

CINCINNATI BELL INC  
Form DEFC14A  
March 16, 2018  
SCHEDULE 14A  
(RULE 14a-101)  
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION  
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934

Filed by the Registrant  Filed by a Party other than the Registrant   
Check the appropriate box:

Preliminary Proxy Statement  
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to Section 240.14a-11c or Section 240.14a-12  
Cincinnati Bell Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

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- (3) Filing Party:
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Cincinnati Bell Inc.  
221 East Fourth Street  
Cincinnati, Ohio 45202

March 16, 2018

Dear Fellow Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of Cincinnati Bell Inc. to be held at 9:00 a.m., Eastern Daylight Time, on Tuesday, May 1, 2018, at the Queen City Club, 331 East Fourth Street, Cincinnati, Ohio. This booklet includes the formal notice of the meeting as well as the proxy statement. The proxy statement gives you information about the formal items of business to be voted on at the meeting and other information relevant to your voting decisions.

Your vote will be especially important at this year's annual meeting. As you may have heard, GAMCO Asset Management Inc. ("GAMCO"), an affiliate of GAMCO Investors, Inc., each a controlled entity of Mario J. Gabelli ("Mario Gabelli"), and together with various other entities he directly or indirectly controls or for which he acts as chief investment officer, a shareholder of the Company, has notified the Company that it intends to nominate a slate of three alternative nominees for election as directors at the annual meeting in opposition to the nominees recommended by your Board of Directors.

Your Board of Directors does not endorse any of the GAMCO nominees and recommends that you vote "FOR" the election of each of the nominees proposed by your Board of Directors and disregard the GAMCO BLUE proxy card. Your Board of Directors strongly urges you not to sign or return any BLUE proxy card sent to you by GAMCO. If you have previously submitted a BLUE proxy card sent to you by GAMCO, you can revoke that BLUE proxy and vote for your Board of Directors' nominees and on the other matters to be voted on at the meeting by using the enclosed WHITE proxy card. Even if you plan to attend the annual meeting, we request that you vote your shares by signing and dating the enclosed WHITE proxy card and returning it in the enclosed postage-paid envelope or by voting via internet or by telephone by following the instructions provided on the enclosed WHITE proxy card. Only your latest dated proxy will count, and any proxy may be revoked at any time prior to its exercise at the annual meeting as described in this proxy statement.

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

Very truly yours,  
Phillip R. Cox  
Chairman of the Board

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Notice of 2018 Annual Meeting of Shareholders

Time and Date: 9:00 a.m., Eastern Daylight Time, Tuesday, May 1, 2018

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

Matters to be Voted upon:

Election as directors of the nine nominees named in the accompanying proxy statement for one-year terms expiring at the 2019 Annual Meeting of Shareholders;

Approval, by non-binding advisory vote, of our executive officers' compensation;

Approval of an amendment to the Company's Amended and Restated Regulations to provide proxy access to our shareholders;

Ratification of our Audit and Finance Committee's appointment of our independent registered public accounting firm for 2018; and

Any other business properly brought before the meeting and any adjournments or postponements of the meeting.

Record Date: March 2, 2018

Only shareholders of record as of the close of business on this date are entitled to vote.

Please note that GAMCO has notified the Company of its intent to nominate a slate of three alternative nominees for election as directors at the annual meeting in opposition to the nominees recommended by your Board of Directors.

You may receive solicitation materials from GAMCO, including proxy statements and BLUE proxy cards. We are not responsible for the accuracy of any information provided by or relating to GAMCO or its nominees contained in solicitation materials filed or disseminated by or on behalf of GAMCO or any other statements GAMCO may make. Your Board of Directors does NOT endorse any of the GAMCO nominees and recommends that you vote "FOR" the election of each of the nominees proposed by your Board of Directors by using the enclosed WHITE proxy card and disregard the GAMCO BLUE proxy card. Your Board of Directors strongly urges you not to sign or return any BLUE proxy card sent to you by GAMCO. If you have previously submitted a BLUE proxy card sent to you by GAMCO, you can revoke that proxy and vote for your Board of Directors' nominees and on the other matters to be voted on at the meeting by using the enclosed WHITE proxy card. Even if you plan to attend the annual meeting, we request that you vote your shares by signing and dating the enclosed WHITE proxy card and returning it in the enclosed postage-paid envelope or by voting via internet or by telephone by following the instructions provided on the enclosed WHITE proxy card. Only your latest dated proxy will count, and any proxy may be revoked at any time prior to its exercise at the annual meeting as described in this proxy statement.

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Whether or not you plan to attend the meeting, we encourage you to vote as promptly as possible by returning the enclosed WHITE proxy card in the enclosed postage-paid envelope or by the internet or by telephone.

Connie M. Vogt  
Corporate Secretary

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Proxy Statement for Annual Meeting of Shareholders

The annual meeting of shareholders of Cincinnati Bell Inc. ("Cincinnati Bell", "we", "our", "us", or the "Company") will be held at 9:00 a.m., Eastern Daylight Time, on Tuesday, May 1, 2018, at the Queen City Club, 331 East Fourth Street, Cincinnati, Ohio.

We are furnishing this proxy statement to our shareholders in connection with the solicitation of proxies by our Board of Directors for the 2018 Annual Meeting of Shareholders on that date, and any adjournment or postponement of the meeting. Our 2017 annual report accompanies this proxy statement.

Please note that GAMCO has notified the Company of its intent to nominate a slate of three alternative nominees for election as directors at the annual meeting in opposition to the nominees recommended by your Board of Directors. You may receive solicitation materials from GAMCO, including proxy statements and BLUE proxy cards. We are not responsible for the accuracy of any information provided by or relating to GAMCO or its nominees contained in solicitation materials filed or disseminated by or on behalf of GAMCO or any other statements GAMCO may make. Your Board of Directors does NOT endorse any of the GAMCO nominees and recommends that you vote "FOR" the election of each of the nominees proposed by your Board of Directors by using the enclosed WHITE proxy card and disregard the GAMCO BLUE proxy card. Your Board of Directors strongly urges you not to sign or return any BLUE proxy card sent to you by GAMCO. If you have previously submitted a BLUE proxy card sent to you by GAMCO, you can revoke that proxy and vote for your Board of Directors' nominees and on the other matters to be voted on at the meeting by using the enclosed WHITE proxy card. Even if you plan to attend the annual meeting, we request that you vote your shares by signing and dating the enclosed WHITE proxy card and returning it in the enclosed postage-paid envelope or by voting via internet or by telephone by following the instructions provided on the enclosed WHITE proxy card. Only your latest dated proxy will count, and any proxy may be revoked at any time prior to its exercise at the annual meeting as described in this proxy statement.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 1, 2018.**

This proxy statement and the 2017 annual report are first being made available on the website at [www.proxyvote.com](http://www.proxyvote.com) and mailed to shareholders on or about March 16, 2018. Other information on our website does not constitute part of this proxy statement.

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Meeting and Voting Highlights

The Annual Meeting

Time and Date: 9:00 a.m., Eastern Daylight Time, May 1, 2018

Queen City Club

Place: 331 East Fourth Street

Cincinnati, Ohio

Record Date: March 2, 2018

Purpose of Meeting

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

	Board's Recommendation	Votes Required for Approval
Proposal 1: Election of directors for one-year terms expiring in 2019.	FOR each of the Company's nominees	Plurality of votes cast
Proposal 2: Approval, by a non-binding advisory vote, of our executive officers' compensation.	FOR	Majority of shares present and entitled to vote
Proposal 3: Approval of an amendment to the Company's Amended and Restated Regulations to provide proxy access to our shareholders.	FOR	Majority of outstanding voting power voting as single class
Proposal 4: Ratification of our Audit and Finance Committee's appointment of our independent registered public accounting firm for 2018.	FOR	Majority of shares present and entitled to vote

Our Board of Directors ("Board") strongly encourages you to exercise your right to vote on these matters. Your vote is important. We are furnishing this proxy statement to provide information in connection with the Company and the proposals being voted upon at the 2018 Annual Meeting.

### Who May Vote

Common and preferred stock shareholders of Cincinnati Bell Inc., whose shares are recorded directly in their names in our stock register (“shareholders of record”) at the close of business on March 2, 2018 (the "Record Date"), may vote their shares on the matters to be acted upon at the meeting. Shareholders who hold shares of our common stock in “street name,” that is, through an account with a bank, broker, or other holder of record, as of such date may direct the holder of record how to vote their shares at the meeting by following the instructions that the street name holders will receive from the holder of record.

### How to Vote

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

BY INTERNET	BY PHONE	BY MAIL	ATTEND THE MEETING
:	(	*	?
Follow the instructions on the WHITE proxy card using the control number shown there.	Follow the instructions on the WHITE proxy card using the control number shown there.	You can vote by marking, dating and signing your proxy card and returning it by mail in the postage-paid envelope provided. Please mail this item to allow delivery prior to the meeting.	Whether you are a shareholder of record or a street name holder, you may vote your shares at the annual meeting if you attend in person. See “How can I attend and vote my shares at the meeting?” on page 55.

### Admission to the Meeting

If you are a shareholder of record, you will need to provide a valid government-issued photo ID to gain admission to the meeting.

If you own shares held in street name, bring with you to the meeting both a valid government-issued photo ID and your most recent brokerage statement or a letter from your bank, broker, or other record holder indicating that you beneficially owned shares of our common stock on March 2, 2018. We can use that to verify your beneficial ownership of common stock and admit you to the meeting. If you intend to vote at the meeting, you also will need to bring to the meeting a signed proxy from your bank, broker, or other holder of record that authorizes you to vote the shares that the record holder holds for you in its name.

### Additional Information

More detailed information about the 2018 Annual Meeting of Shareholders and voting can be found in “Questions and Answers” beginning on page 53.

## Governance

### Board of Directors and Committees

#### Corporate Governance Overview

Our business, property and affairs are managed under the direction of our Board. Members of our Board are kept informed of our business through discussions with our Chief Executive Officer and other officers, by reviewing materials provided to them, by visiting our offices and by participating in meetings of the Board and its committees. The Company's Amended and Restated Regulations provide that the Board shall consist of not less than nine nor more than seventeen persons, with the exact number to be fixed and determined by resolution of the Board or by resolution of the shareholders at any annual or special meeting of shareholders. At this time, the Board has determined that the Board shall consist of nine members.

As previously announced, Mr. John M. Zrno informed the Board that he will not stand for re-election at the Company's 2018 Annual Meeting. Mr. Zrno will continue to serve as a Director until the 2018 Annual Meeting. After careful consideration, Mr. Leigh R. Fox has been nominated by our Board for election at the 2018 Annual Meeting to fill the seat currently held by Mr. Zrno.

Also as previously announced, Mr. Phillip R. Cox has informed the Board of his intention to step down from his role as Chairman prior to the 2019 Annual Meeting. Accordingly, the Board anticipates designating a successor to Mr. Cox as Chairman prior to the 2019 Annual Meeting. Mr. Cox has also informed the Board that he does not intend to stand for re-election to the Board at the Company's 2019 Annual Meeting.

In addition, on July 9, 2017, the Company entered into an agreement to acquire Hawaiian Telcom Holdco, Inc. (the "Hawaiian Telcom Acquisition"). Under the terms of the Hawaiian Telcom Acquisition, the Company will be required to expand the size of the Board from nine members to eleven members upon the closing of the acquisition. Two members of the expanded Board will be designated by Hawaiian Telcom Holdco, Inc. and the remaining nine members will be designated by Cincinnati Bell (with such designees expected to be the then-current members of the Board).

These changes to the composition of the Board align with the Company's ongoing Board refreshment process which aims to renew the Board with directors who have deep industry expertise and appropriate board experience. The Company's Board refreshment process has already resulted in the addition of three new independent directors in the last five years.

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

Our Board currently has the following five committees: (i) the Audit and Finance Committee, (ii) the Business Development Committee, (iii) the Compensation Committee, (iv) the Governance and Nominating Committee, and (v) the Executive Committee. The members and function of each committee are described below. During fiscal year 2017, the Board held thirteen meetings and twice took action by unanimous written consent, and all directors attended at least 75% of all Board and applicable committee meetings during the period in which he or she served as a director. Under the Company's Corporate Governance Guidelines, directors are expected to attend the Annual Meeting of Shareholders. All of the directors, who were on the Board at the time and were seeking election, attended the 2017 Annual Meeting of Shareholders.

For information on how to obtain a copy of the Company's Corporate Governance Guidelines, please see page 59.

### Director Independence

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

Based on these standards, the Board determined that each of the following persons who served as a non-employee director in 2017 is independent and has no relationship with the Company, except as a director and shareholder:

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

\*On March 1, 2018, Mr. Zrno informed the Board that he would not seek re-election at the 2018 Annual Meeting.

In addition, based on these standards, the Board determined that 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. Mr. Cox presides at the meetings of the non-employee directors.

### Committees of the Board

The Board has five committees: (i) the Audit and Finance Committee, (ii) the Business Development Committee, (iii) the Compensation Committee, (iv) the Governance and Nominating Committee and (v) the Executive Committee. For information on how to obtain a copy of each committee's charter (other than the Executive Committee), please see page 59.

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

The following table lists the chairs (C) and members (M) of each standing committee at the end of 2017:

Name of Director <sup>(a)</sup>	Audit and Finance	Business Development	Compensation	Governance and Nominating	Executive
Phillip R. Cox	M	M	M	M	C
John W. Eck			M	M	
Jakki L. Haussler	M			C	M
Craig F. Maier	M		C		M
Russel P. Mayer	M	C			
Theodore H. Torbeck					M
Lynn A. Wentworth	C		M		M
Martin J. Yudkovitz		M		M	
John M. Zrno		M	M		

(a) With the exception of Mr. Torbeck, all directors were determined by the Board to be independent directors.

**Audit and Finance Committee:** The Audit and Finance Committee currently consists of five persons, none of whom is an executive officer of the Company. The Audit and Finance Committee held five meetings during 2017. The purpose of the Audit and Finance Committee is, among other things, to assist the Board in its oversight of (i) the integrity of the financial statements of the Company, (ii) the Company's compliance with legal and regulatory requirements, (iii) the independence and qualifications of the independent registered public accounting firm ("Independent Registered Public Accounting Firm"), (iv) the Company's risk assessment and risk management policies, and (v) the performance of the Company's internal audit function and Independent Registered Public Accounting Firm. To this end, the Audit and Finance Committee meets in executive session with its own members and may also meet separately with the Independent Registered Public Accounting Firm, the Company's internal auditors, General Counsel or members of management. The Audit and Finance Committee Charter provides a more detailed description of the responsibilities and duties of the Audit and Finance Committee. For information on how to obtain a copy of the Audit and Finance Committee Charter, please see page 59.

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

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

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

**Business Development Committee:** In 2017, the Business Development Committee was created and currently consists of four persons, none of whom is an executive officer. The Business Development Committee held four meetings during 2017. The Business Development Committee, among other things, monitors the changing competitive, legislative, regulatory, legal or business conditions impacting the Company's strategic business plans and reviews with management any acquisition and strategic investment opportunities as they arise, making recommendations to the full Board regarding strategic investment opportunities. The Business Development Committee Charter provides a more detailed description of the responsibilities and duties of the Business Development Committee. For information on how to obtain a copy of the Business Development Committee Charter, please see page 59.

In performing its duties, the Business Development Committee meets as often as necessary. An agenda for each such meeting is provided in advance to the members of the Business Development Committee.

**Compensation Committee:** The Compensation Committee currently consists of five persons, none of whom is an executive officer. The Compensation Committee held five meetings and took action by unanimous written consent once during 2017. The Compensation Committee is responsible for, among other things, ensuring that directors and certain key executives are effectively and competitively compensated in terms of base compensation and short- and long-term incentive compensation and benefits. In addition, the Compensation Committee evaluates the performance of the Chief Executive Officer and reviews with management the succession planning process for key executive

positions. The Compensation Committee Charter provides a more detailed description of the responsibilities and duties of the Compensation Committee. For information on how to obtain a copy of the Compensation Committee Charter, please see page 59.

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

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

**Governance and Nominating Committee:** The Governance and Nominating Committee currently consists of four persons, none of whom is an executive officer. The Governance and Nominating Committee held three meetings during 2017. The Governance and Nominating Committee, among other things, identifies individuals to become members of the Board, periodically reviews the size and composition of the Board, evaluates the performance of Board members, makes recommendations regarding the determination of a director's independence, recommends committee appointments and chairpersons to the Board, periodically reviews and recommends to the Board updates to the Company's Corporate Governance Guidelines and related Company policies and oversees an annual evaluation of the Board and its committees. The Governance and Nominating Committee Charter provides a more detailed description of the responsibilities and duties of the Governance and Nominating Committee. For information on how to obtain a copy of the Governance and Nominating Committee Charter, please see page 59.

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

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

**Executive Committee:** The Executive Committee currently consists of five persons, one of whom is Mr. Torbeck who served as Chief Executive Officer of the Company until May 31, 2017. The Executive Committee did not meet but took action twice by unanimous written consent during 2017. The Executive Committee acts on behalf of the Board in certain matters, when necessary, between Board meetings.

#### Other Responsibilities and Governance Process

#### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

As of December 31, 2017, the members of the Compensation Committee included Ms. Wentworth and Messrs. Cox, Eck, Maier and Zrno. None of the Compensation Committee members have at any time been an officer or employee of the Company. None of the Company's executive officers serve, or in the past fiscal year served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on the Company's Board or Compensation Committee.

#### CODE OF BUSINESS CONDUCT AND CODES OF ETHICS

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

For information on how to obtain a copy of the Company's Code of Business Conduct, Code of Ethics for Senior Financial Officers or Code of Ethics for Directors, please see page 59.

#### CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

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

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





The Company's Code of Business Conduct, the Company's Code of Ethics for Senior Financial Officers and the Company's Code of Ethics for Directors require directors, officers and all other members of the workforce to avoid any relationship, influence or activity that would cause or even appear to cause a conflict of interest. The Company's Code of Business Conduct, Code of Ethics for Senior Financial Officers and Code of Ethics for Directors generally require (i) a director to promptly disclose to the Governance and Nominating Committee any potential or actual conflict of interest involving him or her and (ii) an employee, including the executive officers, to promptly disclose a conflict of interest to the General Counsel. The Governance and Nominating Committee (and, if applicable, the General Counsel) determines an appropriate resolution to actual or potential conflicts of interest on a case-by-case basis. All directors must recuse themselves from any discussion or decision affecting their personal, business or professional interests. All related party transactions shall be disclosed in the Company's applicable filings with the SEC as required under SEC rules. In 2017 there were no related party transactions requiring disclosure.

Director Compensation

Annual Compensation Program

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

Compensation for Employee Directors

Directors who are also employees of the Company (or any subsidiary of the Company) receive no additional compensation for serving on the Board or its committees during the period of their employment. If such directors continue on the Board after their employment ends, such directors may receive additional compensation in connection with such continued service. For example, Mr. Torbeck received a pro rata portion of the Annual Board Retainer in connection with his continued service on the Board after his retirement as Chief Executive Officer on May 31, 2017.

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 2017.

Compensation Element	2017
Chairman of the Board Annual Retainer (a)	\$320,000
Annual Board Retainer	\$70,000
Annual Board Equity Award (b)	\$100,000
Annual Audit and Finance Committee Chair Retainer	\$27,000
Annual Audit and Finance Committee Member Retainer	\$15,000
Annual Business Development Committee Chair Retainer	\$16,000
Annual Business Development Member Retainer	\$10,000
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.

The Annual Board Equity Award for 2017 was granted under the Cincinnati Bell Inc. 2007 Stock Option Plan for (b) Non-Employee Directors to all non-employee directors, including the Chairman of the Board but excluding Mr.

Torbeck, in the form of restricted stock units with an aggregate value of \$100,000 and a one-year vesting period. Stock Plan for Non-Employee Directors

On May 4, 2017, the shareholders approved the Cincinnati Bell Inc. 2017 Stock Plan for Non-Employee Directors (the “2017 Directors Plan”). Under this plan, the Company grants its non-employee directors time-based restricted shares, restricted stock units, and/or options to purchase common shares. Pursuant to the current terms of such plan, each non-employee director of the Company, at the discretion of the Board, may be granted a number of restricted common shares, restricted stock units, and/or a stock option for a number of common shares (as determined by the Board) on the date of each annual meeting, if such director first became a non-employee director of the Company before the date of such annual meeting and continues in office as a non-employee director after such meeting.

Currently under the 2017 Directors Plan, up to 350,000 common shares may in the aggregate be the subject of awards granted during the life of the plan, all of which could be subject to stock option awards, restricted stock awards or restricted stock units. The Company has flexibility regarding the type of awards to issue. The Board will exercise its discretion in granting such options, time-based restricted shares, or restricted stock units with the intent that such grants, together with other Company equity-based compensation, provide Company equity-based compensation that is competitive with the value of equity-based compensation provided by comparable companies to their non-employee directors.

Each stock option granted to a non-employee director under the 2017 Directors Plan, or a predecessor plan, requires that upon the exercise of the option, the price to be paid for the common shares that are being purchased under the option will be equal to 100% of the fair market value of such shares as determined at the time such option is granted. With certain exceptions provided in the 2017 Directors Plan, a non-employee director of the Company who is granted an option under the plan generally will have ten years from the date of the grant to exercise the option.

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

On May 2, 2017, the Company granted restricted stock unit awards that vest after one year and with an aggregate value of \$100,000 on the date of grant to each non-employee director, other than Mr. Torbeck who was still an employee on that date, under the 2007 Stock Option Plan for Non-Employee Directors. Awards granted in 2016 had an aggregate value of \$90,000. Awards granted in 2015 had an aggregate value of \$80,000. For 2015 and 2016, the awards were also in the form of restricted stock units which vested on the first anniversary of the grant date.

## 2017 Director Compensation

The following table shows the compensation paid to our directors for the 2017 fiscal year:

Name	DIRECTOR COMPENSATION			
	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) (a) (b)	Option Awards (\$) (b)	Total (\$)
Phillip R. Cox	320,000	100,000	—	420,000
John W. Eck	90,000	100,000	—	190,000
Jakki L. Haussler	97,500	100,000	—	197,500
Craig F. Maier	103,000	100,000	—	203,000
Russel P. Mayer	101,000	100,000	—	201,000
Theodore H. Torbeck (c)	23,333	—	—	23,333
Lynn A. Wentworth	107,000	100,000	—	207,000
Martin J. Yudkovitz	90,000	100,000	—	190,000
John M. Zrno	92,917	100,000	—	192,917

The values reflect the aggregate grant-date fair value of the restricted stock units granted on May 2, 2017 computed in accordance with Accounting Standards Codification Topic 718, “Compensation - Stock Compensation” for all (a) awards. For a discussion of the valuation assumptions and methodology, see Note 13 to the Company’s Consolidated Financial Statements included in the Annual Report on Form 10-K for the year ended December 31, 2017 .

No stock options were awarded in 2017. As of December 31, 2017, the non-employee directors held an aggregate (b) of 41,768 unvested stock awards, as set forth in the following table. None of the non-employee directors held outstanding stock options as of December 31, 2017.

Mr. Torbeck only received a pro rata portion of the Annual Board Retainer in connection with his continued service on the Board after his retirement as Chief Executive Officer on May 31, 2017. Information concerning (c) compensation earned by Mr. Torbeck while still an employee of the Company can be found in the Summary Compensation Table on page 34 and outstanding equity awards held by Mr. Torbeck as of December 31, 2017 can be found in the Outstanding Equity Awards at Fiscal Year End table on page 40.

Name	Number of Unvested Stock Awards Outstanding as of December 31, 2017	Number of Option Awards Outstanding as of December 31, 2017
	Phillip R. Cox	5,221
John W. Eck	5,221	—
Jakki L. Haussler	5,221	—
Craig F. Maier	5,221	—
Russel P. Mayer	5,221	—
Lynn A. Wentworth	5,221	—
Martin J. Yudkovitz	5,221	—
John M. Zrno	5,221	—



## Board of Directors Selection Process

### Director Qualifications and Nominations

The Governance and Nominating Committee will consider director candidates recommended by shareholders. Except as described under “Background of the Solicitation”, the Governance and Nominating Committee did not receive, and therefore did not consider, any recommendations for director candidates by any shareholder for the 2018 Annual Meeting of Shareholders.

The Governance and Nominating Committee uses the following process to identify and evaluate director nominee candidates. Any qualified individual or group, including shareholders, incumbent directors and members of senior management, may at any time propose a candidate to serve on the Board. Background information on proposed candidates is forwarded to the Governance and Nominating Committee. For information on how to propose a candidate to serve on the Board, please see page 59. The Governance and Nominating Committee reviews forwarded materials relating to prospective candidates in the event of a director vacancy. A candidate selected from the review is interviewed by each member of the Governance and Nominating Committee, unless the member waives the interview requirement. If approved by the Governance and Nominating Committee, the candidate will be recommended to the full Board for consideration. The Governance and Nominating Committee evaluates shareholder-recommended candidates in the same manner that it evaluates all other candidates.

All nominees to the Board should possess the following attributes:

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

In addition, the Board will consider the following factors:

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

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

Mr. Leigh R. Fox is the only director nominee at the 2018 Annual Meeting who is standing for election for the first time. Mr. Fox will fill the vacancy created by the retirement of Mr. Zrno.

## Background of the Solicitation

On July 9, 2017, the Company entered into a definitive agreement for the Hawaiian Telcom Acquisition.

On October 6, 2017, GAMCO announced in an amendment to its Schedule 13D filing its intention to nominate up to three candidates to stand for election as directors to the Board at the Company's 2018 Annual Meeting of Shareholders. GAMCO also disclosed that, together with its affiliates, it had beneficial ownership of approximately 11.36% of the Company's outstanding common stock.

On October 17, 2017, Mario J. Gabelli and Leigh R. Fox, President and Chief Executive Officer of the Company, met to discuss the strategic and financial plans of the Company and the rationale underlying the Hawaiian Telcom Acquisition.

On January 31, 2018, GAMCO publicly announced that it intended to nominate two individuals to stand for election as directors to the Board at the Company's 2018 Annual Meeting of Shareholders. Also on January 31, 2018, GAMCO filed an amendment to its Schedule 13D filing disclosing that, together with its affiliates, it had beneficial ownership of approximately 11.08% of the Company's outstanding common stock. Also on January 31, 2018, Mr. Gabelli and Mr. Fox spoke on the telephone to discuss GAMCO's public announcement earlier that day.

On February 2, 2018, the Company received a notice from GAMCO indicating that GAMCO intended to nominate two individuals to stand for election as directors to the Board at the Company's 2018 Annual Meeting of Shareholders. Also on February 2, 2018, GAMCO filed an amendment to its Schedule 13D filing disclosing that, together with its affiliates, it had beneficial ownership of approximately 11.08% of the Company's outstanding common stock.

On February 6, 2018, the Company received a notice from GAMCO indicating that GAMCO intended to nominate one additional individual to stand for election as a director to the Board at the Company's 2018 Annual Meeting of Shareholders.

On February 7, 2018, GAMCO filed an amendment to its Schedule 13D filing disclosing that, together with its affiliates, it had beneficial ownership of approximately 11.08% of the Company's outstanding common stock.

Even though GAMCO's nominations were received by the Company after the deadline for shareholder recommendations of director candidates stated in the Company's 2017 proxy statement, the Governance and Nominating Committee nonetheless reviewed and evaluated the GAMCO nominees.

On February 6, 2018, Christopher J. Wilson, Vice President and General Counsel of the Company, contacted David Goldman, General Counsel of GAMCO, to inform GAMCO that the Governance and Nominating Committee would evaluate the GAMCO nominees as it does all shareholder nominees. Mr. Wilson requested that GAMCO ask its nominees to complete the Company's standard director and officer questionnaire to provide additional information to assist the Governance and Nominating Committee in its review and evaluation of each GAMCO nominee. To date, none of the GAMCO nominees has completed such questionnaire.

Following its review and evaluation of the GAMCO nominees, the Governance and Nominating Committee determined that the GAMCO nominees lack appropriate qualifications and experience to serve as directors of the Company, specifically noting that the nominees lack any relevant industry experience.





#### Item 1 - Election of Directors

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

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

Based upon the recommendations of the Governance and Nominating Committee, the Board has nominated Phillip R. Cox, John W. Eck, Leigh R. Fox, Jakki L. Haussler, Craig F. Maier, Russel P. Mayer, Theodore H. Torbeck, Lynn A. Wentworth, and Martin J. Yudkovitz to serve until the 2019 Annual Meeting of Shareholders. Each of the nominees is standing for re-election, except for Mr. Fox, who is standing for election for the first time to fill the seat currently held by Mr. Zrno. The Board has determined that all director nominees, other than Mr. Torbeck and Mr. Fox, are independent and have no relationship with the Company other than as a shareholder and director.

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

Information regarding the business experience of each nominee is provided on pages 14 - 16.

GAMCO has notified the Company of its intent to nominate a slate of three alternative nominees for election as directors of the Company at the Annual Meeting in opposition to the nominees recommended by your Board. As a result, assuming such nominees are in fact proposed for election at the Annual Meeting, the election of directors will be considered a contested election and, as provided in the Company's Amended Articles of Incorporation, directors will be elected on a plurality basis. This means that the candidates receiving the highest number of "FOR" votes will be elected. A properly executed proxy card marked "WITHHOLD" with respect to the election of a director nominee will be counted for purposes of determining if there is a quorum at the Annual Meeting, but will not be considered to have been voted for the director nominee.

Your Board does not endorse any of the GAMCO nominees and recommends that you disregard any BLUE proxy card that may be sent to you by GAMCO. Voting to "WITHHOLD" with respect to any of GAMCO nominees on its BLUE proxy card is not the same as voting "FOR" your Board's nominees because a vote to "WITHHOLD" with respect to any of GAMCO's nominees on its BLUE proxy card will revoke any previous proxy submitted by you. If you have already voted using a BLUE proxy card sent to you by GAMCO, you have every right to change it and we urge you to revoke that proxy by voting in favor of your Board's nominees by using the enclosed WHITE proxy card. Only the latest validly executed proxy that you submit will be counted. Any proxy may be revoked at any time prior to its exercise at the Annual Meeting by following the instructions under "Can I change my vote?" on page 56. If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor, Innisfree M&A Incorporated, toll free at 877-456-3402.

#### Our Recommendation

The Board recommends election of each of the Company's nominees.

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

NOMINEES  
FOR  
DIRECTORS  
(Terms Expire  
in 2019)

Mr. Cox has been President and Chief Executive Officer of Cox Financial Corporation (a financial planning services company) since 1972. He is a current director of TimkenSteel, Diebold Inc., and Touchstone Mutual Funds. He is a former director of the Federal Reserve Bank of Cleveland and Duke Energy Corporation. Director since 1993. Age 70.

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

Phillip  
R. Cox

Mr. Eck is currently 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, Media Works, where he oversaw NBCU's information, broadcasting and production technology and NBCU's television and film studio operations. Prior to joining NBCU, Mr. Eck held various other executive and financial positions at General Electric Company ("GE"). Director since 2014. Age 58.

John  
W. Eck

With over 35 years of media, finance and information technology experience at Univision, NBCU and GE, Mr. Eck brings relevant industry experience from the perspective of a producer and distributor of media content. This experience makes him a very valuable asset to the Board as a member of the Compensation Committee and Governance and Nominating Committee.

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. Age 45.

Leigh  
R. Fox

Mr. Fox is on the boards of the USA Regional Chamber, American Red Cross and Anthony Munoz Foundation. He is a member of the Cincinnati Business Committee and the Business Leader's Alliance. 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.

Ms. Haussler has served as Chairman and Chief Executive Officer of Opus Capital Group (a registered investment advisory firm) since 1996. She is a director of Morgan Stanley Funds. She is a former director of Capvest Venture Fund, LP, Adena Ventures, LP (a venture capital fund), and The Victory Funds. Director since 2008. Age 60.

Jakki L.  
Haussler

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

Mr. Maier is retired. He was President and Chief Executive Officer of Frisch's Restaurants, Inc. ("Frisch's"), operator of family style restaurants and former publicly-traded company, a position he held from 1989 to 2015. He was also a director of Frisch's from 2008 to 2015. Director since 2008. Age 68.

Craig F.  
Maier

With over 20 years of experience as the chief executive officer of a large, publicly-traded corporation, Mr. Maier brings to the Board demonstrated management and leadership ability. In addition, Mr. Maier has valuable experience dealing with accounting principles, financial reporting regulations and evaluating financial results of large corporations. This experience makes him a valuable asset to the Board as Chairman of the Compensation Committee and 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 several consulting companies in information technology and business process improvement. Prior to joining the Board, Mr. Mayer held several executive-level information technology and business process improvement positions at General Electric 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 GE Transportation from 2000 to 2005; and CIO and Chief Quality Officer at NBC from 1998 to 2000. He held various other information technology and business process improvement positions at GE from 1986 to 1998. Prior to that he held multiple positions at Chiquita Brands, Republic Steel and Enduro Stainless. Director since 2013. Age 64.

With over 40 years of information technology and business process improvement experience at large, global organizations, Mr. Mayer brings relevant industry experience from the customer's perspective. This experience makes him a valuable asset to the Board as Chairman of the Business Development Committee and as a member of the Audit and Finance 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 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 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. Director since January 2013. Age 61.

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, most recently, 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 and a member of the Compensation Committee of CyrusOne Inc. Director since 2008. Age 59.

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 to the Board as Chair of the Audit and Finance Committee and as a member of the Compensation Committee and Executive Committee. Ms. Wentworth qualifies as an audit committee financial expert under applicable SEC regulations. Ms. Wentworth's prior experience has provided her with a wealth of knowledge in dealing with complex financial and accounting matters affecting large corporations in the telecommunications industry.

Martin J.  
Yudkovitz

Mr. Yudkovitz is retired. He was head of The Walt Disney Company's ("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 (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 currently serves as Chairman of FCC Advisory Subcommittee on Rural Deployment of Broadband. Director since 2015. Age 63.

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 Business Development Committee and the Governance and Nominating 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.

## Stock Ownership

## Ownership of Equity Securities of the Company

## Directors and Executive Officers

The following table sets forth the beneficial ownership of common shares and 6 3/4% Cumulative Convertible Preferred Shares as of March 2, 2018 (except as otherwise noted) by (i) each current director and each executive officer named in the Summary Compensation Table on page 34, 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		6 3/4%	Percent of
	Beneficially Owned as of March 2, 2018 (a)	Percent of Common Shares (b)	Convertible Preferred Shares Beneficially Owned as of March 2, 2018 (c)	6 3/4% Cumulative Convertible Preferred Shares (c)
Christi H. Cornette	22,484	*	—	*
Phillip R. Cox	17,169	*	—	*
John W. Eck	14,597	*	—	*
Leigh R. Fox	125,400	*	—	*
Jakki L. Haussler	34,406	*	—	*
Andrew R. Kaiser	25,281	*	—	*
Craig F. Maier	34,364	*	—	*
Russel P. Mayer	18,986	*	—	*
Thomas E. Simpson	32,245	*	—	*
Theodore H. Torbeck	308,781	*	—	*
Lynn A. Wentworth	33,774	*	—	*
Christopher J. Wilson	70,825	*	—	*
Martin J. Yudkovitz	13,369	*	—	*
John M. Zrno	40,839	*	—	*
All directors and executive officers as a group (consisting of 16 persons, including those named above)	815,307	1.9%	—	*

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

Includes common shares subject to outstanding options under the Cincinnati Bell Inc. 2007 Long Term Incentive Plan as of March 2, 2018. The following common shares subject to outstanding options are included in the totals: 300 common shares for Mr. Fox; 1,001 common shares for Mr. Kaiser; and 19,102 common shares for Mr. Wilson.

(a) The Company's Insider Trading Policy expressly prohibits ownership of derivative financial instruments or participation in investments 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 42,394,151 common shares outstanding as of March 2, 2018, the Record Date.

These numbers represent 6 3/4% Cumulative Convertible Preferred Shares. In the aggregate, the 155,250 issued and (c) 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 December 31, 2017 (except as otherwise noted) by each beneficial owner of more than five percent (5%) of the common shares outstanding known by the Company. No beneficial owner owns more than five percent (5%) of the 6 <sup>3</sup>/<sub>4</sub>% Cumulative Preferred Shares.

Name and Address of Beneficial Owner	Common Shares Beneficially Owned	Percent of Common Shares
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	6,194,055	(a) 14.70%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	5,171,937	(b) 12.25%
GAMCO Investors, Inc. and affiliates One Corporate Center Rye, NY 10580	4,679,428	(c) 11.08%
Nomura Holdings, Inc. 1-9-1 Nihonbashi, Chuo-ku Tokyo 103-8645, Japan	2,147,281	(d) 5.10%

As reported on Schedule 13G/A filed on January 19, 2018 by BlackRock, Inc., as of December 31, 2017, (a) BlackRock, Inc. has sole voting power for 6,090,907 common shares and sole dispositive power for 6,194,055 common shares.

As reported on Schedule 13G/A filed on February 9, 2018 by The Vanguard Group, as of December 31, 2017, The (b) Vanguard Group has sole voting power for 46,932 common shares, shared voting power for 8,487 common shares, sole dispositive power for 5,120,724 common shares and shared dispositive power for 51,213 common shares.

As reported on Schedule 13D/A filed on February 7, 2018 by GAMCO Investors, Inc., as of February 6, 2018, Gabelli Funds, LLC has sole voting and dispositive power for 1,929,553 common shares, GAMCO Asset Management Inc. has sole voting power for 2,298,652 common shares and sole dispositive power for 2,439,452 common shares, MJG Associates, Inc. has sole voting and dispositive power for 3,000 common shares, Mario J. (c) Gabelli has sole voting and dispositive power for 1,400 common shares, Teton Advisors Inc. has sole voting and dispositive power for 305,023 common shares, Associated Capital Group, Inc. has sole voting and dispositive power for 1,000 common shares. In addition, on the Schedule 13D/A filed on February 7, 2018, Gamco Asset Management, Inc. (1,814) and Gabelli Funds, LLC (39,053) indicated ownership of 6 <sup>3</sup>/<sub>4</sub>% Cumulative Convertible Preferred Shares that would convert into an additional 40,867 common shares. The number of common shares reported as beneficially owned in the table above assumes the conversion of such shares.

As reported on Schedule 13G filed on February 14, 2018 by Nomura Holdings, Inc., as of December 31, 2017, (d) Nomura Holdings, Inc. has shared voting and dispositive power for 2,147,281 common shares.

#### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors, executive officers and persons who own more than 10% of a registered class of the Company's equity securities to file reports of ownership and changes in ownership with the SEC. Directors, executive officers and greater than 10% shareholders are required by regulations of the SEC to furnish the Company with copies of all Section 16(a) reports that they file. Such reports are filed on Forms 3, 4 and 5 under the Securities Exchange Act of 1934. Based solely on the Company's review of the copies of such forms received by it, the Company believes that, during the period commencing January 1, 2017 and ending December 31, 2017, all such persons complied on a timely basis with the filing requirements of Section 16(a).

#### Executive Compensation

##### Compensation Discussion and Analysis

##### Named Executive Officers

The Company's 2017 named executive officers ("NEOs") were:

Theodore H. Torbeck Chief Executive Officer <sup>(a)</sup>

Leigh R. Fox President and Chief Executive Officer <sup>(b)</sup>

Andrew R. Kaiser