the default was waived or cured. See Item 1A. Risk Factors in this Form 10-K where a more in-depth explanation of default consequences appears.

The Term B-1 Loans and Term B-2 Loans are subject to the same affirmative and negative covenants and events of default as the Revolving Credit Facility due 2026, except that a breach of the financial covenants will not result in an event of default under the Term B-2 Loans unless and until the agent or a majority in interest of the lenders under the Revolving Credit Facility due 2026 have terminated their commitments under the Revolving Credit Facility due 2026 and accelerated the loans then outstanding under the Revolving Credit Facility due 2026 in response to such breach in accordance with the terms and conditions of the Credit Agreement.

Capital expenditures increased $68.6 million for the combined Predecessor and Successor periods included within 2021 compared to the prior year primarily due to the increase in the Network segment as a result of increased construction and installation capital expenditures associated with the expansion of our fiber network. Capital expenditures decreased $0.2 million in 2020 compared to the same period in 2019. The increase in expenditures in the IT Services and Hardware segment was more than offset by the decrease in expenditures in the Network segment due to timing of CPE utilized for installations as well as deferring certain projects to 2021.

Interest payments were $135.6 million for the combined Predecessor and Successor periods included within 2021 and $125.5 million and $129.3 million in 2020 and 2019, respectively. Interest payments increased for the combined Predecessor and Successor periods included within 2021 compared to 2020 primarily due to the payment of accrued interest associated with the extinguishment of the 2024 Notes and 2025 Notes in the fourth quarter of 2021. The increase was partially offset by the decrease in interest payments related to the Tranche B Term Loan due 2024 and interest rate swaps that were extinguished in connection with the Merger in addition to the decrease in interest rates. Interest payments decreased in 2020 compared to the prior year primarily due to the decrease in interest rates. As a result of the decrease in the LIBOR rate in 2020, the Company's variable-rate borrowings under the Tranche B Term Loan due 2024 and Receivables Facility were utilizing the LIBOR rate floor according to the terms of each agreement. Our contractual debt maturities in 2022, including finance lease obligations and other financing arrangements, are $20.4 million and associated contractual interest payments are expected to be approximately $60 million.

As of December 31, 2021, we had $450.7 million of short-term liquidity, comprised of $5.6 million of cash and cash equivalents, $400.0 million of undrawn capacity on our Revolving Credit Facility due 2026 and $45.1 million available under the Company's accounts receivables securitization facility ("Receivables Facility"). In the second quarter of 2022, the Company expects to use a portion of this liquidity to fund the cash consideration of approximately $65 million associated with the pending acquisition of Agile Network Builders as well as fund a Joint Venture with the State of Ohio for an amount of approximately $2 million.

In the second quarter of 2021, the Company executed amendments to its Receivables Facility, which replaced, amended and added certain provisions and definitions to increase the credit availability and renew the facility. The amendments extended the facility's renewal date until June 2023 and the facility's termination date to June 2024. The maximum borrowing limit for loans and letters of credit under the Receivables Facility was increased from $200.0 million to $215.0 million in the aggregate. In addition, the amendments removed the provision that the LIBOR rate for the Receivables Facility may not fall below 0.75%. Capacity on the Receivables Facility is calculated and will continue to be calculated based on the quantity and quality of outstanding accounts receivables. Therefore, if the Company experiences declines in revenue or extends discounts to customers, the capacity could be negatively impacted and reduce our short term liquidity. While we expect to continue to renew the Receivables Facility, we would be required to use cash, our Revolving Credit Facility due 2026, 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, 2021, the Company had $1,448.6 million of outstanding indebtedness and an accumulated deficit of $27.2 million. In addition to the uses of cash described in the *Short-term view* section above, the Company has to satisfy its long-term debt obligations. The Company has no significant debt maturities until 2028. In addition, we have ongoing obligations to fund our qualified pension plans. Funding requirements for future years are uncertain and will significantly depend on changes in future actuarial assumptions. 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. See Note 7 to the accompanying consolidated financial statements contained in "Part II. Item 8. Financial Statements and Supplementary Data" for further details regarding our outstanding debt and other financing arrangements, including certain information about maturities, covenants and restrictions related to such debt and financing arrangements.

As of December 31, 2021, the Company was in compliance with the Credit Agreement covenants and ratios.

Certain of our variable-rate debt, including debt under the Receivables Facility and Paniolo fiber assets financing arrangement, uses LIBOR as one of the benchmarks for establishing the rate of interest. LIBOR is the subject of recent regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to be replaced with a new benchmark in the future or to perform differently than in the past. The consequences of these developments cannot be entirely predicted, but could include an increase in the cost of our variable rate indebtedness.

While the Company is no longer a SEC registrant or issuer following the merger transaction, certain covenants included in the 7 ¼% Notes due 2023 and the Cincinnati Bell Telephone Notes due 2028 require the Company to make ongoing voluntary filings with the SEC. Subsequent to September 30, 2021, the Company filed an extension with the SEC to extend the filing deadline from November 15, 2021, the required filing date for a non-accelerated filer, to November 22, 2021. However, due to the auditor transition, complexities of purchase accounting and reporting Predecessor and Successor periods, the Company's periodic report on the Form 10-Q was not filed timely causing the Company to no longer be in compliance with these reporting requirements. The Company subsequently filed the Form 10-Q for the period ending September 30, 2021 with the SEC on May 13, 2022.

Management believes that cash on hand, operating cash flows, its Revolving Credit Facility due 2026 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 the combined Predecessor and Successor periods included within 2021 was $167.7 million, a decrease of $38.4 million compared to 2020. The decrease is due primarily to increased transaction and integration costs of $10.5 million, loss on termination of interest rate swaps of $20.1 million and unfavorable working capital, partially offset by cash receipt in the third quarter of 2021 for a long term revenue contract that was paid in advance, as well as lower restructuring and severance payments in 2021 compared to the same period in the prior year.

Cash provided by operating activities during 2020 was $206.1 million, a decrease of $53.0 million compared to 2019. The decrease was due primarily to increased transaction and termination costs and increased cash outflow due to working capital compared to the same period in the prior year. Increased cash outflow due to working capital is partially due to $44.7 million of accounts receivables sold on the Receivables Facility as of December 31, 2019, and no outstanding balance of accounts receivables sold as of December 31, 2020, as well as increased days sale outstanding in 2020 due to COVID-19 and the Pledge.

Cash flows from investing activities

Cash used in investing activities during the combined Predecessor and Successor periods included within 2021 totaled $1,955.3 million. Cash used in investing activities in the Successor period includes $1,620.7 million related to consideration transferred associated with the Merger Agreement. Consideration transferred includes payments to Common Shareholders, payments to Preferred Shareholders, and the extinguishment of existing debt and accrued interest under the Corporate Credit Agreement. In addition, cash used in investing activities for the combined Predecessor and Successor periods included within 2021 includes the acquisition of fiber assets from the Paniolo Cable Company, LLC (the "Paniolo Acquisition") for $52.2 million and increased capital expenditures of $68.6 million compared to 2020.

Cash used in investing activities totaled $226.4 million in 2020, an increase of $3.1 million compared to the prior year primarily due to the purchase of wireless spectrum licenses in 2020 for $6.4 million to further expand the Company's broadband coverage across its operating footprint.

Cash flows from financing activities

Cash provided by financing activities totaled $1,776.4 million during the combined Predecessor and Successor periods included within 2021 primarily due to the Merger and capital contributions by Red Fiber Parent LLC and the issuance of long-term debt in the third and fourth quarters. Proceeds from issuance of long-term debt include Term B-1 Loans and Term B-2 Loans which the net proceeds of $1,145.0 million were primarily utilized for the repayment of the 2024 Notes and 2025 Notes and debt issuance costs associated with the Term B-1 Loans, Term B-2 Loans and Revolving Credit Facility due 2026. The Company also issued long term debt of $23.0 million, the Paniolo fiber assets financing arrangement, to cover a portion of the Paniolo Acquisition.

Cash provided by financing activities was $25.6 million in 2020. In 2020, the Company borrowed $60.2 million on the Receivables Facility and the Corporate Credit Agreement's Revolving Credit Facility. The increase in cash flow was partially offset by debt repayments of $22.4 million related to finance leases and the Tranche B Term Loan due 2024.

Cash used in financing activities was $39.6 million in 2019. In 2019, the Company made debt repayments of $21.5 million related to finance leases and the Tranche B Term Loan due 2024. Additionally, the Company made net debt repayments of $6.1 million related to the Receivables Facility and the Corporate Credit Agreement's Revolving Credit Facility.

Dividends paid on the Company's preferred stock totaled $10.2 million in the combined Predecessor and Successor periods included within 2021 and $10.4 million in each of 2020 and 2019.

Future Operating Trends

Network

We continue to mitigate the revenue decline experienced with our Legacy products with increases in revenue of our fiber-based products. In addition, the merger with Hawaiian Telcom has allowed us to build scale and fiber density to help capitalize on the growing demands for internet speeds that only a fiber network can provide. We expect the desire by customers for increased internet speeds will only continue as evidenced by the fact that more than 70% of Cincinnati's internet customers subscribe to speeds of 100 megabits or more, compared to approximately 65% and 60% subscribed to such speeds in 2020 and 2019, respectively. As of December 31, 2021, more than 55% of internet customers in Hawaii subscribed to speeds of 100 megabits or more.

During 2022, we expect continued competition for internet, voice and video services as the cable competitor in the Cincinnati market continues to target areas where we have copper and FTTN. Due to this competition, as well as customers migrating to obtaining video programming over broadband Internet connections, we expect to continue to see a decline in video subscribers as well as FTTN and DSL internet subscribers. In the Hawaii market, we also expect continued competition for internet, voice and video services as the cable competitor has increased advertising subsequent to our acquisition of Hawaiian Telcom.

In 2022, we plan to invest approximately $500 million for Consumer/SMB Fiber, including construction, installation and value-added services. Our focus for 2022 in both the Cincinnati and Hawaii markets is to identify opportunities to expand our FTTP footprint to residential and commercial addresses with the highest return profile, increase penetration, and drive operational efficiencies. We will take a FTTP internet-based focus due to the increased relevance of this product and the high return profile that it provides. Furthermore, we will apply a similar strategy as we identify opportunities to expand our network footprint in areas outside the Greater Cincinnati market. The planned construction of the fiber network build could be negatively impacted by availability of staffing and third party contractors that will be necessary in order to meet our construction targets. Additionally, issues in the supply chain and obtaining the necessary equipment and supplies may also impact the planned construction timeline. As we expand outside of the Greater Cincinnati market, there could be a need for additional real estate and building space for central offices and sales offices to support new markets.

For our enterprise fiber customers, we expect to continue to see a migration from Legacy products and copper-based technology to higher bandwidth fiber solutions as evidenced by the 10% increase in Ethernet Bandwidth in both Cincinnati and Hawaii for the combined Predecessor and Successor periods included within 2021 compared to 2020.

IT Services and Hardware

The Company's strategy for future growth is to diversify the geographies in which it operates and grow revenue in each of the practices. In 2022, the Company will continue to focus on expanding products and services to our customer base with our full stack of products from simple hardware sales through managed voice and software defined network management, creating contractual recurring revenue streams. As more customers migrate to the public cloud, we will see declines in the demand for Infrastructure products. However, this trend can provide an opportunity in the form of consulting as we have IT professionals that can develop the strategy to guide customers through this migration. As a result of expanding the customer base and increasing sales with existing customers, we expect revenue to grow by approximately 10% compared to 2021.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2021:

(dollars in millions)	Total	Payments due by Period < 1 Year	1-3 Years	3-5 Years	Thereafter
Long-term debt, excluding finance leases and other financing arrangements (1)					
Principal amount	$ 1,436.6	$ 12.0	$ 199.9	$ 44.3	$ 1,180.4
Interest payments (2)	337.7	53.0	101.1	94.9	88.7
Finance leases (3)					
Principal amount	49.5	7.3	11.7	10.1	20.4
Interest payments (2)	14.4	3.2	5.2	3.7	2.3
Non-cancellable operating lease obligations	68.7	12.5	20.1	13.7	22.4
Purchase obligations (4)	589.4	589.4	—	—	—
Pension and postretirement benefits obligations (5)	25.1	10.5	4.7	3.9	6.0
Unrecognized tax benefits (6)	19.3	—	—	—	19.3
Other liabilities (7)	124.4	25.5	24.1	15.0	59.8
Total	$ 2,665.1	$ 713.4	$ 366.8	$ 185.6	$ 1,399.3

(1) Excludes net unamortized discounts and fair value adjustments recorded on the Merger Date.

(2) Assumes 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, 2021.

(3) Includes finance lease obligations primarily related to vehicles, network equipment used in the deployment of our fiber network and to provide our IT managed services, and wireless towers assumed from our discontinued operations.

(4) Includes amounts under open purchase orders and open blanket purchase orders for purchases of network, IT and telephony equipment, video content, and other goods; contractual obligations for services such as software maintenance and outsourced services; and other purchase commitments.

(5) Includes payments for Cincinnati and Hawaii Pension and Postretirement Plans as well as other employee retirement agreements. Amounts for 2022 include approximately $7 million expected to be contributed for postretirement benefits. Although the Company expects to continue operating the plans past 2022, its contractual obligation related to postretirement obligations only extends through 2022. Amounts of estimated cash contributions to the qualified pension plans for 2022 through 2026 are nominal. 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 long-term disability obligations, workers compensation liabilities, employee retention agreements, cash-settled awards, severance associated with a change of control clause in an employee's contract, deferred employer payroll taxes arising from the CARES Act, asset removal obligations, liabilities related to the pole license agreement obligation, a deferred vendor rebate, and other financing arrangements.

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 those contingencies that are probable and able to be estimated. 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, 2021, 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 $16.3 million as of December 31, 2021. 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:

- business combinations
- reviewing the carrying values of goodwill and definite-lived intangible assets;
- accounting for income taxes; and
- accounting for pension and postretirement obligations.

Business Combinations — In accounting for business combinations, we apply the accounting requirements of FASB ASC 805, "Business Combinations," which requires the recording of net assets of acquired businesses at fair value. The Company utilizes management estimates and an independent third-party valuation firm to assist in determining the fair values of acquired assets and assumed liabilities. In developing estimates of the fair value of net assets, the Company 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 and network assets. The Company reports in its consolidated financial statements provisional amounts for the items for which accounting is incomplete. Goodwill is adjusted for any changes to provisional amounts made within the measurement period.

Reviewing the Carrying Values of Goodwill and Definite-lived Intangible Assets — We amortize intangible assets over their useful lives unless we determine such lives to be indefinite. We evaluate goodwill annually or whenever events or changes in circumstances indicate the carrying value may not be recoverable. For impairment testing, goodwill has been assigned to reporting units which consist of the Company's Network business and IT Services and Hardware business.

The Company adheres to the guidance under ASC 350-20 in testing goodwill for impairment. Under this guidance, the Company has the option of performing a qualitative assessment for impairment prior to performing the quantitative tests. In connection with the Merger, goodwill and intangible assets were remeasured at fair value as of the Merger Date. We perform our annual impairment tests in the fourth quarter on October 1st when our five-year plan is updated based on the following steps:

Step 0 or Qualitative assessment - Evaluate qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. The factors we consider include, but are not limited to, macroeconomic conditions, industry and market considerations, cost factors, overall financial performance or events specific to that reporting unit. If or when we determine it is more likely than not that the fair value of a reporting unit is less than the carrying amount, including goodwill, we would move to Step 1 of the quantitative method.

Step 1 - Compare the fair value for each reporting unit to its carrying value, including goodwill. Fair value is determined based on 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. A goodwill impairment charge is recognized for the amount that the carrying amount of a reporting unit, including goodwill, exceeds its fair value, limited to the total amount of goodwill allocated to that reporting unit. If a reporting unit's fair value exceeds the carrying value, no further work is performed and no impairment charge is necessary.

The Company elected to perform a qualitative analysis utilizing Step 0 guidance in the 2021 Successor period and in the 2020 Predecessor period for the annual test and concluded that it is more likely than not that the fair values exceeded the carrying values and goodwill and indefinite-lived intangible assets were not impaired. No goodwill impairment losses were recognized in the Predecessor and Successor periods included within 2021, 2020 and 2019.

We use the income approach to determine the fair value of our definite-lived trade names and customer relationships intangible assets. Our projections used in the income approach to determine the fair value of our definite-lived trade name and customer relationships intangible assets include assumptions for growth rates of sales, costs, and profits, which are based on various long-range financial and operational plans. Additionally, discount rates used in the definite-lived intangible analysis are based on a weighted-average cost of capital, driven by interest rates, as well as credit ratings and financing abilities, among other factors.

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 and market multiples. These assumptions are subject to change as the Company's long-term plans and strategies are updated each year. As of the annual testing date, each reporting unit was considered more likely than not to have a fair value that exceeded its carrying value in the goodwill impairment test.

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 2017.

The Company has net operating loss carryforwards at the federal, state and local levels. Federal net operating loss carryforwards are available to offset taxable income in current and future periods. If unused, a tranche of Federal operating loss carryforwards totaling $55.8 million would expire in 2022. 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. The Company assessed all available positive and negative evidence to determine whether it expects that sufficient future taxable income will be generated to allow it to realize its existing deferred tax assets. Despite the cumulative book loss incurred over the three-year period ended December 31, 2021, there are sufficient sources of future taxable income (e.g. reversing deferred tax liabilities) for management to conclude that it is more likely than not that the Company will utilize available federal net operating loss carryforwards prior to their expiration. However, realization of certain state, local and foreign net operating losses, as well as other deferred tax assets, is not certain. Changes in our current estimates due to such factors as unanticipated market conditions and legislative developments could have a material effect on our ability to utilize deferred tax assets. As a result of the Merger, Section 382 of the Internal Revenue Code and similar state provisions place potential limitations on the Company's ability to fully utilize existing deferred tax assets related to federal and state net operating losses.

Valuation allowances of $18.4 million and $28.4 million have been recognized as of December 31, 2021 and 2020, respectively. These valuation allowances are primarily against state and local net operating losses and state credits.

As of December 31, 2021 and 2020, the liability for unrecognized tax benefits was $19.3 million and $19.2 million, respectively. The liability is representative of tax positions taken where tax authorities' interpretation of the appropriate tax treatment may differ from the position the Company has taken. As of December 31, 2021, the amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is $19.0 million. Accrued interest related to unrecognized tax benefits is recognized in interest expense.

Accounting for Pension and Postretirement Obligations — 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 (benefits) that arise during the period are recognized as a component of "Accumulated other comprehensive income (loss)" on the Consolidated Balance Sheets.

The Company sponsors noncontributory defined benefit pension plans for eligible management employees, non-management employees, and 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. No amendments to the plans were made during 2021 or 2020.

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, rate of return and healthcare cost trend rates.

In connection with the Merger, the Company remeasured the pension and postretirement projected benefit obligations as of the Merger Date. Additionally, actuarial gains (losses) and prior service costs (benefits) recorded in "Accumulated other comprehensive income (loss)" were remeasured as of the Merger Date.

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. In the Successor and Predecessor periods included within 2021, the average discount rate used to value the Cincinnati pension plans was 2.70% and 2.60%, respectively, while the average discount rate used to value the Cincinnati postretirement plans was 2.80% and 2.60%, respectively. For the year ended December 31, 2020, the average discount rate used to value both the Cincinnati pension plans and postretirement plans was 2.40%. In the Successor and Predecessor periods included within 2021, the average discount rate used to value the Hawaii pension plans was 2.70% and 2.50%, respectively, while the average rate used to value the Hawaii postretirement plans was 2.90% and 2.80%, respectively. For the year ended December 31, 2020, the average discount rate used to value the Hawaii pension plans and postretirement plans was 2.30% and 2.60%, respectively. Higher rates of interest available on high-quality corporate bonds drove the increase in the discount rates in 2021.

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. In the Successor and Predecessor periods included within 2021 and for the year ended December 31, 2020, the estimated long-term rate of return for both the Cincinnati pension plan assets and Hawaii pension plan assets was 6.00%. The long-term rate of return on the Cincinnati and Hawaii postretirement plan assets was estimated to be zero for the disclosed periods as these plans have minimal assets with a low rate of return. Actual asset returns for the Cincinnati pension trusts were gains of 6.23% for the combined Predecessor and Successor periods included within 2021 and 17.23% in 2020. Actual asset returns for the Hawaii pension trusts were gains of 6.57% for the combined Predecessor and Successor periods included within 2021 and 16.80% in 2020. In our Successor period pension calculations, the market-related value of assets is equal to the fair market value. In our Predecessor period 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, 2021 and 2020, the healthcare cost trend rate used to measure the Cincinnati postretirement health benefit obligations was 6.5%. As of December 31, 2021, the healthcare cost trend rate for the Cincinnati plans is assumed to decrease gradually to 4.5% by the year 2026. As of both December 31, 2021 and 2020, the Hawaii postretirement plans have exceeded the per capita cost caps, and therefore, the healthcare cost trend does not apply.

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 and other components of pension and postretirement benefit plans expense.

The following table represents the sensitivity of changes in certain assumptions related to the Cincinnati pension and postretirement plans as of December 31, 2021:

		Pension Benefits		Postretirement and Other Benefits	
(dollars in millions)	% Point Change	(Decrease)/ Increase in Obligation	(Decrease)/ Increase in Expense	(Decrease)/ Increase in Obligation	Increase/ (Decrease) in Expense
Discount rate	+/- 0.5%	($23.8)/$23.8	($0.4)/$0.4	($3.2)/$3.5	$0.1/($0.1)
Expected return on assets	+/- 0.5%	n/a	(0.6)/$0.6	n/a	(0)/$0

The following table represents the sensitivity of changes in certain assumptions related to the Hawaii pension and postretirement plans as of December 31, 2021:

		Pension Benefits		Postretirement and Other Benefits	
(dollars in millions)	% Point Change	(Decrease)/ Increase in Obligation	(Decrease)/ Increase in Expense	(Decrease)/ Increase in Obligation	Increase/ (Decrease) in Expense
Discount rate	+/- 0.5%	($6.6)/$6.6	($0.2)/$0.2	($2.0)/$2.2	$0.0/($0.0)
Expected return on assets	+/- 0.5%	n/a	($0.3)/$0.3	n/a	n/a

At December 31, 2021, unrecognized actuarial net gains were $3.4 million and at December 31, 2020, unrecognized actuarial net losses were $195.7 million. The unrecognized net gains (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. Unrecognized actuarial gains or losses that exceed 10% of the projected benefit obligation are amortized on a straight-line basis over the average life expectancy of the participant group for the Cincinnati pension plans and Hawaii pension plans and the average remaining service period of active employees for the Cincinnati postretirement plans and the Hawaii postretirement plans.

Regulatory Matters and Competitive Trends

Federal - The Telecommunications Act of 1996 (the "1996 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 aimed at promoting competition and deregulation. Although the 1996 Act called for a deregulatory framework, the FCC continued to maintain significant regulatory restraints on the traditional 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. Simultaneously, the FCC has been adopting measures that it believes would promote competition, protect consumers, reform universal service, and enhance public safety and national security. From 2017 through 2020, the FCC increasingly focused on eliminating burdensome and unnecessary regulations that impede broadband investment. However, with the change in administration in 2021 and the continuation of the COVID-19 pandemic, measures to close the digital divide in both rural and urban areas have been at the top of the FCC's agenda and will likely remain there for the foreseeable future. The FCC currently has only four commissioners which constrains Chairwoman Rosenworcel's ability to move forward on controversial issues such as net neutrality and various consumer protection issues. Once a fifth commissioner is confirmed, giving the Democrats a majority on the Commission, we expect to see the FCC move forward with proceedings on net neutrality and data privacy. We will monitor the changing regulatory environment for any potential impacts, particularly on the following proceedings.

COVID-19 Assistance

On December 27, 2020, President Trump signed the Consolidated Appropriations Act, 2021 which established a $3.2 billion Emergency Broadband Connectivity Fund and directed the FCC to establish an Emergency Broadband Benefit ("EBB") Program under which eligible households may receive a discount off the cost of broadband service and certain connected devices during the COVID-19 pandemic. Participation by service providers was voluntary and participating providers were eligible for reimbursement for discounts provided in accordance with the rules. The FCC finalized the rules for this new program in February 2021 and participating service providers began enrolling customers in March 2021. Cincinnati Bell Telephone and Hawaiian Telcom both participated in the EBB program. Consumer enrollment in the program was much lower than expected nationwide with enrollments in Hawaii, Kentucky and Ohio following national trends. With the enactment of the Infrastructure Investment and Jobs Act (Public Law No. 117-58) ("IIJA") in November 2021, the EBB program was replaced with a longer term low-income broadband assistance program called the Affordable Connectivity Program ("ACP") effective December 31, 2021.

Congress appropriated $14.2 billion for the ACP, and at this time, consumers are being transitioned from the EBB program to the ACP with the ACP scheduled to be fully in effect in March 2022. Under the ACP, participating providers must make all of their broadband plans available to qualifying consumers and cannot reject a consumer due to unpaid balances the consumer may have with the provider. Because the ACP will be available on all broadband offerings and the IIJA requires more specific measures to increase awareness of the availability of the program, participation rates may increase above the levels seen under the EBB program. At this time, both Cincinnati Bell Telephone and Hawaiian Telcom are participating in the ACP but will continue to monitor the impact the program may have on bad debt.

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 schools and libraries programs. During 2021, the quarterly USF assessment rate exceeded 30% for several quarters, leading for increasing calls from industry and consumer groups for the FCC to re-evaluate the USF contribution mechanism. At this time, there is no indication that the FCC intends to initiate a proceeding to do so in the near term.

In October 2011, the FCC adopted new rules aimed at controlling the size of the high-cost portion of the fund and transitioning it from supporting legacy circuit-switched networks to broadband. These rules capped the high-cost fund and established a framework for transitioning support to the new Connect America Fund 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. Hawaiian Telcom received $1.4 million in Phase I support and has completed its Phase I buildout. Under Phase II, $1.8 billion of annual support was made 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 that was available to them. The Phase II support was distributed over a six-year period and carriers were required to satisfy their buildout commitment by the end of 2020. Cincinnati Bell Telephone ("CBT") accepted approximately $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. Hawaiian Telcom accepted $4.4 million to build to 11,081 locations in Hawaii over the six-year award period. In a Report and Order adopted in January 2020, the FCC gave the price cap carriers receiving CAF II support the opportunity to elect to receive an additional year of CAF II support in 2021 in exchange for a commitment to continue providing broadband service to the CAF II areas during that time. CBT and Hawaiian Telcom accepted the seventh year of CAF II support, which provided $2.2 million for CBT and $4.4 million for Hawaiian Telcom during 2021. On September 10, 2020, Hawaiian Telcom filed a Petition for Waiver with the FCC requesting that the FCC modify its buildout obligation to account for the 523 locations destroyed or isolated by the Kilauea Volcano eruptions that began in May 2018. On June 1, 2021, the FCC released an Order granting Hawaiian Telcom's request relative to the 370 locations for which Hawaiian Telcom had completed its CAF II deployment prior to the locations being destroyed by the volcano. The additional 153 locations included in Hawaiian Telcom's original request were not included in the FCC Order after Hawaiian Telcom informed the FCC that it had identified CAF II eligible alternate locations in other areas. On January 4, 2021, Hawaiian Telcom notified the FCC that it would likely fall short of its 100% CAF II buildout milestone, but would complete the buildout by year-end 2021 taking advantage of the grace period allowed under the CAF II rules. On January 19, 2022, Hawaiian Telcom notified the FCC that it had completed the build and met its 100% buildout obligation as of December 31, 2021.

In August 2018, bidding concluded in the FCC's Connect America Fund Phase II auction. Under this reverse auction, up to $2 billion in support over a 10-year period was available to expand fixed broadband service into additional unserved high-cost areas of the country. There were 103 winning bidders and the total amount of support that will be provided to these bidders over the 10-year term is $1.5 billion. Winning bidders must build out their broadband networks within the winning geographic areas (specific census block groups covering 713,176 locations in 45 states) within the first six years of the support term. CBT and Hawaiian Telcom were both winning bidders. As a result, CBT will receive $1.1 million to extend its broadband service to 342 unserved locations and Hawaiian Telcom will receive $18.2 million to build to 3,936 unserved locations. CBT and Hawaiian Telcom auction support distributions began in May 2019 and will continue until May 2029. The build out to all funded auction locations must be completed by December 31, 2025.

In January 2020, the FCC adopted a Report and Order establishing the Rural Digital Opportunity Fund ("RDOF"), which will be used to distribute $20.4 billion over ten years to expand broadband in areas that remain unserved at the conclusion of the CAF II price cap support program. The funds will be awarded via two reverse auctions. The Phase I auction (Auction 904) began on October 29, 2020 and concluded on November 25, 2020 with 180 winning bidders for a 10-year support amount of $9.23 billion to serve over 5 million locations. The remaining $11 billion will be distributed via a second auction to be held at a later date when more accurate broadband availability data becomes available. Cincinnati Bell was announced as the winning bidder for $26.9 million of support over the 10-year period to reach 11,131 locations in Hawaii, Indiana, Kentucky and Ohio. Cincinnati Bell assigned the Hawaii winning bids ($24.3 million for 8,049 locations) to Hawaiian Telcom and the Indiana, Kentucky and Ohio winning bids ($2.6 million for 3,082 locations) to Cincinnati Bell Telephone. The funding will be distributed in monthly installments over a 10-year period with buildout milestones beginning in 2024 and concluding in 2029.

Infrastructure Investment and Jobs Act

On November 15, 2021, President Biden signed the $1 trillion Infrastructure Investment and Jobs Act (Public Law No. 117-58) ("IIJA"), which contains $65 billion for various broadband initiatives. The broadband funding includes $42.5 billion which will be distributed by the National Telecommunications and Information Administration ("NTIA") to states for awards to public and private entities to expand broadband deployment to currently unserved or underserved areas. This NTIA funding cannot be released until the FCC releases updated broadband maps as it was charged to do by Congress in the March 2020 Broadband DATA Act (Public Law No. 116-130). Although the FCC's Broadband Mapping Task Force is working to put the systems in place to collect and analyze the data needed to produce the maps, it is unlikely the maps will be available until late 2022 at the earliest and more likely not until sometime in 2023. In the meantime, the Company is closely monitoring the federal and state procedural rules drafting processes and continues to evaluate initiatives that will lay the foundation for potential participation once the funding is allocated to the states. The Company will pursue opportunities for funding where it deems it to be beneficial.

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 that 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 were phased out over a six-year period that concluded in 2018 for price cap carriers including CBT and Hawaiian Telcom. The plan contains a mechanism that enables ILECs to recover some of the lost revenue from increased end-user charges, which CBT and Hawaiian Telcom have utilized to the fullest extent possible. On October 9, 2020, the FCC released a Report and Order transitioning originating access charges for toll free calls to bill and keep over a three-year period. The Order does not provide a specific recovery mechanism for price cap companies to replace this lost revenue, finding instead that these companies can increase their existing Subscriber Line Charge or Access Recovery Charge to the extent they are otherwise able to do so. The impact on the Company was minimal in 2021. CBT will adjust rates where possible to minimize the impact in future years as the phase-in continues.

Special Access/Business Data Services

In April 2017, based upon data collected from incumbent and competitive carriers, the FCC adopted a Report and Order finding that the market for all packet-based services, Ethernet services, TDM services above the DS3 level, and DS1 and DS3 transport services is competitive in all geographic markets and should no longer be subject to price regulation. Price regulation of TDM services of DS3 or below terminating to end users depends upon the competitive status of the county in which the service is provided. The FCC designated counties as competitive or non-competitive for these TDM end user services based upon historical data submitted by providers and purchasers of BDS in response to a mandatory data request issued in 2012 and supplemented with cable broadband deployment data submitted by providers in the FCC's semi-annual broadband deployment report. Price regulation was eliminated for these TDM end user services in competitive counties. In non-competitive counties, price regulation continues, although carriers are permitted to offer contract tariffs and volume and term discounts. The Order required all price cap companies to remove all competitive BDS services from their tariffs by August 2020. The list of competitive and non-competitive counties released by the FCC in May 2017 designated all but two of the counties in the Company's CBT ILEC territory as competitive, and in Hawaii, four of the five counties were deemed competitive. In November 2017, Hawaiian Telcom filed an application with the FCC to discontinue offering BDS services in Kalawao County (the non-competitive county). This application was granted in January 2018, and Hawaiian Telcom subsequently filed to detariff all BDS services statewide except for special federal government services, which were detariffed effective August 1, 2020. On August 1, 2020, CBT eliminated its tariffs for BDS services offered in its competitive counties which is nearly all of its BDS revenue.

Unbundled Network Elements

Under rules adopted pursuant to the Telecommunications Act of 1996, ILECs were required to unbundle the components of their network and provide the unbundled network elements ("UNEs") to requesting competitive local exchange carriers at cost-based rates set by state public utility commissions in the 1990's. The rules also required ILECs to resell their voice service to requesting competitive carriers at wholesale rates set by state regulators. Since 2019, the FCC has taken significant steps to eliminate the ILEC unbundling obligations. On July 10, 2019, in response to a forbearance petition filed by USTelecom – The Broadband Association ("USTelecom"), the FCC granted forbearance for unbundled DS1 and DS3 transport, and on August 2, 2019, it granted forbearance from UNE loop and resale requirements. Specifically, it granted forbearance from the unbundling requirements for DS1 and DS3 transport along routes where competitive fiber is present within a half mile of the ILEC wire center endpoints that trigger the unbundling obligation. As it relates to UNE loops and resale, forbearance was granted for analog voice-grade copper loops and the avoided-cost resale requirements. Finally, on October 27, 2020, the FCC adopted a Report and Order eliminating DS0 loops in densely populated areas, DS1 and DS3 loops in areas with sufficient competition, and dark fiber loops near competitive fiber networks. All of the orders allow for a transition period during which existing UNEs can be maintained and new UNEs can be ordered. While Cincinnati Bell's ILECs may benefit from the ability to charge competitive commercially negotiated prices for these facilities and services, the Company's competitive carrier operations could see increased prices for such facilities currently purchased from other ILECs. As a result, the Company is reviewing its current UNE purchases to determine where to transition to commercial agreements for these facilities versus deploying its own facilities and will pursue the most cost effective solution in each market.

IP Transition

In late 2013, the FCC opened a proceeding to explore how to transition from the legacy circuit-switched 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 during 2015 and 2016, the FCC adopted several orders imposing additional requirements on service providers seeking to transition their networks from copper to fiber. However, during the second quarter of 2017, the FCC opened several proceedings aimed at removing barriers to wireline and wireless broadband deployment and proposed reversing several of the additional requirements imposed in 2015 and 2016. Following this review, in November 2017, the FCC revised its rules to streamline the ILEC copper retirement process and the approval process for discontinuing legacy TDM service to speed the transition from legacy copper-based TDM services to IP services. It also reformed the pole attachment rules to make it easier for providers to attach equipment necessary for next-generation networks. In 2018, the FCC adopted additional changes aimed at streamlining the pole attachment process and preempting state and local processes considered to be detrimental to broadband deployment, particularly the small cells that will be used for 5G networks. The Company does not anticipate any significant financial impact due to these proceedings, although the streamlined processes will help facilitate a smooth transition as the Company migrates from its legacy copper network to a fiber-based IP network.

Citizens Band Radio Service Spectrum Auction

The FCC conducted an auction of over 22,000 county-sized Priority Access Licenses ("PALs") in the 3550-3650 MHz portion of the Citizens Band Radio Service ("CBRS") 3.5 GHz spectrum band. This auction (Auction 105), commenced on July 23, 2020 and ended on August 25, 2020. This auction offered up to seven PALs in each county-based license area, for a total of 22,631 PALs nationwide. Each PAL consists of a 10-megahertz unpaired channel in the 3.55-3.65 GHz band. Cincinnati Bell was the winning bidder for 56 PALs (23 in Ohio, 20 in Kentucky, and 13 in Hawaii) at a total cost of $6.2 million. During 2021, Cincinnati Bell assigned the Hawaii licenses to Hawaiian Telcom and the Kentucky and Ohio licenses to Cincinnati Bell Telephone. The licenses have a 10-year build out term.

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 and Hawaiian Telcom elected the non-regulated information service designation for broadband Internet access service. The FCC also ruled that wireless broadband service was 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 these new rules were appealed by numerous parties, in June 2016, the D.C. Circuit Court of Appeals upheld the FCC's new rules in their entirety. In November 2016, the FCC adopted an order establishing broadband privacy and security requirements for Internet service providers using its authority under Title II. The restrictive new privacy rules diverged from the Federal Trade Commission framework that had for years set the standard for protecting Internet users' privacy.

In March 2017, Congress adopted a resolution under the Congressional Review Act to invalidate the new broadband privacy and security rules approved by the FCC in November 2016. In December 2017, the FCC issued a Declaratory Ruling restoring the information service classification of broadband Internet access service that existed prior to 2015 and affirmed that broadband consumer protection authority resides with the Federal Trade Commission. In the accompanying *Restoring Internet Freedom Order*, the FCC required that Internet service providers disclose information about their practices relative to blocking, throttling, paid prioritization, or affiliated prioritization. Challenges to the *Restoring Internet Freedom Order* were largely rejected by the D.C. Circuit Court of Appeals. In October 2020, the FCC adopted an Order on Remand reaffirming its decision on the three discrete issues that had been remanded to it by the Court.

Once the FCC has a full contingent of five commissioners with the Democrats holding the majority, we expect that the Commission will once again open a proceeding on net neutrality and broadband privacy.

Robocalls

During 2019, the FCC took several steps to mitigate the impact of illegal robocalls and spoofed calls on consumers and businesses, including the Chairman calling on the largest voice service providers to "voluntarily" adopt the secure telephone identity revisited signature-based handling of asserted information using tokens ("STIR/SHAKEN") call authentication standards developed by the Alliance for Telecommunications Industry Standards ("ATIS"). In addition, in December 2019, Congress passed and President Trump signed into law the Pallone-Thune Telephone Robocall Abuse Criminal Enforcement and Deterrence Act ("Pallone-Thune TRACED Act"). Under the Pallone-Thune TRACED Act, within 18 months, all voice service providers must implement the STIR/SHAKEN framework in their IP networks and take reasonable measures to implement an effective call authentication framework in their non-IP networks. During 2020, the FCC adopted several Orders to implement the provisions of the TRACED Act that require voice service providers to take proactive steps to mitigate the origination of illegal robocalls from their networks. The Company continues to take all steps necessary to comply with the new requirements.

State - Ohio and Kentucky - CBT, the Company's ILEC in Ohio and Kentucky, moved from rate of return regulation to alternative regulation plans for its local services in 1994. These alternative regulation plans restricted CBT's ability to increase the price of basic local service and related services, but eliminated any earnings cap associated with traditional rate of return regulation. 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 Ohio, statutory changes enacted by the Ohio General Assembly in 2005 gave the Public Utilities Commission of Ohio ("PUCO") the authority to provide ILECs with pricing flexibility for basic local rates upon a showing that consumers have sufficient competitive alternatives (House Bill 218). As a result of that legislation, the Company received authority from the PUCO to increase its rates for basic local exchange service in eight of its Ohio exchanges. In September 2010, the Ohio General Assembly passed Substitute Senate Bill 162, which revised state policy concerning the provision of telecommunications service, repealed Ohio's alternative regulation legislation, and authorized additional pricing flexibility for ILEC basic local exchange service ("BLES" - a standalone access line not bundled with other services) upon a competitive showing by the ILEC. CBT filed an application for pricing flexibility under the new rules and, in January 2011, received authority to increase the monthly rate for a standalone local service line throughout its Ohio serving area by $1.25 annually. Nearly all other retail services were removed from rate regulation, including local service lines bundled with other services. Substitute SB 162 also provided cost savings and revenue opportunities resulting from revision of the PUCO's retail rules and service standards beginning in January 2011. In June 2015, House Bill 64 was enacted, which 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 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 2015 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. Finally, in December 2018, the General Assembly passed House Bill 402 giving ILECs the ability to increase the monthly BLES rate by $2.00 annually. Beginning in 2022, BLES rate regulation will cease entirely in exchanges in which the ILEC demonstrates that it has lost more than 50% of its access lines. The 2018 legislation also limited the PUCO's authority over other aspects of telecom regulation, including eliminating the PUCO's authority to review and approve mergers and acquisitions for telecom companies.

In Kentucky, CBT entered into an alternative regulation plan in July 2006 under terms established by the Kentucky General Assembly in House Bill No. 337. Under this plan, BLES prices were capped in exchange for earnings freedom and pricing flexibility on other retail services. The caps on BLES prices expired in July 2011 providing CBT with flexibility to increase rates for basic local exchange service. In March 2015, the General Assembly passed House Bill 152, which removed the Public Service Commission's authority to regulate terms, conditions, rates or availability of any retail service in urban exchanges (greater than 15,000 Households) for a modifying utility. In March 2017, the General Assembly passed Senate Bill 10, which extended the same privileges as HB 152 to all exchanges, thus providing CBT with nearly complete deregulation for all retail services in Kentucky.

In Hawaii, the legislature and the Hawaii Public Utilities Commission ("HPUC") have taken steps over the last decade to reduce rate regulation of some of the services of the Company's Hawaiian Telcom subsidiaries.

In 2009 and 2010, the Hawaii State Legislature required the HPUC to treat all intrastate retail telecommunications services, including intrastate toll (*i.e.*, inter island), central exchange (Centrex), most residential and business local exchange services, integrated service digital network (ISDN) private lines and special assemblies, and directory assistance, as "fully competitive" under the HPUC's rules with certain qualifications. As a result, HPUC approval and cost support filings were no longer required to establish or reduce rates or to bundle service offerings; however, all service offerings were required to be priced above the service's long run incremental cost and HPUC retained the ability to suspend and investigate any offering. In 2012, the Hawaii State Legislature passed legislation that gave Hawaiian Telcom pricing flexibility to increase tariffed intrastate rates for any retail telecommunications service without approval from the HPUC, with the exception of basic exchange service (*i.e.*, single line residential and single line business services).

In May 2019, the Hawaii State Legislature granted nearly full pricing flexibility to telecommunications carriers, including Hawaiian Telcom, for intrastate telecommunications services. Rate changes for retail telecommunications services no longer need to be filed with and approved by the HPUC except for any price increase greater than $6.50 on an annual basis for basic exchange services in counties with a population of less than 500,000. In addition, the traditional cost-of-service regulatory framework that required cost support for retail telecommunications service offerings and pricing above a service's long run incremental cost are no longer applicable; however, the HPUC retains the ability to investigate any offering. The legislation also eliminated the requirements for providers of fully competitive retail telecommunications services to obtain HPUC approval for financing and the sale or encumbrance of regulated property and assets, except when such sale or encumbrance occurs as part of a merger or consolidation with any other public utility. Additional relief was also granted on reporting affiliated transactions and accidents. Based on these regulatory reforms, the Company can now compete more effectively in Hawaii by making decisions based on marketplace dynamics and other economic information.

Cable Franchises - Ohio, Kentucky and Indiana - The states of Ohio and Indiana permit statewide video service authorization. The Company is now authorized by Ohio and Indiana to provide service in its 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 agreements with fifty-three franchising authorities in Kentucky.

Hawaii - In Hawaii, cable franchises must be approved by the Hawaii Department of Commerce and Consumer Affairs. Since 2011, the Company's Hawaiian Telcom Services Company, Inc. subsidiary has held a cable franchise authorizing it to provide video services throughout the island of Oahu.

Recently Issued Accounting Standards

Refer to Note 2 of the consolidated financial statements for further information on recently issued accounting standards.

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 concerning plans, objectives, goals, strategies, future events, future revenues or performance, financing needs, plans or intentions relating to acquisitions and restructuring, and business trends are forward-looking statements. Words such as "expects," "anticipates," "predicts," "projects," "intends," "plans," "believes," "seeks," "estimates," "continues," "endeavors," "strives," "will," "may," "proposes," "potential," "could," "should," "outlook," or variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of future financial performance, anticipated growth and trends in businesses, and other characterizations of future events or circumstances are forward-looking statements. There are a number of risks, uncertainties and other important factors that could cause our actual results to differ materially from the forward-looking statements contained in this report. 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 global outbreak of COVID-19 and related government, private sector and individual consumer responsive actions have adversely affected the Company's business operations, employee availability, financial performance, liquidity and cash flow and are expected to continue to do so for an unknown period of time;
- 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 Company may be unable to grow its revenues and cash flows despite the initiatives it has implemented;
- if the Company's goodwill, indefinite-lived intangible assets or long-lived assets become impaired, the Company may be required to record significant charges to earnings;
- failure to anticipate the need to introduce new products and services or to compete with new technologies may compromise the Company's success in our industries;
- 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;
- negotiations with the providers of content for our video programming may not be successful, potentially resulting in our inability to carry certain programming channels, which could result in the loss of subscribers. In addition, due to the influence of some content providers, we may be forced to pay higher rates for some content resulting in increased costs;
- 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, leading to reduced revenues and/or increased costs;
- the Company generates a substantial portion of revenue by serving a limited geographic area;
- one large customer accounts for a significant portion of the Company's accounts receivable. The loss or significant reduction in business from this customer would cause operating results to decline and could negatively impact profitability and cash flows;

- maintaining the Company's telecommunications networks requires significant capital expenditures, and the Company's inability or failure to maintain its telecommunications networks could have a material impact on the Company's 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 the material that content providers distribute over our networks;
- an IT and/or network security breach or cyber-attack may lead to unauthorized use or disabling of our network, theft of customer data or other sensitive data, unauthorized use or publication of our confidential business information and could have a material adverse effect on our business;
- weather conditions, natural disasters, terrorist acts or acts of war could cause damage to our infrastructure and result in significant disruptions to our operations;
- 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, cause it to lose customers or materially and adversely impact its business, financial condition, and results of operations;
- 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 unions when they expire, or if the Company's 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'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 the Company's businesses and prospects generally;
- the Company's Credit Agreement and other indebtedness impose significant restrictions on the Company;
- the Company depends on its 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 the Company's control;
- the uncertain economic environment, including uncertainty in the U.S. and world securities markets, could impact the Company's business and financial condition;
- adverse changes in the value of assets or obligations associated with the Company's employee benefit plans could negatively impact shareowners' equity and liquidity;
- growing inflation, supply chain disruption and other increased operating costs could materially and adversely affect our results of operations;
- the Company's future cash flows could be adversely affected if it is unable to fully realize its deferred tax assets;
- changes in tax laws and regulations, and actions by federal, state and local taxing authorities related to the interpretation and application of such tax laws and regulations, could have a negative impact on the Company's financial results and cash flows;
- the regulation of the Company's businesses by federal and state authorities may, among other things, place the Company at a competitive disadvantage, restrict our ability to price our products and services competitively, and threaten our operating licenses;
- 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;

- the Company could be subject to a significant amount of litigation, which could require the Company to pay significant damages or settlements;
- the Company could incur significant costs resulting from complying with, or potential violations of, environmental, health and human safety laws; and
- the Company has incurred, and will continue to incur, substantial direct and indirect costs as a result of merger and acquisition activity.

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 borrows funds at a combination of fixed and variable rates. The Company has exposure to interest rate risk, primarily in the form of variable-rate borrowings from its Term B-1 Loans, Term B-2 Loans, Revolving Credit Facility due 2026, Receivables Facility and Paniolo fiber assets financing arrangement, as well as changes in current rates compared to that of its fixed rate debt. Borrowings under the Credit Agreement use the secured overnight financing rate ("SOFR") as administered by the Federal Reserve Bank of New York as the benchmark for establishing the rate of interest while certain of our other variable rate debt, including debt under the Receivables Facility and the Paniolo fiber assets financing arrangement, uses LIBOR as one of the benchmarks for establishing the rate of interest. LIBOR is the subject of recent regulatory guidance and proposals for reform. On November 30, 2020, ICE Benchmark Administration ("IBA"), the administrator of LIBOR, with the support of the United States Federal Reserve and the United Kingdom's Financial Conduct Authority, announced plans to consult on ceasing publication of U.S. Dollar LIBOR on December 31, 2021, for only the one week and two month U.S. Dollar LIBOR tenors, and on June 30, 2023, for all other U.S. Dollar LIBOR tenors. While this announcement extends the transition period to June 2023, the United States Federal Reserve concurrently issued a statement advising banks to stop new U.S. Dollar LIBOR issuances by the end of 2021.

The Company's management periodically employs interest rate hedge contracts, such as swaps, to manage exposure to interest rate risk. The use of these types of instruments to hedge a portion of our exposure to changes in interest rates carries additional risks, such as counterparty credit risk and the legal enforceability of hedging contracts.

The Company had $110.2 million and $1,085.2 million principal amount of fixed rate debt outstanding as of December 31, 2021 and 2020, respectively, excluding debt with a variable rate that was effectively fixed by related interest rate hedge contracts at December 31, 2020. The estimated aggregate fair market value of this debt was $118.0 million and $1,137.9 million as of December 31, 2021 and 2020, respectively. At December 31, 2021, the weighted average interest rate on fixed-rate debt is 6.5%.

At December 31, 2021, the Company had variable-rate borrowings of $500.0 million under the Term B-1 Loans, $650.0 million of borrowings under the Term B-2 Loans, $153.6 million of borrowings under the Receivables Facility, and $22.8 million of borrowings under the Paniolo fiber assets financing arrangement. The estimated aggregate fair market value of this debt was $1,324.9 million as of December 31, 2021. At December 31, 2020, the Company had variable-rate borrowings of $19.5 million under the Tranche B Term Loan due 2024 not protected by interest rate hedge contracts, $182.0 million of borrowings under the Receivables Facility, and $67.0 million of borrowings under the Corporate Credit Agreement's Revolving Credit Facility. The estimated aggregate fair market value of this debt was $268.5 million as of December 31, 2020. At December 31, 2021, the weighted average interest rate on variable rate debt is 3.5%.

As of December 31, 2021, the Term B-1 Loans and Term B-2 Loans are each utilizing the SOFR rate floor according to the terms of the Credit Agreement, and consequently, a hypothetical decrease in the SOFR rate would have no impact on our annual interest expense for those borrowings. A hypothetical increase of one hundred basis points in the SOFR rate would increase our annual interest expense by $11.5 million. Due to the decline in the LIBOR rate during 2021 as a result of the COVID-19 pandemic, a hypothetical decrease in the LIBOR rate would have a nominal impact on our annual interest expense for borrowings under the Receivables Facility and Paniolo fiber assets financing arrangement. A hypothetical increase of one hundred basis points in the LIBOR rate would increase our annual interest expense by $1.8 million.

At December 31, 2020, the Company had $586.5 million of variable-rate debt outstanding under the Tranche B Term Loan due 2024 with $567.0 million of related floating-to-fixed interest rate swaps. The interest rate swaps were comprised of one swap with a notional amount of $300.0 million and three swaps with a notional amount of $89.0 million each. These swaps effectively fixed the underlying one-month LIBOR rate at a weighted average rate of 2.938%, 2.275%, 2.244% and 2.328%, respectively, plus the applicable margin per the requirements in the Corporate Credit Agreement. The Company terminated the four interest rate swaps in the Predecessor period of 2021 in connection with the repayment in full of the Tranche B Term Loan due 2024 under the Corporate Credit Agreement that occurred as part of the Merger. For further information, see Footnote 10 to the accompanying consolidated financial statements contained in "Part II. Item 8. Financial Statements and Supplementary Data."

Foreign Currency Risk

IT Services and Hardware currently has business operations in Canada, the U.K. and India, and foreign currency risk might arise in the future. 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

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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, 2021. 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, 2021, the Company's internal control over financial reporting is effective based on those criteria.

May 19, 2022

/s/ Leigh R. Fox
Leigh R. Fox
Chief Executive Officer

/s/ Joshua T. Duckworth
Joshua T. Duckworth
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareowners of Cincinnati Bell, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Cincinnati Bell Inc. (Successor) (the "Company") as of December 31, 2021, the related consolidated statements of operations, of comprehensive income (loss), of shareowners' equity (deficit), and of cash flows, including the related notes and financial statement schedule listed in the accompanying index for the period from September 8, 2021 to December 31, 2021 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the period from September 8, 2021 to December 31, 2021 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these consolidated financial statements in accordance with the auditing standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Customer Relationships and Trade Names Intangible Assets related to the Acquisition of Cincinnati Bell Inc. by Red Fiber Parent LLC

As described in Notes 1 and 4 to the consolidated financial statements, the Red Fiber Parent LLC acquisition of the Company in 2021 resulted in the recognition of customer relationships and trade names intangible assets of $850 million and $108 million, respectively. The preliminary fair value of the customer relationships and trade names intangible assets were valued using the multi-period excess earnings method and relief from royalty method, under the income approach, respectively. Management applied judgment which involved the use of significant assumptions with respect to revenue growth rates, customer attrition rate, discount rate and terminal growth rate in relation to the customer relationships and royalty rates and discount rate in relation to the trade names.

The principal considerations for our determination that performing procedures relating to the valuation of customer relationships and trade names intangible assets related to the acquisition of the Company by Red Fiber Parent LLC is a critical audit matter are (i) the significant judgment by management when determining the fair value of the customer relationships and trade names intangible assets; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence related to the revenue growth rates, customer attrition rate, discount rate and terminal growth rate significant assumptions for the customer relationships and the royalty rate and discount rate significant assumptions for the trade names; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others (i) testing management's process for determining the fair value of the customer relationships and trade name intangible assets; (ii) evaluating the appropriateness of the multi-period excess earnings and relief from royalty methods used to determine the fair value of the customer relationships and trade names intangible assets, respectively; (iii) testing the completeness and accuracy of underlying data used by management in the methods; and (iv) evaluating the reasonableness of significant assumptions used by management related to revenue growth rates, customer attrition rate, discount rate, and terminal growth rate for the customer relationships and the royalty rate and discount rate for the trade names. Evaluating management's assumptions related to the revenue growth rates, customer attrition rate and terminal growth rate for the customer relationships and the royalty rate for the trade names involved evaluating whether the assumptions used were reasonable considering the past performance of the Company, consistency with external market and industry data, and consistency with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the multi-period excess earnings and relief from royalty methods and evaluating the reasonableness of the terminal growth rate and discount rate assumptions for the customer relationships and the royalty rate and discount rate assumptions for the trade names.

/s/ PricewaterhouseCoopers LLP

Cincinnati, Ohio

May 19, 2022

We have served as the Company's auditor since 2022.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareowners of Cincinnati Bell, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of operations, of comprehensive income (loss), of shareowners' equity (deficit) and of cash flows including the related notes and financial statement schedule listed in the accompanying index of Cincinnati Bell, Inc. (Predecessor) (the "Company") for the period from January 1 ,2021 to September 7, 2021 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of its operations and cash flows of the Company for the period from January 1, 2021 to September 7, 2021 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these consolidated financial statements in accordance with the auditing standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Cincinnati, Ohio

May 19, 2022

We have served as the Company's auditor since 2022.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareowners and Board of Directors of Cincinnati Bell Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Cincinnati Bell Inc. and subsidiaries (the "Company") as of December 31, 2020, the related consolidated statements of operations, comprehensive income (loss), shareowners' equity (deficit) and cash flows, for each of the two years in the period ended December 31, 2020, and the related notes and the schedule as of December 31, 2020 and for the two years in the period ended December 31, 2020 listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio

February 25, 2021

We began serving as the Company's auditor in 2005. In 2021, we became the predecessor auditor.

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

	Successor December 31, 2021	Predecessor December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	$ 5.6	$ 12.2
Receivables, less allowances of $3.6 and $23.0	450.2	369.6
Inventory, materials and supplies	57.1	35.5
Prepaid expenses	50.4	33.5
Other current assets	9.1	8.3
Total current assets	572.4	459.1
Property, plant and equipment, net	1,966.6	1,729.1
Operating lease right-of-use assets	44.3	37.4
Goodwill	646.3	161.5
Intangible assets, net	928.3	148.1
Deferred income tax assets	5.3	82.5
Other noncurrent assets	35.6	50.9
Total assets	$ 4,198.8	$ 2,668.6
Liabilities and Shareowners' Equity (Deficit)		
Current liabilities		
Current portion of long-term debt	$ 19.7	$ 21.8
Accounts payable	399.2	299.2
Unearned revenue and customer deposits	83.2	68.9
Accrued taxes	25.3	28.1
Accrued interest	1.9	26.7
Accrued payroll and benefits	41.9	50.5
Other current liabilities	45.5	50.9
Total current liabilities	616.7	546.1
Long-term debt, less current portion	1,428.9	1,949.9
Operating lease liabilities	40.2	33.6
Pension and postretirement benefit obligations	141.1	200.2
Pole license agreement obligation	46.2	36.7
Deferred income tax liabilities	139.6	10.9
Other noncurrent liabilities	96.0	82.3
Total liabilities	2,508.7	2,859.7
Shareowners' equity (deficit)		
Preferred stock, no shares authorized, issued and outstanding at December 31, 2021; 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, 2020; liquidation preference $1,000 per share ($50 per depositary share)	—	129.4
Common shares, $.01 par value; 100 shares authorized at December 31, 2021; 96,000,000 shares authorized and 50,680,605 shares issued and outstanding at December 31, 2020	—	0.5
Additional paid-in capital	1,716.1	2,670.3
Accumulated deficit	(27.2)	(2,831.6)
Accumulated other comprehensive income (loss)	1.2	(159.7)
Total shareowners' equity (deficit)	1,690.1	(191.1)
Total liabilities and shareowners' equity (deficit)	$ 4,198.8	$ 2,668.6

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

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

	Successor	Predecessor		
	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Revenue	$ 554.4	$ 1,138.7	$ 1,559.8	$ 1,536.7
Costs and expenses				
Cost of services and products, excluding items below	302.1	619.5	802.0	784.6
Selling, general and administrative, excluding items below	115.4	243.4	346.5	354.4
Depreciation and amortization	144.6	194.9	293.4	304.9
Restructuring and severance related charges	0.6	1.2	16.9	6.9
Transaction and integration costs	0.8	54.8	35.0	12.8
Gain on sale of assets, net	—	(2.8)	—	—
Total operating costs and expenses	563.5	1,111.0	1,493.8	1,463.6
Operating (loss) income	(9.1)	27.7	66.0	73.1
Interest expense	28.3	89.1	134.2	139.6
Other components of pension and postretirement benefit plans (benefit) expense	(4.7)	6.4	14.1	11.2
Loss on extinguishment of debt, net	2.1	10.7	—	—
Other (income) expense, net	(0.3)	19.7	(1.2)	(0.5)
Loss before income taxes	(34.5)	(98.2)	(81.1)	(77.2)
Income tax benefit	(7.3)	(16.9)	(25.5)	(10.6)
Net loss	(27.2)	(81.3)	(55.6)	(66.6)
Preferred stock dividends	—	7.6	10.4	10.4
Net loss applicable to common shareowners	$ (27.2)	$ (88.9)	$ (66.0)	$ (77.0)

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

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

	Successor	Predecessor		
	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Net loss	$ (27.2)	$ (81.3)	$ (55.6)	$ (66.6)
Other comprehensive income (loss), net of tax:				
Foreign currency translation (loss) gain	(1.4)	1.2	2.2	3.7
Cash flow hedges:				
Unrealized loss on cash flow hedges arising during the period, net of tax of $0.0, ($3.4), ($3.7)	—	(0.1)	(11.4)	(12.5)
Reclassification adjustment for net losses included in net income, net of tax of $5.8, $2.0, $0.5	—	19.7	6.4	1.7
Defined benefit plans:				
Net gain (loss) arising from remeasurement during the period, net of tax of $0.8, $1.8, ($0.8), $0.7	2.6	6.0	(2.7)	2.5
Amortization of prior service benefits included in net income, net of tax of ($0.4), ($0.6), ($0.6)	—	(1.3)	(1.9)	(1.9)
Amortization of net actuarial loss included in net income, net of tax of $3.6, $4.4, $3.6	—	12.0	14.9	11.9
Reclassification adjustment for pension settlement charges included in net income, net of tax of $0.9	—	—	2.9	—
Total other comprehensive income, net of tax	1.2	37.5	10.4	5.4
Total comprehensive loss	$ (26.0)	$ (43.8)	$ (45.2)	$ (61.2)

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

Cincinnati Bell Inc.
CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY (DEFICIT)
(in millions)

	6 3/4% Cumulative Convertible Preferred Shares		Common Shares		Additional Paid-in	Accumulated	Accumulated Other Comprehensive	
Successor	**Shares**	**Amount**	**Shares**	**Amount**	**Capital**	**Deficit**	**Income (Loss)**	**Total**
Balance at September 8, 2021	—	$ —	—	$ —	$ —	$ —	$ —	$ —
Net loss	—	—	—	—	—	(27.2)	—	(27.2)
Other comprehensive income	—	—	—	—	—	—	1.2	1.2
Capital contributions by Red Fiber Parent LLC	—	—	—	—	1,716.1	—	—	1,716.1
Balance at December 31, 2021	—	$ —	—	$ —	$ 1,716.1	$ (27.2)	$ 1.2	$ 1,690.1
Predecessor								
Balance at December 31, 2018	3.1	$ 129.4	50.2	$ 0.5	$ 2,680.0	$ (2,709.4)	$ (175.5)	$ (75.0)
Net loss	—	—	—	—	—	(66.6)	—	(66.6)
Other comprehensive income	—	—	—	—	—	—	5.4	5.4
Shares issued under employee plans	—	—	0.2	—	—	—	—	—
Shares purchased under employee plans and other	—	—	—	—	(0.8)	—	—	(0.8)
Stock-based compensation	—	—	—	—	7.4	—	—	7.4
Dividends on preferred stock	—	—	—	—	(10.4)	—	—	(10.4)
Balance at December 31, 2019	3.1	$ 129.4	50.4	$ 0.5	$ 2,676.2	$ (2,776.0)	$ (170.1)	$ (140.0)
Predecessor								
Balance at December 31, 2019	3.1	$ 129.4	50.4	$ 0.5	$ 2,676.2	$ (2,776.0)	$ (170.1)	$ (140.0)
Net loss	—	—	—	—	—	(55.6)	—	(55.6)
Other comprehensive income	—	—	—	—	—	—	10.4	10.4
Shares issued under employee plans	—	—	0.3	—	—	—	—	—
Shares purchased under employee plans and other	—	—	—	—	(1.1)	—	—	(1.1)
Stock-based compensation	—	—	—	—	5.6	—	—	5.6
Dividends on preferred stock	—	—	—	—	(10.4)	—	—	(10.4)
Balance at December 31, 2020	3.1	$ 129.4	50.7	$ 0.5	$ 2,670.3	$ (2,831.6)	$ (159.7)	$ (191.1)
Predecessor								
Balance at December 31, 2020	3.1	$ 129.4	50.7	$ 0.5	$ 2,670.3	$ (2,831.6)	$ (159.7)	$ (191.1)
Net loss	—	—	—	—	—	(81.3)	—	(81.3)
Other comprehensive income	—	—	—	—	—	—	37.5	37.5
Shares issued under employee plans	—	—	0.2	—	—	—	—	—
Shares purchased under employee plans and other	—	—	—	—	(2.0)	—	—	(2.0)
Stock-based compensation	—	—	—	—	4.3	—	—	4.3
Equity-based award modification	—	—	—	—	(10.2)	—	—	(10.2)
Dividends on preferred stock	—	—	—	—	(7.6)	—	—	(7.6)
Balance at September 7, 2021	3.1	$ 129.4	50.9	$ 0.5	$ 2,654.8	$ (2,912.9)	$ (122.2)	$ (250.4)

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

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

	Successor	Predecessor		
	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Cash flows from operating activities				
Net loss	$ (27.2)	$ (81.3)	$ (55.6)	$ (66.6)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:				
Depreciation and amortization	144.6	194.9	293.4	304.9
Loss on extinguishment of debt	2.1	10.7	—	—
Provision for loss on receivables	3.6	2.1	14.7	12.5
Noncash portion of interest (income) expense	(0.5)	4.0	5.5	6.2
Deferred income taxes	(8.6)	(21.1)	(27.7)	(10.9)
Pension and other postretirement payments (in excess of) less than expense	(7.6)	(0.2)	1.0	(0.1)
Stock-based compensation	—	4.3	5.6	7.4
Other, net	(0.1)	(5.2)	0.4	(5.0)
Changes in operating assets and liabilities:				
(Increase) decrease in receivables	(138.8)	51.1	(74.9)	27.6
(Increase) decrease in inventory, materials, supplies, prepaid expenses and other current assets	(11.8)	(29.4)	5.0	5.0
Increase (decrease) in accounts payable	25.6	49.1	15.8	(40.0)
(Decrease) increase in accrued and other current liabilities	(19.5)	2.8	6.8	13.0
(Increase) decrease in other noncurrent assets	(8.4)	2.1	13.7	9.3
Increase (decrease) in other noncurrent liabilities	21.6	8.8	2.4	(4.2)
Net cash (used in) provided by operating activities	(25.0)	192.7	206.1	259.1
Cash flows from investing activities				
Capital expenditures	(127.0)	(165.2)	(223.6)	(223.8)
Acquisition of business	(1,620.7)	—	—	—
Acquisition of Paniolo fiber assets	(1.7)	(50.5)	—	—
Wireless spectrum license purchase	—	—	(6.4)	—
Proceeds from sale of assets	—	9.1	3.5	—
Other, net	0.8	(0.1)	0.1	0.5
Net cash used in investing activities	(1,748.6)	(206.7)	(226.4)	(223.3)
Cash flows from financing activities				
Capital contributions by Red Fiber Parent LLC	1,716.1	—	—	—
Proceeds from issuance of long-term debt	1,145.0	23.0	—	—
Net (decrease) increase in corporate credit and receivables facilities with initial maturities less than 90 days	(30.2)	9.0	60.2	(6.1)
Repayment of debt	(1,004.2)	(13.4)	(22.4)	(21.5)
Debt issuance costs	(55.9)	(0.8)	(0.7)	(0.8)
Dividends paid on preferred stock	(2.4)	(7.8)	(10.4)	(10.4)
Other, net	—	(2.0)	(1.1)	(0.8)
Net cash provided by (used in) financing activities	1,768.4	8.0	25.6	(39.6)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	0.1	—	0.3	—
Net (decrease) increase in cash, cash equivalents and restricted cash	(5.1)	(6.0)	5.6	(3.8)
Cash, cash equivalents and restricted cash at beginning of period	11.2	17.2	11.6	15.4
Cash, cash equivalents and restricted cash at end of period	$ 6.1	$ 11.2	$ 17.2	$ 11.6

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

Organization — On March 13, 2020, the Company (as defined below), entered into an Agreement and Plan of Merger (the "Merger Agreement") with Red Fiber Parent LLC, a Delaware limited liability company ("Parent"), and RF Merger Sub Inc., an Ohio corporation and directly wholly owned subsidiary of Parent ("Merger Sub"). On September 7, 2021 (the "Closing Date" or "Merger Date"), upon the terms and subject to the conditions set forth in the Merger Agreement, and in accordance with the applicable provisions of the Ohio General Corporation Law (the "OGCL"), Merger Sub merged with and into the Company, with the Company continuing as the surviving corporation (the "Merger"). At the effective time of the Merger (the "Effective Time"), the separate corporate existence of Merger Sub ceased, and the Company survived the Merger as a wholly owned private subsidiary of Parent. As of the date of this filing, the Company has ceased to be a registrant (see Note 12), however due to contractual terms in certain indentures, the Company is required to voluntarily file with the U.S. Securities and Exchange Commission ("SEC").

As a result of the Merger, for accounting purposes, Parent is the acquirer and Cincinnati Bell Inc. is the acquiree and accounting predecessor. The financial statement presentation includes the financial statements of historical Cincinnati Bell Inc. as "Predecessor" for periods prior to the Closing Date and of the Company as "Successor" for the periods after the Closing Date. In connection with the Merger and the related accounting determination, the Company has elected to apply push-down accounting and reflect in its financial statements the fair value of its assets and liabilities. The Consolidated Financial Statements and footnotes include a black line division between the columns titled "Predecessor" and "Successor" to signify that the amounts shown for the periods prior to and following the Merger are not comparable. The Company has elected to record all expenses that were contingent on the closing of the Merger in the Predecessor period. See Note 4 for additional information on the Merger.

Description of Business — Cincinnati Bell Inc. and its consolidated subsidiaries ("Cincinnati Bell," "we," "our," "us" or the "Company") provides diversified telecommunications and technology services. For ease of reference, the terms "Cincinnati Bell," "we," "our Company," "the Company," "us," or "our" as used in this report refer to both the Predecessor and the Successor and their respective subsidiaries. The Company generates a large portion of its revenue by serving customers in Cincinnati, Ohio, Dayton, Ohio and the islands of Hawaii. An economic downturn or natural disaster occurring in these, or a portion of these, limited operating territories 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, 2021, we operate our business through the following segments: Network, previously referred to as Entertainment and Communications, and IT Services and Hardware.

The Company has approximately 5,200 employees as of December 31, 2021. Approximately 22% of total employees are covered by collective bargaining agreements with the Communications Workers of America ("CWA") and the International Brotherhood of Electrical Workers ("IBEW)" Local 1357. The effective dates for collective bargaining agreements with the CWA and IBEW range through the second quarter of 2026 and third quarter of 2022, respectively.

Basis of Presentation — The consolidated financial statements of the Company have been prepared pursuant to the rules and regulations of the 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.

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 allowances for receivables and deferred income taxes; reserves recorded for income tax exposures; assets and liabilities related to employee benefits; the valuation of deferred costs under Accounting Standards Codification ("ASC") 606, "Revenue Recognition"; purchase price allocation for acquired businesses; and the valuation of intangible assets and 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. We periodically review our estimates in light of changes in circumstances, facts and experience. The effects of material revisions in estimates are reflected in our financial statements prospectively from the date of the change in estimate.

Business Combinations — In accounting for business combinations, we apply the accounting requirements of Accounting Standards Codification 805 ("ASC 805"), "Business Combinations," which requires the recording of net assets of acquired businesses at fair value. In developing fair value estimates for 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, any contingent consideration is presented at fair value at the date of acquisition, and transaction costs are expensed as incurred. The Company reports in its consolidated financial statements provisional amounts for the items for which accounting is incomplete. Goodwill is adjusted for any changes to provisional amounts made within the measurement period. See Note 4 for disclosures related to mergers and acquisitions.

Cash, Cash Equivalents and Restricted Cash — 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. Restricted cash in the Successor period consists of funds held in an escrow account related to a cost method investment. Restricted cash in the Predecessor period consists of funds held in an escrow account associated with the acquisition of substantially all of the operating assets of Paniolo Cable Company, LLC ("Paniolo"). See Note 4 for further information related to this transaction. Restricted cash is included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the Consolidated Statements of Cash Flows. A reconciliation of cash, cash equivalents and restricted cash to the Consolidated Balance Sheets follows:

	Successor	Predecessor	
(dollars in millions)	December 31, 2021	December 31, 2020	December 31, 2019
Cash and cash equivalents	$ 5.6	$ 12.2	$ 11.6
Restricted cash included in Other noncurrent assets	0.5	5.0	—
Cash, cash equivalents and restricted cash per Consolidated Statements of Cash Flows	$ 6.1	$ 17.2	$ 11.6

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 customer, Verizon Communications Inc., which make up 26% and 20% of the outstanding accounts receivable balance at December 31, 2021 and 2020, respectively. Unbilled receivables arise from services rendered but not yet billed. As of December 31, 2021 and 2020, unbilled receivables totaled $70.8 million and $41.0 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. As of the Merger Date, the Company measured their receivables at fair value in accordance with ASC 805. At December 31, 2021, the allowance established for uncollectible accounts in the Successor Period is $3.6 million. In 2020, in response to the pandemic, the Company participated in the Keep Americans Connected Pledge ("Pledge"), and as a result, we temporarily suspended involuntary account terminations. The Company continued to record allowance for uncollectible accounts but write-offs were delayed until the expiration of the Pledge and past due accounts could pass through the standard collection process. Due to this reduction of write-offs in 2020, the allowance for uncollectible accounts was $23.0 million at December 31, 2020. Accounts that were past due as a result of the Pledge were fully reserved as of December 31, 2020 and accounts not cured were subsequently written off in the first quarter of 2021.

Factoring Arrangements — In the second quarter of 2018, the Company executed an amendment of its Receivables Facility that includes an option for Cincinnati Bell Funding LLC ("CBF") to sell certain receivables, on a non-recourse basis, directly to PNC Bank. The terms of the factoring arrangement provides for the factoring of certain receivables, which are purchased at the face amount of the receivable discounted at the annual rate of LIBOR plus a bank determined spread on the purchase date. Such sales of accounts receivable are reflected as a reduction of "Receivables, less allowances" in the Consolidated Balance Sheets as they meet the applicable criteria in ASC 860, "Transfers and Servicing." The fees recorded in relation to such sales of accounts receivable were immaterial in 2021 and 2020, and are included in "Selling, general, and administrative" in the Consolidated Statements of Operations. As of December 31, 2021 and 2020, there was no outstanding balance of receivables sold under the terms of the factoring agreement. See Note 7 for further information related to the Receivables Facility.

Inventory, Materials and Supplies — Inventory, materials and supplies consists of network components, various telephony and IT equipment to be sold to customers, 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. Property, plant and equipment owned by the Company on the Merger Date was stated at fair value in accordance with ASC 805, "Business Combinations." 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 Network segment's 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 allocated at the business segment level. 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 is recognized. An impairment loss is measured as the excess of the carrying value of goodwill of a reporting unit over its fair value. No impairment losses were recognized in goodwill for the Successor and Predecessor periods in 2021 and the years ended December 31, 2020 and 2019.

Indefinite-Lived Intangible Assets — Intangible assets represent purchased assets that lack physical substance but can be separately distinguished from goodwill because of contractual or legal rights, or because the asset is capable of being separately sold or exchanged. Federal Communications Commission ("FCC") licenses for wireless spectrum represent indefinite-lived intangible assets. The Company may renew the wireless licenses in a routine manner every ten years for a nominal fee, provided the Company continues to meet the service and geographic coverage provisions required by the FCC. Intangible assets not subject to amortization are tested for impairment annually, or when events or changes in circumstances indicate that the asset might be impaired. No impairment losses were recognized on indefinite-lived intangible assets for the Successor and Predecessor periods in 2021 and the years ended December 31, 2020 and 2019.

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. No impairment losses were recognized on long-lived assets for the Successor and Predecessor periods in 2021 and the years ended December 31, 2020 and 2019.

Cost Method Investments — Certain of our cost method investments do not have readily determinable fair values. The carrying value of these investments was $7.0 million and $6.9 million as of December 31, 2021 and 2020, respectively, and was included in "Other noncurrent assets" in the Consolidated Balance Sheets. Investments are reviewed annually to determine if changes in circumstances exist that would indicate the carrying value may not be recoverable. If indicators are present then an analysis is performed to determine if carrying value exceeds the estimated fair value. No impairment losses were recognized for cost method investments for the Successor and Predecessor periods in 2021 and the years ended December 31, 2020 and 2019.

Leases — The Company adheres to lease accounting principles described in ASC 842, "Leases." Under ASC 842, the Company determines if an arrangement is a lease at inception based on the facts and circumstances present. In lease transactions where the Company acts as the lessor, the lease component is accounted for in accordance with ASC 842, and the non-lease component is accounted for in accordance with ASC 606. Although separation of lease and non-lease components is required, certain practical expedients are available that release the Company from this requirement. Adoption of the practical expedient allows the Company to account for each lease component and the related non-lease component together as a single component provided that the timing and patterns of revenue recognition for the components are the same and the combined, single unit of account would be classified as an operating lease. The Company's operating leases for certain services that include Customer Premise Equipment, including handsets and set-top boxes, have lease and non-lease components. In these arrangements, management has concluded that the non-lease components are the predominant characteristic, and, as a result, the Company has elected to account for these arrangements as one single non-lease component recorded as "Revenue" in the Consolidated Statements of Operations in accordance with ASC 606.

Right-of-use assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Certain adjustments to the right-of-use asset may be required for items such as initial direct costs paid or incentives received.

The Company's lease terms include options to extend, terminate or buyout the lease when it is reasonably certain that we will exercise that option. Leases that have contract prices based on variable factors, such as power usage, are recognized as variable lease expense in the period in which the obligation for those payments are incurred. Lease expense for variable lease payments is recognized on a straight-line basis over the lease term.

Revenue Recognition — The Company adheres to revenue recognition principles described in ASC 606. Under ASC 606, revenue is recognized when the Company 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. A good or service is considered to be transferred when the customer obtains control.

Revenue derived from foreign operations was approximately 6% of consolidated revenue for both the Successor period and the Predecessor period included within 2021. Revenue derived from foreign operations was approximately 5% of consolidated revenue in each 2020 and 2019.

Network — 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. Consumer long distance, switched access and other usage based charges are billed monthly in arrears. Network 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.

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.

For long-term indefeasible right of use, or IRU, contracts for fiber circuit capacity, the Company may receive up-front payments for services to be delivered for a period of up to 25 years. In these situations, the Company defers the revenue and amortizes it on a straight-line basis to earnings over the term of the contract. See Note 3 for further information.

IT Services and Hardware — Revenue is 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.

For hardware sales, revenue is recognized net of the cost of product and is recognized when the hardware is either shipped or delivered in accordance with the terms of the contract. Installation service revenue is generally recognized when installation is complete. We sell equipment and installation services on both a combined and standalone basis.

For the sale of hardware within the Infrastructure Solutions category, the Company evaluated whether it is the principal (in which case we report revenues on a gross basis) or the agent (in which case we report revenues on a net basis). The Company has concluded it acts as an agent because it does not control the inventory before it is transferred to customers, it does not have the ability to direct the product to anyone besides the purchasing customer, and it does not integrate the hardware with any of its own goods or services.

Restructuring Liability — As of December 31, 2021, restructuring liabilities have been established for employee separations. As of December 31, 2021 and 2020, $0.2 million and $4.5 million, respectively, of restructuring liability was included in "Other current liabilities" in the Consolidated Balance Sheets.

Advertising Expenses — Costs related to advertising are expensed as incurred. Advertising costs were $7.1 million and $12.8 million for the Successor and Predecessor periods in 2021, respectively, and $15.6 million, and $18.6 million for the years ended December 31, 2020, and 2019, 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 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 revenue 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 totaled $13.2 million and $27.2 million in the Successor and Predecessor periods in 2021, respectively, and $32.2 million and $29.2 million for the years ended December 31, 2020 and 2019, respectively. The amounts reported as expense totaled $13.7 million and $32.1 million in the Successor and Predecessor periods in 2021, respectively, and $34.2 million, and $32.5 million for the years ended December 31, 2020 and 2019, 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 requisite 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, expected 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, the Company accounts for forfeitures as they occur. Actual forfeiture activity reduces the total fair value of the awards to be recognized as compensation expense. 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.

In connection with the consummation of the Merger, certain previously granted stock-based awards vested on the Closing Date per the terms of the change of control clauses in each plan and were paid at the share purchase price of $15.50. As a result, the following awards vested and were paid on the date of acquisition: (i) time-based restricted stock units and performance-based stock units associated with the 2019 – 2021 long-term incentive plan granted under the 2017 Long-Term Incentive Plan; (ii) time-based restricted stock units granted to non-employee directors in 2020 under the 2017 Stock Plan for Non-Employee Directors; and (iii) time-based restricted stock units granted under the Hawaiian Telcom 2010 Equity Incentive Plan in the first quarter of 2018 which the Company assumed responsibility for the eventual payout upon the acquisition of Hawaiian Telcom. Due to the accelerated vesting and cash payment of these awards, the Company recorded additional compensation expense of $9.3 million to "Selling, general and administrative" expense in the Predecessor period on the Consolidated Statements of Operations. As of December 31, 2021, there are no outstanding awards granted under the 2017 Long-Term Incentive Plan, 2017 Stock Plan for Non-Employee Directors and Hawaiian Telcom 2010 Equity Incentive Plan.

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 remaining life expectancy of plan 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 estimates or from changes in actuarial assumptions are recognized as a component of annual net periodic benefit cost. Pension and postretirement benefit plans were remeasured as of the Merger Date. Unrecognized actuarial gains or losses that exceed 10% of the projected benefit obligation are amortized on a straight-line basis over the average life expectancy of the participant group for the Cincinnati pension plans and Hawaii pension plans, the average life expectancy of retirees for the Cincinnati postretirement plans and the average remaining service period of active employees for the Hawaii postretirement plans.

Derivative Financial Instruments — The Company accounts for derivative financial instruments by recognizing derivative instruments as either assets or liabilities in the Consolidated Balance Sheets at fair value and recognizing the resulting gains or losses as adjustments to the Consolidated Statements of Operations or "Accumulated Other Comprehensive Income (Loss)." The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

For derivative instruments that hedge the exposure to variability in expected future cash flows that are designated and qualify as cash flow hedges, the gain or loss on the derivative instrument is reported as a component of "Accumulated Other Comprehensive Income (Loss)" in stockholder's equity and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. To receive hedge accounting treatment, cash flow hedges must be highly effective in offsetting changes to expected future cash flows on hedged transactions. Derivatives that do not qualify as hedges are adjusted to fair value through earnings in the current period.

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.

The determination of where an asset or liability falls in the hierarchy requires significant judgment.

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. Gains and losses arising from foreign currency transactions are recorded in "Other (income) expense, net" in the period incurred.

2. Recently Issued Accounting Standards

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), which replaces the incurred loss model with the current expected credit loss ("CECL") model to estimate credit losses for financial assets measured at amortized cost and certain off-balance sheet credit exposures. The CECL model requires a company to estimate credit losses expected over the life of the financial assets based on all relevant information including historical information, current conditions and reasonable and supportable forecasts that affect the collectability of the amounts. This standard is effective for public entities for fiscal years beginning after December 15, 2019. The standard requires a modified retrospective approach by recording a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. ASU 2016-13 was amended in November 2018 by the provisions of ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments – Credit Losses, in April 2019 by the provisions of ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments – Credit Losses, in May 2019 by the provisions of ASU 2019-05, Financial Instruments – Credit Loses (Topic 326), and in November 2019 by the provisions of ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments – Credit Losses. The Company adopted this ASU and all subsequent amendments effective January 1, 2020. The adoption of this standard, as amended, did not have a material effect on the Company's consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which simplifies the accounting for income taxes, eliminates certain exceptions within *Income Taxes (740)*, and clarifies certain aspects of the current guidance to promote consistency among reporting entities, and is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2020. Most amendments within ASU 2019-12 are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company adopted the standard effective January 1, 2021. The Company has evaluated the amendments that must be applied on a retrospective or modified retrospective basis and concluded that no adjustments are necessary. The Company has applied all other amendments on a prospective basis, and the changes did not have a material effect on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The ASU is intended to provide temporary optional expedients and exceptions to the U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. These amendments are effective as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020 and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The Company does not expect the standard to have a material effect on its 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. Revenue

The Network segment provides products and services to both consumer and enterprise customers that can be categorized as either Fioptics in Cincinnati or Consumer/SMB Fiber in Hawaii (collectively, "Consumer/SMB Fiber"), Enterprise Fiber or Legacy. The products and services within these three categories can be further categorized as either Data, Voice, Video or Other. Consumer/SMB Fiber and Legacy revenue include both consumer and commercial customers. Enterprise Fiber revenue includes ethernet and dedicated internet access services that are provided to enterprise customers. Enterprise Fiber also includes revenue associated with the Southeast Asia to United States ("SEA-US") trans-Pacific submarine cable system, which was acquired in conjunction with the acquisition of Hawaiian Telcom in the third quarter of 2018, and connects Indonesia, the Philippines, Guam, Hawaii and the mainland United States.

Residential customers have implied month-to-month contracts, while commercial customers, with the exception of contracts associated with the SEA-US cable system, typically have contracts with a duration of one to five years and automatically renew on a month-to-month basis. Customers are invoiced on a monthly basis for services rendered. Contracts for projects that are included within the Other revenue stream are typically short in duration and less than one year. Contracts associated with the SEA-US cable system typically range from 15 to 25 years and payment is prepaid.

The IT Services and Hardware segment provides a full range of Information Technology ("IT") solutions, including Communications, Cloud and Consulting services. IT Services and Hardware customers enter into contracts that have a typical duration of one to five years, with varied renewal options at the end of the term. Customers are invoiced on a monthly basis for services rendered. The IT Services and Hardware segment also provides enterprise customers with Infrastructure Solutions, which includes the sale of hardware and maintenance contracts. These contracts are typically satisfied in less than twelve months and revenue is recognized at a point in time.

The Company has elected the practical expedient described in ASC 606-10-32-18 that allows an entity to not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects that the period of time between the transfer of a promised good or service to the customer and when the customer pays for such good or service will be one year or less. Customers are typically billed immediately upon the rendering of services or the delivery of products. Payment terms for customers are between 30 and 120 days. Subsequent to the acquisition of Hawaiian Telcom, the Company began recognizing a financing component associated with the up-front payments for services to be delivered under indefeasible right of use ("IRU") contracts for fiber circuit capacity. The IRU contracts are associated with the SEA-US cable system and other dedicated fiber routes. The IRU contracts typically have a duration ranging from 15 to 25 years.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, or a series of distinct goods or services, and is the unit of account defined in ASC Topic 606. The transaction price identified in the contract is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Contract modifications for changes to services provided are routine throughout the term of our contracts. In most instances, contract modifications are for the addition or reduction of services that are distinct, and price changes are based on the stand-alone selling price of the service and, as such, are accounted for on a prospective basis as a new contract.

Goods and services are sold individually, or a contract may include multiple goods or services. For contracts with multiple goods and services, the contract transaction price is allocated to each performance obligation using the stand-alone selling price of each distinct good or service in the contract.

Certain customers of the Company may receive cash-based rebates based on volume of sales, which are accounted for as variable consideration. Potential rebates are considered at contract inception in our estimate of transaction price based on the projected volume of sales. Estimates are reassessed quarterly.

Performance obligations are satisfied either over time as services are performed or at a point in time. Substantially all of our service revenue is recognized over time. For services transferred over time, the Company has elected the practical expedient to recognize revenue based on amounts invoiced to the customer as the Company has concluded that the invoice amount directly corresponds with the value of services provided to the customer. Management considers this a faithful depiction of the transfer of control as services are provided evenly over the month and are substantially the same over the life of the contract. As the Company has elected the practical expedients detailed at ASC 606-10-50-13, revenue for these unsatisfied performance obligations that will be billed in future periods has not been disclosed.

As of December 31, 2021, our estimated revenue, including a financing component, expected to be recognized in the future related to performance obligations associated with customer contracts that are unsatisfied (or partially unsatisfied) is $137.3 million. Approximately 75% of this revenue is related to a new IRU contract entered into in the Successor period to provide dedicated fiber routes for a period of 20 years (see Note 9). Certain IRU contracts extend for periods of up to 30 years and are invoiced at the beginning of the contract term. The revenue from such contracts is recognized over time as services are provided over the contract term. The expected revenue to be recognized for existing IRU contracts is as follows:

(dollars in millions)	
2022	$ 4.0
2023	6.1
2024	7.9
2025	7.8
2026	7.9
Thereafter	103.6

Network

The Company has identified four distinct performance obligations in the Network segment, namely Data, Voice, Video and Other. For each of the Data, Voice and Video services, service is delivered to the customer continuously and in a substantially similar manner for each period of the agreement, the customer takes full control over the services as the service is delivered, and as such, Data, Voice and Video are identified to be a series of distinct services. Services provided by the Network segment can be categorized into three main categories that include Consumer/SMB Fiber, Enterprise Fiber and Legacy, each of which may include one or more of the aforementioned performance obligations. Data services include high-speed internet access, digital subscriber lines, ethernet, routed network services, SONET (Synchronous Optical Network), dedicated internet access, wavelength, digital signal and IRU revenue. Voice services include traditional and fiber voice lines, switched access, digital trunking and consumer long distance calling. Video services are offered through our fiber network to residential and commercial customers based on various standard plans with the opportunity to add premium channels. To receive video services, customers are required to use the Company's set top boxes that are billed as part of the monthly recurring service. Set top boxes are not considered a separate performance obligation from video because the equipment is necessary for the service to operate and the customer has no alternative use for the equipment.

Services and products not included in Data, Voice or Video are included in Other revenue and are comprised of wire care, wire time and materials projects, subsidized fiber build projects and advertising. Transfer of control of these services and products is evaluated on an individual project basis and can occur over time or at a point in time.

The Company uses multiple methods to determine stand-alone selling prices in the Network segment. For Data, Video and Voice products in Consumer/SMB Fiber, market rate is the primary method used to determine stand-alone selling prices. For Data performance obligations under the Enterprise Fiber category, and Voice, Data and Other performance obligations under the Legacy category, stand-alone selling prices are determined based on a list price, discount off of list price, a tariff rate, a margin percentage range, or a minimum margin percentage.

IT Services and Hardware

The Company has identified four distinct performance obligations in the IT Services and Hardware segment. These performance obligations are Communications, Cloud, Consulting and Infrastructure Solutions. Communications services are monthly services that include data and VoIP services, tailored solutions that include converged IP communications of data, voice, video and mobility applications, enterprise long distance, MPLS (Multi-Protocol Label Switching) and conferencing services. Cloud services include storage, backup, disaster recovery, SLA-based monitoring and management, cloud computing and cloud consulting. Consulting services provide customers with IT staffing, consulting and emerging technology solutions. Infrastructure Solutions includes the sale of hardware and maintenance contracts as well as installation projects.

For the sale of hardware, the Company evaluated whether it is the principal or the agent. The Company has concluded it acts as an agent because it does not control the inventory before it is transferred to customers, it does not have the ability to direct the product to anyone besides the purchasing customer, and it does not integrate the hardware with any of its own goods or services. Based on this assessment, the performance obligation is to arrange a sale of hardware between the vendor and the customer. In the instance where there is an issue with the hardware, the Company coordinates with the manufacturer to facilitate a return in accordance with the standard manufacturer warranty. Hardware returns are not significant to the Company.

Within the IT Services and Hardware segment, stand-alone selling prices for the four performance obligations are determined based on either a margin percentage range, minimum margin percentage or discount from standard price list if it is determined to be representative of stand-alone selling price.

For hardware sales, revenue is recognized net of the cost of product and is recognized when the hardware is shipped or delivered in accordance with the terms of the contract. For certain projects within Communications and Consulting, revenue is recognized when the customer communicates acceptance of the services performed. For contracts with freight on board shipping terms, management has elected to account for shipping and handling as activities to fulfill the promise to transfer the good, and therefore, has not evaluated whether shipping and handling activities are promised services to its customers.

Contract Balances

The Company recognizes incremental fulfillment costs as an asset when installation expenses are incurred as part of performing the agreement for Voice, Video and Data product offerings in the Network segment in which the contract life is longer than one year. These fulfillment costs are amortized ratably over the expected life of the customer, which is representative of the expected period of benefit of the asset capitalized. The expected life of the customer is determined utilizing the average churn rate for each product. The Company calculates average churn based on the historical average customer life. We also recognize an asset for incremental fulfillment costs for certain Communications services in the IT Services and Hardware segment that require us to incur installation and provisioning expenses. The asset recognized for Communication services is amortized over the average contract life. Churn rates and average contract life are reviewed on an annual basis. Fulfillment costs are capitalized to "Other noncurrent assets." The related amortization expense is recorded to "Cost of services and products."

The Company recognizes an asset for the incremental costs of acquiring a contract with a customer if we expect the benefit of those costs to be longer than one year. We have determined that certain sales incentive programs related to Voice, Video, Data and certain Communications and Cloud services meet the requirements to be capitalized. The contract asset established for the costs of acquiring a contract is recorded to "Other noncurrent assets." Sales incentives are amortized ratably over the period that services are delivered using either an average churn rate or average contract term, both representative of the expected period of benefit of the asset capitalized. Customer churn rates and average contract term assumptions are reviewed on an annual basis. The related amortization expense is recorded to "Selling, general and administrative."

Management has elected to use the practical expedient detailed in ASC 340-40-25-4 to expense any costs to fulfill a contract and costs to obtain a contract as they are incurred when the amortization period would be one year or less. This practical expedient has been applied to fulfillment costs that include installation costs associated with wiring projects and certain Cloud services. In addition, this practical expedient has been applied to acquisition costs associated with revenue from certain Communications projects.

The following table presents the activity for the Company's contract assets:

	Successor								
	Fulfillment Costs			Cost of Acquisition			Total Contract Assets		
(dollars in millions)	Network	IT Services and Hardware	Total Company	Network	IT Services and Hardware	Total Company	Network	IT Services and Hardware	Total Company
Balance as of September 8, 2021 (remeasured upon Merger)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Additions	0.7	0.8	1.5	3.5	0.4	3.9	4.2	1.2	5.4
Amortization	—	(0.1)	(0.1)	(0.2)	(0.1)	(0.3)	(0.2)	(0.2)	(0.4)
Balance as of December 31, 2021	$ 0.7	$ 0.7	$ 1.4	$ 3.3	$ 0.3	$ 3.6	$ 4.0	$ 1.0	$ 5.0

	Predecessor								
	Fulfillment Costs			Cost of Acquisition			Total Contract Assets		
(dollars in millions)	Network	IT Services and Hardware	Total Company	Network	IT Services and Hardware	Total Company	Network	IT Services and Hardware	Total Company
Balance as of December 31, 2018	$ 14.5	$ 2.5	$ 17.0	$ 13.0	$ 2.0	$ 15.0	$ 27.5	$ 4.5	$ 32.0
Additions	3.6	3.5	7.1	10.0	1.6	11.6	13.6	5.1	18.7
Amortization	(10.1)	(1.9)	(12.0)	(8.2)	(1.3)	(9.5)	(18.3)	(3.2)	(21.5)
Balance as of December 31, 2019	8.0	4.1	12.1	14.8	2.3	17.1	22.8	6.4	29.2
Additions	3.6	2.2	5.8	9.4	3.5	12.9	13.0	5.7	18.7
Amortization	(8.1)	(2.4)	(10.5)	(8.4)	(2.2)	(10.6)	(16.5)	(4.6)	(21.1)
Balance as of December 31, 2020	3.5	3.9	7.4	15.8	3.6	19.4	19.3	7.5	26.8
Additions	2.5	2.6	5.1	7.2	0.4	7.6	9.7	3.0	12.7
Amortization	(5.2)	(1.9)	(7.1)	(6.7)	(1.1)	(7.8)	(11.9)	(3.0)	(14.9)
Balance as of September 7, 2021	$ 0.8	$ 4.6	$ 5.4	$ 16.3	$ 2.9	$ 19.2	$ 17.1	$ 7.5	$ 24.6

Fulfillment costs and costs of acquisition were remeasured in the Successor period in accordance with ASC 805.

The Company recognizes a liability for cash received up-front for IRU contracts. At December 31, 2021 and 2020, $2.2 million and $1.6 million, respectively, of contract liabilities were included in "Other current liabilities." At December 31, 2021 and 2020, $57.2 million and $26.2 million, respectively, of contract liabilities were included in "Other noncurrent liabilities."

Disaggregated Revenue

The following table presents revenues disaggregated by product and service lines:

	Successor	Predecessor		
(dollars in millions)	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Data	$ 156.2	$ 334.6	$ 479.4	$ 475.0
Video	60.4	131.8	193.8	203.0
Voice	76.4	177.3	262.8	284.9
Other	10.8	20.5	33.6	32.8
Total Network	303.8	664.2	969.6	995.7
Consulting	105.5	193.6	196.0	152.6
Cloud	31.9	66.4	86.2	92.1
Communications	68.5	149.1	215.0	198.7
Infrastructure Solutions	53.4	83.3	119.4	124.0
Total IT Services and Hardware	259.3	492.4	616.6	567.4
Intersegment revenue	(8.7)	(17.9)	(26.4)	(26.4)
Total revenue	$ 554.4	$ 1,138.7	$ 1,559.8	$ 1,536.7

The following table presents revenues disaggregated by contract type:

(dollars in millions)	Successor	Predecessor		
	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Network				
Products and services transferred at a point in time	$ 8.0	$ 15.8	$ 27.9	$ 31.7
Products and services transferred over time	289.3	635.3	922.0	942.4
Intersegment revenue	6.5	13.1	19.7	21.6
Total Network	303.8	664.2	969.6	995.7
IT Services and Hardware				
Products and services transferred at a point in time	59.4	90.1	127.9	138.7
Products and services transferred over time	197.7	397.5	482.0	423.9
Intersegment revenue	2.2	4.8	6.7	4.8
Total IT Services and Hardware	259.3	492.4	616.6	567.4
Total Revenue				
Total products and services transferred at a point in time	67.4	105.9	155.8	170.4
Total products and services transferred over time	487.0	1,032.8	1,404.0	1,366.3
Total revenue	$ 554.4	$ 1,138.7	$ 1,559.8	$ 1,536.7

4. Mergers and Acquisitions

Acquisition by Red Fiber Parent LLC

On September 7, 2021, pursuant to the Merger Agreement and in accordance with the applicable provisions of the OGCL, Parent completed the acquisition of Cincinnati Bell in an all cash transaction valued at approximately $3.1 billion, including assumption of debt of $1,357.1 million. Upon the Effective Time, the separate existence of Merger Sub ceased and the Company survived the Merger as a wholly owned subsidiary of Parent.

Pursuant to the Merger Agreement, each of Cincinnati Bell's issued and outstanding Common Shares was converted into the right to receive $15.50 per share in cash, without interest. Trading of the Company's Common Shares was suspended on the New York Stock Exchange ("NYSE") and the Common Shares were subsequently delisted from the NYSE. Additionally, the Company redeemed Depositary Shares simultaneously with the redemption of the 6 3/4% Preferred Shares, at a redemption price of $50 per Depositary Share (equivalent to $1,000 per 6 3/4% Preferred Share), and the Depositary Shares were then delisted from the NYSE.

The Company accounted for this transaction as a business combination in accordance with the acquisition method of accounting, which requires, among other things, that assets acquired and liabilities assumed be recognized at their estimated fair values, using primarily Level 3 inputs, as described in Note 1, as of the Merger Date. Transaction costs of the acquirer are not included as a component of consideration transferred but are accounted for as expenses in the period in which such costs are incurred, or, if related to the issuance of debt, capitalized as debt issuance costs. Acquisition-related transaction costs incurred as part of the Merger, primarily included advisory, legal and accounting fees.

The valuation of the assets acquired and liabilities assumed was based on estimated fair values at the Merger Date. The preliminary allocation of consideration to the net tangible and intangible assets acquired and liabilities assumed reflect various preliminary fair value estimates and analyses, including preliminary work performed by third-party valuation specialists, which are subject to change within the measurement period as valuations are finalized. The determination of the final purchase price allocation to specific assets acquired and liabilities assumed is incomplete at December 31, 2021. The primary areas of the preliminary purchase price allocations that are not yet finalized relate to the fair values of property, plant and equipment, the valuation of intangible assets acquired, income and non-income based taxes and goodwill. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired as of the Merger Date during the measurement period.

Measurement period adjustments will be applied retrospectively to the Merger Date. We have not finalized the allocation of the purchase price as it requires extensive use of accounting estimates and valuation methodologies in the determination of such fair values. Any subsequent changes in the estimated fair values assumed upon the finalization of more detailed analysis within the measurement period will change the allocation of the purchase price and will be adjusted during the period in which the amounts are determined. The allocation of goodwill to our Network reporting unit and IT Services and Hardware reporting unit is preliminary as of the date of this filing.

The purchase price for Cincinnati Bell Inc. consisted of the following:

(dollars in millions)		
Cash consideration for Cincinnati Bell Inc. common stock	$	807.3
Cash consideration for preferred stock		155.2
Cash consideration for debt repayment		658.2
Total purchase price	$	1,620.7

Based on fair value estimates, the purchase price has been allocated on a preliminary basis to individual assets acquired and liabilities assumed as follows:

(dollars in millions)	Cincinnati Bell Inc.
Assets acquired	
Cash	$ 11.2
Receivables	318.5
Inventory, materials and supplies	56.4
Prepaid expenses	5.6
Other current assets	40.5
Property, plant and equipment	1,950.7
Operating lease right-of-use assets	42.3
Goodwill	646.3
Intangible assets	969.6
Deferred tax assets	6.9
Other noncurrent assets	20.2
Total assets acquired	4,068.2
Liabilities assumed	
Current portion of long-term debt	11.8
Accounts payable	381.1
Unearned revenue and customer deposits	51.2
Accrued taxes	24.6
Accrued interest	19.4
Accrued payroll and benefits	49.3
Other current liabilities	75.0
Long-term debt, less current portion	1,378.0
Operating lease liabilities	38.6
Pension and postretirement benefit obligations	151.6
Pole license agreement obligation	46.7
Deferred income tax liability	148.8
Other noncurrent liabilities	71.4
Total liabilities assumed	2,447.5
Net assets acquired	$ 1,620.7

During the fourth quarter of 2021, the Company recorded measurement period adjustments with the offset recorded as an increase or decrease to "Goodwill." Adjustments recorded in the fourth quarter are considered immaterial. Given the size and complexity of the transaction, the entire purchase price allocation disclosed herein continues to be considered provisional at this time and subject to adjustment to reflect new information obtained about factors and circumstances that existed as of the Closing Date that if known would have affected the measurement of the amounts recognized as of that date, while the measurement period remains open.

In connection with this acquisition, the Company recorded goodwill attributable to increased access to a diversified customer base, acquired workforce in the United States, Canada, United Kingdom and India with industry expertise and expected synergies. The goodwill related to this acquisition is not deductible for tax purposes.

The Company recorded definite-lived intangible assets related to the customer relationships, trade names and technology and an indefinite-lived intangible asset related to FCC licenses. The preliminary fair value of the most significant identified intangible assets, customer relationships and trade names, were valued using the multi-period excess earnings method and relief from royalty method, under the income approach. The Company applied judgment which involved the use of significant assumptions with respect to revenue growth rates, customer attrition rate, discount rate and terminal growth rate in relation to the customer relationships and royalty rates and discount rate in relation to the trade names. The preliminary fair values of the identifiable intangible assets acquired on the Merger Date were as follows:

(dollars in millions)	Fair Value	Useful Lives
Customer relationships	$ 850.0	15 years
Trade names	108.0	3 to 10 years
Technology	5.0	7 years
FCC licenses and spectrum usage rights	6.6	Indefinite
Total identifiable intangible assets	$ 969.6	

Transaction costs were expensed as incurred and recorded to "Transaction and integration costs" on the Consolidated Statements of Operations. Cincinnati Bell Inc. incurred transaction costs associated with the Merger Agreement of $0.8 million and $54.6 million in the Successor and Predecessor periods of 2021, respectively, and $9.8 million in 2020. Transaction costs of $44.0 million that were paid on the Merger Date were recorded in the Predecessor period and included as an assumed liability. Additionally, $2.9 million of severance associated with a change of control clause in an employee's contract was recorded in the Predecessor period with payments expected to be completed in the second quarter of 2022. Transaction-related bonuses of $5.3 million were also recorded in the Predecessor period but due to timing of payroll, were paid prior to the Merger Date.

Additional expenses recorded in the Predecessor period include certain stock-based compensation awards that were accelerated upon the Merger Date, which resulted in an expense of $9.3 million that was recorded to SG&A, and Loss on Extinguishment of Debt of $10.7 million due to the repayment of the Corporate Credit Agreement at the Effective Time. Stock-based compensation was paid on the Merger Date and included in the cash consideration for Cincinnati Bell Inc. stock.

Prior to entering into the Merger Agreement, the Company previously entered into an Agreement and Plan of Merger, dated December 21, 2019, (as amended from time to time, the "Brookfield Merger Agreement") with affiliates of the Brookfield Infrastructure Group ("Brookfield"), the infrastructure investment division of Brookfield Asset Management, which was subsequently amended. On March 13, 2020, the Company terminated the Brookfield Merger Agreement and entered into the Merger Agreement. In connection with the termination of the Brookfield Merger Agreement in the first quarter of 2020, the Company paid to an affiliate of Brookfield a termination fee of $24.8 million as required by the terms of the Brookfield Merger Agreement. The termination fee is recorded in "Transaction and integration costs" on the Consolidated Statements of Operations in the Predecessor period.

Acquisition of Paniolo Fiber Assets

On August 31, 2021, the Company acquired substantially all of the operating assets of Paniolo Cable Company, LLC (the "Paniolo Acquisition"), previously held by the bankruptcy estate of Paniolo, which include inter-island submarine and middle-mile terrestrial fiber infrastructure assets in Hawaii as well as central offices and landing stations for the submarine fiber. The Company accounted for the Paniolo Acquisition as an asset acquisition under ASC 805-10-55 "Business Combinations" because the assets acquired from Paniolo do not include an assembled workforce, and the gross value of the assets acquired meets the screen test in ASC 805-10-55-5A related to substantially all of the fair value being concentrated in a single asset or group of assets (i.e., the fiber infrastructure assets) and, thus, the assets are not considered a business. The acquisition of Paniolo's assets augments the Company's existing backbone network and increases the Company's total submarine and terrestrial fiber footprint by more than 400 miles.

The aggregate purchase price paid upon closing of the Paniolo Acquisition after transactional costs was $52.3 million, consisting of $29.3 million in cash and $23.0 million in committed purchase money financing. The assets are recorded as network equipment and buildings in "Property, plant and equipment, net" on the Consolidated Balance Sheets. As of December 31, 2021, $0.5 million and $22.3 million of the committed purchase money financing was recorded in "Current portion of long-term debt" and "Long-term debt, less current portion," respectively, on the Consolidated Balance Sheets. As of December 31, 2020, the Company funded $5.0 million to an escrow account to fund a portion of the purchase price and entered into an agreement with Paniolo to maintain the Paniolo network prior to the close of the acquisition. This escrow amount was classified as restricted cash and recorded in "Other noncurrent assets" on the Consolidated Balance Sheets as of December 31, 2020.

5. Property, Plant and Equipment

Property, plant and equipment is comprised of the following:

	Successor		Predecessor	
(dollars in millions)	December 31, 2021	Depreciable Lives (Years)	December 31, 2020	Depreciable Lives (Years)
Land and rights-of-way	$ 132.3	20 – Indefinite	$ 115.7	20 – Indefinite
Buildings and leasehold improvements	183.5	5 – 40	323.8	5 – 40
Network equipment	1,566.9	2 – 50	4,180.0	2 – 50
Office software, furniture, fixtures and vehicles	109.8	2 – 14	243.7	2 – 14
Construction in process	72.2	n/a	60.4	n/a
Gross value	2,064.7		4,923.6	
Accumulated depreciation	(98.1)		(3,194.5)	
Property, plant and equipment, net	$ 1,966.6		$ 1,729.1	

In connection with the Merger, a fair value step-up of $162.1 million was recorded to property, plant and equipment ("PP&E"). The estimated fair value of the PP&E was determined using Level 3 inputs within the fair value hierarchy, as described in Note 1. A combination of cost and market approaches were used to estimate the fair values of the PP&E as of the Merger Date. See Note 4 for additional information regarding the Merger.

Depreciation expense on PP&E, including assets accounted for as finance leases, totaled $103.2 million and $185.0 million in the Successor and Predecessor periods of 2021, respectively. Depreciation expense on PP&E was $279.0 million in 2020 and $290.2 million in 2019. The portion of depreciation expense associated with cost of providing services was 84% and 85% for the Successor and Predecessor periods of 2021, respectively, and 86% and 87% in 2020 and 2019, respectively. 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.

No asset impairment losses were recognized on PP&E in the Successor and Predecessor periods in 2021 and the years ended December 31, 2020 and 2019.

6. Goodwill and Intangible Assets

Goodwill

The changes in the Company's goodwill consisted of the following:

(dollars in millions)	Successor		
	IT Services and Hardware	Network	Total Company
Goodwill, balance as of September 8, 2021 (remeasured upon merger)	$ —	$ —	$ —
Activity during the year			
Merger	157.4	488.9	646.3
Goodwill, balance as of December 31, 2021	$ 157.4	$ 488.9	$ 646.3

(dollars in millions)	Predecessor		
	IT Services and Hardware	Network	Total Company
Goodwill, balance as of December 31, 2019	$ 148.1	$ 12.4	$ 160.5
Activity during the year			
Currency translations	1.0	—	1.0
Goodwill, balance as of December 31, 2020	149.1	12.4	161.5
Activity during the year			
Currency translations	0.7	—	0.7
Goodwill, balance as of September 7, 2021	$ 149.8	$ 12.4	$ 162.2

As mentioned in Note 4, in connection with the Merger, the Company's assets and liabilities were measured at fair value as of the date of the Merger. The allocation of goodwill to our Network reporting unit and IT Services and Hardware reporting unit is preliminary as of the date of this filing.

No impairment losses were recognized in goodwill for the Successor and Predecessor periods in 2021 and the years ended December 31, 2020 and 2019. During the annual review performed in the fourth quarter of 2021, we completed a Step 0 or Qualitative assessment and determined it was more likely than not that the fair value of our reporting units exceeded their carrying amounts, including goodwill and, therefore, goodwill was not impaired.

Intangible Assets

The Company's intangible assets consisted of the following:

(dollars in millions)	Successor December 31, 2021			Predecessor December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Intangible assets subject to amortization						
Customer relationships	$ 850.0	$ (36.2)	$ 813.8	$ 141.6	$ (38.9)	$ 102.7
Trade names	108.0	(5.0)	103.0	41.7	(9.4)	32.3
Technology	5.0	(0.2)	4.8	9.9	(3.2)	6.7
Total	963.0	(41.4)	921.6	193.2	(51.5)	141.7
Intangible assets not subject to amortization						
FCC licenses and spectrum usage rights	6.7	—	6.7	6.4	—	6.4
Total intangible assets	$ 969.7	$ (41.4)	$ 928.3	$ 199.6	$ (51.5)	$ 148.1

In connection with the Merger, the company recorded $963.0 million of finite-lived intangible assets and $6.6 million of indefinite-lived intangible assets representing the fair values at the Merger Date. See Note 4 for additional information regarding the Merger. The finite-lived intangible assets are amortized over their useful lives based on a number of assumptions including the estimated period of economic benefit and utilization.

During the third quarter of 2020, the Company participated in Auction 105 conducted by the FCC for Priority Access Licenses of the Citizens Band Radio Service Spectrum ("CBRS"). The Company was the winning bidder of 56 wireless spectrum licenses in 17 Greater Cincinnati, Dayton and Hawaiian counties that allow the Company to further expand broadband coverage across its operating footprint. The licenses were transferred to the Company in the fourth quarter of 2020. The Company elected to perform a qualitative impairment assessment in the fourth quarter of 2021 and concluded that the CBRS priority access licenses are not impaired.

The Company's finite-lived intangible assets recorded in the Predecessor period were established in connection with completed acquisitions. They were amortized over their useful lives based on a number of assumptions including the estimated period of economic benefit and utilization.

The amortization expense for finite-lived intangible assets was $41.4 million and $9.9 million in the Successor and Predecessor periods of 2021, respectively, and $14.4 million and $14.7 million in 2020 and 2019, respectively. No impairment losses were recognized on intangible assets for the Successor and Predecessor periods in 2021 and the years ended December 31, 2020 and 2019.

The estimated useful lives for each finite-lived intangible asset class are as follows:

	Successor	Predecessor
	December 31, 2021	December 31, 2020
Customer relationships	15 years	8 to 15 years
Trade names	3 to 10 years	10 to 15 years
Technology	7 years	10 years

The annual estimated amortization expense for future years is as follows:

(dollars in millions)	
Year ended December 31,	
2022	$ 120.0
2023	112.9
2024	103.8
2025	92.1
2026	85.0
Thereafter	407.8
Total	$ 921.6

7. Debt and Other Financing Arrangements

The Company's debt consists of the following:

(dollars in millions)	Successor December 31, 2021	Predecessor December 31, 2020
Current portion of long-term debt:		
Corporate Credit Agreement - Tranche B Term Loan due 2024	$ —	$ 6.0
Credit Agreement - Term B-1 Loans	5.0	—
Credit Agreement - Term B-2 Loans	6.5	—
Paniolo Fiber Assets Financing Arrangement	0.5	—
Other financing arrangements	0.5	1.9
Finance lease liabilities	7.2	13.9
Current portion of long-term debt	19.7	21.8
Long-term debt, less current portion:		
Receivables Facility	153.6	182.0
Corporate Credit Agreement - Revolving Credit Facility	—	67.0
Corporate Credit Agreement - Tranche B Term Loan due 2024	—	580.5
Credit Agreement - Term B-1 Loans	495.0	—
Credit Agreement - Term B-2 Loans	643.5	—
7 1/4% Notes due 2023(1)	24.0	22.3
7% Senior Notes due 2024	—	625.0
8% Senior Notes due 2025	—	350.0
Various Cincinnati Bell Telephone notes (1)	97.5	87.9
Paniolo Fiber Assets Financing Arrangement	22.3	—
Other financing arrangements	0.4	0.9
Finance lease liabilities	42.3	52.1
	1,478.6	1,967.7
Net unamortized (discount) premium (2)	(4.9)	1.1
Unamortized note issuance costs (3)	(44.8)	(18.9)
Long-term debt, less current portion	1,428.9	1,949.9
Total debt	$ 1,448.6	$ 1,971.7

(1) As of December 31, 2021, the net carrying amounts of the 7 ¼% Notes due 2023 and the Various Cincinnati Bell Telephone notes included unamortized fair value premium related to the Merger of $1.7 million and $9.6 million, respectively. Each adjustment is being amortized over the life of the respective notes and is recorded as a reduction of interest expense.

(2) Net unamortized premium was determined to not meet the definition of an asset under ASC 805 as of the Merger Date and was therefore not recognized by the Company in the Successor period. As of December 31, 2021, net unamortized discount is associated with the Term B-1 Loans and Term B-2 Loans (defined below).

(3) Unamortized note issuance costs of $9.3 million were determined to not meet the definition of an asset under ASC 805 as of the Merger Date and were therefore not recognized by the Company in the Successor period. As of December 31, 2021, unamortized note issuance costs are associated with the Term B-1 Loans and Term B-2 Loans.

The estimated fair value of the Company's borrowings was determined as of the Merger Date using Level 2 inputs within the fair value hierarchy, as described in Note 10. Based on closing or estimated market prices of the Company's debt, a fair value step-up of $2.0 million and $9.9 million was recorded for the 7 ¼% Notes due 2023 and the Various Cincinnati Bell Telephone notes, respectively, as of the Merger Date.

Credit Agreement (effective 2021)

In connection with the Merger Agreement, at the Effective Time (the date on which the Effective Time occurred, the "Closing Date"), the Company entered into a new Credit Agreement (the "Credit Agreement") and terminated the existing Corporate Credit Agreement. The Credit Agreement initially provided for (i) a five-year $275 million senior secured revolving credit facility, including both a letter of credit subfacility of up to $40 million and a swingline loan subfacility of up to $10 million (the "Revolving Credit Facility due 2026") and (ii) a seven-year $150 million senior secured term loan facility (the "Term B-1 Loans"). The Revolving Credit Facility due 2026 matures in September 2026 and the Term B-1 Loans mature in September 2028. Borrowings under the Term B-1 Loans were used to refinance existing company indebtedness, finance a portion of the fees and expenses relating to the acquisition of the Company and the establishment of the Credit Agreement, and for working capital and general corporate purposes. Borrowings under the Revolving Credit Facility due 2026 may be used to provide ongoing working capital as well as for other general corporate purposes of the Company.

The Company (i) incurred deferred financing costs of $32.0 million related to the issuance of the Term B-1 Loans and capitalized as a reduction to the outstanding debt balances as of the Merger Date and (ii) incurred deferred financing costs of $6.1 million related to the issuance of the Revolving Credit Facility due 2026 and capitalized to "Other noncurrent assets" on the Consolidated Balance Sheets as of the Merger Date.

In November 2021, the Company entered into an Amendment (the "Amendment No. 1") to the Credit Agreement to provide for, among other things, (i) a $125.0 million upsize to the Revolving Credit Facility due 2026, increasing the total commitments under the Revolving Credit Facility due 2026 to $400.0 million, (ii) a $350.0 million incremental increase to the Term B-1 Loans (the "Incremental Term B-1 Loans Increase"), increasing the aggregate principal amount of Term B-1 Loans to $500.0 million, and (iii) the incurrence of a new tranche of $650.0 million aggregate principal amount of senior secured term loans (the "Term B-2 Loans"). The proceeds of the Incremental Term B-1 Loans Increase and the Term B-2 Loans were used by the Company to redeem in full all of the Company's existing 7.000% Senior Notes due 2024 (the "2024 Notes") and 8.000% Senior Notes due 2025 (the "2025 Notes"), and to pay fees and expenses in connection thereto. The Term B-2 Loans mature in November 2028. The Amendment No. 1 also extended the maturity of all Term B-1 Loans to November 2028 and reduced the interest applicable to the Term B-1 Loans and the Revolving Credit Facility due 2026. At December 31, 2021, there were no borrowings under the Revolving Credit Facility due 2026, leaving $400.0 million available. The Amendment No. 1 also provided for the transition of the benchmark rate of interest under the Credit Agreement from LIBOR to Term SOFR.

As a result of the Amendment No. 1, the Company incurred deferred financing costs of $4.3 million and $9.7 million related to the Incremental Term B-1 Loans Increase and the Term B-2 Loans, respectively, and capitalized the amounts as a reduction to the outstanding debt balances. In addition, the Company incurred deferred financing costs of $1.3 million related to increasing the capacity of the Revolving Credit Facility due 2026 and capitalized the amount to "Other noncurrent assets" on the Consolidated Balance Sheets.

Borrowings under the Term B-1 Loans will, following the Amendment No. 1, bear interest, initially, at a rate equal to, at the Company's option, either:

- a base rate determined by reference to the highest of (i) the Federal Funds Rate (determined for any day as the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System of the United States arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the business day next succeeding such day) plus 0.5%, (ii) the rate of interest in effect for such day as publicly announced from time to time by Goldman Sachs as its "prime rate" in effect at its principal office in New York City and notified to the Company, and (iii) to the extent ascertainable, one month Adjusted Term SOFR (determined as set forth below) plus 1.00%, plus, in any such case, 2.50%; or
- Adjusted Term SOFR determined by reference to the forward-looking term rate based on the secured overnight financing rate as administered by the Federal Reserve Bank of New York, plus a credit spread adjustment equal to 0.10%, 0.15% or 0.25% for interest periods of one month, three months and six months, respectively, plus, in each case, 3.50%.

From and after the delivery by the Company to the administrative agent for the Credit Agreement of financial statements for the first fiscal quarter ended after the effective date of the Amendment No. 1, the applicable margin over the base rate or Adjusted Term SOFR for the Term B-1 Loans will be in the range of 3.25% and 3.50% (for SOFR loans) and 2.25% and 2.50% (for base rate loans) based on a pricing grid as determined by reference to the applicable Secured Net Leverage Ratio (as defined in the Credit Agreement) for the most recent four fiscal quarter period for which financial statements have been delivered.

Borrowings under the Term B-2 Loans will bear interest, initially, at a rate equal to, at the Company's option, either:

- a base rate determined by reference to the highest of (i) the Federal Funds Rate (determined for any day as the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System of the United States arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the business day next succeeding such day) plus 1/2 of 1%, (ii) the rate of interest in effect for such day as publicly announced from time to time by Goldman Sachs as its "prime rate" in effect at its principal office in New York City and notified to the Company, and (iii) to the extent ascertainable, one month Adjusted Term SOFR (determined as set forth below) plus 1.00%, plus, in any such case, 2.25%; or

- Adjusted Term SOFR determined by reference to the forward-looking term rate based on the secured overnight financing rate as administered by the Federal Reserve Bank of New York, plus a credit spread adjustment equal to 0.10%, 0.15% or 0.25% for interest periods of one month, three months and six months, respectively, plus, in each case, 3.25%.

From and after the delivery by the Company to the administrative agent for the Credit Agreement of financial statements for the first fiscal quarter ended after the effective date of the Amendment No. 1, the applicable margin over the base rate or Adjusted Term SOFR for the Term B-2 Loans will be in the range of 3.00% and 3.25% (for SOFR loans) and 2.00% and 2.25% (for base rate loans) based on a pricing grid as determined by reference to the applicable Secured Net Leverage Rati for the most recent four fiscal quarter period for which financial statements have been delivered.

Borrowings under the Revolving Credit Facility due 2026 will, following the Amendment No. 1, bear interest, initially, at a rate equal to, at the Company's option, either:

- a base rate determined by reference to the highest of (i) the Federal Funds Rate (determined for any day as the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System of the United States arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the business day next succeeding such day) plus 1/2 of 1%, (ii) the rate of interest in effect for such day as publicly announced from time to time by Goldman Sachs as its "prime rate" in effect at its principal office in New York City and notified to the Company, and (iii) to the extent ascertainable, one month Adjusted Term SOFR (determined as set forth below) rate plus 1.00%, plus, in any such case, 2.00%; or

- Adjusted Term SOFR determined by reference to the forward-looking term rate based on the secured overnight financing rate as administered by the Federal Reserve Bank of New York, plus a credit spread adjustment equal to 0.10%, 0.15% or 0.25% for interest periods of one month, three months and six months, respectively, plus, in each case, 3.00%.

From and after the delivery by the Company to the administrative agent for the Credit Agreement of financial statements for the first fiscal quarter ended after the effective date of the Amendment No. 1, the applicable margin over the base rate or Adjusted Term SOFR for the Revolving Credit Facility due 2026 will be in the range of 2.75% and 3.00% (for SOFR loans) and 1.75% and 2.00% (for base rate loans) based on a pricing grid as determined by reference to the applicable Secured Net Leverage Ratio for the most recent four fiscal quarter period for which financial statements have been delivered.

The base rate is subject to a 0.00% floor. The Adjusted Term SOFR is subject to a floor equal to (i) for the Revolving Credit Facility due 2026, 0.00%, (ii) for the Term B-1 Loans, 0.25% and (iii) for the Term B-2 Loans, 0.50%.

In addition, the Company will be required to pay a commitment fee on any unused portion of the Revolving Credit Facility due 2026 at a rate of 0.50% per annum, or, if the Secured Net Leverage Ratio for the most recent four fiscal quarter period for which financial statements have been delivered is equal to or less than 3.25 to 1.00, 0.375% per annum. The Company will also pay customary letter of credit fees, including a fronting fee equal to 0.125% per annum of the dollar equivalent of the maximum amount available to be drawn under all outstanding letters of credit, as well as customary issuance and administration fees.

One of the syndicated lenders in the Credit Agreement is a cooperative bank owned by its customers. Annually, this bank distributes patronage in the form of cash and stock in the cooperative based on the Company's average outstanding loan balance. The Company will recognize the patronage, generally as declared, in "Other (income) expense, net." The stock component will be recognized at its stated cost basis.

The Company may voluntarily repay and reborrow outstanding loans under the Revolving Credit Facility due 2026 at any time without a premium or a penalty, other than customary "breakage" costs with respect to SOFR revolving loans.

Guarantors and Security Interests, Credit Agreement

All obligations under the Term B-1 Loans, Term B-2 Loans and Revolving Credit Facility due 2026 are unconditionally guaranteed by the direct parent of the Company and each of the existing and future direct and indirect material, wholly-owned domestic subsidiaries of the Company, subject to certain exceptions (including for Cincinnati Bell Funding LLC, Cincinnati Bell Funding Canada Ltd. (and any other similar special purpose receivables financing subsidiary), the Company's joint ventures, subsidiaries prohibited by applicable law or contractual obligation from becoming guarantors, immaterial subsidiaries, unrestricted subsidiaries, foreign subsidiaries, and other customary exceptions as more fully described in the Credit Agreement). Obligations outstanding under the Credit Agreement are secured by perfected first priority pledges of and security interests in (i) the equity interests of the Company held by its direct parent and (ii) substantially all of the assets of the Company and each subsidiary guarantor (subject to customary exceptions as more fully described in the Credit Agreement), including equity interests of each subsidiary guarantor under the Credit Agreement.

Corporate Credit Agreement (effective 2017)

In connection with the Merger Agreement, at the Effective Time, the outstanding loans under the Corporate Credit Agreement, dated as of October 2, 2017, were paid in full together with accrued interest and unpaid fees. As a result of the Company terminating the Corporate Credit Agreement, certain previously deferred costs and unamortized discount associated with the Corporate Credit Agreement's Revolving Credit Facility and Tranche B Term Loan due 2024 were written off in the Predecessor period. The loss on extinguishment of debt associated with the transaction was $10.7 million.

Accounts Receivable Securitization Facility

Cincinnati Bell Inc. and certain of its subsidiaries have an accounts receivable securitization facility ("Receivables Facility"). In the second quarter of 2021, the Company executed amendments to its Receivables Facility, which replaced, amended and added certain provisions and definitions to increase the credit availability and renew the facility. The amendments extended the facility's renewal date until June 2023 and the facility's termination date to June 2024. The maximum borrowing limit for loans and letters of credit under the Receivables Facility was increased from $200.0 million to $215.0 million in the aggregate. 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. In addition, the amendments removed the provision that the LIBOR rate for the Receivables Facility may not fall below 0.75%. At December 31, 2021, the available borrowing capacity was $215.0 million. Of the total borrowing capacity of $215.0 million, there were $153.6 million of outstanding borrowings and $16.3 million of outstanding letters of credit, leaving $45.1 million available as of December 31, 2021.

Interest on the Receivables Facility is based on the LIBOR rate plus 1.2%. The average interest rate on the Receivables Facility was 1.8% in 2021. The Company pays letter of credit fees on letters of credit drawn under the securitization facility and also pays commitment fees on the unused portion of the total facility.

Under this agreement, certain U.S. and Canadian subsidiaries, as originators, sell their respective trade receivables on a continuous basis to Cincinnati Bell Funding LLC ("CBF") or Cincinnati Bell Funding Canada Ltd. ("CBFC"), wholly-owned consolidated subsidiaries of the Company. Although CBF and CBFC are wholly-owned consolidated subsidiaries of the Company, CBF and CBFC are 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 or CBFC, such accounts receivable are legally assets of CBF and CBFC and, as such, are not available to creditors of other subsidiaries or the parent company. The Receivables Facility includes an option for CBF to sell, rather than borrow against, certain receivables on a non-recourse basis. As of December 31, 2021, there was no outstanding balance for accounts receivable sold.

The transferors sell their respective trade receivables on a continuous basis to CBF or CBFC. In turn, CBF or CBFC 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 and CBFC at market rates; accordingly, no servicing asset or liability has been recorded.

For the purposes of consolidated financial reporting, the Receivables Facility is accounted for as secured financing. Because CBF and CBFC have 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."

In addition, certain of our variable rate debt, including debt under the Receivables Facility and Paniolo fiber assets financing arrangement (defined below), uses LIBOR as one of the benchmarks for establishing the rate of interest and may be hedged with LIBOR-based interest rate derivatives. LIBOR is the subject of recent regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to be replaced with a new benchmark in the future or to perform differently than in the past. The consequences of these developments cannot be entirely predicted, but could include an increase in the cost of our variable rate indebtedness.

7 1/4% Notes due 2023

In 1993, the Company issued $50.0 million of 7 1/4% Notes due 2023 ("7 1/4% Notes"). The indenture related to the 7 1/4% 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 7 1/4% Notes equally and ratably with the indebtedness or obligations secured by such liens. The liens under the Credit Agreement resulted in the 7 1/4% Notes being secured equally and ratably with the collateral granted by the Company (but not its subsidiaries) that secures the obligations under the Credit Agreement.

Interest on the 7 1/4% Notes is payable semi-annually on June 15 and December 15. The Company may not redeem the 7 1/4% Notes prior to maturity. The indenture governing the 7 1/4% 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.

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 liens under the Credit Agreement resulted in the CBT Notes being secured equally and ratably with the collateral granted by CBT that secures the obligations under the Credit Agreement.

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.

Paniolo Fiber Assets Financing Arrangement

In connection with the Paniolo Acquisition in the third quarter of 2021, the Company's wholly-owned subsidiary, Hawaiian Telcom Inc. ("HTI"), entered into a purchase money financing agreement to finance a portion of the Paniolo Acquisition. The Paniolo fiber assets financing arrangement provides for a five-year $23.0 million loan secured by the Paniolo assets acquired in the transaction. Borrowings under the Paniolo fiber assets financing arrangement bear interest at a rate per annum equal to LIBOR plus 3.0%. The Company guarantees HTI's borrowings under the Paniolo fiber assets financing arrangement.

Finance Lease Liabilities

Finance lease liabilities 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 other financing arrangements for the five years subsequent to December 31, 2021, and thereafter:

(dollars in millions)	Debt	Other financing arrangements
Year ended December 31,		
2022	$ 12.0	$ 0.5
2023	34.3	0.4
2024	165.6	—
2025	12.0	—
2026	32.3	—
Thereafter	1,180.4	—
	1,436.6	0.9
Net unamortized discount	(4.9)	—
Unamortized note issuance costs	(44.8)	—
Total debt	$ 1,386.9	$ 0.9

Deferred Financing Costs

Deferred financing costs are costs incurred in connection with obtaining long-term financing and renewing revolving credit agreements. Deferred financing costs are amortized on the effective interest method. In the Predecessor period of 2021, the Company incurred deferred financing costs of $1.0 million related to consent solicitation fees incurred for the Company's notes and amending and renewing revolving credit agreements. As a result of the Company terminating the Corporate Credit Agreement, deferred financing costs of $1.2 million and $6.1 million associated with the Corporate Credit Agreement's Revolving Credit Facility and Tranche B Term Loan due 2024, respectively, were written off in the Predecessor period. In the Successor period, the Company incurred deferred financing costs of $53.4 million associated with the issuance and the Amendment No. 1 of the Credit Agreement. In addition, the Company incurred deferred financing costs in the Successor period of $3.9 million related to the consent fees paid to the holders of the 2024 Notes and 2025 Notes. The Company wrote-off deferred financing costs associated with the extinguishment of debt of $3.6 million in the Successor period. The Company incurred deferred financing costs of $0.4 million in 2020 related to renewing and amending revolving credit agreements.

The Company records costs incurred in connection with obtaining revolving credit agreements as an asset. As of December 31, 2021 and 2020, deferred financing costs recorded to "Other non-current assets" totaled $7.0 million and $2.0 million, respectively. Amortization of deferred financing costs, included in "Interest expense" in the Consolidated Statements of Operations, totaled $2.0 million and $4.2 million in the Successor and Predecessor periods in 2021, respectively, $5.9 million in 2020, and $6.4 million in 2019.

Debt Covenants

Credit Agreement

The Credit Agreement has a financial covenant that requires the Company to maintain a Senior Secured Net Leverage Ratio (as defined in the Credit Agreement) of 5.75 to 1.00 when the utilization under the Revolving Credit Facility due 2026 exceeds 35%. In addition, the 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, and prepay other indebtedness, sell, transfer, lease, or dispose of assets and enter into, or undertake, certain liquidations, mergers, consolidations or acquisitions.

The 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 Credit Agreement, no additional borrowings under the Revolving Credit Facility due 2026 would be available until the default was waived or cured.

The Term B-1 Loans and Term B-2 Loans are subject to the same affirmative and negative covenants and events of default as the Revolving Credit Facility due 2026, except that a breach of the financial covenants will not result in an event of default under the Term B-2 Loans unless and until the agent or a majority in interest of the lenders under the Revolving Credit Facility due 2026 have terminated their commitments under the Revolving Credit Facility due 2026 and accelerated the loans then outstanding under the Revolving Credit Facility due 2026 in response to such breach in accordance with the terms and conditions of the Credit Agreement.

Extinguished Notes

In the fourth quarter of 2021, the Company redeemed all of the $650 million of 7% Senior Notes due 2024 and $350 million of 8% Senior Notes due 2025 at redemption prices of 101.750% and 104.000%, respectively, primarily using proceeds from the Incremental Term B-1 Loans Increase and the Term B-2 Loans. As a result, the Company recorded a loss on extinguishment of debt of $2.1 million in the fourth quarter of 2021.

8. Leases

Lessee Disclosures

The Company primarily leases real estate for offices, retail stores and central offices, as well as equipment, cell towers and fleet vehicles. The Company leases its real estate for terms between 1 and 55 years, its equipment for terms between 3 and 5 years, its cell towers for terms between 4 and 21 years and its vehicles for terms of 5 years. Our leases have various expiration dates through 2066, some of which include options to extend the leases for up to 15 years.

Upon adoption of ASC 842 on January 1, 2019, the Company elected not to recognize leases with terms of one-year or less on the balance sheet. The Company's leases generally do not provide an implicit rate, and therefore the Company uses its incremental borrowing rate as the discount rate when measuring operating lease liabilities. The incremental borrowing rate represents an estimate of the interest rate the Company would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of the lease.

Supplemental balance sheet information related to the Company's leases was as follows:

(dollars in millions)	Balance Sheet Location	Successor December 31, 2021	Predecessor December 31, 2020
Operating lease assets, net of amortization	Operating lease right-of-use assets	$ 44.3	$ 37.4
Finance lease assets, net of amortization	Property, plant and equipment, net	10.7	28.0
Operating lease liabilities:			
Current operating lease liabilities	Other current liabilities	9.6	9.6
Noncurrent operating lease liabilities	Operating lease liabilities	40.2	33.6
Total operating lease liabilities		49.8	43.2
Finance lease liabilities:			
Current finance lease liabilities	Current portion of long-term debt	7.2	13.9
Noncurrent finance lease liabilities	Long-term debt, less current portion	42.3	52.1
Total finance lease liabilities		$ 49.5	$ 66.0

The components of lease expense were as follows:

(dollars in millions)	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
Operating lease cost	$ 4.3	$ 8.1	$ 13.0	$ 13.2
Short-term lease cost	0.1	0.2	0.3	0.3
Variable lease cost	1.1	2.3	2.6	2.1
Finance lease cost:				
Depreciation on leased assets	2.0	4.5	7.0	8.3
Interest on lease liabilities	1.2	2.9	4.5	5.1
Total lease cost	$ 8.7	$ 18.0	$ 27.4	$ 29.0

Supplemental cash flow information related to leases was as follows:

(dollars in millions)	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
Supplemental Cash Flows Information				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from finance leases	$ 1.2	$ 2.9	$ 4.4	$ 5.1
Operating cash flows from operating leases	$ 3.4	$ 7.2	$ 12.1	$ 11.0
Financing cash flows from finance leases	$ 3.9	$ 9.9	$ 16.6	$ 14.4
Right-of-use assets obtained in exchange for lease obligations:				
New operating leases	$ 5.4	$ 11.5	$ 12.6	$ 7.5
New finance leases	$ 2.0	$ 3.8	$ 7.7	$ 14.5

Additional quantitative information related to leases was as follows:

	Successor	Predecessor
	December 31, 2021	December 31, 2020
Weighted Average Remaining Lease Term		
Operating leases	7.30 years	7.35 years
Finance leases	6.96 years	6.88 years
Weighted Average Discount Rate		
Operating leases	5.27%	5.42%
Finance leases	6.99%	7.08%

Future minimum lease payments under non-cancellable leases as of December 31, 2021 are as follows:

(dollars in millions)	Operating Leases	Finance Leases
Year ended December 31,		
2022	$ 12.5	$ 10.4
2023	11.1	9.0
2024	9.0	7.9
2025	7.4	6.9
2026	6.3	7.0
Thereafter	22.4	22.7
Total future minimum lease payments	68.7	63.9
Less imputed interest	(12.5)	(14.4)
Total	$ 56.2	$ 49.5

As of December 31, 2021, we have additional future payments on operating leases that have not yet commenced for $6.4 million. These leases will commence in 2022 and have lease terms of five to ten years.

Sale-Leaseback Disclosures

On August 31, 2021, the Company simultaneously exercised its bargain purchase option on real property located in Cincinnati, Ohio, previously classified as a finance lease, and sold it to a third party for $9.1 million. Net proceeds from the transactions were approximately $6.6 million after transactional costs. Concurrently with the sale, the Company entered into an operating lease arrangement with the third party purchaser of the property for a portion of the building to maintain use of the location as an office space. The transaction qualified for sale-leaseback accounting in accordance with ASC 842, and the Company recognized a gain on the sale of $2.8 million in August, 2021. The Company recorded an operating lease right-of-use asset and liability of $7.7 million related to the leaseback agreement on September 1, 2021.

On December 31, 2020, the Company, through its subsidiary Hawaiian Telcom, sold its real property in Wailuku, Hawaii to the County of Maui for $3.7 million. Net proceeds received from the transaction were approximately $3.5 million after transactional costs. Concurrently with the sale, the Company entered into an operating lease arrangement with the County of Maui for a portion of the building to maintain use of the location as a central office switching station. The transaction qualified for sale-leaseback accounting in accordance with ASC 842, and the Company recognized a nominal loss associated with the sale in 2020. The Company recorded an operating lease right-of-use asset and liability of $1.1 million related to the leaseback agreement on January 1, 2021.

Lessor Disclosures

The Company has operating leases related to its dark fiber arrangements for terms between 1 and 30 years. Our leases have various expiration dates through 2048, some of which include options to extend the lease. The Company recorded lease income related to operating lease payments of $0.9 million and $2.0 million in the Successor and Predecessor periods of 2021, respectively, and $2.9 million and $3.1 million in 2020 and 2019, respectively.

The Company owns the underlying assets associated with its operating leases and records them in "Property, plant and equipment, net" on the Consolidated Balance Sheets.

Future minimum lease payments to be received under non-cancellable leases as of December 31, 2021 are as follows:

(dollars in millions)	Operating Leases
Year ended December 31,	
2022	$ 2.5
2023	2.1
2024	1.8
2025	1.7
2026	1.7
Thereafter	13.7
Total future minimum lease payments	23.5
Less imputed interest	(7.8)
Total	$ 15.7

9. Commitments and Contingencies

Other Installment Financing Arrangements

Prior to the acquisition of Hawaiian Telcom in July 2018, Hawaiian Telcom had an open dispute related to jointly-owned utility poles. Each of the electric utilities for the four counties in the State of Hawaii had separate agreements with Hawaiian Telcom for the joint ownership and maintenance of utility poles along with other third parties, such as the State of Hawaii. The agreements set forth various circumstances requiring pole removal, installation and replacement and the sharing of costs among the joint pole owners. The agreements allowed for the cost of work done by one joint pole owner to be shared by the other joint pole owners based on the apportionment of costs in the agreements. Generally, the electric utilities had maintained, replaced and installed the majority of the jointly-owned poles and had billed the other joint pole owners for their respective share of the costs. Hawaiian Telcom had a disagreement with the common owner of the utilities in three of the counties in Hawaii regarding the amount the utilities were requesting for their share of the capitalized costs.

The agreement approved by the Hawaii Public Utilities Commission in October 2018 provided for the transfer of Hawaiian Telcom's ownership responsibility of the poles to Hawaiian Electric Company ("HEC") and Hawaiian Telcom to pay a fixed annual fee to HEC for continued use of the poles. The agreement, referred to as the Pole License Agreement, has a duration of 10 years at a fixed rate with two renewal options each for five year terms. Due to the continuing involvement by the Company, this transaction does not meet the requirements to be accounted for as a sale-leaseback, and therefore it has been treated as a financing obligation. In connection with the Merger, the carrying value of the financing obligation was remeasured and includes a fair value step-up of $12.2 million recorded as of the Merger Date (see Note 10). As of December 31, 2021, the Company has a liability recorded of $48.7 million related to the payments for the use of the poles, of which $2.5 million is recognized within "Other current liabilities" in the Consolidated Balance Sheets. As of December 31, 2020, the Company had a liability recorded of $38.0 million related to the payments for the use of the poles, of which $1.3 million is recognized within "Other current liabilities" in the Consolidated Balance Sheets.

The IT Services and Hardware segment entered into an agreement in June 2018 for a building to use in its data center operations. Structural improvements were made to the facility in excess of normal tenant improvements and, as such, we are deemed the accounting owner of the facility. The term of the agreement for the building shell is a duration of 10 years with two renewal options each with a two-year term. In connection with the Merger, the carrying value of the financing obligation was remeasured and includes a fair value step-up of $0.7 million recorded as of the Merger Date (see Note 10). As of December 31, 2021, the Company has a liability of $4.4 million related to the financing arrangement, of which $0.6 million is recognized within "Other current liabilities" and $3.8 million is recognized within "Other noncurrent liabilities" in the Consolidated Balance Sheets. As of December 31, 2020, the Company had a liability of $4.1 million related to the financing arrangement, of which $0.4 million is recognized within "Other current liabilities" and $3.7 million is recognized within "Other noncurrent liabilities" in the Consolidated Balance Sheets.

The future minimum payments under the base agreements, as well as the renewal options for each lease which the Company expects to exercise, are as follows:

(dollars in millions)	
Year ended December 31,	
2022	$ 3.5
2023	5.8
2024	5.8
2025	5.8
2026	5.8
Thereafter	46.2
Total future minimum financing obligation payments	72.9
Less imputed interest	(21.0)
Total	$ 51.9

Trans-Pacific Submarine Cable

Commensurate with the acquisition of Hawaiian Telcom, the Company gained access to the SEA-US cable. In August 2014, Hawaiian Telcom joined several other telecommunication companies to form a consortium to build and operate the SEA-US cable. The total system cost was $235.0 million and was primarily composed of a supply contract with the lead contractor. The Company has a fractional ownership in the system and recognizes its fractional share at cost. In addition, the Company constructed a cable landing station in Hawaii and provides cable landing services. The system was completed in August 2017. During 2021 and 2020, the Company incurred costs of $0.2 million and $0.7 million, respectively, primarily to the cable contractor for construction, with all such costs capitalized.

The Company has excess capacity on its share of the SEA-US cable that it makes available to other carriers for a fee. The Company has contracted and expects to enter into additional IRU agreements with other carriers for use of this excess fiber circuit capacity. The Company may receive up-front payments for services to be delivered over a period of up to 25 years. The Company has a remaining obligation related to the sale of capacity and other services of $19.5 million and $20.8 million at December 31, 2021 and 2020, respectively, recorded in "Other noncurrent liabilities" and $1.3 million at both December 31, 2021 and 2020 recorded to "Other current liabilities" in the Consolidated Balance Sheets, which was previously received in up-front payments. The Company is recognizing revenue for the cable on a straight-line basis over the contract term. The Company recognizes a financing component in accordance with ASC 606 associated with the up-front payments as the contract terms range up to 25 years.

Dedicated Fiber Agreement

In the Predecessor period of the third quarter of 2021, the Company entered into an IRU agreement to provide dedicated fiber routes for a period of 20 years. As of December 31, 2021, the Company has a liability of $33.2 million for services to be delivered related to an up-front payment received upon consummation of the agreement, of which $0.5 million is recorded in "Other current liabilities" and $32.7 million is recorded in "Other noncurrent liabilities" in the Consolidated Balance Sheets. The Company will receive additional up-front payments for the remaining contract revenue upon completing certain milestones related to the build of the dedicated fiber routes. Revenue for the IRU agreement will be recognized on a straight-line basis over the contract term. The Company recognizes a financing component in accordance with ASC 606 associated with the up-front payments as the contract term is 20 years.

Asset Retirement Obligations

Asset retirement obligations exist for certain assets. In conjunction with the acquisition of Hawaiian Telcom, the Company recognized certain asset retirement obligations related to underground tanks and environmental remediation that will occur prior to the retirement of certain assets. These obligations are recorded in "Other noncurrent liabilities" in the Consolidated Balance Sheets. Additionally, the Company recognizes certain asset retirement obligations related to data center leases which are recorded in "Accounts payable" in the Consolidated Balance Sheets.

The following table presents the activity for the Company's asset retirement obligations:

(dollars in millions)	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Predecessor Year Ended December 31, 2020
Balance, beginning of period	$ 7.3	$ 6.7	$ 7.1
Liabilities incurred	—	0.4	—
Liabilities settled	(0.1)	—	(0.6)
Accretion expense	0.1	0.2	0.2
Balance, end of period	$ 7.3	$ 7.3	$ 6.7

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 $16.3 million as of December 31, 2021. 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, 2021 or 2020.

Purchase Commitments

The Company has purchase commitments and blanket purchase requisitions related to certain goods and services. These agreements typically range from one to three years. As of December 31, 2021 and 2020, the minimum commitments associated with these arrangements that are noncancellable in nature, are not considered significant. 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, 2021, cannot be reasonably determined.

10. Financial Instruments and Fair Value Measurements

Interest Rate Swaps

The Company uses interest rate swap agreements to minimize its exposure to interest rate fluctuations on variable rate debt borrowings. Interest rate swaps involve the exchange of fixed and variable rate interest payments and do not represent an actual exchange of the underlying notional amounts between parties.

In the second quarter of 2018, the Company entered into one forward starting non-amortizing interest rate swap with a notional amount of $300.0 million to convert variable rate debt to fixed rate debt. The interest rate swap became effective in June 2018 with an expiration date in June 2023. The interest rate swap resulted in interest payments based on an average fixed rate of 2.938% plus the applicable margin per the requirements in the Corporate Credit Agreement.

In the first quarter of 2019, the Company entered into three forward starting non-amortizing interest rate swaps, with a notional amount of $89.0 million each, to convert variable rate debt to fixed rate debt. The interest rate swaps became effective in March 2019 with expiration dates in March 2024. The interest rate swaps resulted in interest payments based on an average fixed rate per swap of 2.275%, 2.244% and 2.328% plus the applicable margin per the requirements in the Corporate Credit Agreement.

Upon inception, the interest rate swaps were designated as cash flow hedges under ASC 815, with gains and losses, net of tax, measured on an ongoing basis recorded in accumulated other comprehensive loss. The fair value of the interest rate swaps was categorized as Level 2 in the fair value hierarchy as they were based on well-recognized financial principles and available market data.

The Company terminated four interest rate swaps in the Predecessor period in connection with the repayment in full of the Term Loan B under the Corporate Credit Agreement that occurred as part of the Merger Agreement. As a result of the repayment, the hedged interest payments were no longer considered probable of occurring and a loss on termination of $20.1 million that had been previously recorded to Accumulated Other Comprehensive Income ("AOCI") was recorded in the Predecessor period in "Other (income) expense, net" on the Consolidated Statements of Operations. Cash payments resulting from the termination of the interest rate swaps are classified as operating activities in the Company's Consolidated Statements of Cash Flows.

As of December 31, 2020, the fair value of the interest rate swap liability was $25.4 million and is recorded in the Consolidated Balance Sheets as follows:

		Predecessor			
(dollars in millions)	Balance Sheet Location	December 31, 2020	Quoted Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Liabilities:					
Interest Rate Swap	Other current liabilities	$ 9.3	$ —	$ 9.3	$ —
Interest Rate Swap	Other noncurrent liabilities	$ 16.1	$ —	$ 16.1	$ —

The amount of gains (losses) recognized in AOCI (effective portion) net of reclassifications into earnings is as follows:

	Successor	Predecessor	Predecessor
(dollars in millions)	September 8, 2021 to Decemeber 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Interest Rate Swap	$ —	$ 5.3	$ (6.4)

The amount of losses reclassified from AOCI into earnings is as follows:

		Successor	Predecessor	Predecessor
(dollars in millions)	Statement of Operations Location	September 8, 2021 to Decemeber 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Interest Rate Swap	Other (income) expense, net	$ —	$ (20.1)	$ —
Interest Rate Swap	Interest expense	$ —	$ (5.4)	$ (8.4)

Disclosure on Financial Instruments

The carrying values of the Company's financial instruments approximate the estimated fair values as of December 31, 2021 and December 31, 2020, except for the Company's long-term debt and other financing arrangements. The carrying and fair values of these items are as follows:

	Successor		Predecessor	
	December 31, 2021		December 31, 2020	
(dollars in millions)	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current portion*	$ 1,443.0	$ 1,443.0	$ 1,921.8	$ 1,973.4
Other financing arrangements	53.1	51.7	42.1	58.6

* Excludes finance leases, other financing arrangements and note issuance costs

In connection with the Merger, the Successor period carrying values of the Company's long-term debt and other financing arrangements include fair value adjustments as of the Merger Date. The fair value of our long-term debt was based on closing or estimated market prices of the Company's debt at December 31, 2021 and December 31, 2020, which is considered Level 2 of the fair value hierarchy. The fair value of the other financing arrangements was calculated using a discounted cash flow model that incorporates current borrowing rates for obligations of similar duration, which is considered Level 3 of the fair value hierarchy. As of December 31, 2021, the current borrowing rate was estimated by applying the Company's credit spread to the risk-free rate for a similar duration borrowing.

11. 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 $4.0 million and $9.7 million in the Successor and Predecessor periods of 2021, respectively, and $13.1 million and $12.9 million in 2020 and 2019, respectively.

Pension and Postretirement Plans

In connection with the Merger, the Company remeasured the pension and postretirement projected benefit obligations as of the Merger Date. As a result, the Company's pension and postretirement benefit obligations decreased $22.3 million and $4.3 million, respectively. The decrease in the benefit obligations was primarily driven by changes in the discount rate as well as gains to record pension assets to fair value. Additionally, actuarial gains (losses) and prior service costs (benefits) recorded in "Accumulated other comprehensive loss" of $101.6 million were remeasured as of the Merger Date.

Unrecognized actuarial net gains and losses for the Cincinnati Plans (defined below) and the Hawaii Plans (defined below) are 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, the excess is amortized over a defined term. In conjunction with remeasuring the pension and postretirement benefit obligations as of the Merger Date, the amortization period for the Cincinnati pension plans in the Successor period was updated to amortize the excess over the average remaining life expectancy of plan participants from the average future working lifetime which was utilized in the Predecessor period. This change did not have an impact in the 2021 Successor period as gains or losses were not generated until December 31, the next measurement date. Additionally in the Successor period, the market-related value of assets is equal to the fair market value. Previously, the market-related value of assets was determined using a five-year moving market average method. Except for these changes described related to the Cincinnati pension plans, no other changes to methodology were made in the Successor period as a result of the Merger.

Cincinnati 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 (collectively the "Cincinnati Plans"). 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. 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. 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.

During 2020, the management pension plan made lump sum payments of $6.0 million resulting in a reduction of the plan benefit obligation of $6.0 million. The Company recorded a pension settlement cost of $2.3 million in 2020 as a result of the lump sum payments to the plan participants exceeding the sum of the service cost and the interest cost component of the net pension cost.

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 were phased out as of December 31, 2018 for all employees, with the exception of a small group of grandfathered employees. The postretirement health plan also includes liabilities associated with employees who have special death benefits only.

Hawaii Plans

The Company sponsors one noncontributory defined benefit plan for union employees, one cash balance pension plan for nonunion employees, and two postretirement health and life insurance plans for Hawaiian Telcom employees (collectively the "Hawaii Plans"). The noncontributory defined benefit plan was frozen as of March 1, 2012, and the cash balance pension plan was frozen as of April 1, 2007.

During 2021, Hawaiian Telcom's pension plans made lump sum payments of $1.9 million in the Successor period and $7.4 million in the Predecessor period resulting in a reduction of the plan benefit obligation of $1.9 million and $7.4 million, respectively. The Company recorded a nominal pension settlement gain in the Successor period as a result of the sum of the service cost and the interest cost component of the net pension cost exceeding lump sum payments to the plan participants. The Company recorded a pension settlement cost of $0.4 million in the Predecessor period as a result of lump sum payments to the plan participants exceeding the sum of the service cost and the interest cost component of the net pension cost. During 2020, Hawaiian Telcom's pension plans made lump sum payments of $15.1 million resulting in a reduction of the plan benefit obligation of $15.1 million and a pension settlement cost of $1.5 million. During 2019, Hawaiian Telcom's pension plans made lump sum payments of $1.0 million resulting in a reduction of the plan benefit obligation of $1.0 million and a nominal pension settlement cost.

Components of Net Periodic Cost

The following information relates to noncontributory defined benefit pension plans, postretirement healthcare plans, and life insurance benefit plans for the Successor and Predecessor periods in 2021 and for the years ended December 31, 2020 and 2019 for the Cincinnati Plans and the Hawaii Plans. In accordance with ASU 2017-07, only the service cost component of net benefit cost is eligible for capitalization, which was immaterial for the Successor and Predecessor periods in 2021 and for the years ended December 31, 2020 and 2019.

Pension and postretirement (benefits) costs for these plans were comprised of:

	Pension Benefits				Postretirement and Other Benefits			
(dollars in millions)	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
Service cost	$ —	$ —	$ —	$ —	$ 0.1	$ 0.3	$ 0.4	$ 0.6
Interest cost on projected benefit obligation	4.7	10.2	18.8	23.9	0.8	1.8	3.7	5.0
Expected return on plan assets	(10.2)	(19.9)	(29.0)	(30.7)	—	—	—	—
Amortization of:								
Prior service benefit	—	—	—	—	—	(1.7)	(2.5)	(2.5)
Actuarial loss	—	16.0	18.1	13.7	—	—	1.2	1.8
Pension settlement charges	—	—	3.8	—	—	—	—	—
Pension/postretirement (benefit) cost	$ (5.5)	$ 6.3	$ 11.7	$ 6.9	$ 0.9	$ 0.4	$ 2.8	$ 4.9

Amortization of prior service benefit and actuarial loss in the Predecessor periods represent reclassifications from accumulated other comprehensive income.

The following are the weighted-average assumptions used in measuring the net periodic cost of the pension and postretirement benefits:

Cincinnati Plans

	Pension Benefits				Postretirement and Other Benefits			
	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
Discount rate	2.60%	2.40%	3.10%	4.20%	2.60%	2.40%	3.20%	4.30%
Expected long-term rate of return	6.00%	6.00%	6.00%	6.50%	—	—	—	—
Cash balance interest credit rate	4.00%	4.00%	4.00%	4.00%	—	—	—	—
Future compensation growth rate	—	—	—	—	—	—	—	—

Hawaii Plans

	Pension Benefits				Postretirement and Other Benefits			
	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
Discount rate	2.50%	2.30%	2.80%	4.20%	2.80%	2.60%	3.30%	4.40%
Expected long-term rate of return	6.00%	6.00%	6.00%	6.50%	—	—	—	—
Cash balance interest credit rate	1.10%	1.20%	2.00%	2.20%	—	—	—	—
Future compensation growth rate	—	—	—	—	—	—	—	—

The expected long-term rate of return on plan assets, developed using the building block approach, for each of the plans 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.

The Company utilized the Pri-2012/MP-2021 and Pri-2012/MP-2020 mortality tables published by the Society of Actuaries to measure the benefit obligations as of December 31, 2021 and 2020, respectively.

Benefit Obligation and Funded Status

Changes in the plans' benefit obligations and funded status are as follows:

	Pension Benefits			Postretirement and Other Benefits		
	Successor	Predecessor	Predecessor	Successor	Predecessor	Predecessor
(dollars in millions)	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Change in benefit obligation:						
Benefit obligation at beginning of period	$ 633.3	$ 674.1	$ 652.9	$ 102.8	$ 109.6	$ 116.3
Service cost	—	—	—	0.1	0.3	0.4
Interest cost	4.7	10.2	18.8	0.8	1.8	3.7
Actuarial (gain) loss (a) (b)	(11.4)	(17.0)	62.8	(0.6)	(4.0)	(3.5)
Benefits paid	(12.8)	(26.6)	(39.3)	(2.4)	(5.4)	(7.9)
Retiree drug subsidy received	—	—	—	—	0.2	0.1
Settlements (c)	(1.9)	(7.4)	(21.1)	—	—	—
Other	—	—	—	0.2	0.3	0.5
Benefit obligation at end of period	$ 611.9	$ 633.3	$ 674.1	$ 100.9	$ 102.8	$ 109.6
Change in plan assets:						
Fair value of plan assets at beginning of period	$ 571.8	$ 570.6	$ 538.8	$ 3.3	$ 3.1	$ 4.3
Actual return on plan assets	1.3	32.5	84.5	—	0.1	0.1
Employer contributions	0.8	2.7	7.7	2.4	5.1	6.5
Retiree drug subsidy received	—	—	—	—	0.3	0.1
Benefits paid	(12.8)	(26.6)	(39.3)	(2.4)	(5.3)	(7.9)
Settlements (c)	(1.9)	(7.4)	(21.1)	—	—	—
Fair value of plan assets at end of period	559.2	571.8	570.6	3.3	3.3	3.1
Unfunded status	$ (52.7)	$ (61.5)	$ (103.5)	$ (97.6)	$ (99.5)	$ (106.5)

(a) The actuarial (gain) recorded in the Successor and Predecessor periods in 2021 for the pension plans was primarily driven by an increase in the discount rate. The actuarial loss recorded during the period ended December 31, 2020 for the pension plans was primarily driven by changes in the discount rate as well as gains or losses to record pension assets to fair value.

(b) The actuarial (gain) recorded in the Successor and Predecessor periods in 2021 for the postretirement plans is primarily due to an increase in the discount rate and the result of actual versus expected benefit payments. The actuarial (gain) recorded for the period ending December 31, 2020 is primarily due to updated participant assumptions for the Hawaii plans partially offset by changes to the discount rate for both plans.

(c) The decrease in pension plan settlements in the Successor and Predecessor periods in 2021 compared to 2020 is due to participant elections in 2020 to take lump sum payments upon termination as result of the voluntary severance program offered to employees in both Cincinnati and Hawaii. The extent of the funding exceeded the settlement accounting threshold, and as such in all periods presented, these activities have been categorized as settlements.

The following are the weighted-average assumptions used in accounting for and measuring the projected benefit obligations:

Cincinnati Plans	Pension Benefits			Postretirement and Other Benefits		
	Successor	Predecessor	Predecessor	Successor	Predecessor	Predecessor
	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Discount rate	2.70%	2.60%	2.40%	2.80%	2.60%	2.40%
Cash balance interest credit rate	4.00%	4.00%	4.00%	—	—	—
Future compensation growth rate	—	—	—	—	—	—

Hawaii Plans	Pension Benefits			Postretirement and Other Benefits		
	Successor	Predecessor	Predecessor	Successor	Predecessor	Predecessor
	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Discount rate	2.70%	2.50%	2.30%	2.90%	2.80%	2.60%
Cash balance interest credit rate	1.30%	1.10%	1.20%	—	—	—
Future compensation growth rate	—	—	—	—	—	—

The assumed healthcare cost trend rate used to measure the postretirement health benefit obligation is shown below:

Cincinnati Plans	Successor	Predecessor	Predecessor
	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Healthcare cost trend	6.5%	6.5%	6.5%
Rate to which the cost trend is assumed to decline (ultimate trend rate)	4.5%	4.5%	4.5%
Year the rates reach the ultimate trend rate	2026	2025	2025

The projected benefit obligation is recognized in the Consolidated Balance Sheets as follows:

	Pension Benefits		Postretirement and Other Benefits	
	Successor	Predecessor	Successor	Predecessor
(dollars in millions)	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Accrued payroll and benefits (current liability)	$ 2.0	$ 2.1	$ 7.8	$ 8.5
Pension and postretirement benefit obligations (noncurrent liability)	50.7	101.4	89.8	98.0
Total	$ 52.7	$ 103.5	$ 97.6	$ 106.5

Amounts recognized in "Accumulated other comprehensive income (loss)" in the Consolidated Balance Sheets which have not yet been recognized in net pension costs consisted of the following:

	Pension Benefits		Postretirement and Other Benefits	
	Successor	Predecessor	Successor	Predecessor
(dollars in millions)	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Prior service (cost) benefit, net of tax of ($0.1), $3.4	$ —	$ (0.1)	$ —	$ 13.7
Actuarial gain (loss), net of tax of $0.7, ($39.0), $0.1, ($4.3)	2.0	(136.1)	0.6	(16.3)
Total	$ 2.0	$ (136.2)	$ 0.6	$ (2.6)

Amounts recognized in "Accumulated other comprehensive income (loss)" on the Consolidated Statements of Shareowners' Deficit and the Consolidated Statements of Comprehensive Income (Loss) are shown below:

	Pension Benefits			Postretirement and Other Benefits		
	Successor	Predecessor	Predecessor	Successor	Predecessor	Predecessor
(dollars in millions)	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Prior service cost recognized:						
Reclassification adjustments	$ —	$ —	$ —	$ —	$ (1.7)	$ (2.5)
Actuarial gain (loss) recognized:						
Reclassification adjustments	—	15.6	21.9	—	—	1.2
Actuarial gain (loss) arising during the period	2.7	29.5	(7.1)	0.7	4.0	3.6

Plan Assets, Investment Policies and Strategies

Cincinnati and Hawaii Plans

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. The investment follows a glide path approach toward liability-driven investing that shifts a higher portfolio weighting to fixed income as the plan's funded status increases. The current target allocations for the pension plan assets are 40% equity securities and 60% investment grade fixed income securities with the exception of the Hawaii pension plan for union employees that is 30% equity securities and 70% investment grade fixed income securities as a result of its funded status. 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 50% of the equity securities held by the pension plans at December 31, 2021, 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 and U.S. Treasuries. The postretirement plan assets held by the Cincinnati plan are currently invested in a group insurance contract.

The fair values of the pension plan assets at December 31, 2021 and 2020 by asset category are as follows:

	Successor			
(dollars in millions)	December 31, 2021	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
Mutual funds				
U.S. equity index funds	$ 104.8	$ 104.8	$ —	$ —
International equity index funds	101.8	101.8	—	—
Fixed income bond funds	350.7	350.7	—	—
Fixed income short-term money market funds	1.9	1.9	—	—
Group insurance contract	3.3	—	—	—
Total	$ 562.5	$ 559.2	$ —	$ —

	Predecessor			
(dollars in millions)	December 31, 2020	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
Mutual funds				
U.S. equity index funds	$ 151.2	$ 151.2	$ —	$ —
International equity index funds	152.4	152.4	—	—
Fixed income bond funds	265.0	265.0	—	—
Fixed income short-term money market funds	2.0	2.0	—	—
Group insurance contract	3.1	—	—	—
Total	$ 573.7	$ 570.6	$ —	$ —

The fair values of Level 1 investments are based on quoted prices in active markets.

The group insurance contract is valued at contract value plus accrued interest and has not been included in the fair value hierarchy, but is included in the totals above.

Contributions to our qualified pension plans were $0.9 million in the Predecessor period in 2021, $5.5 million in 2020, and $3.6 million in 2019. No contributions were made to our qualified pension plans in the Successor period. Contributions to our non-qualified pension plan were $0.8 million in the Successor period, $1.8 million in the Predecessor period in 2021, $2.2 million in 2020, and $2.3 million in 2019.

Based on current assumptions, contributions are expected to be nominal to the qualified plans and approximately $2 million to the non-qualified plans in 2022. Management expects to make cash payments of approximately $7 million related to its postretirement health plans in 2022.

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
2022	$ 54.2	$ 8.0	$ (0.2)
2023	51.0	7.6	(0.1)
2024	49.7	7.3	(0.1)
2025	48.9	6.9	(0.1)
2026	44.6	6.6	(0.1)
Years 2027 - 2031	186.6	29.2	(0.3)

12. Shareowners' Equity (Deficit)

Pursuant to the Merger Agreement, Parent acquired all of the equity interests in the Company. In connection with the consummation of the Merger Agreement, each of our issued and outstanding Common Shares was converted to $15.50 in cash per Common Share and paid to the shareholders.

The Company redeemed each of our issued and outstanding Depositary Shares simultaneously with the redemption of the 6 ¾% Preferred Shares at a redemption price of $50 per Depositary Share (equivalent to $1,000 per 6 ¾% Preferred Share).

Effective October 18, 2021, Parent amended and restated the Articles of Incorporation of Cincinnati Bell to reduce the number of authorized shares from 96,000,000 Common Shares to 100 Common Shares, each with $0.01 par value. As of December 31, 2021, Parent is the sole shareholder of the Company's 100 Common Shares.

Accumulated Other Comprehensive Loss

Shareowners' equity (deficit) includes accumulated other comprehensive income (loss) that is comprised of pension and postretirement unrecognized prior service benefit (cost) and unrecognized actuarial gains (losses), and foreign currency translation losses. Shareowners' equity (deficit) also includes an accumulated other comprehensive loss recorded in the Predecessor periods for unrealized loss on cash flow hedges arising during the period.

The changes in accumulated other comprehensive income (loss) by component were as follows:

(dollars in millions)

Successor	Unrecognized Net Periodic Pension and Postretirement Benefit (Cost)	Unrealized Loss on Cash Flow Hedges, Net	Foreign Currency Translation Loss	Total
Balance as of September 8, 2021 (remeasured upon Merger)	$ —	$ —	$ —	$ —
Remeasurement of benefit obligations	2.6	—	—	2.6
Foreign currency loss	—	—	(1.4)	(1.4)
Balance as of December 31, 2021	$ 2.6	$ —	$ (1.4)	$ 1.2
Predecessor				
Balance as of December 31, 2020	$ (138.8)	$ (19.7)	$ (1.2)	$ (159.7)
Remeasurement of benefit obligations	6.0	—	—	6.0
Reclassifications, net	10.7 (a)	19.7 (b)	—	30.4
Unrealized loss on cash flow hedges arising during the period, net	—	(0.1) (c)	—	(0.1)
Foreign currency gain	—	—	1.2	1.2
Balance as of September 7, 2021	$ (122.1)	$ (0.1)	$ —	$ (122.2)
Predecessor				
Balance as of December 31, 2019	$ (152.0)	$ (14.7)	$ (3.4)	$ (170.1)
Remeasurement of benefit obligations	(2.7)	—	—	(2.7)
Reclassifications, net	15.9 (a)	6.4 (b)	—	22.3
Unrealized loss on cash flow hedges arising during the period, net	—	(11.4) (c)	—	(11.4)
Foreign currency gain	—	—	2.2	2.2
Balance as of December 31, 2020	$ (138.8)	$ (19.7)	$ (1.2)	$ (159.7)

(a) These reclassifications are included in the other components of net periodic pension and postretirement benefit plans expense and represent amortization of prior service benefit and actuarial loss, net of tax and pension settlement charges, net of tax. The other components of net periodic pension and postretirement benefit plans expense are recorded in "Other components of pension and postretirement benefit plans expense" on the Consolidated Statements of Operations. See Note 11 for further disclosures.

(b) These reclassifications are reported within "Interest expense" and "Other (income) expense, net" on the Consolidated Statements of Operations when the hedged transactions impact earnings.

(c) The unrealized loss, net on cash flow hedges represents the change in the fair value of the derivative instruments that occurred during the period, net of tax. The unrealized loss on cash flow hedges is recorded in "Other current liabilities" and "Other noncurrent liabilities" on the Consolidated Balance Sheets in the Predecessor period. See Note 10 for further disclosures.

13. Income Taxes

Income tax expense (benefit) for continuing operations consisted of the following:

(dollars in millions)	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
Current:				
Federal	$ —	$ —	$ (1.4)	$ (1.4)
State and local	(0.4)	0.7	0.6	—
Foreign	1.6	3.1	3.5	0.5
Total current	1.2	3.8	2.7	(0.9)
Deferred:				
Federal	(9.2)	(16.1)	(13.8)	(9.1)
State and local	7.4	(3.8)	7.7	(1.5)
Foreign	(0.7)	(0.8)	(1.3)	0.4
Total deferred	(2.5)	(20.7)	(7.4)	(10.2)
Valuation allowance	(6.0)	—	(20.8)	0.5
Total	$ (7.3)	$ (16.9)	$ (25.5)	$ (10.6)

The following is a reconciliation of the statutory federal income tax rate with the effective tax rate for each period:

	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
U.S. federal statutory rate	21.0%	21.0%	21.0%	21.0%
State and local income taxes, net of federal income tax	2.1	2.5	1.4	2.1
Transaction costs	(0.4)	(4.1)	(8.6)	(3.0)
Non-Deductible meals and entertainment	(0.2)	(0.3)	(0.4)	(1.5)
Equity compensation	—	—	—	(1.7)
Merger adjustments	—	—	—	(1.7)
State net operating loss adjustments	(18.4)	—	(9.5)	(1.0)
Change in valuation allowance, net of federal income tax	17.5	—	25.7	(0.5)
Change in uncertain tax positions	0.1	—	2.5	—
Other differences, net	(0.4)	(1.9)	(0.6)	—
Effective tax rate	21.3%	17.2%	31.5%	13.7%

The income tax (benefit) provision was charged to continuing operations or accumulated other comprehensive income (loss) as follows:

(dollars in millions)	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
Income tax (benefit) provision related to:				
Continuing operations	$ (7.3)	$ (16.9)	$ (25.5)	$ (10.6)
Accumulated other comprehensive income (loss)	0.8	10.8	2.4	0.2

The components of our deferred tax assets and liabilities were as follows:

(dollars in millions)	Successor December 31, 2021	Predecessor December 31, 2020
Deferred tax assets:		
Net operating loss carryforwards	$ 258.3	$ 239.9
Finance and operating lease obligations	22.6	19.7
Pension and postretirement benefits	36.0	50.4
Employee benefits	5.8	9.1
Interest limitation	4.9	—
State tax credit	8.6	9.0
Other	24.4	31.4
Total deferred tax assets	360.6	359.5
Valuation allowance	(18.4)	(28.4)
Total deferred tax assets, net of valuation allowance	$ 342.2	$ 331.1
Deferred tax liabilities:		
Property, plant and equipment and intangibles	$ (475.5)	$ (250.9)
Other	(1.0)	(8.6)
Total deferred tax liabilities	(476.5)	(259.5)
Net deferred tax (liabilities) assets	$ (134.3)	$ 71.6

As of December 31, 2021, the Company had $1,064.9 million of federal net operating loss carryforwards with a deferred tax asset value of $223.6 million and $34.7 million in deferred tax assets related to state and local net operating loss carryforwards. Federal net operating loss carryforwards of $55.8 million will expire in 2022, if unused. U.S. tax laws limit the annual utilization of net operating loss carryforwards of acquired entities but the Company expects to fully utilize the net operating loss carryforwards.

The Company assessed all available positive and negative evidence to determine whether it expects that sufficient future taxable income will be generated to allow it to realize its existing deferred tax assets. Despite the cumulative book loss incurred over the three-year period ended December 31, 2021, there are sufficient sources of future taxable income (e.g. reversing deferred tax liabilities) for management to conclude that it is more likely than not that the Company will utilize available federal net operating loss carryforwards prior to their expiration.

In 2020, the CARES Act was enacted, which amended section 163(j) of the Internal Revenue Code to increase the deduction limit for interest expense. As a result of the increased limit, in 2020, the Company released $16.6 million of valuation allowances that were recorded against deferred tax assets relating to previously-disallowed interest expense.

As of December 31, 2021 and 2020, the Company had valuation allowances of $18.4 million and $28.4 million, respectively, recorded against other deferred tax assets consisting primarily of state and local net operating loss carryforwards and state credits. Management has concluded that it is more likely than not that it will realize all other deferred tax assets.

The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate is $19.0 million at both December 31, 2021 and December 31, 2020, respectively. Accrued interest and penalties on income tax uncertainties were immaterial as of December 31, 2021 and 2020.

A reconciliation of the unrecognized tax benefits is as follows:

(dollars in millions)	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Predecessor Year Ended December 31, 2020	Predecessor Year Ended December 31, 2019
Balance, beginning of year	$ 19.2	$ 19.2	$ 21.9	$ 22.0
Change in tax positions for the current year	0.1	—	(2.2)	0.2
Change in tax positions for prior years	—	—	(0.5)	(0.3)
Balance, end of year	$ 19.3	$ 19.2	$ 19.2	$ 21.9

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 2017.

The Company has not recorded deferred income taxes on the undistributed earnings of its foreign subsidiaries because of management's intent to indefinitely reinvest such earnings. Determination of the amount of any unrecognized deferred income tax liability on temporary differences arising from tax and financial reporting basis differences has not been practicable.

14. Stock-Based and Deferred Compensation Plans

Prior to the Merger Date, the Company granted stock options, stock appreciation rights, performance-based awards, restricted stock units, and time-based restricted shares to officers and key employees under the 2017 Long-Term Incentive Plan and stock options, restricted shares, and restricted stock units to directors under the 2017 Stock Plan for Non-Employee Directors.

On July 2, 2018, the Company completed its acquisition of Hawaiian Telcom. In conjunction with the acquisition, the Company assumed responsibility for the eventual payout of certain stock-based compensation awards that were previously granted to Hawaiian Telcom employees under the Hawaiian Telcom 2010 Equity Incentive Plan. These awards were originally granted by Hawaiian Telcom in the first quarter of 2017 and in the first quarter of 2018, before the merger with Cincinnati Bell was completed.

Subsequent to the Merger Date, awards will no longer be granted under the 2017 Long-Term Incentive Plan or the 2017 Stock Plan for Non-Employee Directors.

Stock Options and Stock Appreciation Rights

Generally, the awards of stock options and stock appreciation rights fully vested three years from grant date and expired ten years from grant date. Beginning in 2012, some of the stock options vested over a three year period based on the achievement of certain performance objectives. The Company generally issued new shares when options to purchase common shares or stock appreciation rights were exercised. The following table summarizes stock options and stock appreciation rights activity:

	Successor		Predecessor					
	September 8, 2021 to December 31, 2021		January 1, 2021 to September 7, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
(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	Shares	Weighted-Average Exercise Price Per Share
Outstanding at beginning of period	—	$ —	143	$ 18.37	144	$ 18.35	151	$ 18.29
Exercised	—	—	—	—	—	—	—	—
Forfeited	—	—	—	—	(1)	17.05	(7)	17.05
Awards cancelled pursuant to Merger Agreement	—	—	(143)	18.37	—	—	—	—
Outstanding and exercisable at end of period	—	$ —	—	$ —	143	$ 18.37	144	$ 18.35
(dollars in millions)								
Compensation expense for the period	$ —		$ —		$ —		$ —	
Tax benefit related to compensation expense	$ —		$ —		$ —		$ —	
Intrinsic value of awards exercised	$ —		$ —		$ —		$ —	
Cash received from awards exercised	$ —		$ —		$ —		$ —	
Grant date fair value of awards vested	$ —		$ —		$ —		$ —	

Performance-Based Restricted Awards

Awards granted generally vested over three years and upon the achievement of certain performance-based objectives. Performance-based awards were expensed based on their grant date fair value if it was probable that the performance conditions would be achieved.

The following table summarizes our outstanding performance-based restricted award activity:

	Successor		Predecessor					
	September 8, 2021 to December 31, 2021		January 1, 2021 to September 7, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
(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	Shares	Weighted-Average Exercise Price Per Share
Non-vested at beginning of period	—	$ —	1,037	$ 10.87	1,282	$ 13.00	692	$ 18.67
Granted*	—	—	—	—	—	—	763	8.34
Vested	—	—	(1,037)	10.87	(245)	22.03	(160)	15.45
Forfeited	—	—	—	—	—	—	(13)	11.32
Non-vested at end of period	—	$ —	—	$ —	1,037	$ 10.87	1,282	$ 13.00
(dollars in millions)								
Compensation expense for the period	$ —		$ 6.2		$ 2.4		$ 2.7	
Tax benefit related to compensation expense	$ —		$ (1.5)		$ (0.5)		$ (0.6)	
Grant date fair value of awards vested	$ —		$ 11.3		$ 5.4		$ 2.5	

* Assumes the maximum number of awards that can be earned if the performance conditions are achieved.

In connection with the Merger, $5.0 million of expense related to performance-based restricted awards was accelerated upon the Closing Date and recorded in the Predecessor period.

Time-Based Restricted Awards

Awards granted to Cincinnati Bell employees in 2019 vested as of the Merger Date and were paid to employees in cash. Awards granted to directors in 2020 vested as of the Merger Date and were paid to directors in cash, and awards granted to directors in 2019 vested on the first anniversary of the grant date.

As part of the terms of the acquisition of Hawaiian Telcom, certain stock-based compensation awards granted by Hawaiian Telcom before the merger date were converted to time-based restricted stock units. The Company assumed responsibility for the eventual payout of these time-based restricted stock units as part of the acquisition. These awards were originally granted by Hawaiian Telcom in the first quarter of 2017 and 2018, and vested in one-fourth increments over a period of four years. One-fourth of the awards granted in the first quarter of 2017 vested and were distributed by Hawaiian Telcom prior to July 2, 2018. All remaining awards that vested after July 2, 2018, including awards that were accelerated and vested as of the Merger Date, were distributed by Cincinnati Bell Inc.

The following table summarizes our time-based restricted award activity:

	Successor		Predecessor					
	September 8, 2021 to December 31, 2021		January 1, 2021 to September 7, 2021		Year Ended December 31, 2020		Year Ended December 31, 2019	
(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	Shares	Weighted-Average Exercise Price Per Share
Non-vested at beginning of period	—	$ —	792	$ 11.42	942	$ 11.67	497	$ 17.02
Granted	—	—	—	—	68	14.99	625	8.43
Vested	—	—	(792)	11.42	(216)	13.58	(167)	15.39
Forfeited	—	—	—	—	(2)	15.70	(13)	12.76
Non-vested at end of period	—	$ —	—	$ —	792	$ 11.42	942	$ 11.67
(dollars in millions)								
Compensation expense for the period	$ —		$ 6.9		$ 3.2		$ 4.7	
Tax benefit related to compensation expense	$ —		$ (1.7)		$ (0.7)		$ (1.1)	
Grant date fair value of awards vested	$ —		$ 9.0		$ 2.9		$ 2.6	

In connection with the Merger, $4.3 million of expense related to time-based restricted awards was accelerated upon the Closing Date and recorded in the Predecessor period.

Cash-Settled Awards

For the year ended December 31, 2021, Parent granted officers and key employees of the Company cash-settled awards that vest ratably over a 4-year period beginning with the first anniversary of the grant date with the final 20% vesting upon the occurrence of a liquidity event, defined as a change of control or qualified public offering. In the absence of a liquidity event, the awards will expire in eight years. The ultimate payment of the awards upon the occurrence of a liquidity event is based on the i) number of vested awards and ii) an amount determined from the excess of the proceeds received from the liquidity event over the invested capital, adjusted for internal rates of return. No compensation expense is recorded in the Predecessor or Successor periods in 2021.

For the year ended December 31, 2020, the Company granted officers and key employees cash-settled awards of $10.5 million in place of performance-based restricted awards and time-based restricted awards. Per the terms of the award, one-fourth of these cash-settled awards accelerated and vested as of the Merger Date. Subsequent to the Merger Date, one-fourth of these cash-settled awards vest at the end of six months, and the remaining awards vest at the end of 18 months. Employees generally must be actively employed on the vesting date in order to receive the award payout. The amount recorded on the Consolidated Balance Sheets as of December 31, 2021 related to these awards was $3.8 million, and is recorded to "Other noncurrent liabilities."

Expense incurred for cash payment awards was $1.0 million and $2.4 million for the Successor and Predecessor periods in 2021, respectively, and $3.2 million in 2020. At December 31, 2021, there was $3.6 million remaining unrecognized compensation expense for cash-settled awards, which will be recognized ratably over the final year of the award. Nominal cash-settled awards were issued in 2021, and no cash-settled awards were issued in 2019.

15. Business Segment Information

For the Successor and Predecessor periods in 2021 and the years ended December 31, 2020, and 2019, we operated two business segments: Network, previously referred to as Entertainment and Communications, and IT Services and Hardware.

In July 2018, the Company acquired Hawaiian Telcom. Based on the nature of the products and services offered, financial results are presented in either the Network segment or the IT Services and Hardware segment.

The Network segment provides products and services that can be categorized as either Fioptics in Cincinnati or Consumer/SMB Fiber in Hawaii (collectively, "Consumer/SMB Fiber"), Enterprise Fiber or Legacy. 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. Voice and data services in the Enterprise Fiber and Legacy categories that are delivered beyond the Company's ILEC territory, particularly in Dayton and Mason, Ohio, are provided through the operations of Cincinnati Bell Extended Territories LLC ("CBET"), a subsidiary of CBT. On July 2, 2018, the Company acquired Hawaiian Telcom. Hawaiian Telcom is the ILEC for the State of Hawaii and the largest full service provider of communications services and products in the state. Capital expenditures in the Network segment are incurred to expand our Consumer/SMB Fiber product suite, upgrade and increase capacity for our internet and data networks, and to maintain our wireline network.

The IT Services and Hardware segment provides end-to-end solutions from consulting to implementation to ongoing optimization to customers in the U.S., Canada and the U.K. These solutions include Cloud, Communications and Consulting services along with the sale and maintenance of major branded hardware reported as Infrastructure Solutions. In July 2018, the Company completed the acquisition of Hawaiian Telcom, and products such as UCaaS, hardware and enterprise long distance delivered by Hawaiian Telcom are included in the IT Services and Hardware segment.

Total assets for the Company increased $1,530.2 million as of December 31, 2021 as compared to December 31, 2020. Network and IT Services and Hardware assets increased $1,145.9 million and $364.8 million, respectively, primarily due to increases in property, plant and equipment and intangible assets due to recording amounts at fair value as a result of the Merger. In addition, Network assets increased due to goodwill recorded as a result of the Merger. Corporate assets increased $19.5 million primarily due to higher receivables resulting from increased sales partially offset by decrease to deferred tax assets. Deferred tax assets and liabilities on the Consolidated Balance Sheets totaled $5.3 million and $139.6 million as of December 31, 2021, respectively. Deferred tax assets and liabilities on the Consolidated Balance Sheets totaled $82.5 million and $10.9 million as of December 31, 2020, respectively. The increase to net deferred tax liabilities is a result of preliminary adjustments on the Merger Date due to the change in fair value of certain assets and liabilities. The most significant adjustments are driven by the increase in value of the Company's intangibles (other than goodwill) and increase in value related to fixed assets. These were offset, in part, by deferred tax assets related to the initial fair value adjustments which included note issuance and other debt-related costs, costs of acquisition and fulfillment costs that were deferred in accordance with ASC 606, and other deferred tax assets.

Our business segment information is as follows:

(dollars in millions)	Successor: September 8, 2021 to December 31, 2021	Predecessor: January 1, 2021 to September 7, 2021	Predecessor: Year Ended December 31, 2020	Predecessor: Year Ended December 31, 2019
Revenue				
Network	$ 303.8	$ 664.2	$ 969.6	$ 995.7
IT Services and Hardware	259.3	492.4	616.6	567.4
Intersegment	(8.7)	(17.9)	(26.4)	(26.4)
Total revenue	$ 554.4	$ 1,138.7	$ 1,559.8	$ 1,536.7
Intersegment revenue				
Network	$ 6.5	$ 13.1	$ 19.7	$ 21.6
IT Services and Hardware	2.2	4.8	6.7	4.8
Total intersegment revenue	$ 8.7	$ 17.9	$ 26.4	$ 26.4
Operating (loss) income				
Network	$ (6.3)	$ 78.3	$ 99.7	$ 105.5
IT Services and Hardware	4.0	25.2	24.6	2.6
Corporate	(6.8)	(75.8)	(58.3)	(35.0)
Total operating (loss) income	$ (9.1)	$ 27.7	$ 66.0	$ 73.1
Expenditures for long-lived assets*				
Network	$ 114.8	$ 199.8	$ 206.4	$ 201.3
IT Services and Hardware	13.9	15.9	23.5	22.4
Corporate	1,620.7	—	0.1	0.1
Total expenditures for long-lived assets	$ 1,749.4	$ 215.7	$ 230.0	$ 223.8
Depreciation and amortization				
Network	$ 113.0	$ 166.9	$ 252.7	$ 255.8
IT Services and Hardware	31.4	27.9	40.6	48.9
Corporate	0.2	0.1	0.1	0.2
Total depreciation and amortization	$ 144.6	$ 194.9	$ 293.4	$ 304.9

*Includes cost of acquisitions in the Successor and Predecessor periods of 2021 and purchase of wireless spectrum assets in the year ended December 31, 2020

(dollars in millions)	Successor: December 31, 2021	Predecessor: December 31, 2020
Assets		
Network	$ 2,949.2	$ 1,803.3
IT Services and Hardware	842.0	477.2
Corporate and eliminations	407.6	388.1
Total assets	$ 4,198.8	$ 2,668.6

16. Supplemental Cash Flow Information

(dollars in millions)	Successor	Predecessor		
	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Capitalized interest expense	$ 0.6	$ 1.3	$ 1.3	$ 1.7
Cash paid for:				
Interest	45.7	89.9	125.5	129.3
Income taxes, net of refunds	3.3	3.8	0.5	0.5
Noncash investing and financing activities:				
Acquisition of property by assuming debt and other financing arrangements	5.8	3.8	7.7	14.5
Acquisition of property on account	51.2	54.9	24.3	26.0

17. Subsequent Events

On May 2, 2022, the Company acquired Agile Networks LLC, based in Canton, Ohio, for approximately $65 million. Agile Networks LLC provides internet, co-location and data transport services primarily to customers in Ohio and Pennsylvania. We are currently in the process of assessing the accounting for this transaction and will disclose our preliminary allocation of the purchase consideration to the assets acquired and liabilities assumed in the second quarter ended June 30, 2022.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

As a result of the Merger and upon approval by the Audit Committee and the Board of Directors on January 20, 2022, the Company dismissed Deloitte & Touche LLP ("Deloitte") as its independent registered public accounting firm.

Deloitte's reports on the Company's consolidated financial statements for its fiscal years ended December 31, 2020 and 2019 did not contain any adverse opinion or disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope or accounting principles.

During the Company's fiscal years ended December 31, 2020 and 2019, and through January 20, 2022: (i) there were no disagreements between the Company and Deloitte on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to Deloitte's satisfaction, would have caused it to make reference to the subject matter of the disagreements in connection with any reports on the financial statements for such years; and (ii) there were no reportable events as defined in item 304(a)(1)(v) of Regulation S-K.

The Company provided Deloitte with a copy of the disclosures required by Item 304(a) of Regulation S-K contained in the Current Report on Form 8-K filed on January 24, 2022 and requested that Deloitte furnish the Company with a letter addressed to the U.S. Securities and Exchange Commission stating whether it agreed with the statements made by the Company in the Form 8-K and, if not, stating the respects in which it did not agree. A copy of Deloitte's letter, dated January 24, 2022, was filed as Exhibit 16.1 to the Form 8-K.

On January 14, 2022, the Audit Committee approved, effective immediately, the engagement of PricewaterhouseCoopers LLP ("PwC") as the Company's independent registered public accounting firm as of and for the year ending December 31, 2021.

As part of this engagement acceptance process, the Company and PwC identified a non-audit service PwC performed for the Company that is inconsistent with the SEC and PCAOB auditor independence rules.

From February 1, 2021 through May 7, 2021, Hawaiian Telcom Communications, Inc., a wholly owned subsidiary of the Company, engaged PwC to provide post-implementation support services in connection with its implementation of a third party software solution, which included the performance of certain employee activities, deemed a management function pursuant to Rule 2-01(c)(4)(vi) of Regulation S-X under the SEC's auditor independence rules. PwC's fees associated with this service were approximately $11,400.

The Audit Committee and PwC separately discussed the service, which is no longer being performed, and each concluded that this matter does not impair PwC's ability to exhibit the requisite objectivity and impartiality to report on the audit of the consolidated financial statements of the Company as of and for the year ended December 31, 2021. In reaching this conclusion, the Audit Committee and PwC noted that, (i) the service was not performed by individuals who will be part of the audit engagement team for the Company; (ii) the service was not related to any financial information system, and as a result, will not have any accounting impact on the financial results of the Company; (iii) the service was administrative in nature and the rudimentary tasks did not involve making management decisions; (iv) the service was terminated prior to the commencement of the PCAOB professional engagement period; and (v) the fee earned by PwC for the service is insignificant to PwC and the Company.

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 2021 that materially affect, or are reasonably likely to materially affect, Cincinnati Bell Inc.'s internal control over financial reporting.

Cincinnati Bell Inc.'s management, with the participation of the Chief Executive Officer and Chief Financial Officer, have evaluated any changes in the Company's internal control over financial reporting that occurred during the fourth quarter of 2021and have concluded that there were no changes to Cincinnati Bell Inc.'s internal control over financial reporting during the fourth quarter of 2021 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.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Effective with the Merger and the subsequent filing of the Form 25, the Company no longer meets the definition of an SEC registrant and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K. The Company is filing this Form-10-K with the SEC on a voluntary basis.

Item 11. Executive Compensation

Effective with the Merger and the subsequent Form 25 filing, the Company no longer meets the definition of an SEC registrant and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K. The Company is filing this Form-10-K with the SEC on a voluntary basis.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Effective with the Merger and the subsequent filing of the Form 25, the Company no longer meets the definition of an SEC registrant and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K. The Company is filing this Form-10-K with the SEC on a voluntary basis.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Effective with the Merger and the subsequent filing of the Form 25, the Company no longer meets the definition of an SEC registrant and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K. The Company is filing this Form-10-K with the SEC on a voluntary basis.

Item 14. Principal Accountant Fees and Services

As a result of the Merger and upon approval by the Audit Committee and the Board of Directors on January 20, 2022, the Company dismissed Deloitte & Touche LLP ("Deloitte") as its independent registered public accounting firm. Deloitte was the Company's Independent Registered Public Accounting Firm for the 2020 fiscal year. On January 14, 2022, the Audit Committee approved, effective immediately, the engagement of PricewaterhouseCoopers LLP ("PwC") as the Company's independent registered public accounting firm as of and for the 2021 fiscal year.

Aggregate fees for professional services rendered for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Audit fees	$ 2,517,595	$ 2,316,350
Audit related fees	—	—
Tax fees	35,659	40,787
All other fees	—	—
Total	$ 2,553,254	$ 2,357,137

Audit Fees

For the year ended December 31, 2021, the Company incurred audit fees from PwC and Deloitte of $2,070,000 and $447,595, respectively. The audit fees for the year ended December 31, 2021 for services rendered by PwC and Deloitte were in connection with the audit of Company's annual financial statements and review of quarterly financial statements included in the Company's reports filed with the SEC. The audit of the Company's 2021 financial statements included work related to the Merger and statutory audits. The audit fees for the year ended December 31, 2020 for services rendered by Deloitte were 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. The audit of the Company's 2020 financial statements included work related to statutory audits.

Audit Related Fees

None.

Tax Fees

Tax fees for the years ended December 31, 2021 and 2020 were incurred for services rendered by Deloitte related to 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 Committee has the sole authority and responsibility to select, evaluate and, if necessary, replace the Independent Registered Public Accounting Firm. The Audit Committee has the sole authority to approve all audit engagement fees and terms. In addition, the Audit Committee, or the chair of the Audit 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 Committee pre-approved every engagement of PwC and Deloitte to perform audit or non-audit services on behalf of the Company or any of its subsidiaries during the years ended December 31, 2021 and 2020.

PART IV

Item 15. Exhibits and Financial Statement Schedules

Financial Statements

Consolidated financial statements are included in Part II, Item 8.

Financial Statement Schedules

Financial Statement Schedule II — Valuation and Qualifying Accounts. All other schedules are not required under the related instructions or are not applicable.

Exhibits

Exhibits identified in parenthesis below, on file with the Securities and Exchange Commission, are incorporated herein by reference as exhibits hereto.

Exhibit Number	Description
(2.1)	Agreement and Plan of Merger, dated as of March 13, 2020, by and among Cincinnati Bell Inc., Red Fiber Parent LLC and RF Merger Sub Inc. (Exhibit 2.1 to Current Report on Form 8-K, date of Report March 13, 2020, File No. 1-8519).
(3.1) +	Second Amended Articles of Incorporation of Cincinnati Bell Inc.
(3.2)	Second Amended and Restated Regulations of Cincinnati Bell Inc. (Exhibit 3.1 to Current Report on Form 8-K, date of Report September 7, 2021, 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 7 1/4% 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). (P)
(4.2)	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).
(4.3)	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).
(4.4)	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).
(4.5)	Indenture, dated September 22, 2016, among Cincinnati Bell Inc., the guarantor parties thereto and Regions Bank, as trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report September 22, 2016, File No. 1-8519).
(4.6)	First Supplemental Indenture dated April 3, 2017 among Cincinnati Bell Inc., SunTel Services LLC and Regions Bank, as trustee (Exhibit 99.1 to Current Report on Form 8-K, date of Report April 3, 2017, File No. 1-8519).

(4.7)	Second Supplemental Indenture dated May 31, 2017 among Cincinnati Bell Inc., Cincinnati Bell Telephone Company LLC, Cincinnati Bell Extended Territories LLC, and Regions Bank, as trustee (Exhibit 10.1 to Current Report on Form 8-K, date of Report May 31, 2017, File No. 1-8519).
(4.8)	Third Supplemental Indenture dated October 2, 2017 among Cincinnati Bell Inc., Cincinnati Bell Shared Services LLC, Data Center South Holdings, LLC, Twin Acquisition Corp. and Regions Bank, as trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report October 2, 2017, File No. 1-8519).
(4.9)	Fourth Supplemental Indenture dated as of December 22, 2017 among Cincinnati Bell Inc., CBTS Holdco LLC, and Regions Bank, as trustee (Exhibit 10.1 to Current Report on Form 8-K, date of Report December 22, 2017, File No. 1-8519).
(4.10)	Fifth Supplemental Indenture, dated as of July 2, 2018, by and among Cincinnati Bell Inc., the guarantors party thereto and Regions Bank, as Trustee. (Exhibit 4.2 to Current Report on Form 8-K, date of Report July 2, 2018, File No. 1-8519).
(4.11)	Sixth Supplemental Indenture, dated as of July 2, 2020, among Cincinnati Bell Inc., as Issuer, each subsidiary of the Issuer identified as a Guarantor, and Regions Bank, as Trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report July 6, 2020, File No. 1-8519).
(4.12)	Indenture, dated October 6, 2017, between CB Escrow Corp. and Regions Bank, as trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report October 6, 2017, File No. 1-8519).
(4.13)	Assumption Supplemental Indenture, dated as of July 2, 2018, by and among Cincinnati Bell Inc., the guarantors party thereto and Regions Bank, as Trustee. (Exhibit 4.1 to Current Report on Form 8-K, date of Report July 2, 2018, File No. 1-8519).
(4.14)	Second Supplemental Indenture, dated as of July 2, 2020, among Cincinnati Bell Inc., as Issuer, each subsidiary of the Issuer identified as a Guarantor, and Regions Bank, as Trustee. (Exhibit 4.2 to Current Report on Form 8-K, date of Report July 6, 2020, File No. 1-8519).
(4.15)	Escrow Agreement, dated October 6, 2017, by and among CB Escrow Corp., Regions Bank, as trustee, and Regions Bank, as Escrow Agent (Exhibit 4.2 to Current Report on Form 8-K, date of Report October 6, 2017, File No. 1-8519).
(4.16)	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.
(4.17)	Description of Registrant's Securities. (Exhibit 4.15 to Annual Report on Form 10-K for the year ended December 31, 2019, File No. 1-8519).
(10.1)	Credit Agreement by and among Cincinnati Bell Inc., the Guarantor parties thereto, the Lender parties thereto, PNC Bank, National Association, as the Swingline Lender, and Morgan Stanley Senior Funding, Inc., as Administrative Agent, Collateral Agent, Swingline Lender and an L\C Issuer, dated October 2, 2017 (Exhibit 10.1 to Current Report on Form 8-K, date of Report October 3, 2017, File No. 1-8519).
(10.2)	Amendment No. 1 to Credit Agreement dated as of April 5, 2018, by and among Cincinnati Bell Inc., the subsidiary guarantors thereto, Morgan Stanley Senior Funding, Inc. and the tranche B term lenders party thereto (Exhibit 10.1 to Current Report on Form 8-K, date of Report April 5, 2018, File No. 1-8519).
(10.3)	Amendment No. 2 to Credit Agreement dated as of April 5, 2018, by and among Cincinnati Bell Inc., the subsidiary guarantors thereto, Morgan Stanley Senior Funding, Inc. and the tranche B term lenders party thereto (Exhibit 10.2 to Current Report on Form 8-K, date of Report April 5, 2018, File No. 1-8519).

(10.4) Credit Agreement, dated as of September 7, 2021, among Red Fiber Parent LLC, RF Merger Sub Inc., Goldman Sachs Bank USA, as administrative and collateral agent, each L/C Issuer and Swing Line Lender, each other Lender, Cincinnati Bell Inc. (and as successor in interest to RF Merger Sub Inc.) and the other parties thereto from time to time. (Exhibit 10.1 to Current Report on Form 8-K, date of Report September 7, 2021, File No. 1-8519).

(10.5) Amendment No. 1 to Credit Agreement, dated as of November 23, 2021, among Red Fiber Parent LLC, RF Merger Sub Inc., Goldman Sachs Bank USA, as administrative and collateral agent, each L/C Issuer and Swing Line Lender, each other Lender, Cincinnati Bell Inc. (and as successor in interest to RF Merger Sub Inc.) and the other parties thereto from time to time. (Exhibit 10.1 to Current Report on Form 8-K, date of Report November 23, 2021, File No. 1-8519).

(10.6) Receivables Financing Agreement dated as of May 10, 2018, among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets LLC, as Structuring Agent (Exhibit 99.3 to Current Report on Form 8-K, date of Report May 10, 2018, File No. 1-8519).

(10.7) First Amendment to the Receivables Financing Agreement, dated as of November 21, 2018, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets LLC, as Structuring Agent (Exhibit 99.2 to Current Report on Form 8-K, date of Report November 23, 2018, File No. 1-8519).

(10.8) Second Amendment to Receivables Financing Agreement, dated as of May 9, 2019, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time parties thereto, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets, as Structuring Agent. (Exhibit 10.3 to Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, File 1-8519).

(10.9) Third Amendment to the Receivables Financing Agreement, dated as of May 7, 2020, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets, as Structuring Agent. (Exhibit 99.2 to Current Report on Form 8-K, date of Report May 7, 2020, File No. 1-8519).

(10.10) Fourth Amendment to the Receivables Financing Agreement, dated as of April 9, 2021, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank Canada Branch as issuer of Letters of Credit and Lender, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets, as Structuring Agent. (Exhibit 99.2 to Current Report on Form 8-K, date of Report April 9, 2021, File No. 1-8519).

(10.11) Fifth Amendment to the Receivables Financing Agreement, dated as of November 12, 2021, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank Canada Branch as issuer of Letters of Credit and Lender, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets, as Structuring Agent. (Exhibit 99.2 to Current Report on Form 8-K, date of Report November 15, 2021, File No. 1-8519).

(10.12) Receivables Purchase Agreement dated as of May 10, 2018 among Cincinnati Bell Funding LLC, as Seller, Cincinnati Bell Inc., as Servicer, PNC Bank, National Association, as Buyer, and PNC Capital Markets LLC, as Structuring Agent (Exhibit 99.4 to Current Report on Form 8-K, date of Report May 10, 2018, File No. 1-8519).

(10.13)	First Amendment to Receivables Purchase Agreement, dated as of May 9, 2019, by and among Cincinnati Bell Funding LLC, as Seller, Cincinnati Bell Inc., as Servicer, and PNC Bank, National Association, as Buyer. (Exhibit 10.2 to Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, File 1-8519).
(10.14)	Second Amendment to the Receivables Purchase Agreement, dated as of May 7, 2020, by and among Cincinnati Bell Funding LLC as Seller, Cincinnati Bell Inc. as Servicer, and PNC Bank, National Association, as Buyer. (Exhibit 99.1 to Current Report on Form 8-K, date of Report May 7, 2020, File No. 1-8519).
(10.15)	Third Amendment to the Receivables Purchase Agreement, dated as of April 9, 2021, by and among Cincinnati Bell Funding LLC as Seller, Cincinnati Bell Inc. as Servicer, and PNC Bank, National Association, as Buyer. (Exhibit 99.1 to Current Report on Form 8-K, date of Report April 9, 2021, File No. 1-8519).
(10.16)	Fourth Amendment to the Receivables Purchase Agreement, dated as of November 12, 2021, by and among Cincinnati Bell Funding LLC as Seller, Cincinnati Bell Inc. as Servicer, and PNC Bank, National Association, as Buyer. (Exhibit 99.1 to Current Report on Form 8-K, date of Report November 15, 2021, File No. 1-8519).
(10.17)*	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).
(10.18)*	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).
(10.19)*	Restatement of the Cincinnati Bell Management Pension Plan executed December 22, 2016 (Exhibit 10.28 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
(10.20)*	Restatement of the Cincinnati Bell Pension Plan executed December 22, 2016 (Exhibit 10.29 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
(10.21)*	Amendment to Cincinnati Bell Management Pension Plan executed December 22, 2016 (Exhibit 10.30 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
(10.22)*	Amendment to the Cincinnati Bell Pension Plan executed December 22, 2016 (Exhibit 10.31 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
(10.23)*	Cincinnati Bell Inc. 2011 Short Term Incentive Plan (Appendix II to the Company's 2016 Proxy Statement on Schedule 14A filed March 17, 2016, File No. 1-8519).
(10.24)*	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).
(10.25)*	Amendment to Cincinnati Bell Inc. Deferred Compensation Plan for Outside Directors, as of November 7, 2016 (Exhibit 10.2 to Current Report on Form 8-K, date of Report November 7, 2016, File No. 1-8519).
(10.26)*	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).
(10.27)*	Amendment to Cincinnati Bell Inc. Executive Deferred Compensation Plan, as of November 7, 2016 (Exhibit 10.1 to Current Report on Form 8-K, date of Report November 7, 2016, File No. 1-8519).
(10.28)*	Cincinnati Bell Inc. 2007 Long Term Incentive Plan, as amended (Appendix I to the Company's 2015 Proxy Statement on Schedule 14A filed March 20, 2015, File No. 1-8519).
(10.29)*	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).

(10.30)*	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).
(10.31)*	Cincinnati Bell Inc. Form of 2016-2018 Share-Based Performance Unit Award Agreement (2007 Long Term Incentive Plan) (Exhibit 10.40 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
(10.32)*	Cincinnati Bell Inc. Form of 2017-2019 Share-Based Performance Award Agreement (2007 Long Term Incentive Plan) (Exhibit 10.39 to Annual Report on Form 10-K for the year ended December 31, 2017, File No. 1-8519).
(10.33)*	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).
(10.34)*	Cincinnati Bell Inc. Form of Restricted Stock Unit Award Agreement (2007 Long Term Incentive Plan) (Exhibit 10.45 to Annual Report for the year ended December 31, 2015, File No. 1-8519).
(10.35)*	Cincinnati Bell Inc. 2007 Stock Option Plan for Non-Employee Directors, as amended (Appendix I to the Company's 2016 Proxy Statement on Schedule 14A filed on March 17, 2016, File No. 1-8519).
(10.36)*	Cincinnati Bell Inc. 2017 Long-Term Incentive Plan (Appendix I to the Company's 2017 Proxy Statement on Schedule 14A filed on March 24, 2017, File No. 1-8519).
(10.37)*	Cincinnati Bell Inc. Form of Restricted Stock Unit Award (2017 Long-Term Incentive Plan). (Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, File 1-8519).
(10.38)*	Cincinnati Bell Inc. Form of 2019-2021 Share-Based Performance Unit Award Agreement (2017 Long Term Incentive Plan). (Exhibit 10.2 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, File 1-8519).
(10.39)*	Cincinnati Bell Inc. 2017 Stock Plan for Non-Employee Directors (Appendix II to the Company's 2017 Proxy Statement on Schedule 14A filed on March 24, 2017, File No. 1-8519).
(10.40)*	Cincinnati Bell Inc. Form of 2018-2023 Business Value Award Agreement (Exhibit 10.1 to Current Report, date of Report May 7, 2018, File No. 1-8519).
(10.41)*	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).
(10.42)*	Cincinnati Bell Inc. Form of Long-Term Restricted Cash Retention Award (Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, File 1-8519).
(10.43)*	Cincinnati Bell Inc. Form of Long-Term Restricted Cash Retention Award (Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, File 1-8519).
(10.44)*	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).
(10.45)*	Employment Agreement between Cincinnati Bell Inc. and Christopher J. Wilson effective as of December 1, 2017 (Exhibit 10.4 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.46)*	Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Leigh R. Fox effective as of September 1, 2016 (Exhibit 10.1 to Current Report on Form 8-K, date of Report September 1, 2016, File No. 1-8519).

(10.47)*	Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Leigh R. Fox effective as of March 1, 2017 (Exhibit 10.1 to Current Report on Form 8-K, date of Report March 1, 2017, File No. 1-8519).
(10.48)*	Employment Agreement between Cincinnati Bell Inc. and Leigh R. Fox effective as of December 1, 2017 (Exhibit 10.1 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.49)*	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, File No. 1-8519).
(10.50)*	Employment Agreement between Cincinnati Bell Inc. and Joshua T. Duckworth effective as of December 1, 2017 (Exhibit 10.5 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.51)*+	Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Joshua T. Duckworth dated as of December 1, 2021.
(10.52)*	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).
(10.53)*	Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Thomas E. Simpson effective as of September 1, 2016 (Exhibit 10.1 to Current Report on Form 8-K, date of Report September 9, 2016, File No. 1-8519).
(10.54)*	Employment Agreement between Cincinnati Bell Inc. and Thomas E. Simpson effective as of December 1, 2017 (Exhibit 10.3 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.55)*	Employment Agreement between Cincinnati Bell Inc. and Andrew R. Kaiser effective as of September 1, 2016 (Exhibit 10.2 to Current Report on Form 8-K, date of Report September 1, 2016, File No. 1-8519).
(10.56)*	Employment Agreement between Cincinnati Bell Inc. and Andrew R. Kaiser effective as of September 1, 2017 (Exhibit 10.1 to Current Report on Form 8-K, date of Report August 3, 2017, File No. 1-8519).
(10.57)*	Employment Agreement between Cincinnati Bell Inc. and Andrew R. Kaiser effective as of December 1, 2017 (Exhibit 10.2 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.58)*	Employment Agreement between Cincinnati Bell Inc. and Christi H. Cornette effective as of September 1, 2017 (Exhibit 10.2 to Current Report on Form 8-K, date of Report August 3, 2017, File No. 1-8519).
(10.59)*	Employment Agreement between Cincinnati Bell Inc. and Christi H. Cornette effective as of December 1, 2017 (Exhibit 10.6 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.60)*	Employment Agreement between Cincinnati Bell Inc. and Shannon M. Mullen effective as of December 1, 2017 (Exhibit 10.7 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.61)*	Employment Agreement between Cincinnati Bell Inc. and Mark J. Fahner effective as of September 16, 2018 (Exhibit 10.3 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, File 1-8519).
(10.62)*	Employment Agreement between Cincinnati Bell Inc. and Suzanne E. Maratta effective May 12, 2019. (Exhibit 10.4 to Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, File 1-8519).
(10.63)*+	Employment Agreement between Cincinnati Bell Inc. and Angela J. Huber effective December 1, 2021.
(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.
(22) +	List of Guarantor Subsidiaries and Subsidiary Issuers of Guaranteed Securities.
(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.
101	The following financial statements from Cincinnati Bell Inc.'s Annual Report on Form 10-K for the year ended December 31, 2021 were formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Consolidated Statements of Shareholders' Equity (Deficit), (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

+ 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.
(P) Paper exhibits

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*. The Company has ceased to be a registrant but continues to voluntarily file annual, quarterly and certain other information with the SEC due to contractual provisions included in certain indentures. As a voluntary filer, the Company is no longer required to prepare a proxy statement.

VALUATION AND QUALIFYING ACCOUNTS

Allowance for Doubtful Accounts

(dollars in millions)	Beginning of Period	Additions: Charge (Benefit) to Expenses	Additions: (To) From Other Accounts	Deductions	End of Period
Successor					
September 8, 2021 to December 31, 2021 (remeasured upon Merger)	$ —	$ 3.6	$ —	$ —	$ 3.6
Predecessor					
January 1, 2021 to September 7, 2021	$ 23.0	$ 2.1	$ —	$ 8.7	$ 16.4
Year 2020	$ 14.3	$ 14.7	$ —	$ 6.0	$ 23.0
Year 2019	$ 13.0	$ 12.5	$ —	$ 11.2	$ 14.3

Deferred Tax Valuation Allowance

(dollars in millions)	Beginning of Period	Additions: Charge (Benefit) to Expenses	Additions: (To) From Other Accounts	Deductions	End of Period
Successor					
September 8, 2021 to December 31, 2021	$ 24.4	$ (6.0)	$ —	$ —	$ 18.4
Predecessor					
January 1, 2021 to September 7, 2021	$ 28.4	$ —	$ (4.0)	$ —	$ 24.4
Year 2020	$ 49.3	$ (20.8)	$ (0.1)	$ —	$ 28.4
Year 2019	$ 48.7	$ 0.5	$ 0.1	$ —	$ 49.3

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: May 19, 2022

/s/ Joshua T. Duckworth
Joshua T. Duckworth
Chief Financial 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/ Leigh R. Fox Leigh R. Fox	President and Chief Executive Officer (Principal Executive Officer)	May 19, 2022
/s/ Joshua T. Duckworth Joshua T. Duckworth	Chief Financial Officer (Principal Financial Officer)	May 19, 2022
/s/ Suzanne E. Maratta Suzanne E. Maratta	Vice President and Corporate Controller (Principal Accounting Officer)	May 19, 2022
Kelly C. Atkinson * Kelly C. Atkinson	Director	May 19, 2022
Felix A. Bernshteyn* Felix A. Bernshteyn	Director	May 19, 2022
Scott L. Graves* Scott L. Graves	Director	May 19, 2022
F. Gregory Guerra* F. Gregory Guerra	Director	May 19, 2022
Colleen W. Hanabusa* Colleen W. Hanabusa	Director	May 19, 2022
John T. Komeiji* John T. Komeiji	Director	May 19, 2022
Anton Z. Moldan* Anton Z. Moldan	Director	May 19, 2022
Douglas C. Wiest* Douglas C. Wiest	Director	May 19, 2022
Christina M. Wire* Christina M. Wire	Director	May 19, 2022

*By: /s/ Leigh R. Fox
Leigh R. Fox
as attorney-in-fact and on his behalf
as President and Chief Executive Officer

FORM OF

SECOND AMENDED ARTICLES OF INCORPORATION OF CINCINNATI BELL INC.

FIRST: The name of the corporation shall be Cincinnati Bell Inc.

SECOND: The place in Ohio where the principal office of the corporation is to be located is the City of Cincinnati, Hamilton County, Ohio.

THIRD: The purpose for which the corporation is formed is to engage in any lawful act or activity for which a corporation may be formed under Sections 1701.01 to 1701.98 of the Ohio Revised Code.

FOURTH: The authorized number of shares of the corporation shall be 100, all of which shall be common shares, each with $0.01 par value.

FIFTH: These amended articles of incorporation take the place of and supersede the existing articles of incorporation of the corporation.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement ("Agreement") is made as of the Effective Date between Cincinnati Bell Inc. ("Employer") and Joshua T. Duckworth ("Employee"). For purposes of this Agreement, the "Effective Date" means the closing date under the Merger Agreement (as defined below).

WHEREAS, the Employee is employed as the Vice President – Treasury, Corporate Finance and Investor Relations of the Employer;

WHEREAS, the Employee is a party to an employment agreement with Employer, dated December 1, 2017 (the "2017 Employment Agreement");

WHEREAS, the Employer entered into an Agreement and Plan of Merger, dated March 13, 2020, by and between the Employer, Red Fiber Parent LLC, a Delaware limited liability company ("Parent"), and Parent's direct wholly-owned subsidiary RF Merger Sub Inc., an Ohio corporation (the "Merger Agreement");

WHEREAS, the parties to the Merger Agreement and the Employee desire to amend and restate the 2017 Employment Agreement in accordance with the terms set forth herein.

NOW THEREFORE, Employer and Employee agree as follows:

1. Employment. By this Agreement, Employer and Employee set forth the terms of Employer's employment of Employee on and after the Effective Date. Any prior agreements or understandings with respect to Employee's employment by Employer, including the 2017 Employment Agreement, are canceled as of the Effective Date. Notwithstanding the foregoing, if the transactions contemplated by the Merger Agreement are not consummated or if Employee is not employed by Employer as of the Effective Date for any reason, this Agreement will be null and void and the 2017 Employment Agreement shall remain in full force and effect.

2. Term of Agreement. The term of this Agreement initially shall be the one-year period commencing on the Effective Date. On the first anniversary of the Effective Date and on each subsequent anniversary of the Effective Date, the term of this Agreement automatically shall be extended for a period of one additional year. Notwithstanding the foregoing, the term of this Agreement is subject to termination as provided in Section 13.

3. Duties.

A. Employee will serve as the Vice President – Treasury, Corporate Finance and Investor Relations for Cincinnati Bell Inc. or in such other equivalent capacity as may be designated by Employer's Chief Executive Officer. Employee will report to the Employer's Chief Financial Officer.

B. Employee shall furnish such managerial, executive, financial, technical and other skills, advice, and assistance in operating Employer and its Affiliates as Employer may reasonably request. For purposes of this Agreement, "Affiliate" means each corporation or organization that is deemed to be a single employer with Employer under Section 414(b) or (c) of the Internal Revenue Code of 1986, as amended (the "Code") (i.e., as part of a controlled group of corporations that includes Employer or under common control with Employer).

C. Employee shall also perform such other duties, consistent with the provisions of Section 3.A., as are reasonably assigned to Employee by the Employer's Chief Executive Officer.

D. Employee shall devote Employee's entire time, attention and energies to the business of Employer and its Affiliates. The words "entire time, attention and energies" are intended to mean that Employee shall devote Employee's full effort during reasonable working hours to the business of Employer and its Affiliates and shall devote at least 40 hours per week to the business of Employer and its Affiliates. Employee shall travel to such places as are necessary in the performance of Employee's duties.

4. Compensation.

A. Employee shall receive a base salary (the "Base Salary") of at least $231,750 per year, payable not less frequently than monthly, for each year during the term of this Agreement, subject to proration for any partial year. Such Base Salary, and all other amounts payable under this Agreement, shall be subject to withholding as required by law.

B. In addition to the Base Salary, Employee shall be eligible to receive an annual bonus (the "Bonus") for each calendar year for which services are performed under this Agreement. Any Bonus for a calendar year shall be payable in the calendar year following the calendar year for which the Bonus is earned in accordance with Employer's regular bonus payment policies. Each year, Employee shall be given a Bonus target of not less than 60% of Base Salary, subject to proration for a partial year. The Bonus target shall be established from time to time by Employer's Compensation Committee if Employee is a named executive officer for purposes of Employer's annual proxy statement or is otherwise an executive officer whose compensation is determined by the Compensation Committee, or, if Employee is not so subject, then in accordance with the provisions of Employer's then existing annual incentive plan or any similar plan made available to employees of Employer ("annual incentive plan") in which Employee participates. Any Bonus award to Employee shall further be subject to the terms and conditions of any such applicable annual incentive plan.

C. On at least an annual basis, Employee shall receive a formal performance review and be considered for Base Salary and/or Bonus target increases.

5. Expenses. All reasonable and necessary expenses incurred by Employee in the course of the performance of Employee's duties to Employer shall be reimbursable in accordance with Employer's then current travel and expense policies.

6. Benefits.

A. While Employee remains in the employ of Employer, Employee shall be eligible to participate in all of the various employee benefit plans and programs, which are made available to similarly situated officers of Employer, in accordance with the eligibility provisions and other terms and conditions of such plans and programs.

B. Notwithstanding anything contained herein to the contrary, the Base Salary and any Bonuses otherwise payable to Employee shall be reduced by any benefits paid to Employee by Employer under any disability plans made available to Employee by Employer ("Disability Plans").

7. Confidentiality. Employer and its Affiliates are engaged in the telecommunications industry within the U.S. Employee acknowledges that in the course of employment with the Employer (including prior to the Effective Date), Employee has been and will be entrusted with or obtain access to information proprietary to Employer and its Affiliates with respect to the following (all of which information is referred to hereinafter collectively as the "Information"); the organization and management of Employer and its Affiliates; the names, addresses, buying habits and other special information regarding past, present and potential customers, employees and suppliers of Employer and its Affiliates; customer and supplier contracts and transactions or price lists of Employer, its Affiliates and their suppliers; products, services, programs and processes sold, licensed or developed by Employer or its Affiliates; technical data, plans and specifications, and present and/or future development projects of Employer and its Affiliates; financial and/or marketing data respecting the conduct of the present or future phases of business of Employer and its Affiliates; computer programs, systems and/or software; ideas, inventions, trademarks, trade secrets, business information, know-how, processes, improvements, designs, redesigns, discoveries and developments of Employer and its Affiliates; and other information considered confidential by any of the Employer, its Affiliates or customers or suppliers of Employer and its Affiliates. At all times during the term of this Agreement and thereafter, Employee agrees to retain the Information in absolute confidence and not to disclose the Information to any person or organization except as required in the performance of Employee's duties for Employer, without the express written consent of Employer; provided that Employee's obligation of confidentiality shall not extend to any Information which becomes generally available to the public other than as a result of disclosure by Employee.

8. New Developments. All ideas, inventions, discoveries, concepts, trade secrets, trademarks, service marks or other developments or improvements, whether patentable or not, conceived by Employee, alone or with others, at any time during the term of Employee's employment (including prior to the Effective Date), whether or not during working hours or on Employer's premises, which are within the scope of or related to the business operations of Employer or its Affiliates ("New Developments"), shall be and remain the exclusive property of Employer. Employee agrees that any New Developments which, within one year after the termination of employment with Employer, are made, disclosed, reduced to a tangible or written form or description or are reduced to practice by Employee and which are based upon, utilize or

incorporate Information shall, as between Employee and Employer, be presumed to have been made during Employee's employment by Employer. Employee further agrees that Employee will not, during the term of Employee's employment with Employer, improperly use or disclose any proprietary information or trade secrets of any former employer or other person or entity and that Employee will not bring onto Employer premises any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity.

At all times during the term of this Agreement and thereafter, Employee shall do all things reasonably necessary to ensure ownership of such New Developments by Employer, including the execution of documents assigning and transferring to Employer all of Employee's rights, title and interest in and to such New Developments and the execution of all documents required to enable Employer to file and obtain patents, trademarks, service marks and copyrights in the United States and foreign countries on any of such New Developments.

9. Surrender of Material Upon Termination. Employee hereby agrees that upon termination of Employee's employment, for whatever reason and whether voluntary or involuntary, Employee will immediately surrender to Employer all of the property and other things of value in his possession or in the possession of any person or entity under Employee's control that are the property of Employer or any of its Affiliates, including without any limitation all personal notes, drawings, manuals, documents, photographs or the like, including copies and derivatives thereof, and e-mails and other electronic and digital information of all types regardless of where or the type of device on which such materials may be stored by Employee, relating directly or indirectly to any Information, materials or New Developments, or relating directly or indirectly to the business of Employer or any of its Affiliates.

10. Remedies.

A. Employer and Employee hereby acknowledge and agree that the services rendered by Employee to Employer, the information disclosed to Employee during and by virtue of Employee's employment (including prior to the Effective Date) and Employee's commitments and obligations to Employer and its Affiliates herein are of a special, unique and extraordinary character, and that the breach of any provision of this Agreement by Employee will cause Employer irreparable injury and damage, and consequently the Employer shall be entitled to, in addition to all other remedies available to it, injunctive and equitable relief to prevent a breach of Sections 7, 8, 9, 11 and 12 of this Agreement and to secure the enforcement of this Agreement.

B. Except as provided in Section 10.A., the parties hereto agree to submit to final and binding arbitration any dispute, claim or controversy, whether for breach of this Agreement or for violation of any of Employee's statutorily created or protected rights, arising between the parties that either party would have been otherwise entitled to file or pursue in court or before any administrative agency (herein "claim"), and each party waives all right to sue the other party.

(i) This agreement to arbitrate and any resulting arbitration award are enforceable under and subject to the Federal Arbitration Act, 9 U.S.C. § 1 et seq. ("FAA"). If the

FAA is held not to apply for any reason, then Ohio Revised Code Chapter 2711 regarding the enforceability of arbitration agreements and awards will govern this Agreement and the arbitration award.

(ii) (a) All of a party's claims must be presented at a single arbitration hearing. Any claim not raised at the arbitration hearing is waived and released. The arbitration hearing will take place in Cincinnati, Ohio.

(b) The arbitration process will be governed by the Employment Dispute Resolution Rules of the American Arbitration Association ("AAA") except to the extent they are modified by this Agreement. In the event that any provisions of this Section 10.B. are determined by AAA to be unenforceable or impermissibly contrary to AAA rules, then this Section 10.B. shall be modified as necessary to comply with AAA requirements.

(c) Employee has had an opportunity to review the AAA rules and the requirements that Employee must pay a filing fee for which Employer has agreed to split on an equal basis.

(d) The arbitrator will be selected from a panel of arbitrators chosen by the AAA. After the filing of a Request for Arbitration, the AAA will send simultaneously to Employer and Employee an identical list of names of five persons chosen from the panel. Each party will have 10 days from the transmittal date in which to strike up to two names, number the remaining names in order of preference and return the list to the AAA.

(e) Any pre-hearing disputes will be presented to the arbitrator for expeditious, final and binding resolution.

(f) The award of the arbitrator will be in writing and will set forth each issue considered and the arbitrator's finding of fact and conclusions of law as to each such issue.

(g) If the arbitrator finds that a party has sustained its burden of proof in establishing a violation of applicable law, the arbitrator shall have the same power and authority as would a judge to grant any relief, including costs and attorney's fees, that a court could grant, consistent with applicable principles of common, decisional, and statutory law in the relevant jurisdiction. The arbitrator may assess to either party, or split, the arbitrator's fee and expenses and the cost of the transcript, if any, in accordance with the arbitrator's determination of the merits of each party's position or as principles of equity may require.

(h) Employer and Employee recognize that a primary benefit each derives from arbitration is avoiding the delay and costs normally associated with litigation. Therefore, neither party will be entitled to conduct any discovery prior to the arbitration hearing except that: (i) Employer will furnish Employee with copies of all non-privileged documents in Employee's personnel file; (ii) if the claim is for discharge, Employee will furnish Employer with records of earnings and benefits relating to Employee's subsequent employment (including self-employment) and all documents relating to Employee's efforts to obtain subsequent employment; (iii) the parties will exchange copies of all documents they intend to introduce as

evidence at the arbitration hearing at least 10 days prior to such hearing; (iv) Employee will be allowed (at Employee's expense) to take the depositions, for a period not to exceed four hours each, of two representatives of Employer, and Employer will be allowed (at its expense) to depose Employee for a period not to exceed four hours; and (v) Employer or Employee may ask the arbitrator to grant additional discovery to the extent permitted by AAA rules upon a showing that such discovery is necessary.

(i) Nothing herein will prevent either party from taking the deposition of any witness where the sole purpose for taking the deposition is to use the deposition in lieu of the witness testifying at the hearing and the witness is, in good faith, unavailable to testify in person at the hearing due to poor health, residency and employment more than 50 miles from the hearing site, conflicting travel plans or other comparable reason.

(j) Arbitration must be requested in writing no later than 6 months from the date that the party knew or should have known of the matter disputed by the claim. A party's failure to initiate arbitration within the time limits herein will be considered a waiver and release by that party with respect to any claim subject to arbitration under this Agreement.

(k) Employer and Employee consent that judgment upon the arbitration award may be entered in any federal or state court that has jurisdiction.

(l) Except as provided in Section 10.A., neither party will commence or pursue any litigation on any claim that is or was subject to arbitration under this Agreement. Nothing in this Agreement shall be construed to prevent Employee from filing or participating in a charge of discrimination filed with the EEOC or similar state or local administrative agencies. However, upon receipt of a right to sue letter or similar administrative determination, Employee's claim becomes subject to arbitration as set forth in this this Agreement.

(m) All aspects of any arbitration procedure under this Agreement, including the hearing and the record of the proceedings, are confidential and will not be open to the public, except to the extent the parties agree otherwise in writing, or as may be appropriate in any subsequent proceedings between the parties, or as may otherwise be appropriate in response to a governmental agency or legal process or as may be required to be disclosed by Employer pursuant to applicable law, rule or regulation to which Employer is subject, including requirements of the Securities and Exchange Commission and any stock exchanges on which Employer's securities are listed.

11. Covenant Not to Compete, No Interference; No Solicitation. For purposes of this Section 11 only, the term "Employer" shall mean, collectively, Employer and each of its Affiliates. At all times during the term of this Agreement and during the two-year period following the termination of Employee's employment with Employer for any reason (or if this period is unenforceable by law, then for such period as shall be enforceable), Employee will not engage in any business offering services related to the current business of Employer, whether as a principal, partner, joint venture, agent, employee, salesman, consultant, director or officer, where such position would involve Employee in any business activity in competition with Employer.

This restriction will be limited to the geographical area where Employer is then engaged in such competing business activity or to such other geographical area as a court shall find reasonably necessary to protect the goodwill and business of Employer.

During the two-year period following termination of Employee's employment with Employer for any reason (or if this period is unenforceable by law, then for such period as shall be enforceable), Employee will not interfere with or adversely affect, either directly or indirectly, Employer's relationships with any person, firm, association, corporation or other entity which is known by Employee to be, or is included on any listing to which Employee had access during the course of employment, as a customer, client, supplier, consultant or employee of Employer and that Employee will not divert or change, or attempt to divert or change, any such relationship to the detriment of Employer or to the benefit of any other person, firm, association, corporation or other entity.

During the two-year period following the termination of Employee's employment with Employer for any reason (or if this period is unenforceable by law, then for such period as shall be enforceable), Employee shall not, without the prior written consent of Employer, accept employment, as an employee, consultant or otherwise, with any company or entity which is a supplier of Employer at any time during the one-year period prior to the termination of Employee's employment with Employer.

Employee will not, during or at any time within two years after the termination of Employee's employment with Employer, induce or seek to induce any other employee of Employer to terminate his or her employment relationship with Employer.

Employee acknowledges and agrees that the covenants, restrictions, agreements and obligations set forth herein are founded upon valuable consideration and, with respect to the covenants, restrictions, agreements and obligations set forth in this Section 11, are reasonable in duration and geographic scope. The time period and geographical area set forth in this Section 11 are each divisible and separable, and, in the event that the covenants not to compete and/or not to divert business or employees contained therein are judicially held invalid or unenforceable as to such time period and/or geographical area, they will be valid and enforceable in such geographical area(s) and for such time period(s) which the court determines to be reasonable and enforceable. Employee agrees that in the event that any court of competent jurisdiction determines that the above covenants are invalid or unenforceable to join with Employer in requesting such court to construe the applicable provision by limiting or reducing it so as to be enforceable to the extent compatible with the then applicable law. Furthermore, it is agreed that any period of restriction or covenant hereinabove stated shall not include any period of violation or period of time required for litigation or arbitration to enforce such restrictions or covenants.

12. Goodwill. Subject to the provisions of Section 10.B.(ii)(l) above, during the term of this Agreement and thereafter, Employee will not disparage Employer or any of its Affiliates in any way which could adversely affect the goodwill, reputation and business relationships of Employer or any of its Affiliates with the public generally, or with any of their customers,

suppliers or employees, and Employer will not disparage Employee. Employee understands and agrees that Employer shall be entitled to make any such public disclosures as are required by applicable law, rule or regulation regarding Employee, including termination of Employee's employment with Employer, and that any public disclosures so made by Employer and other statements materially consistent with such public disclosures shall not be restricted in any manner by this Section 12.

13. Termination.

A. (i) To the extent permitted by law, Employer or Employee may terminate this Agreement (and Employee's employment hereunder) upon Employee's failure or inability to perform the services required hereunder, because of any physical or mental infirmity for which Employee receives disability benefits under any Disability Plans, over a period of one hundred twenty consecutive working days during any twelve consecutive month period (a "Terminating Disability").

(ii) If Employer or Employee elects to terminate this Agreement in the event of a Terminating Disability, such termination shall be effective immediately upon the giving of written notice by the terminating party to the other.

(iii) Upon termination of this Agreement on account of Terminating Disability, Employer shall pay Employee only Employee's any accrued but unpaid Base Salary to the date of termination, any accrued but unused vacation to the date of termination, any accrued and earned Bonus for the year prior to the year of the termination and any earned and vested benefits under any Employer benefit plan to the date of termination (the "Accrued Compensation") (subject to offset for any amounts received pursuant to the Disability Plans). In the event of a Terminating Disability, Employer also shall provide Employee with disability benefits and all other benefits according to the provisions of the applicable Disability Plans and any other Employer plans in which Employee is then participating.

(iv) If the parties elect not to terminate this Agreement upon an event of a Terminating Disability and Employee returns to active employment with Employer prior to such a termination, or if such disability exists for less than one hundred twenty consecutive working days, the provisions of this Agreement shall remain in full force and effect.

B. This Agreement (and Employee's employment hereunder) terminates immediately and automatically on the death of Employee, provided, however, that Employee's estate shall be paid only Employee's Accrued Compensation as of the date of death.

C. Employer may terminate this Agreement immediately, upon written notice to Employee, for Cause. For purposes of this Agreement, Employer shall have "Cause" to terminate this Agreement only if Employer's Board of Directors reasonably determines in good faith that any one or more of the following has occurred: (a) conviction of any crime (whether or not a felony) involving dishonesty, fraud, embezzlement, or similar crime of moral turpitude; (b) conviction of a felony (other than a traffic violation); (c) acts constituting fraud or willful

misconduct as an employee of the Employer or its Affiliates, including but not limited to misappropriation or embezzlement in the performance of duties as an employee of the Employer or its Affiliates; (d) the willful and continued material failure or refusal of Employee to perform any of his or her duties to the Employer of its Affiliates (other than any such failure resulting from Employee's incapacity due to physical or mental illness) which is reasonably likely to result in material harm to the Employer of its Affiliates; (e) Employee's material violation or breach of the this Agreement, any restrictive covenants under this Agreement or any other restrictive covenant provision the Employee is bound by in any agreement between Employee and the Employer or its Affiliates (f) Employee's material violation or breach of the documented code of ethics, code of conduct or similar document of the Employer or its Affiliates which has been timely provided to, and acknowledged by, Employee; or (g) willfully or grossly negligently engaging in conduct materially injurious to the Employer or its Affiliates. Upon termination for Cause, Employee shall be entitled to receive only Employee's Accrued Compensation to the date of termination.

D. Employer may terminate this Agreement (and Employee's employment hereunder) immediately, upon written notice to Employee for any reason other than those set forth in Sections 13.A., B. and C. Notwithstanding the foregoing, Employer may not terminate this Agreement (and Employee's employment hereunder) under this Section 13.D within one year after the Effective Date (the "Protected Period"), provided that the Employer may place the Employee on garden leave during the Protected Period, reducing or eliminating his or her responsibilities during such Protected Period, and will be entitled to terminate the Employee pursuant to this Section 13.D upon expiration of the Protected Period. In addition, Employee may terminate this Agreement (and Employee's employment hereunder) immediately, upon written notice to Employer, as a result of a Constructive Termination. In the event of a termination of this Agreement (and Employee's employment hereunder) by Employer, or by Employee as a result of a Constructive Termination, under this Section 13.D., in addition to the Accrued Compensation:

(i) Employer shall pay Employee in a lump sum cash payment an amount equal to two times the Employee's annual Base Salary rate in effect at the time of the termination of this Agreement within sixty (60) days following Employee's termination of employment with Employer; and

(ii) subject to Employee timely and properly electing coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), Employer shall provide Employee access to continued medical, dental, and vision coverage for a period of up to eighteen (18) months beginning the first day of the calendar month following Executive's termination of employment and ending on the first to occur of the last day of the eighteenth (18th) month, the date Executive ceases to be eligible for COBRA or the date Executive, his spouse and eligible dependents become eligible to be covered under another employer's medical, dental and vision plans, whichever is sooner(with the cost of such coverage to Employee equal to the active employee rate for the coverage plus applicable tax withholdings on the difference between the

full COBRA premium for the coverage and the active employee rate), provided that, if the Employer determines in its sole discretion that it cannot provide the foregoing subsidy of COBRA coverage without potentially violating or causing the Employer to incur additional expense as a result of noncompliance with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Employer instead will pay Employee a taxable lump sum payment in an amount equal to the monthly COBRA premium (or an equivalent monthly payment in the event the Employee is no longer eligible for COBRA) that Employee would be required to pay to continue the group health coverage in effect on the date of Employee's termination of employment for eighteen (18) months for Employee and Employee's eligible dependents pursuant to the Employer's health insurance plans in which Employee or Employee's eligible dependents participated as of the day of Executive's termination (which amount shall be based on the premium for the first month of COBRA coverage).

E. Employee may resign upon 60 days' prior written notice to Employer. In the event of a resignation under this Section 13.E. this Agreement (and Employee's employment hereunder) shall terminate and Employee shall be entitled to receive only any Accrued Compensation. Should Employee resign, Employer may adjust Employee's authority, reporting relationship, or responsibilities at any time during the 60-day notice period and any such adjustment shall not constitute a Constructive Termination under this Agreement.

F. Upon termination of this Agreement (and Employee's employment hereunder) as a result of an event of termination described in this Section 13 and except for Employer's payment of the required payments under this Section 13 (including any Accrued Compensation), all further compensation under this Agreement shall terminate. Employee further agrees that in order to be entitled to receive any payments under this Section 13 (other than any Accrued Compensation), upon the request of Employer, Employee will execute and not revoke a release of claims against Employer in the Employer standard form, which release shall contain customary and appropriate terms and conditions as determined in good faith by Employer. Such release must be executed and non-revocable within 60 days of Employee's termination of employment provided, however, if such 60-day period commences in one calendar year and ends in the following calendar year, payment of a any amounts under this Section 13 (other than any Accrued Compensation) shall not commence until the first payroll date in the second calendar year. Employee's rights with respect to any award granted under the "2021 LTIP" (as defined below) or the "CBTS Sale Bonus Agreement" (as defined below) shall be determined pursuant to the terms of the applicable plan.

G. The termination of this Agreement (and Employee's employment hereunder) shall not amend, alter or modify the rights and obligations of the parties under Sections 7, 8, 9, 10, 11,12 and 13 hereof, the terms of which shall survive the termination of this Agreement for any reason whatsoever.

H. For purposes of this Section 13, "Constructive Termination" shall be deemed to have occurred if, without Employee's consent, there is a material reduction by Employer in

Employee's authority, reporting relationship or responsibilities, there is a reduction by Employer in Employee's Base Salary or Bonus target or Employee is required by Employer to relocate from the Greater Cincinnati, Ohio Area by 50 or more miles. In no event will a Constructive Termination be deemed to occur under this Agreement unless (i) the Employee notifies the Employer in writing of the occurrence of any event that constitutes a Constructive Termination within sixty (60) days of the occurrence of such event, (ii) the Employer does not cure such circumstances within thirty (30) days of receipt of such notice and (iii) the Employee terminates his or her employment within thirty (30) days of such failure to cure. Notwithstanding anything in this Agreement to the contrary, Employee acknowledges and agrees that no reduction in authority, reporting relationship or responsibilities in connection with the transactions contemplated by the Merger Agreement will provide a basis for a Constructive Termination.

I. Notwithstanding any other provision in this Agreement, in the event that it is determined (by the reasonable computation of an independent nationally recognized certified public accounting firm that shall be selected by Employer (the "Accountant")) that the aggregate amount of the payments, distributions, benefits and entitlements of any type payable by Employer or any affiliate to or for the benefit of Employee (including any payment, distribution, benefit or entitlement made by any person or entity effecting a Change in Control (as defined in the 2021 LTIP)), in each case, that could be considered "parachute payments" within the meaning of Section 280G of the Code (such payments, the "Parachute Payments") that, but for this Section 13.I. would be payable to Employee, exceeds the greatest amount of Parachute Payments that could be paid to Employee without giving rise to any liability for any excise tax imposed by Code Section 4999 (or any successor provision thereto) or any similar tax imposed by state or local law, or any interest or penalties with respect to such tax (such tax or taxes, together with any such interest or penalties, collectively referred to as the "Excise Tax"), then the aggregate amount of Parachute Payments payable to Employee shall not exceed the amount which produces the greatest after-tax benefit to Employee after taking into account any Excise Tax to be payable by Employee. For the avoidance of doubt, this provision shall reduce the amount of Parachute Payments otherwise payable to Employee, if doing so would place Employee in a more favorable net after-tax economic position as compared with not reducing the amount of Parachute Payments (taking into account the Excise Tax payable in respect of such Parachute Payments). Any reduction under this Section 280G shall be applied against the payment to be made under Section 13.D.(i).

14. Code Section 409A.

A. This Agreement is intended to comply with Code Section 409A or an exemption thereunder and shall be construed and administered in accordance with Code Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Code Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Code Section 409A as separation pay, as a short-term deferral, or under any other applicable exclusion shall be excluded from Code Section 409A to the maximum extent possible.

For purposes of Code Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Code Section 409A. To the extent any reimbursements or in-kind benefits due Employee under this Agreement constitutes "deferred compensation" under Section 409A of the Code, any such reimbursements or in-kind benefits shall be paid to Employee in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv). Notwithstanding the foregoing, Employer makes no representations that the payments and benefits provided under this Agreement comply with, or are exempt from compliance from, Code Section 409A and in no event shall Employer be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Employee on account of non-compliance with Code Section 409A.

B. Notwithstanding any other provision of this Agreement, if any payment or benefit provided to Employee in connection with his termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Code Section 409A and Employee is determined to be a "specified employee" as defined in Code Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until a date that is within five days following (and not before) the six-month anniversary of the date of Employee's termination of employment (the "Specified Employee Payment Date") to the extent required by Code Section 409A. The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to Employee in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

15. Assignment. As this is an agreement for personal services involving a relation of confidence and a trust between Employer and Employee, all rights and duties of Employee arising under this Agreement, and the Agreement itself, are non-assignable by Employee.

16. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if delivered personally or by certified mail to Employee at Employee's place of residence as then recorded on the books of Employer or to Employer at its principal office.

17. Waiver. No waiver or modification of this Agreement or the terms contained herein shall be valid unless in writing and signed by Employee and an authorized executive officer of Employer. The waiver by any party hereto of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by such party.

18. Governing Law. This agreement shall be governed by the laws of the State of Ohio and, to the extent applicable, federal law.

19. Entire Agreement. This Agreement contains the entire agreement of the parties respect to its subject matter and supersedes all prior discussions, agreements, commitments, or understandings of every kind and nature relating thereto, whether oral or written, between Employee and Employer, including, without limitation the 2017 Employment Agreement. There

are no other contracts, agreements or understandings, whether oral or written, existing between them except as contained or referred to in this Agreement other than awards to be granted under the Red Fiber Holdings, LLC Long-Term Incentive Plan ("2021 LTIP") or a Red Fiber Holdings, LLC Business Value Award Agreement ("CBTS Sale Bonus Agreement"). For the avoidance of doubt, nothing herein affects any of the parties' rights or obligations under the Merger Agreement or any agreements entered into in connection therewith. Employee acknowledges and agrees that Employee has not relied on any oral or written promises or representations other than those explicitly stated in this Agreement. Notwithstanding anything in this Section 19 to the contrary, if the transactions contemplated by the Merger Agreement are not consummated or if Employee is not employed by Employer as of the Effective Date for any reason, this Agreement will be null and void and the 2017 Employment Agreement shall remain in full force and effect.

20. Severability. In case anyone or more of the provisions of this Agreement is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or other enforceability shall not affect any other provisions hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provisions have never been contained herein.

21. Successors and Assigns. Subject to the requirements of Paragraph 14 above, this Agreement shall be binding upon Employee, Employer and Employer's successors and assigns.

22. Confidentiality of Agreement Terms. The terms of this Agreement shall be held in strict confidence by Employee and shall not be disclosed by Employee to anyone other than Employee's spouse, Employee's legal counsel and Employee's other advisors, unless required by law. Further, except as provided in the preceding sentence, Employee shall not reveal the existence of this Agreement or discuss its terms with any person (including but not limited to any employee of Employer or its Affiliates) without the express authorization of the President of Employer, provided that Employee shall advise any prospective new employer of the existence of Employee's non-competition, confidentiality and similar obligations under this Agreement. To the extent that the terms of this Agreement have been disclosed by Employer, in a public filing or otherwise, the confidentiality requirements of this Section 22 shall no longer apply to such terms.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be effective as of the day and year first above written.

CINCINNATI BELL INC.

By: /s/ Leigh R. Fox
Leigh R. Fox Joshua T. Duckworth

Title: President and CEO

Date: December 1, 2021 2021

EMPLOYEE

/s/ Joshua T. Duckworth

Date: December 1, 2021

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement ("Agreement") is made as of the Effective Date between Cincinnati Bell Inc. ("Employer") and Angela J. Huber ("Employee"). For purposes of this Agreement, the "Effective Date" means December 1, 2021.

WHEREAS, the Employee is employed as the Vice President and Treasurer of the Employer;

WHEREAS, the Employer entered into an Agreement and Plan of Merger, dated March 13, 2020, by and between the Employer, Red Fiber Parent LLC, a Delaware limited liability company ("Parent"), and Parent's direct wholly-owned subsidiary RF Merger Sub Inc., an Ohio corporation (the "Merger Agreement");

NOW THEREFORE, Employer and Employee agree as follows:

1. Employment. By this Agreement, Employer and Employee set forth the terms of Employer's employment of Employee on and after the Effective Date. Any prior agreements or understandings with respect to Employee's employment by Employer are canceled as of the Effective Date.

2. Term of Agreement. The term of this Agreement initially shall be the one-year period commencing on the Effective Date. On the first anniversary of the Effective Date and on each subsequent anniversary of the Effective Date, the term of this Agreement automatically shall be extended for a period of one additional year. Notwithstanding the foregoing, the term of this Agreement is subject to termination as provided in Section 13.

3. Duties.

A. Employee will serve as Vice President and Treasurer for Cincinnati Bell Inc. or in such other equivalent capacity as may be designated by Employer's Chief Executive Officer. Employee will report to the Employer's Chief Financial Officer.

B. Employee shall furnish such managerial, executive, financial, technical and other skills, advice, and assistance in operating Employer and its Affiliates as Employer may reasonably request. For purposes of this Agreement, "Affiliate" means each corporation or organization that is deemed to be a single employer with Employer under Section 414(b) or (c) of the Internal Revenue Code of 1986, as amended (the "Code") (i.e., as part of a controlled group of corporations that includes Employer or under common control with Employer).

C. Employee shall also perform such other duties, consistent with the provisions of Section 3.A., as are reasonably assigned to Employee by the Employer's Chief Executive Officer.

D. Employee shall devote Employee's entire time, attention and energies to the business of Employer and its Affiliates. The words "entire time, attention and energies" are intended to mean that Employee shall devote Employee's full effort during reasonable working hours to the business of Employer and its Affiliates and shall devote at least 40 hours per week to the business of Employer and its Affiliates. Employee shall travel to such places as are necessary in the performance of Employee's duties.

4. Compensation.

A. Employee shall receive a base salary (the "Base Salary") of at least $185,000 per year, payable not less frequently than monthly, for each year during the term of this Agreement, subject to proration for any partial year. Such Base Salary, and all other amounts payable under this Agreement, shall be subject to withholding as required by law.

B. In addition to the Base Salary, Employee shall be eligible to receive an annual bonus (the "Bonus") for each calendar year for which services are performed under this Agreement. Any Bonus for a calendar year shall be payable in the calendar year following the calendar year for which the Bonus is earned in accordance with Employer's regular bonus payment policies. Each year, Employee shall be given a Bonus target of not less than 50% of Base Salary, subject to proration for a partial year. The Bonus target shall be established from time to time by Employer's Compensation Committee if Employee is a named executive officer for purposes of Employer's annual proxy statement or is otherwise an executive officer whose compensation is determined by the Compensation Committee, or, if Employee is not so subject, then in accordance with the provisions of Employer's then existing annual incentive plan or any similar plan made available to employees of Employer ("annual incentive plan") in which Employee participates. Any Bonus award to Employee shall further be subject to the terms and conditions of any such applicable annual incentive plan.

C. On at least an annual basis, Employee shall receive a formal performance review and be considered for Base Salary and/or Bonus target increases.

5. Expenses. All reasonable and necessary expenses incurred by Employee in the course of the performance of Employee's duties to Employer shall be reimbursable in accordance with Employer's then current travel and expense policies.

6. Benefits.

A. While Employee remains in the employ of Employer, Employee shall be eligible to participate in all of the various employee benefit plans and programs, which are made available to similarly situated officers of Employer, in accordance with the eligibility provisions and other terms and conditions of such plans and programs.

B. Notwithstanding anything contained herein to the contrary, the Base Salary and any Bonuses otherwise payable to Employee shall be reduced by any benefits paid to Employee by Employer under any disability plans made available to Employee by Employer ("Disability Plans").

7. Confidentiality. Employer and its Affiliates are engaged in the telecommunications industry within the U.S. Employee acknowledges that in the course of employment with the Employer (including prior to the Effective Date), Employee has been and will be entrusted with or obtain access to information proprietary to Employer and its Affiliates with respect to the following (all of which information is referred to hereinafter collectively as the "Information"); the organization and management of Employer and its Affiliates; the names, addresses, buying habits and other special information regarding past, present and potential customers, employees and suppliers of Employer and its Affiliates; customer and supplier contracts and transactions or price lists of Employer, its Affiliates and their suppliers; products, services, programs and processes sold, licensed or developed by Employer or its Affiliates; technical data, plans and specifications, and present and/or future development projects of Employer and its Affiliates; financial and/or marketing data respecting the conduct of the present or future phases of business of Employer and its Affiliates; computer programs, systems and/or software; ideas, inventions, trademarks, trade secrets, business information, know-how, processes, improvements, designs, redesigns, discoveries and developments of Employer and its Affiliates; and other information considered confidential by any of the Employer, its Affiliates or customers or suppliers of Employer and its Affiliates. At all times during the term of this Agreement and thereafter, Employee agrees to retain the Information in absolute confidence and not to disclose the Information to any person or organization except as required in the performance of Employee's duties for Employer, without the express written consent of Employer; provided that Employee's obligation of confidentiality shall not extend to any Information which becomes generally available to the public other than as a result of disclosure by Employee.

8. New Developments. All ideas, inventions, discoveries, concepts, trade secrets, trademarks, service marks or other developments or improvements, whether patentable or not, conceived by Employee, alone or with others, at any time during the term of Employee's employment (including prior to the Effective Date), whether or not during working hours or on Employer's premises, which are within the scope of or related to the business operations of Employer or its Affiliates ("New Developments"), shall be and remain the exclusive property of Employer. Employee agrees that any New Developments which, within one year after the termination of employment with Employer, are made, disclosed, reduced to a tangible or written form or description or are reduced to practice by Employee and which are based upon, utilize or incorporate Information shall, as between Employee and Employer, be presumed to have been made during Employee's employment by Employer. Employee further agrees that Employee will not, during the term of Employee's employment with Employer, improperly use or disclose any proprietary information or trade secrets of any former employer or other person or entity and that Employee will not bring onto Employer premises any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity.

At all times during the term of this Agreement and thereafter, Employee shall do all things reasonably necessary to ensure ownership of such New Developments by Employer, including the execution of documents assigning and transferring to Employer all of Employee's rights, title

and interest in and to such New Developments and the execution of all documents required to enable Employer to file and obtain patents, trademarks, service marks and copyrights in the United States and foreign countries on any of such New Developments.

9. Surrender of Material Upon Termination. Employee hereby agrees that upon termination of Employee's employment, for whatever reason and whether voluntary or involuntary, Employee will immediately surrender to Employer all of the property and other things of value in his possession or in the possession of any person or entity under Employee's control that are the property of Employer or any of its Affiliates, including without any limitation all personal notes, drawings, manuals, documents, photographs or the like, including copies and derivatives thereof, and e-mails and other electronic and digital information of all types regardless of where or the type of device on which such materials may be stored by Employee, relating directly or indirectly to any Information, materials or New Developments, or relating directly or indirectly to the business of Employer or any of its Affiliates.

10. Remedies.

A. Employer and Employee hereby acknowledge and agree that the services rendered by Employee to Employer, the information disclosed to Employee during and by virtue of Employee's employment (including prior to the Effective Date) and Employee's commitments and obligations to Employer and its Affiliates herein are of a special, unique and extraordinary character, and that the breach of any provision of this Agreement by Employee will cause Employer irreparable injury and damage, and consequently the Employer shall be entitled to, in addition to all other remedies available to it, injunctive and equitable relief to prevent a breach of Sections 7, 8, 9, 11 and 12 of this Agreement and to secure the enforcement of this Agreement.

B. Except as provided in Section 10.A., the parties hereto agree to submit to final and binding arbitration any dispute, claim or controversy, whether for breach of this Agreement or for violation of any of Employee's statutorily created or protected rights, arising between the parties that either party would have been otherwise entitled to file or pursue in court or before any administrative agency (herein "claim"), and each party waives all right to sue the other party.

(i) This agreement to arbitrate and any resulting arbitration award are enforceable under and subject to the Federal Arbitration Act, 9 U.S.C. § 1 et seq. ("FAA"). If the FAA is held not to apply for any reason, then Ohio Revised Code Chapter 2711 regarding the enforceability of arbitration agreements and awards will govern this Agreement and the arbitration award.

(ii) (a) All of a party's claims must be presented at a single arbitration hearing. Any claim not raised at the arbitration hearing is waived and released. The arbitration hearing will take place in Cincinnati, Ohio.

(b) The arbitration process will be governed by the Employment Dispute Resolution Rules of the American Arbitration Association ("AAA") except to the extent they are modified by this Agreement. In the event that any provisions of this Section 10.B. are determined

by AAA to be unenforceable or impermissibly contrary to AAA rules, then this Section 10.B. shall be modified as necessary to comply with AAA requirements.

(c) Employee has had an opportunity to review the AAA rules and the requirements that Employee must pay a filing fee for which Employer has agreed to split on an equal basis.

(d) The arbitrator will be selected from a panel of arbitrators chosen by the AAA. After the filing of a Request for Arbitration, the AAA will send simultaneously to Employer and Employee an identical list of names of five persons chosen from the panel. Each party will have 10 days from the transmittal date in which to strike up to two names, number the remaining names in order of preference and return the list to the AAA.

(e) Any pre-hearing disputes will be presented to the arbitrator for expeditious, final and binding resolution.

(f) The award of the arbitrator will be in writing and will set forth each issue considered and the arbitrator's finding of fact and conclusions of law as to each such issue.

(g) If the arbitrator finds that a party has sustained its burden of proof in establishing a violation of applicable law, the arbitrator shall have the same power and authority as would a judge to grant any relief, including costs and attorney's fees, that a court could grant, consistent with applicable principles of common, decisional, and statutory law in the relevant jurisdiction. The arbitrator may assess to either party, or split, the arbitrator's fee and expenses and the cost of the transcript, if any, in accordance with the arbitrator's determination of the merits of each party's position or as principles of equity may require.

(h) Employer and Employee recognize that a primary benefit each derives from arbitration is avoiding the delay and costs normally associated with litigation. Therefore, neither party will be entitled to conduct any discovery prior to the arbitration hearing except that: (i) Employer will furnish Employee with copies of all non-privileged documents in Employee's personnel file; (ii) if the claim is for discharge, Employee will furnish Employer with records of earnings and benefits relating to Employee's subsequent employment (including self-employment) and all documents relating to Employee's efforts to obtain subsequent employment; (iii) the parties will exchange copies of all documents they intend to introduce as evidence at the arbitration hearing at least 10 days prior to such hearing; (iv) Employee will be allowed (at Employee's expense) to take the depositions, for a period not to exceed four hours each, of two representatives of Employer, and Employer will be allowed (at its expense) to depose Employee for a period not to exceed four hours; and (v) Employer or Employee may ask the arbitrator to grant additional discovery to the extent permitted by AAA rules upon a showing that such discovery is necessary.

(i) Nothing herein will prevent either party from taking the deposition of any witness where the sole purpose for taking the deposition is to use the deposition in lieu of the witness testifying at the hearing and the witness is, in good faith, unavailable to testify in person

at the hearing due to poor health, residency and employment more than 50 miles from the hearing site, conflicting travel plans or other comparable reason.

(j) Arbitration must be requested in writing no later than 6 months from the date that the party knew or should have known of the matter disputed by the claim. A party's failure to initiate arbitration within the time limits herein will be considered a waiver and release by that party with respect to any claim subject to arbitration under this Agreement.

(k) Employer and Employee consent that judgment upon the arbitration award may be entered in any federal or state court that has jurisdiction.

(1) Except as provided in Section 10.A., neither party will commence or pursue any litigation on any claim that is or was subject to arbitration under this Agreement. Nothing in this Agreement shall be construed to prevent Employee from filing or participating in a charge of discrimination filed with the EEOC or similar state or local administrative agencies. However, upon receipt of a right to sue letter or similar administrative determination, Employee's claim becomes subject to arbitration as set forth in this this Agreement.

(m) All aspects of any arbitration procedure under this Agreement, including the hearing and the record of the proceedings, are confidential and will not be open to the public, except to the extent the parties agree otherwise in writing, or as may be appropriate in any subsequent proceedings between the parties, or as may otherwise be appropriate in response to a governmental agency or legal process or as may be required to be disclosed by Employer pursuant to applicable law, rule or regulation to which Employer is subject, including requirements of the Securities and Exchange Commission and any stock exchanges on which Employer's securities are listed.

11. Covenant Not to Compete, No Interference; No Solicitation. For purposes of this Section 11 only, the term "Employer" shall mean, collectively, Employer and each of its Affiliates. At all times during the term of this Agreement and during the two-year period following the termination of Employee's employment with Employer for any reason (or if this period is unenforceable by law, then for such period as shall be enforceable), Employee will not engage in any business offering services related to the current business of Employer, whether as a principal, partner, joint venture, agent, employee, salesman, consultant, director or officer, where such position would involve Employee in any business activity in competition with Employer. This restriction will be limited to the geographical area where Employer is then engaged in such competing business activity or to such other geographical area as a court shall find reasonably necessary to protect the goodwill and business of Employer.

During the two-year period following termination of Employee's employment with Employer for any reason (or if this period is unenforceable by law, then for such period as shall be enforceable), Employee will not interfere with or adversely affect, either directly or indirectly, Employer's relationships with any person, firm, association, corporation or other entity which is known by Employee to be, or is included on any listing to which Employee had access during the course of employment, as a customer, client, supplier, consultant or employee of Employer and

that Employee will not divert or change, or attempt to divert or change, any such relationship to the detriment of Employer or to the benefit of any other person, firm, association, corporation or other entity.

During the two-year period following the termination of Employee's employment with Employer for any reason (or if this period is unenforceable by law, then for such period as shall be enforceable), Employee shall not, without the prior written consent of Employer, accept employment, as an employee, consultant or otherwise, with any company or entity which is a supplier of Employer at any time during the one-year period prior to the termination of Employee's employment with Employer.

Employee will not, during or at any time within two years after the termination of Employee's employment with Employer, induce or seek to induce any other employee of Employer to terminate his or her employment relationship with Employer.

Employee acknowledges and agrees that the covenants, restrictions, agreements and obligations set forth herein are founded upon valuable consideration and, with respect to the covenants, restrictions, agreements and obligations set forth in this Section 11, are reasonable in duration and geographic scope. The time period and geographical area set forth in this Section 11 are each divisible and separable, and, in the event that the covenants not to compete and/or not to divert business or employees contained therein are judicially held invalid or unenforceable as to such time period and/or geographical area, they will be valid and enforceable in such geographical area(s) and for such time period(s) which the court determines to be reasonable and enforceable. Employee agrees that in the event that any court of competent jurisdiction determines that the above covenants are invalid or unenforceable to join with Employer in requesting such court to construe the applicable provision by limiting or reducing it so as to be enforceable to the extent compatible with the then applicable law. Furthermore, it is agreed that any period of restriction or covenant hereinabove stated shall not include any period of violation or period of time required for litigation or arbitration to enforce such restrictions or covenants.

12. Goodwill. Subject to the provisions of Section 10.B.(ii)(l) above, during the term of this Agreement and thereafter, Employee will not disparage Employer or any of its Affiliates in any way which could adversely affect the goodwill, reputation and business relationships of Employer or any of its Affiliates with the public generally, or with any of their customers, suppliers or employees, and Employer will not disparage Employee. Employee understands and agrees that Employer shall be entitled to make any such public disclosures as are required by applicable law, rule or regulation regarding Employee, including termination of Employee's employment with Employer, and that any public disclosures so made by Employer and other statements materially consistent with such public disclosures shall not be restricted in any manner by this Section 12.

13. Termination.

A. (i) To the extent permitted by law, Employer or Employee may terminate this Agreement (and Employee's employment hereunder) upon Employee's failure or inability to

perform the services required hereunder, because of any physical or mental infirmity for which Employee receives disability benefits under any Disability Plans, over a period of one hundred twenty consecutive working days during any twelve consecutive month period (a "Terminating Disability").

(ii) If Employer or Employee elects to terminate this Agreement in the event of a Terminating Disability, such termination shall be effective immediately upon the giving of written notice by the terminating party to the other.

(iii) Upon termination of this Agreement on account of Terminating Disability, Employer shall pay Employee only Employee's any accrued but unpaid Base Salary to the date of termination, any accrued but unused vacation to the date of termination, any accrued and earned Bonus for the year prior to the year of the termination and any earned and vested benefits under any Employer benefit plan to the date of termination (the "Accrued Compensation") (subject to offset for any amounts received pursuant to the Disability Plans). In the event of a Terminating Disability, Employer also shall provide Employee with disability benefits and all other benefits according to the provisions of the applicable Disability Plans and any other Employer plans in which Employee is then participating.

(iv) If the parties elect not to terminate this Agreement upon an event of a Terminating Disability and Employee returns to active employment with Employer prior to such a termination, or if such disability exists for less than one hundred twenty consecutive working days, the provisions of this Agreement shall remain in full force and effect.

B. This Agreement (and Employee's employment hereunder) terminates immediately and automatically on the death of Employee, provided, however, that Employee's estate shall be paid only Employee's Accrued Compensation as of the date of death.

C. Employer may terminate this Agreement immediately, upon written notice to Employee, for Cause. For purposes of this Agreement, Employer shall have "Cause" to terminate this Agreement only if Employer's Board of Directors reasonably determines in good faith that any one or more of the following has occurred: (a) conviction of any crime (whether or not a felony) involving dishonesty, fraud, embezzlement, or similar crime of moral turpitude; (b) conviction of a felony (other than a traffic violation); (c) acts constituting fraud or willful misconduct as an employee of the Employer or its Affiliates, including but not limited to misappropriation or embezzlement in the performance of duties as an employee of the Employer or its Affiliates; (d) the willful and continued material failure or refusal of Employee to perform any of his or her duties to the Employer of its Affiliates (other than any such failure resulting from Employee's incapacity due to physical or mental illness) which is reasonably likely to result in material harm to the Employer of its Affiliates; (e) Employee's material violation or breach of the this Agreement, any restrictive covenants under this Agreement or any other restrictive covenant provision the Employee is bound by in any agreement between Employee and the Employer or its Affiliates (f) Employee's material violation or breach of the documented code of ethics, code of conduct or similar document of the Employer or its Affiliates which has

been timely provided to, and acknowledged by, Employee; or (g) willfully or grossly negligently engaging in conduct materially injurious to the Employer or its Affiliates. Upon termination for Cause, Employee shall be entitled to receive only Employee's Accrued Compensation to the date of termination.

D. Employer may terminate this Agreement (and Employee's employment hereunder) immediately, upon written notice to Employee for any reason other than those set forth in Sections 13.A., B. and C. Notwithstanding the foregoing, Employer may not terminate this Agreement (and Employee's employment hereunder) under this Section 13.D within one year after the Effective Date (the "Protected Period"), provided that the Employer may place the Employee on garden leave during the Protected Period, reducing or eliminating his or her responsibilities during such Protected Period, and will be entitled to terminate the Employee pursuant to this Section 13.D upon expiration of the Protected Period. In addition, Employee may terminate this Agreement (and Employee's employment hereunder) immediately, upon written notice to Employer, as a result of a Constructive Termination. In the event of a termination of this Agreement (and Employee's employment hereunder) by Employer, or by Employee as a result of a Constructive Termination, under this Section 13.D., in addition to the Accrued Compensation:

(i) Employer shall pay Employee in a lump sum cash payment an amount equal to one times the Employee's annual Base Salary rate in effect at the time of the termination of this Agreement within sixty (60) days following Employee's termination of employment with Employer; and

(ii) subject to Employee timely and properly electing coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), Employer shall provide Employee access to continued medical, dental, and vision coverage for a period of up to eighteen (18) months beginning the first day of the calendar month following Executive's termination of employment and ending on the first to occur of the last day of the eighteenth (18th) month, the date Executive ceases to be eligible for COBRA or the date Executive, his spouse and eligible dependents become eligible to be covered under another employer's medical, dental and vision plans, whichever is sooner(with the cost of such coverage to Employee equal to the active employee rate for the coverage plus applicable tax withholdings on the difference between the full COBRA premium for the coverage and the active employee rate), provided that, if the Employer determines in its sole discretion that it cannot provide the foregoing subsidy of COBRA coverage without potentially violating or causing the Employer to incur additional expense as a result of noncompliance with applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Employer instead will pay Employee a taxable lump sum payment in an amount equal to the monthly COBRA premium (or an equivalent monthly payment in the event the Employee is no longer eligible for COBRA) that Employee would be required to pay to continue the group health coverage in effect on the date of Employee's termination of employment for eighteen (18) months for Employee and Employee's eligible dependents pursuant to the Employer's health insurance plans in which Employee or

Employee's eligible dependents participated as of the day of Executive's termination (which amount shall be based on the premium for the first month of COBRA coverage).

E. Employee may resign upon 60 days' prior written notice to Employer. In the event of a resignation under this Section 13.E. this Agreement (and Employee's employment hereunder) shall terminate and Employee shall be entitled to receive only any Accrued Compensation. Should Employee resign, Employer may adjust Employee's authority, reporting relationship, or responsibilities at any time during the 60-day notice period and any such adjustment shall not constitute a Constructive Termination under this Agreement.

F. Upon termination of this Agreement (and Employee's employment hereunder) as a result of an event of termination described in this Section 13 and except for Employer's payment of the required payments under this Section 13 (including any Accrued Compensation), all further compensation under this Agreement shall terminate. Employee further agrees that in order to be entitled to receive any payments under this Section 13 (other than any Accrued Compensation), upon the request of Employer, Employee will execute and not revoke a release of claims against Employer in the Employer standard form, which release shall contain customary and appropriate terms and conditions as determined in good faith by Employer. Such release must be executed and non-revocable within 60 days of Employee's termination of employment provided, however, if such 60-day period commences in one calendar year and ends in the following calendar year, payment of a any amounts under this Section 13 (other than any Accrued Compensation) shall not commence until the first payroll date in the second calendar year. Employee's rights with respect to any award granted under the "2021 LTIP" (as defined below) or the "CBTS Sale Bonus Agreement" (as defined below) shall be determined pursuant to the terms of the applicable plan.

G. The termination of this Agreement (and Employee's employment hereunder) shall not amend, alter or modify the rights and obligations of the parties under Sections 7, 8, 9, 10, 11,12 and 13 hereof, the terms of which shall survive the termination of this Agreement for any reason whatsoever.

H. For purposes of this Section 13, "Constructive Termination" shall be deemed to have occurred if, without Employee's consent, there is a material reduction by Employer in Employee's authority, reporting relationship or responsibilities, there is a reduction by Employer in Employee's Base Salary or Bonus target or Employee is required by Employer to relocate from the Greater Cincinnati, Ohio Area by 50 or more miles. In no event will a Constructive Termination be deemed to occur under this Agreement unless (i) the Employee notifies the Employer in writing of the occurrence of any event that constitutes a Constructive Termination within sixty (60) days of the occurrence of such event, (ii) the Employer does not cure such circumstances within thirty (30) days of receipt of such notice and (iii) the Employee terminates his or her employment within thirty (30) days of such failure to cure. Notwithstanding anything in this Agreement to the contrary, Employee acknowledges and agrees that no reduction in

authority, reporting relationship or responsibilities in connection with the transactions contemplated by the Merger Agreement will provide a basis for a Constructive Termination.

I. Notwithstanding any other provision in this Agreement, in the event that it is determined (by the reasonable computation of an independent nationally recognized certified public accounting firm that shall be selected by Employer (the "Accountant")) that the aggregate amount of the payments, distributions, benefits and entitlements of any type payable by Employer or any affiliate to or for the benefit of Employee (including any payment, distribution, benefit or entitlement made by any person or entity effecting a Change in Control (as defined in the 2021 LTIP)), in each case, that could be considered "parachute payments" within the meaning of Section 280G of the Code (such payments, the "Parachute Payments") that, but for this Section 13.I. would be payable to Employee, exceeds the greatest amount of Parachute Payments that could be paid to Employee without giving rise to any liability for any excise tax imposed by Code Section 4999 (or any successor provision thereto) or any similar tax imposed by state or local law, or any interest or penalties with respect to such tax (such tax or taxes, together with any such interest or penalties, collectively referred to as the "Excise Tax"), then the aggregate amount of Parachute Payments payable to Employee shall not exceed the amount which produces the greatest after-tax benefit to Employee after taking into account any Excise Tax to be payable by Employee. For the avoidance of doubt, this provision shall reduce the amount of Parachute Payments otherwise payable to Employee, if doing so would place Employee in a more favorable net after-tax economic position as compared with not reducing the amount of Parachute Payments (taking into account the Excise Tax payable in respect of such Parachute Payments). Any reduction under this Section 280G shall be applied against the payment to be made under Section 13.D.(i).

14. Code Section 409A.

A. This Agreement is intended to comply with Code Section 409A or an exemption thereunder and shall be construed and administered in accordance with Code Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Code Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Code Section 409A as separation pay, as a short-term deferral, or under any other applicable exclusion shall be excluded from Code Section 409A to the maximum extent possible. For purposes of Code Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Code Section 409A. To the extent any reimbursements or in-kind benefits due Employee under this Agreement constitutes "deferred compensation" under Section 409A of the Code, any such reimbursements or in-kind benefits shall be paid to Employee in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv). Notwithstanding the foregoing, Employer makes no representations that the payments and benefits provided under this Agreement comply with, or are exempt from compliance from, Code Section 409A and in no event shall Employer be liable

for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Employee on account of non-compliance with Code Section 409A.

B. Notwithstanding any other provision of this Agreement, if any payment or benefit provided to Employee in connection with his termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Code Section 409A and Employee is determined to be a "specified employee" as defined in Code Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until a date that is within five days following (and not before) the six-month anniversary of the date of Employee's termination of employment (the "Specified Employee Payment Date") to the extent required by Code Section 409A. The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to Employee in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

15. Assignment. As this is an agreement for personal services involving a relation of confidence and a trust between Employer and Employee, all rights and duties of Employee arising under this Agreement, and the Agreement itself, are non-assignable by Employee.

16. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and if delivered personally or by certified mail to Employee at Employee's place of residence as then recorded on the books of Employer or to Employer at its principal office.

17. Waiver. No waiver or modification of this Agreement or the terms contained herein shall be valid unless in writing and signed by Employee and an authorized executive officer of Employer. The waiver by any party hereto of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by such party.

18. Governing Law. This agreement shall be governed by the laws of the State of Ohio and, to the extent applicable, federal law.

19. Entire Agreement. This Agreement contains the entire agreement of the parties respect to its subject matter and supersedes all prior discussions, agreements, commitments, or understandings of every kind and nature relating thereto, whether oral or written, between Employee and Employer. There are no other contracts, agreements or understandings, whether oral or written, existing between them except as contained or referred to in this Agreement other than awards to be granted under the Red Fiber Holdings, LLC Long-Term Incentive Plan ("2021 LTIP") or a Red Fiber Holdings, LLC Business Value Award Agreement ("CBTS Sale Bonus Agreement"). For the avoidance of doubt, nothing herein affects any of the parties' rights or obligations under the Merger Agreement or any agreements entered into in connection therewith. Employee acknowledges and agrees that Employee has not relied on any oral or written promises or representations other than those explicitly stated in this Agreement.

20. Severability. In case anyone or more of the provisions of this Agreement is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or other enforceability shall not affect any other provisions hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provisions have never been contained herein.

21. Successors and Assigns. Subject to the requirements of Paragraph 14 above, this Agreement shall be binding upon Employee, Employer and Employer's successors and assigns.

22. Confidentiality of Agreement Terms. The terms of this Agreement shall be held in strict confidence by Employee and shall not be disclosed by Employee to anyone other than Employee's spouse, Employee's legal counsel and Employee's other advisors, unless required by law. Further, except as provided in the preceding sentence, Employee shall not reveal the existence of this Agreement or discuss its terms with any person (including but not limited to any employee of Employer or its Affiliates) without the express authorization of the President of Employer, provided that Employee shall advise any prospective new employer of the existence of Employee's non-competition, confidentiality and similar obligations under this Agreement. To the extent that the terms of this Agreement have been disclosed by Employer, in a public filing or otherwise, the confidentiality requirements of this Section 22 shall no longer apply to such terms.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be effective as of the day and year first above written.

CINCINNATI BELL INC.

By: /s/ Leigh R. Fox
Leigh R. Fox

Title: President and CEO

Date: December 1, 2021

EMPLOYEE

/s/ Angela J. Huber
Angela J. Huber

Date: December 1, 2021

Subsidiaries of the Registrant
(as of May 19, 2022)

Subsidiary Name	State or Country of Incorporation or Formation
Cincinnati Bell Wireless, LLC	Ohio
CBTS LLC	Delaware
Cincinnati Bell Funding LLC	Delaware
Cincinnati Bell Telephone Company LLC	Ohio
Cincinnati Bell Extended Territories LLC	Ohio
CBTS Federal LLC	Delaware
CBTS Technology Solutions LLC	Delaware
CBTS Virginia LLC	Virginia
CBTS Technology Solutions India LLP	India
CBTS Technology Solutions Ireland Limited	Ireland
CBTS Technology Solutions UK Ltd.	United Kingdom
OnX UK Limited	United Kingdom
OnX Enterprise Solutions Ltd.	Ontario
Cincinnati Bell Funding Canada Ltd.	Ontario
Hawaiian Telcom Holdco, Inc.	Delaware
Hawaiian Telcom Communications, Inc.	Delaware
Hawaiian Telcom Federal LLC	Delaware
Hawaiian Telcom, Inc.	Hawaii
Hawaiian Telcom Services Company, Inc.	Delaware
Wavecom Solutions Corporation	Hawaii
SystemMetrics Corporation	Hawaii
Agile IWG Holdings, LLC	Delaware

Exhibit 22

Issuers of Guaranteed Securities

As of December 30, 2021, Cincinnati Bell Inc., an Ohio corporation (the "Company"), has fully and unconditionally guaranteed the 6.300% Senior Notes issued by its subsidiary listed below.

Subsidiary Issuer
Cincinnati Bell Telephone Company LLC, an Ohio limited liability company

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2021 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Joshua T. Duckworth and Christopher J. Wilson, and each of them singly, her attorneys for her and in her name, place and stead, and in her office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as she might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand this 13th day of April, 2022.

/s/ Kelly C. Atkinson
Kelly C. Atkinson
Director

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

On the 13th day of April, 2022, personally appeared before me Kelly C. Atkinson, to me known and known to me to be the person described in and who executed the foregoing instrument, and she duly acknowledged to me that she executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 13th day of April, 2022.

/s/ Connie M. Vogt
Connie M. Vogt
Notary Public, State of Ohio
My commission expires 04-28-2025

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2021 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Joshua T. Duckworth and Christopher J. Wilson, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 19th day of April, 2022.

/s/ Felix A. Bernshteyn.
Felix A. Bernshteyn
Director

STATE OF CALIFORNIA)
) SS:
CITY AND COUNTY OF LOS ANGELES)

On the 19th day of April, 2022, personally appeared before me Felix A. Bernshteyn, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 19th day of April, 2022.

/s/ Marguerite Kingsley
Marguerite Kingsley
Notary Public, State of California
My commission expires 03-02-2024

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2021 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Joshua T. Duckworth and Christopher J. Wilson, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 12th day of April, 2022.

/s/ Scott L. Graves
Scott L. Graves
Director

STATE OF CALIFORNIA)
) SS:
CITY AND COUNTY OF LOS ANGELES)

On the 12th day of April, 2022, personally appeared before me Scott L. Graves, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 12th day of April, 2022.

/s/ Mari Newhoff
Mari Newhoff
Notary Public, State of California
My commission expires 10-24-2025

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2021 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Joshua T. Duckworth and Christopher J. Wilson, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 13th day of April, 2022.

/s/ F. Gregory Guerra
F. Gregory Guerra
Director

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

On the 13st day of April, 2022, personally appeared before me F. Gregory Guerra, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 13st day of April, 2022.

/s/ Connie M. Vogt
Connie M. Vogt
Notary Public, State of Ohio
My commission expires 04-28-2025

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2021 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Joshua T. Duckworth and Christopher J. Wilson, and each of them singly, her attorneys for her and in her name, place and stead, and in her office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as she might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand this 13th day of April, 2022.

/s/ Colleen W. Hanabusa
Colleen W. Hanabusa
Director

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

On the 13st day of April, 2022, personally appeared before me Colleen W. Hanabusa, to me known and known to me to be the person described in and who executed the foregoing instrument, and she duly acknowledged to me that she executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 13st day of April, 2022.

/s/ Connie M. Vogt
Connie M. Vogt
Notary Public, State of Ohio
My commission expires 04-28-2025

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2021 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Joshua T. Duckworth and Christopher J. Wilson, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 13th day of April, 2022

/s/ John T. Komeiji
John T. Komeiji
Director

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

On the 13st day of April, 2022, personally appeared before me John T. Komeiji, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 13st day of April, 2022.

/s/ Connie M. Vogt
Connie M. Vogt
Notary Public, State of Ohio
My commission expires 04-28-2025

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2021 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Joshua T. Duckworth and Christopher J. Wilson, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 13th day of April, 2022

/s/ Anton Z. Moldan
Anton Z. Moldan
Director

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

On the 13st day of April, 2022, personally appeared before me Anton Z. Moldan, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 13st day of April, 2022.

/s/ Connie M. Vogt
Connie M. Vogt
Notary Public, State of Ohio
My commission expires 04-28-2025

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2021 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Joshua T. Duckworth and Christopher J. Wilson, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 13th day of April, 2022

/s/ Douglas C. Wiest
Douglas C. Wiest
Director

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

On the 13st day of April, 2022, personally appeared before me Douglas C. Wiest, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 13st day of April, 2022.
/s/ Connie M. Vogt
Connie M. Vogt
Notary Public, State of Ohio
My commission expires 04-28-2025

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2021 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Joshua T. Duckworth and Christopher J. Wilson, and each of them singly, her attorneys for her and in her name, place and stead, and in her office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as she might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand this 12th day of April, 2022.

/s/ Christina M. Wire
Christina M. Wire
Director

STATE OF CALIFORNIA)
) SS:
COUNTY OF SAN MATEO)

On the 12st day of April, 2022, personally appeared before me Christina M. Wire, to me known and known to me to be the person described in and who executed the foregoing instrument, and she duly acknowledged to me that she executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 12st day of April, 2022.

/s/ Maya Maray Barrow
Maya Maray Barrow
Notary Public, State of California
My commission expires 10-21-2025

Exhibit 31.1

Certifications

I, Leigh R. Fox, Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 10-K of Cincinnati Bell Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 19, 2022

/s/ Leigh R. Fox
Leigh R. Fox
Chief Executive Officer

Exhibit 31.2

Certifications

I, Joshua T. Duckworth, Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 10-K of Cincinnati Bell Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:May 19, 2022

/s/ Joshua T. Duckworth
Joshua T. Duckworth
Chief Executive Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Cincinnati Bell Inc. (the "Company") on Form 10-K for the period ending December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Leigh R. Fox, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Leigh R. Fox
Leigh R. Fox
Chief Executive Officer
May 19, 2022

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Cincinnati Bell Inc. (the "Company") on Form 10-K for the period ending December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joshua T. Duckworth, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joshua T. Duckworth
Joshua T. Duckworth
Chief Financial Officer
May 19, 2022

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, 2022

☐ 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:

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The Company no longer meets the definition of an SEC registrant and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K. The Company is filing this Form 10-K with the SEC on a voluntary basis.

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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") provide integrated communications and IT solutions that keep consumer and business customers connected with each other and with the world. The Company operates its businesses through the following segments: Network, previously referred to as Entertainment and Communications, and IT Services and Hardware. The Network segment serves customers in the Greater Cincinnati region through our altafiber brand and services customers in Hawaii through our Hawaiian Telcom brand. The IT Services and Hardware segment services customers in the U.S. and Europe through our CBTS brand and in Canada through our OnX brand.

On March 13, 2020, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Red Fiber Parent LLC, a Delaware limited liability company ("Parent"), and RF Merger Sub Inc., an Ohio corporation and directly wholly owned subsidiary of Parent ("Merger Sub"). On September 7, 2021 (the "Closing Date" or "Merger Date"), upon the terms and subject to the conditions set forth in the Merger Agreement, and in accordance with the applicable provisions of the Ohio General Corporation Law (the "OGCL"), Merger Sub merged with and into the Company, with the Company continuing as the surviving corporation (the "Merger"). At the effective time of the Merger (the "Effective Time"), the separate corporate existence of Merger Sub ceased, and the Company survived the Merger as a wholly owned private subsidiary of Parent.

Pursuant to the Merger Agreement, each of Cincinnati Bell's issued and outstanding Common Shares was converted into the right to receive $15.50 per share in cash, without interest. Trading of the Company's Common Shares was suspended on the New York Stock Exchange ("NYSE") and the Common Shares were subsequently delisted from the NYSE. Additionally, the Company redeemed Depositary Shares simultaneously with the redemption of the 6 3/4% Preferred Shares, at a redemption price of $50 per Depositary Share (equivalent to $1,000 per 6 3/4% Preferred Share), and the Depositary Shares were then delisted from the NYSE. As a result of the Merger Agreement, the Company has ceased to be a registrant (see Note 12 to the consolidated financial statements); however, due to contractual provisions in certain indentures, the Company is required to voluntarily file with the U.S. Securities and Exchange Commission ("SEC").

This Annual Report on Form 10-K provides an overview of Cincinnati Bell Inc.'s financial condition as of December 31, 2022 and our results of operations for the year ended December 31, 2022, the periods January 1, 2021 through September 7, 2021 and September 8, 2021 through December 31, 2021, and the year ended December 31, 2020. References in this Annual Report to "Successor" refer to the Company on or after September 8, 2021 and references to "Predecessor" refer to the results prior to September 8, 2021. This discussion should be read in conjunction with the accompanying Consolidated Financial Statements and accompanying notes.

Our results of operations as reported in our Consolidated Financial Statements for these periods are prepared in accordance with GAAP. Although GAAP requires that we report on our results for the period from January 1, 2021 through September 7, 2021 and the period from September 8, 2021 through December 31, 2021 separately, management views the Company's operating results for the year ended December 31, 2021 by combining the results of the applicable Predecessor and Successor periods because such presentation provides the most meaningful comparison of our results to current and prior periods.

To enhance the analysis of our operating results for the periods presented, we have included a discussion of selected financial and operating data of the Predecessor and Successor on a combined basis for the year ended December 31, 2021. This presentation consists of the mathematical addition of selected financial and operating data of the Predecessor for the period from January 1, 2021 to September 7, 2021 plus the comparable financial and operating data of the Successor for the period from September 8, 2021 to December 31, 2021. There are no other adjustments made in the combined presentation. The mathematical combination of selected financial and operating data is included below under the heading "Combined Year Ended December 31, 2021" and this data is a non-GAAP presentation. Management believes that this selected financial and operating data provides investors with useful information upon which to assess our operating performance because the results of operations for a twelve-month period correspond to how we have reported our results in the past and how we will report our results in the future.

Through its Network segment, the Company provides high-speed data, video, and voice solutions to consumers and businesses over an expanding fiber network and a legacy copper network. During 2018, the Company acquired Hawaiian Telcom Holdco, Inc. ("Hawaiian Telcom"), the largest full service provider of communication services on all of Hawaii's major islands. This acquisition added operational scale to our business by adding access to both Honolulu, a well-developed, fiber-rich city on Oahu, as well as the growing neighbor islands. As a result of the acquisition, the Company's combined fiber networks are approximately 20,400 fiber route miles. On May 2, 2022, the Company acquired Agile IWG Holdings, LLC ("Agile") for total cash consideration of $65.5 million. Agile delivers customers, primarily located in Ohio and Pennsylvania, with middle mile, last mile and campus connectivity services through hybrid fiber wireless networks that are designed, built and managed by Agile.

Through its IT Services and Hardware segment, business customers across the U.S., Canada and Europe rely on the Company for the sale and service of efficient, end-to-end communications and IT systems and solutions.

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.

In an effort to achieve our objectives, we continue to focus on the following key initiatives:

- expand our fiber network; and
- grow our IT Services and Hardware segment.

Expand our fiber network

During 2022, we invested $306.6 million of capital in the Network segment in products that can be categorized as Fioptics, previously referred to as "Consumer/SMB Fiber" in Hawaii and collectively with Fioptics in Cincinnati. Revenue from these high demand products totaled $527.9 million for 2022, up $54.3 million compared to the combined Predecessor and Successor periods included within 2021 partially mitigating the decline in legacy products. The primary focus of these investments is the expansion of high-speed internet products which are designed to compete directly with the cable Multiple System Operators, such as Charter Communications, serving the Company's operating territories. Year-over-year revenue and subscribers for these products are outlined in the table below:

	Successor		Predecessor	Non-GAAP Combined	Predecessor
Cincinnati Operating Territory	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2021	Year Ended December 31, 2020
Fioptics Revenue (in millions):	$ 429.3	$ 124.5	$ 260.5	$ 385.0	$ 360.4
Subscribers (in thousands):					
Internet FTTP	299.3	261.3	n/a	261.3	239.9
Video	123.1	123.3	n/a	123.3	128.0
Voice	100.7	101.2	n/a	101.2	103.8

	Successor		Predecessor	Non-GAAP Combined	Predecessor
Hawaii Operating Territory	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2021	Year Ended December 31, 2020
Fioptics Revenue (in millions):	$ 98.6	$ 27.7	$ 60.9	$ 88.6	$ 86.0
Subscribers (in thousands):					
Internet FTTP	70.6	65.7	n/a	65.7	59.8
Video	36.0	37.5	n/a	37.5	40.6
Voice	29.2	28.0	n/a	28.0	29.5

During the year, we passed an additional 73,900 addresses in the Greater Cincinnati area with Fioptics, which included a focus on Fiber to the Premise ("FTTP") addresses as FTTP has become a more relevant solution for our customers. As of December 31, 2022, the Fioptics products are now available to approximately 733,000 customer locations or more than 85% of the Greater Cincinnati operating territory. During 2022, we passed an additional 48,500 addresses in Hawaii. The Fioptics products are now available to approximately 327,800 addresses, or more than 50% of the operating territory in Hawaii, including Oahu and the neighbor islands.

In 2022, the Company also invested $40.4 million in Enterprise Fiber products, which includes fiber and IP-based core network technology as well as expenditures for Agile. These investments position the Company to meet increased business and carrier demand within Greater Cincinnati and in the Midwest region. In Hawaii, expenditures are for high-bandwidth data transport products, such as metro-ethernet, including the Southeast Asia to United States ("SEA-US") cable. We continue to evolve and optimize network assets to support the migration of legacy products to new technology, and as of December 31, 2022, the Company has:

- increased the total number of commercial addresses with fiber-based services (referred to as a lit address) to 36,200 in Greater Cincinnati and 27,300 in Hawaii by connecting approximately 4,700 additional lit addresses in Greater Cincinnati and 4,900 additional lit addresses in Hawaii during 2022;
- expanded the fiber network to span more than 14,600 route miles in Greater Cincinnati and 5,800 route miles in Hawaii; and
- provided cell site back-haul services to approximately 90% of the 1,075 cell sites in the Greater Cincinnati market, all of which are lit with fiber, and approximately 90% of the 1,120 cell sites in Hawaii, nearly all of which are lit with fiber.

In the fourth quarter of 2020, the Company entered into a definitive purchase agreement to acquire inter-island submarine and middle-mile terrestrial fiber infrastructure assets in Hawaii owned by the bankruptcy estate of the Paniolo Cable Company, LLC. The transaction closed in August 2021 for an amount of $52.3 million, inclusive of transaction costs. The Company's expanding fiber assets allow us to support the ever-increasing demand for data, video and internet devices with speed, agility and security. 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 grow the IT Services and Hardware segment by developing new products as well as expanding its reach to new customers. As a result of both organic and inorganic growth, our geographic footprint now extends across the U.S., Canada, Europe and India. We continue to diversify our customer base and expand our product portfolio. The Company continues to develop high-demand products for business customers through our investments in unified communications and cloud services. Our ability to be innovative and to react to the changing technology demands of our customers is important to the growth of our IT Services and Hardware segment. Our offerings under the Infrastructure Solutions practice provide a platform for buyer engagement and an opportunity for connecting the customer to higher value professional and managed services.

As a company with a long history of managing customers' network and technology needs, we combine the management of the network, whether owned 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 managed service models. Customers are attracted to our ability to combine our historic knowledge, unique assets and talented workforce in order to help them improve their operational efficiency, mitigate risk and reduce costs.

Operations

As of December 31, 2022, the Company operated two segments: Network and IT Services and Hardware.

The Network segment provides products and services that can be categorized as either Fioptics, Enterprise Fiber or Legacy. The table below demonstrates how our products and services are categorized:

Network			
	Fioptics	**Enterprise Fiber**	**Legacy**
Data	Fiber to the Premise ("FTTP") Fiber to the Node ("FTTN") DSL (> 10 Mb) (1)	Ethernet (>10Mb) Dedicated Internet Access Wavelength IRU Small Cell SONET (2) Direct Colocation Managed Towers Data Connectivity	DSL (< 10 Mb) DS0 (3), DS1, DS3 TDM (4) Ethernet (<10 Mb)
Voice	Voice (Fiber)		Traditional Voice Consumer Long Distance Switched Access Digital Trunking
Video	Television Service		
Other	Connect America Fund support Rural Digital Opportunity Fund support Subsidized Fiber Build Projects		Maintenance Information Services Directory Assistance Advertising Wiring projects

(1) Digital Subscriber Line
(2) Synchronous Optical Network
(3) Digital Signal
(4) Time Division Multiplexing

We classify the products and services of our IT Services and Hardware segment into four distinct practices: Consulting, Cloud, Communications and Infrastructure Solutions. The table below demonstrates how our products and services are categorized:

IT Services and Hardware	
Consulting	IT Staffing Application Services
Cloud	Virtual Data Centers Storage Backup Network Management/Monitoring Security Data Center Cloud Consulting Public Cloud
Communications	Unified Communications as a Services ("UCaaS") Contact Center Software Defined Wide Area Networking ("SD-WAN") Networking Solutions Multi-Protocol Label Switching ("MPLS") Network as a Service ("NaaS")
Infrastructure Solutions	Hardware Software Licenses Maintenance

Network

The Network segment provides products and services such as high-speed internet, data transport, local voice, 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 approximately 150 years. In 2022, the Company started their network expansion outside of this territory to provide fiber services to Dayton, Ohio. Voice and data services in the Enterprise Fiber and Legacy categories that are delivered beyond the Company's ILEC territory, particularly in Dayton and Mason, Ohio, are provided through the operations of Cincinnati Bell Extended Territories LLC ("CBET"), a subsidiary of CBT. Hawaiian Telcom, a subsidiary of the Company, is the ILEC for the State of Hawaii and the largest full service provider of communications services and products in that state. Originally incorporated in Hawaii in 1883 as Mutual Telephone Company, Hawaiian Telcom has a strong heritage of nearly 140 years as Hawaii's communications carrier. Its services are offered on all of Hawaii's major islands, except its video service, which currently is only available on the island of Oahu. On May 2, 2022, the Company acquired Agile, based in Canton, Ohio. Agile leases wireless infrastructure assets to third parties and provides connectivity through hybrid fiber wireless data networks primarily to customers in Ohio and Pennsylvania. The key products and services provided by the Network 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. To address this demand, the Company is focused on building out new FTTP addresses as well as overlaying FTTN addresses, enabling these addresses to receive speeds up to one gigabit per second ("Gbps"). FTTP addresses now cover nearly 80% of the market in Greater Cincinnati and more than 40% of the market in Hawaii, of which approximately 657,200 and 268,000 addresses are capable of receiving speeds up to one Gbps in Greater Cincinnati and Hawaii, respectively.

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. 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.

As a result of the acquisition of Hawaiian Telcom, the Company gained access to the SEA-US trans-Pacific submarine cable system connecting Indonesia, the Philippines, Guam, Hawaii and the mainland United States. The system provides an initial 20 Terabytes per second ("Tbps") of capacity using state-of-the-art 100 Gbps technology to accommodate the increase in data consumption.

Voice

Voice represents local service over both copper and fiber. It also includes consumer 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 over copper continue to decrease as its customers have increasingly employed wireless technologies in lieu of wireline voice services ("wireless substitution"), migrated to competitors, or migrated to VoIP services provided by the Company and others.

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.

Video

In the Greater Cincinnati territory, the Company launched Fioptics in 2009 and initially focused our fiber network investment on densely populated areas, such as apartments and condominiums. Since that time, Fioptics has been deployed over a much broader base and is now available to more than 85% of Greater Cincinnati. As of December 31, 2022, we have 123,100 video subscribers in Greater Cincinnati. Our Fioptics customers enjoy access to over 400 entertainment channels, including digital music, local, movie and sports programming with over 150 high-definition channels, parental controls, HD DVR and video On-Demand.

In Hawaii, the Company launched its next-generation television service on the island of Oahu in July 2011. The TV service is 100% digital with hundreds of local, national, international and music channels, including high-definition, premium, pay-per-view channels and video on-demand service. TV service has been deployed to 36,000 subscribers in Hawaii as of the end of 2022.

Other

Other revenue consists of revenue generated from wiring projects for business customers, support from the Connect America Fund and Rural Digital Opportunity Fund (see "Regulatory Matters and Competitive Trends" for further discussion of universal service), advertising, directory assistance, maintenance and information services. Beginning in 2021, Other revenue also includes subsidized fiber build project revenue related to extending the Company's fiber network in the Greater Cincinnati territory subsidized through our UniCity program. Subsidized fiber build project revenue related to extending the Company's fiber network in Hawaii is included in Other revenue beginning in 2022.

IT Services and Hardware

The IT Services and Hardware segment provides a full range of managed IT solutions, 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 U.S., Canada, Europe and India. By offering a full range of Infrastructure Solutions in addition to Cloud, Communications and Consulting services, the IT Services and Hardware segment provides end-to-end IT 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:

Consulting

The Company's consulting services offerings consist of IT staffing and project-based engagements, including engineering and installation of voice, connectivity and IT technologies, development of digital 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. These professionals are comprised of employees and contractors located in the U.S., Canada, Europe and India.

Communications

The Company 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 a service for a monthly utility fee allowing our customers to scale without a large capital investment.

The solutions offered in the Communications practice include UCaaS, SD-WAN, NaaS, Contact Center and other Networking Solutions. UCaaS provides a portfolio of solutions that includes VoIP, room-based video, mobile solutions, chat/presence, messaging, web conferencing, audio conferencing, social media, contact center solutions, and more in order to serve a customer's collaboration needs. Cloud delivered SD-WAN is a revolutionary, agile platform to deploy, manage and monitor hybrid public, private, wireline and wireless networks. NaaS is a fully managed networking solution with cloud integration, security, switching, Wi-Fi, management, monitoring and SD-WAN. Our Contact Center offering features speech-enabled Interactive Voice Response ("IVR"), call-back services, call analytics and surveys, speech analytics, alerts and notification, and improved customer satisfaction and productivity. Additionally, we manage the maintenance of a large base of customers with traditional voice systems as well as converged VoIP systems under Networking Solutions.

Cloud

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 the Company and monitored around the clock from its Enterprise Network Operations Center ("ENOC").

Storage is a flexible, on-demand solution that enables businesses to eliminate capital expenditures and ongoing asset management with SLA-based services. The Company offers Tier I, Tier II and Tier III storage to meet its customers' availability, accessibility, protection, performance and capacity needs.

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.

The Company provides SLA-based monitoring and management services utilizing its 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 equipment provided by the Company 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.

Infrastructure Solutions

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.

Sales and Distribution Channels

The Company's Network segment utilizes a number of distribution channels to acquire customers. As of December 31, 2022, the Company operated seven retail stores in the Greater Cincinnati area and one retail store in Dayton, Ohio to market and distribute our Fioptics suite of products. 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 for both the Cincinnati operating territory and the Hawaii operating territory. In addition, the Company utilizes a call center, as well as a door-to-door sales force, to target the sale of our consumer products to residents.

For both operating segments, we utilize a business-to-business sales force and a call center organization to reach business customers in our operating territories. Larger business customers are supported by sales account representatives and solution architects located in our branch offices across the U.S., Canada and Europe 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.

The IT Services and Hardware segment utilizes an indirect distribution channel to sell services, primarily focused on Communications. Compensation to the distributor is success-based and typically involves a residual payment based on revenue from customers.

Suppliers and Product Supply Chain

The Company generally subjects purchases to competitive bids and selects its vendors based on price, service level, delivery terms, quality of product and terms and conditions.

The Network segment's primary purchases are for video content, network equipment, software, fiber cable and contractors to maintain and support the growth of the fiber network. The Company maintains facilities and operations for storing cable and other equipment, product distribution and customer fulfillment.

The Company purchases some of its programming directly from the program networks by entering into affiliation agreements with the programming suppliers. The Company also benefits from membership with the National Cable Television Cooperative ("NCTC"), which enables us to take advantage of volume discounts. As of December 31, 2022, approximately 70% of Cincinnati's programming was sourced from the NCTC and approximately 50% of Hawaiian Telcom's programming was sourced from the NCTC.

The IT Services and Hardware segment 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 leading technology and software solutions including, but not limited to, Cisco, Hewlett-Packard, Dell and IBM. 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 competitive, and the Company competes against larger, well-capitalized national providers.

The Network segment faces competition from other local exchange carriers, wireless service providers, inter-exchange carriers, as well as cable, broadband, internet and fixed wireless service providers. The Company has lost, and will likely continue to lose, access lines as a portion of the customer base migrates to 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 and competition is the reason for the largest portion of the Company's access line and long-distance line losses.

Our Fioptics and Enterprise Fiber 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 that allow them to more aggressively price products, as well as provide products on a much broader scale given their expanded geographic operations. Our competitors 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 Company's video product 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 churn and decreased penetration for video; however, this trend could also drive increased demand for our high-speed internet product.

The IT Services and Hardware segment competes against numerous 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. In addition, as more customers migrate to the public cloud, we expect to see declines in the demand for Infrastructure Solutions. However, this trend could provide an opportunity in Consulting, Communications and Cloud Services as the Company has IT professionals that can assist customers through this migration to the public cloud.

Customers

The Company had no customers whose revenue comprised greater than 10% of total revenue for the year ended December 31, 2022, the combined Predecessor and Successor periods included within 2021 and the year ended December 31, 2020. As of December 31, 2022 and 2021, Verizon Communications Inc. ("Verizon") comprised 21% and 26% of consolidated accounts receivable, respectively. The accounts receivable with Verizon are significant to the Company, but the associated revenue does not exceed 10% of total revenue as a result of the application of ASC 606 and management's conclusion that for hardware transactions we act as the agent and, as a result, record revenue net of the cost of product.

Employees and Human Capital Resources

At December 31, 2022, the Company had approximately 5,800 employees. Approximately 22% of its employees are covered by collective bargaining agreements. Approximately 12% of total employees are covered by a collective bargaining agreement with the Communications Workers of America ("CWA"), which is affiliated with the AFL-CIO, and approximately 10% of total employees are covered by a collective bargaining agreement with the International Brotherhood of Electrical Workers (IBEW) Local 1357. The collective bargaining agreements with the CWA and IBEW are effective until the second quarter of 2026 and third quarter of 2028, respectively.

The Company knows that our people are our most valuable assets and is committed to investing in them and their success. We have developed various programs and practices to support, develop and care for our employees throughout their careers with the Company.

Diversity, Equity and Inclusion – The Company believes in the transformative power of connectivity, and we believe connections are made stronger when we embrace the diversity in our employees. It is our mission to create an environment that celebrates the unique qualities of those around us and empowering all employees to reach their full potential. We are committed to employing diversity and inclusion efforts that align with our values, such as talent development and progressive hiring practices which will help drive increased representation of underrepresented groups across the organization. In addition, we are committed to developing fair systems, procedures and resource distribution to ensure that we create equitable opportunities for all employees. The Company has dedicated staff focused on diversity, equity and inclusion efforts throughout the organization.

Professional Development – Investing in the development of our people is a core value of the Company. As a result, the Company continually seeks to offer new and innovative ways to provide development opportunities to our employees throughout their careers including, but not limited to, on-demand training for both professional and industry-specific skills through our intranet site, certification programs to encourage employees to develop and enhance skills, technical talent programs to provide technical leadership and define job enrichment opportunities across the organization and leadership development programs to enable employees to grow and progress on the leadership path.

Employee Engagement – The Company seeks to create and communicate engagement opportunities for all employees for increased development and retention through surveys, periodic town hall meetings with leadership and other forms of direct employee feedback. In addition, the Company sponsors several resource groups which we believe are the cornerstone for personal and professional enrichment and are also integral to the exploration of diversity and inclusion in our workplace. Employees are encouraged to partner with the Company to pursue areas of passion including community outreach activities and volunteer programs.

Safety – The Company is focused on establishing safety as a core value among employees with the primary goal that every employee returns home safely at the end of the day. This applies not only to our field technicians and warehouse personnel but also to our employees working in an office environment. As a result, the Company has hired additional staff to increase safety training, observations and assist in building our overall safety culture.

Compensation and Benefits – The Company is committed to rewarding and supporting our employees, and therefore, we offer a comprehensive compensation program that includes market-competitive pay, healthcare benefits, a retirement savings plan, tuition reimbursement programs, and paid time off and family leave.

In response to the COVID-19 pandemic, we implemented significant changes that we determined were in the best interest of our employees as well as the communities in which we operate. These include having the vast majority of our employees work from home starting in March 2020 and continuing to offer employees the option of a hybrid work environment.

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.altafiber.com). The Company has ceased to be a registrant but continues to voluntarily file annual, quarterly and certain other information with the SEC due to contractual provisions included in certain indentures. The SEC maintains an internet site that contains reports, proxy statements, and other information about issuers which file electronically with the SEC. The address of that site is http://www.sec.gov.

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.

Risks Related to Our Business, Operations and Industry

Volatile geopolitical turmoil, including popular uprisings, regional conflicts, terrorism and war could result in market instability, which could negatively impact our business results.

The Company primarily provides our services in the United States of America and Canada, but certain outsourced operations are located in Taiwan and India as well as to a lesser extent in other countries located in Europe and Asia. Additionally, vendors that the Company sources from are global in nature. Recent escalation in regional conflicts, including the Russian invasion of Ukraine, which resulted in economic sanctions, and the risk of increased tensions between China and Taiwan, could limit the Company's ability to source goods and services and could result in closure of our vendors' facilities in sanctioned countries. In addition, international conflict has resulted in: increased pressure on the supply chain, which has led to increased energy costs, and could result in further increased energy costs, which could continue to increase utility expense and transportation costs; inflation, which could result in increases in the cost to provide services, increased capital spend for the continued expansion of the network, decreased customer purchasing power, and increased price pressure; increased risk of cybersecurity attacks; and market instability, which could adversely impact financial results.

Global health crises, such as the COVID-19 pandemic, have had an impact on the Company's supply chain and could have a material impact on our customers and our vendors, which could adversely impact our business results and financial condition.

The continued evolution of COVID-19 and its variants, as well as periodic spikes in infection rates, local outbreaks in the geographies in which the Company operates or third-party providers or vendor sites are located, even with safety measures and vaccination requirements in place, could cause additional disruptions to Company operations or those of our providers or vendors. In 2020 and 2021, the Company experienced disruptions with certain of our third-party vendors, including those who provide many of our information technology, call center functions, and certain accounting functions. In 2022, disruptions experienced by Company were limited in nature and considered to have a nominal impact on operations. The COVID-19 pandemic has led to global supply chain challenges, which have adversely impacted our ability to procure certain inventory and, if such inventory procurement challenges continue, could impact our ability to execute the capital build plan for our fiber network and thereby cause delays in delivery of our services and solutions to our customers in both of our operating segments. The Company has also experienced increased labor and material costs with certain third-party providers that are contracted to support and perform activities associated with the build-out of our fiber network resulting in a negative impact to business results and operations. As new variants of the virus appear, especially variants that are more easily spread, cause more serious outcomes, or are resistant to existing vaccines, new health orders and safety protocols could further impact operations. These factors could materially increase our costs, negatively impact our consumer and business sales and damage the Company's financial condition, results of operations, cash flows and liquidity position, possibly to a significant degree.

Our commitment to Net Zero emissions in company operations by 2040 will be subject to significant costs and regulations which could impact our business operations, processes, and reputation.

In October 2022, the Company disclosed its commitment to achieving net zero Scope 1 and Scope 2 emissions by December 31, 2040 with an interim target by December 31, 2030. The Company plans to meet this commitment by reducing energy consumption through network, facility and fleet efficiency and conservation measures; investments in renewable energy; and adoption of electric vehicles in our fleet. In addition, the Company will inventory and screen its Scope 3 emissions to determine reduction and engagement targets across the most relevant, impactful categories beginning in 2023.

Our work on a comprehensive climate action plan to achieve a 40% emission reduction by 2030 is ongoing, and overall cost and operation implications are unknown at this time. The achievement of our targets may require significant operational expense and capital improvements. Additionally, the achievement of our climate action plan involves requiring customers to migrate to our fiber optic network and away from our legacy copper network, which runs a risk of customer dissatisfaction and potentially adversely impacting our revenue and profitability.

If we are unable to sufficiently reduce Scope 1 and Scope 2 emissions through energy reduction measures and investments in renewable energy, we may fail to achieve our net zero emission commitments by December 31, 2030 and December 31, 2040. Failing to achieve the Company's net zero or science-based targets commitments could result in investor, customer or public dissatisfaction and damage to our reputation.

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 that they can offer in expanded geographic regions. Our competitors are expected to continuously upgrade their service quality and offerings. If the Company cannot continue to offer reliable, competitively priced, value-added services, or if the Company does not keep pace with technological advances and upgrades, competitive forces could adversely affect it through a loss of market share or a decrease in revenue and profit margins.

The Network segment faces competition from other local exchange carriers, wireless service providers, inter-exchange carriers, cable, broadband and internet service providers, other telecom companies, niche fiber companies and companies that deliver movies, television shows and other video programming over broadband Internet connections. Wireless providers, particularly those that provide unlimited wireless voice and data plans with no additional fees for long distance, offer customers a substitution for the Company's services. The Company believes wireless substitution accounts for the largest portion of its access line losses. Also, cable competitors that have existing service relationships with the Company's customers in the Network segment offer substitution services, such as VoIP and long distance voice services in the Company's operating areas. As a result of wireless substitution and increased competition, legacy voice lines decreased by 13% and 11% in Cincinnati and Hawaii, respectively, in 2022 compared to 2021.

In addition, our strategic products, particularly our fiber-based products, face competition from a number of different sources including cable operators, other telecom companies, niche fiber companies, and 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 churn and decreased penetration in our Consumer/SMB Fiber products. If the Company is unable to effectively implement strategies to attract and retain 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 Network segment 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. 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 adversely affect the Company's IT Services and Hardware segment and have a material adverse impact on the Company's business, financial condition, results of operations and cash flows.

The Company may be unable to grow its revenues and cash flows despite the initiatives it has 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, and fund our pension and other employee benefit obligations. We have identified some potential areas of opportunity and implemented several growth initiatives. We cannot be assured that these opportunities will be successful or that these initiatives will improve our financial position or our results of operations. The outbreak of COVID-19 has, and may continue to, negatively impact these opportunities and require us to incur additional related costs such as overtime wages for employees that are working additional hours to offset employees that are following quarantine protocol for field technicians and customer facing employees.

If the Company's goodwill, indefinite-lived intangible assets or long-lived assets become impaired, the Company may be required to record significant charges to earnings.

The Company has a substantial amount of goodwill, intangible assets and long-lived assets on its balance sheet. The Company reviews goodwill, indefinite-lived intangible assets and long-lived assets for impairment annually or whenever events or circumstances indicate impairment may have occurred. The impairment evaluation requires significant judgment and estimates by management, and unfavorable changes in these assumptions or other factors could result in future impairment charges and have a significant adverse impact on the Company's reported earnings. Such factors include operating performance of the business, the execution of the Company's network build plan, growth of consumer and business activations, higher than anticipated churn, changes in customer behavior post-pandemic, ability of the infrastructure practice to obtain product on a timely basis, changes in discount rates, or other key business initiatives. Additionally, the value of comparable companies may also impact the fair value of our reporting units, which could result in a write-down of goodwill and reduction to net income.

For further information on Cincinnati Bell's evaluation of impairment for goodwill, indefinite-lived intangible assets and long-lived assets, see "Critical Accounting Policies and Estimates" under Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Failure to anticipate the need to introduce new products and services or to compete with new technologies may compromise the Company's success in our industries.

The Company's success depends, in part, on being able to anticipate the needs of current and future business, carrier and consumer 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 our industry is technologically driven, such that new technologies can offer alternatives to the Company's existing services. If our new products and services fail to gain acceptance in the marketplace, or if costs associated with the implementation and introduction of these new products and services materially increase, it could 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 subsidiaries have 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.

The Company has provided alternative sources of revenue by way of its strategic products; however, these products may generate lower profit margins than its traditional services. In addition, as a larger portion of our customer base has already migrated to these new product offerings, a decreased growth rate of strategic products can be expected. Moreover, we cannot provide assurance that the revenues generated from our new offerings will mitigate revenue losses from the reduced sales of our legacy products or that our new strategic offerings will be as successful as anticipated.

Negotiations with the providers of content for our video programming may not be successful, potentially resulting in our inability to carry certain programming channels, which could result in the loss of subscribers. In addition, due to the influence of some content providers, we may be forced to pay higher rates for some content resulting in increased costs.

We must negotiate with the content owners of the programming that we carry. These content owners are the exclusive provider of the channels they offer. If we are unable to reach a mutually-agreed upon contract with a content owner, our existing agreements to carry this content may not be renewed, resulting in the blackout of these channels. The loss of content could result in our loss of customers who place a high value on the particular content that is lost. In addition, many content providers own multiple channels. As a result, we typically have to negotiate the pricing for multiple channels rather than one, and carry and pay for content with which customers do not associate much value, in order to have access to other content with which customers do associate value. Some of our competitors have materially larger scale than we do and may, as a result, be better positioned than we are in such negotiations. As a result of these factors, the expense of content may continue to increase and have a material adverse impact on the Company's results of operations and cash flows.

Maintaining the Company's telecommunications networks requires significant capital expenditures, and the Company's inability or failure to maintain its telecommunications networks could have a material impact on the Company's 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 intends to continue its capital expenditures for fiber optic cable.

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.

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, leading 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 financial compensation or may be able to terminate their relationship with the Company. In order to provide these levels of service, the Company is required to protect against human error, natural disasters, equipment failure, power failure, sabotage and vandalism, and have disaster recovery plans available in the event of disruption of service. The failure to address these or other events may result in a disruption of service. In addition, any inability to meet service level commitments or other performance standards could reduce the confidence of customers. Decreased customer confidence could impair the Company's ability to attract and retain customers, which could adversely affect the Company's ability to generate revenues and operating results.

The Company generates a substantial portion of revenue by serving a limited geographic area.

The Company generates a substantial portion of revenue by serving customers in Cincinnati, Ohio, Dayton, Ohio and the islands of Hawaii. An economic downturn or natural disaster occurring in any of these limited operating territories 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. Furthermore, because of Hawaii's geographic isolation, the successful operation and growth of the business in Hawaii is dependent on favorable economic and regulatory conditions in the state.

The customer base for telecommunications services in Hawaii is small and geographically concentrated. The population of Hawaii is approximately 1.4 million, approximately 70% of whom live on the island of Oahu. Any adverse economic conditions affecting Oahu, or Hawaii generally, could materially impair our ability to operate our business. Labor shortages or increased labor costs in Hawaii could also have an adverse effect on our business. In addition, we may be subject to increased costs for goods and services that we are unable to control or defray as a result of operating in this limited territory. Increased expenses including, but not limited to, energy and health care have adversely impacted operations due to rising costs and could continue to have an adverse effect on our business and results of operations if these costs continue to rise.

One large customer accounts for a significant portion of the Company's accounts receivable. The loss or significant reduction in business from this customer would cause operating results to decline and could negatively impact profitability and cash flows.

As of December 31, 2022 and 2021, Verizon Communications Inc. ("Verizon") comprised 21% and 26% of consolidated accounts receivable, respectively. As a result of these concentrations, the Company's results of operations and financial condition could be materially affected if the Company lost this customer or if products and services purchased were significantly reduced. In addition, if Verizon 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 Company's accounts receivable securitization facility ("Receivables Facility").

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 continues to occur and our existing network capacity becomes unable to handle the increased demand, 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 could result in an adverse impact to our results of operations and financial condition.

An IT and/or network security breach or cyber-attack may lead to unauthorized use or disabling of our network, theft of customer data or other sensitive data, unauthorized use or publication of our confidential business information and could have a material adverse effect on our business.

Cyber-attacks and other breaches of network or information technology security could have an adverse effect on our business. Our business relies on the integrity and availability of our technology infrastructure and systems and the processes that deliver services to our customers and business partners. The security of data we create or collect is also important to our customers, business partners and stakeholders.

We have a comprehensive security program in place designed to mitigate risks to our business from:

- Physical and personnel security threats;
- Data breaches involving customer, employee and other confidential data;
- Malware, including ransomware;
- Denial of service threats;
- Unauthorized changes to technology systems and data;
- Fraud;
- Hacking, including nation-state sponsored attacks on critical infrastructure;
- Unauthorized or unintentional actions by third parties;
- Compliance failures;
- Disasters and business continuity events; and
- Misuse of our systems, products and services.

Although we take proactive and reasonable steps to address these risks, including the use of insurance, we understand that physical and cyber security incidents are possible and could have a material effect to our businesses. Costs associated with a major security incident could include material retention incentives offered to existing customers or business partners, lost revenues from business interruption, litigation and damage to our reputation, fines from regulatory authorities, and increased expenditures for technology, security measures, and incident response. These costs or any prolonged disruption to our business operations could result in a material adverse effect on our results and financial condition. To date, we have not experienced any material security incident and continue to evaluate security risks to our businesses. We proactively review our security posture and adopt new control measures that address current and future physical and cyber security threats.

Cyber-attacks or security breaches at third parties providing critical services or with access to or possession of sensitive data could also adversely impact business operations or result in regulatory actions, loss of customers, legal fees or increased costs, associated with incident response beyond current insurance limits. Cyber-attacks of technology that is used in the organization's supply-chain to provide network and IT services or that are resold to customers could also have the same adverse impacts.

Weather conditions, 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, and other political instability, such as the current conflict between Russia and Ukraine and events beyond our control. Such events could cause significant damage to our infrastructure resulting in degradation or disruption of service to our customers. 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 could cause us to experience substantial losses resulting in significant recovery time and expenditures to resume operations as well as lost revenues from business interruption as well as damage to our reputation.

In particular, from time to time, the islands of Hawaii experience severe weather conditions such as high winds and heavy rainfall and natural disasters such as earthquakes, volcanic eruptions and tsunami, which can overwhelm our employees, disrupt our services and severely damage our property. Such disruptions in service and damage to property could materially harm our business, financial condition, results of operations or liquidity. Moreover, it is impossible to predict the extent to which climate change could cause extreme weather conditions to become more frequent or more extreme.

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, cause it to lose customers or materially and adversely impact its business, financial condition, and results of operations.

The Company depends on third-party providers to supply products and services. For example, many of the Company's information technology, call center functions and certain accounting functions are performed by third-party providers, and network equipment is purchased from and maintained by vendors, some of which providers and vendors are located outside of the United States. Additionally, certain installation services sold by our IT Services and Hardware segment are performed by third-party providers.

Events that adversely impact our third-party providers could impair our ability to obtain adequate and timely services or supplies. Such events include, among others, difficulties or problems associated with our third party providers' business, the financial instability and labor problems of third party providers, natural or man-made disasters, inclement weather conditions, war, acts of terrorism and other political instability, such as the current conflict between Russia and Ukraine, economic conditions, shipment issues, and increased production costs. Our third-party providers may be forced to reduce their production, shut down their operations or file for bankruptcy. The occurrence of one or more of these events could impact our ability to get necessary inventory to build the fiber network, result in disruptions to our operations, increase our costs and decrease our profitability.

As a result of the COVID-19 pandemic and its effects on our suppliers around the world, we have experienced shortages of certain inventory and capital assets, price increases and delays to the delivery of materials that have adversely impacted the Company's financial condition and operations. The ultimate impact of these adverse events is unknown as of the date of this filing and will be determined based on the duration of these shortages of certain inventory items and the ability of third parties to meet the demand. Additionally, we could be materially adversely impacted, including from any disruption to critical vendor services or losses of business, if any of our suppliers face significant business disruptions as a result of COVID-19 and its variants, or any similar outbreak.

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.

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.

Our ability to attract and retain qualified personnel could disrupt our business and affect the Company's ability to meet key financial and business objects.

Our future success depends partly on the continued service of the Company's key engineering, sales, marketing, IT, executive and administrative personnel. We believe our pay levels are competitive within the regions in which we operate. However, labor shortages, inflationary pressure on wages, and increased attrition have intensified competition for talent in most fields across the geographic areas in which we operate, and it may become more difficult to retain key employees. If we fail to retain key personnel and are unable to hire highly qualified replacements, we may not be able to meet key objectives, such as meeting financial goals and maintaining or expanding the business.

If the Company fails to extend or renegotiate its collective bargaining agreements with its labor unions when they expire, or if the Company's 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 unions in both the Cincinnati and Hawaii operating territories, which represent approximately 22% of the Company's 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 could have a material adverse effect on the Company's business. The collective bargaining agreements with the Communications Workers of America and the International Brotherhood of Electrical Workers Local 1357 are effective until the second quarter of 2026 and third quarter of 2028, respectively.

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 the Company's businesses and prospects generally.

In connection with the Merger, in September 2021, the Company entered into a new Credit Agreement (the "Credit Agreement") and terminated the Company's existing corporate credit agreement. The Credit Agreement was subsequently amended in November 2021 and provides for (i) a five-year $400 million senior secured revolving credit facility including both a letter of credit subfacility of up to $40 million and a swingline loan subfacility of up to $10 million (the "Revolving Credit Facility"), (ii) a seven-year $500 million senior secured term loan facility (the "Term B-1 Loans"), and (iii) a seven-year $650 million senior secured term loan facility (the "Term B-2 Loans" and together with the Term B-1 Loans, the "Term Loans"). The Revolving Credit Facility matures in September 2026, and the Term Loans mature in November 2028. Borrowings under the Term Loans were used in part to refinance existing Company indebtedness and for working capital and general corporate purposes. At December 31, 2022, there were $223.0 million outstanding borrowings under the Revolving Credit Facility, leaving $177.0 million available.

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 our 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 will 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 contain limitations on the Company and 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 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 make other distributions to shareholders;
- repurchase equity interests;
- enter into agreements that restrict dividends or other payments from subsidiaries;
- issue or sell capital stock of certain of our subsidiaries;
- consolidate, merge, or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis; and
- change our fiscal year.

The Credit Agreement also requires the Company to achieve and maintain compliance with specified financial ratios.

The restrictions contained in the terms of the Credit Agreement and our 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 our operations, strategic acquisitions, investments or alliances, other capital needs, or to engage in other business activities that would be in our 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, the lenders may elect to declare all outstanding borrowings, together with accrued interest and other fees, to be immediately due and payable. Additionally, under the Credit Agreement, the lenders may elect not to provide loans under the Revolving Credit Facility 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, subject to certain materiality thresholds. Failure to comply with these covenants, if not cured or waived, would limit the cash available to the Company required to fund operations and our general obligations and could result in the Company's dissolution, bankruptcy, liquidation or reorganization.

The Company depends on its 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 Company depends on the Revolving Credit Facility and its Receivables Facility to provide for short-term financing requirements in excess of amounts generated by operations. The Revolving Credit Facility has a maturity date of September 2026. At December 31, 2022, the Receivables Facility had a termination date of June 2024 and was subject to renewal every 364 days, with the next renewal occurring in June 2023. On January 31, 2023, the Company executed amendments to the Receivables Facility which, among other things, extended the renewal date to January 2025 and the termination date to January 2026. See Note 7 to the accompanying consolidated financial statements contained in "Part II. Item 8. Financial Statements and Supplementary Data" for further details regarding amendments to the Receivables Facility.

The Company's ability to borrow under its Revolving Credit Facility 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 our ability to borrow under these facilities.

As of December 31, 2022, the Company had $223.0 million outstanding borrowings under the Revolving Credit Facility, leaving $177.0 million in additional borrowing availability under this facility. The $177.0 million available under the 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 could be adversely affected.

As of December 31, 2022, the Company had a total borrowing capacity of $215.0 million on a maximum borrowing capacity of $215.0 million on our Receivables Facility. At that date, there were $186.9 million of outstanding borrowings and $19.3 million of outstanding letters of credit. 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, 2022, the Company had $8.8 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 the Company's 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, that additional sources of debt financing will be available or that future borrowings will be available under its Revolving Credit Facility 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, the Company will have to take actions such as reducing or delaying capital expenditures, strategic acquisitions, investments and alliances, selling assets, 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.

Risks Related to Our Financial Condition

The Company may need additional financing in the future to meet our capital needs or to make opportunistic acquisitions, and such financing may not be available on terms favorable to the Company, if at all.

The Company may need to seek additional financing to support the build out of the Company's fiber network in out of territory markets. For example, the Company may need to increase its capital spend or need funds to make acquisitions. The Company may be unable to obtain any desired additional financing on favorable terms, if at all. If adequate funds are not available on acceptable terms, the Company may be unable to fund fiber expansion in out of territory markets. If we raise additional funds by issuing debt, we may be subject to further limitations on our operations in addition to increased interest payments that could negatively impact our cash flow.

Growing inflation, supply chain disruption and other increased operating costs could materially and adversely affect our results of operations.

Global demand inflation, supply chain disruptions, interest rate increases, civil unrest, tariffs and government regulations, which are beyond our control, could adversely affect operating costs and administrative expenses such as wages, benefits, supplies and inventory costs, insurance costs and costs of borrowing. Any such increase could impact results of operations and cash flows if we do not choose, or are unable, to pass the increased costs to our customers.

We rely on a limited number of suppliers for capital purchases needed to construct the fiber network, the hardware resale business and certain other supplies we use in our operations. Our ability to secure such equipment and supplies from alternative sources as needed may be time-consuming or expensive or may cause a temporary disruption in our supply chain. In 2021, we anticipated intermittent shortages of certain supplies from our standard vendors and, accordingly, we enhanced our sourcing procedures to identify alternative suppliers and bought in excess in order to avoid any actual shortages, albeit sometimes at additional cost. Increasingly during 2021, the delivery times were extended on certain inventory items utilized by the Network business and the hardware resale business but, through alternative sourcing, we avoided any significant disruptions. Disruptions were not incurred in 2022 as delivery times and sourcing issues started to normalize. Shortages or interruptions in the supply chain could continue to occur for reasons within or beyond the control of us and the supplier. Decreased fuel supplies resulted in significant increases to fuel prices, most notably in Hawaii, which adversely impacted our transportation costs for the field technicians and third parties who are assisting us with the network build in addition to the utilities spend in Hawaii where oil is relied on to produce electricity for the state. Increased fuel costs have adversely affected the profit margins in 2022 and are expected to continue to adversely affect our business and results of operations.

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 COVID-19 pandemic has resulted in an economic downturn, including difficulty to hire and retain staff and a decrease in consumer and commercial activity that may continue for an extended period of time. The current conflict between Russia and Ukraine has created additional uncertainty in the economic environment and world securities markets. The Company's primary source of cash is customer collections. As a result of current adverse economic conditions, some customers have cancelled or requested discounts on future contracted services or have had difficulty paying their accounts receivable. Additional customers may cancel or request discounts on future contracted services or have difficulty paying their accounts receivable, especially if economic conditions worsen. Some competitors have lowered prices or offered promotions as a result of economic conditions, and others may do so as well, which has exerted, and could further exert, pricing pressure on the Company. If the economies of the U.S. and the world continue to deteriorate, this could have an adverse effect on the Company's business, financial condition, results of operations and cash flows.

Adverse changes in the value of assets or obligations associated with the Company's employee benefit plans could negatively impact shareowners' equity and liquidity.

The Company sponsors noncontributory defined benefit pension plans for eligible management employees, non-management employees and 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 significant negative impact on the Company's shareowners' equity. 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 to accelerate the timing of required payments.

Intellectual Property, Tax, Regulatory, and Litigation Risks

The Company's future cash flows could be adversely affected if it is unable to fully realize its deferred tax assets.

As of December 31, 2022, the Company had deferred tax assets of $322.1 million, which are primarily composed of deferred tax assets associated with U.S. federal net operating loss carryforwards of $203.6 million, and state and local net operating loss carryforwards of $24.0 million. The Company has recorded a valuation allowance against deferred tax assets related to certain state and local 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 significant future tax liabilities without the use of the Company's cash resources. As a result of the Merger, the Company's net operating losses face potential limitation under Internal Revenue Code Section 382 and similar state provisions. If the Company is unable for any reason to generate sufficient taxable income to fully realize its deferred tax assets, including its net operating losses, the Company's net income, equity and future cash flows would be adversely affected.

Changes in tax laws and regulations, and actions by federal, state and local taxing authorities related to the interpretation and application of such tax laws and regulations, could have a negative impact on the Company's financial results and cash flows.

The Company calculates, collects and remits various federal, state, and local taxes, surcharges, and regulatory fees to numerous federal, state and local governmental authorities, including but not limited to federal Universal Service Fund contributions, sales tax, regulatory fees and use tax on purchases of goods and services used in our business. Tax laws are subject to change, and new interpretations of how various statutes and regulations should be adhered to are frequently issued. In many cases, the application of tax laws are uncertain and subject to differing interpretations, especially when evaluated against the Company's new and evolving technologies and services. In the event that we have incorrectly calculated, assessed, or remitted amounts due to governmental authorities, or if revenue and taxing authorities disagree with positions we have taken, we could be subject to additional taxes, fines, penalties, or other adverse actions. In the event that federal, state, or local municipalities were to significantly increase taxes on goods and services used to construct and maintain our network, operations, or provision of services, or seek to impose new taxes, there could be a material adverse impact on financial results.

The regulation of the Company's businesses by federal and state authorities may, among other things, place the Company at a competitive disadvantage, restrict our ability to price our products and services competitively, participate in new regulatory programs and threaten our 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 the Company's revenue is derived from pricing plans that are subject to regulatory review and approval. These regulated pricing plans limit the rates the Company can charge for some services while the competition has typically been able to set rates for services with limited or no restriction. In the future, regulatory initiatives that would put the Company at a competitive disadvantage or mandate lower rates for our 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, the Company's telecommunications services are subject to the Communications Act of 1934 as amended by the Telecommunications Act of 1996, including rules adopted by the Federal Communications Commission ("FCC"). In addition, certain aspects of the Company's communications facilities and operations are subject to oversight by the Department of Justice and the Department of Defense relative to assessing and mitigating national security risks. Violations of the terms of the agreements with these agencies could result in the revocation of the Company's FCC licenses which would affect its business operations in the future. The Company's submarine cable facilities and operations are also subject to requirements imposed by the national security and law enforcement agencies (*e.g.*, the Departments of Justice, Defense and Homeland Security). At the state level, Cincinnati Bell Telephone Company LLC ("CBT") operates as the incumbent local exchange carrier ("ILEC") and carrier of last resort in portions of Ohio, Kentucky, and Indiana, while Hawaiian Telcom, Inc. ("HTI") serves as the ILEC and carrier of last resort in Hawaii. As the ILEC in those states, these entities are 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 and HTI's ability to compete in their respective markets. In addition, although less heavily regulated than the Company's ILEC operations, other subsidiaries are authorized to provide competitive local exchange service, long distance, and cable television service in various states, and consequently are also subject to various state and federal telecommunications and cable regulations that could adversely impact their operations.

There are currently many regulatory actions under way and being contemplated by federal and state authorities regarding issues, including national security and law enforcement matters, that could result in significant changes to the business conditions in the telecommunications industry. On April 4, 2020, President Trump issued Executive Order No. 13913 Establishing the Committee for the Assessment of Foreign Participation in the United States Telecommunications Services Sector (the "Committee"), which formalized the ad-hoc foreign investment review process (formerly referred to as "Team Telecom") applicable to FCC licenses and transactions. The Executive Order empowers the Committee to review FCC license and transfer applications involving foreign participation to determine whether grant of the requested license or transfer approval may pose a risk to the national security or law enforcement interests of the United States, and to review existing licenses to identify any additional or new risks to national security or law enforcement interests that did not exist when a license was first granted. Following an investigation, the Committee may recommend that the FCC revoke or modify existing licenses or deny or condition approval of new licenses and license transfers. It is not possible for the Company to determine whether it may be subject to a proceeding to revoke or modify our existing licenses or predict the outcome of a review of new license or transfer applications by the Committee in the future. A review of existing licenses and/or a review of new licenses and transfers by the Committee may result in additional compliance obligations that may affect the Company's expenses and business operations in the future.

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 although court decisions, legislative action and/or changes in regulatory policy could lead to greater regulation of the internet (including internet access services). The Company 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 an adverse effect on the Company's business, financial condition, results of operations and cash flows.

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.

As a winning bidder in the FCC's Connect America Fund II ("CAF II") and Rural Digital Opportunity Fund ("RDOF") auction, the Company must comply with numerous FCC and state requirements prior to and after receiving such funding. If the Company fails to comply with those requirements, the FCC could consider us in default of the CAF II and RDOF program rules, and it could incur substantial penalties or forfeitures of future revenues, most significantly in Hawaii. For example, if the Company fails to attain certain specific buildout milestones and performance requirements under the CAF II and RDOF programs, the FCC could withhold future support payments until those shortcomings are corrected. Failure to comply with the rules and requirements for the CAF II and RDOF program could result in the Company being suspended or disbarred from future governmental programs or contracts for a significant period of time, which could adversely affect the Company's results of operations and financial condition.

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 our 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 our business operations. The complexity of the technology involved and the uncertainty of intellectual property litigation increases 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 the development and sale of certain of our 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 significantly depends on the competitive advantage it gains from our 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.

The Company could be subject to a significant amount of litigation, which could require the Company to pay significant damages or settlements.

The industry that the Company operates in faces a substantial risk 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 clean-up 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 clean-up 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, 2022, the Company owned or maintained properties throughout the U.S., Canada and India. Our headquarters is located in Cincinnati, Ohio where we lease approximately 200,000 square feet for executive, administrative and business offices for the Company. In addition to the space in Cincinnati, we own a building with approximately 465,000 square feet of office space in Honolulu, Hawaii for the Hawaiian Telcom operations. We lease office space in multiple locations in the U.S., Canada and India for operations to support our IT Services and Hardware segment.

Our properties include copper and fiber warehouses and associated equipment in each of our local operating markets. 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 Cincinnati Network 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, which are recorded as operating leases. The Company's network assets include a fiber network warehouse, internet protocol and circuit switches and integrated access terminal equipment. In addition, as of year-end, we lease eight Company-run retail locations.

With regard to its Hawaii Network operations, the Company has properties consisting of both owned and leased properties, including our administrative facilities and facilities for call centers, customer service sites for the television business, switching equipment, fiber optic networks, cable head-end equipment, coaxial distribution networks, routers and servers used in our telecommunications business. Leased properties are recorded as operating leases.

With regard to the IT Services and Hardware operations, the majority of business and administrative offices are located in leased facilities, which are recorded as operating leases.

For additional information about the Company's properties, see Note 5 to the consolidated financial statements.

Item 3. Legal Proceedings

The Company is 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 those contingencies that are probable and able to be estimated. 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, 2022, 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

Prior to the Merger, shares of Cincinnati Bell Common Stock and Preferred Stock were registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended and listed on the New York Stock Exchange (the "NYSE") under the ticker symbol CBB. As a result of the Merger, effective on September 7, 2021, the Company requested that the NYSE withdraw the shares of Cincinnati Bell Common Stock and Preferred Stock from listing on the NYSE and filed a Form 25 with the SEC to report that Cincinnati Bell Common Stock and Preferred Stock are no longer listed on the NYSE. The number of shares outstanding of Cincinnati Bell Common Stock was 50.9 million and the number of shares outstanding of Cincinnati Bell Preferred Stock was 0.2 million at September 7, 2021. Pursuant to the Merger Agreement, each of Cincinnati Bell's issued and outstanding Common Shares was converted into the right to receive $15.50 per share in cash, without interest. Additionally, the Company redeemed each of our issued and outstanding Depositary Shares simultaneously with the redemption of the 6 ¾% Preferred Shares at a redemption price of $50 per Depositary Share (equivalent to $1,000 per 6 ¾% Preferred Share). Red Fiber Parent is the sole record holder of Cincinnati Bell Common Stock. No other shares remain issued and outstanding as of December 31, 2022.

Item 6. Selected Financial Data

Effective with the Merger and the subsequent filing of the Form 25, the Company no longer meets the definition of an SEC registrant and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K. The Company is filing this Form-10-K with the SEC on a voluntary basis.

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.

Introduction

This Management's Discussion and Analysis section provides an overview of Cincinnati Bell Inc.'s financial condition as of December 31, 2022 and the results of operations for the year ended December 31, 2022, the periods January 1, 2021 through September 7, 2021 ("Predecessor") and September 8, 2021 through December 31, 2021 ("Successor"), and the year ended December 31, 2020. References in this Annual Report to "Successor" refer to the Company on or after September 8, 2021 and references to "Predecessor" refer to the results prior to September 8, 2021. This discussion should be read in conjunction with the accompanying Consolidated Financial Statements and accompanying notes.

Our results of operations as reported in our Consolidated Financial Statements for these periods are prepared in accordance with GAAP. Although GAAP requires that we report on our results for the period from January 1, 2021 through September 7, 2021 and the period from September 8, 2021 through December 31, 2021 separately, management views the Company's operating results for the year ended December 31, 2021 by combining the results of the applicable Predecessor and Successor periods because such presentation provides the most meaningful comparison of our results to prior periods.

To enhance the analysis of our operating results for the periods presented, we have included a discussion of selected financial and operating data of the Predecessor and Successor on a combined basis for the year ended December 31, 2021. This presentation consists of the mathematical addition of selected financial and operating data of the Predecessor for the period from January 1, 2021 to September 7, 2021 plus the comparable financial and operating data of the Successor for the period from September 8, 2021 to December 31, 2021. There are no other adjustments made in the combined presentation. The mathematical combination of selected financial and operating data is included below under the heading "Combined Year Ended December 31, 2021" and this data is a non-GAAP presentation. Management believes that this selected financial and operating data provides investors with useful information upon which to assess our operating performance because the results of operations for a twelve-month period correspond to how we have reported our results in the past and how we will report our results in the future.

Our Management's Discussion and Analysis of Financial Condition and Results of Operations included in this document generally discusses 2022 and 2021 items and year-to-year comparisons between 2022 and 2021. Discussions of 2020 items and year-to-year comparisons between 2021 and 2020 that are not included in this document can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2021 filed on May 19, 2022.

Acquisition by Red Fiber Parent LLC

On March 13, 2020, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Red Fiber Parent LLC, a Delaware limited liability company ("Parent"), and RF Merger Sub Inc., an Ohio corporation and directly wholly owned subsidiary of Parent ("Merger Sub"). On September 7, 2021 (the "Closing Date" or "Merger Date"), upon the terms and subject to the conditions set forth in the Merger Agreement and in accordance with the applicable provisions of the Ohio General Corporation Law (the "OGCL"), Merger Sub merged with and into the Company, with the Company continuing as the surviving corporation (the "Merger"). At the effective time of the Merger (the "Effective Time"), the separate corporate existence of Merger Sub ceased, and the Company survived the Merger as a wholly owned private subsidiary of Parent.

Upon completion of the Merger, Parent was deemed the accounting acquirer and Cincinnati Bell Inc. the accounting acquiree. Under the acquisition method of accounting, the assets and liabilities associated with Cincinnati Bell Inc. were recorded at their fair values measured as of the acquisition date. The excess of the purchase price over the estimated fair values of the net assets acquired was recorded as goodwill. The capital contribution as a result of the Merger included cash from Parent in the amount of $1,716.1 million. These proceeds were used to pay on the date of the Merger (1) $807.3 million of consideration payable to Common Shareholders, including restricted stock awards that vested upon the Closing Date to certain employees, (2) $155.2 million of consideration payable to Preferred Shareholders, (3) $658.2 million of existing debt and accrued interest under the Corporate Credit Agreement and (4) transaction costs of $44.0 million primarily related to legal costs and acquisition-related advisory fees associated with the Merger. The Company also incurred note issuance costs of $38.1 million related to the Credit Agreement entered into in connection with the Merger. The Note issuance costs were capitalized as a reduction to the outstanding debt balances or to "Other noncurrent assets" for costs associated with the Revolving Credit Facility due 2026. In addition, certain stock-based compensation awards were accelerated upon the Closing Date, which resulted in a nonrecurring expense of approximately $9.3 million recorded to SG&A in the Predecessor period.

Prior to entering into the Merger Agreement, the Company previously entered the Brookfield Merger Agreement with affiliates of Brookfield, the infrastructure investment division of Brookfield Asset Management, which was subsequently amended. On March 13, 2020, the Company terminated the Brookfield Merger Agreement and entered into the Merger Agreement. In connection with the termination of the Brookfield Merger Agreement, the Company paid to an affiliate of Brookfield a termination fee of $24.8 million as required by the terms of the Brookfield Merger Agreement. The termination fee is recorded in "Transaction and integration costs" on the Consolidated Statements of Operations.

altafiber Brand

In March 2022, the Company announced that we will begin doing business as "altafiber" in Ohio, Kentucky and Indiana as we continue to expand our geographic reach and invest in our fiber network that delivers broadband connectivity. The branding change will not impact our Hawaiian Telcom business or IT Services business, which is branded as CBTS in the U.S. and Europe and OnX in Canada.

Executive Summary

Segment results described in the Executive Summary are net of intercompany eliminations.

Consolidated revenue for the year ended December 31, 2022 totaled $1,796.0 million, an increase of $102.9 million compared to the combined Predecessor and Successor periods included within 2021 as strategic revenue growth in both segments offset declines in Legacy revenue. For 2022, Fioptics revenue increased $54.3 million compared to the combined Predecessor and Successor periods included within the prior year as the Company continues to focus on high-speed internet activations in addition to recording revenue of $22.9 million in 2022 associated with nonrecurring subsidized fiber build projects while Legacy revenue decreased $43.1 million compared to the combined Predecessor and Successor periods included in 2021. IT Services and Hardware experienced revenue growth in all practices in 2022 compared to the combined Predecessor and Successor periods in 2021, with the most significant growth in the Consulting practice and Infrastructure Solutions practice in which revenue increased 13% and 20%, respectively, compared to the combined Predecessor and Successor periods included within the prior year.

Operating loss for 2022 totaled $97.3 million compared to operating income of $18.6 million for the combined Predecessor and Successor periods included within 2021. Revenue growth in both segments was more than offset due most significantly to higher depreciation and amortization expenses related to the increased value of property, plant and equipment and intangibles as a result of fair value adjustments recorded as of the Merger Date in addition to increases in cost of services and products and SG&A expenses to support revenue growth. These increases were partially offset by the decrease in transaction and integration costs in 2022 compared to the combined Predecessor and Successor periods included within 2021.

Interest expense decreased $27.3 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to the extinguishment of the 7% Senior Notes due 2024 and 8% Senior Notes due 2025 in the fourth quarter of 2021 and the extinguishment of the Tranche B Term Loan due 2024 and interest rate swaps in the Predecessor period in connection with the Merger. These decreases were partially offset by interest expense incurred in 2022 related to the Term B-1 Loans and Term B-2 loans in addition to higher interest expense on the Revolving Credit Facility due 2026 and Receivables Facility due to increases in interest rates and borrowings in 2022.

Other components of pension and postretirement benefit plans expenses decreased for 2022 compared to the combined Predecessor and Successor periods included within the prior year due to remeasuring the pension and postretirement projected benefit obligations, actuarial gains (losses) and prior service costs (benefits) as of the Merger Date as well as favorable asset returns in 2021 also favorably impacting the annual remeasurement performed in December 2021and the Merger Date remeasurement.

Loss on extinguishment of debt recorded in the Predecessor period of 2021 is due to the termination of the Company's former Corporate Credit Agreement in connection with the Merger. Loss on extinguishment of debt recorded in the Successor period of 2021 is due to the termination of the 7% Senior Notes due 2024 and 8% Senior Notes due 2025.

Other (income) expense, net totaled income of $13.6 million for 2022 primarily due to recording a gain associated with the Company's interest rate swap agreements and interest rate cap agreements in 2022 of $12.0 million. Other (income) expense, net totaled expense of $19.4 million for the combined Predecessor and Successor periods included within 2021 due to recording a loss on termination of interest rate swaps of $20.1 million in the Predecessor period of 2021.

Loss before income taxes totaled $166.0 million for 2022 resulting in an increase in the loss of $33.3 million compared to the combined Predecessor and Successor periods included within 2021. The decrease in operating income more than offset lower interest expense and pension and postretirement benefit plans expense in 2022 compared to the combined Predecessor and Successor periods included within 2021 as well as recording a gain on the Company's interest rate swap agreements and interest cap agreements in 2022 and recording loss on extinguishment of debt and loss on termination of interest rate swaps in the combined Predecessor and Successor periods included within the prior year.

The income tax provision for 2022 was a benefit of $35.1 million which was slightly higher than the period's income at the statutory rate, due primarily to net state tax benefit. The income tax provision for the combined Predecessor and Successor periods included within 2021 was a benefit of $24.2 million. The income tax benefit recorded in 2022 was higher than the benefit recorded in the comparable combined Predecessor and Successor periods in the prior year due to higher losses before taxes in the current period.

Impact of COVID-19 on Our Business - Update

Beginning in March 2020 and continuing through the first quarter of 2021, our business experienced the effects of the COVID-19 pandemic most significantly due to increased bad debt expense and reduced revenue in certain of our revenue streams primarily due to the Keep Americans Connected Pledge ("Pledge") for which the Company committed to waive late fees for, and not terminate service to, any of our consumer or small business customers who did not pay their bills timely due to an inability to pay caused by the COVID-19 crisis. Subsequent to the first quarter of 2021, bad debt expense has returned to pre-pandemic levels and strategic revenue trends are normalized and improving. Starting in 2021, we began to experience logistics challenges in obtaining inventory in a timely manner due to demand exceeding the supply of certain inventory products. Logistics challenges continued to impact operations in 2022. Additionally, access to skilled employees and contractors may create delays or increased costs in the planned build-out of the fiber network in both geographies.

Discussion of Operating Segment Results

The Company manages its business based upon product and service offerings. For the years ended December 31, 2022, 2021 and 2020, we operated two business segments: Network, previously referred to as Entertainment and Communications, and IT Services and Hardware. 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.

Network

The Network segment provides products and services that are categorized as Fioptics, previously referred to as "Consumer/SMB Fiber" in Hawaii and collectively with Fioptics in Cincinnati, Enterprise Fiber or Legacy. 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 approximately 150 years. In 2022, the Company announced that we will being doing business as "altafiber" and started their network expansion outside of this territory to provide fiber services to Dayton, Ohio. Voice and data services in the Enterprise Fiber and Legacy categories that are delivered beyond the Company's ILEC territory, particularly in Dayton and Mason, Ohio, are provided through the operations of Cincinnati Bell Extended Territories LLC ("CBET"), a subsidiary of CBT. On July 2, 2018, the Company acquired Hawaiian Telcom. Hawaiian Telcom is the ILEC for the State of Hawaii and the largest full service provider of communications services and products in the state. Originally incorporated in Hawaii in 1883 as Mutual Telephone Company, Hawaiian Telcom has a strong heritage of nearly 140 years as Hawaii's communications carrier. Its services are offered on all of Hawaii's major islands, except its video service, which currently is only available on the island of Oahu. On May 2, 2022, the Company acquired Agile IWG Holdings, LLC ("Agile"), based in Canton, Ohio. Agile leases wireless infrastructure assets to third parties and provides connectivity through hybrid fiber wireless data networks primarily to customers in Ohio and Pennsylvania.

Fioptics products include high-speed internet access, categorized below as data, voice lines and video as well as subsidized fiber build project revenue included in Other related to extending the Company's fiber network in the Greater Cincinnati territory subsidized through our UniCity program and in Hawaii subsidized through a customer contract. The Company is able to deliver speeds up to one gigabit per second to nearly 80% of Greater Cincinnati and more than 40% of Hawaii's total addressable market.

Enterprise Fiber products include metro-ethernet, dedicated internet access, wavelength, IRU contracts, and wireless backhaul to macro-towers and small cells. Hawaiian Telcom Enterprise Fiber also includes revenue from the SEA-US cable. As enterprise customers migrate from legacy products and copper-based technology, our metro-ethernet product becomes the preferred method of transport due to its ability to support multiple applications on a single physical connection. Subsequent to the Company's acquisition of Agile in May 2022, Enterprise Fiber revenue also includes revenue from Agile.

Legacy products include traditional voice lines, consumer long distance, switched access, digital trunking, DSL, DS0, DS1, DS3 and other value-added services such as caller identification, voicemail, call waiting and call return.

(dollars in millions)	Successor Year Ended December 31, 2022	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Non-GAAP Combined Year Ended December 31, 2021	Predecessor Year Ended December 31, 2020
Revenue:					
Data	$ 523.3	$ 156.2	$ 334.6	$ 490.8	$ 479.4
Video	193.6	60.4	131.8	192.2	193.8
Voice	230.8	76.4	177.3	253.7	262.8
Other	46.6	10.8	20.5	31.3	33.6
Total Revenue	994.3	303.8	664.2	968.0	969.6
Operating costs and expenses:					
Cost of services and products	447.3	138.2	301.2	439.4	427.4
Selling, general and administrative	207.2	58.9	118.3	177.2	175.0
Depreciation and amortization	393.3	113.0	166.9	279.9	252.7
Loss on impairment of long-lived assets	2.7	—	—	—	—
Restructuring and severance charges	—	—	(0.5)	(0.5)	14.8
Total operating costs and expenses	1,050.5	310.1	585.9	896.0	869.9
Operating (loss) income	$ (56.2)	$ (6.3)	$ 78.3	$ 72.0	$ 99.7
Operating margin	(5.7)%	(2.1)%	11.8%	7.4%	10.3%
Capital expenditures	$ 452.6	$ 113.1	$ 149.3	$ 262.4	$ 200.0

Network, continued

Metrics information (in thousands):	Successor December 31, 2022	Successor December 31, 2021	Change 2022 vs. 2021	% Change 2022 vs. 2021	Predecessor December 31, 2020	Change 2021 vs. 2020	% Change 2021 vs. 2020
Cincinnati							
Fioptics							
Data							
Internet FTTP*	299.3	261.3	38.0	15%	239.9	21.4	9%
Video							
Fioptics Video	123.1	123.3	(0.2)	0%	128.0	(4.7)	(4)%
Voice							
Fioptics Voice Lines	100.7	101.2	(0.5)	0%	103.8	(2.6)	(3)%
Fioptics Units Passed							
Units passed FTTP*	657.2	530.8	126.4	24%	499.6	31.2	6%
Units passed FTTN*	75.8	128.3	(52.5)	(41)%	137.4	(9.1)	(7)%
Total Fioptics units passed	733.0	659.1	73.9	11%	637.0	22.1	3%
Enterprise Fiber							
Data							
Ethernet Bandwidth (Gb)	10,923	7,232	3,691	51%	6,566	666	10%
Legacy							
Data							
DSL and FTTN**	49.3	73.8	(24.5)	(33)%	88.6	(14.8)	(17)%
Voice							
Legacy Voice Lines	135.2	155.3	(20.1)	(13)%	175.1	(19.8)	(11)%

* Fiber to the Premise (FTTP), Fiber to the Node (FTTN)

**Internet speeds of less than 100mbps including Legacy DSL and FTTN previously included in Fioptics Data

Network, continued

Metrics information (in thousands):	Successor December 31, 2022	Successor December 31, 2021	Change 2022 vs. 2021	% Change 2022 vs. 2021	Predecessor December 31, 2020	Change 2021 vs. 2020	% Change 2021 vs. 2020
Hawaii							
Fioptics							
Data							
Internet FTTP*	70.6	65.7	4.9	7%	59.8	5.9	10%
Video							
Fioptics Video	36.0	37.5	(1.5)	(4)%	40.6	(3.1)	(8)%
Voice							
Fioptics Voice Lines	29.2	28.0	1.2	4%	29.5	(1.5)	(5)%
Fioptics Units Passed **							
Units passed FTTP*	268.0	215.0	53.0	25%	184.3	30.7	17%
Units passed FTTN*	59.8	64.3	(4.5)	(7)%	70.0	(5.7)	(8)%
Total Fioptics units passed	327.8	279.3	48.5	17%	254.3	25.0	10%
Enterprise Fiber							
Data							
Ethernet Bandwidth (Gb)	4,885	4,407	478	11%	4,021	386	10%
Legacy							
Data							
DSL and FTTN***	37.3	38.7	(1.4)	(4)%	47.8	(9.1)	(19)%
Voice							
Legacy Voice Lines	121.5	137.2	(15.7)	(11)%	160.1	(22.9)	(14)%

* Fiber to the Premise (FTTP), Fiber to the Node (FTTN)

** Includes units passed for both consumer and business on Oahu and neighbor islands

***Internet speeds of less than 100mbps including Legacy DSL and FTTN previously included in Fioptics Data

Network, continued

(dollars in millions)	Successor Twelve Months Ended December 31, 2022		
	Cincinnati	Hawaii	Total
Revenue			
Fioptics			
Data	$ 217.6	$ 47.9	$ 265.5
Video	157.8	35.8	193.6
Voice	34.3	11.3	45.6
Other	19.6	3.6	23.2
Total Fioptics	429.3	98.6	527.9
Enterprise Fiber			
Data	94.5	48.7	143.2
Legacy			
Data	72.6	42.0	114.6
Voice	90.1	95.1	185.2
Other	12.4	11.0	23.4
Total Legacy	175.1	148.1	323.2
Total Network revenue	$ 698.9	$ 295.4	$ 994.3

(dollars in millions)	Successor September 8, 2021 to December 31, 2021			Predecessor January 1, 2021 to September 7, 2021			Non-GAAP Combined Twelve Months Ended December 31, 2021		
	Cincinnati	Hawaii	Total	Cincinnati	Hawaii	Total	Cincinnati	Hawaii	Total
Revenue									
Fioptics									
Data	$ 62.3	$ 13.1	$ 75.4	$ 127.3	$ 28.1	$ 155.4	$ 189.6	$ 41.2	$ 230.8
Video	49.3	11.1	60.4	106.9	24.9	131.8	156.2	36.0	192.2
Voice	10.7	3.5	14.2	23.7	7.9	31.6	34.4	11.4	45.8
Other	2.2	—	2.2	2.6	—	2.6	4.8	—	4.8
Total Fioptics	124.5	27.7	152.2	260.5	60.9	321.4	385.0	88.6	473.6
Enterprise Fiber									
Data	27.1	13.9	41.0	57.8	29.3	87.1	84.9	43.2	128.1
Legacy									
Data	24.9	14.9	39.8	59.1	33.0	92.1	84.0	47.9	131.9
Voice	31.0	31.2	62.2	72.9	72.8	145.7	103.9	104.0	207.9
Other	4.2	4.4	8.6	9.0	8.9	17.9	13.2	13.3	26.5
Total Legacy	60.1	50.5	110.6	141.0	114.7	255.7	201.1	165.2	366.3
Total Network revenue	$ 211.7	$ 92.1	$ 303.8	$ 459.3	$ 204.9	$ 664.2	$ 671.0	$ 297.0	$ 968.0

(dollars in millions)	Predecessor Twelve Months Ended December 31, 2020		
	Cincinnati	Hawaii	Total
Revenue			
Fioptics			
Data	$ 169.6	$ 36.1	$ 205.7
Video	155.5	38.3	193.8
Voice	34.0	10.9	44.9
Other	1.3	0.7	2.0
Total Fioptics	360.4	86.0	446.4
Enterprise Fiber			
Data	86.0	41.2	127.2
Legacy			
Data	94.6	51.9	146.5
Voice	113.3	104.6	217.9
Other	15.6	16.0	31.6
Total Legacy	223.5	172.5	396.0
Total Network revenue	$ 669.9	$ 299.7	$ 969.6

Network, continued

Fioptics

Fioptics revenue increased $54.3 million in 2022 compared to the combined Predecessor and Successor periods included within 2021 as the increase in the subscriber base for internet more than offset the decline in video subscribers. The internet subscriber base continues to increase as we focus attention on growing the internet FTTP subscriber base and accelerating the pace of our fiber build which enabled us to pass 126,400 FTTP addresses in Cincinnati and 53,000 FTTP addresses in Hawaii during 2022. The Average Revenue Per User ("ARPU") for 2022 increased for internet in both Cincinnati and Hawaii by 7% and 11%, respectively, compared to the combined Predecessor and Successor periods included within 2021, primarily due to price increases and more customers subscribing to higher broadband tiers. Video ARPU also increased for 2022 compared to the combined Predecessor and Successor periods included within 2021 in both Cincinnati and Hawaii by 4% and 6%, respectively, which partially offset the decline in subscribers. Video ARPU increases are related to price increases as well as change in the mix of subscribers. Other revenue increased for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to recording revenue of $22.9 million in 2022 associated with nonrecurring subsidized fiber build projects in Cincinnati and Hawaii.

Enterprise Fiber

Enterprise Fiber revenue increased by $15.1 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to increased revenue as a result of customers migrating from legacy product offerings to higher bandwidth fiber solutions as evidenced by the 51% and 11% increases in Ethernet Bandwidth in Cincinnati and Hawaii, respectively. During 2022, significant contracts were signed with large carriers in Cincinnati and Hawaii to upgrade Ethernet Bandwidth across their networks. Increased revenue was partially offset by pricing pressures to provide higher speeds at a lower cost. In addition, Agile contributed revenue of $8.7 million in 2022.

Legacy

Legacy revenue decreased for 2022 compared to the combined Predecessor and Successor periods included within 2021 due to the decline in voice lines and DSL subscribers. Voice lines declined 13% and 11% in Cincinnati and Hawaii, respectively, as the traditional voice lines become less relevant. DSL subscribers continue to decrease in Cincinnati and Hawaii, as subscribers demand the higher speeds that can be provided by fiber. In addition, declines in DS1, DS3 and digital trunking have contributed to the revenue decline for these products in 2022 compared to the prior year as customers migrate away from these solutions to fiber-based solutions.

Network, continued

Operating Costs and Expenses

Cost of services and products increased $7.9 million for 2022 compared to the combined Predecessor and Successor periods included within 2021. Operating and facilities expenses increased $6.5 million due to increased energy costs. Operating materials increased $4.4 million as a result of increased purchases associated with the expansion of our fiber network. Rent expense increased $3.5 million primarily due to expense contributed by Agile in 2022. Software development costs increased $1.9 million due to costs associated with our video product and call center. Payroll related costs increased $1.6 million primarily due to additional headcount and overtime wages partially offset by lower healthcare costs. Video content costs also increased $1.5 million. These increases were partially offset by lower operating taxes of $6.3 million primarily due to lower regulatory fees. In addition, costs deferred in accordance with ASC 606 during the Predecessor period were remeasured as of the Merger Date resulting in a decrease to expense of $3.8 million in 2022 compared to the combined Predecessor and Successor periods in 2021.

SG&A expenses increased $30.1 million for 2022 compared to the combined Predecessor and Successor periods included within 2021. Contract services costs increased $9.4 million primarily due to higher utilization of outside contractors on certain specialized projects, increased insurance costs and legal expense incurred associated with a legal dispute in Hawaii. Payroll related costs increased $6.8 million due to additional headcount including headcount associated with the Company's acquisition of Agile. Advertising expenses increased $5.4 million due to increased marketing campaigns, including rebranding the business as "altafiber," and promotional events. Software development costs increased $2.3 million primarily due to improvements related to automating the consumer experience as well as other internal projects. Bad debt expense increased $2.3 million due to lower expense incurred in the combined Predecessor and Successor periods included within 2021 as a result of focus on collection efforts for aged receivables of customers who did not pay their bills timely due to an inability to pay caused by the COVID-19 pandemic and favorable resolution in the first quarter of 2021 of reserved balances associated with a customer that filed for bankruptcy in a prior period. Operating materials increased $1.6 million primarily due to purchases associated with the Company's rebranding as "altafiber" and increased fuel costs. Employee related costs increased $1.1 million as travel and entertainment activity continued to be lower in the combined Predecessor and Successor periods included within 2021 as a result of the pandemic.

Depreciation and amortization expenses increased $113.4 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to additional expense incurred subsequent to the Merger Date related to the increased value of property, plant and equipment and intangibles as a result of recording amounts at fair value.

Loss on impairment of long-lived assets recorded in 2022 is related to the impairment of leasehold improvements at the Company's headquarters.

Restructuring and severance charge reversals recorded in the Predecessor period of 2021 are due to employees that transitioned to new positions in the Company and were previously included in the VSP offered in the first quarter of 2020.

Network, continued

Capital Expenditures

(dollars in millions)	Successor Twelve Months Ended December 31, 2022		
	Cincinnati	Hawaii	Total
Fioptics capital expenditures			
Construction	$ 149.5	$ 48.8	$ 198.3
Installation	67.9	24.1	92.0
Other	11.6	4.7	16.3
Total Fioptics	229.0	77.6	306.6
Enterprise Fiber	19.4	21.0	40.4
Other	43.8	61.8	105.6
Total Network capital expenditures	$ 292.2	$ 160.4	$ 452.6

	Successor September 8, 2021 to December 31, 2021		
	Cincinnati	Hawaii	Total
Fioptics capital expenditures			
Construction	$ 30.0	$ 12.4	$ 42.4
Installation	14.7	8.7	23.4
Other	2.9	0.6	3.5
Total Fioptics	47.6	21.7	69.3
Enterprise Fiber	5.8	5.3	11.1
Other	18.2	14.5	32.7
Total Network capital expenditures	$ 71.6	$ 41.5	$ 113.1

	Predecessor January 1, 2021 to September 7, 2021		
	Cincinnati	Hawaii	Total
Fioptics capital expenditures			
Construction	$ 22.3	$ 16.7	$ 39.0
Installation	30.6	9.5	40.1
Other	3.3	0.4	3.7
Total Fioptics	56.2	26.6	82.8
Enterprise Fiber	14.5	9.6	24.1
Other	19.4	23.0	42.4
Total Network capital expenditures	$ 90.1	$ 59.2	$ 149.3

	Non-GAAP Combined Twelve Months Ended December 31, 2021		
	Cincinnati	Hawaii	Total
Fioptics capital expenditures			
Construction	$ 52.3	$ 29.1	$ 81.4
Installation	45.3	18.2	63.5
Other	6.2	1.0	7.2
Total Fioptics	103.8	48.3	152.1
Enterprise Fiber	20.3	14.9	35.2
Other	37.6	37.5	75.1
Total Network capital expenditures	$ 161.7	$ 100.7	$ 262.4

Network, continued

	Predecessor		
	Twelve Months Ended December 31, 2020		
	Cincinnati	Hawaii	Total
Fioptics capital expenditures			
Construction	$ 21.9	$ 14.5	$ 36.4
Installation	32.9	14.7	47.6
Other	10.7	0.9	11.6
Total Fioptics	65.5	30.1	95.6
Enterprise Fiber	14.0	11.0	25.0
Other	35.3	44.1	79.4
Total Network capital expenditures	$ 114.8	$ 85.2	$ 200.0

Capital expenditures in Cincinnati are incurred to expand our Fioptics product suite, upgrade and increase capacity for our networks, and to maintain our fiber and copper networks. The Company is focused on building FTTP addresses and has accelerated the pace of our build, and during 2022, we passed 126,400 FTTP addresses in Cincinnati. As of December 31, 2022, the Company is able to deliver its Fioptics services with speeds up to one gigabit or more to 657,200 residential and commercial addresses, or nearly 80% of our operating territory in Cincinnati.

Cincinnati construction capital expenditures increased $97.2 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to passing more addresses in 2022 due to the Company's accelerated build. Construction capital expenditures are also impacted by the timing of capital expenditures, which does not necessarily coincide with the timing of when addresses become available. Cincinnati installation capital expenditures increased $22.6 million for 2022 compared to the combined Predecessor and Successor periods included within the prior year primarily due to increased activations. Cincinnati installation capital expenditures were also impacted by the timing of expenditures for customer premise equipment ("CPE") utilized for installations.

Enterprise Fiber capital expenditures in Cincinnati are related to success-based fiber builds, including associated equipment, for enterprise and carrier projects to provide ethernet services as well as network refresh projects that ensure that we continue to grow our capacity and services within the network core. Cincinnati Enterprise Fiber capital expenditures decreased $0.9 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to expenditures incurred in 2021 associated with a scheduled network refresh project. The decrease was partially offset by expenditures contributed by Agile of $3.8 million in 2022. Other capital expenditures are related to IT projects, cable and equipment maintenance and capacity additions, real estate upgrades and maintenance, plus other minor capital purchases.

Hawaii construction capital expenditures increased $19.7 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 due to building out 53,000 new FTTP addresses in 2022, primarily in rural areas and on the neighbor islands. In 2022, construction costs incurred for Connect America Fund ("CAF") addresses totaled $3.9 million compared to $7.9 million in the combined Predecessor and Successor periods included within 2021. Beginning in 2022, the Company incurred construction costs of $1.8 million for Rural Digital Opportunity Fund ("RDOF") addresses. Hawaii installation capital expenditures increased $5.9 million for 2022 compared to the combined Predecessor and Successor periods included within the prior year primarily due to increased internet installations on the neighbor islands. Hawaii installation capital expenditures were also impacted by the timing of expenditures for CPE utilized for installations in 2022. Enterprise fiber capital in Hawaii is primarily driven by new ethernet customers. Hawaii capital expenditures classified as Other include IT projects, real estate projects, road jobs or plant damage projects, and network upgrades or optimization projects.

IT Services and Hardware

The IT Services and Hardware segment provides end-to-end solutions from consulting to implementation to ongoing optimization. These solutions include Cloud, Communications and Consulting services along with the sale and maintenance of major branded Telecom and IT hardware reported as Infrastructure Solutions. These services and products are provided through the CBTS brand in various geographic areas throughout the United States and Europe and through the OnX brand in Canada. By offering a full range of equipment and strategic services in conjunction with the Company's fiber and copper networks, the IT Services and Hardware segment provides our customers personalized solutions designed to meet their business objectives.

Cloud services include the design, implementation and on-going management of the customer's infrastructure. This includes on-premise, public cloud and private cloud solutions. The Company assists customers with the risk assessment phase through an in-depth understanding of the customer's business as well as designing and building a solution, using either the customer's existing infrastructure or new cloud-based options that transform the way the customer does business.

Communications solutions help to transform the way our customers do business by connecting employees, customers and business partners. By upgrading legacy technologies through customized build projects and reducing customer costs, the Company helps to transform the customer's business. These services include Unified Communications as a Service ("UCaaS"), Software-Defined Wide Area Network ("SD-WAN"), Network as a Service ("NaaS"), Contact Center and Collaboration.

Using our experience and expertise, Infrastructure Solutions are tailored to our customers' organizational goals. We offer a complete portfolio of services that provide customers with efficient and optimized IT solutions that are agile and responsive to their business and are integrated, simplified and manageable. Through consulting with customers, the Company will build a solution using standard manufacturer equipment to meet our customers' specific requirements.

Consulting services help customers assess their business and technology needs and provide the talent needed to ensure success. The Company is a premier provider of application services and IT staffing.

(dollars in millions)	Successor Year Ended December 31, 2022	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021	Non-GAAP Combined Year Ended December 31, 2021	Predecessor Year Ended December 31, 2020
Revenue:					
Consulting	$ 339.4	$ 105.5	$ 193.6	$ 299.1	$ 196.0
Cloud	101.7	31.9	66.4	98.3	86.2
Communications	222.3	68.5	149.1	217.6	215.0
Infrastructure Solutions	164.5	53.4	83.3	136.7	119.4
Total revenue	827.9	259.3	492.4	751.7	616.6
Operating costs and expenses:					
Cost of services and products	565.8	172.3	335.6	507.9	400.0
Selling, general and administrative	165.0	51.0	104.8	155.8	149.4
Depreciation and amortization	103.5	31.4	27.9	59.3	40.6
Restructuring and severance related charges	2.0	0.6	1.7	2.3	2.0
Gain on sale of assets, net	—	—	(2.8)	(2.8)	—
Total operating costs and expenses	836.3	255.3	467.2	722.5	592.0
Operating (loss) income	$ (8.4)	$ 4.0	$ 25.2	$ 29.2	$ 24.6
Operating margin	(1.0)%	1.5%	5.1%	3.9%	4.0%
Capital expenditures	$ 30.1	$ 13.9	$ 15.9	$ 29.8	$ 23.5

IT Services and Hardware, continued

Metrics information:	Successor December 31, 2022	Successor December 31, 2021	Change 2022 vs. 2021	% Change 2022 vs. 2021	Predecessor December 31, 2020	Change 2021 vs. 2020	% Change 2021 vs. 2020
Consulting							
Billable Resources	2,385	2,385	-	0%	1,665	720	43%
Communications							
NaaS Locations	11,803	10,640	1,163	11%	5,691	4,949	87%
SD - WAN Locations	8,729	7,174	1,555	22%	3,191	3,983	n/m
Hosted UCaaS Profiles*	314,838	302,766	12,072	4%	281,000	21,766	8%

* Includes Hawaii Hosted UCaaS Profiles

Revenue

IT Services and Hardware revenue increased $76.2 million for 2022 compared to the combined Predecessor and Successor periods included within 2021. Consulting revenue increased $40.3 million due to existing customer projects which continued to bill and grow in 2022. Cloud revenue increased $3.4 million primarily due to increased revenue from providing ongoing public cloud services to new customers obtained in 2021 and 2022 that continue to bill and grow in addition to providing ongoing monitoring and management services and other cloud services related to significant customer contracts obtained in prior years which continued to bill and grow in 2022. These increases were partially offset by a decrease in virtual data center revenue of $2.4 million as a result of a customer's insourcing initiatives and a decrease in professional services projects. Communications revenue increased $4.7 million as a result of customers migrating to newer technologies which has increased the Company's Hosted UCaaS profiles, NaaS locations and SD-WAN locations. These increases were partially offset by the decline in legacy communications revenue. Infrastructure Solutions revenue increased $27.8 million primarily due to increased revenue associated with professional services projects and the sale of hardware in 2022 compared to the combined Predecessor and Successor periods included within 2021.

Operating Costs and Expenses

IT Services and Hardware cost of services and products increased $57.9 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 due to increases in payroll related costs and contractor costs, and to a lesser extent, software licensing costs. In 2022, the increases in payroll related costs and contractor costs of $11.1 million and $51.2 million, respectively, as compared to the combined Predecessor and Successor periods included within 2021 are due to additional headcount to support the growth in the Communications and Consulting practices. Billable resources as of December 31, 2022 were flat compared to December 31, 2021 due to the timing of projects but the average headcount for 2022 was higher compared to the combined Predecessor and Successor periods included within 2021 resulting in the increased expense in 2022. Higher software licensing costs were also incurred to support the revenue growth in the Communications practice. These increases were partially offset by lower regulatory fees and network related costs for 2022 compared to the combined Predecessor and Successor periods included within 2021. The decrease in network related costs is due to legacy revenue decline in the Communications practice.

IT Services and Hardware, continued

SG&A expenses increased $9.2 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily to support revenue growth. Payroll related costs increased $2.6 million due to higher employee commissions. Increased contract services costs of $1.8 million are due to increased contractors used for special projects in addition to higher insurance expenses. Employee related costs increased $1.3 million as travel and entertainment continued to be low in the combined Predecessor and Successor periods included within 2021 as a result of the pandemic. Increased rent expense of $0.7 million is primarily due to increased operating lease expense. Software development costs increased $0.6 million due to internal software projects.

Depreciation and amortization expenses increased $44.2 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to additional expense incurred subsequent to the Merger Date related to the increased value of property, plant and equipment and intangibles as a result of recording amounts at fair value.

Restructuring and severance charges recorded in the year ended December 31, 2022, the combined Predecessor and Successor periods included within 2021 and the year ended December 31, 2020 are associated with initiatives to reduce and contain costs.

Capital Expenditures

Capital expenditures are dependent on the timing of success-based projects. Capital expenditures for the year ended December 31, 2022 were primarily related to projects supporting the Cloud and Communications practice. In addition to success-based projects, the Company incurred $4.9 million in capital expenditures for implementation work associated with internal software projects in the year ended December 31, 2022.

Corporate

Corporate is comprised primarily of general and administrative costs that have not been allocated to the business segments and transaction and integration costs related to acquisition transactions. Corporate costs totaled $32.7 million in 2022, $82.5 million in the combined Predecessor and Successor periods included within 2021 and $58.3 million in 2020.

Corporate costs decreased by $49.8 million in 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to lower transaction and integration costs of $44.3 million in addition to decreased bonus expense for certain stock-based compensation awards that were accelerated upon the Merger Date.

Financial Condition, Liquidity, and Capital Resources

Capital Investment, Resources and Liquidity

Short-term view

Our primary source of cash is generated by operations. The Company generated cash flows from operations of $321.2 million for the year ended December 31, 2022, $167.7 million in the combined Predecessor and Successor periods included within 2021 and $206.1 million for the year ended December 31, 2020.

The Company's primary uses of cash are for capital expenditures and debt service and, to a lesser extent, to fund pension and retiree medical obligations. In 2022, the Company paid cash consideration of $65.5 million related to the acquisition of Agile. In connection with the Merger and the initial capitalization by Parent in 2021, the Company paid $807.3 million as consideration to Common Shareholders, including restricted stock awards that vested on the Merger Date to certain employees, $155.2 million as consideration to Preferred Shareholders and $44.0 million of transaction costs primarily related to legal costs and acquisition-related advisory fees associated with the Merger.

In connection with the Merger, at the Effective Time, the Company entered into a new Credit Agreement (the "Credit Agreement") and terminated the existing Corporate Credit Agreement. The Credit Agreement initially provided for (i) a five-year $275 million senior secured revolving credit facility, including both a letter of credit subfacility of up to $40 million and a swingline loan subfacility of up to $10 million (the "Revolving Credit Facility due 2026") and (ii) a seven-year $150 million senior secured term loan facility (the "Term B-1 Loans"). The Revolving Credit Facility due 2026 matures in September 2026 and the Term B-1 Loans mature in September 2028. Borrowings under the Term B-1 Loans were used to refinance existing company indebtedness, finance a portion of the fees and expenses relating to the acquisition of the Company and the establishment of the Credit Agreement, and for working capital and general corporate purposes. The Company capitalized $32.0 million of costs incurred as a result of the Term B-1 Loans as a reduction of debt. In addition, $6.1 million of costs incurred as a result of the Revolving Credit Facility due 2026 were capitalized and recorded in "Other noncurrent assets."

In November 2021, the Company entered into an Amendment (the "Amendment No. 1") to the Credit Agreement to provide for, among other things, (i) a $125.0 million upsize to the Revolving Credit Facility due 2026, increasing the total commitments under the Revolving Credit Facility due 2026 to $400.0 million, (ii) a $350.0 million incremental increase to the Term B-1 Loans (the "Incremental Term B-1 Loans Increase"), increasing the aggregate principal amount of Term B-1 Loans to $500.0 million, and (iii) the incurrence of a new tranche of $650.0 million aggregate principal amount of senior secured term loans (the "Term B-2 Loans"). The proceeds of the Incremental Term B-1 Loans Increase and the Term B-2 Loans were used by the Company to redeem in full all of the Company's existing 7.000% Senior Notes due 2024 (the "2024 Notes") and 8.000% Senior Notes due 2025 (the "2025 Notes"), and to pay fees and expenses in connection thereto. The Term B-2 Loans mature in November 2028. The Amendment No. 1 also extended the maturity of all Term B-1 Loans to November 2028 and reduced the interest applicable to the Term B-1 Loans and the Revolving Credit Facility due 2026. The Amendment No. 1 also provided for the transition of the benchmark rate of interest under the Credit Agreement from LIBOR to Term SOFR. As a result of the Amendment No. 1, the Company incurred deferred financing costs of $4.3 million and $9.7 million related to the Incremental Term B-1 Loans Increase and the Term B-2 Loans, respectively, and capitalized the amounts as a reduction to the outstanding debt balances. In addition, $1.3 million of costs incurred related to increasing the capacity of the Revolving Credit Facility due 2026 were capitalized and recorded in "Other noncurrent assets."

The Credit Agreement has a financial covenant that requires the Company to maintain a Senior Secured Net Leverage Ratio (as defined in the Credit Agreement) of 5.75 to 1.00 when the utilization under the Revolving Credit Facility due 2026 exceeds 35%. In addition, the 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 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 was to violate any of its covenants and was unable to obtain a waiver, it would be considered a default. If the Company was in default under the Credit Agreement, no additional borrowings under the Revolving Credit Facility due 2026 would be available until the default was waived or cured. See Item 1A. Risk Factors in this Form 10-K where a more in-depth explanation of default consequences appears.

The Term B-1 Loans and Term B-2 Loans are subject to the same affirmative and negative covenants and events of default as the Revolving Credit Facility due 2026, except that a breach of the financial covenants will not result in an event of default under the Term B-2 Loans unless and until the agent or a majority in interest of the lenders under the Revolving Credit Facility due 2026 have terminated their commitments under the Revolving Credit Facility due 2026 and accelerated the loans then outstanding under the Revolving Credit Facility due 2026 in response to such breach in accordance with the terms and conditions of the Credit Agreement.

Capital expenditures increased $190.6 million for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to the increase in the Network segment as a result of increased construction and installation capital expenditures associated with the expansion of our fiber network.

Interest payments were $84.6 million in 2022, $135.6 million for the combined Predecessor and Successor periods included within 2021 and $125.5 million in 2020. Interest payments decreased for 2022 compared to the combined Predecessor and Successor periods included within 2021 primarily due to the extinguishment of the 7% Senior Notes due 2024 and 8% Senior Notes due 2025 in the Successor period in 2021 and the extinguishment of the Tranche B Term Loan due 2024 and interest rate swaps in the Predecessor period in connection with the Merger. These decreases were partially offset by interest payments incurred in 2022 related to the Term B-1 Loans and Term B-2 loans in addition to higher interest payments on the Revolving Credit Facility due 2026 and Receivables Facility due to increases in interest rates and borrowings in 2022. Our contractual debt maturities in 2023, including finance lease obligations and other financing arrangements, are $45.0 million and associated contractual interest payments are expected to be approximately $70 million.

As of December 31, 2022, we had $195.2 million of short-term liquidity, comprised of $9.4 million of cash and cash equivalents, $177.0 million of undrawn capacity on our Revolving Credit Facility due 2026 and $8.8 million available under the Company's accounts receivables securitization facility ("Receivables Facility"). In 2023, the Company expects to use a portion of this liquidity to fund our Joint Venture with the State of Ohio, Digital Access Ohio LLC ("DAO"), for an amount of approximately $3 million.

In the second quarter of 2022, the Company executed amendments to its Receivables Facility, which replaced, amended and added certain provisions and definitions including the replacement of LIBOR with SOFR, a rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York.

On January 31, 2023, the Company, together with certain of its U.S. and Canadian subsidiaries, made certain amendments (the "Amendments") to the Company's Receivables Facility. The Amendments amend the Receivables Facility to, among other things: (i) increase the total maximum borrowing capacity to $280.0 million, (ii) separate the Receivable Facility into two separate facilities, with (A) the existing Receivable Facility (the "Network Receivables Facility"), as amended by the Amendments, covering receivables originated by certain U.S. subsidiaries of the Company including Cincinnati Bell Telephone Company LLC, Hawaiian Telcom Communications, Inc. and certain of their respective subsidiaries having a maximum borrowing capacity of $55.0 million and (B) a new facility (the "CBTS Receivable Facility") covering receivables originated by certain U.S. and Canadian subsidiaries of the Company including CBTS Technology Solutions LLC and OnX Enterprise Solutions Ltd. having a maximum borrowing capacity of $225.0 million, (iii) move the receivables monetization arrangements from the Network Receivables Facility to the CBTS Receivable Facility, and (iv) make applicable technical and conforming changes thereto. In addition, the Amendments extend the renewal dates of each facility to January 2025 and the termination dates of each facility to January 2026.

Capacity on the Network Receivables Facility and the CBTS Receivables Facility is calculated and will continue to be calculated based on the quantity and quality of outstanding accounts receivables. Therefore if the Company experiences declines in revenue or extends discounts to customers, the capacity could be negatively impacted and reduce our short term liquidity. While we expect to continue to renew the Network Receivables Facility and CBTS Receivables Facility, we would be required to use cash, our Revolving Credit Facility due 2026, or other sources to repay any outstanding balances on the facilities if they were not renewed.

Management believes that cash on hand, operating cash flows, its Revolving Credit Facility due 2026, its Network Receivables Facility and CBTS 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.

Long-term view, including debt covenants

As of December 31, 2022, the Company had $1,701.0 million of outstanding indebtedness and an accumulated deficit of $158.1 million. In addition to the uses of cash described in the *Short-term view* section above, the Company has to satisfy its long-term debt obligations. The Company has no significant debt maturities until 2026. In addition, we have ongoing obligations to fund our qualified pension plans. Funding requirements for future years are uncertain and will significantly depend on changes in future actuarial assumptions. 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. See Note 7 to the accompanying consolidated financial statements contained in "Part II. Item 8. Financial Statements and Supplementary Data" for further details regarding our outstanding debt and other financing arrangements, including certain information about maturities, covenants and restrictions related to such debt and financing arrangements.

As of December 31, 2022, the Company was in compliance with the Credit Agreement covenants and ratios.

Certain of our variable-rate debt, including debt under the Paniolo fiber assets financing arrangement, uses LIBOR as one of the benchmarks for establishing the rate of interest. LIBOR is the subject of recent regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to be replaced with a new benchmark in the future or to perform differently than in the past. The consequences of these developments cannot be entirely predicted, but could include an increase in the cost of our variable rate indebtedness. Upon the discontinuation of LIBOR, the benchmark rate of interest for the Paniolo fiber assets financing arrangement will transition to SOFR in accordance with the terms of the arrangement.

While the Company is no longer a SEC registrant or issuer following the merger transaction, certain covenants included in the 7 ¼% Notes due 2023 and the Cincinnati Bell Telephone Notes due 2028 require the Company to make ongoing voluntary filings with the SEC.

Management believes that cash on hand, operating cash flows, its Revolving Credit Facility due 2026, its Network Receivables Facility and CBTS 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 in 2022 was $321.2 million, an increase of $153.5 million compared to the combined Predecessor and Successor periods included within 2021. The increase in 2022 compared to the combined Predecessor and Successor periods included within the prior year is due to lower interest payments of $51.0 million, decreased transaction and integration costs of $41.1 million, loss on termination of interest rate swaps of $20.1 million incurred in the Predecessor period in 2021 and $56.8 million of accounts receivable sold on the Receivables Facility as of December 31, 2022 compared to no accounts receivable sold as of December 31, 2021. Cash receipt in the third quarter of 2021 for a long term revenue contract that was paid in advance partially offset the increase in 2022.

Cash flows from investing activities

Cash used in investing activities in 2022 totaled $553.7 million. Cash used in investing activities in 2022 includes capital expenditures of $482.8 million primarily associated with extending the Company's fiber network, the acquisition of Agile for $65.5 million and the purchase of perpetual licenses for a block of IP addressed for $6.8 million to be used as the Company continues to add internet subscribers as we extend the network.

Cash used in investing activities during the combined Predecessor and Successor periods included within 2021 totaled $1,955.3 million. Cash used in investing activities in the Successor period includes $1,620.7 million related to consideration transferred associated with the Merger Agreement. Consideration transferred includes payments to Common Shareholders, payments to Preferred Shareholders, and the extinguishment of existing debt and accrued interest under the Corporate Credit Agreement. In addition, cash used in investing activities for the combined Predecessor and Successor periods included within 2021 includes the acquisition of fiber assets from the Paniolo Cable Company, LLC (the "Paniolo Acquisition") for $52.2 million and capital expenditures of $292.2 million primarily associated with extending the Company's fiber network.

Cash flows from financing activities

Cash provided by financing activities totaled $239.4 million in 2022 due to net borrowings of $223.0 million and $33.9 million on the Revolving Credit Facility due 2026 and Receivables Facility, respectively, partially offset by debt repayments of $20.3 million primarily related to the Term B-1 Loans, Term B-2 Loans and finance leases.

Cash provided by financing activities totaled $1,776.4 million during the combined Predecessor and Successor periods included within 2021 primarily due to the Merger and capital contributions by Red Fiber Parent LLC and the issuance of long-term debt in the third and fourth quarters. Proceeds from issuance of long-term debt include Term B-1 Loans and Term B-2 Loans which the net proceeds of $1,145.0 million were primarily utilized for the repayment of the 2024 Notes and 2025 Notes and debt issuance costs associated with the Term B-1 Loans, Term B-2 Loans and Revolving Credit Facility due 2026. The Company also issued long term debt of $23.0 million, the Paniolo fiber assets financing arrangement, to cover a portion of the Paniolo Acquisition. Dividends paid on the Company's preferred stock totaled $10.2 million in the combined Predecessor and Successor periods included within 2021.

Future Operating Trends

Network

We continue to mitigate the revenue decline experienced with our Legacy products with increases in revenue of our fiber-based products. In addition, the merger with Hawaiian Telcom has allowed us to build scale and fiber density to help capitalize on the growing demands for internet speeds that only a fiber network can provide. We expect the desire by customers for increased internet speeds will only continue as evidenced by the fact that more than 80% of Cincinnati's internet customers subscribe to speeds of 100 megabits or more, compared to approximately 70% and 65% subscribed to such speeds in 2021 and 2020, respectively. As of December 31, 2022, approximately 65% of internet customers in Hawaii subscribed to speeds of 100 megabits or more, compared to approximately 55% and 50% subscribed to such speeds in 2021 and 2020, respectively. In 2022, we started building outside of the Greater Cincinnati market in Dayton, Ohio and will continue to build addresses in this market throughout 2023. In order to support the Dayton network build, the Company has opened a sales office and purchased land and buildings for warehousing inventory and for central offices.

During 2023, we expect continued competition for internet, voice and video services as the cable competitor in the Cincinnati market continues to target areas where we have copper and FTTN. Due to this competition, as well as customers migrating to obtaining video programming over broadband Internet connections, we expect to continue to see a decline in video subscribers as well as FTTN and DSL internet subscribers. In the Hawaii market, we also expect continued competition for internet, voice and video services as the cable competitor has increased advertising subsequent to our acquisition of Hawaiian Telcom.

In 2023, we plan to invest approximately $350 million for Fioptics, including construction, installation and value-added services. Our focus for 2023 in the Cincinnati, Dayton and Hawaii markets is to identify opportunities to expand our FTTP footprint to residential and commercial addresses with the highest return profile, to upgrade the remaining FTTN addresses to FTTP addresses, increase penetration, and drive operational efficiencies. We will take a FTTP internet-based focus due to the increased relevance of this product and the high return profile that it provides. Furthermore, we will apply a similar strategy as we identify opportunities to expand our network footprint in areas outside the Greater Cincinnati market and pursue out of market subsidized fiber build opportunities. The planned construction of the fiber network build could be negatively impacted by availability of staffing and third party contractors that will be necessary in order to meet our construction targets. Additionally, issues in the supply chain and obtaining the necessary equipment and supplies may also impact the planned construction timeline. As we expand outside of the Greater Cincinnati market, there could be a need for additional real estate and building space for central offices and sales offices to support new markets.

For our enterprise fiber customers, we expect to continue to see a migration from Legacy products and copper-based technology to higher bandwidth fiber solutions as evidenced by the 51% and 11% increases in Ethernet Bandwidth in Cincinnati and Hawaii, respectively, in 2022 compared to the combined Predecessor and Successor periods included within 2021.

IT Services and Hardware

The Company's strategy for future growth is to diversify the geographies in which it operates and grow revenue in each of the practices. In 2023, the Company will continue to focus on expanding products and services to our customer base with our full stack of products from simple hardware sales through managed voice and software defined network management, creating contractual recurring revenue streams. As more customers migrate to the public cloud, we will see declines in the demand for Infrastructure products. However, this trend can provide an opportunity in the form of consulting as we have IT professionals that can develop the strategy to guide customers through this migration. As a result of expanding the customer base and increasing sales with existing customers, we expect revenue to grow by approximately 10% compared to 2022.

Contractual Obligations

The following table summarizes our material contractual obligations and borrowings as of December 31, 2022:

(dollars in millions)	Payments due by Period		
	Total	Within the next 12 months	Beyond the next 12 months
Long-term debt, excluding finance leases and other financing arrangements (1)			
Principal amount	$ 1,681.8	$ 34.3	$ 1,647.5
Interest payments (2)	389.4	60.9	328.5
Finance leases (3)			
Principal amount	53.0	9.9	43.1
Interest payments (2)	12.5	3.4	9.1
Non-cancellable operating lease obligations	119.0	15.3	103.7
Purchase obligations (4)	391.2	391.2	—
Pension and postretirement benefits obligations (5)	56.5	10.3	46.2
Unrecognized tax benefits (6)	19.3	—	19.3
Other liabilities (7)	94.9	12.6	82.3
Total	$ 2,817.6	$ 537.9	$ 2,279.7

(1) Excludes net unamortized discounts and fair value adjustments recorded on the Merger Date.

(2) Assumes 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, 2022.

(3) Includes finance lease obligations primarily related to vehicles, network equipment used in the deployment of our fiber network and to provide our IT managed services, and wireless towers assumed from our discontinued operations.

(4) Includes amounts under open purchase orders and open blanket purchase orders for purchases of network, IT and telephony equipment, video content, and other goods; contractual obligations for services such as software maintenance and outsourced services; and other purchase commitments.

(5) Includes payments for Cincinnati and Hawaii Pension and Postretirement Plans as well as other employee retirement agreements. Amounts due within the next 12 months include approximately $7 million expected to be contributed for postretirement benefits. Although the Company expects to continue operating the plans past the next 12 months, its contractual obligation related to postretirement obligations only extends through 2023. Amounts for 2023 through 2032 include approximately $33 million of estimated cash contributions to the qualified pension plans with nominal cash contributions due within the next 12 months. 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 "Beyond the next 12 months" column of the table above.

(7) Includes contractual obligations primarily related to asset removal obligations, liabilities related to the pole license agreement obligation, a deferred vendor rebate and other financing arrangements.

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 those contingencies that are probable and able to be estimated. 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, 2022, 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 $19.3 million as of December 31, 2022. 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:

- business combinations
- reviewing the carrying values of goodwill and definite-lived intangible assets;
- accounting for income taxes; and
- accounting for pension and postretirement obligations.

Business Combinations — In accounting for business combinations, we apply the accounting requirements of FASB ASC 805, "Business Combinations," which requires the recording of net assets of acquired businesses at fair value. The Company utilizes management estimates and an independent third-party valuation firm to assist in determining the fair values of acquired assets and assumed liabilities. In developing estimates of the fair value of net assets, the Company 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 and network assets. The Company reports in its consolidated financial statements provisional amounts for the items for which accounting is incomplete. Goodwill is adjusted for any changes to provisional amounts made within the measurement period.

Reviewing the Carrying Values of Goodwill and Definite-lived Intangible Assets — We amortize intangible assets over their useful lives unless we determine such lives to be indefinite. We evaluate goodwill annually or whenever events or changes in circumstances indicate the carrying value may not be recoverable. For impairment testing, goodwill has been assigned to reporting units which consist of the Company's Network business, IT Services and Hardware business and Agile business.

The Company adheres to the guidance under ASC 350-20 in testing goodwill for impairment. Under this guidance, the Company has the option of performing a qualitative assessment for impairment prior to performing the quantitative tests. In connection with the Merger, goodwill and intangible assets were remeasured at fair value as of the Merger Date for the Network business and the IT Services and Hardware business. Goodwill and intangible assets for Agile were measured at fair value as of the Agile acquisition date on May 2, 2022. We perform our annual impairment tests in the fourth quarter on October 1st when our five-year plan is updated based on the following steps:

Step 0 or Qualitative assessment - Evaluate qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. The factors we consider include, but are not limited to, macroeconomic conditions, industry and market considerations, cost factors, overall financial performance or events specific to that reporting unit. If or when we determine it is more likely than not that the fair value of a reporting unit is less than the carrying amount, including goodwill, we would move to Step 1 of the quantitative method.

Step 1 - Compare the fair value for each reporting unit to its carrying value, including goodwill. Fair value is determined based on 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. A goodwill impairment charge is recognized for the amount that the carrying amount of a reporting unit, including goodwill, exceeds its fair value, limited to the total amount of goodwill allocated to that reporting unit. If a reporting unit's fair value exceeds the carrying value, no further work is performed and no impairment charge is necessary.

The Company performed a quantitative analysis of goodwill utilizing Step 1 guidance in 2022 for the Network business and the IT Services and Hardware business and concluded that the fair values exceeded the carrying values and goodwill was not impaired. The Company performed a qualitative assessment utilizing Step 0 guidance for the annual test for indefinite-lived intangible assets and concluded that it is more like than not that the fair values exceeded the carrying values and indefinite-lived intangible assets were not impaired. In addition, the Company performed a qualitative assessment for Agile goodwill due to the limited amount of time that passed from the acquisition date and the testing date and concluded that it is more like than not that the fair value exceeded the carrying value and goodwill was not impaired. In the Successor period of 2021, the Company performed a qualitative assessment and concluded that it was more likely than not that the fair values exceeded the carrying values and goodwill and indefinite-lived intangible assets were not impaired. No goodwill or indefinite-lived intangible asset impairment losses were recognized in 2022, the Predecessor and Successor periods included within 2021, and 2020.

We use the income approach to determine the fair value of our definite-lived trade names and customer relationships intangible assets. Our projections used in the income approach to determine the fair value of our definite-lived trade names and customer relationships intangible assets include assumptions for growth rates of sales, costs, and profits, which are based on various long-range financial and operational plans. Additionally, discount rates used in the definite-lived intangible analysis are based on a weighted-average cost of capital, driven by interest rates, as well as credit ratings and financing abilities, among other factors.

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, discount rate selection and market multiples. These assumptions are subject to change as the Company's long-term plans and strategies are updated each year. As of the annual testing date, each reporting unit's fair value exceeded the carrying value of the reporting unit, and as such, there is no goodwill impairment.

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 2018.

The Company has net operating loss carryforwards at the federal, state and local levels. Federal net operating loss carryforwards are available to offset taxable income in current and future periods. On its 2022 income tax return to be filed in 2023, the Company expects to utilize the $55.8 million tranche of Federal operating loss carryforwards that would otherwise expire. 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. The Company assessed all available positive and negative evidence to determine whether it expects that sufficient future taxable income will be generated to allow it to realize its existing deferred tax assets. Despite the cumulative book loss incurred over the three-year period ended December 31, 2022, there are sufficient sources of future taxable income (e.g. reversing deferred tax liabilities) for management to conclude that it is more likely than not that the Company will utilize available federal net operating loss carryforwards prior to their expiration. However, realization of certain state, local and foreign net operating losses, as well as other deferred tax assets, is not certain. Changes in our current estimates due to such factors as unanticipated market conditions and legislative developments could have a material effect on our ability to utilize deferred tax assets. As a result of the Merger, Section 382 of the Internal Revenue Code and similar state provisions place potential limitations on the Company's ability to fully utilize existing deferred tax assets related to federal and state net operating losses.

Valuation allowances of $15.7 million and $18.4 million have been recognized as of December 31, 2022 and 2021, respectively. These valuation allowances are primarily against state and local net operating losses and state credits.

As of both December 31, 2022 and 2021, the liability for unrecognized tax benefits was $19.3 million. The liability is representative of tax positions taken where tax authorities' interpretation of the appropriate tax treatment may differ from the position the Company has taken. As of December 31, 2022, the amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is $19.0 million. Accrued interest related to unrecognized tax benefits is recognized in interest expense.

Accounting for Pension and Postretirement Obligations — 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 (benefits) that arise during the period are recognized as a component of "Accumulated other comprehensive income" on the Consolidated Balance Sheets.

The Company sponsors noncontributory defined benefit pension plans for eligible management employees, non-management employees, and 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. In the fourth quarter of 2022, an amendment to the Hawaii postretirement health and life insurance plans was approved by the Union which decreased the maximum subsidy certain employees could receive for Medicare Part B Premiums to the standard amount. A remeasurement of the Hawaii postretirement health and life insurance plans was performed as of October 1, 2022. With the exception of the previously discussed amendment, no other amendments to the plans were made during 2022 or 2021.

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, rate of return 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. For the year ended December 31, 2022, the average discount rate used to value the Cincinnati pension plans and postretirement plans was 5.40%. In the Successor and Predecessor periods included within 2021, the average discount rate used to value the Cincinnati pension plans was 2.70% and 2.60%, respectively, while the average discount rate used to value the Cincinnati postretirement plans was 2.80% and 2.60%, respectively. For the year ended December 31, 2022, the average discount rate used to value the Hawaii pension plans and postretirement plans was 5.40% and 5.50%, respectively. In the Successor and Predecessor periods included within 2021, the average discount rate used to value the Hawaii pension plans was 2.70% and 2.50%, respectively, while the average rate used to value the Hawaii postretirement plans was 2.90% and 2.80%, respectively. Higher rates of interest available on high-quality corporate bonds drove the increase in the discount rates in 2022.

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. For the year ended December 31, 2022, the estimated long-term rate of return was 5.80% for the Cincinnati pension plan assets, 5.00% for the union Hawaii pension plan assets and 4.50% for the nonunion Hawaii pension plan assets. In the Successor and Predecessor periods included within 2021, the estimated long-term rate of return for both the Cincinnati pension plan assets and Hawaii pension plan assets was 6.00%. The long-term rate of return on the Cincinnati and Hawaii postretirement plan assets was estimated to be zero for the disclosed periods as these plans have minimal assets with a low rate of return. Actual asset returns for the Cincinnati pension trusts were losses of 21.77% in 2022 and gains of 6.23% for the combined Predecessor and Successor periods included within 2021. Actual asset returns for the Hawaii pension trusts were losses of 26.20% in 2022 and gains of 6.57% for the combined Predecessor and Successor periods included within 2021. In our Successor period pension calculations, the market-related value of assets is equal to the fair market value. In our Predecessor period 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, 2022 and 2021, the healthcare cost trend rate used to measure the Cincinnati postretirement health benefit obligations was 6.5%. As of December 31, 2022, the healthcare cost trend rate for the Cincinnati plans is assumed to decrease gradually to 4.8% by the year 2032. As of both December 31, 2022 and 2021, the Hawaii postretirement plans have exceeded the per capita cost caps, and therefore, the healthcare cost trend does not apply.

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 and other components of pension and postretirement benefit plans expense.

The following table represents the sensitivity of changes in certain assumptions related to the Cincinnati pension and postretirement plans as of December 31, 2022:

		Pension Benefits		Postretirement and Other Benefits	
(dollars in millions)	% Point Change	(Decrease)/ Increase in Obligation	(Decrease)/ Increase in Expense	(Decrease)/ Increase in Obligation	Increase/ (Decrease) in Expense
Discount rate	+/- 0.5%	($13.5)/$13.5	($6.2)/$6.2	($2.0)/$2.1	$0.2/($0.2)
Expected return on assets	+/- 0.5%	n/a	($1.8)/$1.8	n/a	($0)/$0

The following table represents the sensitivity of changes in certain assumptions related to the Hawaii pension and postretirement plans as of December 31, 2022:

		Pension Benefits		Postretirement and Other Benefits	
(dollars in millions)	% Point Change	(Decrease)/ Increase in Obligation	(Decrease)/ Increase in Expense	(Decrease)/ Increase in Obligation	Increase/ (Decrease) in Expense
Discount rate	+/- 0.5%	($5.3)/$5.3	($0.7)/$0.7	($3.0)/$3.3	$(0.0)/$0.2
Expected return on assets	+/- 0.5%	n/a	($0.7)/$0.7	n/a	n/a

At December 31, 2022, unrecognized actuarial net gains were $36.3 million and at December 31, 2021, unrecognized actuarial net gains were $3.4 million. The unrecognized net gains (losses) have been primarily generated by differences between assumed and actual rates of return on invested assets, changes in discount rates, healthcare costs and the amendment to the Hawaii postretirement health and life insurance plans in 2022. 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. Unrecognized actuarial gains or losses that exceed 10% of the projected benefit obligation are amortized on a straight-line basis over the average life expectancy of the participant group for the Cincinnati pension plans and Hawaii pension plans, the average life expectancy of current retirees for the Cincinnati postretirement plans and the average remaining service period of active employees for the Hawaii postretirement plans.

Regulatory Matters and Competitive Trends

Federal - The Telecommunications Act of 1996 (the "1996 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 aimed at promoting competition and deregulation. Although the 1996 Act called for a deregulatory framework, the FCC continued to maintain significant regulatory restraints on the traditional 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. Simultaneously, the FCC has been adopting measures that it believes would promote competition, protect consumers, reform universal service, and enhance public safety and national security. From 2017 through 2020, the FCC increasingly focused on eliminating burdensome and unnecessary regulations that impede broadband investment. However, with the change in administration in 2021 and the continuation of the COVID-19 pandemic, measures to close the digital divide in both rural and urban areas have been at the top of the FCC's agenda and will likely remain there for the foreseeable future. The FCC currently has only four commissioners which constrains Chairwoman Rosenworcel's ability to move forward on controversial issues such as net neutrality and various consumer protection issues. Once a fifth commissioner is confirmed, giving the Democrats a majority on the Commission, we expect to see the FCC move forward with proceedings on net neutrality and data privacy. We will monitor the changing regulatory environment for any potential impacts, particularly on the following proceedings.

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 schools and libraries programs. During 2022, the quarterly USF assessment rate remained near historic highs, leading for increasing calls from industry and consumer groups for the FCC to re-evaluate the USF contribution mechanism. Although there is no indication that the FCC intends to initiate a proceeding to do so in the near term, several lawsuits challenging the constitutionality of the USF are pending in various circuit courts and if any are successful could up-end the entire universal service regime.

In October 2011, the FCC adopted new rules aimed at controlling the size of the high-cost portion of the fund and transitioning it from supporting legacy circuit-switched networks to broadband. These rules capped the high-cost fund and established a framework for transitioning support to the new Connect America Fund 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. Hawaiian Telcom received $1.4 million in Phase I support and has completed its Phase I buildout. Under Phase II, $1.8 billion of annual support was made 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 that was available to them. The Phase II support was distributed over a six-year period and carriers were required to satisfy their buildout commitment by the end of 2020. Cincinnati Bell Telephone ("CBT") accepted approximately $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. Hawaiian Telcom accepted $4.4 million to build to 11,081 locations in Hawaii over the six-year award period. In a Report and Order adopted in January 2020, the FCC gave the price cap carriers receiving CAF II support the opportunity to elect to receive an additional year of CAF II support in 2021 in exchange for a commitment to continue providing broadband service to the CAF II areas during that time. CBT and Hawaiian Telcom accepted the seventh year of CAF II support, which provided $2.2 million for CBT and $4.4 million for Hawaiian Telcom during 2021. On September 10, 2020, Hawaiian Telcom filed a Petition for Waiver with the FCC requesting that the FCC modify its buildout obligation to account for the 523 locations destroyed or isolated by the Kilauea Volcano eruptions that began in May 2018. On June 1, 2021, the FCC released an Order granting Hawaiian Telcom's request relative to the 370 locations for which Hawaiian Telcom had completed its CAF II deployment prior to the locations being destroyed by the volcano. The additional 153 locations included in Hawaiian Telcom's original request were not included in the FCC Order after Hawaiian Telcom informed the FCC that it had identified CAF II eligible alternate locations in other areas. On January 4, 2021, Hawaiian Telcom notified the FCC that it would likely fall short of its 100% CAF II buildout milestone, but would complete the buildout by year-end 2021 taking advantage of the grace period allowed under the CAF II rules. On January 19, 2022, Hawaiian Telcom notified the FCC that it had completed the build and met its 100% buildout obligation as of December 31, 2021.

In August 2018, bidding concluded in the FCC's Connect America Fund Phase II auction (Auction 903). Under this reverse auction, up to $2 billion in support over a 10-year period was available to expand fixed broadband service into additional unserved high-cost areas of the country. There were 103 winning bidders and the total amount of support that will be provided to these bidders over the 10-year term is $1.5 billion. Winning bidders must build out their broadband networks within the winning geographic areas (specific census block groups covering 713,176 locations in 45 states) within the first six years of the support term. CBT and Hawaiian Telcom were both winning bidders. As a result, CBT will receive $1.1 million to extend its broadband service to 342 unserved locations and Hawaiian Telcom will receive $18.2 million to build to 3,936 unserved locations. CBT and Hawaiian Telcom auction support distributions began in May 2019 and will continue until May 2029. The build out to all funded auction locations must be completed by December 31, 2025.

In January 2020, the FCC adopted a Report and Order establishing the Rural Digital Opportunity Fund ("RDOF"), which will be used to distribute $20.4 billion over ten years to expand broadband in areas that remain unserved at the conclusion of the CAF II price cap support program. The funds will be awarded via two reverse auctions. The Phase I auction (Auction 904) began on October 29, 2020 and concluded on November 25, 2020 with 180 winning bidders for a 10-year support amount of $9.23 billion to serve over 5 million locations. The remaining $11 billion will be distributed via a second auction to be held at a later date when more accurate broadband availability data becomes available. Cincinnati Bell was announced as the winning bidder for $26.9 million of support over the 10-year period to reach 11,131 locations in Hawaii, Indiana, Kentucky and Ohio. Cincinnati Bell assigned the Hawaii winning bids ($24.3 million for 8,049 locations) to Hawaiian Telcom and the Indiana, Kentucky and Ohio winning bids ($2.6 million for 3,082 locations) to Cincinnati Bell Telephone. The funding will be distributed in monthly installments over a 10-year period with buildout milestones beginning in 2024 and concluding in 2029.

Infrastructure Investment and Jobs Act

On November 15, 2021, President Biden signed the $1 trillion Infrastructure Investment and Jobs Act (Public Law No. 117-58) ("IIJA"), which contains $65 billion for various broadband initiatives. The broadband funding includes $42.5 billion which will be distributed by the National Telecommunications and Information Administration ("NTIA") to states for awards to public and private entities to expand broadband deployment to currently unserved or underserved areas. This NTIA funding cannot be released until the FCC releases an updated broadband map as it was charged to do by Congress in the March 2020 Broadband DATA Act (Public Law No. 116-130). The first iteration of the new broadband map was released by the FCC in November 2022. A nationwide public challenge process is currently underway and will be used to improve the accuracy of the map before the NTIA funding is released. An updated version of the map for use by NTIA is expected to be released in late second quarter 2023. In the meantime, the Company is closely monitoring the federal and state procedural rules drafting processes and continues to evaluate initiatives that will lay the foundation for potential participation once the funding is allocated to the states. The Company will pursue opportunities for funding where it deems it to be beneficial.

The IIJA replaced the COVID-19 Emergency Broadband Benefits ("EBB") with a longer term low-income broadband assistance program called the Affordable Connectivity Program ("ACP") effective December 31, 2021. Congress appropriated $14.2 billion for the ACP and consumers were transitioned from the EBB program during the first quarter of 2022. Under the ACP, participating providers must make all of their broadband plans available to qualifying consumers and cannot reject a consumer due to unpaid balances the consumer may have with the provider. Because the ACP will be available on all broadband offerings and the IIJA requires more specific measures to increase awareness of the availability of the program, participation rates have increased significantly relative to the EBB program. Both Cincinnati Bell Telephone and Hawaiian Telcom are participating in the ACP.

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 that 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 were phased out over a six-year period that concluded in 2018 for price cap carriers including CBT and Hawaiian Telcom. The plan contains a mechanism that enables ILECs to recover some of the lost revenue from increased end-user charges, which CBT and Hawaiian Telcom have utilized to the fullest extent possible. On October 9, 2020, the FCC released a Report and Order transitioning originating access charges for toll free calls to bill-and-keep over a three-year period. The Order does not provide a specific recovery mechanism for price cap companies to replace this lost revenue, finding instead that these companies can increase their existing Subscriber Line Charge or Access Recovery Charge to the extent they are otherwise able to do so. The impact on the Company due to this change has been minimal. CBT will adjust rates where possible to minimize the impact in future years as the phase-in continues.

Special Access/Business Data Services

In April 2017, based upon data collected from incumbent and competitive carriers, the FCC adopted a Report and Order finding that the market for all packet-based services, Ethernet services, TDM services above the DS3 level, and DS1 and DS3 transport services is competitive in all geographic markets and should no longer be subject to price regulation. Price regulation of TDM services of DS3 or below terminating to end users depends upon the competitive status of the county in which the service is provided. The FCC designated counties as competitive or non-competitive for these TDM end user services based upon historical data submitted by providers and purchasers of BDS in response to a mandatory data request issued in 2012 and supplemented with cable broadband deployment data submitted by providers in the FCC's semi-annual broadband deployment report. Price regulation was eliminated for these TDM end user services in competitive counties. In non-competitive counties, price regulation continues, although carriers are permitted to offer contract tariffs and volume and term discounts. The Order required all price cap companies to remove all competitive BDS services from their tariffs by August 2020. The list of competitive and non-competitive counties released by the FCC designated all but two of the counties in the Company's CBT ILEC territory as competitive, and in Hawaii, four of the five counties were deemed competitive. In November 2017, Hawaiian Telcom filed an application with the FCC to discontinue offering BDS services in Kalawao County (the non-competitive county). This application was granted in January 2018, and Hawaiian Telcom subsequently filed to detariff all BDS services statewide except for special federal government services, which were detariffed effective August 1, 2020. On August 1, 2020, CBT eliminated its tariffs for BDS services offered in its competitive counties which is nearly all of its BDS revenue.

Unbundled Network Elements

Under rules adopted pursuant to the Telecommunications Act of 1996, ILECs were required to unbundle the components of their network and provide the unbundled network elements ("UNEs") to requesting competitive local exchange carriers at cost-based rates set by state public utility commissions in the 1990's. The rules also required ILECs to resell their voice service to requesting competitive carriers at wholesale rates set by state regulators. Since 2019, the FCC has taken significant steps to eliminate the ILEC unbundling obligations. On July 10, 2019, in response to a forbearance petition filed by USTelecom – The Broadband Association ("USTelecom"), the FCC granted forbearance for unbundled DS1 and DS3 transport, and on August 2, 2019, it granted forbearance from UNE loop and resale requirements. Specifically, it granted forbearance from the unbundling requirements for DS1 and DS3 transport along routes where competitive fiber is present within a half mile of the ILEC wire center endpoints that trigger the unbundling obligation. As it relates to UNE loops and resale, forbearance was granted for analog voice-grade copper loops and the avoided-cost resale requirements. Finally, on October 27, 2020, the FCC adopted a Report and Order eliminating DS0 loops in densely populated areas, DS1 and DS3 loops in areas with sufficient competition, and dark fiber loops near competitive fiber networks. All of the orders allow for a transition period during which existing UNEs can be maintained and new UNEs can be ordered. While Cincinnati Bell's ILECs may benefit from the ability to charge competitive commercially negotiated prices for these facilities and services, the Company's competitive carrier operations could see increased prices for such facilities currently purchased from other ILECs. As a result, the Company is reviewing its current UNE purchases to determine where to transition to commercial agreements for these facilities versus deploying its own facilities and will pursue the most cost effective solution in each market.

IP Transition

In late 2013, the FCC opened a proceeding to explore how to transition from the legacy circuit-switched 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 during 2015 and 2016, the FCC adopted several orders imposing additional requirements on service providers seeking to transition their networks from copper to fiber. However, during the second quarter of 2017, the FCC opened several proceedings aimed at removing barriers to wireline and wireless broadband deployment and proposed reversing several of the additional requirements imposed in 2015 and 2016. Following this review, in November 2017, the FCC revised its rules to streamline the ILEC copper retirement process and the approval process for discontinuing legacy TDM service to speed the transition from legacy copper-based TDM services to IP services. It also reformed the pole attachment rules to make it easier for providers to attach equipment necessary for next-generation networks. In 2018, the FCC adopted additional changes aimed at streamlining the pole attachment process and preempting state and local processes considered to be detrimental to broadband deployment, particularly the small cells that will be used for 5G networks. The Company does not anticipate any significant financial impact due to these proceedings, although the streamlined processes will help facilitate a smooth transition as the Company migrates from its legacy copper network to a fiber-based IP network.

Citizens Band Radio Service Spectrum Auction

The FCC conducted an auction of over 22,000 county-sized Priority Access Licenses ("PALs") in the 3550-3650 MHz portion of the Citizens Band Radio Service ("CBRS") 3.5 GHz spectrum band. This auction (Auction 105), commenced on July 23, 2020 and ended on August 25, 2020. This auction offered up to seven PALs in each county-based license area, for a total of 22,631 PALs nationwide. Each PAL consists of a 10-megahertz unpaired channel in the 3.55-3.65 GHz band. Cincinnati Bell was the winning bidder for 56 PALs (23 in Ohio, 20 in Kentucky, and 13 in Hawaii) at a total cost of $6.2 million. During 2021, Cincinnati Bell assigned the Hawaii licenses to Hawaiian Telcom and the Kentucky and Ohio licenses to Cincinnati Bell Telephone. The licenses have a 10-year build out term.

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 and Hawaiian Telcom elected the non-regulated information service designation for broadband Internet access service. The FCC also ruled that wireless broadband service was 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 these new rules were appealed by numerous parties, in June 2016, the D.C. Circuit Court of Appeals upheld the FCC's new rules in their entirety. In November 2016, the FCC adopted an order establishing broadband privacy and security requirements for Internet service providers using its authority under Title II. The restrictive new privacy rules diverged from the Federal Trade Commission framework that had for years set the standard for protecting Internet users' privacy.

In March 2017, Congress adopted a resolution under the Congressional Review Act to invalidate the new broadband privacy and security rules approved by the FCC in November 2016. In December 2017, the FCC issued a Declaratory Ruling restoring the information service classification of broadband Internet access service that existed prior to 2015 and affirmed that broadband consumer protection authority resides with the Federal Trade Commission. In the accompanying *Restoring Internet Freedom Order*, the FCC required that Internet service providers disclose information about their practices relative to blocking, throttling, paid prioritization, or affiliated prioritization. Challenges to the *Restoring Internet Freedom Order* were largely rejected by the D.C. Circuit Court of Appeals. In October 2020, the FCC adopted an Order on Remand reaffirming its decision on the three discrete issues that had been remanded to it by the Court.

Once the FCC has a full contingent of five commissioners with the Democrats holding the majority, we expect that the Commission will once again open a proceeding on net neutrality and broadband privacy.

Robocalls

During 2019, the FCC took several steps to mitigate the impact of illegal robocalls and spoofed calls on consumers and businesses, including the Chairman calling on the largest voice service providers to "voluntarily" adopt the secure telephone identity revisited signature-based handling of asserted information using tokens ("STIR/SHAKEN") call authentication standards developed by the Alliance for Telecommunications Industry Standards ("ATIS"). In addition, in December 2019, Congress passed and President Trump signed into law the Pallone-Thune Telephone Robocall Abuse Criminal Enforcement and Deterrence Act ("Pallone-Thune TRACED Act"). Under the Pallone-Thune TRACED Act, within 18 months, all voice service providers must implement the STIR/SHAKEN framework in their IP networks and take reasonable measures to implement an effective call authentication framework in their non-IP networks. During 2020, the FCC adopted several Orders to implement the provisions of the Pallone-Thune TRACED Act that require voice service providers to take proactive steps to mitigate the origination of illegal robocalls from their networks. The Company continues to take all steps necessary to comply with the new requirements.

State - Ohio and Kentucky - CBT, the Company's ILEC in Ohio and Kentucky, moved from rate of return regulation to alternative regulation plans for its local services in 1994. These alternative regulation plans restricted CBT's ability to increase the price of basic local service and related services, but eliminated any earnings cap associated with traditional rate of return regulation. 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 Ohio, statutory changes enacted by the Ohio General Assembly in 2005 gave the Public Utilities Commission of Ohio ("PUCO") the authority to provide ILECs with pricing flexibility for basic local rates upon a showing that consumers have sufficient competitive alternatives (House Bill 218). As a result of that legislation, the Company received authority from the PUCO to increase its rates for basic local exchange service in eight of its Ohio exchanges. In September 2010, the Ohio General Assembly passed Substitute Senate Bill 162, which revised state policy concerning the provision of telecommunications service, repealed Ohio's alternative regulation legislation, and authorized additional pricing flexibility for ILEC basic local exchange service ("BLES" - a standalone access line not bundled with other services) upon a competitive showing by the ILEC. CBT filed an application for pricing flexibility under the new rules and, in January 2011, received authority to increase the monthly rate for a standalone local service line throughout its Ohio serving area by $1.25 annually. Nearly all other retail services were removed from rate regulation, including local service lines bundled with other services. Substitute SB 162 also provided cost savings and revenue opportunities resulting from revision of the PUCO's retail rules and service standards beginning in January 2011. In June 2015, House Bill 64 was enacted, which 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 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 2015 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. Finally, in December 2018, the General Assembly passed House Bill 402 giving ILECs the ability to increase the monthly BLES rate by $2.00 annually and allowed them to seek approval for complete rate deregulation of BLES lines beginning in 2023 upon a demonstration that the ILEC has lost more than 50% of its access lines. CBT anticipates seeking approval for this rate deregulation during 2023. The 2018 legislation also limited the PUCO's authority over other aspects of telecom regulation, including eliminating the PUCO's authority to review and approve mergers and acquisitions for telecom companies.

In Kentucky, CBT entered into an alternative regulation plan in July 2006 under terms established by the Kentucky General Assembly in House Bill No. 337. Under this plan, BLES prices were capped in exchange for earnings freedom and pricing flexibility on other retail services. The caps on BLES prices expired in July 2011 providing CBT with flexibility to increase rates for basic local exchange service. In March 2015, the General Assembly passed House Bill 152, which removed the Public Service Commission's authority to regulate terms, conditions, rates or availability of any retail service in urban exchanges (greater than 15,000 Households) for a modifying utility. In March 2017, the General Assembly passed Senate Bill 10, which extended the same privileges as HB 152 to all exchanges, thus providing CBT with nearly complete deregulation for all retail services in Kentucky.

In Hawaii, the legislature and the Hawaii Public Utilities Commission ("HPUC") have taken steps over the last decade to reduce rate regulation of some of the services of the Company's Hawaiian Telcom subsidiaries.

In 2009 and 2010, the Hawaii State Legislature required the HPUC to treat all intrastate retail telecommunications services, including intrastate toll (*i.e.*, inter island), central exchange (Centrex), most residential and business local exchange services, integrated service digital network (ISDN) private lines and special assemblies, and directory assistance, as "fully competitive" under the HPUC's rules with certain qualifications. As a result, HPUC approval and cost support filings were no longer required to establish or reduce rates or to bundle service offerings; however, all service offerings were required to be priced above the service's long run incremental cost and HPUC retained the ability to suspend and investigate any offering. In 2012, the Hawaii State Legislature passed legislation that gave Hawaiian Telcom pricing flexibility to increase tariffed intrastate rates for any retail telecommunications service without approval from the HPUC, with the exception of basic exchange service (*i.e.*, single line residential and single line business services).

In May 2019, the Hawaii State Legislature granted nearly full pricing flexibility to telecommunications carriers, including Hawaiian Telcom, for intrastate telecommunications services. Rate changes for retail telecommunications services no longer need to be filed with and approved by the HPUC except for any price increase greater than $6.50 on an annual basis for basic exchange services in counties with a population of less than 500,000. In addition, the traditional cost-of-service regulatory framework that required cost support for retail telecommunications service offerings and pricing above a service's long run incremental cost are no longer applicable; however, the HPUC retains the ability to investigate any offering. The legislation also eliminated the requirements for providers of fully competitive retail telecommunications services to obtain HPUC approval for financing and the sale or encumbrance of regulated property and assets, except when such sale or encumbrance occurs as part of a merger or consolidation with any other public utility. Additional relief was also granted on reporting affiliated transactions and accidents.

Based on these regulatory reforms, the Company can now compete more effectively in Hawaii by making decisions based on marketplace dynamics and other economic information.

Cable Franchises - Ohio, Kentucky and Indiana - The states of Ohio and Indiana permit statewide video service authorization. The Company is now authorized by Ohio and Indiana to provide service in its 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 agreements with fifty-three franchising authorities in Kentucky.

Hawaii - In Hawaii, cable franchises must be approved by the Hawaii Department of Commerce and Consumer Affairs. Since 2011, the Company's Hawaiian Telcom Services Company, Inc. subsidiary has held a cable franchise authorizing it to provide video services throughout the island of Oahu.

Recently Issued Accounting Standards

Refer to Note 2 of the consolidated financial statements for further information on recently issued accounting standards.

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 concerning plans, objectives, goals, strategies, future events, future revenues or performance, financing needs, plans or intentions relating to acquisitions and restructuring, and business trends are forward-looking statements. Words such as "expects," "anticipates," "predicts," "projects," "intends," "plans," "believes," "seeks," "estimates," "continues," "endeavors," "strives," "will," "may," "proposes," "potential," "could," "should," "outlook," or variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of future financial performance, anticipated growth and trends in businesses, and other characterizations of future events or circumstances are forward-looking statements. There are a number of risks, uncertainties and other important factors that could cause our actual results to differ materially from the forward-looking statements contained in this report. 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:

- volatile geopolitical turmoil, including popular uprisings, regional conflicts, terrorism and war could result in market instability, which could negatively impact our business results;
- global health crises, such as the COVID-19 pandemic, have had an impact on the Company's supply chain and could have a material impact on our customers and our vendors, which could adversely impact our business results and financial condition;
- our commitment to Net Zero emissions in company operations by 2040 will be subject to significant costs and regulations which could impact our business operations, processes, and reputation;
- 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 Company may be unable to grow its revenues and cash flows despite the initiatives it has implemented;
- if the Company's goodwill, indefinite-lived intangible assets or long-lived assets become impaired, the Company may be required to record significant charges to earnings;
- failure to anticipate the need to introduce new products and services or to compete with new technologies may compromise the Company's success in our industries;
- 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;
- negotiations with the providers of content for our video programming may not be successful, potentially resulting in our inability to carry certain programming channels, which could result in the loss of subscribers. In addition, due to the influence of some content providers, we may be forced to pay higher rates for some content resulting in increased costs;
- maintaining the Company's telecommunications networks requires significant capital expenditures, and the Company's inability or failure to maintain its telecommunications networks could have a material impact on the Company's market share and ability to generate revenue;

- 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, leading to reduced revenues and/or increased costs;
- the Company generates a substantial portion of revenue by serving a limited geographic area;
- one large customer accounts for a significant portion of the Company's accounts receivable. The loss or significant reduction in business from this customer would cause operating results to decline and could negatively impact profitability and cash flows;
- increases in broadband usage may cause network capacity limitations resulting in service disruptions or reduced capacity for customers;
- an IT and/or network security breach or cyber-attack may lead to unauthorized use or disabling of our network, theft of customer data or other sensitive data, unauthorized use or publication of our confidential business information and could have a material adverse effect on our business;
- weather conditions, natural disasters, terrorist acts or acts of war could cause damage to our infrastructure and result in significant disruptions to our operations;
- 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, cause it to lose customers or materially and adversely impact its business, financial condition, and results of operations;
- a failure of back-office information technology systems could adversely affect the Company's results of operations and financial condition;
- we may be liable for the material that content providers distribute over our networks;
- our ability to attract and retain qualified personnel could disrupt our business and affect the Company's ability to meet key financial and business objects;
- if the Company fails to extend or renegotiate its collective bargaining agreements with its labor unions when they expire, or if the Company's 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'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 the Company's businesses and prospects generally;
- the Company's Credit Agreement and other indebtedness impose significant restrictions on the Company;
- the Company depends on its 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 the Company's control;
- the Company may need additional financing in the future to meet our capital needs or to make opportunistic acquisitions, and such financing may not be available on terms favorable to the Company, if at all;
- growing inflation, supply chain disruption and other increased operating costs could materially and adversely affect our results of operations;
- the uncertain economic environment, including uncertainty in the U.S. and world securities markets, could impact the Company's business and financial condition;
- adverse changes in the value of assets or obligations associated with the Company's employee benefit plans could negatively impact shareowners' equity and liquidity;
- the Company's future cash flows could be adversely affected if it is unable to fully realize its deferred tax assets;

- changes in tax laws and regulations, and actions by federal, state and local taxing authorities related to the interpretation and application of such tax laws and regulations, could have a negative impact on the Company's financial results and cash flows;
- the regulation of the Company's businesses by federal and state authorities may, among other things, place the Company at a competitive disadvantage, restrict our ability to price our products and services competitively, and threaten our operating licenses;
- 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;
- the Company could be subject to a significant amount of litigation, which could require the Company 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 borrows funds at a combination of fixed and variable rates. The Company has exposure to interest rate risk, primarily in the form of variable-rate borrowings from its Term B-1 Loans, Term B-2 Loans, Revolving Credit Facility due 2026, Receivables Facility, Paniolo fiber assets financing arrangement and Digital Access Ohio Advance, as well as changes in current rates compared to that of its fixed rate debt. Borrowings under the Credit Agreement use the secured overnight financing rate ("SOFR") as administered by the Federal Reserve Bank of New York as the benchmark for establishing the rate of interest. In the second quarter of 2022, the Receivables Facility was amended to replace the use of LIBOR with SOFR. Debt under the Paniolo fiber assets financing arrangement uses LIBOR as one of the benchmarks for establishing the rate of interest. Upon the discontinuation of LIBOR, the benchmark rate of interest for the Paniolo fiber assets financing arrangement will transition to SOFR in accordance with the terms of the arrangement. Borrowings under the Digital Access Ohio Advance use the long term applicable federal rate.

LIBOR is the subject of recent regulatory guidance and proposals for reform. On November 30, 2020, ICE Benchmark Administration ("IBA"), the administrator of LIBOR, with the support of the United States Federal Reserve and the United Kingdom's Financial Conduct Authority, announced plans to consult on ceasing publication of U.S. Dollar LIBOR on December 31, 2021, for only the one week and two month U.S. Dollar LIBOR tenors, and on June 30, 2023, for all other U.S. Dollar LIBOR tenors. While this announcement extends the transition period to June 2023, the United States Federal Reserve concurrently issued a statement advising banks to stop new U.S. Dollar LIBOR issuances by the end of 2021.

The Company's management periodically employs derivative and other financial instruments to manage exposure to interest rate risk and variable cash flows. The use of these types of instruments to hedge a portion of our exposure to changes in interest rates carries additional risks, such as counterparty credit risk and the legal enforceability of hedging contracts.

The Company had $110.2 million principal amount of fixed-rate debt outstanding as of December 31, 2022, excluding debt with a variable rate that is effectively fixed by related interest rate hedge contracts. The estimated aggregate fair market value of this debt was $98.2 million as of December 31, 2022. At December 31, 2022, the weighted average interest rate on fixed-rate debt is 6.5%.

At December 31, 2022, $375.0 million of our variable-rate debt was subject to non-designated floating-to-fixed interest rate swaps and $375.0 million of our variable-rate debt was subject to non-designated interest rate cap agreements. If the underlying SOFR rate increases or decreases by 100 basis points, the aggregate fair market value of the swaps at December 31, 2022 would increase by $10.9 million or decrease by $11.3 million. If the underlying SOFR rate increases or decreases by 100 basis points, the aggregate fair market value of the caps at December 31, 2022 would increase by $8.4 million or decrease by $7.2 million.

At December 31, 2022, the Company had remaining variable-rate borrowings not protected by non-designated interest rate swaps and interest rate caps of $821.6 million. The estimated aggregate fair market value of this debt was $813.8 million as of December 31, 2022. At December 31, 2022, the weighted average interest rate on this variable-rate debt was 6.7%. A hypothetical increase or decrease of 100 basis to the market interest rates associated with this variable-rate debt would result in our annual interest expense increasing or decreasing by $6.8 million.

For further information, see Footnote 10 to the accompanying consolidated financial statements contained in "Part II. Item 8. Financial Statements and Supplementary Data."

Foreign Currency Risk

IT Services and Hardware currently has business operations in Canada, the U.K. and India, and foreign currency risk might arise in the future. 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

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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, 2022. 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, 2022, the Company's internal control over financial reporting is effective based on those criteria.

March 22, 2023

/s/ Leigh R. Fox
Leigh R. Fox
Chief Executive Officer

/s/ Joshua T. Duckworth
Joshua T. Duckworth
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareowners of Cincinnati Bell Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Cincinnati Bell Inc. and its subsidiaries (Successor) (the "Company") as of December 31, 2022 and 2021, and the related consolidated statements of operations, of comprehensive income (loss), of equity (deficit), and of cash flows for the year ended December 31, 2022 and for the period from September 8, 2021 to December 31, 2021, including the related notes and financial statement schedule listed in the accompanying index for the year ended December 31, 2022 and for the period from September 8, 2021 to December 31, 2021 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the year ended December 31, 2022 and for the period from September 8, 2021 to December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment Assessment - Network Reporting Unit

As described in Notes 1 and 6 to the consolidated financial statements, the Company's consolidated goodwill balance was $723.5 million as of December 31, 2022 and the goodwill associated with the Network segment was $545.9 million. The Network reporting unit goodwill represents a majority of the Network segment goodwill. Goodwill is tested for impairment on an annual basis or when events or changes in circumstances indicate that such assets may be impaired using either a qualitative or quantitative approach. An impairment loss is measured as the excess of the carrying value of a reporting unit over its fair value, not to exceed the carrying amount of goodwill. The fair value of a reporting unit is based on a combination of valuation methods, including both income-based and market-based methods. The income approach relies on management's estimates of future revenue growth rates, terminal growth rates, EBITDA margin assumption, and discount rates. The market approach requires the determination of an appropriate peer group, which is utilized to derive estimated fair values based on selected market multiples.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the Network reporting unit is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the reporting unit; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to (a)future revenue growth rates, terminal growth rate, EBITDA margin assumption, and discount rate for the income approach and (b) peer group determination and market multiples selection for the market approach; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, (i) testing management's process for developing the fair value estimate of the Network reporting unit; (ii) evaluating the appropriateness of the valuation methods; (iii) testing the completeness and accuracy of underlying data used in the methods; and (iv) evaluating the significant assumptions used by management related to (a) future revenue growth rates, terminal growth rate, EBITDA margin assumption, and discount rate for the income approach and (b) peer group determination and market multiple selections for the market approach. Evaluating management's assumptions related to future revenue growth rates and EBITDA margin assumption involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting unit; (ii) the consistency with external market and industry data; and (iii) whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the Company's valuation methods and (ii) the reasonableness of management's assumptions related to terminal growth rate, discount rate, peer group determination, and market multiples selection.

/s/ PricewaterhouseCoopers LLP

Cincinnati, Ohio

March 22, 2023

We have served as the Company's auditor since 2022.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareowners of Cincinnati Bell Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of operations, of comprehensive income (loss), of equity (deficit) and of cash flows including the related notes and financial statement schedule listed in the accompanying index of Cincinnati Bell, Inc. (Predecessor) (the "Company") for the period from January 1, 2021 to September 7, 2021 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of its operations and cash flows of the Company for the period from January 1, 2021 to September 7, 2021 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these consolidated financial statements in accordance with the auditing standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Cincinnati, Ohio

May 19, 2022

We have served as the Company's auditor since 2022.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareowners and Board of Directors of Cincinnati Bell Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of operations, comprehensive income (loss), equity (deficit) and cash flows of Cincinnati Bell Inc. and subsidiaries (the "Company") for the year ended December 31, 2020, and the related notes and the schedule for the year ended December 31, 2020 listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the results of the Company's operations and its cash flows for the year ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio
February 25, 2021

We began serving as the Company's auditor in 2005. In 2021, we became the predecessor auditor.

Cincinnati Bell Inc.
CONSOLIDATED BALANCE SHEETS
(Dollars in millions)

	December 31, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 9.4	$ 5.6
Receivables, less allowances of $12.0 and $3.6	447.8	450.2
Inventory, materials and supplies	103.4	57.1
Prepaid expenses	45.7	50.4
Other current assets	25.7	9.1
Total current assets	632.0	572.4
Property, plant and equipment, net	2,116.8	1,966.6
Operating lease right-of-use assets	73.1	44.3
Goodwill	723.5	646.3
Intangible assets, net	829.1	928.3
Deferred income tax assets	2.2	5.3
Other noncurrent assets	58.9	35.6
Total assets	$ 4,435.6	$ 4,198.8
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt	$ 45.0	$ 19.7
Accounts payable	492.5	399.2
Unearned revenue and customer deposits	81.6	83.2
Accrued taxes	14.5	25.3
Accrued interest	2.0	1.9
Accrued payroll and benefits	52.5	41.9
Other current liabilities	47.8	45.5
Total current liabilities	735.9	616.7
Long-term debt, less current portion	1,656.0	1,428.9
Operating lease liabilities	66.1	40.2
Pension and postretirement benefit obligations	138.9	141.1
Pole license agreement obligation	43.6	46.2
Deferred income tax liabilities	98.2	139.6
Other noncurrent liabilities	118.6	96.0
Total liabilities	2,857.3	2,508.7
Equity		
Additional paid-in capital	1,716.1	1,716.1
Accumulated deficit	(158.1)	(27.2)
Accumulated other comprehensive income	19.5	1.2
Shareowners' equity - controlling interest	1,577.5	1,690.1
Noncontrolling interests	0.8	—
Total equity	1,578.3	1,690.1
Total liabilities and equity	$ 4,435.6	$ 4,198.8

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

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

	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Revenue	$ 1,796.0	$ 554.4	$ 1,138.7	$ 1,559.8
Costs and expenses				
Cost of services and products, excluding items below	987.8	302.1	619.5	802.0
Selling, general and administrative, excluding items below	392.4	115.4	243.4	346.5
Depreciation and amortization	497.1	144.6	194.9	293.4
Loss on impairment of long-lived assets	2.7	—	—	—
Restructuring and severance related charges	2.0	0.6	1.2	16.9
Transaction and integration costs	11.3	0.8	54.8	35.0
Gain on sale of assets, net	—	—	(2.8)	—
Total operating costs and expenses	1,893.3	563.5	1,111.0	1,493.8
Operating (loss) income	(97.3)	(9.1)	27.7	66.0
Interest expense	90.1	28.3	89.1	134.2
Other components of pension and postretirement benefit plans (benefit) expense	(7.8)	(4.7)	6.4	14.1
Loss on extinguishment of debt, net	—	2.1	10.7	—
Other (income) expense, net	(13.6)	(0.3)	19.7	(1.2)
Loss before income taxes	(166.0)	(34.5)	(98.2)	(81.1)
Income tax benefit	(35.1)	(7.3)	(16.9)	(25.5)
Net loss	(130.9)	(27.2)	(81.3)	(55.6)
Preferred stock dividends	—	—	7.6	10.4
Net loss applicable to common shareowners	$ (130.9)	$ (27.2)	$ (88.9)	$ (66.0)

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

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

	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Net loss	$ (130.9)	$ (27.2)	$ (81.3)	$ (55.6)
Other comprehensive income (loss), net of tax:				
Foreign currency translation (loss) gain	(6.2)	(1.4)	1.2	2.2
Cash flow hedges:				
Unrealized loss on cash flow hedges arising during the period, net of tax of $0.0, ($3.4)	—	—	(0.1)	(11.4)
Reclassification adjustment for net losses included in net income, net of tax of $5.8, $2.0	—	—	19.7	6.4
Defined benefit plans:				
Net gain (loss) arising from remeasurement during the period, net of tax of $7.8, $0.8, $1.8, ($0.8)	25.1	2.6	6.0	(2.7)
Amortization of prior service benefits included in net income, net of tax of ($0.4), ($0.6)	—	—	(1.3)	(1.9)
Amortization of net actuarial (gain) loss included in net income, net of tax of ($0.2), $3.6, $4.4	(0.6)	—	12.0	14.9
Reclassification adjustment for pension settlement charges included in net income, net of tax of $0.9	—	—	—	2.9
Total other comprehensive income, net of tax	18.3	1.2	37.5	10.4
Total comprehensive loss	$ (112.6)	$ (26.0)	$ (43.8)	$ (45.2)

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

Cincinnati Bell Inc.
CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
(in millions)

	Controlling Interest									
	6 3/4% Cumulative Convertible Preferred Shares		Common Shares		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total	Noncontrolling Interests	Total
Successor	**Shares**	**Amount**	**Shares**	**Amount**						
Balance at September 8, 2021	—	$ —	—	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net loss	—	—	—	—	—	(27.2)	—	(27.2)	—	(27.2)
Other comprehensive income	—	—	—	—	—	—	1.2	1.2	—	1.2
Capital contributions by Red Fiber Parent LLC	—	—	—	—	1,716.1	—	—	1,716.1	—	1,716.1
Balance at December 31, 2021	—	—	—	—	1,716.1	(27.2)	1.2	1,690.1	—	1,690.1
Net loss	—	—	—	—	—	(130.9)	—	(130.9)	—	(130.9)
Other comprehensive income	—	—	—	—	—	—	18.3	18.3	—	18.3
Partner contribution to Digital Access Ohio	—	—	—	—	—	—	—	—	0.8	0.8
Balance at December 31, 2022	—	$ —	—	$ —	$ 1,716.1	$ (158.1)	$ 19.5	$ 1,577.5	$ 0.8	$ 1,578.3
Predecessor										
Balance at December 31, 2019	3.1	$ 129.4	50.4	$ 0.5	$ 2,676.2	$ (2,776.0)	$ (170.1)	$ (140.0)	$ —	$ (140.0)
Net loss	—	—	—	—	—	(55.6)	—	(55.6)	—	(55.6)
Other comprehensive income	—	—	—	—	—	—	10.4	10.4	—	10.4
Shares issued under employee plans	—	—	0.3	—	—	—	—	—	—	—
Shares purchased under employee plans and other	—	—	—	—	(1.1)	—	—	(1.1)	—	(1.1)
Stock-based compensation	—	—	—	—	5.6	—	—	5.6	—	5.6
Dividends on preferred stock	—	—	—	—	(10.4)	—	—	(10.4)	—	(10.4)
Balance at December 31, 2020	3.1	129.4	50.7	0.5	2,670.3	(2,831.6)	(159.7)	(191.1)	—	(191.1)
Net loss	—	—	—	—	—	(81.3)	—	(81.3)	—	(81.3)
Other comprehensive income	—	—	—	—	—	—	37.5	37.5	—	37.5
Shares issued under employee plans	—	—	0.2	—	—	—	—	—	—	—
Shares purchased under employee plans and other	—	—	—	—	(2.0)	—	—	(2.0)	—	(2.0)
Stock-based compensation	—	—	—	—	4.3	—	—	4.3	—	4.3
Equity-based award modification	—	—	—	—	(10.2)	—	—	(10.2)	—	(10.2)
Dividends on preferred stock	—	—	—	—	(7.6)	—	—	(7.6)	—	(7.6)
Balance at September 7, 2021	3.1	$ 129.4	50.9	$ 0.5	$ 2,654.8	$ (2,912.9)	$ (122.2)	$ (250.4)	$ —	$ (250.4)

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

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

	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Cash flows from operating activities				
Net loss	$ (130.9)	$ (27.2)	$ (81.3)	$ (55.6)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	497.1	144.6	194.9	293.4
Loss on impairment of long-lived assets	2.7	—	—	—
Loss on extinguishment of debt	—	2.1	10.7	—
Provision for loss on receivables	8.4	3.6	2.1	14.7
Unrealized gain on interest rate swaps	(13.7)	—	—	—
Noncash portion of interest expense (income)	5.4	(0.5)	4.0	5.5
Deferred income taxes	(42.3)	(8.6)	(21.1)	(27.7)
Pension and other postretirement payments (in excess of) less than expense	(16.1)	(7.6)	(0.2)	1.0
Stock-based compensation	—	—	4.3	5.6
Other, net	(1.3)	(0.1)	(5.2)	0.4
Changes in operating assets and liabilities:				
(Increase) decrease in receivables	(9.1)	(138.8)	51.1	(74.9)
(Increase) decrease in inventory, materials, supplies, prepaid expenses and other current assets	(48.1)	(11.8)	(29.4)	5.0
Increase in accounts payable	69.2	25.6	49.1	15.8
(Decrease) increase in accrued and other current liabilities	(1.4)	(19.5)	2.8	6.8
(Increase) decrease in other noncurrent assets	(5.2)	(8.4)	2.1	13.7
Increase in other noncurrent liabilities	6.5	21.6	8.8	2.4
Net cash provided by (used in) operating activities	321.2	(25.0)	192.7	206.1
Cash flows from investing activities				
Capital expenditures	(482.8)	(127.0)	(165.2)	(223.6)
Acquisition of business, net of cash acquired	(65.5)	(1,620.7)	—	—
Purchase of indefinite-lived intangibles	(6.8)	—	—	—
Acquisition of Paniolo fiber assets	—	(1.7)	(50.5)	—
Wireless spectrum license purchase	—	—	—	(6.4)
Proceeds from sale of assets	2.3	—	9.1	3.5
Other, net	(0.9)	0.8	(0.1)	0.1
Net cash used in investing activities	(553.7)	(1,748.6)	(206.7)	(226.4)
Cash flows from financing activities				
Capital contributions by Red Fiber Parent LLC	—	1,716.1	—	—
Proceeds from issuance of long-term debt	2.7	1,145.0	23.0	—
Net increase in corporate credit facility with initial maturities less than 90 days	223.0	—	7.0	10.0
Proceeds from borrowings on Receivables Facility	1,150.8	467.5	695.4	939.1
Payments on Receivables Facility	(1,116.9)	(497.7)	(693.4)	(888.9)
Repayment of debt	(20.3)	(1,004.2)	(13.4)	(22.4)
Debt issuance costs	(0.7)	(55.9)	(0.8)	(0.7)
Dividends paid on preferred stock	—	(2.4)	(7.8)	(10.4)
Other, net	0.8	—	(2.0)	(1.1)
Net cash provided by financing activities	239.4	1,768.4	8.0	25.6
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(0.1)	0.1	—	0.3
Net increase (decrease) in cash, cash equivalents and restricted cash	6.8	(5.1)	(6.0)	5.6
Cash, cash equivalents and restricted cash at beginning of period	6.1	11.2	17.2	11.6
Cash, cash equivalents and restricted cash at end of period	$ 12.9	$ 6.1	$ 11.2	$ 17.2

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

Organization — On March 13, 2020, the Company (as defined below), entered into an Agreement and Plan of Merger (the "Merger Agreement") with Red Fiber Parent LLC, a Delaware limited liability company ("Parent"), and RF Merger Sub Inc., an Ohio corporation and directly wholly owned subsidiary of Parent ("Merger Sub"). On September 7, 2021 (the "Closing Date" or "Merger Date"), upon the terms and subject to the conditions set forth in the Merger Agreement, and in accordance with the applicable provisions of the Ohio General Corporation Law (the "OGCL"), Merger Sub merged with and into the Company, with the Company continuing as the surviving corporation (the "Merger"). At the effective time of the Merger (the "Effective Time"), the separate corporate existence of Merger Sub ceased, and the Company survived the Merger as a wholly owned private subsidiary of Parent. As of the date of this filing, the Company has ceased to be a registrant (see Note 12), however due to contractual terms in certain indentures, the Company is required to voluntarily file with the U.S. Securities and Exchange Commission ("SEC").

As a result of the Merger, for accounting purposes, Parent is the acquirer and Cincinnati Bell Inc. is the acquiree and accounting predecessor. The financial statement presentation includes the financial statements of historical Cincinnati Bell Inc. as "Predecessor" for periods prior to the Closing Date and of the Company as "Successor" for the periods after the Closing Date. In connection with the Merger and the related accounting determination, the Company has elected to apply push-down accounting and reflect in its financial statements the fair value of its assets and liabilities. The Consolidated Financial Statements and footnotes include a black line division between the columns titled "Predecessor" and "Successor" to signify that the amounts shown for the periods prior to and following the Merger are not comparable. The Company has elected to record all expenses that were contingent on the closing of the Merger in the Predecessor period. See Note 4 for additional information on the Merger.

Description of Business — Cincinnati Bell Inc. and its consolidated subsidiaries ("Cincinnati Bell," "we," "our," "us" or the "Company") provides diversified telecommunications and technology services. For ease of reference, the terms "Cincinnati Bell," "we," "our Company," "the Company," "us," or "our" as used in this report refer to both the Predecessor and the Successor and their respective subsidiaries. The Company generates a large portion of its revenue by serving customers in Cincinnati, Ohio, Dayton, Ohio and the islands of Hawaii. An economic downturn or natural disaster occurring in these, or a portion of these, limited operating territories 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, 2022, we operate our business through the following segments: Network, previously referred to as Entertainment and Communications, and IT Services and Hardware.

The Company has approximately 5,800 employees as of December 31, 2022. Approximately 22% of total employees are covered by collective bargaining agreements with the Communications Workers of America ("CWA") and the International Brotherhood of Electrical Workers ("IBEW)" Local 1357. The effective dates for collective bargaining agreements with the CWA and IBEW range through the second quarter of 2026 and third quarter of 2028, respectively.

Basis of Presentation — The consolidated financial statements of the Company have been prepared pursuant to the rules and regulations of the 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.

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 credit losses for receivables and deferred income taxes; reserves recorded for income tax exposures; assets and liabilities related to employee benefits; the valuation of deferred costs under Accounting Standards Codification ("ASC") 606, "Revenue Recognition"; purchase price allocation for acquired businesses; and the valuation of intangible assets and 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. We periodically review our estimates in light of changes in circumstances, facts and experience. The effects of material revisions in estimates are reflected in our financial statements prospectively from the date of the change in estimate.

Business Combinations — In accounting for business combinations, we apply the accounting requirements of Accounting Standards Codification 805 ("ASC 805"), "Business Combinations," which requires the recording of net assets of acquired businesses at fair value. In developing fair value estimates for 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, any contingent consideration is presented at fair value at the date of acquisition, and transaction costs are expensed as incurred. The Company reports in its consolidated financial statements provisional amounts for the items for which accounting is incomplete. Goodwill is adjusted for any changes to provisional amounts made within the measurement period. See Note 4 for disclosures related to mergers and acquisitions.

Variable Interest Entity — The Company holds a controlling interest in a limited liability company, Digital Access Ohio LLC ("DAO"), that is considered a variable interest entity ("VIE") in accordance with ASC 810-10 "Consolidation." The Company is the primary beneficiary of DAO as it has the power over the activities that most significantly impact the economic performance of DAO and has the obligation to absorb expected losses and the right to receive expected benefits that could be significant to DAO. As a result, the Company consolidated DAO, and all significant intercompany accounts have been eliminated. DAO is consolidated with the equity owned by the other joint venture member shown as noncontrolling interests in our Consolidated Balance Sheets. For the year ended December 31, 2022, results of operations of DAO were nominal. The Company will continue to assess whether it has a controlling financial interest and whether it is the primary beneficiary at each reporting period.

Cash, Cash Equivalents and Restricted Cash — 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. Restricted cash as of December 31, 2022 consists of funds held in an escrow account related to a cost method investment and funds invested by Agile IWG Holdings, LLC ("Agile") in a new entity that commenced operations in the fourth quarter of 2022. Restricted cash as of December 31, 2021 consists of funds held in an escrow account related to a cost method investment. Restricted cash in the Predecessor period consists of funds held in an escrow account associated with the acquisition of substantially all of the operating assets of Paniolo Cable Company, LLC ("Paniolo"). See Note 4 for further information related to this transaction. Restricted cash is included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the Consolidated Statements of Cash Flows. A reconciliation of cash, cash equivalents and restricted cash to the Consolidated Balance Sheets follows:

	Successor		Predecessor
(dollars in millions)	December 31, 2022	December 31, 2021	December 31, 2020
Cash and cash equivalents	$ 9.4	$ 5.6	$ 12.2
Restricted cash included in Other noncurrent assets	3.5	0.5	5.0
Cash, cash equivalents and restricted cash per Consolidated Statements of Cash Flows	$ 12.9	$ 6.1	$ 17.2

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 customer, Verizon Communications Inc., which make up 21% and 26% of the outstanding accounts receivable balance at December 31, 2022 and 2021, respectively. Unbilled receivables arise from services rendered but not yet billed. As of December 31, 2022 and 2021, unbilled receivables totaled $66.9 million and $70.8 million, respectively. Expected credit losses related to trade receivables are recorded as an allowance for credit losses 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. As of the Merger Date, the Company measured their receivables at fair value in accordance with ASC 805.

Factoring Arrangements — In the second quarter of 2018, the Company executed an amendment of its Receivables Facility that includes an option for Cincinnati Bell Funding LLC ("CBF") to sell certain receivables, on a non-recourse basis, directly to PNC Bank. The terms of the factoring arrangement provides for the factoring of certain receivables, which are purchased at the face amount of the receivable discounted at the annual rate of LIBOR plus a bank determined spread on the purchase date. In the second quarter of 2022, the Company executed an amendment of its Receivables Facility, which replaced LIBOR with SOFR, a rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York. Sales of accounts receivable are reflected as a reduction of "Receivables, less allowances" in the Consolidated Balance Sheets as they meet the applicable criteria in ASC 860, "Transfers and Servicing." The fees recorded in relation to such sales of accounts receivable were $1.8 million in 2022 and immaterial in 2021, and are included in "Selling, general, and administrative" in the Consolidated Statements of Operations. As of December 31, 2022, the outstanding balance of receivables sold under the terms of the factoring agreement was $56.8 million. As of December 31, 2021, there was no outstanding balance of receivables sold under the terms of the factoring agreement. See Note 7 for further information related to the Receivables Facility.

Inventory, Materials and Supplies — Inventory, materials and supplies consists of network components, various telephony and IT equipment to be sold to customers, 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. Property, plant and equipment owned by the Company on the Merger Date was stated at fair value in accordance with ASC 805, "Business Combinations." 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 Network segment's 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 allocated at the business segment level. Goodwill is tested for impairment on an annual basis or when events or changes in circumstances indicate that such assets may be impaired using either a qualitative or quantitative approach. An impairment loss is measured as the excess of the carrying value of a reporting unit over its fair value, not to exceed the carrying amount of goodwill. For the year ended in 2022, to calculate fair value of the reporting units, management used a combination of methods, including both income-based and market-based methods. The income approach relies on estimates of future revenue growth rates, terminal growth rates, EBITDA margin assumptions, and discount rates. The market approach requires the determination of an appropriate peer group, which is utilized to derive estimated fair values based on selected market multiples. No impairment losses were recognized in goodwill for the year ended in 2022, the Successor and Predecessor periods in 2021 and the year ended December 31, 2020.

Indefinite-Lived Intangible Assets — Intangible assets represent purchased assets that lack physical substance but can be separately distinguished from goodwill because of contractual or legal rights, or because the asset is capable of being separately sold or exchanged. Federal Communications Commission ("FCC") licenses for wireless spectrum and other perpetual licenses represent indefinite-lived intangible assets. The Company may renew the wireless licenses in a routine manner every ten years for a nominal fee, provided the Company continues to meet the service and geographic coverage provisions required by the FCC. Intangible assets not subject to amortization are tested for impairment annually, or when events or changes in circumstances indicate that the asset might be impaired. No impairment losses were recognized on indefinite-lived intangible assets for the year ended December 31, 2022, the Successor and Predecessor periods in 2021 and the year ended December 31, 2020.

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. For the year ended December 31, 2022, the Company recorded a loss on impairment of long-lived assets of $2.7 million related to the impairment of leasehold improvements at the Company's headquarters. In addition, amortization of the remaining leasehold improvements at the Company's headquarters will be accelerated to reflect the update to management's estimate of the remaining useful life. No impairment losses were recognized on long-lived assets for the Successor and Predecessor periods in 2021 and the year ended December 31, 2020.

Cost Method Investments — Certain of our cost method investments do not have readily determinable fair values. The carrying value of these investments was $8.0 million and $7.0 million as of December 31, 2022 and 2021, respectively, and was included in "Other noncurrent assets" in the Consolidated Balance Sheets. Investments are reviewed annually to determine if changes in circumstances exist that would indicate the carrying value may not be recoverable. If indicators are present then an analysis is performed to determine if carrying value exceeds the estimated fair value. A nominal impairment was recognized for the cost method investments for the year ended December 31, 2022. No impairment losses were recognized for cost method investments for the Successor and Predecessor periods in 2021 and the year ended December 31, 2020.

Leases — The Company adheres to lease accounting principles described in ASC 842, "Leases." Under ASC 842, the Company determines if an arrangement is a lease at inception based on the facts and circumstances present. In lease transactions where the Company acts as the lessor, the lease component is accounted for in accordance with ASC 842, and the non-lease component is accounted for in accordance with ASC 606. Although separation of lease and non-lease components is required, certain practical expedients are available that release the Company from this requirement. Adoption of the practical expedient allows the Company to account for each lease component and the related non-lease component together as a single component provided that the timing and patterns of revenue recognition for the components are the same and the combined, single unit of account would be classified as an operating lease. The Company's operating leases for certain services that include Customer Premise Equipment, including handsets and set-top boxes, have lease and non-lease components. In these arrangements, management has concluded that the non-lease components are the predominant characteristic, and, as a result, the Company has elected to account for these arrangements as one single non-lease component recorded as "Revenue" in the Consolidated Statements of Operations in accordance with ASC 606.

Right-of-use assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Certain adjustments to the right-of-use asset may be required for items such as initial direct costs paid or incentives received.

The Company's lease terms include options to extend, terminate or buyout the lease when it is reasonably certain that we will exercise that option. Leases that have contract prices based on variable factors, such as power usage, are recognized as variable lease expense in the period in which the obligation for those payments are incurred. Lease expense for variable lease payments is recognized on a straight-line basis over the lease term.

Revenue Recognition — The Company adheres to revenue recognition principles described in ASC 606. Under ASC 606, revenue is recognized when the Company 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. A good or service is considered to be transferred when the customer obtains control.

Revenue derived from foreign operations was approximately 7% of consolidated revenue in 2022. Revenue derived from foreign operations was approximately 6% of consolidated revenue for both the Successor period and the Predecessor period included within 2021. Revenue derived from foreign operations was approximately 5% of consolidated revenue in 2020.

Network — 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. Consumer long distance, switched access and other usage based charges are billed monthly in arrears. Network 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.

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.

For long-term indefeasible right of use, or IRU, contracts for fiber circuit capacity, the Company may receive up-front payments for services to be delivered for a period of up to 25 years. In these situations, the Company defers the revenue and amortizes it on a straight-line basis to earnings over the term of the contract. See Note 3 for further information.

IT Services and Hardware — Revenue is 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.

For hardware sales, revenue is recognized net of the cost of product and is recognized when the hardware is either shipped or delivered in accordance with the terms of the contract. Installation service revenue is generally recognized when installation is complete. We sell equipment and installation services on both a combined and standalone basis.

For the sale of hardware within the Infrastructure Solutions category, the Company evaluated whether it is the principal (in which case we report revenues on a gross basis) or the agent (in which case we report revenues on a net basis). The Company has concluded it acts as an agent because it does not control the inventory before it is transferred to customers, it does not have the ability to direct the product to anyone besides the purchasing customer, and it does not integrate the hardware with any of its own goods or services.

Advertising Expenses — Costs related to advertising are expensed as incurred. Advertising costs were $25.1 million for the year ended 2022, $7.1 million and $12.8 million for the Successor and Predecessor periods in 2021, respectively, and $15.6 million for the year ended December 31, 2020.

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 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 revenue 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 totaled $32.9 million for the year ended December 31, 2022, $13.2 million and $27.2 million in the Successor and Predecessor periods in 2021, respectively, and $32.2 million for the year ended December 31, 2020. The amounts recorded as expense totaled $36.9 million for the year ended December 31, 2022, $13.7 million and $32.1 million in the Successor and Predecessor periods in 2021, respectively, and $34.2 million for the year ended December 31, 2020. 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 requisite 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, expected 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, the Company accounts for forfeitures as they occur. Actual forfeiture activity reduces the total fair value of the awards to be recognized as compensation expense. 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.

In connection with the consummation of the Merger, certain previously granted stock-based awards vested on the Closing Date per the terms of the change of control clauses in each plan and were paid at the share purchase price of $15.50. As a result, the following awards vested and were paid on the date of acquisition: (i) time-based restricted stock units and performance-based stock units associated with the 2019 – 2021 long-term incentive plan granted under the 2017 Long-Term Incentive Plan; (ii) time-based restricted stock units granted to non-employee directors in 2020 under the 2017 Stock Plan for Non-Employee Directors; and (iii) time-based restricted stock units granted under the Hawaiian Telcom 2010 Equity Incentive Plan in the first quarter of 2018 which the Company assumed responsibility for the eventual payout upon the acquisition of Hawaiian Telcom. Due to the accelerated vesting and cash payment of these awards, the Company recorded additional compensation expense of $9.3 million to "Selling, general and administrative" expense in the Predecessor period of 2021 on the Consolidated Statements of Operations. As of December 31, 2022 and 2021, there are no outstanding awards granted under the 2017 Long-Term Incentive Plan, 2017 Stock Plan for Non-Employee Directors and Hawaiian Telcom 2010 Equity Incentive Plan.

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 remaining life expectancy of plan 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 estimates or from changes in actuarial assumptions are recognized as a component of annual net periodic benefit cost. Pension and postretirement benefit plans were remeasured as of the Merger Date. Unrecognized actuarial gains or losses that exceed 10% of the projected benefit obligation are amortized on a straight-line basis over the average life expectancy of the participant group for the Cincinnati pension plans and Hawaii pension plans, the average life expectancy of retirees for the Cincinnati postretirement plans and the average remaining service period of active employees for the Hawaii postretirement plans.

Derivative Financial Instruments — The Company accounts for derivative financial instruments by recognizing derivative instruments as either assets or liabilities in the Consolidated Balance Sheets at fair value and recognizing the resulting gains or losses as adjustments to the Consolidated Statements of Operations or "Accumulated Other Comprehensive Income." The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

For derivative instruments that hedge the exposure to variability in expected future cash flows that are designated and qualify as cash flow hedges, the gain or loss on the derivative instrument is reported as a component of "Accumulated Other Comprehensive Income" in stockholder's equity and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. To receive hedge accounting treatment, cash flow hedges must be highly effective in offsetting changes to expected future cash flows on hedged transactions. Derivatives that do not qualify as hedges are adjusted to fair value through earnings in the current period. All cash flows associated with the Company's derivative instruments are classified as operating activities in the Consolidated Statements of Cash Flows.

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.

The determination of where an asset or liability falls in the hierarchy requires significant judgment.

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. Gains and losses arising from foreign currency transactions are recorded in "Other (income) expense, net" in the period incurred.

2. Recently Issued Accounting Standards

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which simplifies the accounting for income taxes, eliminates certain exceptions within *Income Taxes (740)*, and clarifies certain aspects of the current guidance to promote consistency among reporting entities, and is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2020. Most amendments within ASU 2019-12 are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company adopted the standard effective January 1, 2021. The Company has evaluated the amendments that must be applied on a retrospective or modified retrospective basis and concluded that no adjustments are necessary. The Company has applied all other amendments on a prospective basis, and the changes did not have a material effect on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The ASU is intended to provide temporary optional expedients and exceptions to the U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. ASU 2020-04 was amended in December 2022 by the provisions of ASU 2022-06, Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848. These amendments are effective as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020 and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2024. The Company does not expect the standard to have a material effect on its 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. Revenue

The Network segment provides products and services to both consumer and enterprise customers that can be categorized as Fioptics, previously referred to as "Consumer/SMB Fiber" in Hawaii and collectively with Fioptics in Cincinnati, Enterprise Fiber or Legacy. The products and services within these three categories can be further categorized as either Data, Voice, Video or Other. Fioptics and Legacy revenue include both consumer and commercial customers. Enterprise Fiber revenue includes ethernet and dedicated internet access services that are provided to enterprise customers. Enterprise Fiber also includes revenue associated with the Southeast Asia to United States ("SEA-US") trans-Pacific submarine cable system, which was acquired in conjunction with the acquisition of Hawaiian Telcom in the third quarter of 2018, and connects Indonesia, the Philippines, Guam, Hawaii and the mainland United States. Subsequent to the Company's acquisition of Agile, services provided by Agile are also included in Enterprise Fiber.

Residential customers have implied month-to-month contracts, while commercial customers, with the exception of contracts associated with the SEA-US cable system, typically have contracts with a duration of one to five years and automatically renew on a month-to-month basis. Customers are invoiced on a monthly basis for services rendered. Contracts for projects that are included within the Other revenue stream are typically short in duration and less than one year. Contracts associated with the SEA-US cable system typically range from 15 to 25 years and payment is prepaid.

The IT Services and Hardware segment provides a full range of Information Technology ("IT") solutions, including Communications, Cloud and Consulting services. IT Services and Hardware customers enter into contracts that have a typical duration of one to five years, with varied renewal options at the end of the term. Customers are invoiced on a monthly basis for services rendered. The IT Services and Hardware segment also provides enterprise customers with Infrastructure Solutions, which includes the sale of hardware and maintenance contracts. These contracts are typically satisfied in less than twelve months and revenue is recognized at a point in time.

The Company has elected the practical expedient described in ASC 606-10-32-18 that allows an entity to not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects that the period of time between the transfer of a promised good or service to the customer and when the customer pays for such good or service will be one year or less. Customers are typically billed immediately upon the rendering of services or the delivery of products. Payment terms for customers are between 30 and 120 days. Subsequent to the acquisition of Hawaiian Telcom, the Company began recognizing a financing component associated with the up-front payments for services to be delivered under indefeasible right of use ("IRU") contracts for fiber circuit capacity. The IRU contracts are associated with the SEA-US cable system and other dedicated fiber routes. The IRU contracts typically have a duration ranging from 15 to 25 years.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, or a series of distinct goods or services, and is the unit of account defined in ASC Topic 606. The transaction price identified in the contract is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Contract modifications for changes to services provided are routine throughout the term of our contracts. In most instances, contract modifications are for the addition or reduction of services that are distinct, and price changes are based on the stand-alone selling price of the service and, as such, are accounted for on a prospective basis as a new contract.

Goods and services are sold individually, or a contract may include multiple goods or services. For contracts with multiple goods and services, the contract transaction price is allocated to each performance obligation using the stand-alone selling price of each distinct good or service in the contract.

Certain customers of the Company may receive cash-based rebates based on volume of sales, which are accounted for as variable consideration. Potential rebates are considered at contract inception in our estimate of transaction price based on the projected volume of sales. Estimates are reassessed quarterly.

Performance obligations are satisfied either over time as services are performed or at a point in time. Substantially all of our service revenue is recognized over time. For services transferred over time, the Company has elected the practical expedient to recognize revenue based on amounts invoiced to the customer as the Company has concluded that the invoice amount directly corresponds with the value of services provided to the customer. Management considers this a faithful depiction of the transfer of control as services are provided evenly over the month and are substantially the same over the life of the contract. As the Company has elected the practical expedients detailed at ASC 606-10-50-13, revenue for these unsatisfied performance obligations that will be billed in future periods has not been disclosed.

As of December 31, 2022, our estimated revenue, including a financing component, expected to be recognized in the future related to performance obligations associated with customer contracts that are unsatisfied (or partially unsatisfied) is $180.0 million. Approximately 60% of this revenue is related to an IRU contract entered into in the Successor period of 2021 to provide dedicated fiber routes for a period of 20 years (see Note 9). Certain IRU contracts extend for periods of up to 30 years and are invoiced at the beginning of the contract term. The revenue from such contracts is recognized over time as services are provided over the contract term. The expected revenue to be recognized for existing IRU contracts is as follows:

(dollars in millions)	
2023	$ 15.2
2024	16.9
2025	16.9
2026	17.3
2027	17.2
Thereafter	96.5

Network

The Company has identified four distinct performance obligations in the Network segment, namely Data, Voice, Video and Other. For each of the Data, Voice and Video services, service is delivered to the customer continuously and in a substantially similar manner for each period of the agreement, the customer takes full control over the services as the service is delivered, and as such, Data, Voice and Video are identified to be a series of distinct services. Services provided by the Network segment can be categorized into three main categories that include Fioptics, Enterprise Fiber and Legacy, each of which may include one or more of the aforementioned performance obligations. Data services include high-speed internet access, digital subscriber lines, ethernet, routed network services, SONET (Synchronous Optical Network), dedicated internet access, wavelength, digital signal and IRU revenue. Voice services include traditional and fiber voice lines, switched access, digital trunking and consumer long distance calling. Video services are offered through our fiber network to residential and commercial customers based on various standard plans with the opportunity to add premium channels. To receive video services, customers are required to use the Company's set top boxes that are billed as part of the monthly recurring service. Set top boxes are not considered a separate performance obligation from video because the equipment is necessary for the service to operate and the customer has no alternative use for the equipment.

Services and products not included in Data, Voice or Video are included in Other revenue and are comprised of wire care, wire time and materials projects, subsidized fiber build projects and advertising. Transfer of control of these services and products is evaluated on an individual project basis and can occur over time or at a point in time.

The Company uses multiple methods to determine stand-alone selling prices in the Network segment. For Data, Video and Voice products in Fioptics, market rate is the primary method used to determine stand-alone selling prices. For Data performance obligations under the Enterprise Fiber category, and Voice, Data and Other performance obligations under the Legacy category, stand-alone selling prices are determined based on a list price, discount off of list price, a tariff rate, a margin percentage range, or a minimum margin percentage.

IT Services and Hardware

The Company has identified four distinct performance obligations in the IT Services and Hardware segment. These performance obligations are Communications, Cloud, Consulting and Infrastructure Solutions. Communications services are monthly services that include data and VoIP services, tailored solutions that include converged IP communications of data, voice, video and mobility applications, enterprise long distance, MPLS (Multi-Protocol Label Switching) and conferencing services. Cloud services include storage, backup, disaster recovery, SLA-based monitoring and management, cloud computing and cloud consulting. Consulting services provide customers with IT staffing, consulting and emerging technology solutions. Infrastructure Solutions includes the sale of hardware and maintenance contracts as well as installation projects.

For the sale of hardware, the Company evaluated whether it is the principal or the agent. The Company has concluded it acts as an agent because it does not control the inventory before it is transferred to customers, it does not have the ability to direct the product to anyone besides the purchasing customer, and it does not integrate the hardware with any of its own goods or services. Based on this assessment, the performance obligation is to arrange a sale of hardware between the vendor and the customer. In the instance where there is an issue with the hardware, the Company coordinates with the manufacturer to facilitate a return in accordance with the standard manufacturer warranty. Hardware returns are not significant to the Company.

Within the IT Services and Hardware segment, stand-alone selling prices for the four performance obligations are determined based on either a margin percentage range, minimum margin percentage or discount from standard price list if it is determined to be representative of stand-alone selling price.

For hardware sales, revenue is recognized net of the cost of product and is recognized when the hardware is shipped or delivered in accordance with the terms of the contract. For certain projects within Communications and Consulting, revenue is recognized when the customer communicates acceptance of the services performed. For contracts with freight on board shipping terms, management has elected to account for shipping and handling as activities to fulfill the promise to transfer the good, and therefore, has not evaluated whether shipping and handling activities are promised services to its customers.

Contract Balances

The Company recognizes incremental fulfillment costs as an asset when installation expenses are incurred as part of performing the agreement for Voice, Video and Data product offerings in the Network segment in which the contract life is longer than one year. These fulfillment costs are amortized ratably over the expected life of the customer, which is representative of the expected period of benefit of the asset capitalized. The expected life of the customer is determined utilizing the average churn rate for each product. The Company calculates average churn based on the historical average customer life. We also recognize an asset for incremental fulfillment costs for certain Cloud and Communications services in the IT Services and Hardware segment that require us to incur installation and provisioning expenses. The asset recognized for Cloud and Communication services is amortized over the average contract life. Churn rates and average contract life are reviewed on an annual basis. Fulfillment costs are capitalized to "Other noncurrent assets." The related amortization expense is recorded to "Cost of services and products."

The Company recognizes an asset for the incremental costs of acquiring a contract with a customer if we expect the benefit of those costs to be longer than one year. We have determined that certain sales incentive programs related to Voice, Video, Data and certain Communications and Cloud services meet the requirements to be capitalized. The contract asset established for the costs of acquiring a contract is recorded to "Other noncurrent assets." Sales incentives are amortized ratably over the period that services are delivered using either an average churn rate or average contract term, both representative of the expected period of benefit of the asset capitalized. Customer churn rates and average contract term assumptions are reviewed on an annual basis. The related amortization expense is recorded to "Selling, general and administrative."

Management has elected to use the practical expedient detailed in ASC 340-40-25-4 to expense any costs to fulfill a contract and costs to obtain a contract as they are incurred when the amortization period would be one year or less. This practical expedient has been applied to fulfillment costs that include installation costs associated with wiring projects and certain Cloud services. In addition, this practical expedient has been applied to acquisition costs associated with revenue from certain Communications projects.

The following table presents the activity for the Company's contract assets:

	Successor								
	Fulfillment Costs			Cost of Acquisition			Total Contract Assets		
(dollars in millions)	Network	IT Services and Hardware	Total Company	Network	IT Services and Hardware	Total Company	Network	IT Services and Hardware	Total Company
Balance as of September 8, 2021 (remeasured upon Merger)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Additions	0.7	0.8	1.5	3.5	0.4	3.9	4.2	1.2	5.4
Amortization	—	(0.1)	(0.1)	(0.2)	(0.1)	(0.3)	(0.2)	(0.2)	(0.4)
Balance as of December 31, 2021	0.7	0.7	1.4	3.3	0.3	3.6	4.0	1.0	5.0
Additions	2.2	2.6	4.8	11.3	1.6	12.9	13.5	4.2	17.7
Amortization	(0.4)	(0.6)	(1.0)	(2.6)	(0.9)	(3.5)	(3.0)	(1.5)	(4.5)
Balance as of December 31, 2022	$ 2.5	$ 2.7	$ 5.2	$ 12.0	$ 1.0	$ 13.0	$ 14.5	$ 3.7	$ 18.2

	Predecessor								
	Fulfillment Costs			Cost of Acquisition			Total Contract Assets		
(dollars in millions)	Network	IT Services and Hardware	Total Company	Network	IT Services and Hardware	Total Company	Network	IT Services and Hardware	Total Company
Balance as of December 31, 2019	$ 8.0	$ 4.1	$ 12.1	$ 14.8	$ 2.3	$ 17.1	$ 22.8	$ 6.4	$ 29.2
Additions	3.6	2.2	5.8	9.4	3.5	12.9	13.0	5.7	18.7
Amortization	(8.1)	(2.4)	(10.5)	(8.4)	(2.2)	(10.6)	(16.5)	(4.6)	(21.1)
Balance as of December 31, 2020	3.5	3.9	7.4	15.8	3.6	19.4	19.3	7.5	26.8
Additions	2.5	2.6	5.1	7.2	0.4	7.6	9.7	3.0	12.7
Amortization	(5.2)	(1.9)	(7.1)	(6.7)	(1.1)	(7.8)	(11.9)	(3.0)	(14.9)
Balance as of September 7, 2021	$ 0.8	$ 4.6	$ 5.4	$ 16.3	$ 2.9	$ 19.2	$ 17.1	$ 7.5	$ 24.6

Fulfillment costs and costs of acquisition were remeasured in the Successor period of 2021 in accordance with ASC 805.

The Company recognizes a liability for cash received up-front for IRU contracts. At December 31, 2022 and 2021, $3.2 million and $2.2 million, respectively, of contract liabilities were included in "Other current liabilities." At December 31, 2022 and 2021, $74.2 million and $57.2 million, respectively, of contract liabilities were included in "Other noncurrent liabilities."

Disaggregated Revenue

The following table presents revenues disaggregated by product and service lines:

	Successor		Predecessor	
(dollars in millions)	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Data	$ 523.3	$ 156.2	$ 334.6	$ 479.4
Video	193.6	60.4	131.8	193.8
Voice	230.8	76.4	177.3	262.8
Other	46.6	10.8	20.5	33.6
Total Network	994.3	303.8	664.2	969.6
Consulting	339.4	105.5	193.6	196.0
Cloud	101.7	31.9	66.4	86.2
Communications	222.3	68.5	149.1	215.0
Infrastructure Solutions	164.5	53.4	83.3	119.4
Total IT Services and Hardware	827.9	259.3	492.4	616.6
Intersegment revenue	(26.2)	(8.7)	(17.9)	(26.4)
Total revenue	$ 1,796.0	$ 554.4	$ 1,138.7	$ 1,559.8

The following table presents revenues disaggregated by contract type:

(dollars in millions)	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Network				
Products and services transferred at a point in time	$ 27.3	$ 8.0	$ 15.8	$ 27.9
Products and services transferred over time	947.7	289.3	635.3	922.0
Intersegment revenue	19.3	6.5	13.1	19.7
Total Network	994.3	303.8	664.2	969.6
IT Services and Hardware				
Products and services transferred at a point in time	167.2	59.4	90.1	127.9
Products and services transferred over time	653.8	197.7	397.5	482.0
Intersegment revenue	6.9	2.2	4.8	6.7
Total IT Services and Hardware	827.9	259.3	492.4	616.6
Total Revenue				
Total products and services transferred at a point in time	194.5	67.4	105.9	155.8
Total products and services transferred over time	1,601.5	487.0	1,032.8	1,404.0
Total revenue	$ 1,796.0	$ 554.4	$ 1,138.7	$ 1,559.8

4. Mergers and Acquisitions

Acquisition by Red Fiber Parent LLC

On September 7, 2021, pursuant to the Merger Agreement and in accordance with the applicable provisions of the OGCL, Parent completed the acquisition of Cincinnati Bell in an all cash transaction valued at approximately $3.1 billion, including assumption of debt of $1,357.1 million. Upon the Effective Time, the separate existence of Merger Sub ceased and the Company survived the Merger as a wholly owned subsidiary of Parent.

Pursuant to the Merger Agreement, each of Cincinnati Bell's issued and outstanding Common Shares was converted into the right to receive $15.50 per share in cash, without interest. Trading of the Company's Common Shares was suspended on the New York Stock Exchange ("NYSE") and the Common Shares were subsequently delisted from the NYSE. Additionally, the Company redeemed Depositary Shares simultaneously with the redemption of the 6 $^{3}/_{4}$% Preferred Shares, at a redemption price of $50 per Depositary Share (equivalent to $1,000 per 6 $^{3}/_{4}$% Preferred Share), and the Depositary Shares were subsequently delisted from the NYSE.

The Company accounted for this transaction as a business combination in accordance with the acquisition method of accounting, which requires, among other things, that assets acquired and liabilities assumed be recognized at their estimated fair values, using primarily Level 3 inputs, as described in Note 1, as of the Merger Date. Transaction costs of the acquirer are not included as a component of consideration transferred but are accounted for as expenses in the period in which such costs are incurred, or, if related to the issuance of debt, capitalized as debt issuance costs. Acquisition-related transaction costs incurred as part of the Merger, primarily included advisory, legal and accounting fees.

The valuation of the assets acquired and liabilities assumed was based on estimated fair values at the Merger Date. The allocation of consideration to the net tangible and intangible assets acquired and liabilities assumed reflect various fair value estimates and analyses, including work performed by third-party valuation specialists. The determination of the final purchase price allocation to specific assets acquired and liabilities assumed is complete.

The purchase price for Cincinnati Bell Inc. consisted of the following:

(dollars in millions)		
Cash consideration for Cincinnati Bell Inc. stock	$	807.3
Cash consideration for preferred stock		155.2
Cash consideration for debt repayment		658.2
Total purchase price	$	1,620.7

Based on fair value estimates, the purchase price has been allocated to individual assets acquired and liabilities assumed as follows:

(dollars in millions)	Cincinnati Bell Inc.
Assets acquired	
Cash	$ 11.2
Receivables	318.5
Inventory, materials and supplies	56.4
Prepaid expenses	5.6
Other current assets	40.5
Property, plant and equipment	1,950.8
Operating lease right-of-use assets	42.3
Goodwill	651.0
Intangible assets	969.6
Deferred tax assets	6.9
Other noncurrent assets	20.2
Total assets acquired	4,073.0
Liabilities assumed	
Current portion of long-term debt	11.8
Accounts payable	381.1
Unearned revenue and customer deposits	51.2
Accrued taxes	24.6
Accrued interest	19.4
Accrued payroll and benefits	49.3
Other current liabilities	75.0
Long-term debt, less current portion	1,378.0
Operating lease liabilities	38.6
Pension and postretirement benefit obligations	151.6
Pole license agreement obligation	46.7
Deferred income tax liability	153.6
Other noncurrent liabilities	71.4
Total liabilities assumed	2,452.3
Net assets acquired	$ 1,620.7

During the second quarter of 2022, the Company recorded measurement period adjustments considered to be immaterial in nature which impacted "Property, plant and equipment," "Goodwill," and "Deferred income tax liability." In the third quarter of 2022, an adjustment was recorded to reflect the Merger's impact on state and local tax apportionment which resulted in an increase to "Deferred income tax liability" and to "Goodwill" of $4.3 million. During the fourth quarter of 2021, the Company recorded measurement period adjustments with the offset recorded as an increase or decrease to "Goodwill" which were considered to be immaterial in nature. Measurement period adjustments were applied retrospectively to the Merger Date.

In connection with this acquisition, the Company recorded goodwill attributable to increased access to a diversified customer base, acquired workforce in the United States, Canada, United Kingdom and India with industry expertise and expected synergies. The goodwill related to this acquisition is not deductible for tax purposes. The Company recorded definite-lived intangible assets related to the customer relationships, trade names and technology and an indefinite-lived intangible asset related to FCC licenses. The fair value of the most significant identified intangible assets, customer relationships and trade names, were valued using the multi-period excess earnings method and relief from royalty method, under the income approach. The Company applied judgment which involved the use of significant assumptions with respect to revenue growth rates, customer attrition rate, discount rate and terminal growth rate in relation to the customer relationships and royalty rates and discount rate in relation to the trade names. The fair values of the identifiable intangible assets acquired on the Merger Date were as follows:

(dollars in millions)	Fair Value	Useful Lives
Customer relationships	$ 850.0	15 years
Trade names	108.0	3 to 10 years
Technology	5.0	7 years
FCC licenses and spectrum usage rights	6.6	Indefinite
Total identifiable intangible assets	$ 969.6	

Transaction costs were expensed as incurred and recorded to "Transaction and integration costs" on the Consolidated Statements of Operations. Cincinnati Bell Inc. incurred transaction costs associated with the Merger Agreement of $1.2 million in 2022, $0.8 million and $54.6 million in the Successor and Predecessor periods of 2021, respectively, and $9.8 million in 2020. Transaction costs of $44.0 million that were paid on the Merger Date were recorded in the Predecessor period of 2021 and included as an assumed liability. Additionally, $2.9 million of severance associated with a change of control clause in an employee's contract was recorded in the Predecessor period of 2021 with the final payments completed in 2022. Transaction-related bonuses of $5.3 million were also recorded in the Predecessor period of 2021 but due to timing of payroll, were paid prior to the Merger Date.

Additional expenses recorded in the Predecessor period of 2021 include certain stock-based compensation awards that were accelerated upon the Merger Date, which resulted in an expense of $9.3 million that was recorded to SG&A, and Loss on Extinguishment of Debt of $10.7 million due to the repayment of the Corporate Credit Agreement at the Effective Time. Stock-based compensation was paid on the Merger Date and included in the cash consideration for Cincinnati Bell Inc. stock.

Prior to entering into the Merger Agreement, the Company previously entered into an Agreement and Plan of Merger, dated December 21, 2019, (as amended from time to time, the "Brookfield Merger Agreement") with affiliates of the Brookfield Infrastructure Group ("Brookfield"), the infrastructure investment division of Brookfield Asset Management, which was subsequently amended. On March 13, 2020, the Company terminated the Brookfield Merger Agreement and entered into the Merger Agreement. In connection with the termination of the Brookfield Merger Agreement in the first quarter of 2020, the Company paid to an affiliate of Brookfield a termination fee of $24.8 million as required by the terms of the Brookfield Merger Agreement. The termination fee is recorded in "Transaction and integration costs" on the Consolidated Statements of Operations in the Predecessor period of 2020.

Acquisition of Paniolo Fiber Assets

On August 31, 2021, the Company acquired substantially all of the operating assets of Paniolo Cable Company, LLC (the "Paniolo Acquisition"), previously held by the bankruptcy estate of Paniolo, which include inter-island submarine and middle-mile terrestrial fiber infrastructure assets in Hawaii as well as central offices and landing stations for the submarine fiber. The Company accounted for the Paniolo Acquisition as an asset acquisition under ASC 805-10-55 "Business Combinations" because the assets acquired from Paniolo do not include an assembled workforce, and the gross value of the assets acquired meets the screen test in ASC 805-10-55-5A related to substantially all of the fair value being concentrated in a single asset or group of assets (i.e., the fiber infrastructure assets) and, thus, the assets are not considered a business. The acquisition of Paniolo's assets augments the Company's existing backbone network and increases the Company's total submarine and terrestrial fiber footprint by more than 400 miles.

The aggregate purchase price paid upon closing of the Paniolo Acquisition after transactional costs was $52.3 million, consisting of $29.3 million in cash and $23.0 million in committed purchase money financing. The assets are recorded as network equipment and buildings in "Property, plant and equipment, net" on the Consolidated Balance Sheets. As of December 31, 2022, $0.5 million and $21.8 million of the committed purchase money financing was recorded in "Current portion of long-term debt" and "Long-term debt, less current portion," respectively, on the Consolidated Balance Sheets. As of December 31, 2021, $0.5 million and $22.3 million of the committed purchase money financing was recorded in "Current portion of long-term debt" and "Long-term debt, less current portion," respectively, on the Consolidated Balance Sheets.

Acquisition of Agile IWG Holdings, LLC

On May 2, 2022 ("Agile Acquisition Date"), the Company acquired Agile, based in Canton, Ohio for total cash consideration of $65.5 million. Agile delivers customers, primarily located in Ohio and Pennsylvania, with middle mile, last mile and campus connectivity services through hybrid fiber wireless networks that are designed, built and managed by Agile.

The cash portion of the purchase price was funded through borrowings under the Receivables Facility and the Revolving Credit Facility (see Note 7).

The valuation of the assets acquired and liabilities assumed is based on estimated fair values at the Agile Acquisition Date. The allocation disclosed below is considered preliminary in nature due to the ongoing work by management, with the assistance of third party experts, to refine the fair value estimates. The Company considers the allocation and fair value estimates of property, plant and equipment, ROU Assets and Liabilities, Intangible Assets and Goodwill to be preliminary in nature as of December 31, 2022. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired as of the Agile Acquisition Date while the measurement period remains open. Measurement period adjustments related to the acquisition of Agile will be applied retrospectively to the Agile Acquisition Date.

The Company incurred $2.1 million in acquisition expenses related to the Agile acquisition in 2022. No expenses related to the Agile acquisition were recorded in the Predecessor period in 2021 or the Successor period in 2021. These expenses are recorded in "Transaction and integration costs" on the Consolidated Statements of Operations.

Based on fair value estimates, the purchase price has been allocated on a preliminary basis to individual assets acquired and liabilities assumed as follows:

(dollars in millions)	Agile
Assets acquired	
Receivables and other current assets	$ 1.8
Property, plant and equipment	10.2
Operating lease right-of-use assets	27.8
Intangible assets	19.4
Goodwill	39.4
Total assets acquired	98.6
Liabilities assumed	
Accrued expenses and other current liabilities	2.5
Operating lease liabilities	25.7
Deferred income tax liability	4.4
Other noncurrent liabilities	0.5
Total liabilities assumed	33.1
Net assets acquired	$ 65.5

In connection with this acquisition, the Company recorded goodwill attributable to a diversified customer base and acquired workforce with industry expertise. The goodwill related to this acquisition is not deductible for tax purposes.

During the third quarter of 2022, the Company recorded measurement period adjustments for Agile to reflect refinements in fair value estimates in addition to a working capital adjustment of $0.4 million that increased the purchase price to $65.5 million. Most significant adjustments recorded were related to the acquired operating leases included in "Operating lease right-of-use assets" and "Operating lease liabilities," deferred tax liabilities included in "Other noncurrent liabilities" and "Intangible assets." The offset to these adjustments were recorded as a net decrease to "Goodwill." In the fourth quarter of 2022, a measurement period adjustment was recorded to reflect the tax impact on the estimated fair value of property, plant and equipment and intangible assets acquired which resulted in an increase to "Deferred income tax liability" and to "Goodwill" of $4.4 million. In addition, the Company recorded a measurement period adjustment considered to be immaterial in nature which impacted "Receivables and other current assets" and "Goodwill" in the fourth quarter of 2022.

Based on fair value estimates, the identifiable intangible assets acquired are as follows:

(dollars in millions)	Fair Value	Useful Lives
Customer relationships	$ 16.0	15 years
Trade names	2.3	10 years
Technology	1.1	7 years
Total identifiable intangible assets	$ 19.4	

5. Property, Plant and Equipment

Property, plant and equipment is comprised of the following:

(dollars in millions)	December 31, 2022	December 31, 2021	Depreciable Lives (Years)
Land and rights-of-way	$ 132.8	$ 132.3	20 – Indefinite
Buildings and leasehold improvements	201.3	183.5	5 – 40
Network equipment	1,970.5	1,566.9	2 – 50
Office software, furniture, fixtures and vehicles	135.2	109.8	2 – 14
Construction in process	112.2	72.2	n/a
Gross value	2,552.0	2,064.7	
Accumulated depreciation	(435.2)	(98.1)	
Property, plant and equipment, net	$ 2,116.8	$ 1,966.6	

In connection with the Merger, a fair value step-up of $162.1 million was recorded to property, plant and equipment ("PP&E"). The estimated fair value of the PP&E was determined using Level 3 inputs within the fair value hierarchy, as described in Note 1. A combination of cost and market approaches were used to estimate the fair values of the PP&E as of the Merger Date. See Note 4 for additional information regarding the Merger.

In 2022, the Company identified an error in depreciation expense primarily related to capitalized office software costs resulting in the overstatement of depreciation expense. The Company recorded an after-tax adjustment of $10.5 million, of which $4.0 million related to the 2021 successor period. The impact of the out of period correction is immaterial to the current annual and 2021 successor period consolidated financial statements.

Depreciation expense on PP&E, including assets accounted for as finance leases, totaled $375.7 million in 2022, $103.2 million and $185.0 million in the Successor and Predecessor periods of 2021, respectively, and $279.0 million in 2020. The portion of depreciation expense associated with cost of providing services was 91% in 2022, 84% and 85% for the Successor and Predecessor periods of 2021, respectively, and 86% in 2020. 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.

The Company recorded a loss on impairment of long-lived assets of $2.7 million in the third quarter of 2022 related to the impairment of leasehold improvements at the Company's headquarters. No asset impairment losses were recognized on PP&E in the Successor and Predecessor periods in 2021 and the year ended December 31, 2020.

6. Goodwill and Intangible Assets

Goodwill

The changes in the Company's goodwill consisted of the following:

(dollars in millions)	Successor		
	IT Services and Hardware	Network	Total Company
Goodwill, balance as of September 8, 2021 (remeasured upon Merger)	$ —	$ —	$ —
Activity during the year			
Merger	157.4	488.9	646.3
Goodwill, balance as of December 31, 2021	157.4	488.9	646.3
Activity during the year:			
Adjustments to prior year Merger	2.5	2.2	4.7
Acquisition of Agile	—	39.4	39.4
Adjustments to postretirement and other benefit obligations (Note 11)	19.6	15.4	35.0
Currency translations	(1.9)	—	(1.9)
Goodwill, balance as of December 31, 2022	$ 177.6	$ 545.9	$ 723.5

(dollars in millions)	Predecessor		
	IT Services and Hardware	Network	Total Company
Goodwill, balance as of December 31, 2020	$ 149.1	$ 12.4	$ 161.5
Activity during the year			
Currency translations	0.7	—	0.7
Goodwill, balance as of September 7, 2021	$ 149.8	$ 12.4	$ 162.2

As mentioned in Note 4, in connection with the Merger, the Company's assets and liabilities were measured at fair value as of the date of the Merger. The allocation of goodwill to our Network reporting unit and IT Services and Hardware reporting unit is complete at December 31, 2022. In addition, goodwill in the Network segment increased by $39.4 million due to the acquisition of Agile. See Note 4 for further information related to the Agile acquisition.

No impairment losses were recognized in goodwill for the year ended December 31, 2022, the Successor and Predecessor periods in 2021 and the year ended December 31, 2020. During the annual review performed in the fourth quarter of 2022, we completed a Step 1 or Quantitative assessment and determined that the fair value of our reporting units exceeded their carrying amounts, including goodwill and, therefore, goodwill was not impaired.

Intangible Assets

The Company's intangible assets consisted of the following:

(dollars in millions)	December 31, 2022 Gross Carrying Amount	December 31, 2022 Accumulated Amortization	December 31, 2022 Net Amount	December 31, 2021 Gross Carrying Amount	December 31, 2021 Accumulated Amortization	December 31, 2021 Net Amount
Intangible assets subject to amortization						
Customer relationships	$ 862.1	$ (140.7)	$ 721.4	$ 850.0	$ (36.2)	$ 813.8
Trade names	109.5	(20.5)	89.0	108.0	(5.0)	103.0
Technology	6.0	(1.0)	5.0	5.0	(0.2)	4.8
Total	977.6	(162.2)	815.4	963.0	(41.4)	921.6
Intangible assets not subject to amortization						
FCC licenses and spectrum usage rights	6.9	—	6.9	6.7	—	6.7
Perpetual licenses	6.8	—	6.8	—	—	—
Total intangible assets	$ 991.3	$ (162.2)	$ 829.1	$ 969.7	$ (41.4)	$ 928.3

In connection with the Merger, the Company recorded $963.0 million of finite-lived intangible assets and $6.6 million of indefinite-lived intangible assets representing the fair values at the Merger Date. As a result of the acquisition of Agile, the Company recorded $19.4 million of finite-lived intangible assets representing preliminary fair value at the Agile Acquisition Date. See Note 4 for additional information regarding the Merger and the acquisition of Agile. The change in gross carrying amounts for finite-lived intangible assets is also due to foreign currency translation on finite-lived intangible assets denominated in foreign currency. The finite-lived intangible assets are amortized over their useful lives based on a number of assumptions including the estimated period of economic benefit and utilization.

During the third quarter of 2020, the Company participated in Auction 105 conducted by the FCC for Priority Access Licenses of the Citizens Band Radio Service Spectrum ("CBRS"). The Company was the winning bidder of 56 wireless spectrum licenses in 17 Greater Cincinnati, Dayton and Hawaiian counties that allow the Company to further expand broadband coverage across its operating footprint. The licenses were transferred to the Company in the fourth quarter of 2020. The Company elected to perform a qualitative impairment assessment in the fourth quarter of 2022 and concluded that the CBRS priority access licenses are not impaired.

During the fourth quarter of 2022, the Company purchased perpetual licenses for a block of IP addresses to be used as the Company continues to extend our fiber network and add internet subscribers.

The Company's finite-lived intangible assets recorded in the Predecessor period were established in connection with completed acquisitions. They were amortized over their useful lives based on a number of assumptions including the estimated period of economic benefit and utilization.

The amortization expense for finite-lived intangible assets was $121.4 million in 2022, $41.4 million and $9.9 million in the Successor and Predecessor periods in 2021, respectively, and $14.4 million in 2020. No impairment losses were recognized on intangible assets for the year ended December 31, 2022, the Successor and Predecessor periods in 2021 and the year ended December 31, 2020.

The estimated useful lives for each finite-lived intangible asset class are as follows:

Customer relationships	15 years
Trade names	3 to 10 years
Technology	7 years

The annual estimated amortization expense for future years is as follows:

(dollars in millions) Year ended December 31,	
2023	$ 114.7
2024	105.4
2025	93.6
2026	86.5
2027	79.3
Thereafter	335.9
Total	$ 815.4

7. Debt and Other Financing Arrangements

The Company's debt consists of the following:

(dollars in millions)	December 31, 2022	December 31, 2021
Current portion of long-term debt:		
Credit Agreement - Term B-1 Loans	$ 5.0	$ 5.0
Credit Agreement - Term B-2 Loans	6.5	6.5
7 1/4% Notes due 2023[(1)]	22.8	—
Paniolo Fiber Assets Financing Arrangement	0.5	0.5
Other financing arrangements	0.3	0.5
Finance lease liabilities	9.9	7.2
Current portion of long-term debt	45.0	19.7
Long-term debt, less current portion:		
Receivables Facility	186.9	153.6
Credit Agreement - Revolving Credit Facility	223.0	—
Credit Agreement - Term B-1 Loans	490.0	495.0
Credit Agreement - Term B-2 Loans	637.0	643.5
7 1/4% Notes due 2023[(1)]	—	24.0
Various Cincinnati Bell Telephone notes [(1)]	96.4	97.5
Paniolo Fiber Assets Financing Arrangement	21.8	22.3
Digital Access Ohio Advance	0.9	—
Other financing arrangements	—	0.4
Finance lease liabilities	43.1	42.3
	1,699.1	1,478.6
Net unamortized discount	(4.3)	(4.9)
Unamortized note issuance costs	(38.8)	(44.8)
Long-term debt, less current portion	1,656.0	1,428.9
Total debt	$ 1,701.0	$ 1,448.6

(1) As of December 31, 2022, the net carrying amounts of the 7 1/4% Notes due 2023 and Various Cincinnati Bell Telephone notes included unamortized fair value adjustments related to the Merger of $0.5 million and $8.5 million, respectively. As of December 31, 2021, the net carrying amounts of the 7 1/4% Notes due 2023 and Various Cincinnati Bell Telephone notes included unamortized fair value adjustments related to the Merger of $1.7 million and $9.6 million, respectively. Each adjustment is being amortized over the life of the respective notes and is recorded as a reduction of interest expense.

Credit Agreement (effective 2021)

In connection with the Merger Agreement, at the Effective Time (the date on which the Effective Time occurred, the "Closing Date"), the Company entered into a new Credit Agreement (the "Credit Agreement") and terminated the former Corporate Credit Agreement. The Credit Agreement initially provided for (i) a five-year $275 million senior secured revolving credit facility, including both a letter of credit subfacility of up to $40 million and a swingline loan subfacility of up to $10 million (the "Revolving Credit Facility due 2026") and (ii) a seven-year $150 million senior secured term loan facility (the "Term B-1 Loans"). The Revolving Credit Facility due 2026 matures in September 2026 and the Term B-1 Loans mature in September 2028. Borrowings under the Term B-1 Loans were used to refinance existing company indebtedness, finance a portion of the fees and expenses relating to the acquisition of the Company and the establishment of the Credit Agreement, and for working capital and general corporate purposes. Borrowings under the Revolving Credit Facility due 2026 may be used to provide ongoing working capital as well as for other general corporate purposes of the Company.

The Company (i) incurred deferred financing costs of $32.0 million related to the issuance of the Term B-1 Loans and capitalized as a reduction to the outstanding debt balances as of the Merger Date and (ii) incurred deferred financing costs of $6.1 million related to the issuance of the Revolving Credit Facility due 2026 and capitalized to "Other noncurrent assets" on the Consolidated Balance Sheets as of the Merger Date.

In November 2021, the Company entered into an Amendment (the "Amendment No. 1") to the Credit Agreement to provide for, among other things, (i) a $125.0 million upsize to the Revolving Credit Facility due 2026, increasing the total commitments under the Revolving Credit Facility due 2026 to $400.0 million, (ii) a $350.0 million incremental increase to the Term B-1 Loans (the "Incremental Term B-1 Loans Increase"), increasing the aggregate principal amount of Term B-1 Loans to $500.0 million, and (iii) the incurrence of a new tranche of $650.0 million aggregate principal amount of senior secured term loans (the "Term B-2 Loans"). The proceeds of the Incremental Term B-1 Loans Increase and the Term B-2 Loans were used by the Company to redeem in full all of the Company's existing 7.000% Senior Notes due 2024 (the "2024 Notes") and 8.000% Senior Notes due 2025 (the "2025 Notes"), and to pay fees and expenses in connection thereto. The Term B-2 Loans mature in November 2028. The Amendment No. 1 also extended the maturity of all Term B-1 Loans to November 2028 and reduced the interest applicable to the Term B-1 Loans and the Revolving Credit Facility due 2026. At December 31, 2022, borrowings under the Revolving Credit Facility due 2026 were $223.0 million, leaving $177.0 million available. The Amendment No. 1 also provided for the transition of the benchmark rate of interest under the Credit Agreement from LIBOR to Term SOFR.

As a result of the Amendment No. 1 in 2021, the Company incurred deferred financing costs of $4.3 million and $9.7 million related to the Incremental Term B-1 Loans Increase and the Term B-2 Loans, respectively, and capitalized the amounts as a reduction to the outstanding debt balances in 2021. In addition, the Company incurred deferred financing costs of $1.3 million related to increasing the capacity of the Revolving Credit Facility due 2026 and capitalized the amount to "Other noncurrent assets" on the Consolidated Balance Sheets in 2021.

Borrowings under the Term B-1 Loans will, following the Amendment No. 1, bear interest, initially, at a rate equal to, at the Company's option, either:

- a base rate determined by reference to the highest of (i) the Federal Funds Rate (determined for any day as the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System of the United States arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the business day next succeeding such day) plus 0.5%, (ii) the rate of interest in effect for such day as publicly announced from time to time by Goldman Sachs as its "prime rate" in effect at its principal office in New York City and notified to the Company, and (iii) to the extent ascertainable, one month Adjusted Term SOFR (determined as set forth below) plus 1.00%, plus, in any such case, 2.50%; or
- Adjusted Term SOFR determined by reference to the forward-looking term rate based on the secured overnight financing rate as administered by the Federal Reserve Bank of New York, plus a credit spread adjustment equal to 0.10%, 0.15% or 0.25% for interest periods of one month, three months and six months, respectively, plus, in each case, 3.50%.

From and after the delivery by the Company to the administrative agent for the Credit Agreement of financial statements for the first fiscal quarter ended after the effective date of the Amendment No. 1, the applicable margin over the base rate or Adjusted Term SOFR for the Term B-1 Loans will be in the range of 3.25% and 3.50% (for SOFR loans) and 2.25% and 2.50% (for base rate loans) based on a pricing grid as determined by reference to the applicable Secured Net Leverage Ratio (as defined in the Credit Agreement) for the most recent four fiscal quarter period for which financial statements have been delivered.

Borrowings under the Term B-2 Loans will bear interest, initially, at a rate equal to, at the Company's option, either:

- a base rate determined by reference to the highest of (i) the Federal Funds Rate (determined for any day as the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System of the United States arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the business day next succeeding such day) plus 1/2 of 1%, (ii) the rate of interest in effect for such day as publicly announced from time to time by Goldman Sachs as its "prime rate" in effect at its principal office in New York City and notified to the Company, and (iii) to the extent ascertainable, one month Adjusted Term SOFR (determined as set forth below) plus 1.00%, plus, in any such case, 2.25%; or
- Adjusted Term SOFR determined by reference to the forward-looking term rate based on the secured overnight financing rate as administered by the Federal Reserve Bank of New York, plus a credit spread adjustment equal to 0.10%, 0.15% or 0.25% for interest periods of one month, three months and six months, respectively, plus, in each case, 3.25%.

From and after the delivery by the Company to the administrative agent for the Credit Agreement of financial statements for the first fiscal quarter ended after the effective date of the Amendment No. 1, the applicable margin over the base rate or Adjusted Term SOFR for the Term B-2 Loans will be in the range of 3.00% and 3.25% (for SOFR loans) and 2.00% and 2.25% (for base rate loans) based on a pricing grid as determined by reference to the applicable Secured Net Leverage Ratio for the most recent four fiscal quarter period for which financial statements have been delivered.

Borrowings under the Revolving Credit Facility due 2026 will, following the Amendment No. 1, bear interest, initially, at a rate equal to, at the Company's option, either:

- a base rate determined by reference to the highest of (i) the Federal Funds Rate (determined for any day as the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System of the United States arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the business day next succeeding such day) plus 1/2 of 1%, (ii) the rate of interest in effect for such day as publicly announced from time to time by Goldman Sachs as its "prime rate" in effect at its principal office in New York City and notified to the Company, and (iii) to the extent ascertainable, one month Adjusted Term SOFR (determined as set forth below) rate plus 1.00%, plus, in any such case, 2.00%; or
- Adjusted Term SOFR determined by reference to the forward-looking term rate based on the secured overnight financing rate as administered by the Federal Reserve Bank of New York, plus a credit spread adjustment equal to 0.10%, 0.15% or 0.25% for interest periods of one month, three months and six months, respectively, plus, in each case, 3.00%.

From and after the delivery by the Company to the administrative agent for the Credit Agreement of financial statements for the first fiscal quarter ended after the effective date of the Amendment No. 1, the applicable margin over the base rate or Adjusted Term SOFR for the Revolving Credit Facility due 2026 will be in the range of 2.75% and 3.00% (for SOFR loans) and 1.75% and 2.00% (for base rate loans) based on a pricing grid as determined by reference to the applicable Secured Net Leverage Ratio for the most recent four fiscal quarter period for which financial statements have been delivered.

The base rate is subject to a 0.00% floor. The Adjusted Term SOFR is subject to a floor equal to (i) for the Revolving Credit Facility due 2026, 0.00%, (ii) for the Term B-1 Loans, 0.25% and (iii) for the Term B-2 Loans, 0.50%.

In addition, the Company will be required to pay a commitment fee on any unused portion of the Revolving Credit Facility due 2026 at a rate of 0.50% per annum, or, if the Secured Net Leverage Ratio for the most recent four fiscal quarter period for which financial statements have been delivered is equal to or less than 3.25 to 1.00, 0.375% per annum. The Company will also pay customary letter of credit fees, including a fronting fee equal to 0.125% per annum of the dollar equivalent of the maximum amount available to be drawn under all outstanding letters of credit, as well as customary issuance and administration fees.

One of the syndicated lenders in the Credit Agreement is a cooperative bank owned by its customers. Annually, this bank distributes patronage in the form of cash and stock in the cooperative based on the Company's average outstanding loan balance. The Company will recognize the patronage, generally as declared, in "Other (income) expense, net." The stock component will be recognized at its stated cost basis.

The Company may voluntarily repay and reborrow outstanding loans under the Revolving Credit Facility due 2026 at any time without a premium or a penalty, other than customary "breakage" costs with respect to SOFR revolving loans.

Guarantors and Security Interests, Credit Agreement

All obligations under the Term B-1 Loans, Term B-2 Loans and Revolving Credit Facility due 2026 are unconditionally guaranteed by the direct parent of the Company and each of the existing and future direct and indirect material, wholly-owned domestic subsidiaries of the Company, subject to certain exceptions (including for Cincinnati Bell Funding LLC, Cincinnati Bell Funding Canada Ltd. (and any other similar special purpose receivables financing subsidiary), the Company's joint ventures, subsidiaries prohibited by applicable law or contractual obligation from becoming guarantors, immaterial subsidiaries, unrestricted subsidiaries, foreign subsidiaries, and other customary exceptions as more fully described in the Credit Agreement). Obligations outstanding under the Credit Agreement are secured by perfected first priority pledges of and security interests in (i) the equity interests of the Company held by its direct parent and (ii) substantially all of the assets of the Company and each subsidiary guarantor (subject to customary exceptions as more fully described in the Credit Agreement), including equity interests of each subsidiary guarantor under the Credit Agreement.

Corporate Credit Agreement (effective 2017)

In connection with the Merger Agreement, at the Effective Time, the outstanding loans under the Corporate Credit Agreement, dated as of October 2, 2017, were paid in full together with accrued interest and unpaid fees. As a result of the Company terminating the Corporate Credit Agreement, certain previously deferred costs and unamortized discount associated with the Corporate Credit Agreement's Revolving Credit Facility and Tranche B Term Loan due 2024 were written off in the Predecessor period of 2021. The loss on extinguishment of debt associated with the transaction was $10.7 million.

Accounts Receivable Securitization Facility

Cincinnati Bell Inc. and certain of its subsidiaries have an accounts receivable securitization facility ("Receivables Facility"). In the second quarter of 2022, the Company executed amendments to its Receivables Facility, which replaced, amended and added certain provisions and definitions including the replacement of LIBOR with SOFR, a rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York. The Receivables Facility is subject to renewal in June 2023 and has a termination date in June 2024. The maximum borrowing limit for loans and letters of credit under the Receivables Facility is $215.0 million in the aggregate. 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, 2022, the available borrowing capacity was $215.0 million. Of the total borrowing capacity of $215.0 million, there were $186.9 million of outstanding borrowings and $19.3 million of outstanding letters of credit, leaving $8.8 million available as of December 31, 2022.

Interest on the Receivables Facility is based on the SOFR rate plus 1.4%. The average interest rate on the Receivables Facility was 3.3% in 2022. The Company pays letter of credit fees on letters of credit drawn under the securitization facility and also pays commitment fees on the unused portion of the total facility.

Under this agreement, certain U.S. and Canadian subsidiaries, as originators, sell their respective trade receivables on a continuous basis to Cincinnati Bell Funding LLC ("CBF") or Cincinnati Bell Funding Canada Ltd. ("CBFC"), wholly-owned consolidated subsidiaries of the Company. Although CBF and CBFC are wholly-owned consolidated subsidiaries of the Company, CBF and CBFC are 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 or CBFC, such accounts receivable are legally assets of CBF and CBFC and, as such, are not available to creditors of other subsidiaries or the parent company. The Receivables Facility includes an option for CBF to sell, rather than borrow against, certain receivables on a non-recourse basis. As of December 31, 2022, the outstanding balance of certain accounts receivable sold, rather than borrowed against, was $56.8 million.

The transferors sell their respective trade receivables on a continuous basis to CBF or CBFC. In turn, CBF or CBFC 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 and CBFC at market rates; accordingly, no servicing asset or liability has been recorded.

For the purposes of consolidated financial reporting, the Receivables Facility is accounted for as secured financing. Because CBF and CBFC have 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."

On January 31, 2023, the Company, together with certain of its U.S. and Canadian subsidiaries, made certain amendments (the "Amendments") to the Company's Receivables Facility. The Amendments amend the Receivables Facility to, among other things: (i) increase the total maximum borrowing capacity to $280.0 million, (ii) separate the Receivable Facility into two separate facilities, with (A) the existing Receivable Facility (the "Network Receivables Facility"), as amended by the Amendments, covering receivables originated by certain U.S. subsidiaries of the Company including Cincinnati Bell Telephone Company LLC, Hawaiian Telcom Communications, Inc. and certain of their respective subsidiaries having a maximum borrowing capacity of $55.0 million and (B) a new facility (the "CBTS Receivable Facility") covering receivables originated by certain U.S. and Canadian subsidiaries of the Company including CBTS Technology Solutions LLC and OnX Enterprise Solutions Ltd. having a maximum borrowing capacity of $225.0 million, (iii) move the receivables monetization arrangements from the Network Receivables Facility to the CBTS Receivable Facility, and (iv) make applicable technical and conforming changes thereto. In addition, the Amendments extend the renewal dates of each facility to January 2025 and the termination dates of each facility to January 2026.

In conjunction with the Amendments, certain U.S. subsidiaries, as originators, began selling their respective trade receivables on a continuous basis to CBTS Funding LLC ("CBTSF"), a wholly-owned consolidated subsidiary of the Company. Although CBTSF is a wholly-owned consolidated subsidiary of the Company, CBTSF 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 CBTSF, such accounts receivable are legally assets of CBTSF and, as such, are not available to creditors of other subsidiaries or the parent company.

In addition, certain of our variable rate debt, including debt under the Paniolo fiber assets financing arrangement (defined below), uses LIBOR as one of the benchmarks for establishing the rate of interest and may be hedged with LIBOR-based interest rate derivatives. LIBOR is the subject of recent regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to be replaced with a new benchmark in the future or to perform differently than in the past. The consequences of these developments cannot be entirely predicted, but could include an increase in the cost of our variable rate indebtedness. Upon the discontinuation of LIBOR, the benchmark rate of interest for the Paniolo fiber assets financing arrangement will transition to SOFR in accordance with the terms of the arrangement.

7 1/4% Notes due 2023

In 1993, the Company issued $50.0 million of 7 1/4% Notes due 2023 ("7 1/4% Notes"). The indenture related to the 7 1/4% 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 7 1/4% Notes equally and ratably with the indebtedness or obligations secured by such liens. The liens under the Credit Agreement resulted in the 7 1/4% Notes being secured equally and ratably with the collateral granted by the Company (but not its subsidiaries) that secures the obligations under the Credit Agreement.

Interest on the 7 1/4% Notes is payable semi-annually on June 15 and December 15. The Company may not redeem the 7 1/4% Notes prior to maturity. The indenture governing the 7 1/4% 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.

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 liens under the Credit Agreement resulted in the CBT Notes being secured equally and ratably with the collateral granted by CBT that secures the obligations under the Credit Agreement.

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.

Paniolo Fiber Assets Financing Arrangement

In connection with the Paniolo Acquisition in the third quarter of 2021, the Company's wholly-owned subsidiary, Hawaiian Telcom Inc. ("HTI"), entered into a purchase money financing agreement to finance a portion of the Paniolo Acquisition. The Paniolo fiber assets financing arrangement provides for a five-year $23.0 million loan secured by the Paniolo assets acquired in the transaction. Borrowings under the Paniolo fiber assets financing arrangement bear interest at a rate per annum equal to LIBOR plus 3.0%. Upon the discontinuation of LIBOR, the benchmark rate of interest will transition to SOFR in accordance with the terms of the arrangement. The Company guarantees HTI's borrowings under the Paniolo fiber assets financing arrangement.

Digital Access Ohio Advance

The Company holds an interest in DAO (Note 1), which entered into a secured promissory note ("Digital Access Ohio Advance") to finance a portion of DAO's operations. The Digital Access Ohio Advance matures in July 2033, and the total borrowings shall not exceed $20.0 million in the aggregate. Borrowings under the Digital Access Ohio Advance bear interest at a rate per annum equal to the long term applicable federal rate plus 1.0%. The interest will continue to accrue and is due either upon maturity in July 2033 or upon repayment if that occurs prior to the maturity date. The Company guarantees DAO's borrowings under the Digital Access Ohio Advance. In the fourth quarter of 2022, DAO received initial funding resulting in borrowings under the Digital Access Ohio Advance of $0.9 million.

Finance Lease Liabilities

Finance lease liabilities 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 other financing arrangements for the five years subsequent to December 31, 2022, and thereafter:

(dollars in millions)	Debt	Other financing arrangements
Year ended December 31,		
2023	$ 34.3	$ 0.3
2024	198.9	—
2025	12.0	—
2026	255.3	—
2027	11.5	—
Thereafter	1,169.8	—
	1,681.8	0.3
Net unamortized discount	(4.3)	—
Unamortized note issuance costs	(38.8)	—
Total debt	$ 1,638.7	$ 0.3

Deferred Financing Costs

Deferred financing costs are costs incurred in connection with obtaining long-term financing and renewing revolving credit agreements. Deferred financing costs are amortized on the effective interest method. The Company incurred deferred financing costs of $0.1 million related to amending the Receivables Facility in 2022. In the Predecessor period of 2021, the Company incurred deferred financing costs of $1.0 million related to consent solicitation fees incurred for the Company's notes and amending and renewing revolving credit agreements. As a result of the Company terminating the Corporate Credit Agreement, deferred financing costs of $1.2 million and $6.1 million associated with the Corporate Credit Agreement's Revolving Credit Facility and Tranche B Term Loan due 2024, respectively, were written off in the Predecessor period of 2021. In the Successor period of 2021, the Company incurred deferred financing costs of $53.4 million associated with the issuance and the Amendment No. 1 of the Credit Agreement. In addition, the Company incurred deferred financing costs in the Successor period of 2021 of $3.9 million related to the consent fees paid to the holders of the 2024 Notes and 2025 Notes. The Company wrote-off deferred financing costs associated with the extinguishment of debt of $3.6 million in the Successor period of 2021.

The Company records costs incurred in connection with obtaining revolving credit agreements as an asset. As of December 31, 2022 and 2021, deferred financing costs recorded to "Other non-current assets" totaled $5.3 million and $7.0 million, respectively. Amortization of deferred financing costs, included in "Interest expense" in the Consolidated Statements of Operations, totaled $7.1 million in 2022, $2.0 million and $4.2 million in the Successor and Predecessor periods in 2021, respectively, and $5.9 million in 2020.

Debt Covenants

Credit Agreement

The Credit Agreement has a financial covenant that requires the Company to maintain a Senior Secured Net Leverage Ratio (as defined in the Credit Agreement) of 5.75 to 1.00 when the utilization under the Revolving Credit Facility due 2026 exceeds 35%. In addition, the 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, and prepay other indebtedness, sell, transfer, lease, or dispose of assets and enter into, or undertake, certain liquidations, mergers, consolidations or acquisitions.

The 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 was to violate any of its covenants and was unable to obtain a waiver, it would be considered a default. If the Company was in default under the Credit Agreement, no additional borrowings under the Revolving Credit Facility due 2026 would be available until the default was waived or cured.

The Term B-1 Loans and Term B-2 Loans are subject to the same affirmative and negative covenants and events of default as the Revolving Credit Facility due 2026, except that a breach of the financial covenants will not result in an event of default under the Term B-2 Loans unless and until the agent or a majority in interest of the lenders under the Revolving Credit Facility due 2026 have terminated their commitments under the Revolving Credit Facility due 2026 and accelerated the loans then outstanding under the Revolving Credit Facility due 2026 in response to such breach in accordance with the terms and conditions of the Credit Agreement.

Extinguished Notes

In the fourth quarter of 2021, the Company redeemed all of the $650 million of 7% Senior Notes due 2024 and $350 million of 8% Senior Notes due 2025 at redemption prices of 101.750% and 104.000%, respectively, primarily using proceeds from the Incremental Term B-1 Loans Increase and the Term B-2 Loans. As a result, the Company recorded a loss on extinguishment of debt of $2.1 million in the fourth quarter of 2021.

8. Leases

Lessee Disclosures

The Company primarily leases real estate for offices, retail stores and central offices, as well as equipment, cell towers, designated space on third party towers and fleet vehicles. The Company leases its real estate for terms between 1 and 55 years, its equipment for terms between 3 and 5 years, its cell towers for terms between 2 and 21 years, its designated space on third party cell towers for terms between 2 and 55 years and its vehicles for terms of 5 years. Our leases have various expiration dates through 2071, some of which include options to extend the leases for up to 15 years.

Upon adoption of ASC 842 on January 1, 2019, the Company elected not to recognize leases with terms of one-year or less on the balance sheet. The Company's leases generally do not provide an implicit rate, and therefore the Company uses its incremental borrowing rate as the discount rate when measuring operating lease liabilities. The incremental borrowing rate represents an estimate of the interest rate the Company would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of the lease.

Supplemental balance sheet information related to the Company's leases was as follows:

(dollars in millions)	Balance Sheet Location	December 31, 2022	December 31, 2021
Operating lease assets, net of amortization	Operating lease right-of-use assets	$ 73.1	$ 44.3
Finance lease assets, net of amortization	Property, plant and equipment, net	16.5	10.7
Operating lease liabilities:			
Current operating lease liabilities	Other current liabilities	12.7	9.6
Noncurrent operating lease liabilities	Operating lease liabilities	66.1	40.2
Total operating lease liabilities		78.8	49.8
Finance lease liabilities:			
Current finance lease liabilities	Current portion of long-term debt	9.9	7.2
Noncurrent finance lease liabilities	Long-term debt, less current portion	43.1	42.3
Total finance lease liabilities		$ 53.0	$ 49.5

The components of lease expense were as follows:

	Successor		Predecessor	
(dollars in millions)	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Operating lease cost	$ 14.6	$ 4.3	$ 8.1	$ 13.0
Short-term lease cost	0.3	0.1	0.2	0.3
Variable lease cost	3.6	1.1	2.3	2.6
Finance lease cost:				
Depreciation on leased assets	4.7	2.0	4.5	7.0
Interest on lease liabilities	3.5	1.2	2.9	4.5
Total lease cost	$ 26.7	$ 8.7	$ 18.0	$ 27.4

Supplemental cash flow information related to leases was as follows:

(dollars in millions)	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Supplemental Cash Flows Information				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from finance leases	$ 3.4	$ 1.2	$ 2.9	$ 4.4
Operating cash flows from operating leases	$ 11.1	$ 3.4	$ 7.2	$ 12.1
Financing cash flows from finance leases	$ 8.3	$ 3.9	$ 9.9	$ 16.6
Right-of-use assets obtained in exchange for lease obligations:				
New operating leases	$ 12.2	$ 5.4	$ 11.5	$ 12.6
New finance leases	$ 12.3	$ 2.0	$ 3.8	$ 7.7

Additional quantitative information related to leases was as follows:

	December 31, 2022	December 31, 2021
Weighted Average Remaining Lease Term		
Operating leases	12.06 years	7.30 years
Finance leases	5.67 years	6.96 years
Weighted Average Discount Rate		
Operating leases	5.85%	5.27%
Finance leases	7.23%	6.99%

Future minimum lease payments under non-cancellable leases as of December 31, 2022 are as follows:

(dollars in millions)	Operating Leases	Finance Leases
Year ended December 31,		
2023	$ 15.3	$ 13.3
2024	13.0	12.1
2025	11.0	9.3
2026	9.3	7.5
2027	7.5	7.6
Thereafter	62.9	15.7
Total future minimum lease payments	119.0	65.5
Less imputed interest	(38.8)	(12.5)
Total	$ 80.2	$ 53.0

As of December 31, 2022, we have additional future payments on operating leases that have not yet commenced for $1.4 million. These leases will commence in 2023 and have lease terms of seven to ten years.

Sale-Leaseback Disclosures

On August 31, 2021, the Company simultaneously exercised its bargain purchase option on real property located in Cincinnati, Ohio, previously classified as a finance lease, and sold it to a third party for $9.1 million. Net proceeds from the transactions were approximately $6.6 million after transactional costs. Concurrently with the sale, the Company entered into an operating lease arrangement with the third party purchaser of the property for a portion of the building to maintain use of the location as an office space. The transaction qualified for sale-leaseback accounting in accordance with ASC 842, and the Company recognized a gain on the sale of $2.8 million in August, 2021. The Company recorded an operating lease right-of-use asset and liability of $7.7 million related to the leaseback agreement on September 1, 2021.

Lessor Disclosures

The Company has operating leases related to its dark fiber arrangements for terms between 1 and 30 years. Our leases have various expiration dates through 2048, some of which include options to extend the lease. The Company recorded lease income related to operating lease payments of $3.0 million in 2022, $0.9 million and $2.0 million in the Successor and Predecessor periods of 2021, respectively, and $2.9 million in 2020.

The Company owns the underlying assets associated with its operating leases and records them in "Property, plant and equipment, net" on the Consolidated Balance Sheets.

Future minimum lease payments to be received under non-cancellable leases as of December 31, 2022 are as follows:

(dollars in millions)	Operating Leases
Year ended December 31,	
2023	$ 2.6
2024	2.3
2025	2.2
2026	2.2
2027	2.1
Thereafter	12.4
Total future minimum lease payments	23.8
Less imputed interest	(7.4)
Total	$ 16.4

9. Commitments and Contingencies

Other Installment Financing Arrangements

Prior to the acquisition of Hawaiian Telcom in July 2018, Hawaiian Telcom had an open dispute related to jointly-owned utility poles. Each of the electric utilities for the four counties in the State of Hawaii had separate agreements with Hawaiian Telcom for the joint ownership and maintenance of utility poles along with other third parties, such as the State of Hawaii. The agreements set forth various circumstances requiring pole removal, installation and replacement and the sharing of costs among the joint pole owners. The agreements allowed for the cost of work done by one joint pole owner to be shared by the other joint pole owners based on the apportionment of costs in the agreements. Generally, the electric utilities had maintained, replaced and installed the majority of the jointly-owned poles and had billed the other joint pole owners for their respective share of the costs. Hawaiian Telcom had a disagreement with the common owner of the utilities in three of the counties in Hawaii regarding the amount the utilities were requesting for their share of the capitalized costs.

The agreement approved by the Hawaii Public Utilities Commission in October 2018 provided for the transfer of Hawaiian Telcom's ownership responsibility of the poles to Hawaiian Electric Company ("HEC") and Hawaiian Telcom to pay a fixed annual fee to HEC for continued use of the poles. The agreement, referred to as the Pole License Agreement, has a duration of 10 years at a fixed rate with two renewal options each for five year terms. Due to the continuing involvement by the Company, this transaction does not meet the requirements to be accounted for as a sale-leaseback, and therefore it has been treated as a financing obligation. In connection with the Merger, the carrying value of the financing obligation was remeasured and includes a fair value step-up of $12.2 million recorded as of the Merger Date (see Note 10). As of December 31, 2022, the Company has a liability recorded of $46.6 million related to the payments for the use of the poles, of which $3.0 million is recognized within "Other current liabilities" in the Consolidated Balance Sheets. As of December 31, 2021, the Company had a liability recorded of $48.7 million related to the payments for the use of the poles, of which $2.5 million is recognized within "Other current liabilities" in the Consolidated Balance Sheets.

The IT Services and Hardware segment entered into an agreement in June 2018 for a building to use in its data center operations. Structural improvements were made to the facility in excess of normal tenant improvements and, as such, we are deemed the accounting owner of the facility. The term of the agreement for the building shell is a duration of 10 years with two renewal options each with a two-year term. In connection with the Merger, the carrying value of the financing obligation was remeasured and includes a fair value step-up of $0.7 million recorded as of the Merger Date (see Note 10). As of December 31, 2022, the Company has a liability of $3.5 million related to the financing arrangement, of which $0.6 million is recognized within "Other current liabilities" and $2.9 million is recognized within "Other noncurrent liabilities" in the Consolidated Balance Sheets. As of December 31, 2021, the Company had a liability of $4.4 million related to the financing arrangement, of which $0.6 million is recognized within "Other current liabilities" and $3.8 million is recognized within "Other noncurrent liabilities" in the Consolidated Balance Sheets.

The future minimum payments under the base agreements, as well as the renewal options for each arrangement which the Company expects to exercise, are as follows:

(dollars in millions)	
Year ended December 31,	
2023	$ 6.1
2024	5.8
2025	5.8
2026	5.8
2027	5.8
Thereafter	40.3
Total future minimum financing obligation payments	69.6
Less imputed interest	(19.5)
Total	$ 50.1

Trans-Pacific Submarine Cable

Commensurate with the acquisition of Hawaiian Telcom, the Company gained access to the SEA-US cable. In August 2014, Hawaiian Telcom joined several other telecommunication companies to form a consortium to build and operate the SEA-US cable. The total system cost was $235.0 million and was primarily composed of a supply contract with the lead contractor. The Company has a fractional ownership in the system and recognizes its fractional share at cost. In addition, the Company constructed a cable landing station in Hawaii and provides cable landing services. The system was completed in August 2017.

The Company has excess capacity on its share of the SEA-US cable that it makes available to other carriers for a fee. The Company has contracted and expects to enter into additional IRU agreements with other carriers for use of this excess fiber circuit capacity. The Company may receive up-front payments for services to be delivered over a period of up to 25 years. The Company has a remaining obligation related to the sale of capacity and other services of $18.1 million and $19.5 million at December 31, 2022 and 2021, respectively, recorded in "Other noncurrent liabilities" and $1.4 million and $1.3 million at December 31, 2022 and 2021, respectively, recorded in "Other current liabilities" in the Consolidated Balance Sheets, which was previously received in up-front payments. The Company is recognizing revenue for the cable on a straight-line basis over the contract term. The Company recognizes a financing component in accordance with ASC 606 associated with the up-front payments as the contract terms range up to 25 years.

Dedicated Fiber Agreement

In the Predecessor period of the third quarter of 2021, the Company entered into an IRU agreement to provide dedicated fiber routes for a period of 20 years. During 2022, the Company incurred costs of $2.2 million, related to the dedicated fiber route build, with all such costs capitalized. Nominal costs were incurred by the Company in 2021. As of December 31, 2022, the Company has a liability of $52.9 million for services to be delivered related to up-front payments previously received, of which $1.4 million is recorded in "Other current liabilities" and $51.5 million is recorded in "Other noncurrent liabilities" in the Consolidated Balance Sheets. As of December 31, 2021, the Company had a liability of $33.2 million for services to be delivered related to an up-front payment received upon consummation of the agreement, of which $0.5 million was recorded in "Other current liabilities" and $32.7 million was recorded in "Other noncurrent liabilities" in the Consolidated Balance Sheets. The Company will receive additional up-front payments for the remaining contract revenue upon completing certain milestones related to the build of the dedicated fiber routes. Revenue for the IRU agreement will be recognized on a straight-line basis over the contract term. The Company recognizes a financing component in accordance with ASC 606 associated with the up-front payments as the contract term is 20 years.

Asset Retirement Obligations

Asset retirement obligations exist for certain assets. In conjunction with the acquisition of Hawaiian Telcom, the Company recognized certain asset retirement obligations related to underground tanks and environmental remediation that will occur prior to the retirement of certain assets. These obligations are recorded in "Other noncurrent liabilities" in the Consolidated Balance Sheets. Additionally, the Company recognizes certain asset retirement obligations related to data center leases which are recorded in "Accounts payable" in the Consolidated Balance Sheets.

The following table presents the activity for the Company's asset retirement obligations:

(dollars in millions)	Successor Year Ended December 31, 2022	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021
Balance, beginning of period	$ 7.3	$ 7.3	$ 6.7
Liabilities incurred	—	—	0.4
Liabilities settled	(0.4)	(0.1)	—
Accretion expense	0.3	0.1	0.2
Balance, end of period	$ 7.2	$ 7.3	$ 7.3

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 $19.3 million as of December 31, 2022. 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, 2022 or 2021.

Purchase Commitments

The Company has purchase commitments and blanket purchase requisitions related to certain goods and services. These agreements typically range from one to three years. As of December 31, 2022 and 2021, the minimum commitments associated with these arrangements that are noncancellable in nature, are not considered significant. 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, 2022, cannot be reasonably determined.

10. Financial Instruments and Fair Value Measurements

Cash Flow Hedging

Cash Flow Hedges Not Designated as Hedging Instruments

The Company uses non-designated cash flow hedges including interest rate swap agreements and interest rate cap agreements to minimize its exposure to interest rate fluctuations on variable rate debt borrowings. Interest rate swaps involve the exchange of fixed and variable rate interest payments and do not represent an actual exchange of the underlying notional amounts between parties. Interest rate caps provide that the counterparty will pay the purchaser at the end of each contractual period in which the index interest rate exceeds the contractually agreed upon cap rate.

In the second quarter of 2022, the Company entered into three forward starting non-amortizing interest rate swaps to convert variable rate debt to fixed rate debt. The interest rate swaps have notional amounts of $175.0 million, $115.0 million and $85.0 million resulting in interest payments based on an average fixed rate per swap of 2.9185%, 2.8520% and 2.8605%, respectively, plus the applicable margin per the requirements in the Credit Agreement. The interest rate swaps expire in May 2026.

In the second quarter of 2022, the Company entered into two interest rate cap agreements to limit exposure to interest rate risk on variable rate debt. The interest rate caps each have a cap rate of 3.0% with notional amounts of $200.0 million and $175.0 million and deferred premiums of $6.7 million and $5.3 million, respectively. The deferred premiums will be paid on a monthly basis over the term of the respective interest rate cap. The interest rate caps expire in May 2026.

The fair value of the Company's interest rate swaps and interest rate caps are impacted by the credit risk of both the Company and its counterparties. The Company has agreements with its derivative financial instrument counterparties that contain provisions providing that if the Company defaults on the indebtedness associated with its derivative financial instruments, then the Company could also be declared in default on its derivative financials instruments obligations. In addition, the Company minimizes nonperformance risk on its derivative instruments by evaluating the creditworthiness of its counterparties, which are limited to major banks and financial institutions.

The Company does not apply hedge accounting to the interest rate swaps and interest rate caps and records all mark-to-market adjustments directly to "Other (income) expense, net" in the Consolidated Statements of Operations. The fair values of the interest rate swaps and interest rate caps are categorized as Level 2 in the fair value hierarchy as they are based on well-recognized financial principles and available market data.

As of December 31, 2022, the fair values of the interest rate swaps and interest rate caps are recorded in the Consolidated Balance Sheets as follows:

(dollars in millions)	Balance Sheet Location	December 31, 2022	Quoted Prices in Active Markets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:					
Interest Rate Swap	Other current assets	$ 7.2	$ —	$ 7.2	$ —
Interest Rate Swap	Other noncurrent assets	$ 5.1	$ —	$ 5.1	$ —
Interest Rate Cap	Other current assets	$ 3.8	$ —	$ 3.8	$ —
Liabilities:					
Interest Rate Cap	Other noncurrent liabilities	$ 2.4	$ —	$ 2.4	$ —

The following table summarizes the location of gains in the Consolidated Statements of Operations that were recognized during the year ended December 31, 2022, in addition to the derivative contract type:

(dollars in millions)	Statement of Operations Location	Year ended December 31, 2022
Interest Rate Swap	Other (income) expense, net	$ (11.7)
Interest Rate Cap	Other (income) expense, net	$ (0.3)

Interest Rate Hedges

In the second quarter of 2018, the Company entered into one forward starting non-amortizing interest rate swap with a notional amount of $300.0 million to convert variable rate debt to fixed rate debt. The interest rate swap became effective in June 2018 with an expiration date in June 2023. The interest rate swap resulted in interest payments based on an average fixed rate of 2.938% plus the applicable margin per the requirements in the Company's former Corporate Credit Agreement.

In the first quarter of 2019, the Company entered into three forward starting non-amortizing interest rate swaps, with a notional amount of $89.0 million each, to convert variable rate debt to fixed rate debt. The interest rate swaps became effective in March 2019 with expiration dates in March 2024. The interest rate swaps resulted in interest payments based on an average fixed rate per swap of 2.275%, 2.244% and 2.328% plus the applicable margin per the requirements in the Company's former Corporate Credit Agreement.

Upon inception, the interest rate swaps were designated as cash flow hedges under ASC 815, with gains and losses, net of tax, measured on an ongoing basis recorded in accumulated other comprehensive loss. The fair value of the interest rate swaps was categorized as Level 2 in the fair value hierarchy as they were based on well-recognized financial principles and available market data.

The Company terminated four interest rate swaps in the Predecessor period of the third quarter of 2021 in connection with the repayment in full of the Term Loan B under the Company's former Corporate Credit Agreement that occurred as part of the Merger Agreement.

The amount of gains recognized in Accumulated Other Comprehensive Income ("AOCI") (effective portion) net of reclassifications into earnings is as follows:

(dollars in millions)	Successor Year Ended December 31, 2022	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021
Interest Rate Swap	$ —	$ —	$ 5.3

The amount of losses reclassified from AOCI into earnings is as follows:

(dollars in millions)	Statement of Operations Location	Successor Year Ended December 31, 2022	Successor September 8, 2021 to December 31, 2021	Predecessor January 1, 2021 to September 7, 2021
Interest Rate Swap	Other (income) expense, net	$ —	$ —	$ (20.1)
Interest Rate Swap	Interest expense	$ —	$ —	$ (5.4)

Disclosure on Financial Instruments

The carrying values of the Company's financial instruments approximate the estimated fair values as of December 31, 2022 and December 31, 2021, except for the Company's long-term debt and other financing arrangements. The carrying and fair values of these items are as follows:

(dollars in millions)	December 31, 2022 Carrying Value	December 31, 2022 Fair Value	December 31, 2021 Carrying Value	December 31, 2021 Fair Value
Long-term debt, including current portion*	$ 1,686.5	$ 1,647.0	$ 1,443.0	$ 1,443.0
Other financing arrangements	50.1	45.3	53.1	51.7

* Excludes finance leases, other financing arrangements and note issuance costs

In connection with the Merger, the carrying values of the Company's long-term debt and other financing arrangements include fair value adjustments as of the Merger Date. The fair value of our long-term debt was based on closing or estimated market prices of the Company's debt at December 31, 2022 and December 31, 2021, which is considered Level 2 of the fair value hierarchy. The fair value of the other financing arrangements was calculated using a discounted cash flow model that incorporates current borrowing rates for obligations of similar duration, which is considered Level 3 of the fair value hierarchy. As of December 31, 2022, the current borrowing rate was estimated by applying the Company's credit spread to the risk-free rate for a similar duration borrowing.

11. 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 $13.9 million in 2022, $4.0 million and $9.7 million in the Successor and Predecessor periods of 2021, respectively, and $13.1 million in 2020.

Pension and Postretirement Plans

In connection with the Merger, the Company remeasured the pension and postretirement projected benefit obligations as of the Merger Date. As a result, the Company's pension and postretirement benefit obligations decreased $22.3 million and $4.3 million, respectively. The decrease in the benefit obligations was primarily driven by changes in the discount rate as well as gains to record pension assets to fair value. Additionally, actuarial gains (losses) and prior service costs (benefits) recorded in "Accumulated other comprehensive loss" of $101.6 million were remeasured as of the Merger Date.

Unrecognized actuarial net gains and losses for the Cincinnati Plans (defined below) and the Hawaii Plans (defined below) are primarily generated by differences between assumed and actual rates of return on invested assets, changes in discount rates and healthcare costs. Additionally, in Hawaii, a favorable amendment to the postretirement health and life insurance plan generated unrecognized gains in the twelve months ended December 31, 2022. 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, the excess is amortized over a defined term. In conjunction with remeasuring the pension and postretirement benefit obligations as of the Merger Date, the amortization period for the Cincinnati pension plans in the Successor period was updated to amortize the excess over the average remaining life expectancy of plan participants from the average future working lifetime which was utilized in the Predecessor period. This change did not have an impact in the 2021 Successor period as gains or losses were not generated until December 31, the next measurement date. Additionally in the Successor period, the market-related value of assets is equal to the fair market value. Previously, the market-related value of assets was determined using a five-year moving market average method. Except for these changes described related to the Cincinnati pension plans, no other changes to methodology were made in the Successor period as a result of the Merger.

Cincinnati 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 (collectively the "Cincinnati Plans"). 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. 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. 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.

During 2020, the management pension plan made lump sum payments of $6.0 million resulting in a reduction of the plan benefit obligation of $6.0 million. The Company recorded a pension settlement cost of $2.3 million in 2020 as a result of the lump sum payments to the plan participants exceeding the sum of the service cost and the interest cost component of the net pension cost.

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 were phased out as of December 31, 2018 for all employees, with the exception of a small group of grandfathered employees. The postretirement health plan also includes liabilities associated with employees who have special death benefits only.

Hawaii Plans

The Company sponsors one noncontributory defined benefit plan for union employees, one cash balance pension plan for nonunion employees, and two postretirement health and life insurance plans for Hawaiian Telcom employees (collectively the "Hawaii Plans").

During 2022, Hawaiian Telcom's pension plans made lump sum payments of $7.5 million resulting in a reduction of the plan benefit obligation of $7.5 million and a nominal pension settlement cost. During 2021, Hawaiian Telcom's pension plans made lump sum payments of $1.9 million in the Successor period and $7.4 million in the Predecessor period resulting in a reduction of the plan benefit obligation of $1.9 million and $7.4 million, respectively. The Company recorded a nominal pension settlement gain in the Successor period as a result of the sum of the service cost and the interest cost component of the net pension cost exceeding lump sum payments to the plan participants. The Company recorded a pension settlement cost of $0.4 million in the Predecessor period as a result of lump sum payments to the plan participants exceeding the sum of the service cost and the interest cost component of the net pension cost. During 2020, Hawaiian Telcom's pension plans made lump sum payments of $15.1 million resulting in a reduction of the plan benefit obligation of $15.1 million and a pension settlement cost of $1.5 million.

In the third quarter of 2022, the Company identified a correction related to the Hawaiian Telcom postretirement health and life insurance plans liability. The adjustment resulted in an increase to the "Postretirement and Other Benefits liability" of $45.9 million, an increase to "Goodwill" of $35.0 million and reduction to "Deferred income tax liabilities" of $10.9 million on the Consolidated Balance Sheets. The impact of the correction is immaterial to current and prior period financial statements. The postretirement health and life insurance plan was amended in the fourth quarter of 2022 to limit the amount of Medicare Part-B premium reimbursements to the standard amount resulting in an actuarial gain of $4.7 million recorded to "Accumulated other comprehensive income."

Components of Net Periodic Cost

The following information relates to noncontributory defined benefit pension plans, postretirement healthcare plans, and life insurance benefit plans for the year ended December 31, 2022, the Successor and Predecessor periods in 2021 and for the year ended December 31, 2020 for the Cincinnati Plans and the Hawaii Plans. In accordance with ASU 2017-07, only the service cost component of net benefit cost is eligible for capitalization, which was immaterial for the year ended December 31, 2022, the Successor and Predecessor periods in 2021 and for the year ended December 31, 2020.

Pension and postretirement (benefits) costs for these plans were comprised of:

	Pension Benefits				Postretirement and Other Benefits			
	Successor		Predecessor		Successor		Predecessor	
(dollars in millions)	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Service cost	$ —	$ —	$ —	$ —	$ 0.8	$ 0.1	$ 0.3	$ 0.4
Interest cost on projected benefit obligation	16.3	4.7	10.2	18.8	4.2	0.8	1.8	3.7
Expected return on plan assets	(27.5)	(10.2)	(19.9)	(29.0)	—	—	—	—
Amortization of:								
Prior service benefit	—	—	—	—	(0.2)	—	(1.7)	(2.5)
Actuarial loss (gain)	—	—	16.0	18.1	(0.6)	—	—	1.2
Pension settlement charges	—	—	—	3.8	—	—	—	—
Pension/postretirement (benefit) cost	$ (11.2)	$ (5.5)	$ 6.3	$ 11.7	$ 4.2	$ 0.9	$ 0.4	$ 2.8

Amortization of prior service benefit and actuarial loss (gain) in the year ended December 31, 2022 and in the Predecessor periods represent reclassifications from accumulated other comprehensive income.

The following are the weighted-average assumptions used in measuring the net periodic cost of the pension and postretirement benefits:

Cincinnati Plans

	Pension Benefits				Postretirement and Other Benefits			
	Successor		Predecessor		Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Discount rate	2.70%	2.60%	2.40%	3.10%	2.80%	2.60%	2.40%	3.20%
Expected long-term rate of return	5.80%	6.00%	6.00%	6.00%	—	—	—	—
Cash balance interest credit rate	4.00%	4.00%	4.00%	4.00%	—	—	—	—
Future compensation growth rate	—	—	—	—	—	—	—	—

Hawaii Plans

	Pension Benefits				Postretirement and Other Benefits			
	Successor		Predecessor		Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Discount rate	3.90%	2.50%	2.30%	2.80%	3.70%	2.80%	2.60%	3.30%
Expected long-term rate of return	5.00%	6.00%	6.00%	6.00%	—	—	—	—
Cash balance interest credit rate	1.90%	1.10%	1.20%	2.00%	—	—	—	—
Future compensation growth rate	—	—	—	—	—	—	—	—

The expected long-term rate of return on plan assets, developed using the building block approach, for each of the plans 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.

The Company utilized the Pri-2012/MP-2021 mortality tables published by the Society of Actuaries to measure the benefit obligations as of December 31, 2022 and 2021.

Benefit Obligation and Funded Status

Changes in the plans' benefit obligations and funded status are as follows:

	Pension Benefits			Postretirement and Other Benefits		
	Successor		Predecessor	Successor		Predecessor
(dollars in millions)	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021
Change in benefit obligation:						
Benefit obligation at beginning of period	$ 611.9	$ 633.3	$ 674.1	$ 100.9	$ 102.8	$ 109.6
Service cost	—	—	—	0.8	0.1	0.3
Interest cost	16.3	4.7	10.2	4.2	0.8	1.8
Hawaii Plan Adjustment	—	—	—	45.9	—	—
Plan Amendment	—	—	—	(4.7)	—	—
Actuarial (gain) loss (a) (b)	(146.3)	(11.4)	(17.0)	(37.1)	(0.6)	(4.0)
Benefits paid	(34.9)	(12.8)	(26.6)	(9.8)	(2.4)	(5.4)
Settlements (c)	(7.5)	(1.9)	(7.4)	—	—	—
Other	—	—	—	2.2	0.2	0.5
Benefit obligation at end of period	$ 439.5	$ 611.9	$ 633.3	$ 102.4	$ 100.9	$ 102.8
Change in plan assets:						
Fair value of plan assets at beginning of period	$ 559.2	$ 571.8	$ 570.6	$ 3.3	$ 3.3	$ 3.1
Actual (loss) return on plan assets	(128.3)	1.3	32.5	0.1	—	0.1
Employer contributions	2.1	0.8	2.7	7.3	2.4	5.1
Benefits paid	(34.9)	(12.8)	(26.6)	(7.5)	(2.4)	(5.0)
Settlements (c)	(7.5)	(1.9)	(7.4)	—	—	—
Fair value of plan assets at end of period	390.6	559.2	571.8	3.2	3.3	3.3
Unfunded status	$ (48.9)	$ (52.7)	$ (61.5)	$ (99.2)	$ (97.6)	$ (99.5)

(a) The actuarial (gain) recorded during the year ended December 31, 2022 and in the Successor and Predecessor periods in 2021 for the pension plans was primarily driven by an increase in the discount rate in each of the respective periods.

(b) The actuarial (gain) recorded for the year ended December 31, 2022 for the postretirement plans was primarily driven by an increase in the discount rate, updated census data and the result of actual versus expected benefit payments. The actuarial (gain) recorded in the Successor and Predecessor periods in 2021 for the postretirement plans was primarily due to an increase in the discount rate and the result of actual versus expected benefit payments.

(c) Participant elections to take lump sum payments that exceeded the settlement accounting threshold and have been categorized as settlements.

The following are the weighted-average assumptions used in accounting for and measuring the projected benefit obligations:

Cincinnati Plans	Pension Benefits			Postretirement and Other Benefits		
	Successor		Predecessor	Successor		Predecessor
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021
Discount rate	5.40%	2.70%	2.60%	5.40%	2.80%	2.60%
Cash balance interest credit rate	4.00%	4.00%	4.00%	—	—	—
Future compensation growth rate	—	—	—	—	—	—

Hawaii Plans	Pension Benefits			Postretirement and Other Benefits		
	Successor		Predecessor	Successor		Predecessor
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021
Discount rate	5.40%	2.70%	2.50%	5.50%	2.90%	2.80%
Cash balance interest credit rate	5.10%	1.30%	1.10%	—	—	—
Future compensation growth rate	—	—	—	—	—	—

The assumed healthcare cost trend rate used to measure the postretirement health benefit obligation is shown below:

Cincinnati Plans	Successor		Predecessor
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021
Healthcare cost trend	6.50%	6.50%	6.50%
Rate to which the cost trend is assumed to decline (ultimate trend rate)	4.80%	4.50%	4.50%
Year the rates reach the ultimate trend rate	2032	2026	2025

The projected benefit obligation is recognized in the Consolidated Balance Sheets as follows:

	Pension Benefits		Postretirement and Other Benefits	
	December 31,		December 31,	
(dollars in millions)	2022	2021	2022	2021
Accrued payroll and benefits (current liability)	$ 1.5	$ 2.0	$ 8.1	$ 7.8
Pension and postretirement benefit obligations (noncurrent liability)	47.4	50.7	91.1	89.8
Total	$ 48.9	$ 52.7	$ 99.2	$ 97.6

Amounts recognized in "Accumulated other comprehensive income" in the Consolidated Balance Sheets which have not yet been recognized in net pension costs consisted of the following:

	Pension Benefits		Postretirement and Other Benefits	
	December 31,		December 31,	
(dollars in millions)	2022	2021	2022	2021
Prior service (cost) benefit, net of tax of ($0.2)	—	—	(0.6)	—
Actuarial (loss) gain, net of tax of ($1.6), $0.7, $10.2, $0.1	(5.1)	2.0	32.8	0.6
Total	$ (5.1)	$ 2.0	$ 32.2	$ 0.6

Amounts recognized in "Accumulated other comprehensive income" on the Consolidated Statements of Equity (Deficit) and the Consolidated Statements of Comprehensive Income (Loss) are shown below:

	Pension Benefits			Postretirement and Other Benefits		
	Successor		Predecessor	Successor		Predecessor
(dollars in millions)	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021
Prior service cost recognized:						
Reclassification adjustments	$ —	$ —	$ —	$ 4.7	$ —	$ (1.7)
Actuarial gain (loss) recognized:						
Reclassification adjustments	—	—	15.6	(0.8)	—	—
Actuarial (loss) gain arising during the period	(9.4)	2.7	29.5	37.6	0.7	4.0

Plan Assets, Investment Policies and Strategies

Cincinnati and Hawaii Plans

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. The investment follows a glide path approach toward liability-driven investing that shifts a higher portfolio weighting to fixed income as the plan's funded status increases. The current target allocations for the pension plan assets are 40% equity securities and 60% investment grade fixed income securities with the exception of the Hawaii pension plan for union employees that is 30% equity securities and 70% investment grade fixed income securities as a result of its funded status. 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 50% of the equity securities held by the pension plans at December 31, 2022, 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 and U.S. Treasuries. The postretirement plan assets held by the Cincinnati plan are currently invested in a group insurance contract.

The fair values of the pension plan assets at December 31, 2022 and 2021 by asset category are as follows:

(dollars in millions)	December 31, 2022	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
Mutual funds				
U.S. equity index funds	$ 71.5	$ 71.5	$ —	$ —
International equity index funds	74.5	74.5	—	—
Fixed income bond funds	244.5	244.5	—	—
Fixed income short-term money market funds	0.1	0.1	—	—
Group insurance contract	3.2	—	—	—
Total	$ 393.8	$ 390.6	$ —	$ —

(dollars in millions)	December 31, 2021	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
Mutual funds				
U.S. equity index funds	$ 104.8	$ 104.8	$ —	$ —
International equity index funds	101.8	101.8	—	—
Fixed income bond funds	350.7	350.7	—	—
Fixed income short-term money market funds	1.9	1.9	—	—
Group insurance contract	3.3	—	—	—
Total	$ 562.5	$ 559.2	$ —	$ —

The fair values of Level 1 investments are based on quoted prices in active markets.

The group insurance contract is valued at contract value plus accrued interest and has not been included in the fair value hierarchy but is included in the totals above.

There were no contributions to our qualified pension plans in 2022 and the Successor period in 2021. Contributions to our qualified pension plans were $0.9 million in the Predecessor period in 2021 and $5.5 million in 2020. Contributions to our non-qualified pension plans were $2.2 million in 2022, $0.8 million in the Successor period in 2021, $1.8 million in the Predecessor period in 2021 and $2.2 million in 2020.

Based on current assumptions, contributions are expected to be nominal to the qualified plans and approximately $2 million to the non-qualified plans in 2023. Management expects to make cash payments of approximately $7 million related to its postretirement health plans in 2023.

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
2023	$ 47.2	$ 8.2	$ (0.1)
2024	46.1	8.1	(0.1)
2025	44.8	8.0	(0.1)
2026	41.5	7.8	(0.1)
2027	39.2	7.7	(0.1)
Years 2028 - 2032	166.9	36.3	(0.2)

12. Equity

Pursuant to the Merger Agreement, Parent acquired all of the equity interests in the Company. In connection with the consummation of the Merger Agreement, each of our issued and outstanding Common Shares was converted to $15.50 in cash per Common Share and paid to the shareholders.

The Company redeemed each of our issued and outstanding Depositary Shares simultaneously with the redemption of the 6 ¾% Preferred Shares at a redemption price of $50 per Depositary Share (equivalent to $1,000 per 6 ¾% Preferred Share).

Effective October 18, 2021, Parent amended and restated the Articles of Incorporation of Cincinnati Bell to reduce the number of authorized shares from 96,000,000 Common Shares to 100 Common Shares, each with $0.01 par value. As of December 31, 2022 and 2021, Parent is the sole shareholder of the Company's 100 Common Shares.

Accumulated Other Comprehensive Income (Loss)

Shareowners' equity - controlling interest includes accumulated other comprehensive income (loss) that is comprised of pension and postretirement unrecognized prior service benefit (cost) and unrecognized actuarial (gain) loss, and foreign currency translation gain (loss). Shareowners' equity - controlling interest also includes an accumulated other comprehensive loss recorded in the Predecessor periods for unrealized loss on cash flow hedges arising during the period.

The changes in accumulated other comprehensive income (loss) by component were as follows:

(dollars in millions)

Successor	Unrecognized Net Periodic Pension and Postretirement Benefit (Cost)	Unrealized Loss on Cash Flow Hedges, Net	Foreign Currency Translation Gain (Loss)	Total
Balance as of September 8, 2021 (remeasured upon Merger)	$ —	$ —	$ —	$ —
Remeasurement of benefit obligations	2.6	—	—	2.6
Foreign currency loss	—	—	(1.4)	(1.4)
Balance as of December 31, 2021	$ 2.6	$ —	$ (1.4)	$ 1.2
Remeasurement of benefit obligations	25.1	—	—	25.1
Reclassifications, net	(0.6) (a)	—	—	(0.6)
Foreign currency loss	—	—	(6.2)	(6.2)
Balance as of December 31, 2022	$ 27.1	$ —	$ (7.6)	$ 19.5

Predecessor				
Balance as of December 31, 2020	$ (138.8)	$ (19.7)	$ (1.2)	$ (159.7)
Remeasurement of benefit obligations	6.0	—	—	6.0
Reclassifications, net	10.7 (a)	19.7 (b)	—	30.4
Unrealized loss on cash flow hedges arising during the period, net	—	(0.1) (c)	—	(0.1)
Foreign currency gain	—	—	1.2	1.2
Balance as of September 7, 2021	$ (122.1)	$ (0.1)	$ —	$ (122.2)

(a) These reclassifications are included in the other components of net periodic pension and postretirement benefit plans expense and represent amortization of prior service benefit and actuarial (gain) loss, net of tax. The other components of net periodic pension and postretirement benefit plans expense are recorded in "Other components of pension and postretirement benefit plans (benefit) expense" on the Consolidated Statements of Operations. See Note 11 for further disclosures.

(b) These reclassifications are reported within "Interest expense" and "Other (income) expense, net" on the Consolidated Statements of Operations when the hedged transactions impact earnings.

(c) The unrealized loss, net on cash flow hedges represents the change in the fair value of the derivative instruments that occurred during the period, net of tax. See Note 10 for further disclosures.

13. Income Taxes

Income tax expense (benefit) for continuing operations consisted of the following:

(dollars in millions)	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Current:				
Federal	$ —	$ —	$ —	$ (1.4)
State and local	0.6	(0.4)	0.7	0.6
Foreign	6.4	1.6	3.1	3.5
Total current	7.0	1.2	3.8	2.7
Deferred:				
Federal	(37.9)	(9.2)	(16.1)	(13.8)
State and local	2.7	7.4	(3.8)	7.7
Foreign	(3.1)	(0.7)	(0.8)	(1.3)
Total deferred	(38.3)	(2.5)	(20.7)	(7.4)
Valuation allowance	(3.8)	(6.0)	—	(20.8)
Total	$ (35.1)	$ (7.3)	$ (16.9)	$ (25.5)

The following is a reconciliation of the statutory federal income tax rate with the effective tax rate for each period:

	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
U.S. federal statutory rate	21.0%	21.0%	21.0%	21.0%
State and local income taxes, net of federal income tax	3.1	2.1	2.5	1.4
Transaction costs	—	(0.4)	(4.1)	(8.6)
Non-Deductible meals and entertainment	(0.3)	(0.2)	(0.3)	(0.4)
State net operating loss adjustments	(4.4)	(18.4)	—	(9.5)
Change in valuation allowance, net of federal income tax	2.3	17.5	—	25.7
Change in uncertain tax positions	—	0.1	—	2.5
Other differences, net	(0.5)	(0.4)	(1.9)	(0.6)
Effective tax rate	21.2%	21.3%	17.2%	31.5%

The income tax (benefit) provision was charged to continuing operations or accumulated other comprehensive income as follows:

(dollars in millions)	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Income tax (benefit) provision related to:				
Continuing operations	$ (35.1)	$ (7.3)	$ (16.9)	$ (25.5)
Accumulated other comprehensive income	7.6	0.8	10.8	2.4

The components of our deferred tax assets and liabilities were as follows:

(dollars in millions)	December 31, 2022	December 31, 2021
Deferred tax assets:		
Net operating loss carryforwards	$ 227.6	$ 258.3
Finance and operating lease obligations	21.6	22.6
Pension and postretirement benefits	35.8	36.0
Employee benefits	4.7	5.8
Interest limitation	16.7	4.9
State tax credit	8.0	8.6
Other	23.4	24.4
Total deferred tax assets	337.8	360.6
Valuation allowance	(15.7)	(18.4)
Total deferred tax assets, net of valuation allowance	$ 322.1	$ 342.2
Deferred tax liabilities:		
Property, plant and equipment and intangibles	$ (410.5)	$ (475.5)
Other	(7.6)	(1.0)
Total deferred tax liabilities	(418.1)	(476.5)
Net deferred tax liabilities	$ (96.0)	$ (134.3)

As of December 31, 2022, the Company had $969.8 million of federal net operating loss carryforwards with a deferred tax asset value of $203.6 million and $24.0 million in deferred tax assets related to state and local net operating loss carryforwards. On its 2022 income tax return to be filed in 2023, the Company expects to utilize the $55.8 million tranche of Federal operating loss carryforwards that would otherwise expire. U.S. tax laws limit the annual utilization of net operating loss carryforwards of acquired entities but the Company expects to fully utilize the net operating loss carryforwards.

The Company assessed all available positive and negative evidence to determine whether it expects that sufficient future taxable income will be generated to allow it to realize its existing deferred tax assets. Despite the cumulative book loss incurred over the three-year period ended December 31, 2022, there are sufficient sources of future taxable income (e.g. reversing deferred tax liabilities) for management to conclude that it is more likely than not that the Company will utilize available federal net operating loss carryforwards prior to their expiration.

As of December 31, 2022 and 2021, the Company had valuation allowances of $15.7 million and $18.4 million, respectively, recorded against other deferred tax assets consisting primarily of state and local net operating loss carryforwards and state credits. Management has concluded that it is more likely than not that it will realize all other deferred tax assets.

The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate is $19.0 million at both December 31, 2022 and December 31, 2021. Accrued interest and penalties on income tax uncertainties were immaterial as of December 31, 2022 and 2021.

A reconciliation of the unrecognized tax benefits is as follows:

(dollars in millions)	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Balance, beginning of year	$ 19.3	$ 19.2	$ 19.2	$ 21.9
Change in tax positions for the current year	—	0.1	—	(2.2)
Change in tax positions for prior years	—	—	—	(0.5)
Balance, end of year	$ 19.3	$ 19.3	$ 19.2	$ 19.2

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 2018.

The Company has not recorded deferred income taxes on the undistributed earnings of its foreign subsidiaries because of management's intent to indefinitely reinvest such earnings. Determination of the amount of any unrecognized deferred income tax liability on temporary differences arising from tax and financial reporting basis differences has not been practicable.

14. Stock-Based and Deferred Compensation Plans

Prior to the Merger Date, the Company granted stock options, stock appreciation rights, performance-based awards, restricted stock units, and time-based restricted shares to officers and key employees under the 2017 Long-Term Incentive Plan and stock options, restricted shares, and restricted stock units to directors under the 2017 Stock Plan for Non-Employee Directors.

On July 2, 2018, the Company completed its acquisition of Hawaiian Telcom. In conjunction with the acquisition, the Company assumed responsibility for the eventual payout of certain stock-based compensation awards that were previously granted to Hawaiian Telcom employees under the Hawaiian Telcom 2010 Equity Incentive Plan. These awards were originally granted by Hawaiian Telcom in the first quarter of 2017 and in the first quarter of 2018, before the merger with Cincinnati Bell was completed.

Subsequent to the Merger Date, awards will no longer be granted under the 2017 Long-Term Incentive Plan or the 2017 Stock Plan for Non-Employee Directors.

Stock Options and Stock Appreciation Rights

Generally, the awards of stock options and stock appreciation rights fully vested three years from grant date and expired ten years from grant date. Beginning in 2012, some of the stock options vested over a three year period based on the achievement of certain performance objectives. The Company generally issued new shares when options to purchase common shares or stock appreciation rights were exercised. The following table summarizes stock options and stock appreciation rights activity:

	Successor				Predecessor			
	Year Ended December 31, 2022		September 8, 2021 to December 31, 2021		January 1, 2021 to September 7, 2021		Year Ended December 31, 2020	
(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	Shares	Weighted-Average Exercise Price Per Share
Outstanding at beginning of period	—	$ —	—	$ —	143	$ 18.37	144	$ 18.35
Exercised	—	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	(1)	17.05
Awards cancelled pursuant to Merger Agreement	—	—	—	—	(143)	18.37	—	—
Outstanding and exercisable at end of period	—	$ —	—	$ —	—	$ —	143	$ 18.37
(dollars in millions)								
Compensation expense for the period	$ —		$ —		$ —		$ —	
Tax benefit related to compensation expense	$ —		$ —		$ —		$ —	
Intrinsic value of awards exercised	$ —		$ —		$ —		$ —	
Cash received from awards exercised	$ —		$ —		$ —		$ —	
Grant date fair value of awards vested	$ —		$ —		$ —		$ —	

Performance-Based Restricted Awards

Awards granted generally vested over three years and upon the achievement of certain performance-based objectives. Performance-based awards were expensed based on their grant date fair value if it was probable that the performance conditions would be achieved.

The following table summarizes our outstanding performance-based restricted award activity:

	Successor				Predecessor			
	Year Ended December 31, 2022		September 8, 2021 to December 31, 2021		January 1, 2021 to September 7, 2021		Year Ended December 31, 2020	
(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	Shares	Weighted-Average Exercise Price Per Share
Non-vested at beginning of period	—	$ —	—	$ —	1,037	$ 10.87	1,282	$ 13.00
Granted*	—	—	—	—	—	—	—	—
Vested	—	—	—	—	(1,037)	10.87	(245)	22.03
Forfeited	—	—	—	—	—	—	—	—
Non-vested at end of period	—	$ —	—	$ —	—	$ —	1,037	$ 10.87
(dollars in millions)								
Compensation expense for the period	$ —		$ —		$ 6.2		$ 2.4	
Tax benefit related to compensation expense	$ —		$ —		$ (1.5)		$ (0.5)	
Grant date fair value of awards vested	$ —		$ —		$ 11.3		$ 5.4	

* Assumes the maximum number of awards that can be earned if the performance conditions are achieved.

In connection with the Merger, $5.0 million of expense related to performance-based restricted awards was accelerated upon the Closing Date and recorded in the Predecessor period in 2021.

Time-Based Restricted Awards

Awards granted to Cincinnati Bell employees in 2019 vested as of the Merger Date and were paid to employees in cash. Awards granted to directors in 2020 vested as of the Merger Date and were paid to directors in cash.

As part of the terms of the acquisition of Hawaiian Telcom, certain stock-based compensation awards granted by Hawaiian Telcom before the merger date were converted to time-based restricted stock units. The Company assumed responsibility for the eventual payout of these time-based restricted stock units as part of the acquisition. These awards were originally granted by Hawaiian Telcom in the first quarter of 2017 and 2018, and vested in one-fourth increments over a period of four years. One-fourth of the awards granted in the first quarter of 2017 vested and were distributed by Hawaiian Telcom prior to July 2, 2018. All remaining awards that vested after July 2, 2018, including awards that were accelerated and vested as of the Merger Date, were distributed by Cincinnati Bell Inc.

The following table summarizes our time-based restricted award activity:

	Successor				Predecessor			
	Year Ended December 31, 2022		September 8, 2021 to December 31, 2021		January 1, 2021 to September 7, 2021		Year Ended December 31, 2020	
(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	Shares	Weighted-Average Exercise Price Per Share
Non-vested at beginning of period	—	$ —	—	$ —	792	$ 11.42	942	$ 11.67
Granted	—	—	—	—	—	—	68	14.99
Vested	—	—	—	—	(792)	11.42	(216)	13.58
Forfeited	—	—	—	—	—	—	(2)	15.70
Non-vested at end of period	—	$ —	—	$ —	—	$ —	792	$ 11.42
(dollars in millions)								
Compensation expense for the period	$ —		$ —		$ 6.9		$ 3.2	
Tax benefit related to compensation expense	$ —		$ —		$ (1.7)		$ (0.7)	
Grant date fair value of awards vested	$ —		$ —		$ 9.0		$ 2.9	

In connection with the Merger, $4.3 million of expense related to time-based restricted awards was accelerated upon the Closing Date and recorded in the Predecessor period in 2021.

Cash-Settled Awards

For the year ended December 31, 2021, Parent granted officers and key employees of the Company cash-settled awards that vest ratably over a 4-year period beginning with the first anniversary of the grant date with the final 20% vesting upon the occurrence of a liquidity event, defined as a change of control or qualified public offering. In the absence of a liquidity event, the awards will expire in eight years. The ultimate payment of the awards upon the occurrence of a liquidity event is based on the i) number of vested awards and ii) an amount determined from the excess of the proceeds received from the liquidity event over the invested capital, adjusted for internal rates of return. No compensation expense was recorded in the year ended December 31, 2022 and the Predecessor and Successor periods in 2021.

For the year ended December 31, 2020, the Company granted officers and key employees cash-settled awards of $10.5 million in place of performance-based restricted awards and time-based restricted awards. Per the terms of the award, one-fourth of these cash-settled awards accelerated and vested as of the Merger Date. Subsequent to the Merger Date, one-fourth of these cash-settled awards vested at the end of six months, and the remaining awards vest at the end of 18 months. Employees generally must be actively employed on the vesting date in order to receive the award payout. The amount recorded on the Consolidated Balance Sheets as of December 31, 2022 and 2021 related to these awards is $4.6 million and $3.8 million, respectively, and is recorded to "Other noncurrent liabilities."

Expense incurred for cash payment awards was $3.3 million for the year ended December 31, 2022, $1.0 million and $2.4 million for the Successor and Predecessor periods in 2021, respectively, and $3.2 million in 2020. At December 31, 2022, there was $0.3 million remaining unrecognized compensation expense for cash-settled awards, which will be recognized in January 2023.

15. Business Segment Information

For the year ended December 31, 2022, the Successor and Predecessor periods in 2021 and the year ended December 31, 2020, we operated two business segments: Network, previously referred to as Entertainment and Communications, and IT Services and Hardware.

In July 2018, the Company acquired Hawaiian Telcom. Based on the nature of the products and services offered, financial results are presented in either the Network segment or the IT Services and Hardware segment.

The Network segment provides products and services that can be categorized as Fioptics, previously referred to as "Consumer/SMB Fiber" in Hawaii and collectively with Fioptics in Cincinnati, Enterprise Fiber or Legacy. 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. Voice and data services in the Enterprise Fiber and Legacy categories that are delivered beyond the Company's ILEC territory, particularly in Dayton and Mason, Ohio, are provided through the operations of Cincinnati Bell Extended Territories LLC ("CBET"), a subsidiary of CBT. On July 2, 2018, the Company acquired Hawaiian Telcom. Hawaiian Telcom is the ILEC for the State of Hawaii and the largest full service provider of communications services and products in the state. On May 2, 2022, the Company acquired Agile. Agile delivers customers, primarily located in Ohio and Pennsylvania, with middle mile, last mile and campus connectivity services through hybrid fiber wireless networks that are designed, built and managed by Agile. Capital expenditures in the Network segment are incurred to expand our Fioptics product suite, upgrade and increase capacity for our internet and data networks, and to maintain our wireline network.

The IT Services and Hardware segment provides end-to-end solutions from consulting to implementation to ongoing optimization to customers in the U.S., Canada and the U.K. These solutions include Cloud, Communications and Consulting services along with the sale and maintenance of major branded hardware reported as Infrastructure Solutions. In July 2018, the Company completed the acquisition of Hawaiian Telcom, and products such as UCaaS, hardware and enterprise long distance delivered by Hawaiian Telcom are included in the IT Services and Hardware segment.

Total assets for the Company increased $236.8 million as of December 31, 2022 compared to December 31, 2021. Network assets increased $269.3 million primarily due to increased property, plant and equipment and inventory related to extending the Company's fiber network as well as the addition of assets associated with the acquisition of Agile. IT Services and Hardware assets decreased $29.8 million primarily due to depreciation and amortization of property, plant and equipment and finite-lived intangible assets, respectively, during the year ended December 31, 2022 which was partially offset by increased goodwill due to measurement period adjustments and the adjustment to the Hawaiian Telcom postretirement health and life insurance plans (Note 11). Corporate assets decreased $2.7 million. Deferred tax assets and liabilities on the Consolidated Balance Sheets totaled $2.2 million and $98.2 million as of December 31, 2022, respectively, compared to deferred tax assets and liabilities of $5.3 million and $139.6 million as of December 31, 2021, respectively. The decrease in net deferred tax liabilities is due primarily to higher depreciation and amortization expense reported for GAAP versus tax. This was offset, in part, by the utilization of existing federal and state net operating losses.

Our business segment information is as follows:

(dollars in millions)	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Revenue				
Network	$ 994.3	$ 303.8	$ 664.2	$ 969.6
IT Services and Hardware	827.9	259.3	492.4	616.6
Intersegment	(26.2)	(8.7)	(17.9)	(26.4)
Total revenue	$ 1,796.0	$ 554.4	$ 1,138.7	$ 1,559.8
Intersegment revenue				
Network	$ 19.3	$ 6.5	$ 13.1	$ 19.7
IT Services and Hardware	6.9	2.2	4.8	6.7
Total intersegment revenue	$ 26.2	$ 8.7	$ 17.9	$ 26.4
Operating (loss) income				
Network	$ (56.2)	$ (6.3)	$ 78.3	$ 99.7
IT Services and Hardware	(8.4)	4.0	25.2	24.6
Corporate	(32.7)	(6.8)	(75.8)	(58.3)
Total operating (loss) income	$ (97.3)	$ (9.1)	$ 27.7	$ 66.0
Expenditures for long-lived assets*				
Network	$ 524.9	$ 114.8	$ 199.8	$ 206.4
IT Services and Hardware	30.1	13.9	15.9	23.5
Corporate	0.1	1,620.7	—	0.1
Total expenditures for long-lived assets	$ 555.1	$ 1,749.4	$ 215.7	$ 230.0
Depreciation and amortization				
Network	$ 393.3	$ 113.0	$ 166.9	$ 252.7
IT Services and Hardware	103.5	31.4	27.9	40.6
Corporate	0.3	0.2	0.1	0.1
Total depreciation and amortization	$ 497.1	$ 144.6	$ 194.9	$ 293.4

*Includes cost of acquisitions in the year ended December 31, 2022 and in the Predecessor and Successor periods in 2021, purchase of perpetual licenses in the year ended December 31, 2022 and purchase of wireless spectrum assets in the year ended December 31, 2020

(dollars in millions)	As of December 31,	
	2022	2021
Assets		
Network	$ 3,218.5	$ 2,949.2
IT Services and Hardware	812.2	842.0
Corporate and eliminations	404.9	407.6
Total assets	$ 4,435.6	$ 4,198.8

16. Supplemental Cash Flow Information

(dollars in millions)	Successor		Predecessor	
	Year Ended December 31, 2022	September 8, 2021 to December 31, 2021	January 1, 2021 to September 7, 2021	Year Ended December 31, 2020
Capitalized interest expense	$ 3.1	$ 0.6	$ 1.3	$ 1.3
Cash paid for:				
Interest	84.6	45.7	89.9	125.5
Income taxes, net of refunds	6.4	3.3	3.8	0.5
Noncash investing and financing activities:				
Acquisition of property by assuming debt and other financing arrangements	10.5	5.8	3.8	7.7
Acquisition of property on account	79.1	51.2	54.9	24.3

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

As a result of the Merger and upon approval by the Audit Committee and the Board of Directors on January 20, 2022, the Company dismissed Deloitte & Touche LLP ("Deloitte") as its independent registered public accounting firm.

Deloitte's report on the Company's consolidated financial statements for its fiscal year ended December 31, 2020 did not contain any adverse opinion or disclaimer of opinion, nor was such report qualified or modified as to uncertainty, audit scope or accounting principles.

During the Company's fiscal year ended December 31, 2020, and through January 20, 2022: (i) there were no disagreements between the Company and Deloitte on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to Deloitte's satisfaction, would have caused it to make reference to the subject matter of the disagreements in connection with any reports on the financial statements for such years; and (ii) there were no reportable events as defined in item 304(a)(1)(v) of Regulation S-K.

The Company provided Deloitte with a copy of the disclosures required by Item 304(a) of Regulation S-K contained in the Current Report on Form 8-K filed on January 24, 2022 and requested that Deloitte furnish the Company with a letter addressed to the U.S. Securities and Exchange Commission stating whether it agreed with the statements made by the Company in the Form 8-K and, if not, stating the respects in which it did not agree. A copy of Deloitte's letter, dated January 24, 2022, was filed as Exhibit 16.1 to the Form 8-K.

On January 14, 2022, the Audit Committee approved, effective immediately, the engagement of PricewaterhouseCoopers LLP ("PwC") as the Company's independent registered public accounting firm as of and for the years ending December 31, 2021 and 2022.

As part of this engagement acceptance process, the Company and PwC identified a non-audit service PwC performed for the Company that is inconsistent with the SEC and PCAOB auditor independence rules.

From February 1, 2021 through May 7, 2021, Hawaiian Telcom Communications, Inc., a wholly owned subsidiary of the Company, engaged PwC to provide post-implementation support services in connection with its implementation of a third party software solution, which included the performance of certain employee activities, deemed a management function pursuant to Rule 2-01(c)(4)(vi) of Regulation S-X under the SEC's auditor independence rules. PwC's fees associated with this service were approximately $11,400.

The Audit Committee and PwC separately discussed the service, which is no longer being performed, and each concluded that this matter does not impair PwC's ability to exhibit the requisite objectivity and impartiality to report on the audit of the consolidated financial statements of the Company as of and for the year ended December 31, 2021. In reaching this conclusion, the Audit Committee and PwC noted that, (i) the service was not performed by individuals who will be part of the audit engagement team for the Company; (ii) the service was not related to any financial information system, and as a result, will not have any accounting impact on the financial results of the Company; (iii) the service was administrative in nature and the rudimentary tasks did not involve making management decisions; (iv) the service was terminated prior to the commencement of the PCAOB professional engagement period; and (v) the fee earned by PwC for the service is insignificant to PwC and the Company.

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 2022 that materially affect, or are reasonably likely to materially affect, Cincinnati Bell Inc.'s internal control over financial reporting.

Cincinnati Bell Inc.'s management, with the participation of the Chief Executive Officer and Chief Financial Officer, have evaluated any changes in the Company's internal control over financial reporting that occurred during the fourth quarter of 2022 and have concluded that there were no changes to Cincinnati Bell Inc.'s internal control over financial reporting during the fourth quarter of 2022 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.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Effective with the Merger and the subsequent filing of the Form 25, the Company no longer meets the definition of an SEC registrant and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K. The Company is filing this Form-10-K with the SEC on a voluntary basis.

Item 11. Executive Compensation

Effective with the Merger and the subsequent filing of the Form 25, the Company no longer meets the definition of an SEC registrant and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K. The Company is filing this Form-10-K with the SEC on a voluntary basis.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Effective with the Merger and the subsequent filing of the Form 25, the Company no longer meets the definition of an SEC registrant and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K. The Company is filing this Form-10-K with the SEC on a voluntary basis.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Effective with the Merger and the subsequent filing of the Form 25, the Company no longer meets the definition of an SEC registrant and is therefore filing this form with the reduced disclosure format and has omitted the information called for by this Item pursuant to General Instruction I(2)(c) of Form 10-K. The Company is filing this Form-10-K with the SEC on a voluntary basis.

Item 14. Principal Accountant Fees and Services

PricewaterhouseCoopers LLP ("PwC") was the Company's Independent Registered Public Accounting Firm for the 2022 and 2021 fiscal years. As a result of the Merger and upon approval by the Audit Committee and the Board of Directors on January 20, 2022, the Company dismissed Deloitte & Touche LLP ("Deloitte") as its Independent Registered Public Accounting Firm. Deloitte was the Company's Independent Registered Public Accounting Firm for the 2020 fiscal year. On January 14, 2022, the Audit Committee approved, effective immediately, the engagement of PwC as the Company's independent registered public accounting firm as of and for the 2021 fiscal year.

Aggregate fees for professional services rendered for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Audit fees	$ 1,950,000	$ 2,517,595
Audit related fees	—	—
Tax fees	144,600	35,659
All other fees	7,400	—
Total	$ 2,102,000	$ 2,553,254

Audit Fees

For the year ended December 31, 2022, the Company incurred audit fees from PwC of $1,950,000. The audit fees for the year ended December 31, 2022 were in connection with the audit of the Company's annual financial statements and review of quarterly financial statements included in the Company's reports filed with the SEC. The audit of the Company's 2022 financial statements included work related to the acquisition of Agile. For the year ended December 31, 2021, the Company incurred audit fees from PwC and Deloitte of $2,070,000 and $447,595, respectively. The audit fees for the year ended December 31, 2021 for services rendered by PwC and Deloitte were in connection with the audit of the Company's annual financial statements and review of quarterly financial statements included in the Company's reports filed with the SEC. The audit of the Company's 2021 financial statements included work related to the Merger and statutory audits.

Audit Related Fees

None.

Tax Fees

Tax fees for the years ended December 31, 2022 and 2021 were incurred for services rendered by PwC and Deloitte, respectively, related to 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 Committee has the sole authority and responsibility to select, evaluate and, if necessary, replace the Independent Registered Public Accounting Firm. The Audit Committee has the sole authority to approve all audit engagement fees and terms. In addition, the Audit Committee, or the chair of the Audit 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 Committee pre-approved every engagement of PwC and Deloitte to perform audit or non-audit services on behalf of the Company or any of its subsidiaries during the years ended December 31, 2022 and 2021.

PART IV

Item 15. Exhibits and Financial Statement Schedules

Financial Statements

Consolidated financial statements are included in Part II, Item 8.

Financial Statement Schedules

Financial Statement Schedule II — Valuation and Qualifying Accounts. All other schedules are not required under the related instructions or are not applicable.

Exhibits

Exhibits identified in parenthesis below, on file with the Securities and Exchange Commission, are incorporated herein by reference as exhibits hereto.

Exhibit Number	Description
(2.1)	Agreement and Plan of Merger, dated as of March 13, 2020, by and among Cincinnati Bell Inc., Red Fiber Parent LLC and RF Merger Sub Inc. (Exhibit 2.1 to Current Report on Form 8-K, date of Report March 13, 2020, File No. 1-8519).
(3.1)	Second Amended Articles of Incorporation of Cincinnati Bell Inc. (Exhibit 3.1 to Annual Report on Form 10-K for the year ended December 31, 2021, File No. 1-8519).
(3.2)	Second Amended and Restated Regulations of Cincinnati Bell Inc. (Exhibit 3.1 to Current Report on Form 8-K, date of Report September 7, 2021, 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 7 1/4% 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). (P)
(4.2)	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).
(4.3)	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).
(4.4)	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).
(4.5)	Indenture, dated September 22, 2016, among Cincinnati Bell Inc., the guarantor parties thereto and Regions Bank, as trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report September 22, 2016, File No. 1-8519).
(4.6)	First Supplemental Indenture dated April 3, 2017 among Cincinnati Bell Inc., SunTel Services LLC and Regions Bank, as trustee (Exhibit 99.1 to Current Report on Form 8-K, date of Report April 3, 2017, File No. 1-8519).

(4.7)	Second Supplemental Indenture dated May 31, 2017 among Cincinnati Bell Inc., Cincinnati Bell Telephone Company LLC, Cincinnati Bell Extended Territories LLC, and Regions Bank, as trustee (Exhibit 10.1 to Current Report on Form 8-K, date of Report May 31, 2017, File No. 1-8519).
(4.8)	Third Supplemental Indenture dated October 2, 2017 among Cincinnati Bell Inc., Cincinnati Bell Shared Services LLC, Data Center South Holdings, LLC, Twin Acquisition Corp. and Regions Bank, as trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report October 2, 2017, File No. 1-8519).
(4.9)	Fourth Supplemental Indenture dated as of December 22, 2017 among Cincinnati Bell Inc., CBTS Holdco LLC, and Regions Bank, as trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report December 22, 2017, File No. 1-8519).
(4.10)	Fifth Supplemental Indenture, dated as of July 2, 2018, by and among Cincinnati Bell Inc., the guarantors party thereto and Regions Bank, as Trustee. (Exhibit 4.2 to Current Report on Form 8-K, date of Report July 2, 2018, File No. 1-8519).
(4.11)	Sixth Supplemental Indenture, dated as of July 2, 2020, among Cincinnati Bell Inc., as Issuer, each subsidiary of the Issuer identified as a Guarantor, and Regions Bank, as Trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report July 6, 2020, File No. 1-8519).
(4.12)	Indenture, dated October 6, 2017, between CB Escrow Corp. and Regions Bank, as trustee (Exhibit 4.1 to Current Report on Form 8-K, date of Report October 6, 2017, File No. 1-8519).
(4.13)	Assumption Supplemental Indenture, dated as of July 2, 2018, by and among Cincinnati Bell Inc., the guarantors party thereto and Regions Bank, as Trustee. (Exhibit 4.1 to Current Report on Form 8-K, date of Report July 2, 2018, File No. 1-8519).
(4.14)	Second Supplemental Indenture, dated as of July 2, 2020, among Cincinnati Bell Inc., as Issuer, each subsidiary of the Issuer identified as a Guarantor, and Regions Bank, as Trustee. (Exhibit 4.2 to Current Report on Form 8-K, date of Report July 6, 2020, File No. 1-8519).
(4.15)	Escrow Agreement, dated October 6, 2017, by and among CB Escrow Corp., Regions Bank, as trustee, and Regions Bank, as Escrow Agent (Exhibit 4.2 to Current Report on Form 8-K, date of Report October 6, 2017, File No. 1-8519).
(4.16)	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.
(4.17)	Description of Registrant's Securities. (Exhibit 4.15 to Annual Report on Form 10-K for the year ended December 31, 2019, File No. 1-8519).
(10.1)	Credit Agreement by and among Cincinnati Bell Inc., the Guarantor parties thereto, the Lender parties thereto, PNC Bank, National Association, as the Swingline Lender, and Morgan Stanley Senior Funding, Inc., as Administrative Agent, Collateral Agent, Swingline Lender and an L\C Issuer, dated October 2, 2017 (Exhibit 10.1 to Current Report on Form 8-K, date of Report October 3, 2017, File No. 1-8519).
(10.2)	Amendment No. 1 to Credit Agreement dated as of April 5, 2018, by and among Cincinnati Bell Inc., the subsidiary guarantors thereto, Morgan Stanley Senior Funding, Inc. and the tranche B term lenders party thereto (Exhibit 10.1 to Current Report on Form 8-K, date of Report April 5, 2018, File No. 1-8519).
(10.3)	Amendment No. 2 to Credit Agreement dated as of April 5, 2018, by and among Cincinnati Bell Inc., the subsidiary guarantors thereto, Morgan Stanley Senior Funding, Inc. and the tranche B term lenders party thereto (Exhibit 10.2 to Current Report on Form 8-K, date of Report April 5, 2018, File No. 1-8519).

(10.4)	Credit Agreement, dated as of September 7, 2021, among Red Fiber Parent LLC, RF Merger Sub Inc., Goldman Sachs Bank USA, as administrative and collateral agent, each L/C Issuer and Swing Line Lender, each other Lender, Cincinnati Bell Inc. (and as successor in interest to RF Merger Sub Inc.) and the other parties thereto from time to time. (Exhibit 10.1 to Current Report on Form 8-K, date of Report September 7, 2021, File No. 1-8519).
(10.5)	Amendment No. 1 to Credit Agreement, dated as of November 23, 2021, among Red Fiber Parent LLC, RF Merger Sub Inc., Goldman Sachs Bank USA, as administrative and collateral agent, each L/C Issuer and Swing Line Lender, each other Lender, Cincinnati Bell Inc. (and as successor in interest to RF Merger Sub Inc.) and the other parties thereto from time to time. (Exhibit 10.1 to Current Report on Form 8-K, date of Report November 23, 2021, File No. 1-8519).
(10.6)	Receivables Financing Agreement dated as of May 10, 2018, among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets LLC, as Structuring Agent (Exhibit 99.3 to Current Report on Form 8-K, date of Report May 10, 2018, File No. 1-8519).
(10.7)	First Amendment to the Receivables Financing Agreement, dated as of November 21, 2018, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets LLC, as Structuring Agent (Exhibit 99.2 to Current Report on Form 8-K, date of Report November 23, 2018, File No. 1-8519).
(10.8)	Second Amendment to Receivables Financing Agreement, dated as of May 9, 2019, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time parties thereto, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets, as Structuring Agent. (Exhibit 99.3 to Current Report on Form 8-K, date of Report May 10, 2019, File 1-8519).
(10.9)	Third Amendment to the Receivables Financing Agreement, dated as of May 7, 2020, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets, as Structuring Agent. (Exhibit 99.2 to Current Report on Form 8-K, date of Report May 7, 2020, File No. 1-8519).
(10.10)	Fourth Amendment to the Receivables Financing Agreement, dated as of April 9, 2021, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank Canada Branch as issuer of Letters of Credit and Lender, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets, as Structuring Agent. (Exhibit 99.2 to Current Report on Form 8-K, date of Report April 9, 2021, File No. 1-8519).
(10.11)	Fifth Amendment to the Receivables Financing Agreement, dated as of November 12, 2021, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank Canada Branch as issuer of Letters of Credit and Lender, PNC Bank, National Association, as Administrator and Letter of Credit Bank, and PNC Capital Markets, as Structuring Agent. (Exhibit 99.2 to Current Report on Form 8-K, date of Report November 15, 2021, File No. 1-8519).

(10.12)	Sixth Amendment to the Receivables Financing Agreement, dated as of June 3, 2022, by and among Cincinnati Bell Funding LLC and Cincinnati Bell Funding Canada Ltd., as Borrowers, Cincinnati Bell Inc. and OnX Enterprise Solutions Ltd., as Servicers, the Lenders, Letter of Credit Participants and Group Agents from time to time party thereto, PNC Bank Canada Branch as issuer of Letters of Credit and Lender, PNC Bank, National Association, as Administrator and issuer of Letters of Credit, and PNC Capital Markets, as Structuring Agent. (Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, File No. 1-8519).
(10.13)	Receivables Purchase Agreement dated as of May 10, 2018 among Cincinnati Bell Funding LLC, as Seller, Cincinnati Bell Inc., as Servicer, PNC Bank, National Association, as Buyer, and PNC Capital Markets LLC, as Structuring Agent (Exhibit 99.4 to Current Report on Form 8-K, date of Report May 10, 2018, File No. 1-8519).
(10.14)	First Amendment to Receivables Purchase Agreement, dated as of May 9, 2019, by and among Cincinnati Bell Funding LLC, as Seller, Cincinnati Bell Inc., as Servicer, and PNC Bank, National Association, as Buyer. (Exhibit 99.2 to Current Report on Form 8-K, date of Report May 10, 2019, File 1-8519).
(10.15)	Second Amendment to the Receivables Purchase Agreement, dated as of May 7, 2020, by and among Cincinnati Bell Funding LLC as Seller, Cincinnati Bell Inc. as Servicer, and PNC Bank, National Association, as Buyer. (Exhibit 99.1 to Current Report on Form 8-K, date of Report May 7, 2020, File No. 1-8519).
(10.16)	Third Amendment to the Receivables Purchase Agreement, dated as of April 9, 2021, by and among Cincinnati Bell Funding LLC as Seller, Cincinnati Bell Inc. as Servicer, and PNC Bank, National Association, as Buyer. (Exhibit 99.1 to Current Report on Form 8-K, date of Report April 9, 2021, File No. 1-8519).
(10.17)	Fourth Amendment to the Receivables Purchase Agreement, dated as of November 12, 2021, by and among Cincinnati Bell Funding LLC as Seller, Cincinnati Bell Inc. as Servicer, and PNC Bank, National Association, as Buyer. (Exhibit 99.1 to Current Report on Form 8-K, date of Report November 15, 2021, File No. 1-8519).
(10.18)	Fifth Amendment to the Receivables Purchase Agreement, dated as of June 3, 2022, by and among Cincinnati Bell Funding LLC, as Seller, Cincinnati Bell Inc. as Servicer, and PNC Bank, National Association, as Buyer. (Exhibit 10.2 to Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, File No. 1-8519).
(10.19)*	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).
(10.20)*	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).
(10.21)*	Restatement of the Cincinnati Bell Management Pension Plan executed December 22, 2016 (Exhibit 10.28 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
(10.22)*	Restatement of the Cincinnati Bell Pension Plan executed December 22, 2016 (Exhibit 10.29 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
(10.23)*	Amendment to Cincinnati Bell Management Pension Plan executed December 22, 2016 (Exhibit 10.30 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
(10.24)*	Amendment to the Cincinnati Bell Pension Plan executed December 22, 2016 (Exhibit 10.31 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
(10.25)*	Cincinnati Bell Inc. 2011 Short Term Incentive Plan (Appendix II to the Company's 2016 Proxy Statement on Schedule 14A filed March 17, 2016, File No. 1-8519).
(10.26)*	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).

(10.27)*	Amendment to Cincinnati Bell Inc. Deferred Compensation Plan for Outside Directors, as of November 7, 2016 (Exhibit 10.2 to Current Report on Form 8-K, date of Report November 7, 2016, File No. 1-8519).
(10.28)*	Cincinnati Bell Inc. 2007 Long Term Incentive Plan, as amended (Appendix I to the Company's 2015 Proxy Statement on Schedule 14A filed March 20, 2015, File No. 1-8519).
(10.29)*	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).
(10.30)*	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).
(10.31)*	Cincinnati Bell Inc. Form of 2016-2018 Share-Based Performance Unit Award Agreement (2007 Long Term Incentive Plan) (Exhibit 10.40 to Annual Report on Form 10-K for the year ended December 31, 2016, File No. 1-8519).
(10.32)*	Cincinnati Bell Inc. Form of 2017-2019 Share-Based Performance Award Agreement (2007 Long Term Incentive Plan) (Exhibit 10.39 to Annual Report on Form 10-K for the year ended December 31, 2017, File No. 1-8519).
(10.33)*	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).
(10.34)*	Cincinnati Bell Inc. Form of Restricted Stock Unit Award Agreement (2007 Long Term Incentive Plan) (Exhibit 10.45 to Annual Report for the year ended December 31, 2015, File No. 1-8519).
(10.35)*	Cincinnati Bell Inc. 2007 Stock Option Plan for Non-Employee Directors, as amended (Appendix I to the Company's 2016 Proxy Statement on Schedule 14A filed on March 17, 2016, File No. 1-8519).
(10.36)*	Cincinnati Bell Inc. 2017 Long-Term Incentive Plan (Appendix I to the Company's 2017 Proxy Statement on Schedule 14A filed on March 24, 2017, File No. 1-8519).
(10.37)*	Cincinnati Bell Inc. Form of Restricted Stock Unit Award (2017 Long-Term Incentive Plan). (Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, File 1-8519).
(10.38)*	Cincinnati Bell Inc. Form of 2019-2021 Share-Based Performance Unit Award Agreement (2017 Long Term Incentive Plan). (Exhibit 10.2 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, File 1-8519).
(10.39)*	Cincinnati Bell Inc. 2017 Stock Plan for Non-Employee Directors (Appendix II to the Company's 2017 Proxy Statement on Schedule 14A filed on March 24, 2017, File No. 1-8519).
(10.40)*	Cincinnati Bell Inc. Form of 2018-2023 Business Value Award Agreement (Exhibit 10.1 to Current Report, date of Report May 7, 2018, File No. 1-8519).
(10.41)*	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).
(10.42)*	Cincinnati Bell Inc. Form of Long-Term Restricted Cash Retention Award (Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, File 1-8519).
(10.43)*	Cincinnati Bell Inc. Form of Long-Term Restricted Cash Retention Award (Exhibit 10.1 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, File 1-8519).

(10.44)*	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).
(10.45)*	Employment Agreement between Cincinnati Bell Inc. and Christopher J. Wilson effective as of December 1, 2017 (Exhibit 10.4 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.46)*	Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Leigh R. Fox effective as of September 1, 2016 (Exhibit 10.1 to Current Report on Form 8-K, date of Report September 1, 2016, File No. 1-8519).
(10.47)*	Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Leigh R. Fox effective as of March 1, 2017 (Exhibit 10.1 to Current Report on Form 8-K, date of Report March 1, 2017, File No. 1-8519).
(10.48)*	Employment Agreement between Cincinnati Bell Inc. and Leigh R. Fox effective as of December 1, 2017 (Exhibit 10.1 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.49)*	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, File No. 1-8519).
(10.50)*	Employment Agreement between Cincinnati Bell Inc. and Joshua T. Duckworth effective as of December 1, 2017 (Exhibit 10.5 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.51)*	Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Joshua T. Duckworth dated as of December 1, 2021 (Exhibit 10.51 to Annual Report on Form 10-K for the year ended December 31, 2021, File No. 1-8519).
(10.52)*	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).
(10.53)*	Amended and Restated Employment Agreement between Cincinnati Bell Inc. and Thomas E. Simpson effective as of September 1, 2016 (Exhibit 10.1 to Current Report on Form 8-K, date of Report September 9, 2016, File No. 1-8519).
(10.54)*	Employment Agreement between Cincinnati Bell Inc. and Thomas E. Simpson effective as of December 1, 2017 (Exhibit 10.3 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.55)*	Employment Agreement between Cincinnati Bell Inc. and Andrew R. Kaiser effective as of September 1, 2016 (Exhibit 10.2 to Current Report on Form 8-K, date of Report September 1, 2016, File No. 1-8519).
(10.56)*	Employment Agreement between Cincinnati Bell Inc. and Andrew R. Kaiser effective as of September 1, 2017 (Exhibit 10.1 to Current Report on Form 8-K, date of Report August 3, 2017, File No. 1-8519).
(10.57)*	Employment Agreement between Cincinnati Bell Inc. and Andrew R. Kaiser effective as of December 1, 2017 (Exhibit 10.2 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.58)*	Employment Agreement between Cincinnati Bell Inc. and Christi H. Cornette effective as of September 1, 2017 (Exhibit 10.2 to Current Report on Form 8-K, date of Report August 3, 2017, File No. 1-8519).
(10.59)*	Employment Agreement between Cincinnati Bell Inc. and Christi H. Cornette effective as of December 1, 2017 (Exhibit 10.6 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).
(10.60)*	Employment Agreement between Cincinnati Bell Inc. and Shannon M. Mullen effective as of December 1, 2017 (Exhibit 10.7 to Current Report on Form 8-K, date of Report December 1, 2017, File No. 1-8519).

(10.61)*	Employment Agreement between Cincinnati Bell Inc. and Mark J. Fahner effective as of September 16, 2018 (Exhibit 10.3 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, File 1-8519).
(10.62)*	Employment Agreement between Cincinnati Bell Inc. and Suzanne E. Maratta effective May 12, 2019. (Exhibit 10.1 to Current Report on Form 8-K, date of Report May 15, 2019, File 1-8519).
(10.63)*	Employment Agreement between Cincinnati Bell Inc. and Angela J. Huber effective December 1, 2021 (Exhibit 10.63 to Annual Report on Form 10-K for the year ended December 31, 2021, File No. 1-8519).
(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.
(22) +	List of Guarantor Subsidiaries and Subsidiary Issuers of Guaranteed Securities.
(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.
101	The following financial statements from Cincinnati Bell Inc.'s Annual Report on Form 10-K for the year ended December 31, 2022 were formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Consolidated Statements of Equity (Deficit), (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

+ 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.

(P) Paper exhibits

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.altafiber.com*. The Company has ceased to be a registrant but continues to voluntarily file annual, quarterly and certain other information with the SEC due to contractual provisions included in certain indentures. As a voluntary filer, the Company is no longer required to prepare a proxy statement.

VALUATION AND QUALIFYING ACCOUNTS

Allowance for Doubtful Accounts

(dollars in millions)	Beginning of Period	Additions: Charge (Benefit) to Expenses	Additions: (To) From Other Accounts	Deductions	End of Period
Successor					
Year 2022	$ 3.6	$ 8.4	$ —	$ —	$ 12.0
September 8, 2021 to December 31, 2021 (remeasured upon Merger)	$ —	$ 3.6	$ —	$ —	$ 3.6
Predecessor					
January 1, 2021 to September 7, 2021	$ 23.0	$ 2.1	$ —	$ 8.7	$ 16.4
Year 2020	$ 14.3	$ 14.7	$ —	$ 6.0	$ 23.0

Deferred Tax Valuation Allowance

(dollars in millions)	Beginning of Period	Additions: Charge (Benefit) to Expenses	Additions: (To) From Other Accounts	Deductions	End of Period
Successor					
Year 2022	$ 18.4	$ (3.8)	$ 1.1	$ —	$ 15.7
September 8, 2021 to December 31, 2021	$ 24.4	$ (6.0)	$ —	$ —	$ 18.4
Predecessor					
January 1, 2021 to September 7, 2021	$ 28.4	$ —	$ (4.0)	$ —	$ 24.4
Year 2020	$ 49.3	$ (20.8)	$ (0.1)	$ —	$ 28.4

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: March 22, 2023

/s/ Joshua T. Duckworth
Joshua T. Duckworth
Chief Financial 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/ Leigh R. Fox Leigh R. Fox	President and Chief Executive Officer (Principal Executive Officer)	March 22, 2023
/s/ Joshua T. Duckworth Joshua T. Duckworth	Chief Financial Officer (Principal Financial Officer)	March 22, 2023
/s/ Suzanne E. Maratta Suzanne E. Maratta	Vice President and Corporate Controller (Principal Accounting Officer)	March 22, 2023
Kelly C. Atkinson * Kelly C. Atkinson	Director	March 22, 2023
Felix A. Bernshteyn* Felix A. Bernshteyn	Director	March 22, 2023
Scott L. Graves* Scott L. Graves	Director	March 22, 2023
F. Gregory Guerra* F. Gregory Guerra	Director	March 22, 2023
Colleen W. Hanabusa* Colleen W. Hanabusa	Director	March 22, 2023
John T. Komeiji* John T. Komeiji	Director	March 22, 2023
Anton Z. Moldan* Anton Z. Moldan	Director	March 22, 2023
Douglas C. Wiest* Douglas C. Wiest	Director	March 22, 2023
Christina M. Wire* Christina M. Wire	Director	March 22, 2023

*By: /s/ Leigh R. Fox
Leigh R. Fox
as attorney-in-fact and on his behalf
as President and Chief Executive Officer

Subsidiaries of the Registrant
(as of March 22, 2023)

Subsidiary Name	State or Country of Incorporation or Formation
Cincinnati Bell Wireless, LLC	Ohio
CBTS LLC	Delaware
Cincinnati Bell Funding LLC	Delaware
Cincinnati Bell Telephone Company LLC	Ohio
Cincinnati Bell Extended Territories LLC	Ohio
CBTS Federal LLC	Delaware
CBTS Technology Solutions LLC	Delaware
CBTS Virginia LLC	Virginia
CBTS Technology Solutions India LLP	India
CBTS Technology Solutions Ireland Limited	Ireland
CBTS Technology Solutions UK Ltd.	United Kingdom
OnX Enterprise Solutions Ltd.	Ontario
Cincinnati Bell Funding Canada Ltd.	Ontario
Hawaiian Telcom Holdco, Inc.	Delaware
Hawaiian Telcom Communications, Inc.	Delaware
Hawaiian Telcom Federal LLC	Delaware
Hawaiian Telcom, Inc.	Hawaii
Hawaiian Telcom Services Company, Inc.	Delaware
Wavecom Solutions Corporation	Hawaii
SystemMetrics Corporation	Hawaii
Agile IWG Holdings, LLC	Delaware
BridgeLink Communications LLC	Delaware
CBTS Funding LLC	Delaware
Agile Network Builders LLC	Delaware
Agile Connect, LLC	Delaware
Agile Towers, LLC	Delaware
Agile Airband Ohio, LLC	Delaware
Agile Networks Indiana, LLC	Delaware
Agile Networks Site Development, LLC	Delaware
Digital Access Ohio LLC	Delaware
CBTS Extended Territories LLC	Delaware
altafiber Virginia LLC	Virginia

Exhibit 22

Issuers of Guaranteed Securities

As of December 30, 2022, Cincinnati Bell Inc., an Ohio corporation (the "Company"), has fully and unconditionally guaranteed the 6.300% Senior Notes issued by its subsidiary listed below.

Subsidiary Issuer
Cincinnati Bell Telephone Company LLC, an Ohio limited liability company

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2022 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Joshua T. Duckworth and Christopher J. Wilson, and each of them singly, her attorneys for her and in her name, place and stead, and in her office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as she might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand this 8th day of March, 2023

/s/ Kelly C. Atkinson
Kelly C. Atkinson
Director

STATE OF HAWAII)
) SS
CITY and COUNTY of HONOLULU)

On this 8th day of March, 2023, personally appeared before me Kelly C. Atkinson, to me known and known to me to be the person described in and who executed the foregoing 1 page instrument titled Power of Attorney, dated March 8th, 2023, and she duly acknowledged to me that she executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 8th day of March, 2023.

/s/ Elaine R. Royston
Elaine R. Royston, Notary Public
First Circuit, State of Hawaii
My Commission Expires: September 5, 2023

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2022 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Joshua T. Duckworth and Christopher J. Wilson, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 7th day of March, 2023.

/s/ Felix A. Bernshteyn.
Felix A. Bernshteyn
Director

STATE OF CALIFORNIA)
) SS:
CITY AND COUNTY OF LOS ANGELES)

On the 7th day of March, 2023, personally appeared before me Felix A. Bernshteyn, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 7th day of March, 2023.

/s/ Mari Newhoff
Mari Newhoff
Notary Public, State of California
My commission expires: October 24, 2025

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2022 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Joshua T. Duckworth and Christopher J. Wilson, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 4th day of March, 2023.

/s/ Scott L. Graves
Scott L. Graves
Director

STATE OF CALIFORNIA)
) SS:
COUNTY OF LOS ANGELES)

On the 4th day of March, 2023, personally appeared before me Scott L. Graves, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 4th day of March, 2023.

/s/ Brigitte Knerr
Brigitte Knerr
Notary Public, State of California
My commission expires: May 24, 2024

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2022 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Joshua T. Duckworth and Christopher J. Wilson, and each of them singly, his attorneys for his and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 8th day of March, 2023.

/s/ F. Gregory Guerra
F. Gregory Guerra
Director

STATE OF HAWAII)
) SS
CITY and COUNTY of HONOLULU)

On this 8th day of March, 2023, personally appeared before me F. Gregory Guerra, to me known and known to me to be the person described in and who executed the foregoing 1 page instrument titled Power of Attorney, dated March 8th, 2023, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 8th day of March, 2023.

/s/ Elaine R. Royston
Elaine R. Royston, Notary Public
First Circuit, State of Hawaii
My Commission Expires: September 5, 2023

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2022 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Joshua T. Duckworth and Christopher J. Wilson, and each of them singly, her attorneys for her and in her name, place and stead, and in her office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as she might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand this 8th day of March, 2023.

/s/ Colleen W. Hanabusa
Colleen W. Hanabusa
Director

STATE OF HAWAII)
) SS
CITY and COUNTY of HONOLULU)

On this 8th day of March, 2023, personally appeared before me Colleen W. Hanabusa, to me known and known to me to be the person described in and who executed the foregoing 1 page instrument titled Power of Attorney, dated March 8th, 2023, and she duly acknowledged to me that she executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 8th day of March, 2023.

/s/ Elaine R. Royston
Elaine R. Royston, Notary Public
First Circuit, State of Hawaii
My Commission Expires: September 5, 2023

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2022 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Joshua T. Duckworth and Christopher J. Wilson, and each of them singly, his attorneys for his and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 8th day of March, 2023.

/s/ John T. Komeiji
John T. Komeiji
Director

STATE OF HAWAII)
) SS
CITY and COUNTY of HONOLULU)

On this 8th day of March, 2023, personally appeared before me John T. Komeiji, to me known and known to me to be the person described in and who executed the foregoing 1 page instrument titled Power of Attorney, dated March 8th, 2023, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 8th day of March, 2023.

/s/ Elaine R. Royston
Elaine R. Royston, Notary Public
First Circuit, State of Hawaii
My Commission Expires: September 5, 2023

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2022 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Joshua T. Duckworth and Christopher J. Wilson, and each of them singly, his attorneys for his and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 8th day of March, 2023.

/s/ Anton Z. Moldan
Anton Z. Moldan
Director

STATE OF HAWAII)
) SS
CITY and COUNTY of HONOLULU)

On this 8th day of March, 2023, personally appeared before me Anton Z. Moldan, to me known and known to me to be the person described in and who executed the foregoing 1 page instrument titled Power of Attorney, dated March 8th, 2023, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 8th day of March, 2023.

/s/ Elaine R. Royston
Elaine R. Royston, Notary Public
First Circuit, State of Hawaii
My Commission Expires: September 5, 2023

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2022 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Joshua T. Duckworth and Christopher J. Wilson, and each of them singly, his attorneys for him and in his name, place and stead, and in his office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 6th day of March, 2023

/s/ Douglas C. Wiest
Douglas C. Wiest
Director

STATE OF CALIFORNIA)
) SS:
COUNTY OF CONTRA COSTA)

On the 6th day of March, 2023, personally appeared before me Douglas C. Wiest, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 6th day of March, 2023.
/s/ Christina Tuivaiti
Christina Tuivaiti
Notary Public, State of California
My commission expires: June 15, 2026

Exhibit 24

POWER OF ATTORNEY

WHEREAS, Cincinnati Bell Inc., an Ohio corporation (hereinafter referred to as the "Company"), proposes shortly to file with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, an annual report on Form 10-K for the year ended December 31, 2022 and

WHEREAS, the undersigned is a director of the Company;

NOW, THEREFORE, the undersigned hereby designates and appoints Leigh R. Fox, Joshua T. Duckworth and Christopher J. Wilson, and each of them singly, her attorneys for her and in her name, place and stead, and in her office and capacity in the Company, to execute and file such annual report on Form 10-K, and thereafter to execute and file any amendments or supplements thereto, hereby giving and granting to said attorneys full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully to all intents and purposes as she might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand this 8th day of March, 2023.

/s/ Christina Marie Wire
Christina Marie Wire
Director

STATE OF HAWAII)
) SS
CITY and COUNTY of HONOLULU)

On this 8th day of March, 2023, personally appeared before me Christina Marie Wire, to me known and known to me to be the person described in and who executed the foregoing 1 page instrument titled Power of Attorney, dated March 8th, 2023, and she duly acknowledged to me that she executed and delivered the same for the purposes therein expressed.

Witness my hand and official seal this 8th day of March, 2023.

/s/ Elaine R. Royston
Elaine R. Royston, Notary Public
First Circuit, State of Hawaii
My Commission Expires: September 5, 2023

Exhibit 31.1

Certifications

I, Leigh R. Fox, Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 10-K of Cincinnati Bell Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 22, 2023

/s/ Leigh R. Fox
Leigh R. Fox
Chief Executive Officer

Exhibit 31.2

Certifications

I, Joshua T. Duckworth, Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 10-K of Cincinnati Bell Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure control and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 22, 2023

/s/ Joshua T. Duckworth
Joshua T. Duckworth
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Cincinnati Bell Inc. (the "Company") on Form 10-K for the period ending December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Leigh R. Fox, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Leigh R. Fox
Leigh R. Fox
Chief Executive Officer
March 22, 2023

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Cincinnati Bell Inc. (the "Company") on Form 10-K for the period ending December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joshua T. Duckworth, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joshua T. Duckworth
Joshua T. Duckworth
Chief Financial Officer
March 22, 2023