CINCINNATI BELL INC
Form 4
May 02, 2006

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

OMB APPROVAL	
OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
SHUMATE ALEX
(Last) (First) (Middle)
201 EAST FOURTH STREET
(Street)
CINCINNATI, OH 45202
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
CINCINNATI BELL INC [CBB]

3. Date of Earliest Transaction (Month/Day/Year)
04/28/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. I S (

	Derivative Security					(A) or Disposed of (D) (Instr. 3, 4, and 5)					
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option to Buy (1)	$ 4.605							07/25/2005	07/25/2015	Common Stock	25,000
Phantom Shares (2)	(3)							(4)	(4)	Common Stock	6,000
Option to Buy (1)	$ 4.195	04/28/2006		A		9,000		04/28/2006	04/28/2016	Common Stock	9,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SHUMATE ALEX 201 EAST FOURTH STREET CINCINNATI, OH 45202	X			

Signatures

Christopher J. Wilson, Attorney-in-fact for Alex Shumate	05/02/2006
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Option shares granted under the 1997 Stock Option Plan for Non-Employee Directors which is a Rule 16b-3 Plan.

(2) Phantom shares granted under the Cincinnati Bell Inc. Deferred Compensation Plan for Outside Directors, which is a Rule 16b-3 Plan.

(3) One for one conversion.

(4) Phantom shares are payable in cash following retirement or termination of the reporting person's employment/affilation with the Company.

(5) Reporting person will pay option price at time of exercise.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. size: 10pt; text-transform: none; color: #000000; font-style: normal; font-weight: normal; text-align: right; margin-top: 0pt; margin-right: 0pt;">—

(9,053
)

—

Balance at end of period

$
32,892

$
27,753

$
36,763

The valuation allowance for deferred tax assets as of June 30, 2014, includes $27,355 related to domestic jurisdictions and $5,537 related to foreign jurisdictions.
The change in valuation allowance for the year ended June 30, 2013, included a reversal of $9,053 of valuation allowance previously established against the Company’s deferred tax assets in the United States. The reversal was required to offset deferred tax liabilities established as part of the OGR acquisition related to acquired amortizable intangible assets.
The Company has domestic federal net operating loss carry forwards of approximately $43,872 that expire in 2027 through 2034, state net operating loss carry forwards of approximately $73,939 that expire over various periods beginning in 2014 and foreign net operating loss carry forwards of approximately $26,456 that expire over various

periods beginning in 2014.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

A reconciliation of the beginning and ending amount of unrecognized tax benefits (“UTB”) is as follows:

As of June 30	2014	2013	2012
Unrecognized tax benefits at beginning of period	$ 12,261	$ 6,565	$ 6,180
Additions based on tax positions related to prior periods	1,276	4,996	216
Additions based on tax positions related to the current period	1,036	404	646
Reductions related to settlements with tax authorities	(2,215)	—	—
Reductions due to lapse of statute of limitations	(5,157)	—	—
Exchange effect	219	296	(477)
Unrecognized tax benefits at end of period	$ 7,420	$ 12,261	$ 6,565

The entire liability for UTB relates to unrecognized tax positions that, if recognized, would affect the annual effective tax rate. The entire amount of the liability for UTB is classified as a long-term liability, except for $1,218 that is classified as a current liability at June 30, 2014. We believe it is reasonably possible that a portion of the UTB may be recognized during 2015 as a result of the lapse of the statute of limitations.
We recognize interest and penalties associated with uncertain tax positions as a component of the provision for income taxes. We recognized interest and penalties in the consolidated statements of operations of $(661), $441 and $307 for 2014, 2013 and 2012, respectively. Accrued interest and penalties included in the consolidated balance sheets were $1,344 and $1,952 at June 30, 2014 and June 30, 2013, respectively.
Our Israel subsidiaries have been under examination for fiscal years 2009 through 2012. In April 2014, certain of these subsidiaries reached a settlement to pay additional income taxes totaling $2,614. As a result of the settlement, we recorded a reduction to our income tax provision of $572 and a reduction in previously unrecognized tax benefits of $2,215. We expect the remaining open examinations to conclude within the next twelve months, the effect of which is not expected to be significant to our consolidated financial statements. We have no open examinations that we believe would result in a material change to our liability for uncertain tax positions.
We file income tax returns in the U.S. federal and various U.S. state and international jurisdictions. Our U.S. federal and material U.S. state income tax returns have been closed for periods through June 30, 2006. Income tax returns for our significant foreign subsidiaries are closed through the following periods:

-
  - In Brazil, through December 31, 2008
-
  - In Israel, through June 30, 2009 or June 30, 2012

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

13.

- Commitments and Contingencies

Leases
We lease land and office, warehouse and manufacturing equipment and facilities for minimum annual rentals, plus certain cost escalations. We record rent expense on a straight line basis over the term of the lease. At June 30, 2014, we had the following future minimum lease commitments:

For the Years Ended June 30	**Capital leases**	**Non-cancellable operating leases**
2015	$ 81	$ 4,486
2016	21	4,033
2017	8	3,696
2018	—	3,059
2019	—	2,641
Thereafter	—	4,668
Total minimum lease payments	$ 110	$ 22,583
Amounts representing interest	(16)	
Present value of minimum lease payments	$ 94	

Rent expense under operating leases was $6,958, $6,084, and $6,085 for 2014, 2013 and 2012, respectively.
Environmental
Our operations and properties are subject to extensive federal, state, local and foreign laws and regulations, including those governing pollution; protection of the environment; the use, management, and release of hazardous materials, substances and wastes; air emissions; greenhouse gas emissions; water use, supply and discharges; the investigation and remediation of contamination; the manufacture, distribution, and sale of regulated materials, including pesticides; the importing, exporting and transportation of products; and the health and safety of our employees (collectively, “Environmental Laws”). As such, the nature of our current and former operations exposes us to the risk of claims with respect to such matters, including fines, penalties, and remediation obligations that may be imposed by regulatory authorities. Under certain circumstances, we might be required to curtail operations until a particular problem is remedied. Known costs and expenses under Environmental Laws incidental to ongoing operations, including the cost of litigation proceedings relating to environmental matters, are generally included within operating results. Potential costs and expenses may also be incurred in connection with the repair or upgrade of facilities to meet existing or new requirements under Environmental Laws or to investigate or remediate potential or actual contamination and from time to time we establish reserves for such contemplated investigation and remediation costs. In many instances, the ultimate costs under Environmental Laws and the time period during which such costs are likely to be incurred are difficult to predict.
While we believe that our operations are currently in material compliance with Environmental Laws, we have, from time to time, received notices of violation from governmental authorities, and have been involved in civil or criminal action for such violations. Additionally, at various sites, our subsidiaries are engaged in continuing investigation, remediation and/or monitoring efforts to address contamination associated with historic operations of the sites. We devote considerable resources to complying with Environmental Laws and managing environmental liabilities. We have developed programs to identify requirements under, and maintain compliance with Environmental Laws; however, we cannot predict with certainty the effect of increased and more stringent regulation on our operations, future capital expenditure requirements, or the cost of compliance.
The nature of our current and former operations exposes us to the risk of claims with respect to environmental matters and we cannot assure we will not incur material costs and liabilities in connection with such claims. Based upon our

experience to date, we believe that the future cost of compliance with
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

existing Environmental Laws, and liabilities for known environmental claims pursuant to such Environmental Laws, will not have a material adverse effect on our financial position, results of operations, cash flows or liquidity.

We, our subsidiary C.P. Chemicals, Inc. ("CP") and other defendants reached a phased settlement with Chevron U.S.A. Inc. ("Chevron"), and a Settlement Agreement and Consent Order (the "Consent Order") was filed and entered by the United States District Court for the District of New Jersey (the "Court"), resolving a 1997 complaint filed by Chevron. The complaint alleged that the operations of CP at its Sewaren, New Jersey plant affected adjoining property owned by Chevron and we were also responsible to Chevron. Pursuant to the Consent Order, CP, the Company and co-defendant Legacy Vulcan Corp. ("Vulcan"), through an entity known as North Field Extension, LLC ("NFE"), acquired a portion of the Chevron property. NFE will proceed with any required investigation and remediation of the acquired property and also assumed responsibility for certain types of environmental conditions (if they exist) on the portion of the property retained by Chevron. We (together with CP) and Vulcan will each be responsible for 50% of the investigation and remediation costs, which are to be paid by us directly or through NFE. We believe that insurance recoveries will be available to offset some of those costs. Another defendant also made a $175 contribution toward the remediation costs to be incurred by NFE. Chevron retained responsibility for further investigation and remediation of certain identified environmental conditions on the portion of the property retained by it, as well as in one area of the property acquired by NFE.

The EPA is investigating and planning for the remediation of offsite contaminated groundwater that has migrated from the Omega Chemical Corporation Superfund Site ("Omega Chemical Site"), which is upgradient of Phibro-Tech's Santa Fe Springs, California facility. The EPA has named Phibro-Tech and certain other subsidiaries of PAHC as potentially responsible parties ("PRPs") due to groundwater contamination from Phibro-Tech's Santa Fe Springs facility that has allegedly commingled with contaminated groundwater from the Omega Chemical Site. In September 2012, the EPA notified approximately 140 PRPs, including Phibro-Tech and the other subsidiaries, that they have been identified as potentially responsible for remedial action for the groundwater plume affected by the Omega Chemical Site and for EPA oversight and response costs. Phibro-Tech contends that groundwater contamination at its site is due to historical operations that pre-date Phibro-Tech and/or contaminated groundwater that has migrated from upgradient properties. In addition, a successor to a prior owner of the Phibro-Tech site has asserted that PAHC and Phibro-Tech are obligated to provide indemnification for its potential liability and defense costs relating to the groundwater plume affected by the Omega Chemical Site. Phibro-Tech has vigorously contested this position and has asserted that the successor to the prior owner is required to indemnify Phibro-Tech for its potential liability and defense costs. Furthermore, a nearby property owner has filed a complaint in the Superior Court of the State of California against many of the PRPs allegedly associated with the groundwater plume affected by the Omega Chemical Site (including Phibro-Tech) for alleged contamination of groundwater underneath its property; a group of companies that sent chemicals to the Omega Chemical Site for processing and recycling has filed a complaint under CERCLA in the United States District Court for the Central District of California against many of the PRPs allegedly associated with the groundwater plume affected by the Omega Chemical Site (including Phibro-Tech) for contribution toward past and future costs associated with the investigation and remediation of the groundwater plume affected by the Omega Chemical Site; and that same group of companies has served Phibro-Tech with a Notice of Endangerment and Intent to Sue Pursuant to RCRA § 7002(a)(1)(B) seeking to abate alleged imminent and substantial endangerment to health or the environment resulting from the lack of adequate offsite monitoring and groundwater source control associated with former and/or continuing operations at Phibro-Tech's Santa Fe Springs facility. Due to the ongoing nature of the EPA's investigation and Phibro-Tech's dispute with the prior owner's successor, at this time we cannot predict with any degree of certainty what, if any, liability Phibro-Tech or the other subsidiaries may ultimately have for investigation, remediation and the EPA oversight and response costs associated with the affected groundwater plume.

Based upon information available, to the extent such costs can be estimated with reasonable certainty, we estimated the cost for complying with the NFE Consent Order and for further investigation and remediation of identified soil and groundwater problems at operating sites, closed sites and third-party sites, and closure costs for closed sites, to be approximately $7,273 and $8,292 at June 30, 2014 and 2013,

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

respectively, which is included in current and long-term liabilities on the consolidated balance sheets. However, future events, such as new information, changes in existing Environmental Laws or their interpretation, and more vigorous enforcement policies of regulatory agencies, may give rise to additional expenditures or liabilities that could be material. For all purposes of the discussion under this caption and elsewhere in this report, it should be noted that we take and have taken the position that neither PAHC nor any of our subsidiaries is liable for environmental or other claims made against one or more of our other subsidiaries or for which any of such other subsidiaries may ultimately be responsible.

Claims and Litigation

During the quarter ended June 30, 2014, we recognized a $5,350 loss in our consolidated statement of operations on the insurance claim previously recorded as an asset. In 2010, certain customers claimed damages to their poultry resulting from the use of one of our animal health products. We believed we were entitled to coverage for the claimed damages under our insurance policies, above any applicable self-insured retention or deductible. Our insurance carrier refused to cover the damages claimed and denied coverage. We instituted a legal action to enforce our rights under the policies but in June 2014 the trial court ruled against us. We have appealed the trial court's decision. In July 2014, we reached settlements with and made payments to our customers for their claims in amounts approximately equal to the liability previously accrued.

PAHC and its subsidiaries are party to a number of claims and lawsuits arising out of the normal course of business including product liabilities, payment disputes and governmental regulation. Certain of these actions seek damages in various amounts. In many cases, such claims are covered by insurance. We believe that none of the claims or pending lawsuits, either individually or in the aggregate, will have a material adverse effect on our financial position, results of operations, cash flows or liquidity.

Employment and Severance Agreements

We have entered into employment agreements with certain executive management and other employees which specify severance benefits of up to 15 months of the employee's compensation.

14.

- Derivatives

We monitor our exposure to commodity prices, interest rates and foreign currency exchange rates, and use derivatives to manage certain of these risks. We designate derivatives as a hedge of a forecasted transaction or of the variability of the cash flows to be received or paid in the future related to a recognized asset or liability (cash flow hedge). We record the portion of the changes in the expected cash flows related to a recognized asset or liability (the effective portion) in accumulated other comprehensive income (loss). As the hedged item is realized, we report the gain or loss included in accumulated other comprehensive income (loss) in the consolidated statements of operations on the same line as the hedged item. We immediately recognize in the consolidated statements of operations in the same line as the hedged item, the portion of the changes in fair value of derivatives used as cash flow hedges that is not offset by changes in the expected cash flows related to a recognized asset or liability (the ineffective portion).

We routinely assess whether the derivatives used to hedge transactions are effective. If we determine a derivative ceases to be an effective hedge, we discontinue hedge accounting, and recognize in the consolidated statements of operations, in the period the derivative no longer qualifies as a hedge, any gains or losses on the derivative.

We record derivatives at fair value in prepaid expenses and other current assets in the consolidated balance sheets. We determine the fair value of derivative instruments based upon pricing models using observable market inputs for these types of financial instruments (level 2 inputs per ASC 820).

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At June 30, 2014, significant outstanding derivatives employed to manage market risk and designated as cash flow hedges were:

Instrument	Hedge	Notional amount at June 30, 2014	Fair value as of June 30, 2014	Fair value as of June 30, 2013
Options	Brazilian Real calls	R$ 78,000	$ 432	$ 365
Options	Brazilian Real puts	(R$ 78,000)	(46)	(1,004)

The unrecognized gains (losses) at June 30, 2014, are unrealized and will change depending on future exchange rates until the underlying contracts mature. Of the $386 of unrecognized gains (losses) on derivative instruments included in accumulated other comprehensive income (loss) at June 30, 2014, we anticipate $386 of the current fair value would be recorded in earnings within the next twelve months. We recognize gains (losses) on derivative instruments as a component of cost of goods sold when the hedged item is sold. We hedge forecasted transactions for periods not exceeding the next twenty-four months.
15.

- Fair Value Measurements

In assessing the fair value of financial instruments at June 30, 2014 and 2013, we used a variety of methods and assumptions which were based on estimates of market conditions and risks existing at the time.
Current Assets and Liabilities
We consider the carrying amounts of current assets and current liabilities, except the current portion of long-term debt, to be representative of their fair value because of the current nature of these items.
Letters of Credit
We obtain letters of credit in connection with certain regulatory and insurance obligations, inventory purchases and other contractual obligations. The contract values of the letters of credit at June 30, 2014 and 2013, were $17,140 and $14,954 respectively. The carrying values of these letters of credit are considered to be representative of their fair values because of the nature of the instruments.
Long Term Debt
We estimated the fair value of the Term B Loan and the Senior Notes based on quoted broker prices (level 2 inputs per ASC 820) and the fair values of the term loans based on quoted yields for the Senior Notes which were similar in structure, maturity and interest rate (level 2 inputs per ASC 820).

As of June 30	2014	2013
Fair values		
Term B Loan	$ 289,638	$ —
Senior notes due July 1, 2018	—	322,500
Term loan payable to Mayflower due December 31, 2016	—	26,968
Term loan payable to BFI due August 1, 2014	—	10,644

16.

- Business Segments

The Animal Health segment manufactures and markets products for the poultry, swine, cattle, dairy, aquaculture and ethanol markets. The business includes net sales of medicated feed additives and other related products, nutritional specialty products and vaccines. The Mineral Nutrition segment manufactures and markets trace minerals for the

cattle, swine, poultry and pet food markets. The Performance Products segment manufactures and markets a variety of products for use in the personal care, automotive, industrial chemical and chemical catalyst industries.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

We evaluate performance and allocate resources based on the Animal Health, Mineral Nutrition and Performance Products segments. Certain of our costs and assets are not directly attributable to these segments. We do not allocate such items to the principal segments because they are not used to evaluate their operating results or financial position. Corporate costs include the departmental operating costs of the Board of Directors, the Chairman, President and Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Senior Vice President and General Counsel, the Senior Vice President of Human Resources, the Chief Information Officer and the Executive Vice President of Corporate Strategy. Costs include the executives and their staffs and include compensation and benefits, outside services, professional fees and office space. Assets include cash and cash equivalents, debt issue costs and certain other assets.
We evaluate performance of our segments based on Adjusted EBITDA. We define Adjusted EBITDA as EBITDA plus (a) (income) loss from, and disposal of, discontinued operations, (b) other expense or less other income, as separately reported on our consolidated statements of operations, including foreign currency gains and losses and loss on extinguishment of debt, and (c) certain items that we consider to be unusual or non-recurring. We define EBITDA as net income plus (i) interest expense, net, (ii) provision for income taxes or less benefit for income taxes and (iii) depreciation and amortization.
The accounting policies of our segments are the same as those described in the summary of significant accounting policies included herein.

For the Years Ended June 30	**2014**	**2013**	**2012**
Net sales			
Animal Health	$ 431,053	$ 384,941	$ 375,167
Mineral Nutrition	201,599	203,169	210,091
Performance Products	59,262	65,041	68,843
	$ 691,914	$ 653,151	$ 654,101
Adjusted EBITDA			
Animal Health	$ 100,280	$ 82,997	$ 70,456
Mineral Nutrition	11,636	12,069	13,007
Performance Products	4,626	2,927	5,132
Corporate	(25,945)	(22,239)	(21,743)
	$ 90,597	$ 75,754	$ 66,852
Reconciliation of Adjusted EBITDA to income before income taxes			
Adjusted EBITDA	$ 90,597	$ 75,754	$ 66,852
Depreciation and amortization	(21,453)	(19,023)	(17,527)
Loss on insurance claim	(5,350)	—	—
Interest expense, net	(32,962)	(35,629)	(35,419)
Foreign currency gains (losses), net	(1,753)	(3,103)	(1,192)
Loss on extinguishment of debt	(22,771)	—	—
Other income (expense), net	—	(151)	400
Income before income taxes	$ 6,308	$ 17,848	$ 13,114

As of June 30	**2014**	**2013**
Identifiable assets		
Animal Health	$ 361,376	$ 329,323
Mineral Nutrition	57,460	64,719
Performance Products	23,429	21,233
Corporate	30,058	58,867

As of June 30		2014		2013
	$	472,323	$	474,142

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The Animal Health segment includes all goodwill. The Animal Health segment includes advances to and investment in equity method investee of $5,140 and $4,734 as of June 30, 2014 and 2013, respectively. The Performance Products segment includes an investment in equity method investee of $479 and $275 as of June 30, 2014 and 2013, respectively. Corporate includes all cash and cash equivalents.
During our fiscal quarter ended December 31, 2013, we reorganized our reportable segments for financial reporting to better align them with how we currently review operating results for purposes of allocating resources and managing performance. We created two new reportable segments, the Animal Health segment and the Mineral Nutrition segment, and eliminated the Animal Health & Nutrition (AH&N) segment. The Animal Heath segment consists of the business units within the former AH&N segment, excluding the Mineral Nutrition business unit, which is now a separate reportable segment. In accordance with ASC 280, Segment Reporting, we have reclassified all amounts to conform to our new reportable segment presentation.
17.

- Geographic Information

The following is information about our geographic operations. Information is attributed to the geographic areas based on the locations of our subsidiaries.

For the Years Ended June 30	**2014**	**2013**	**2012**
Net sales			
United States	$ 435,414	$ 414,768	$ 424,373
Israel	89,739	93,248	101,301
Latin America and Canada	84,775	68,575	61,407
Europe and Africa	38,563	32,501	30,087
Asia/Pacific	43,423	44,059	36,933
	$ 691,914	$ 653,151	$ 654,101

As of June 30	**2014**	**2013**
Property, plant and equipment, net		
United States	$ 40,926	$ 40,601
Israel	33,426	30,837
Brazil	32,946	30,988
Other	1,861	1,996
	$ 109,159	$ 104,422

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

18.

- Selected Quarterly Results of Operations Data (Unaudited)

The quarterly consolidated statement of operations information was prepared on the same basis as, and should be read in conjunction with, the audited consolidated financial statements and related notes included herein.

For the Periods Ended	Quarters September 30, 2013	December 31, 2013	March 31, 2014 (in thousands)	June 30, 2014	Year June 30, 2014
Net sales					
Animal Health	$ 101,171	$ 107,966	$ 107,808	$ 114,108	$ 431,053
Mineral Nutrition	46,186	50,633	49,901	54,879	201,599
Performance Products	14,871	14,143	15,558	14,690	59,262
Total net sales	162,228	172,742	173,267	183,677	691,914
Cost of goods sold	112,716	121,586	120,425	129,412	484,139
Gross profit	49,512	51,156	52,842	54,265	207,775
Selling, general and administrative expenses	33,115	34,138	35,520	41,208	143,981
Operating income (loss)	16,397	17,018	17,322	13,057	63,794
Interest expense	8,779	8,787	8,810	6,705	33,081
Interest (income)	(44)	(68)	(66)	59	(119)
Foreign currency (gains) losses, net	648	1,165	275	(335)	1,753
Loss on extinguishment of debt	—	—	—	22,771	22,771
Income (loss) before income taxes	7,014	7,134	8,303	(16,143)	6,308
Provision (benefit) for income taxes	1,171	4,832	1,933	1,499	9,435
Net income (loss)	$ 5,843	$ 2,302	$ 6,370	$ (17,642)	$ (3,127)
Net income per share−basic and diluted	$ 0.19	$ 0.08	$ 0.21	$ (0.47)	$ (0.10)
Adjusted EBITDA					
Animal Health	$ 24,107	$ 24,522	$ 25,505	$ 26,146	$ 100,280
Mineral Nutrition	2,460	2,878	2,807	3,491	11,636
Performance Products	1,096	1,103	906	1,521	4,626
Corporate	(6,065)	(6,193)	(6,774)	(6,913)	(25,945)
Adjusted EBITDA	$ 21,598	$ 22,310	$ 22,444	$ 24,245	$ 90,597

For the Periods Ended	Quarters September 30, 2012	December 31, 2012	March 31, 2013 (in thousands)	June 30, 2013	Year June 30, 2013
Net sales					
Animal Health	$ 96,128	$ 94,236	$ 93,883	$ 100,694	$ 384,941

	Quarters				Year
Mineral Nutrition	49,792	52,892	51,757	48,728	203,169
Performance Products	16,186	17,031	17,045	14,779	65,041
Total net sales	162,106	164,159	162,685	164,201	653,151
Cost of goods sold	120,240	120,973	116,929	116,045	474,187
Gross profit	41,866	43,186	45,756	48,156	178,964
Selling, general and administrative expenses	28,657	29,030	31,295	33,251	122,233
Operating income (loss)	13,209	14,156	14,461	14,905	56,731
Interest expense	8,893	8,969	8,901	9,008	35,771
Interest (income)	(68)	(14)	(26)	(34)	(142)
Foreign currency (gains) losses, net	168	126	838	1,971	3,103
Other (income) expense, net	(12)	58	482	(377)	151
Income (loss) before income taxes	4,228	5,017	4,266	4,337	17,848
Provision (benefit) for income taxes	1,569	(7,056)	86	(1,642)	(7,043)
Net income (loss)	$ 2,659	$ 12,073	$ 4,180	$ 5,979	$ 24,891
Net income per share−basic and diluted	$ 0.09	$ 0.40	$ 0.14	$ 0.20	$ 0.82
Adjusted EBITDA					
Animal Health	$ 20,103	$ 19,516	$ 20,334	$ 23,044	$ 82,997
Mineral Nutrition	2,690	3,175	3,439	2,765	12,069
Performance Products	1,145	1,826	1,577	(1,621)	2,927
Corporate	(6,033)	(5,739)	(5,930)	(4,537)	(22,239)
Adjusted EBITDA	$ 17,905	$ 18,778	$ 19,420	$ 19,651	$ 75,754

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Item 9.

- Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A.

- Controls and Procedures

Evaluation of disclosure controls and procedure

Management of the Company, with the participation of its Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures.

The Company's disclosure controls and procedures are designed to ensure information required to be disclosed by the issuer in the reports it files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and that such information is accumulated and communicated to management of the Company, including its Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Based on the evaluation, as of the end of the period covered by this Annual Report on Form 10-K, the Company's Chief Executive Officer and Chief Financial Officer concluded the Company's disclosure controls and procedures were not effective because of the material weaknesses in our internal control over financial reporting described below.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

Based upon the evaluation, we have identified the following material weaknesses in our internal controls over financial reporting:

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- We did not maintain effective internal controls to ensure processing and reporting of valid transactions are complete, accurate, and timely. Specifically, we have not designed and implemented formal accounting policies and procedures that define how transactions across the business cycles should be initiated, recorded, processed and reported and appropriately authorized and approved. This material weakness resulted in audit adjustments with respect to the consolidated financial statements for the year ended June 30, 2014, related to revenue recognition, recording of inventory receipts and third party manufacturing costs.

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- We did not maintain effective internal controls over the accounting for and disclosures of technical accounting matters in the consolidated financial statements. Specifically, we did not maintain a sufficient complement of resources with an appropriate level of accounting knowledge, experience and training commensurate with our structure and financial reporting requirements. This material weakness resulted in audit adjustments identified with respect to the consolidated financial statements for the year ended June 30, 2014, related to debt refinancing costs and income tax disclosures.

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- We did not maintain effective internal controls that restrict access to key financial systems and records to appropriate users and ensure appropriate segregation of duties is maintained. Certain personnel had access to financial application, programs and data beyond that needed to perform their individual job responsibilities and without independent monitoring. In addition, certain financial personnel had incompatible duties that allowed for the creation, review and processing of certain financial data without independent review and authorization. This material weakness affects substantially all financial statement accounts.

Each of the material weaknesses described above could result in a material misstatement of the annual or interim consolidated financial statements that possibly would not be prevented or detected on a timely basis.

Management’s Report on Internal Controls over Financial Reporting

The Annual Report on Form 10-K does not include a report of management’s assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm due to a transition period established by the rules of the SEC for newly public companies.

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Changes in Internal Controls over Financial Reporting

There have been no changes in our internal control over financial reporting during the year ended June 30, 2014, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We are currently evaluating the controls and procedures we will design and put in place to address the weaknesses described in "—Evaluation of disclosure controls and procedures" and plan to implement appropriate measures as part of this effort. The measures may include additional staffing and other resources to strengthen internal controls and financial reporting.

Item 9B.

- Other Information

None.

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PART III

Item 10.

• Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated by reference to our 2014 Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended June 30, 2014.

Our Board of Directors has adopted a Code of Business Conduct and Ethics applicable to all officers, directors and employees, which is available on our website (investors.pahc.com) under “Corporate Governance.”

Item 11.

• Executive Compensation

The information required by this item is incorporated by reference to our 2014 Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended June 30, 2014.

Item 12.

• Security Ownership of Certain Beneficial Owners and Management Related Stockholder Matters

The information required by this item is incorporated by reference to our 2014 Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended June 30, 2014.

Item 13.

• Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference to our 2014 Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended June 30, 2014.

Item 14.

• Principal Accounting Fees and Services

The information required by this item is incorporated by reference to our 2014 Proxy Statement to be filed with the SEC within 120 days of the fiscal year ended June 30, 2014.

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PART IV

Item 15.

- Exhibits, Financial Statement Schedules

We have filed the following documents as part of this Form 10-K:

(1)

- Consolidated Financial Statements:

Report of Independent Registered Public Accounting Firm
Consolidated Statements of Operations for the fiscal years ended June 30, 2014, 2013 and 2012
Consolidated Statements of Comprehensive Income for the fiscal years ended June 30, 2014, 2013 and 2012
Consolidated Balance Sheets at June 30, 2014 and 2013
Consolidated Statements of Cash Flows for the fiscal years ended June 30, 2014, 2013 and 2012
Consolidated Statements of Changes in Stockholders' Equity (Deficit) for the fiscal years ended June 30, 2014, 2013 and 2012
Notes to Consolidated Financial Statements

(2)

- Schedules: None

(3)

- The exhibits filed are listed in the Index to Exhibits immediately following the signature page of this Annual Report on Form 10-K.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned thereunto duly authorized.

	Phibro Animal Health Corporation
September 18, 2014	By: /s/ Jack C. Bendheim Jack C. Bendheim Chairman, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

	Phibro Animal Health Corporation
September 18, 2014	By: /s/ Jack C. Bendheim Jack C. Bendheim Chairman, President and Chief Executive Officer
September 18, 2014	By: /s/ Richard G. Johnson Richard G. Johnson Chief Financial Officer
September 18, 2014	By: /s/ Gerald K. Carlson Gerald K. Carlson Director and Chief Operating Officer
September 18, 2014	By: /s/ Daniel M. Bendheim Daniel M. Bendheim Director and Executive Vice President, Corporate Strategy
September 18, 2014	By: /s/ E. Thomas Corcoran E. Thomas Corcoran Director
September 18, 2014	By: /s/ Sam Gejdenson Sam Gejdenson Director

September 18, 2014	By:	/s/ Ken Hanau Ken Hanau Director
September 18, 2014	By:	/s/ Mary Lou Malanoski Mary Lou Malanoski Director
September 18, 2014	By:	/s/ Carol A. Wrenn Carol A. Wrenn Director

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EXHIBIT INDEX

Exhibit 31.1

- Chief Executive Officer—Certification pursuant to Sarbanes-Oxley Act of 2002 Section 302

Exhibit 31.2

- Chief Financial Officer—Certification pursuant to Sarbanes-Oxley Act of 2002 Section 302

Exhibit 32.1*

- Chief Executive Officer—Certification pursuant to Sarbanes-Oxley Act of 2002 Section 906

Exhibit 32.2*

- Chief Financial Officer—Certification pursuant to Sarbanes-Oxley Act of 2002 Section 906

Exhibit 101.INS**

- XBRL Instance Document

Exhibit 101.SCH**

- XBRL Taxonomy Extension Schema Document

Exhibit 101.CAL**

- XBRL Taxonomy Extension Calculation Linkbase Document

Exhibit 101.DEF**

- XBRL Taxonomy Extension Definition Linkbase Document

Exhibit 101.LAB**

- XBRL Taxonomy Extension Label Linkbase Document

Exhibit 101.PRE**

- XBRL Taxonomy Extension Presentation Linkbase Document

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- This certification is deemed not filed for purposes of section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

**

- Furnished with this Annual Report on Form 10-K. Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed for purposes of sections 11 or 12 of the Securities Act of 1933 and are deemed not filed for purposes of section 18 of the Securities and Exchange Act of 1934.

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