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

# FORM 10-K

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

**For the fiscal year ended December 31, 2020**

**or**

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

**For the transition period from ______ to ______**

Commission File Number: **001-36863**

Cable One™

# Cable One, Inc.

*(Exact name of registrant as specified in its charter)*

| **Delaware** | **13-3060083** |
|---|---|
| *(State or Other Jurisdiction of Incorporation or Organization)* | *(I.R.S. Employer Identification No.)* |
| **210 E. Earll Drive, Phoenix, Arizona** | **85012** |
| *(Address of Principal Executive Offices)* | *(Zip Code)* |

**(602) 364-6000**
*(Registrant's Telephone Number, Including Area Code)*

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Trading Symbol(s) | Name of Each Exchange on Which Registered |
|---|---|---|
| **Common Stock, par value $0.01** | **CABO** | **New York Stock Exchange** |

Securities registered pursuant to Section 12(g) of the Act:
**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☑ No ☐

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

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

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

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

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

The aggregate market value of the registrant’s common stock held by non-affiliates as of June 30, 2020 was approximately $8.0 billion, based on the closing price for the registrant’s common stock on June 30, 2020. For purposes of this computation only, all executive officers, directors and 10% beneficial owners of the registrant as of June 30, 2020 are deemed to be affiliates of the registrant. Such determination should not be deemed to be an admission that such executive officers, directors, or 10% beneficial owners are, in fact, affiliates of the registrant.

There were 6,034,653 shares of the registrant’s common stock outstanding as of February 19, 2021.

**Documents Incorporated by Reference**

Portions of the registrant’s Definitive Proxy Statement relating to its 2021 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the registrant’s fiscal year ended December 31, 2020, are incorporated by reference in Part III of this Form 10-K.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document contains "forward-looking statements" that involve risks and uncertainties. These statements can be identified by the fact that they do not relate strictly to historical or current facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business, strategy, acquisitions and strategic investments, dividend policy, financial results and financial condition as well as anticipated impacts from, and our responses to, the COVID-19 pandemic. Forward-looking statements often include words such as "will," "should," "anticipates," "estimates," "expects," "projects," "intends," "plans," "believes" and words and terms of similar substance in connection with discussions of future operating or financial performance. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Our actual results may vary materially from those expressed or implied in our forward-looking statements. Accordingly, undue reliance should not be placed on any forward-looking statement made by us or on our behalf. Important factors that could cause our actual results to differ materially from those in our forward-looking statements include government regulation, economic, strategic, political and social conditions and the following factors:

- the duration and severity of the COVID-19 pandemic and its effects on our business, financial condition, results of operations and cash flows;
- rising levels of competition from historical and new entrants in our markets;
- recent and future changes in technology;
- our ability to continue to grow our business services products;
- increases in programming costs and retransmission fees;
- our ability to obtain hardware, software and operational support from vendors;
- uncertainties as to the timing of our acquisition of the equity interests in Hargray Acquisition Holdings, LLC ("Hargray") that we do not already own (the "Hargray Acquisition"), and the risk that the Hargray Acquisition may not be completed in a timely manner or at all, including failure to receive any required regulatory approvals (or any conditions, limitations or restrictions placed in connection with such approvals);
- risks that we may fail to realize the benefits anticipated as a result of the Hargray Acquisition;
- business uncertainties that we and Hargray will be subject to while the Hargray Acquisition is pending that could adversely affect our and their businesses;
- risks relating to existing or future acquisitions and strategic investments by us;
- risks that the implementation of our new enterprise resource planning ("ERP") system disrupts business operations;
- the integrity and security of our network and information systems;
- the impact of possible security breaches and other disruptions, including cyber-attacks;
- our failure to obtain necessary intellectual and proprietary rights to operate our business and the risk of intellectual property claims and litigation against us;
- legislative or regulatory efforts to impose network neutrality ("net neutrality") and other new requirements on our data services;
- additional regulation of our video and voice services;
- our ability to renew cable system franchises;
- increases in pole attachment costs;
- changes in local governmental franchising authority and broadcast carriage regulations;
- the potential adverse effect of our level of indebtedness on our business, financial condition or results of operations and cash flows;
- the restrictions the terms of our indebtedness place on our business and corporate actions;
- the possibility that interest rates will rise, causing our obligations to service our variable rate indebtedness to increase significantly;
- our ability to continue to pay dividends;
- provisions in our charter, by-laws and Delaware law that could discourage takeovers and limit the judicial forum for certain disputes;
- adverse economic conditions;
- fluctuations in our stock price;
- dilution from equity awards and potential stock issuances;
- damage to our reputation or brand image;
- our ability to retain key employees (whom we refer to as associates);
- our ability to incur future indebtedness;
- provisions in our charter that could limit the liabilities for directors; and
- the other risks and uncertainties detailed in the section entitled "*Risk Factors*" in this Annual Report on Form 10-K.

Any forward-looking statements made by us in this document speak only as of the date on which they are made. We are under no obligation, and expressly disclaim any obligation, except as required by law, to update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise.

# PART I

## ITEM 1 BUSINESS

### Overview

Cable One, Inc. ("Cable One," "us," "our," "we" or the "Company") is a fully integrated provider of data, video and voice services in 21 Western, Midwestern and Southern states as of December 31, 2020. We provided these broadband services to residential and business customers in approximately 950 communities as of December 31, 2020. The markets we serve are primarily non-metropolitan, secondary and tertiary markets, with approximately 78% of our customers located in seven states as of December 31, 2020: Arizona, Idaho, Illinois, Mississippi, Missouri, Oklahoma and Texas. Our biggest customer concentrations are in the Mississippi Gulf Coast region and in the greater Boise, Idaho region. We provided service to approximately 969,000 residential and business customers out of approximately 2.3 million homes passed as of December 31, 2020. Of these customers, approximately 857,000 subscribed to data services, 260,000 subscribed to video services and 124,000 subscribed to voice services as of December 31, 2020.

We generate substantially all of our revenues through three primary product lines. Ranked by share of our total revenues during 2020, they are residential data (50.5%), residential video (25.1%) and business services (data, voice and video: 17.7%). The profit margins, growth rates and/or capital intensity of these three product lines vary significantly due to competition, product maturity and relative costs.

In 2020, our adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") margins for residential data and business services were approximately eight and nine times greater, respectively, than for residential video. We define Adjusted EBITDA margin for a product line as Adjusted EBITDA attributable to that product line divided by revenue attributable to that product line (see the section entitled *"Management's Discussion and Analysis of Financial Condition and Results of Operations – Use of Adjusted EBITDA"* for the definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, which is the most directly comparable measure under generally accepted accounting principles in the United States ("GAAP")). This margin disparity is largely the result of significant programming costs and retransmission fees incurred to deliver residential video services, which in each of the last three years represented between 61% and 66% of total residential video revenues. Neither of our other primary product lines has direct costs representing as substantial a portion of revenues as programming costs and retransmission fees represent for residential video, and indirect costs are generally allocated on a per primary service unit ("PSU") basis.

We focus on growing our higher margin businesses, namely residential data and business services. Beginning in 2013, we began our shift away from our prior concentration on growing revenues through subscriber retention and maximizing customer PSUs. We adapted our strategy to face the industry-wide trends of declining profitability of residential video services and declining revenues from residential voice services. The declining profitability of residential video services is due primarily to increasing programming costs and retransmission fees and competition from other content providers, and the declining revenues from residential voice services are due primarily to the increasing use of wireless voice services instead of residential voice services. Separately, we have also focused on retaining customers who are likely to produce higher relative value over the life of their service relationships with us, are less attracted by discounting, require less support and churn less. This strategy focuses on increasing Adjusted EBITDA, Adjusted EBITDA less capital expenditures and margins.

Excluding the effects of our recently completed acquisitions and divestitures and any potential future acquisitions and divestitures, the trends described above and the COVID-19 pandemic have impacted, and are expected to further impact, our three primary product lines in the following ways:

- *Residential data*. We have experienced growth in residential data customers and revenues every year since 2013, and that growth accelerated during 2020, in part as a result of the COVID-19 pandemic and our associated responses discussed within the section entitled *"Management's Discussion and Analysis of Financial Condition and Results of Operations — Impact of COVID-19.*" During 2020, we organically added over 50% more residential data customers than we did during the four-and-a-half-year period between our July 2015 spin-off from our former corporate parent (described below) and the end of 2019. We expect growth for this product line to continue over the long-term as upgrades in our broadband capacity, our ability to offer higher access speeds than many of our competitors, the reliability and flexibility of our data service offerings and our Wi-Fi support service will enable us to capture additional market share from both data subscribers who use other providers as well as households in our footprint that do not yet subscribe to data services from any provider.





- *Residential video*. Residential video service is an increasingly costly and fragmenting business, with programming costs and retransmission fees continuing to escalate in the face of a proliferation of streaming content alternatives. We intend to continue our strategy of focusing on the higher-margin businesses of residential data and business services while de-emphasizing our residential video business. We experienced a slightly accelerated decline in organic residential video customers and revenues during 2020 in connection with our response to the COVID-19 pandemic due to a temporary suspension of in-home installations. As a result of our video strategy, we expect that residential video customers and revenues will decline further in the future. In 2021, we announced that we are launching Sparklight® TV, an internet protocol-based ("IPTV") video service that allows customers to stream our video channels from the cloud through a new app. This transition from linear to IPTV video service will enable us to reclaim bandwidth, freeing up network capacity to increase data speeds and capacity across our network.

- *Business services*. We have experienced significant growth in business data customers and revenues, and we expect this growth to continue over the long-term. We attribute this growth to our strategic focus on increasing sales to business customers and our efforts to attract enterprise business customers. Margins for products sold to business customers have remained attractive, which we expect will continue. During 2020, the COVID-19 pandemic and our associated responses, including business sales associates working from home, resulted in suppressed sales growth from small business customers while at the same time the pandemic presented additional subscriber acquisition and upgrade opportunities primarily for mid-market and enterprise businesses in need of faster and more reliable data and voice services.

We continue to experience increased competition, particularly from telephone companies, cable and municipal overbuilders, over-the-top ("OTT") video providers and direct broadcast satellite ("DBS") television providers. Because of the levels of competition we face, we believe it is important to make investments in our infrastructure. In addition, a key objective of our capital allocation process is to invest in initiatives designed to drive revenue and Adjusted EBITDA expansion. More than 50% of our total capital expenditures since 2017 were focused on infrastructure improvements intended to grow these measures. We continue to invest capital to, among other things, increase our plant and data capacities as well as network reliability. As of December 31, 2020, we offered Gigabit data service to approximately 97% of our homes passed. We are also continuing to deploy DOCSIS 3.1, which, together with Sparklight TV, will further increase our network capacity and enable future growth in our residential data and business services product lines.

We expect to continue to devote financial resources to infrastructure improvements in existing and newly acquired markets as well as to expand high-speed data service into areas where our consortium was designated the winning bidder for the Federal Communications Commission's ("FCC") Rural Digital Opportunity Fund ("RDOF") Phase I auction. We believe these investments are necessary to continually meet our customers' needs and to remain competitive. The capital enhancements associated with recent acquisitions include rebuilding low-capacity markets; reclaiming bandwidth from analog video services; implementing 32-channel bonding; deploying DOCSIS 3.1; converting back office functions such as billing, accounting and service provisioning; migrating products to legacy Cable One platforms; and expanding our high-capacity fiber network. The term "legacy Cable One" in this Annual Report on Form 10-K refers to Cable One operations inclusive of operations acquired in the RBI Holding LLC ("NewWave") transaction and excluding the impact or operations acquired in the Delta Communications, L.L.C. ("Clearwave"), Fidelity Communications Co. ("Fidelity") and Valu-Net LLC ("Valu-Net") transactions, each of which is described below.

Our primary goals are to continue growing residential data and business services revenues, to increase profit margins and to deliver strong Adjusted EBITDA and Adjusted EBITDA less capital expenditures. To achieve these goals, we intend to continue our disciplined cost management approach, remain focused on customers with expected higher relative value and follow through with further planned investments in broadband plant upgrades, including the deployment of DOCSIS 3.1 capabilities and new data service offerings for residential and business customers. At the same time, we intend to continue balancing the impact of the COVID-19 pandemic on our business, associates, customers and other stakeholders. We also plan to continue seeking broadband-related acquisition and strategic investment opportunities in rural markets in addition to pursuing organic growth through market expansion projects.

Our business is subject to extensive governmental regulation, which substantially impacts our operational and administrative expenses. In addition, we could be significantly impacted by changes to the existing regulatory framework, whether triggered by legislative, administrative or judicial rulings. Congress and numerous states, including Minnesota and Missouri (where we have subscribers), have proposed legislation and/or administrative actions that would lead to increased regulation of our provision of data services, including proposed rules regarding net neutrality. Several states, including Oregon and Washington (where we also have subscribers), have adopted legislation that requires entities providing broadband internet access service in the state to comply with net neutrality requirements or that prohibits state and local government agencies from contracting with internet service providers that engage in certain network management activities based on paid prioritization, content blocking or other discrimination. We cannot predict whether or when any future changes to the regulatory framework will occur at the Federal or state level or whether or to what extent those changes may affect our operations or impose additional costs on our business.



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We serve our customers through a plant and network with capacity generally measuring 750 megahertz or higher and DOCSIS 3.0 capabilities in all of our systems. Our technically advanced infrastructure provides for delivery of a full suite of data, video and voice products. Our broadband plant generally consists of a fiber-to-the-premises or hybrid fiber-coaxial ("HFC") network with ample unused capacity, and nearly all of our customers experience download speeds of 100 Megabits per second ("Mbps") or higher, which meaningfully distinguishes our offerings from competitors in most of our markets. As a result of multi-year investments in our legacy Cable One plant, we increased broadband capacity and reliability, which has enabled and will continue to enable us to offer even higher download speeds to our customers. In addition, we expect to substantially complete the initial deployment of DOCSIS 3.1 throughout our footprint in 2021, which will allow us to provide higher bandwidth availability and faster speeds to our customers. We believe these investments will reinforce our competitive strength in this area.

**Impact of COVID-19**

Refer to the sections entitled "*Risks Factors*" for risks we face due to the COVID-19 pandemic and "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Impact of COVID-19*" for information on the impact of COVID-19 on the Company.

**Corporate History**

In 1986, The Washington Post Company (the prior name of our former corporate parent, Graham Holdings Company ("GHC")) acquired 53 cable television systems with approximately 350,000 subscribers in 15 Western, Midwestern and Southern states. We completed over 30 acquisitions and dispositions of cable systems through 2015, both through cash sales and system trades. In the process, we substantially reshaped our original geographic footprint and resized our typical system, including exiting a number of metropolitan markets and acquiring cable systems in non-metropolitan markets that fit our business model. On July 1, 2015, we became an independent company traded under the ticker symbol "CABO" on the New York Stock Exchange after completion of our spin-off from GHC.

On May 1, 2017, we acquired NewWave, a provider of data, video and voice services to residential and business customers throughout non-urban areas of Arkansas, Illinois, Indiana, Louisiana, Mississippi, Missouri and Texas, for a purchase price of $740.2 million. On January 8, 2019, we acquired Clearwave, a facilities-based service provider that owns and operates a high-capacity fiber network offering dense regional coverage in Southern Illinois, for a purchase price of $358.8 million. On October 1, 2019, we acquired the data, video and voice business and certain related assets of Fidelity, a provider of connectivity services to residential and business customers throughout Arkansas, Illinois, Louisiana, Missouri, Oklahoma and Texas, for a purchase price of $531.4 million. On July 1, 2020, we acquired Valu-Net, an all-fiber internet service provider headquartered in Kansas, for a purchase price of $38.9 million.

In 2019, we began rebranding our consumer-facing business to Sparklight. The Sparklight brand better conveys who we are and what we stand for – a company committed to providing our communities with connectivity that enriches their world. As part of the rebranding, we began streamlining our residential internet service plans and pricing as well as offering even faster speeds, further value and the ability to include unlimited data on any plan. In addition, we have

strengthened and will continue to strengthen our commitment to the communities we serve through educational programs, corporate giving and donations of time and resources. We completed the rebranding of the vast majority of legacy Cable One systems in 2020 and we plan to rebrand Fidelity systems in the coming years.

In 2020, we made investments in several broadband-centric providers serving non-urban markets that follow various strategies similar to our own. On May 4, 2020, we made a minority equity investment for a less than 10% ownership interest in AMG Technology Investment Group, LLC, a wireless internet service provider ("Nextlink"), for $27.2 million. On July 10, 2020, we acquired an approximately 40% minority equity interest in Wisper ISP, LLC, a wireless internet service provider ("Wisper"), for total consideration of $25.3 million. On October 1, 2020, we contributed our Anniston, Alabama system (the "Anniston System") to Hargray, a data, video and voice services provider, in exchange for an approximately 15% equity interest in Hargray on a fully diluted basis (the "Anniston Exchange"). On November 12, 2020, we acquired a 45% minority equity interest in Mega Broadband Investments Holdings LLC, a data, video and voice services provider ("MBI"), for $574.9 million in cash.

On February 12, 2021, we and our indirect wholly owned subsidiary, Lighthouse Merger Sub LLC, entered into an Agreement and Plan of Merger, dated as of February 12, 2021 (the "Merger Agreement"), with Hargray and TPO-Hargray, LLC, as equityholders' representative, pursuant to which we agreed to acquire the equity interests in Hargray that we do not already own. The equity interests to be acquired represent approximately 85% of Hargray on a fully diluted basis. Under the terms of the Merger Agreement, we will pay a purchase price that implies a $2.2 billion total enterprise value for Hargray on a debt-free and cash-free basis, subject to customary post-closing adjustments. We intend to finance the Hargray Acquisition with a combination of existing cash resources and proceeds from new indebtedness (which may include revolving credit facility borrowings) and/or equity capital. The closing of the Hargray Acquisition is subject to the receipt of certain regulatory approvals, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the receipt of consents or approvals from the FCC and certain state public service commissions, and other customary closing conditions. We currently anticipate that the Hargray Acquisition will be completed during the second quarter of 2021. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview*" in this Annual Report on Form 10-K for additional information on MBI and the Hargray Acquisition.





**Industry Overview**

We are a fully integrated provider of data, video and voice services to residential and business customers across various geographic regions in the United States. We provide services that are similar to those provided by cable companies, telephone companies and fiber providers, among others. These providers, each to a varying degree, own and/or lease a network that allows them to deliver their services and distribute their signals to the homes and businesses of subscribers. In addition to building their own network backbone and/or leasing physical access to the network backbone, companies providing video services also purchase licenses to provide their subscribers with access to television channels owned by programmers and broadcasters via distribution over the network backbone. Companies providing video services also typically sell advertising on their video channels.

These providers generate revenue by charging subscription fees to their residential and business customers at rates that vary according to the data, video and/or voice services for which customers subscribe and the type of internet access and equipment furnished to them. These companies generally market and sell their services in bundles or packages in order to maximize the number of PSUs per household, as they believe it is desirable to sell multiple products jointly so that the fixed costs per customer can be spread over multiple PSUs. These providers generally operate in their chosen geographic markets under either non-exclusive franchises or other telecommunications licenses granted by state or local authorities for specified periods of time.

We have a record of consistent, long-term financial and operational success driven by our differentiated operating philosophy and culture. We emphasize focus as opposed to scale, which is a departure from the historical, more conventional strategies employed in our industry, but is well suited to the markets in which we operate and enables us to take advantage of our strengths.

**Our Strengths**

We leverage a variety of strengths as a service provider, stemming from, among other things, historical and ongoing capital investments in our plant and our focus on serving customers in non-metropolitan markets. These strengths include the following:

***Attractive markets and regional diversification*** . Our customers are located primarily in non-metropolitan, secondary and tertiary markets with favorable competitive dynamics in comparison to major urban centers. In particular:

- We tend to face less vigorous competition than similar service providers in metropolitan markets at this time.
- Advances in technology often come later to our markets — for example, few competitors in our markets offer fiber-to-the-premises or 5G wireless service.
- Our subscribers tend to be value-focused, enabling us to save video services costs by not carrying expensive programming options with low subscriber demand.
- We are regionally diversified, reducing the impact that an economic downturn in a specific geographic area would have on our overall business.

***Deep customer understanding.*** We have operated as a non-metropolitan service provider for over 25 years, and we are attuned to the unique needs of customers in these areas. In order to understand our customers' demands and preferences, we routinely conduct customer research through a variety of methods, including customer satisfaction surveys, geo-demographic segmentation studies and other analytics. Together with the direct customer contact we engage in through our virtual call centers and local operating offices, we believe we have gained valuable insight into how to serve customers in non-metropolitan markets, including with respect to providing an optimal mix of data speeds, price points and best-in-class customer service levels. In addition, a majority of our employees (who we refer to as associates) reside and work in our markets, providing local services through education programs and donations of time and resources that enhance our

commitment to the communities we serve.





***Superior broadband technology with ample unused capacity***. We offer our residential and business data customers internet products at faster speeds than those available from competitors in most of our markets. Our broadband plant generally consists of a fiber-to-the-premises or HFC network with ample unused capacity. Our starter broadband offering for residential customers is a download speed of 100 Mbps, which is at the faster end of the range for similar residential offerings in our markets, although a growing majority of our customers now subscribe to even higher speed offerings. Our fastest broadband offering for our residential customers is currently a download speed of up to 1 Gigabit per second ("Gbps"). We also offer an advanced Wi-Fi solution to residential customers across substantially all of our footprint that provides customers with enhanced Wi-Fi signal strength, which extends and improves the Wi-Fi signal throughout the home. This service is offered free of charge to residential customers who rent one or more modems from us.

In addition, we have made significant investments in our business consistent with our strategic focus to enhance sales of residential data services and business services. Since completing significant, multi-year plant and product enhancements in existing Cable One markets in 2017, we have continued to make ongoing investments in our acquired systems, which has increased our broadband capacity and reliability. We have spent more than $750 million over the last three years to bring fast, reliable high-speed data service to our markets. We expect to continue to invest in strategic capital projects, including around newly acquired operations and market expansions, because we believe the competitive benefits will be significant, particularly for data services. We also made the following capital investments in 2020:

- We continued to decrease the average number of data customers per unique service group by aggressively splitting service areas (fiber nodes), which substantially improves data throughput during periods of peak usage, minimizing disruptions in data access speeds to our customers.

- We continued to invest in plant reinforcement projects, which have enhanced reliability and allowed us to stay ahead of the consumption curve related to broadband capacity and utilization, and plant extension projects, which have expanded the number of serviceable homes and businesses.

- We continued to deploy 10 Gbps Ethernet Passive Optical Network ("EPON") fiber-to-the-premises technology across multiple markets, supporting the ongoing roll-out of Piranha Fiber®, which offers market-leading symmetrical speeds of up to 5 Gbps to our business customers.

We anticipate that the projects we have invested in over the last several years will facilitate sustained increases in residential data and business services revenues and customer satisfaction.

***Low cost structure and competitive pricing***. We believe our operating costs, taken as a whole, are as low as or lower than any major service provider. We attribute our low-cost structure to a committed focus on retaining our highest value customers (rather than seeking to obtain as many customers as possible) and the lower costs of operating in non-metropolitan markets compared to metropolitan markets. In addition, because we operate our residential and business data services with a competitive plant and cost structure, we are able to offer our customers both attractive pricing and compelling products.

***Customer satisfaction***. We have a customer-focused approach, influencing how we are organized, how we sell our services and how we service our customers. We believe that our dedication to providing a differentiated customer experience is an important driver of our overall value proposition and creates loyalty, improves customer retention and drives increased demand for our services. We focus on customer satisfaction, with an emphasis on consistently benchmarking our customer satisfaction over time and relative to our competitors based on internally and externally generated customer satisfaction data. We continue to focus on making the lives of our customers easier by providing value-added services, such as expanding customer self-service options through improved residential and business online portals and creating a more personalized experience in updated and refreshed local offices.

***Associate satisfaction.*** We have also focused on associate satisfaction. We believe our customers' satisfaction is tightly linked to our associates' satisfaction, which has been consistently high throughout the past decade based on routine internal measurements. We currently measure our associate satisfaction annually along with conducting multiple periodic associate surveys.

***Experienced management team***. Our senior management team is comprised of executives who have significant experience in our industry. Our executive officers have an average industry tenure of over 20 years and an average tenure at Cable One (or its predecessors) of over 10 years, and we believe this team is deeply knowledgeable about cost and competitive conditions in our markets. They also understand and are deeply committed to our strategy, which we developed, enhanced and updated on a collaborative basis over many years.





**Our Strategy**

We have a multi-faceted strategy that builds upon our long track record of focusing on the right markets, the right products and the right customers, as well as controlling our operating and capital costs. More specifically, our strategy includes the following principal components:

***Focus on non-metropolitan markets.*** We believe our decision over two decades ago to concentrate on non-metropolitan markets has served us well, and we intend to continue to focus on offering our products primarily in these markets. The economics of non-metropolitan markets, for which we have optimized our strategy and our operations, are different from operations in major cities and have yielded positive operating results for our business. Because price points for services in non-metropolitan markets are generally lower, and customers in non-metropolitan markets tend to subscribe to fewer PSUs, our average revenue per customer and our PSUs per customer are lower than they might be in metropolitan markets. However, many of our costs are also lower than they would be in metropolitan markets. The dynamics of non-metropolitan markets enable us to operate at attractive margins and earn substantial returns, while remaining consistent with our focus on meeting customer demand for low prices and simultaneously keeping costs down. In addition, we tend to face less vigorous competition than service

providers in metropolitan markets.

***Prioritize higher growth, higher margin opportunities.*** We concentrate on the products and customers that maximize Adjusted EBITDA less capital expenditures and provide the best opportunity for profitable growth. We believe residential video and residential voice face inexorable long-term declines. With respect to the video product, programmers and broadcasters are charging higher rates and retransmission fees for content to distributors providing video services (often for content for which viewership is declining), and distributors have had to choose between absorbing those increases to the detriment of their margins or passing on the full cost to customers, which adversely affects customer demand. At the same time, the rapid expansion of OTT offerings has given customers new alternatives to traditional video offerings. In addition, customer demand for wireless voice services has reduced demand for residential voice services for us and others in our industry. As a result, we have reduced our focus on these two products and prioritized higher growth, higher margin opportunities in residential data and business services.

We have declined to cross-subsidize our video business with cash flow from our higher growth, higher margin products, which has resulted in our residential video customers declining at a faster rate than the industry average. Our legacy Cable One residential video customers decreased by 25.2% when comparing 2020 versus 2019 and 12.4% when comparing 2019 versus 2018. While this strategy runs contrary to the historical, conventional wisdom in our industry, which put heavy emphasis on video customer counts and maximizing the number of PSUs per customer by bundling and discounting services, we believe it best positions us for long-term success. For us, success in growing and retaining residential data and business customers is far more important than maximizing the number of customers who choose triple-play packages combining data, video and voice services.

***Drive growth in residential data and business services.*** We believe our residential data and business services products provide attractive current and future growth opportunities. Our disciplined prioritization of residential data and business services is generally reflected in all aspects of our business strategy, including pricing, the allocation of sales, marketing and customer service resources, capital spending and supplier negotiations. During 2020, we continued to further diversify our revenue streams away from video as residential data and business services represented 68.2% of our total revenues versus 64.4% for 2019 and 60.5% for 2018. We believe we have demonstrated that it is possible to decouple unit growth in our residential data and residential video businesses, which historically were marketed as a package. We focus on selling data-only packages to new customers rather than cross-selling video services to these customers, and a majority of our residential customers are data-only.

Our business services revenues increased $30.2 million, or 14.7%, in 2020 compared to 2019. Approximately $16.8 million of this increase is attributable to the incremental revenues from Fidelity operations in the first nine months of 2020 (compared to no revenue from Fidelity in our results in the first nine months of 2019 as we did not acquire Fidelity until October 1, 2019) and from Valu-Net operations in 2020 (compared to no revenue from Valu-Net operations in our results in 2019 as we did not acquire Valu-Net until July 1, 2020). We expect to generate continued growth in business services by leveraging and investing in our existing infrastructure capabilities and footprint to offer higher broadband speeds than other providers in our markets and to expand our business services to attract more small, medium-sized and enterprise business customers.



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***Continue our culture of cost leadership.*** We believe our total combined operating and capital costs per customer over the past decade have been among the lowest of any service provider with publicly reported numbers and that our operating margins compare very favorably with those of significantly bigger companies in our industry. This is the antithesis of normal economies-of-scale expectations, where higher volumes are expected to create lower costs per customer and increase operating margins. Rather than increasing our size and seeking cost savings through economies-of-scale, we have achieved our lower cost structure over many years by focusing on:

- serving primarily non-metropolitan, secondary and tertiary markets, which contain different customer dynamics from those in metropolitan markets and would require us to implement additional operational components;
- the adoption of new technologies only after they have been tested by other companies, rather than incurring the level of capital expenditures and risk necessary to be an early adopter of most new technologies;
- implementing a virtually centralized call center to receive inbound customer service calls and dispatch technicians across all of our markets, while keeping the majority of our call center associates in our non-metropolitan markets;
- standardizing our programming offerings across most of our markets, which reduces our customer service costs, in contrast to other service providers that offer different programming packages in different markets;
- focusing on retaining and seeking expected higher relative value customers rather than trying to maximize the number of customers or PSUs per customer;
- aligning our resources to emphasize increased sales of residential data services and sales to business customers and continuing our disciplined cost management approach, rather than committing resources equally to sales of all of our products; and
- investing in self-service channels to improve customer satisfaction by allowing us to meet changing customer expectations for around-the-clock service while also avoiding unnecessary wait times.

We believe our strategy has produced positive results for our customers, associates and stockholders and we have begun applying this strategy in our acquired operations. Our strategy has allowed us to continually decrease contacts per customer by reducing customer service phone calls, truck rolls and walk-in customers. We have been able to achieve these operational efficiencies at the same time as our customer base has grown rapidly, while simultaneously improving customer satisfaction scores.

***Balanced capital allocation***. We are committed to a disciplined approach to evaluating acquisitions, internal and external investments, capital structure

optimization and return of capital in order to seek to build long-term stockholder value.

***Target higher relative value residential customers.*** We employ rigorous analytics to gain a deeper understanding of our customers and drive profitable decision making throughout the organization. We use data analytics to help refine our go-to-market strategy and identify customers likely to produce higher relative value over the life of their service relationships with us, rather than seeking to maximize the number of new customers or PSUs per household. Our investments in business intelligence have enabled us to integrate, analyze and visualize increasingly complex data sets, in near real-time, and in a format that drives strategic and operational decisions. As a result, our organization has more rapidly identified, modeled, tested, analyzed and implemented initiatives that align with our strategic focus of attracting and retaining higher relative value customers. Business intelligence also enables us to be more predictive with customer habits and industrywide trends. For example, our decision to focus on data-only customers was guided by such data analytics. We believe that optimizing our relationships with these customers, as video and voice cord-cutting accelerates, is both a necessity and an opportunity for our business.

**Our Products**

***Residential Data Services***

Residential data services represented 50.5%, 46.9% and 46.0% of our total revenues for 2020, 2019 and 2018, respectively. As part of our rebranding initiative beginning in 2019, we launched new pricing and packaging across the majority of our footprint. We offer simplified data plans with lower pricing and higher speeds across our premium tiers, with download speeds up to 1 Gbps available to approximately 97% of our residential customers as of December 31, 2020. We also offer our customers the option to purchase an unlimited data plan regardless of speed tier. Further, to meet the increasing bandwidth needs of our customers who use a growing number of devices in the home, we offer most of our customers our advanced Wi-Fi service combining state-of-the-art technology solutions with certified technicians, who locate and configure hardware based on individual customer needs. This service provides customers with enhanced Wi-Fi signal strength, which extends and improves the Wi-Fi signal throughout the home.





***Residential Video Services***

Residential video services represented 25.1%, 28.7% and 32.0% of our total revenues for 2020, 2019 and 2018, respectively. We offer a broad variety of residential video services, generally ranging from a basic video service to a full digital service with access to hundreds of channels. Our basic video service generally consists of local networks, local community programming, such as governmental and public access, and certain other channels. Our digital video service includes national and regional cable networks, music channels and an interactive, electronic programming guide with parental controls. We also offer premium channels that generally offer, without commercial interruption, movies, original programming, live sporting events and concerts and other features. Our digital video customers may also subscribe to our advanced video services. Our advanced video services include whole-home DVRs, which digitally record programming and pause and rewind live programming, and high-definition set-top boxes, which provide high-resolution picture quality, improved audio quality and a wide-screen format and allow our customers to access internet content on their televisions.

Our TV Everywhere product enables our video customers to stream many of their favorite channels and shows to mobile devices and computers, expanding the value of our video services. Our TV Everywhere product includes the most popular networks across a wide range of genres, including premium channels.

We also are launching Sparklight TV, an IPTV video service that allows customers to stream our video channels from the cloud through a new app on supported devices, such as the Amazon Firestick, Apple TV and Android-based smart televisions. Sparklight TV also provides a cloud-based DVR feature and it does not require the use of a set-top box.

***Business Services***

We consider the data, voice and video products we provide to our business customers to be a separate product from our residential versions of these services. Business services represented 17.7%, 17.5% and 14.5% of our total revenues for 2020, 2019 and 2018, respectively. We offer services for businesses ranging in size from small to mid-market, in addition to enterprise, wholesale and carrier customers.

Our offerings for small businesses are generally provided over our coaxial network. Our data services offer various options with download speeds ranging from 25 Mbps up to 1 Gbps, with varying upload speeds, along with managed Wi-Fi. Our small business voice solutions include hosted voice with unified communications as a service from one line to multi-line options, including the availability of popular calling features like simultaneous ring, hunt groups and selective call forwarding. Business video packages range from a basic service tier to a comprehensive selection including variety, news and sports programming in high-definition.

We offer delivery of data and voice services over EPON technology primarily for mid-market customers with Piranha Fiber. This shared fiber architecture provides for symmetrical data speeds ranging from 50 Mbps to 5 Gbps. We expect to expand EPON to additional areas and markets each year for the foreseeable future, especially in our competitive locations.

For enterprise and wholesale customers, we offer dedicated bandwidth and Enterprise Wi-Fi in addition to multiple voice services via fiber optic technology. Our fiber optic-based products include dark fiber in addition to dedicated internet access and E-Line, E-Lan and E-Access Ethernet services. We also offer network to network interface connections to other carriers at multiple points of presence across the United States.

***Residential Voice Services***

Residential voice services represented 3.6%, 3.7% and 3.8% of our total revenues for 2020, 2019 and 2018, respectively. The majority of our residential voice service offerings transmit digital voice signals over our network and are interconnected Voice over Internet Protocol (“VoIP”) services. We also offer traditional telecommunications services through some of our subsidiaries. Many of our voice service offerings include unlimited local and long-distance calling, voicemail,

call waiting, three-way calling, caller ID, anonymous call rejection and other features. Our voice services also provide international calling by the minute.





**Competition**

We operate in a highly competitive, subscriber-driven and rapidly changing industry and compete with a growing number of entities that provide a broad range of communications products, services and content to subscribers. Our competitors have historically included, and we expect will continue to include, DBS providers, telephone companies that offer data and video services through digital subscriber line ("DSL") technology or fiber-to-the-node networks, municipalities with fiber-based networks, regional fiber providers and other service providers that have been granted a franchise to operate in a geographic market in which we are already operating.

In approximately 82% of our footprint, we do not have a competitor that offers residential broadband download speeds of 100 Mbps or higher, which is our starter residential high-speed data offering. Prior to 2021, we considered residential broadband download speeds of 50 Mbps or higher as speeds comparable to our own. However, we continue to anticipate a slow yet steady growth of new entrants into our markets. Currently, approximately 12% of the residential homes passed in our markets have access to fiber-to-the-premises from our competitors who typically offer only high-speed data service. We also face increasing competition from wireless telephone companies for our residential voice services, as our customers continue to replace our residential voice services with wireless voice services. New entrants with significant financial resources may compete on a larger scale with our video and data services, and as more wireless voice service providers offer unlimited data options, some customers may choose to forgo our data services altogether. We may also face increasing competition from various providers of wireless internet offerings, including wireless telephone carriers that are developing high-speed "5G" wireless networks and public locations or commercial establishments offering Wi-Fi at no cost.

Certain municipalities have also announced plans to construct their own data networks with access speeds that match or exceed ours through the use of fiber-to-the-node or fiber-to-the-premises technology. In some cases, local government entities and municipal utilities may legally compete with us without obtaining a franchise from a state or local governmental franchising authority ("LFA"), reducing their barriers to entry into our markets. The entrance of municipalities as competitors in our markets would add to the competition we face and could lead to some customer attrition.

While not an area of strategic focus for us, our video business also faces substantial and increasing competition from other forms of in-home and mobile entertainment, including, among others, Amazon Prime, Apple TV, CBS All Access, Disney+, HBO Max, Hulu, Netflix, Peacock, YouTube TV and an increasing number of new entrants who offer OTT video programming, including many traditional programmers. Because of the significant size and financial resources of many of the companies behind such service offerings, we anticipate that they will continue to invest resources in increasing the availability of video content over the internet, which may result in less demand for the video services we provide. Despite the negative impact this competition has on our video business, these services also generate additional demand for our residential data business due to customers' continuing and growing need for data services.

Competition for dedicated fiber-optic services for enterprise business customers is also intense as both local telephone companies and regional overbuilders offer data and voice services over dedicated fiber connections. While certain of these entities are currently more widely known for dedicated fiber services than we are, we maintain a competitive advantage through our local presence and deep customer relationships in the communities we serve.

**Human Capital Resources**

***Associate Metrics***

At December 31, 2020, we had 2,716 full-time and part-time associates, compared to 2,751 full-time and part-time associates at December 31, 2019. None of our associates were represented by a union at December 31, 2020 or 2019. Women represented approximately 30% of our total associate base and approximately 35% of management-level positions at December 31, 2020.

***Associate Engagement, Retention and Compensation Programs and Benefits***

We believe our associates are among our most important resources and are critical to our continued success. We strive to attract, develop, motivate and retain associates with an emphasis on performance and productivity. We seek to maintain alignment, foster accountability and encourage long-term focus throughout all levels of the Company. Our average associate tenure at Cable One (or its predecessors) exceeds 10 years.

Our senior management team is comprised of executives who have significant experience in our industry. They also understand and are deeply committed to our strategy, which we developed, enhanced and updated on a collaborative basis over many years. Our executive officers have an average industry tenure of over 20 years and an average tenure at Cable One (or its predecessors) of over 10 years, and we believe this team is deeply knowledgeable about cost and competitive conditions in our markets.





Our total rewards compensation philosophy encompasses pay, health benefits, incentives, wellness and career development options. Our pay-for-performance philosophy permeates our organization. Merit increases are based on individual performance and market conditions, and all associates are eligible for an annual bonus based on objective corporate performance goals shared by everyone in the Company.

We also focus on associate satisfaction. We believe that customer satisfaction is tightly linked to associate satisfaction, which routine internal measurements have shown to be consistently high throughout the past decade. We currently measure our associate satisfaction annually along with conducting multiple periodic associate surveys. Management reviews our associate satisfaction surveys to monitor associate morale and receive feedback on a variety of issues.

***Talent Development and Training***

We believe in investing in the development and careers of our associates to allow them to reach their potential in a competitive, constantly changing and innovative industry. We engage our associates through internal and external programs to develop specialized knowledge and leadership skills. Associates have access to online development programs for professional skills and certification preparation through our e-learning platform. Specialized technical training for eligible associates helps them professionally as well as by providing a differentiated customer experience. Our tuition reimbursement program enables associates to earn certificates in areas such as network programming, data analysis and network administration and security. Others leverage our educational benefits to earn their associates, bachelor's and master's degrees.

To prepare non-executives for current and future leadership roles at our Company, new managers, supervisors and lead-level associates normally attend a one-week training at our corporate headquarters to focus on self-awareness and management development. While paused during the COVID-19 pandemic, we expect to resume the program in 2021. Our director-level associates participate in a week-long leadership training program with a third-party development partner, focused on effectiveness training and coaching. Our senior director-level associates take part in a specialized leadership program conducted with both in-house and third-party human resources executives to develop and enhance skills in strategic thinking and team performance, which includes individual coaching and 360-degree feedback analysis.

We have a long track record of promoting associates from within, including Julia M. Laulis, our Chair of the Board, President and Chief Executive Officer, who has been with Cable One for more than 20 years and began her career at Cable One as a Director of Marketing.

***Health and Safety***

We have a Safety Team that is responsible for education and training and that regularly analyzes indicators and areas where risks and injuries can occur in our efforts to strive to eliminate hazards. We also have mandatory compliance and safety training for associates, with more than 20,000 instructional hours completed in these areas in 2020.

During 2020, in response to the COVID-19 pandemic, we implemented safety protocols and new procedures to protect our associates and our customers. These protocols include complying with social distancing and other health and safety standards as required by federal, state and local government agencies, taking into consideration guidelines of the Centers for Disease Control and Prevention and other public health authorities. In addition, we modified the way we conduct many aspects of our business to reduce the number of in-person interactions. For example, we significantly expanded the use of virtual interactions in all aspects of our business, including customer facing activities. Many of our administrative and operational functions during this time have required modification as well, including many of our associates working remotely. For a detailed discussion of the impact of the COVID-19 pandemic on our human capital resources, refer to the section entitled "*Risk Factors - The COVID-19 pandemic has impacted our operations and adversely affected our business, financial results and financial condition, and the duration and extent to which it will continue to do so is uncertain and difficult to predict.*"

***Diversity, Equity and Inclusion***

We are an equal opportunity employer that strives to provide an inclusive and respectful environment that represents a wide range of backgrounds, cultures and experiences. We are committed to fostering an environment in which all associates and customers are valued. We foster a diverse and inclusive culture by offering competitive compensation, a comprehensive rewards program and opportunities for all of our associates to grow personally and professionally. In 2020, we established an Inclusion and Diversity Advisory Board (the "I&D Advisory Board") made up of individuals from across the organization and ranging from frontline associates to members of management. The I&D Advisory Board was created to further strengthen a culture of respect and inclusion at Cable One. It cultivates resources, internal communications and events to inform, educate and provide all associates with a voice to share their unique experiences, perspectives and viewpoints.





**Available Information and Website**

Our internet address is *www.cableone.biz*. We make available free of charge through our investor relations website, *http://ir.cableone.net*, copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after such documents are electronically filed with the Securities and Exchange Commission (the "SEC"). Printed copies of these documents will be furnished without charge (except exhibits) to any stockholder upon written request addressed to our Secretary at 210 E. Earll Drive, Phoenix, Arizona 85012. The SEC maintains a website, *www.sec.gov,* that contains the reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

The contents of these websites are not incorporated by reference into this Annual Report on Form 10-K and shall not be deemed "filed" under the Exchange Act. Further, our references to website URLs are intended to be inactive textual references only.

**Information About Our Executive Officers**

The following table presents certain information, as of February 25, 2021, concerning our executive officers.

| Name | Age | Position |
|---|---|---|
| Julia M. Laulis | 58 | Chair of the Board, President and Chief Executive Officer |
| Michael E. Bowker | 52 | Chief Operating Officer |
| Steven S. Cochran | 49 | Chief Financial Officer |
| Christopher D. Boone | 38 | Senior Vice President, Business Services and Emerging Markets |

| Kenneth E. Johnson | 57 | Senior Vice President, Technology Services |
|---|---|---|
| Eric M. Lardy | 47 | Senior Vice President, Operations and Integration |
| James A. Obermeyer | 57 | Senior Vice President, Marketing and Sales |
| Peter N. Witty | 53 | Senior Vice President, General Counsel and Secretary |

***Julia M. Laulis***

Ms. Laulis has been Chair of the Board since January 2018, Chief Executive Officer and a member of our Board of Directors (the "Board") since January 2017 and President of Cable One since January 2015.

Ms. Laulis joined Cable One in 1999 as Director of Marketing – Northwest Division. In 2001, she was named Vice President of Operations for the Southwest Division. In 2004, she became responsible for starting Cable One's Phoenix Customer Care Center. In 2008, she was named Chief Operations Officer, and in 2012, she was named Chief Operating Officer. In January 2015, she was promoted to President and Chief Operating Officer.

Prior to joining Cable One, Ms. Laulis served in various marketing management positions with Jones Communications. Ms. Laulis began her 35-plus-year career in the cable industry with Hauser Communications.

Ms. Laulis serves on the boards of The AES Corporation, C-SPAN, CableLabs and The Cable Center, and she is a trustee of the C-SPAN Education Foundation.

***Michael E. Bowker***

Mr. Bowker has been Chief Operating Officer of Cable One since May 2017.

Mr. Bowker joined Cable One in 1999 as Advertising Regional Sales Manager. Mr. Bowker has been a Vice President of Cable One since 2005. He was named Vice President of Sales in 2012 and was promoted to Senior Vice President, Chief Sales and Marketing Officer in 2014.



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Prior to joining Cable One, Mr. Bowker was with AT&T Media Services and TCI Cable, where he served in various sales management positions.

Mr. Bowker serves as Vice Chairman of ACA — America's Communications Association.

***Steven S. Cochran***

Mr. Cochran has been Chief Financial Officer of Cable One since August 2018. He served as Senior Vice President of Cable One from August 2018 through December 2020.

Prior to joining Cable One, Mr. Cochran served as Chief Executive Officer and a member of the board of directors of WideOpenWest, Inc. ("WOW") from April 2014 until December 2017 after holding various other positions at the company, including Chief Financial Officer, Chief Operating Officer and President. Prior to WOW, Mr. Cochran served in various finance and accounting roles at Millennium Digital Media, including Senior Vice President and Chief Financial Officer. Previously, Mr. Cochran was an accountant at Arthur Andersen LLP.

***Christopher D. Boone***

Mr. Boone has been Senior Vice President, Business Services and Emerging Markets of Cable One since January 2021.

Mr. Boone joined Cable One in 2010 as a Business Sales Manager. He was named Vice President of Business Services in 2016.

Prior to joining Cable One, Mr. Boone was with Cox Communications, where he served in various sales management roles.

***Kenneth E. Johnson***

Mr. Johnson has been Senior Vice President, Technology Services of Cable One since May 2018.

Mr. Johnson joined Cable One in 2017 as Vice President, Northeast Division following Cable One's acquisition of NewWave.

Prior to joining Cable One, Mr. Johnson served as Chief Operating Officer and Chief Technology Officer for NewWave. Prior to NewWave, Mr. Johnson was Chief Technology Officer for SureWest Communications and Everest Connections.

Mr. Johnson serves on the board of the National Cable Television Cooperative.

***Eric M. Lardy***

Mr. Lardy has been Senior Vice President, Operations and Integration of Cable One since June 2020.

Mr. Lardy joined Cable One in 1997 as a manager in one of our systems and has held a variety of positions of increasing responsibility in marketing, operations and system general management. Mr. Lardy was named Vice President, Strategic Planning and Finance in 2014 and was promoted to Senior Vice President in January 2017.

***James A. Obermeyer***

Mr. Obermeyer has been Senior Vice President, Marketing and Sales of Cable One since February 2020.

Prior to joining Cable One, Mr. Obermeyer served as Vice President of Marketing at Charter Communications. Prior to Charter Communications, he was Managing Director of Brand and Consumer Marketing for NASCAR and Chief Marketing Officer for Supra Telecom.

***Peter N. Witty***

Mr. Witty has been Senior Vice President, General Counsel and Secretary of Cable One since April 2018.





Prior to joining Cable One, Mr. Witty served as General Counsel and Secretary for Gas Technology Institute ("GTI"), an energy research, development and training organization. Prior to GTI, he spent 10 years with Abbott Laboratories, serving in various positions, including as Senior Counsel and Division Counsel. Mr. Witty previously practiced law as an associate at Latham & Watkins LLP and Ross & Hardies (now McGuireWoods LLP).

**Regulation and Legislation**

***General***

Our data, video and voice operations are subject to various requirements imposed by U.S. Federal, state and local governmental authorities. The regulation of certain cable rates pursuant to procedures established by Congress has negatively affected our revenues. Certain other legislative, regulatory and judicial matters discussed in this section also have the potential to adversely affect our data, video and voice businesses. The following discussion does not purport to be a complete summary of all the provisions of Federal, state and local law that may affect our operations. Proposals for additional or revised regulations and requirements are pending before Congress, state legislatures and Federal and state regulatory agencies. We generally cannot predict whether new legislation or regulations, court action or a change in the extent of application or enforcement of current laws and regulations would have an adverse impact on our operations.

***Broadband Internet Access Services***

Broadband internet access service, which we currently offer in all our systems, is subject to some regulation at the Federal level and is not subject to state or local government regulation at this time, except for the state net neutrality laws discussed below.

*Regulatory Reclassification and Net Neutrality Regulation*. In 2017, the FCC adopted the Restoring Internet Freedom Order (the "Internet Freedom Order"), which reinstated broadband internet access service as an "information service" under Title I of the Communications Act of 1934, as amended (the "Communications Act"). The Internet Freedom Order rescinded the majority of the open internet rules adopted by the FCC in 2015 in the Open Internet Order, with the exception of enhanced disclosure requirements that require broadband internet access service providers to disclose information regarding network management, performance and commercial terms of the service to their customers. In October 2020, the FCC reaffirmed its previous findings in the Internet Freedom Order after certain issues were remanded to it by the U.S. Court of Appeals for the District of Columbia Circuit. The FCC's October 2020 action could be subject to further judicial review.

Congress and numerous states, including Minnesota and Missouri (where we have subscribers), have proposed legislation and/or administrative actions that would lead to increased regulation of our provision of data services, including proposed rules regarding net neutrality. Several states, including Oregon and Washington (where we also have subscribers), have adopted legislation that requires entities providing broadband internet access service in the state to comply with net neutrality requirements or that prohibits state and local government agencies from contracting with internet service providers that engage in certain network management activities based on paid prioritization, content blocking or other discrimination. Net neutrality obligations could cause us to incur additional compliance costs, and the enforcement or interpretation of these new obligations could adversely affect our business. We cannot predict whether or when any future changes to the regulatory framework will occur at the Federal or state level or whether or to what extent those changes may affect our operations or impose additional costs on our business.

*Privacy*. Broadband internet access service is subject to many of the same Federal and state privacy laws that apply to other electronic communications. These include the Electronic Communications Privacy Act, which addresses interceptions of electronic communications that are in transit; the Stored Communications Act, which addresses acquisitions of electronic data in storage; and other Federal and state privacy laws and regulations. As the collection and use of consumer data becomes more prevalent in the communications industry, our compliance obligations may grow. In 2017, the broadband privacy and data security rules adopted by the FCC in 2016 were repealed pursuant to the Congressional Review Act, which also restricts the FCC from adopting "substantially similar" rules in the future. In 2017, the FCC also reinstated its previous rules applicable to customer proprietary network information ("CPNI") for voice services. In addition, privacy legislation has been proposed at the Federal and state level, some of which would require broadband service providers to apply heightened privacy and security protections to customer data. We cannot predict whether, when or to what extent these obligations may impose costs on our business.





In addition to FCC privacy regulations governing broadband internet access service, the Federal Trade Commission (the "FTC") also may exercise authority over privacy by using its existing authority over unfair and deceptive acts or practices to apply greater restrictions on the collection and use of personally identifiable and other information relating to consumers. The FTC also has undertaken numerous enforcement actions against parties that do not provide sufficient security protections against the loss or unauthorized disclosure of this type of information. We also are subject to stringent data security and data retention requirements that

apply to website operators and online services directed to children under 13 years of age, or that knowingly collect or post personal information from children under 13 years of age. Other privacy oriented laws have been extended by courts to online video providers and are increasingly being used in privacy lawsuits, including class actions, against providers of video materials online. We cannot predict whether, when or to what extent these obligations may impose costs on our business.

We are also subject to Federal and state laws and regulations regarding data security that primarily apply to sensitive personal information that could be used to commit identity theft. Most states have security breach notification laws that generally require a business to give notice to consumers and government agencies when certain information has been disclosed due to a security breach, and the FCC has adopted security breach rules for voice services. Several states have also enacted general data security requirements to safeguard consumer information, including the proper disposal of consumer information. We cannot predict whether, when or to what extent these obligations may impose costs on our business.

*Digital Millennium Copyright Act.* Owners of copyrights and trademarks actively seek to prevent use of the internet to violate their rights. For example, copyright and trademark owners assert claims that a customer used an internet service or resources accessed via the internet to post, download or disseminate copyrighted music, movies, software or other content without the consent of the copyright owner. In some cases, copyright and trademark owners have sought to recover damages from the broadband internet access service provider as well as or instead of the customer. The law relating to the potential liability of broadband internet access service providers in these circumstances is unsettled. The Digital Millennium Copyright Act grants broadband internet access service providers protection against certain claims of copyright infringement resulting from the actions of customers if the internet provider complies with certain requirements. Congress has not adopted similar immunity for broadband internet access service providers for trademark infringement claims.

*Business Data Services*. The FCC has adopted a deregulatory framework for Business Data Services ("BDS"), formerly known as "special access" services. These services provide dedicated point-to-point transmission of data at certain guaranteed speeds and service levels using high-capacity connections. The framework eliminated pricing regulation for certain types of BDS and established a competitive market test for determining whether other types of BDS should remain subject to pricing regulation. In July 2019, the FCC reaffirmed its decision regarding the framework and provided a transition period for further deregulation of BDS provided by incumbent carriers. At this time, we cannot predict how these or any future rule changes will affect our business.

***Video Services***

Title VI of the Communications Act establishes the principal Federal regulatory framework for our operation of cable systems and for the provision of our video services. The Communications Act allocates primary responsibility for enforcing the Federal policies among the FCC and state and local governmental authorities.

*Franchising.* We are required to obtain franchises or authorizations from state or local governmental authorities to operate our cable systems. Those franchises typically are non-exclusive and limited in time, contain various conditions and limitations and provide for the payment of fees to the local authority, determined generally as a percentage of revenues. Federal law restricts franchise fee payments to 5% of the gross revenues of a cable system that are derived from the provision of video services. Failure to comply with the terms and conditions of a franchise may give rise to rights of termination by the franchising authority.

A number of states in which we operate have adopted franchising laws that provide for statewide franchising. Generally, statewide cable franchises are issued for a fixed term, reduce many burdensome requirements contained in traditional local cable franchises and eliminate the need for local oversight and negotiation. Various other state and local statutes, ordinances and administrative laws additionally govern our operation in particular communities.

Prior to the scheduled expiration of our franchises, we generally initiate renewal proceedings with the granting authorities. Federal law provides for an orderly franchise renewal process in which local authorities may not unreasonably withhold franchise renewals. In connection with the franchise renewal process, however, many local governmental authorities require the cable operator to make additional commitments.





In August 2019, the FCC issued an order that limits the scope of demands that state and local authorities may require in exchange for issuing or renewing a franchise. The FCC's order clarified that state and local franchising authorities are prohibited from using their video franchising authority to regulate the provision of non-cable services, including broadband, Wi-Fi and VoIP services that are delivered over "mixed use" systems that offer a variety of services. The FCC also held that non-monetary in-kind contributions required by a franchising authority count as franchise fees subject to the 5% cap on such fees. The FCC's order is being challenged in the Federal courts. We cannot predict the outcome of the court appeals and whether or to what extent the rules as revised by the FCC or the courts may affect our operations or impose costs on our business.

The FCC has adopted rules designed to expedite the process of awarding competitive franchises and relieving applicants for competing franchises of some locally imposed franchise obligations. These rules are especially beneficial to new entrants and are expected to continue to accelerate the competition we are experiencing in the video service marketplace.

*Rate Regulation.* FCC regulations prohibit LFAs or the FCC from regulating the rates that cable systems charge for certain levels of video service, equipment and service calls when those cable systems are subject to "effective competition." The FCC's rate regulations contain a presumption that all cable systems are subject to the effective-competition exemption unless proven otherwise.

*Carriage of Local Television Broadcast Stations.* There are two alternative legal methods for carriage of local broadcast television stations on cable systems. Federal "must carry" regulations require cable systems to carry local broadcast television stations upon the request of the local broadcaster. As a result, certain of our cable systems must carry broadcast stations that we might not otherwise have elected to carry.

Alternatively, Federal law includes "retransmission consent" regulations, by which broadcasters can elect to prohibit cable carriage unless the cable operator first negotiates for retransmission consent, which may be conditioned on significant payments or other concessions from cable operators, such as commitments to carry other program services offered by a station or an affiliated company, to purchase advertising on a station or to provide advertising availabilities on cable channels to a station or to provide cash compensation. This development results in increased operating costs for video service providers, which ultimately increases the rates

for video subscribers.

The FCC and Congress have imposed additional requirements in this area, including restrictions on broadcasters' ability to jointly negotiate with video providers for carriage of their stations, and the requirement that parties negotiate retransmission consent in good faith. The FCC has stated that it would not adopt additional rules governing good faith negotiations for retransmission consent, but it would be prepared to assist in negotiations when necessary. Additional government-mandated broadcast carriage obligations, including those related to the FCC's newly adopted enhanced technical broadcasting option (Advanced Television Systems Committee 3.0), could disrupt existing programming commitments and increase our costs of carrying such programming.

*Media Ownership Rules*. The FCC recently took steps to relax its media ownership rules, including restrictions on the number of commonly owned television stations per market as well as on newspaper/broadcast and radio/television station cross-ownership. However, the FCC's new rules were overturned by a Federal court, which remanded the matter to the FCC for further proceedings. The matter is now pending before the U.S. Supreme Court. We cannot predict the outcome of the ongoing reviews by the FCC and the courts, and whether or to what extent any further revisions of the rules by the FCC or the courts may affect our operations or impose costs on our business. Changes to relax the media ownership rules would likely lead to increased consolidation of the television broadcast stations and station groups, with a corresponding increase in the negotiating leverage that broadcasters and station groups hold in retransmission consent negotiations, thereby possibly increasing the amounts we pay to broadcasters for retransmission consent.

*Pole Attachments.* Federal law requires most telephone companies and electric power utilities owning utility poles to provide cable systems with access to poles and underground conduits. Federal law also requires those entities to charge reasonable rates to cable operators for utilizing space on such poles or in such underground conduits. The FCC's pole attachment rules contain a formula for calculating pole rental rates that provide for similar rates for telecommunications attachments and cable attachments and prohibit utility companies from charging higher rates for pole attachments used to provide broadband internet access service. The FCC has also adopted rules to facilitate new attachments, including a one-touch make-ready procedure for new attachments. Those one-touch make-ready rules took effect and were upheld in August 2020 in response to challenges in the Federal courts by utility companies. We cannot predict how any future changes to the pole attachment rules may affect our operations or impose costs on our business. As a general matter, changes to our pole attachment rate structure could significantly increase our annual pole attachment costs.



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*Federal Copyright Issues.* The Copyright Act of 1976, as amended (the "Copyright Act"), gives cable systems the ability, under certain terms and conditions and assuming that any applicable retransmission consents have been obtained, to retransmit the signals of television stations pursuant to a compulsory copyright license. The U.S. Copyright Office is considering requests for clarification and revisions of certain cable compulsory copyright license reporting requirements, and from time to time, other revisions to the cable compulsory copyright rules are considered. We cannot predict the outcome of any such inquiries. However, it is possible that changes in the rules or copyright compulsory license fee computations or compliance procedures could have an adverse effect on our business by, for example, increasing copyright compulsory license fee costs or by causing us to reduce or discontinue carriage of certain broadcast signals that we currently carry on a discretionary basis. Copyright clearances for non-broadcast programming services are arranged through private negotiations. Cable operators also must obtain music rights for locally originated programming and advertising from the major music performing rights organizations. These licensing fees have been the source of litigation in the past, and we cannot predict with certainty whether license fee disputes may arise in the future.

*Customer Equipment.* Congress, the FCC and other government agencies have for some time been developing and implementing regulations that affect the types of set-top boxes that cable operators can lease or deploy to their subscribers. Prior to 2015, FCC rules banned the integration of security and non-security function in set-top boxes and required multichannel video programming distributors to allow third-party vendors to provide set-top boxes with basic converter functions. In 2015, Congress repealed the integration ban and mandated that the FCC establish a working group to identify, report on and recommend a successor technology- and platform-neutral security solution. Various parties continue to advocate to Congress and the administrative agencies for new regulatory approaches to reduce consumer dependency on traditional operator-provided set-top boxes that, if adopted, could affect our business in the future. We cannot predict if or when new changes may be proposed, what effect such changes may have on our operations, or if they will increase our costs and impair our ability to deliver programming to our customers.

*Other Regulatory Requirements.* The FCC regulates various other aspects of our video business, including, among other things, equal employment opportunity obligations; customer service standards; technical service standards; mandatory blackouts of certain network and syndicated programming; restrictions on political advertising; restrictions on advertising in children's programming; maintenance of public files; emergency alert systems; inside wiring and exclusive contracts for service provided to apartment and condominium complexes; and disability access, including requirements governing video-description and closed-captioning. Each of these regulations restricts our business practices to varying degrees and may impose additional costs on our operations. We cannot predict whether, when or to what extent changes to these and other regulations may affect our operations or costs.

***Voice Services***

Our voice services are subject to varying degrees of Federal and state regulation. Telecommunications services are subject to extensive regulation at both the Federal and state levels while interconnected VoIP services are subject to a lesser degree of regulation.

*Voice Over Internet Protocol.* Service providers, including us and others, offer interconnected VoIP service, which permits users to make voice calls over broadband communications networks, including the internet, to recipients on the public switched telephone network ("PSTN") and other broadband communications networks. Federal law preempts state and local regulatory barriers to the offering of voice service by service providers, and the FCC and Federal courts generally have preempted state laws that seek to regulate or classify VoIP.

The FCC has held that VoIP services are internet protocol-enabled services, which are interstate in nature and thus subject exclusively to the FCC's Federal jurisdiction and not to state regulation. This decision was upheld on appeal, although the FCC has an ongoing proceeding to consider whether VoIP services provided by service providers are properly classified as an "information service," "telecommunications service" or some other new category of service. This determination, once made, could have numerous regulatory implications for service providers that provide interconnected VoIP services, including us. Although the FCC has yet to ascribe a regulatory definition to VoIP services, the FCC nevertheless has imposed numerous obligations on interconnected VoIP service

providers, some of which are discussed more fully below.

In 2017, the U.S. District Court for the District of Minnesota held that the VoIP service of another cable operator was an "information service" rather than a "telecommunications service," which would have made it subject to entry and rate regulation and which prevented the Minnesota Public Utilities Commission from regulating VoIP as a telecommunications service in Minnesota. The district court's decision was upheld on appeal and the U.S. Supreme Court denied review of the case. We cannot predict whether other states will attempt to subject VoIP services to entry and rate regulation, the outcome of such proceedings or how those proceedings may affect our operations or impose costs on our business.





*State Regulation of Telecommunications Services*. We offer telecommunications services as competitive local exchange carriers ("CLECs") through several of our subsidiaries. Providers of telecommunications services usually are required to obtain licenses or authorizations from state regulatory commissions prior to offering intrastate telecommunications services. We hold licenses to provide CLEC telecommunications services in Arkansas, Illinois, Indiana, Kansas, Missouri, Oklahoma and Texas. We also are required to comply with state reporting, fee payment, tariffing and other obligations imposed on telecommunications services. Many states require prior approval for corporate and financial transactions, and compliance with these requirements could delay and increase the cost we incur to complete such transactions. Failure to comply with requirements applicable to telecommunications services could subject us to fines, penalties or other enforcement consequences.

*Incumbent Local Exchange Carrier Regulation*. We offer telecommunications services as an incumbent local exchange carrier ("ILEC") in Missouri through one of our subsidiaries. ILECs generally are subject to more stringent regulation than CLECs. Federal law imposes a variety of duties on all telecommunications carriers providing local telephone services, including requirements to interconnect with other telecommunications carriers; establish reciprocal compensation arrangements for the completion of calls; permit the resale of services; permit users to retain their telephone numbers when changing carriers; and provide competing carriers access to poles, ducts, conduits and rights-of-way. ILECs are subject to additional duties to offer interconnection at any technically feasible point within their networks on non-discriminatory, cost-based terms; offer co-location of competitors' equipment at their premises on a non-discriminatory basis; make available some of their network facilities, features and capabilities, referred to as Unbundled Network Elements, on non-discriminatory, cost-based terms; and offer wholesale versions of their retail services for resale at discounted rates. Our ILEC subsidiary is currently exempt from certain of these obligations because it qualifies as a "rural telephone company" under Federal law. Failure to comply with requirements applicable to ILEC operations could subject us to fines, penalties or other enforcement consequences.

*Emergency 911 Services.* The FCC has ruled that an interconnected VoIP service provider that enables its customers to make calls to and receive calls from persons who use the PSTN must provide its customers with the same enhanced 911 ("E911") features that traditional telephone, telecommunications and wireless companies are obligated to provide. The FCC has also established indoor location requirements when E911 calls are made by interconnected VoIP subscribers. The FCC also requires certain providers of facilities-based fixed, residential voice services, which includes interconnected VoIP service providers, to offer backup power options to consumers and to inform consumers of the availability of such options. In October 2019, the FCC clarified that state, local, and tribal governments cannot charge the same class of subscribers higher total 911 fees for VoIP services than for traditional telecommunications services with the same 911 calling capability.

*CALEA*. FCC regulations require providers of voice services to comply with the requirements of the Communications Assistance for Law Enforcement Act, which requires covered entities and their equipment suppliers to deploy equipment that law enforcement officials can access readily for lawful wiretap purposes.

*Universal Service Contributions.* The FCC has determined that interconnected VoIP service providers must contribute to the Federal Universal Service Fund (the "USF"). Providers of telecommunications service also are required to contribute to the Federal USF. The amount of a company's USF contribution is based on a percentage of revenues earned from end-user interstate and international telecommunications and/or interconnected VoIP services. We are permitted to recover these contributions from our customers. In 2012, the FCC initiated a proceeding that focused on reforming the nature and manner in which entities should contribute to the USF and at what levels. We cannot predict whether and how such reform will occur and the extent to which it may affect providers of VoIP services, including us and our competitors.

States also may impose state USF fees on telecommunications services, and the FCC has determined that states may impose state USF fees on interconnected VoIP service providers subject to certain limitations and requirements. State USF contributions often are based on a percentage of revenues earned from end-user intrastate telecommunications services and/or interconnected VoIP services, and we are typically permitted to recover these contributions from our customers. We cannot predict whether or how the imposition of such state-based universal service fees will affect our operations and business.

*Federal Subsidies and Grants*. The FCC has adopted rules intended to transition the USF so that it supports the build out of broadband rather than telecommunications facilities. Certain of our subsidiaries providing telecommunications services have been designated as eligible telecommunications carriers ("ETCs") and as such receive Federal and state funds for operations in Illinois, Missouri and Oklahoma. We also receive reimbursement from the schools and libraries universal service support program, commonly known as E-rate, and from the Rural Health Care Fund for discounted services provided throughout our service territory. The FCC has several proceedings pending that could affect our ability to continue receiving such Federal funding. We cannot predict whether or how these programs will be changed, or how such changes will affect our operations or business. Our ILEC subsidiary also receives disbursements from the federal USF under Phase 2 of the FCC's Alternative Connect America Cost Model program. To continue to receive such disbursements, we are required to meet certain build-out milestones over the next ten years. We also were a grant recipient under the FCC's Rural Broadband Experiment program, which requires us to meet certain build-out and public service obligations over a five-year period. While we intend to satisfy these build-out obligations within the required timeframes, there can be no assurance that we will complete the build-out in a timely manner or at all. We also cannot predict what impact the costs of complying with the build-out obligations will have on our operations. We will be required to obtain ETC status in additional states to receive funds in connection with RDOF and to meet certain build-out obligations as a condition of receiving RDOF funding.

In addition, the FCC has focused on subsidizing broadband deployment and this shift could help some of our competitors. For example, the FCC revised the program that provides universal service support for services to schools and libraries to shift support from voice services to broadband services and to deployment of Wi-Fi networks. Similarly, the FCC has expanded its Lifeline subsidy program for low-income consumers to cover broadband services in addition to voice services and is considering further changes that may affect the Lifeline program. We cannot predict whether or how these programs will be changed, or the impact such changes will have on our operations or business.

*Intercarrier Compensation.* The FCC regulates switched access service rates imposed by local telecommunications carriers on interexchange carriers for the origination and termination of long-distance telecommunications traffic. The FCC has adopted intercarrier compensation rules under which switched access service rates for all traffic that interconnects with the PSTN were reduced and a uniform bill-and-keep framework for both intrastate and interstate terminating access traffic will result. The reforms required by the FCC's rules are being phased in over a multi-year period. Future FCC determinations regarding the rates, terms and conditions for transporting and terminating such traffic could have a profound and material effect on the profitability of providing voice and data services.

*Customer Proprietary Network Information.* Telecommunications services and interconnected VoIP services are subject to CPNI protections, which extend CPNI protection requirements to such providers. CPNI is information about the quantity, technical configuration, type, location and amount of a voice customer's use. These requirements generally increase the cost of providing voice service, as providers must implement various safeguards to protect CPNI from unauthorized disclosure.

*Access for Persons with Disabilities.* FCC regulations require providers of interconnected VoIP services to comply with all disability access requirements that apply to telecommunications services, including the provision of telecommunications relay services for persons with speech or hearing impairments. The FCC also has adopted reporting requirements associated with disability access obligations. We must also contribute to the interstate Telecommunications Relay Service Fund to support such access. These requirements generally have had the effect of increasing the cost of providing voice services.

*Service Discontinuance and Outage Obligations.* The FCC has adopted rules subjecting providers of interconnected VoIP services to the same service discontinuance requirements applicable to providers of wireline telecommunication services. The FCC has also adopted mandatory outage reporting requirements for interconnected VoIP service providers, which apply when customers of interconnected VoIP service lose service or connectivity and, as a result, are unable to access 911 service. Telecommunications services are subject to similar requirements. Along with other FCC actions described herein that impose legacy telecom obligations on interconnected VoIP providers, this development subjects our interconnected VoIP services to greater regulation and, therefore, greater burdens and costs.

*Regulatory Fees.* The FCC requires telecommunications service and interconnected VoIP service providers to contribute to shared costs of FCC regulation through an annual regulatory fee assessment. These fees have increased our cost of providing voice services. The FCC revises its regulatory fees from time to time and sometimes creates new fees. We cannot predict when or the extent to which the FCC will adopt new rules or regulatory fees affecting telecommunications service and VoIP service providers, which could affect our cost of doing business.

*Local Number Portability.* Providers of telecommunications services and interconnected VoIP services and their "numbering partners" must ensure that their subscribers have the ability to port their telephone numbers when changing service providers. We also must contribute funds to cover the shared costs of local number portability and the costs of the North American Numbering Plan Administration. FCC rules require additional numbering requirements, such as allowing consumers access to abbreviated dialing codes like 211 and 311 in certain circumstances, to be applied to interconnected VoIP service providers. Although consumers' ability to port their existing telephone numbers to interconnected VoIP service has created additional opportunities for us to gain voice customers, the local number portability and associated rules overall have had the effect of increasing the cost of providing voice service.



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*Rural Calling Issues.* The FCC has adopted rules to combat problems with the completion of long-distance calls to rural areas. The rules applied detailed record keeping, record retention and reporting requirements on all voice providers, including VoIP service providers, subject to certain exceptions. The rules also prohibit VoIP service providers (and other voice providers) from using false audible ringing when originating calls.

**State and Local Taxes**

The Internet Tax Freedom Act prohibits most states and localities from imposing taxes on internet access service charges. In addition, the FCC's decision to rescind the majority of the rules adopted in the Open Internet Order may hinder states and localities that seek to impose additional taxes and fees on our data services. Legislative and administrative proceedings in some states and localities have imposed or are considering adopting changes to general business taxes, central assessments for property tax and new taxes and fees applicable to our services. Often, DBS and other competitors that deliver their services over the internet do not face similar state tax and fee burdens.

## ITEM 1A. RISK FACTORS

You should carefully consider all of the information in this Annual Report on Form 10-K and each of the risks described below, which we believe are the principal risks that we face. Some risks relate principally to the securities markets and ownership of our common stock.

Any of the following risks could materially and adversely affect our business, financial results, financial condition and results of operations and the actual outcome of matters as to which forward-looking statements are made in this Annual Report on Form 10-K.

**Risks Relating to Our Business**

***The COVID-19 pandemic has impacted our operations and adversely affected our business, financial results and financial condition, and the duration and***

***extent to which it will continue to do so is uncertain and difficult to predict.***

The COVID-19 pandemic has significantly impacted the United States and other countries, which has resulted in international, Federal, state and local governments implementing numerous measures to try to reduce the spread of the virus that causes COVID-19, including travel restrictions, quarantines, shelter in place or total lock-down orders and business limitations and shutdowns.

We are a part of the United States' critical infrastructure, and our continued operation is essential to connectivity services that are vital during the COVID-19 pandemic. At the same time, the spread of the COVID-19 pandemic has caused us to modify our operations, including restricting our technicians from entering customer homes and businesses; closing or limiting access to local offices and our corporate headquarters for associates, customers and others; limiting non-essential travel for associates; instituting an expanded work-from-home program, including enhancing our technological capabilities to support such efforts; implementing several compensation-related enhancements, including "purpose pay," which provided a 25% premium to base pay for certain associates who were required to leave their homes to perform their essential job functions and was concluded in early September 2020; establishing health protocols and providing personal protective equipment to protect our associates, customers and others; temporarily discontinuing charging data overage fees, waiving late charges and suspending disconnection of data and voice services for residential and business customers who were unable to pay due to disruptions caused by the pandemic, each of which has concluded; and introducing a new lower-cost residential data plan. We have taken and may take further actions required by governmental authorities or that we determine are prudent to support the well-being of our associates, customers, suppliers, business partners and others.





As a result of the COVID-19 outbreak and the related responses by us and from governmental authorities, our operations have been impacted as described above, which has resulted, and may continue to result, in various negative impacts associated with the pandemic, such as reduced revenues from data overage fees, late charges, reconnect fees, and advertising and business services as well as increased expenses, which combined to suppress Adjusted EBITDA in 2020. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Impact of COVID-19*" in this Annual Report on Form 10-K for additional information. Additionally, our business, financial results and financial condition have been and could be further adversely affected in a number of ways, which may include, but are not limited to, the following:

- further disruptions to our regular, ongoing operations and restrictions on our sales and marketing efforts, especially related to business services;
- interruptions to our engineering, design and implementation of plant and infrastructure as well as other important business activities;
- limitations on associate resources and availability, including in our call centers and among our technicians, due to health protocols, sickness, government restrictions, the desire of associates to avoid contact with large groups of people, school closures or other factors, which may further constrain capacity to respond to the increased demand for our products and services;
- the potential further diversion of senior management's attention in the event that key and/or large numbers of associates contract COVID-19 and, consequently, have limited ability or become unable to work;
- interruptions or delays receiving and limited availability of necessary hardware, software and operational supplies, equipment and support;
- possible further reductions of revenues, Adjusted EBITDA and/or Adjusted EBITDA margin and increased expenses as well as greater difficulty in collecting customer receivables resulting from, among other things, our actions to assist customers and support our associates during the COVID-19 crisis;
- a fluctuation in interest rates that could result from market uncertainties;
- an increase in the cost of or the difficulty to obtain debt or equity financing, which could affect our financial condition or our ability to fund operations or future acquisition or investment opportunities;
- a further delay in the implementation of our new ERP system;
- potential legislative or regulatory efforts to impose new requirements on our data services;
- changes to the carrying value of our goodwill and intangible assets; and
- an increase in regulatory restrictions or continued market volatility that could hinder our ability to execute our business strategies, including acquisitions and strategic investments, as well as negatively impact our stock price.

Additionally, the COVID-19 pandemic could negatively affect our internal control over financial reporting, including as a result of a portion of our personnel working from home. Accordingly, new processes, procedures and controls have been and may continue to be required to respond to changes in our business environment.

The potential effects of the COVID-19 pandemic may also impact many of our other risk factors included in this Annual Report on Form 10-K. The degree to which the pandemic impacts our operations, business, financial results and financial condition will depend on future developments, which are highly uncertain, continuously evolving and in many cases cannot be predicted, including, but not limited to, the duration and spread of the pandemic, its severity, the efficacy of vaccines (particularly with respect to emerging strains of the virus), the actions to contain the virus or treat its impact and how quickly and to what extent normal social, economic and operating conditions can resume.

***We face significant competition from other service providers, as well as other well-capitalized entrants in the video and data services industry, which could reduce our market share and lower our profits.***

We operate in a highly competitive, subscriber-driven and rapidly changing industry and compete with a growing number of entities that provide a broad range of communications products, services and content to subscribers. Our competitors have historically included, and we expect will continue to include, DBS providers, telephone companies that offer data and video services through DSL technology or fiber-to-the-node networks, municipalities with fiber-based networks, regional fiber providers and other service providers that have been granted a franchise to operate in a geographic market in which we are already operating.





Our systems generally operate pursuant to franchises, permits and similar authorizations issued by state and local governments. As these franchises are typically non-exclusive, state and local governments can grant additional franchises to other entities and create competition in our markets where none existed previously, resulting in overbuilds. In some cases, the FCC has adopted rules that streamline entry for new competitors (particularly those affiliated with telephone companies) and reduce franchising burdens for these new entrants. Although as a general matter internet service providers have upgraded their data networks to enable faster upload and download speeds for their customers in metropolitan markets before upgrading their data networks in our markets, approximately 18% of our footprint has been overbuilt by high-speed data service providers offering speeds of 100 Mbps or higher. Prior to 2021, we considered residential broadband download speeds of 50 Mbps or higher as speeds comparable to our own. However, we continue to anticipate a slow yet steady growth of new entrants into our markets. Currently, approximately 12% of the residential homes passed in our markets have access to fiber-to-the-premises from our competitors who typically offer only high-speed data service. Further overbuilding could cause more of our customers to purchase data and video services from our competitors instead of from us. We also face increasing competition from wireless telephone companies for residential voice services, as our customers continue to replace our residential voice services completely with wireless voice services. In addition, new entrants with significant financial resources may compete on a larger scale with our video and data services, and as more wireless voice service providers offer unlimited data options, some customers may choose to forgo our data services altogether. We may also face increasing competition from various providers of wireless internet offerings, including wireless telephone carriers that are developing high-speed "5G" wireless networks and public locations or commercial establishments offering Wi-Fi at no cost.

Certain municipalities have also announced plans to construct their own data networks with access speeds that match or exceed ours through the use of fiber-to-the-node or fiber-to-the-premises technology. In some cases, local government entities and municipal utilities may legally compete with us without obtaining a franchise from an LFA, reducing their barriers to entry into our markets. The entrance of municipalities as competitors in our markets would add to the competition we face and could lead to additional customer attrition.

Our video business also faces substantial and increasing competition from other forms of in-home and mobile entertainment, including, among others, Amazon Prime, Apple TV, CBS All Access, Disney+, HBO Max, Hulu, Netflix, Peacock, YouTube TV and an increasing number of new entrants who offer OTT video programming, including many traditional programmers. Because of the significant size and financial resources of many of the companies behind such service offerings, we anticipate that they will continue to invest resources in increasing the availability of video content on the internet, which may result in less demand for the video services we provide. In addition, companies that offer OTT content in certain markets also provide data services, such as Alphabet, and they may seek to increase sales of their streaming content by lowering the cost of data services for their customers, which would further increase price competition for the data services we offer. In addition to creating competition for our video services, OTT content also significantly increases the volume of traffic on our data networks, which can lead to decreases in access speeds for all users if data networks are not upgraded so that their broadband capacity can keep pace with increased traffic.

Competition for dedicated fiber-optic services for enterprise business customers is also intense as both local telephone companies and regional overbuilders offer data and voice services over dedicated fiber connections.

Any of these events could have a material negative impact on our operations, business, financial results and financial condition.

***Our business is characterized by rapid technological change, and if we do not adapt to technological changes and respond appropriately to changes in consumer demand, our competitive position may be harmed.***

Our success is, to a large extent, dependent on our ability to acquire, develop, adopt, upgrade and exploit new and existing technologies to address changing consumer demands and distinguish our services from those of our competitors. We may not be able to accurately predict technological trends or the success of new products and services. If we choose technologies or equipment that are less effective, cost-efficient or attractive to our customers than those chosen by our competitors, or if we offer services that fail to appeal to consumers, that are not available at competitive prices or that do not function as expected, our competitive position could deteriorate and our business and financial results could suffer.

The ability of some of our competitors to introduce new technologies, products and services more quickly than we can may adversely affect our competitive position. Furthermore, advances in technology, decreases in the cost of existing technologies or changes in competitors' product and service offerings may require us in the future to make additional research and development expenditures or to offer at no additional charge or at a lower price certain products and services that we currently offer to customers separately or at a premium.





In addition, we generally seek to leverage overall industry experience before rolling out new technology in order to avoid investing in technology that has not been proven successful in other markets. We implement this approach to avoid costly mistakes made by early adopters of new technology that does not provide expected returns, and it exposes us to the risk that one of our competitors will adopt successful new technology before us and leverage this new technology to attract our customers, increasing the level of customer attrition we experience and adversely affecting our business.

***Business services sales increasingly contribute to our results of operations, and we face risks as we attempt to further focus on sales to our business customers.***

Growth in revenue from sales to our business customers in legacy Cable One markets was 6.5% in 2020 after exceeding 10% for each year between 2019 and when

we started focusing on business services sales in 2011. During 2020, the COVID-19 pandemic and our associated responses, including business sales associates working from home, resulted in suppressed sales growth from small business customers. We may encounter additional challenges as we continue our initiative to expand sales of data, voice and video services to our business customers. To accommodate this expansion, we expect to commit a greater proportion of our expenditures on technology, equipment and personnel toward our business customers. If we are unable to sufficiently maintain the necessary infrastructure and internal support functions necessary to service these customers, potential future growth of our business services revenues would be limited. In many cases, business customers have service level agreements that require us to provide higher standards of service and reliability. If we are unable to meet our service level requirements, or more broadly, the expectations of our business customers, or if pandemic-related headwinds associated with business sales continue, our business sales may not increase and our results of operations may be materially negatively affected.

***The increase in programming costs and retransmission fees may continue in the future, resulting in lower margins than we anticipate.***

Over the past few years, the sales margins on our residential video services, which accounted for 25.1%, 28.7% and 32.0% of our total revenues in 2020, 2019 and 2018, respectively, have decreased as a result of increased programming costs and retransmission fees and customer cord-cutting. Programming costs and retransmission fees paid to major programmers and broadcasters may continue to increase as content providers are expected to ask for higher fees. Moreover, programming cost and retransmission fee increases have caused us, and may in the future cause us, to cease carrying channels offered by certain programmers and broadcasters, which may result in attrition of video subscribers as well as customers who subscribe to double-play or triple-play packages that include video service. These customer losses and increased costs could result in further decreases in our residential video margins and adversely impact our business.

***We may not be able to obtain necessary hardware, software and operational support.***

We depend on a limited number of third-party suppliers and licensors to supply some of the hardware and software necessary to provide some of our services, including our access to the network backbone, the modems that we lease to our customers and the delivery of our IPTV video service. Some of these vendors represent our sole source of supply or have, either through contract or as a result of intellectual property rights, a position of some exclusivity. If any of these parties breaches or terminates its agreement with us or otherwise fails to perform its obligations in a timely manner; demand exceeds these vendors' capacity; they experience operating or financial difficulties (including due to general adverse economic conditions); they significantly increase the amount we must pay for necessary products or services or they cease production of any necessary product due to lack of demand, profitability, a change in their ownership or otherwise, then our ability to provide some services may be materially adversely affected. Any of these events could adversely affect our ability to retain and attract subscribers and have a material negative impact on our operations, business, financial results and financial condition.

***We cannot assure you that the Hargray Acquisition will be completed.***

There are a number of risks and uncertainties relating to the Hargray Acquisition. For example, the Hargray Acquisition may not be completed, or may not be completed in the timeframe, on the terms or in the manner currently anticipated, as a result of a number of factors, including, among other things, the failure of one or more of the conditions to closing in the Merger Agreement. There can be no assurance that the conditions to closing of the Hargray Acquisition will be satisfied or waived or that other events will not intervene to delay or result in the failure to close the Hargray Acquisition. The Merger Agreement may be terminated by the parties thereto under certain circumstances, including, without limitation, if the Hargray Acquisition has not been completed on or before the six-month anniversary of the Merger Agreement, which period may be extended by one month if all conditions to closing shall have been satisfied or waived (other than conditions that by their nature are to be satisfied at the closing) other than those relating to certain regulatory approvals.

***We may fail to realize the benefits anticipated as a result of the Hargray Acquisition.***

The success of the Hargray Acquisition will depend, in part, on our ability to realize the anticipated business opportunities and growth prospects from combining Hargray with our business. We may never realize these business opportunities and growth prospects. We may devote significant senior management attention and resources to preparing for and then integrating our business practices and operations with those of Hargray. We may fail to realize some of the anticipated benefits of the Hargray Acquisition if the integration process takes longer than expected or is more costly than expected.

***We and Hargray will be subject to business uncertainties while the Hargray Acquisition is pending that could adversely affect our and their business.***

Uncertainty about the effect of the Hargray Acquisition on associates and customers may have an adverse effect on us and Hargray. Although we and Hargray intend to take actions to reduce any adverse effects, these uncertainties may impair our and their ability to attract, retain and motivate key personnel until the Hargray Acquisition is completed and for a period of time thereafter. These uncertainties could cause customers, suppliers and others that deal with us and/or Hargray to seek to change existing business relationships. In addition, associate retention could be reduced during the pendency of the Hargray Acquisition as associates may experience uncertainty about their future roles. If, despite our and Hargray's retention efforts, key associates depart because of concerns relating to the uncertainty and difficulty of the integration process or a desire not to remain with us, our business could be harmed.





***We recently made several acquisitions and strategic investments, and may make other acquisitions and strategic investments, which expose us to risks and uncertainties associated with acquisitions and strategic investments.***

We completed the NewWave acquisition in May 2017, the Clearwave acquisition in January 2019, the Fidelity acquisition in October 2019 and the MBI investment in November 2020. On February 12, 2021, we entered into a definitive agreement to acquire the equity interests in Hargray that we do not already own. In addition, we have made and may make other acquisitions and strategic investments (each such acquired business or investee, a "Strategic Acquiree" and, collectively, the "Strategic Acquirees"). Such acquisitions and strategic investments could involve a number of risks and uncertainties, including:

- uncertainties as to the timing of any acquisition or strategic investment and the risk that such transactions may not be completed in a timely manner or at all;

- the possibility that any or all of the conditions to the consummation of any acquisition or strategic investment may not be satisfied or waived, including failure to receive any required regulatory approvals (or any conditions, limitations or restrictions placed in connection with such approvals);
- uncertainties related to our ability to obtain any necessary financing to complete any acquisition or strategic investment;
- the difficulty in integrating new Strategic Acquirees and their operations in an efficient and effective manner;
- the challenge in achieving strategic objectives, cost savings and other anticipated benefits;
- the potential loss of key associates of a Strategic Acquiree and the difficulties of integrating personnel;
- the potential diversion of senior management's attention from our ongoing operations;
- the difficulty of maintaining relationships with the customers, suppliers and other business partners of a Strategic Acquiree;
- the potential loss of brand recognition, customer loyalty or reputation from any rebranding efforts;
- the difficulty and amount of time necessary to realize expected synergies and other benefits of the acquisitions or strategic investments;
- the risks associated with integrating financial reporting and internal control systems as well as with creating uniform standards, procedures, policies and information systems;
- the difficulty in adapting and expanding information technology systems and other business processes to incorporate the Strategic Acquirees;
- potential future impairments of goodwill associated with the Strategic Acquirees;
- in some cases, the potential for increased regulation;
- risks relating to minority ownership positions in our strategic investments, including our initial minority ownership position in MBI, such as our ability to appoint only a minority of members of the board of managers of MBI, the fact that the managers of MBI will not owe the same fiduciary duties to us that directors of a corporation would owe to stockholders and the limited category of transactions for which our consent will be needed under MBI's operating agreement; and
- uncertainties related to the exercise of the Call Option or the Put Option (each as defined below) in the MBI investment, including our ability to finance the purchase of the remaining equity interests in MBI on terms acceptable to us or at all.

If a Strategic Acquiree fails to operate as anticipated, cannot be successfully integrated with our existing business or other risks and uncertainties, including one or more of the risks and uncertainties identified above, occur in connection with our acquisitions and strategic investments, our operations, business, results of operations and financial condition could be materially negatively affected.

***Implementation of our new ERP system could disrupt business operations.***

We are planning to implement a new ERP system by the summer of 2021. The implementation requires significant investments of time, money and resources and may result in the diversion of senior management's attention from our ongoing operations. Furthermore, the implementation will result in changes to many of our existing operational, financial and administrative business processes, including, but not limited to, our budgeting, purchasing, receiving, provisioning, servicing, accounting and reporting processes. The new ERP system will require both the implementation of new internal controls and changes to existing internal control frameworks and procedures. If unexpected delays, such as the unanticipated implementation delay experienced due to the COVID-19 pandemic, technical problems or other significant issues arise in connection with the implementation, it could have a material negative impact on our operations, business, financial results and financial condition.





***We rely on network and information systems and other technology, and a disruption or failure of such networks, systems or technology as a result of cybersecurity incidents, as well as outages, natural disasters (including extreme weather), pandemics, terrorist attacks, accidental releases of information or similar events, may disrupt our business.***

Network and information systems and other technologies are critical to our operating activities, both to internal uses and in supplying data, video and voice services to customers. Network or information system shutdowns or other service disruptions caused by cyber-attacks, such as distributed denial of service attacks, ransomware, dissemination of malware and other malicious activity, pose increasing risks. Both unsuccessful and successful cyber-attacks on companies, including ours, have continued to increase in frequency, scope and potential harm in recent years and, because the techniques used in such attacks have become more sophisticated and change frequently, we may be unable to anticipate these techniques or implement adequate preventative measures. From time to time, third parties make malicious attempts to access our network or the networks of third-party vendors we use. Cyber-attacks could result in an unauthorized release of information, degradation to our network and information systems or disruption to our data, video and voice services, all of which could adversely affect our reputation and results of operations.

Our network and information systems are also vulnerable to damage or interruption from power outages, natural disasters (including extreme weather arising from

short-term weather patterns or any long-term changes), pandemics, terrorist attacks and similar events, and the individuals responsible for such systems may also be imperiled by certain such events. For example, prior to 2018, the damage to our network infrastructure caused by Hurricanes Harvey and Katrina and the Joplin, Missouri tornado each created a significant disruption in our ability to provide services in affected areas. Any similar events could have an adverse impact on us and our customers in the future, including degradation of service, service disruption, excessive call volume to call centers and damage to our plant, equipment, data and reputation. Such an event also could result in large expenditures necessary to repair or replace such networks or information systems or to protect them from similar events or damage in the future. Further, the impacts associated with extreme weather or any long-term changes, such as intensified storm activity, may cause increased business interruptions.

***Security breaches and other disruptions, including cyber-attacks, and our actual or perceived failure to adequately protect business and consumer data could give rise to liability or reputational harm.***

In the ordinary course of our business, we electronically maintain confidential, proprietary and personal information in our information technology systems and networks and those of third-party vendors, including customer, personnel and vendor data. These systems have been, and may continue to be, targets of attack by cyber criminals or other wrongdoers seeking to steal such information for financial gain or to harm our business operations or reputation. The loss, misuse, compromise, leakage, falsification or accidental release of such information has resulted, and may in the future result, in costly investigations, remediation efforts and notification to affected consumers, personnel and/or vendors. For example, in 2019 we identified an information security incident that could affect the personal information of some of our current and former associates as well as, in some cases, their dependents, beneficiaries and others. Cyber-attacks have consumed, and may in the future consume, internal resources, and they could also adversely affect our operating results and result in government investigations, fines and penalties, litigation or potential liability for us and otherwise harm our business.

Various Federal, state and international laws and regulations govern the collection, use, retention, sharing and security of consumer data and sensitive personal information that could be used to commit identity theft. This area of the law is evolving, and interpretations of applicable laws and regulations differ. Legislative and regulatory activity in the privacy area may result in new laws that are relevant to our operations, for example, use of consumer data for marketing or advertising. Claims of failure to comply with our privacy policies or applicable laws or regulations could form the basis of governmental or private-party actions against us. Such claims and actions may cause damage to our reputation and could have an adverse effect on our business.

We also are subject to stringent data security and data retention requirements that apply to website operators and online services directed to children under 13 years of age, or that knowingly collect or post personal information from children under 13 years of age. Other privacy oriented laws have been extended by courts to online video providers and are increasingly being used in privacy lawsuits, including class actions, against providers of video materials online. Most states have security breach notification laws that generally require a business to give notice to consumers and government agencies when certain information has been disclosed due to a security breach, and the FCC has adopted security breach rules for voice services. Several states have also enacted general data security requirements to safeguard consumer information, including the proper disposal of consumer information. We cannot predict whether, when or to what extent these obligations may impose costs on or otherwise adversely affect our business.



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***Intellectual property and proprietary rights of others could prevent us from using necessary technology to provide our services or subject us to expensive intellectual property litigation.***

We periodically receive claims from third parties alleging that our network and information technology infrastructure infringes the intellectual property rights of others. We are sometimes named as joint defendants in these suits together with other providers of data, video and voice services. Typically, these claims allege that aspects of our system architecture, electronic program guides, modem technology or VoIP services infringe on process patents held by third parties. It is likely that we will continue to be subject to similar claims as they relate to our business. Addressing these claims is a time-consuming and expensive endeavor, regardless of the merits of the claims. In order to resolve such a claim, we could determine the need to change our method of doing business, enter into a licensing agreement or incur substantial monetary liability. It is also possible that our business could be enjoined from using the intellectual property at issue, causing us to significantly alter our operations. If any such claims are successful, then the outcome would likely affect our services utilizing the intellectual property at issue and could have a material adverse effect on our operating results.

**Risks Relating to Regulation and Legislation**

***The profitability of our data service offerings may be impacted by legislative or regulatory efforts to impose net neutrality and other new requirements on cable operators.***

The majority of our Adjusted EBITDA less capital expenditures comes from residential data services, and a majority of our residential customers are data-only. We have aligned our resources to emphasize increased sales of data services as well as sales to business customers. In order to continue to generate Adjusted EBITDA less capital expenditures at our desired level from data services, we need the continued flexibility to develop and refine business models that respond to changing consumer uses and demands and to manage data usage efficiently, including by charging our data subscribers higher rates based on the speed as well as overall bandwidth capacity available to, or used by, them, referred to as “usage-based billing.” Our ability to implement usage-based billing or other network management initiatives in the future may be restricted by any new net neutrality requirements on cable operators.

To the extent the FCC in the future limits our ability to price our data services, we may not be able to generate the margins on our data services that we anticipated in shifting our focus from video to data services, and our business could be materially negatively impacted. While the FCC has eliminated most net neutrality requirements, the FCC, Congress, states or the courts may revisit this determination in the future. For example, Congress and numerous states, including Minnesota and Missouri (where we have subscribers) have proposed legislation and/or administrative actions that would lead to increased regulation of our provision of data services, including proposed rules regarding net neutrality. Several states, including Oregon and Washington (where we also have subscribers), have adopted legislation that requires entities providing broadband internet access service in the state to comply with net neutrality requirements or that prohibits state and local government agencies from contracting with internet service providers that engage in certain network management activities based on paid prioritization, content blocking or other discrimination. Further, current rules only require that a portion of revenues from VoIP services be contributed to the USF and USF is not applied

to broadband services. The changes brought about by how USF monies are distributed may provide funding and subsidies to those who either compete with us or seek to compete with us and therefore put us at a competitive disadvantage. Moreover, if the FCC imposes USF fees on broadband services, bundled services or a larger portion of VoIP services, it would increase the cost of our services and harm our ability to compete.

The regulation of broadband activities, including net neutrality obligations, and any related court decisions could cause us to incur additional compliance costs, restrict our ability to profit from our existing broadband network, limit the return we can expect to achieve on past and future investments in our broadband networks and adversely affect our business. We cannot predict what, if any, proposals might be adopted or what effect they might have on our business.

***Our video and voice services are subject to additional regulation by Federal, state and local authorities, which may impose additional costs and restrictions on our businesses.***

Our video services business operates in a highly regulated environment. Our systems generally operate pursuant to franchises, permits and similar authorizations issued by states or local governments controlling the public rights-of-way, which typically are non-exclusive and limited in time, contain various conditions and limitations and provide for the payment of fees to the local authority, determined generally as a percentage of revenues. Failure to comply with all of the terms and conditions of a franchise may give rise to rights of termination by the franchising authority.





We have the ability, pursuant to the Copyright Act, under certain terms and conditions and assuming that any applicable retransmission consents have been obtained, to retransmit the signals of television stations pursuant to a compulsory copyright license. From time to time, revisions to the cable compulsory copyright rules are considered. It is possible that changes in the rules or copyright compulsory license fee computations or compliance procedures could have an adverse effect on our business by, for example, increasing copyright compulsory license fee costs or by causing us to reduce or discontinue carriage of certain broadcast signals that we currently carry on a discretionary basis. Copyright clearances for non-broadcast programming services are arranged through private negotiations. Cable operators also must obtain music rights for locally originated programming and advertising from the major music performing rights organizations. These licensing fees have been the source of litigation in the past, and we cannot predict with certainty whether license fee disputes may arise in the future.

In addition, Congress, the FCC and other government agencies have implemented regulations that affect the types of set-top boxes that we can lease or deploy to our subscribers, and we expect these regulations may change in the future. The imposition of energy conservation regulations on the hardware products we provide to our customers could impede innovation and require mandatory upgrades in our set-top boxes and be costly to us. In addition, the FCC may revisit adopting rules requiring any retail video device to work on any cable operator’s system. Various parties continue to advocate to Congress and the administrative agencies for new regulatory approaches to reduce consumer dependency on traditional operator-provided set-top boxes. We cannot predict when, whether or to what extent any of these types of proposals will be adopted or how they will affect our operations.

Our telecommunications services are subject to heightened regulatory scrutiny, and our interconnected VoIP services are also subject to a growing degree of regulation. Complying with these regulations may increase the costs we incur and decrease the revenues we derive from our voice business. While the compliance costs associated with the current regulatory structure applicable to our voice services are manageable, changes in this regulatory structure are unpredictable and have the potential to further negatively impact our voice services by increasing compliance costs and/or taxes.

***Our cable system franchises are subject to non-renewal or termination. The failure to renew a franchise in one or more markets could adversely affect our business.***

Many of the LFAs from whom we have obtained franchises, permits and similar authorizations required to operate our video services business have established comprehensive facilities and service requirements as well as specific customer service standards and monetary penalties for non-compliance. In many cases, our franchises are terminable if we fail to comply with significant provisions set forth in the applicable franchise agreement governing our video operations. Franchises are generally granted for fixed terms and must be periodically renewed. LFAs may resist granting a renewal if either past performance or the prospective operating proposal is considered inadequate. LFAs often demand concessions or other commitments as a condition to renewal. The traditional cable franchising regime has undergone significant change as a result of various Federal and state actions. Some state franchising laws do not allow us to immediately opt into favorable statewide franchising. In many cases, state franchising laws will result in fewer franchise-imposed requirements for our competitors who are new entrants than for us, until we are able to opt into the applicable state franchise. We cannot assure that we will be able to comply with all significant provisions of our franchise agreements and certain of our franchisers have from time to time alleged that we have not complied with these agreements. Additionally, although historically we have renewed our franchises without incurring significant costs, we cannot assure that we will be able to renew, or to renew as favorably, our franchises in the future. A termination of or a sustained failure to renew a franchise in one or more markets could materially negatively affect our business in the affected geographic area.

In addition, certain of our franchise agreements require that the applicable LFA approve a transfer of control of the Company. Although FCC rules provide that a transfer application shall be deemed granted if it is not acted upon within 120 days after submission, as a practical matter, cable operators often waive the deadline if the LFA has not completed its review to facilitate discussions and thereby avoid an LFA denying the transfer of control. Failure to obtain such consents on commercially reasonable and satisfactory terms may impair our entitlement to the benefit of these franchise agreements in the event of a potential transfer of control of the Company.

***We may encounter increased pole attachment costs.***

Federal law requires most telephone companies and electric power utilities owning utility poles to provide cable systems with access to poles and underground conduits. Federal law also requires those utilities to charge reasonable rates to cable operators for utilizing space on such poles or in such underground conduits. The FCC’s pole attachment rules contain a formula for calculating pole rental rates that provide for similar rates for telecommunications attachments and cable attachments and prohibit utility companies from charging higher rates for pole attachments used to provide broadband internet access service. The FCC has also adopted rules to facilitate new attachments, including a one-touch make-ready procedure for new attachments. As a general matter, changes to our pole attachment rate structure could significantly increase our annual pole attachment costs and materially negatively impact our operations, business, financial condition and

results of operations.



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***Changes in broadcast carriage regulations could impose significant additional costs.***

Although we would likely choose to carry all primary video feeds of local broadcast stations in the markets in which we operate voluntarily, so-called "must carry" rules could, in the future, require us to carry some local broadcast television signals on some of our systems that we might not otherwise carry. If the FCC seeks to revise or expand the "must carry" rules, such as to require carriage of multicast streams, we would be forced to carry video programming that we would not otherwise carry and potentially drop other, more popular programming in order to free capacity for the required programming, which could make us less competitive. Moreover, if the FCC adopts rules that are not competitively neutral, cable operators could be placed at a disadvantage versus other video providers.

The FCC recently took steps to relax its media ownership rules, including restrictions on the number of commonly owned television stations per market as well as on newspaper/broadcast and radio/television station cross-ownership. However, the FCC's new rules were overturned by a Federal court, which remanded the matter to the FCC for further proceedings. The matter is now pending before the U.S. Supreme Court. We cannot predict the outcome of the ongoing reviews by the FCC and the courts, and whether or to what extent any further revisions of the rules by the FCC or the courts may affect our operations or impose costs on our business. Changes to relax the media ownership rules would likely lead to increased consolidation of the television broadcast stations and station groups, with a corresponding increase in the negotiating leverage that broadcasters and station groups hold in retransmission consent negotiations, thereby possibly increasing the amounts we pay to broadcasters for retransmission consent.

Additional government-mandated broadcast carriage obligations, including those related to the FCC's enhanced technical broadcasting option (Advanced Television Systems Committee 3.0), could disrupt existing programming commitments and increase our costs of carrying such programming.

**Risks Relating to Our Indebtedness**

***We have incurred indebtedness, including in connection with various acquisitions, and the degree to which we are now leveraged may have a material adverse effect on our business, financial condition or results of operations and cash flows.***

As of December 31, 2020, we had approximately $2.2 billion of outstanding indebtedness. Our ability to make payments on and to refinance our indebtedness, including the debt incurred in connection with acquisitions, as well as any future debt that we may incur, will depend on our ability to generate cash in the future from operations, financings or asset sales. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors, some of which are beyond our control.

***The terms of our indebtedness restrict our current and future operations, particularly our ability to incur debt that we may need to fund initiatives in response to changes in our business, the industries in which we operate, the economy and governmental regulations.***

The terms of our indebtedness include a number of restrictive covenants that impose significant operating and financial restrictions on us and limit our ability to engage in actions that may be in our long-term best interests. These may restrict our ability to take some or all of the following actions:

- incur or guarantee additional indebtedness or sell disqualified or preferred stock;
- pay dividends on, make distributions in respect of, repurchase or redeem, capital stock;
- make acquisitions or investments;
- sell, transfer or otherwise dispose of certain assets;
- create or allow to exist liens;



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- enter into sale/leaseback transactions;
- enter into agreements restricting the ability to pay dividends or make other intercompany transfers;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our or our subsidiaries' assets;
- enter into transactions with affiliates;
- prepay, repurchase or redeem certain kinds of indebtedness;
- issue or sell stock of our subsidiaries; and/or
- significantly change the nature of our business.

As a result of all of these restrictions, we may be:

- limited in how we conduct our business and pursue our strategy;
- unable to raise additional debt financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities, including acquisitions and strategic investments.

A breach of any of these covenants, if applicable, could result in an event of default under the terms of our indebtedness. If an event of default occurs, the lenders would have the right to accelerate the repayment of such debt and the event of default or acceleration may result in the acceleration of the repayment of any other of our debt to which a cross-default or cross-acceleration provision applies. Furthermore, the lenders of this indebtedness may require that we pledge our assets as collateral as security for our repayment obligations. If we were unable to repay any amount of this indebtedness when due and payable, the lenders could proceed against the collateral that secures this indebtedness. In the event our creditors accelerate the repayment of our borrowings, we may not have sufficient assets to repay such indebtedness and our financial condition will be materially negatively affected.

***We have variable rate indebtedness that subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.***

As of the end of 2020, we had approximately $1.5 billion of outstanding term loans and an additional $470.4 million of undrawn revolving credit capacity with variable rates of interest that expose us to interest rate risks. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remains the same, and our net income and cash flows will correspondingly decrease. In addition, we will be exposed to the risk of rising interest rates to the extent that we fund our operations with additional short-term or variable-rate borrowings. We have entered into and in the future may enter into additional interest rate swaps in order to hedge against future interest rate volatility. We may elect not to maintain such interest rate swaps with respect to our variable rate indebtedness, if any, and any swaps we have entered into or may enter into may not fully mitigate our interest rate risk. As a result, our financial condition, results of operations and cash flows could be materially negatively affected.

**Risks Relating to Our Common Stock and the Securities Market**

***We cannot assure you that we will continue to pay dividends on our common stock, and our indebtedness limits our ability to pay dividends on our common stock.***

The timing, declaration, amount and payment of future dividends to stockholders falls within the discretion of our Board. Our Board's decisions regarding the amount and payment of future dividends will depend on many factors, including our financial condition, earnings, capital requirements of our business and covenants associated with debt obligations, as well as legal requirements, regulatory constraints, industry practice and other factors that our Board deems relevant. There can be no assurance that we will continue to pay any dividend in the future.





***Certain provisions in our Amended and Restated Certificate of Incorporation and Amended and Restated By-laws and Delaware law may discourage takeovers and the concentration of ownership of our common stock will affect the voting results of matters submitted for stockholder approval.***

Several provisions of our Amended and Restated Certificate of Incorporation, Amended and Restated By-laws and Delaware law may discourage, delay or prevent a merger or acquisition that is opposed by our Board or certain stockholders holding a significant percentage of the voting power of our outstanding voting stock. These include provisions that:

- prior to the full declassification of our board following our annual meeting of stockholders to be held in 2023, divide our Board into three classes of directors, standing for election on a staggered basis, such that only approximately one-third of the directors constituting our Board may change each year;
- do not permit our stockholders to act by written consent and require that stockholder action must take place at an annual or special meeting of our stockholders;
- provide that only our Chief Executive Officer and a majority of our directors, and not our stockholders, may call a special meeting of our stockholders;
- require the approval of our Board or the affirmative vote of stockholders holding at least 66 2/3% of the voting power of our capital stock to amend our Amended and Restated By-laws; and
- limit our ability to enter into business combination transactions with certain stockholders.

These and other provisions of our Amended and Restated Certificate of Incorporation, Amended and Restated By-laws and Delaware law may discourage, delay or prevent certain types of transactions involving an actual or a threatened acquisition or change in control of the Company, including unsolicited takeover attempts, even though the transaction may offer our stockholders the opportunity to sell their shares of our common stock at a price above the prevailing market price.

***Our Amended and Restated Certificate of Incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, associates or stockholders.***

Our Amended and Restated Certificate of Incorporation provides that, subject to limited exceptions, the Court of Chancery of the State of Delaware will be the sole

and exclusive forum for any (i) derivative action or proceeding brought on behalf of the Company, (ii) action asserting a claim of breach of a fiduciary duty owed by any director, officer or associate of the Company to the Company or the Company's stockholders, (iii) action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law (the "DGCL") or (iv) action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our Amended and Restated Certificate of Incorporation described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other associates, which may discourage such lawsuits against us and our directors, officers and associates. Alternatively, if a court were to find these provisions of our Amended and Restated Certificate of Incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

**General Risk Factors**

***Adverse conditions in the U.S. economy could impact our results of operations.***

Unfavorable general economic conditions, such as a recession or economic slowdown in the United States and the continuing impact of the COVID-19 pandemic, could negatively affect the affordability of and demand for some of our products and services. In difficult economic conditions, consumers may seek to reduce discretionary spending by forgoing purchases of our products and services, electing to use fewer higher margin products and services or obtaining lower cost products and services offered by other companies. Similarly, under these conditions the business customers that we serve in the United States may delay purchasing decisions, delay full implementation of service offerings or reduce their use of services. In addition, adverse economic conditions may lead to an increased number of our residential and business customers that are unable to pay for services. If any of these events were to occur, it could have a material negative effect on our operations, business, financial condition and results of operations.



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***Our stock price may fluctuate significantly, depending on many factors, some of which may be beyond our control.***

The market price of our common stock may fluctuate significantly, depending on many factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in our operating results due to factors related to our business;
- success or failure of our business strategies;
- our quarterly or annual earnings, or those of other companies in our industry;
- our ability to obtain financing as needed;
- announcements by us or our competitors of significant acquisitions, dispositions or strategic investments;
- changes in accounting standards, policies, guidance, interpretations or principles;
- the failure of securities analysts to cover, or maintain coverage of, our common stock;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of other comparable companies;
- investor perception of the Company and our industry;
- overall market fluctuations;
- results from any material litigation or government investigation;
- changes in laws and regulations (including tax laws and regulations) affecting our business;
- changes in capital gains taxes and taxes on dividends affecting stockholders; and
- general economic conditions and other external factors.

Low trading volume for our stock, which may occur if an active trading market is not sustained, among other reasons, would amplify the effect of the above factors on our stock price volatility.

Stock markets in general can experience volatility that is unrelated to the operating performance of a particular company. These broad market fluctuations could adversely affect the trading price of our common stock.

***Your percentage ownership in the Company may be diluted in the future.***

Your percentage ownership in the Company may be diluted in the future because of equity awards granted, and that we expect to grant in the future, to our directors, officers and other associates. In addition, we may issue equity as all or part of the financing or consideration paid for acquisitions and strategic investments that we may make in the future or as necessary to fund our ongoing operations.

***Any damage to our reputation or brand image could adversely affect our business, financial condition or results of operations.***

Maintaining a positive reputation and brand image are important factors impacting our ability to sell our products and services. The speed at which negative publicity is disseminated has increased dramatically through the use of electronic communication, including social media, websites and blogs. Our success in maintaining our brand image depends on our ability to adapt to this rapidly changing media environment. Adverse publicity or negative commentary in any media outlet could damage our reputation and reduce the demand for our products and services, which would adversely affect our business. Our reputation or brand image could be adversely impacted by negative publicity, commentary or communications (whether or not valid), including related to the following topics: our failure to maintain high ethical and social practices in all of our operations and activities; our failure to be perceived as appropriately addressing matters of social responsibility; our use of social media; or public perception of statements or positions made or taken by us, including our executives and associates.





***If we are unable to retain key associates, our ability to manage our business could be adversely affected.***

Our operational results have depended, and our future results will depend, upon the retention and continued performance of our management team. The competitive environment for management talent in the broadband communications industry could adversely impact our ability to retain and hire new key associates for management positions. The loss of the services of key members of management and the inability or delay in hiring new key associates could adversely affect our ability to manage our business and our future operational and financial results.

***Our ability to incur future indebtedness, whether for general corporate purposes or for acquisitions and strategic investments, may not be available on favorable terms, or at all.***

We may need to seek additional financing for our general corporate purposes or for acquisitions and strategic investments in the future. We may be unable to obtain additional indebtedness on terms favorable to us, or at all, including because of the terms of our current indebtedness. If adequate funds are not available on acceptable terms, we may be unable to fund our future activities, which could negatively affect our business. If we raise additional funds through the issuance of equity securities, our stockholders could experience dilution of their ownership interest. If we raise additional funds by issuing debt, we may be subject to limitations on our operations due to restrictive covenants.

***Our Amended and Restated Certificate of Incorporation includes provisions limiting the personal liability of our directors for breaches of fiduciary duty under the DGCL.***

Our Amended and Restated Certificate of Incorporation contains a provision permitted under the DGCL relating to the liability of directors. This provision eliminates a director's personal liability to the fullest extent permitted by the DGCL for monetary damages resulting from a breach of fiduciary duty; provided that such provision will not eliminate or limit a director's liability:

- for any breach of the director's duty of loyalty;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law;
- under Section 174 of the DGCL (including for unlawful dividends); or
- for any transaction from which the director derives an improper personal benefit.

The principal effect of the limitation on liability provision is that a stockholder will be unable to prosecute an action for monetary damages against a director unless the stockholder can demonstrate a basis for liability for which indemnification is not available under the DGCL. This provision, however, should not limit or eliminate our rights or any stockholder's rights to seek non-monetary relief, such as an injunction or rescission, in the event of a breach of a director's fiduciary duty. This provision will not alter a director's liability under federal securities laws. The inclusion of this provision in our Amended and Restated Certificate of Incorporation may discourage or deter stockholders or management from bringing a lawsuit against directors for a breach of their fiduciary duties, even though such an action, if successful, might otherwise have benefited us and our stockholders.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.





## ITEM 2. PROPERTIES

Our headquarters is located in Phoenix, Arizona. The majority of the offices and headend facilities of our individual systems are located in buildings owned by us.

Our principal physical assets consist of our broadband plant and equipment, including signal receiving, encoding and decoding devices, headend facilities, fiber-optic transport and distribution networks and customer premise equipment for each of our systems. Our broadband plant and related equipment generally attach to utility poles under pole rental agreements with local public utilities and telephone companies, although in certain areas our transport and distribution network is buried in underground ducts or trenches. We own or lease real property for signal reception sites and own most of our service vehicles.

The physical components of our broadband network requires maintenance and periodic upgrades to improve performance and capacity and support existing and new services and products. We also operate a network operations center that monitors our network at all times.

We believe that our properties are generally in good condition and are suitable and adequate to support our operations.

## ITEM 3. LEGAL PROCEEDINGS

In the ordinary course of business, we periodically receive claims from third parties alleging that our network and information technology infrastructure infringes the intellectual property rights of others. We have sometimes been named as joint defendants in these suits together with other providers of data, video and voice services. Typically these claims allege that aspects of our system architecture, electronic program guides, modem technology or VoIP services infringe on process patents held by third parties. In addition, we have been subject to various civil lawsuits in the ordinary course of business, including contract disputes, actions alleging negligence, invasion of privacy, violations of applicable wage and hour laws and statutory and common law claims involving various other matters. We do not view any of these proceedings as material to our business and are currently not subject to any other material legal proceedings.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.



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# PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

**Market Information**

Our common stock is publicly traded under the ticker symbol "CABO" on the New York Stock Exchange.

**Holders**

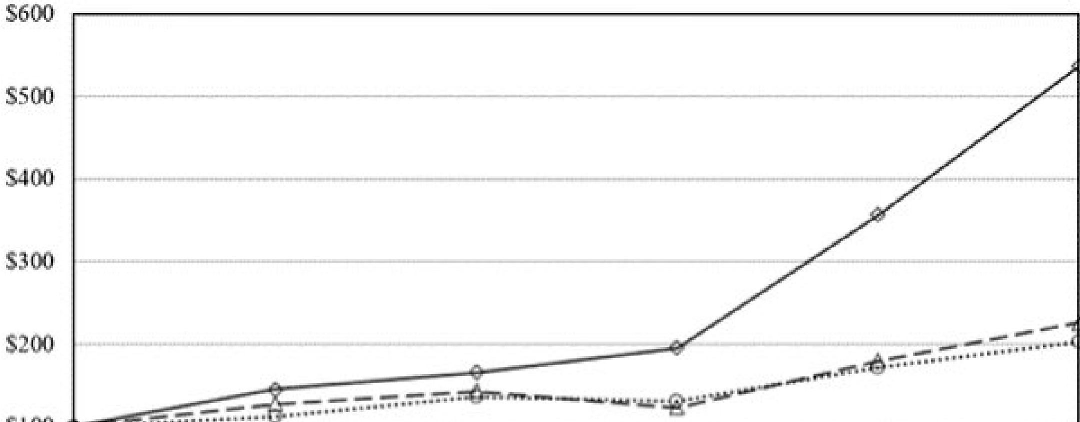
As of February 19, 2021, there were approximately 735 holders of record of our common stock.

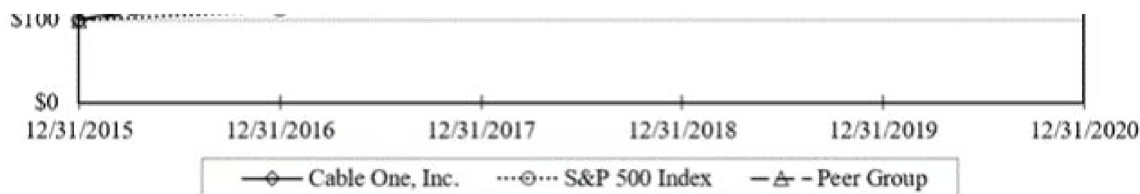
**Dividends**

We currently expect to continue to pay comparable quarterly cash dividends on shares of our common stock, subject to approval of the Board.

**Performance Graph**

The following graph compares the cumulative total stockholder return of our common stock between December 31, 2015 and December 31, 2020 with the cumulative total returns of the Standard & Poor's 500 Stock Index and a custom peer group index (the "Peer Group"). For purposes of this graph, it assumes a hypothetical $100 investment on December 31, 2015 and that dividends, if any, were reinvested. The Peer Group of data, video and voice services companies consists of Altice USA, Inc. (beginning June 22, 2017, when it first became a publicly traded company); Charter Communications, Inc.; Comcast Corporation; and WideOpenWest, Inc. (beginning May 25, 2017, when it first became a publicly traded company).






| | 12/31/2015 | 12/31/2016 | 12/31/2017 | 12/31/2018 | 12/31/2019 | 12/31/2020 |
|---|---|---|---|---|---|---|
| Cable One, Inc. | $ 100.00 | $ 145.11 | $ 165.75 | $ 195.19 | $ 356.86 | $ 536.80 |
| S&P 500 Index | $ 100.00 | $ 111.96 | $ 136.40 | $ 130.42 | $ 171.49 | $ 203.04 |
| Peer Group | $ 100.00 | $ 127.22 | $ 142.77 | $ 123.45 | $ 179.88 | $ 226.13 |

**Source: S&P Global Market Intelligence**
**© 2021**

The stock price performance shown on this graph is based on historical results and is not necessarily indicative of future stock price performance. The graph is furnished solely to accompany this Annual Report on Form 10-K and is not being filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities under that section, and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act.





**Purchases of Equity Securities by the Issuer**

The following table sets forth certain information relating to the purchases of our common stock by us and any affiliated purchasers within the meaning of Rule 10b-18(a)(3) under the Exchange Act during the three months ended December 31, 2020 (dollars in thousands, except per share data):

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1) | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| October 1 to 31, 2020(2) | 51 | $ 1,845.47 | - | $ 145,081 |
| November 1 to 30, 2020 | - | $ - | - | $ 145,081 |
| December 1 to 31, 2020 | - | $ - | - | $ 145,081 |
| Total | 51 | $ 1,845.47 | - | |

(1) On July 1, 2015, the Board authorized up to $250.0 million of share repurchases (subject to a total cap of 600,000 shares of common stock), which was announced on August 7, 2015. The authorization does not have an expiration date. Purchases under the share repurchase program may be made from time to time on the open market and in privately negotiated transactions. The size and timing of these purchases are based on a number of factors, including share price and business and market conditions.

(2) Represents shares withheld from associates to satisfy estimated tax withholding obligations in connection with the vesting of restricted stock and/or exercises of stock appreciation rights under the Amended and Restated Cable One, Inc. 2015 Omnibus Incentive Compensation Plan. The average price paid per share for the common stock withheld was based on the closing price of our common stock on the applicable vesting or exercise measurement date.





**ITEM 6. SELECTED FINANCIAL DATA**

Selected financial data is no longer required because we have early adopted the amendments to Regulation S-K Item 301.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

You should read the following discussion of our financial condition and results of operations in conjunction with our accompanying audited consolidated financial statements and related notes included in this Annual Report on Form 10-K, as well as the discussion in the section of this Annual Report on Form 10-K entitled "*Business*." This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may vary materially from those expressed or implied by these forward-looking statements due to a number of factors, including those discussed in the sections of this Annual Report on Form 10-K entitled "*Cautionary Statement Regarding Forward-Looking Statements*" and *"Risk Factors."*

Throughout this "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," all totals, percentages and year-over-year changes are

calculated using exact numbers. Minor differences may exist due to rounding.

Any discussion of consolidated results or performance is inclusive of the Clearwave, Fidelity and Valu-Net operations from their respective acquisition dates and excludes the Anniston System from its contribution date. The results of Fidelity for the first three quarters of 2020 and the results of Valu-Net since its acquisition are collectively referred to as the "incremental operations."

**Overview**

We are a fully integrated provider of data, video and voice services in 21 Western, Midwestern and Southern states as of December 31, 2020. We provided these broadband services to residential and business customers in approximately 950 communities as of December 31, 2020. The markets we serve are primarily non-metropolitan, secondary and tertiary markets, with approximately 78% of our customers located in seven states as of December 31, 2020: Arizona, Idaho, Illinois, Mississippi, Missouri, Oklahoma and Texas. Our biggest customer concentrations are in the Mississippi Gulf Coast region and in the greater Boise, Idaho region. We provided service to approximately 969,000 residential and business customers out of approximately 2.3 million homes passed as of December 31, 2020. Of these customers, approximately 857,000 subscribed to data services, 260,000 subscribed to video services and 124,000 subscribed to voice services as of December 31, 2020.

We generate substantially all of our revenues through three primary product lines. Ranked by share of our total revenues during 2020, they are residential data (50.5%), residential video (25.1%) and business services (data, voice and video: 17.7%). The profit margins, growth rates and/or capital intensity of these three product lines vary significantly due to competition, product maturity and relative costs.

In 2020, our Adjusted EBITDA margins for residential data and business services were approximately eight and nine times greater, respectively, than for residential video. We define Adjusted EBITDA margin for a product line as Adjusted EBITDA attributable to that product line divided by revenue attributable to that product line (see "*Use of Adjusted EBITDA"* below for the definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, which is the most directly comparable GAAP measure). This margin disparity is largely the result of significant programming costs and retransmission fees incurred to deliver residential video services, which in each of the last three years represented between 61% and 66% of total residential video revenues. Neither of our other primary product lines has direct costs representing as substantial a portion of revenues as programming costs and retransmission fees represent for residential video, and indirect costs are generally allocated on a per PSU basis.





We focus on growing our higher margin businesses, namely residential data and business services. Beginning in 2013, we began our shift away from our prior concentration on growing revenues through subscriber retention and maximizing customer PSUs. We adapted our strategy to face the industry-wide trends of declining profitability of residential video services and declining revenues from residential voice services. The declining profitability of residential video services is due primarily to increasing programming costs and retransmission fees and competition from other content providers, and the declining revenues from residential voice services are due primarily to the increasing use of wireless voice services instead of residential voice services. Separately, we have also focused on retaining customers who are likely to produce higher relative value over the life of their service relationships with us, are less attracted by discounting, require less support and churn less. This strategy focuses on increasing Adjusted EBITDA, Adjusted EBITDA less capital expenditures and margins.

Excluding the effects of our recently completed acquisitions and divestitures and any potential future acquisitions and divestitures, the trends described above and the COVID-19 pandemic have impacted, and are expected to further impact, our three primary product lines in the following ways:

- *Residential data*. We have experienced growth in residential data customers and revenues every year since 2013, and that growth accelerated during 2020, in part as a result of the COVID-19 pandemic and our associated responses discussed below. During 2020, we organically added over 50% more residential data customers than we did during the four-and-a-half-year period between our July 2015 spin-off from GHC and the end of 2019. We expect growth for this product line to continue over the long-term as upgrades in our broadband capacity, our ability to offer higher access speeds than many of our competitors, the reliability and flexibility of our data service offerings and our Wi-Fi support service will enable us to capture additional market share from both data subscribers who use other providers as well as households in our footprint that do not yet subscribe to data services from any provider.

- *Residential video.* Residential video service is an increasingly costly and fragmenting business, with programming costs and retransmission fees continuing to escalate in the face of a proliferation of streaming content alternatives. We intend to continue our strategy of focusing on the higher-margin businesses of residential data and business services while de-emphasizing our residential video business. We experienced a slightly accelerated decline in organic residential video customers and revenues during 2020 in connection with our response to the COVID-19 pandemic due to a temporary suspension of in-home installations. As a result of our video strategy, we expect that residential video customers and revenues will decline further in the future. In 2021, we announced that we are launching Sparklight TV, an IPTV video service that allows customers to stream our video channels from the cloud through a new app. This transition from linear to IPTV video service will enable us to reclaim bandwidth, freeing up network capacity to increase data speeds and capacity across our network.

- *Business services*. We have experienced significant growth in business data customers and revenues, and we expect this growth to continue over the long-term. We attribute this growth to our strategic focus on increasing sales to business customers and our efforts to attract enterprise business customers. Margins for products sold to business customers have remained attractive, which we expect will continue. During 2020, the COVID-19 pandemic and our associated responses, including business sales associates working from home, resulted in suppressed sales growth from small business customers while at the same time the pandemic presented additional subscriber acquisition and upgrade opportunities primarily for mid-market and enterprise businesses in need of faster and more reliable data and voice services.

We continue to experience increased competition, particularly from telephone companies, cable and municipal overbuilders, OTT video providers and DBS television providers. Because of the levels of competition we face, we believe it is important to make investments in our infrastructure. In addition, a key objective of our capital allocation process is to invest in initiatives designed to drive revenue and Adjusted EBITDA expansion. More than 50% of our total capital expenditures since 2017 were focused on infrastructure improvements that were intended to grow these measures. We continue to invest capital to, among other

things, increase our plant and data capacities as well as network reliability. As of December 31, 2020, we offered Gigabit data service to approximately 97% of our homes passed. We are also continuing to deploy DOCSIS 3.1, which, together with Sparklight TV, will further increase our network capacity and enable future growth in our residential data and business services product lines.





We expect to continue to devote financial resources to infrastructure improvements in existing and newly acquired markets as well as to expand high-speed data service into areas where our consortium was designated the winning bidder for the RDOF Phase I auction. We believe these investments are necessary to continually meet our customers' needs and to remain competitive. The capital enhancements associated with recent acquisitions include rebuilding low-capacity markets; reclaiming bandwidth from analog video services; implementing 32-channel bonding; deploying DOCSIS 3.1; converting back office functions such as billing, accounting and service provisioning; migrating products to legacy Cable One platforms; and expanding our high-capacity fiber network.

Our primary goals are to continue growing residential data and business services, to increase profit margins and to deliver strong Adjusted EBITDA and Adjusted EBITDA less capital expenditures. To achieve these goals, we intend to continue our disciplined cost management approach, remain focused on customers with expected higher relative value and follow through with further planned investments in broadband plant upgrades, including the deployment of DOCSIS 3.1 capabilities and new data service offerings for residential and business customers. At the same time, we intend to continue balancing the impact of the COVID-19 pandemic on our business, associates, customers and other stakeholders. We also plan to continue seeking broadband-related acquisition and strategic investment opportunities in rural markets in addition to pursuing organic growth through market expansion projects.

On January 8, 2019, we acquired Clearwave, a facilities-based service provider that owns and operates a high-capacity fiber network offering dense regional coverage in Southern Illinois. We paid a purchase price of $358.8 million in cash on a debt-free basis. The acquisition provides us with a premier fiber network within our existing footprint, further enables us to supply our customers with enhanced business services solutions and provides a platform to allow us to replicate Clearwave's strategy in several of our other markets. The all-cash transaction was funded through a combination of cash on hand and proceeds from new indebtedness.

On October 1, 2019, we acquired the data, video and voice business and certain related assets of Fidelity, a provider of connectivity services to residential and business customers throughout Arkansas, Illinois, Louisiana, Missouri, Oklahoma and Texas. We paid a purchase price of $531.4 million in cash on a debt-free basis. Cable One and Fidelity share similar strategies, customer demographics and products. The acquisition provides us opportunities for revenue growth and Adjusted EBITDA margin expansion as well as the potential to realize cost synergies. The all-cash transaction was funded through a combination of cash on hand and proceeds from new indebtedness.

On July 1, 2020, we acquired Valu-Net, an all-fiber internet service provider headquartered in Kansas with approximately 5,000 residential data subscribers at the time of the acquisition. We paid a purchase price of $38.9 million in cash on a debt-free basis. The acquisition provides us the opportunity to further grow our business in and around Emporia, Kansas and realize operational synergies and Adjusted EBITDA growth.

On May 4, 2020, we made a minority equity investment for a less than 10% ownership interest in Nextlink for $27.2 million. On July 10, 2020, we acquired an approximately 40% minority equity interest in Wisper for total consideration of $25.3 million. On October 1, 2020, we contributed the Anniston System to Hargray in exchange for an approximately 15% equity interest in Hargray on a fully diluted basis. The Anniston System had approximately 19,000 residential data subscribers at the time of the transaction.

On November 12, 2020, we acquired a 45% minority equity interest in MBI for $574.9 million in cash. MBI provides high-speed data, video and voice services to residential and business customers in rural markets in 16 states under the Vyve Broadband brand and is majority-owned by funds affiliated with GTCR LLC, a private equity firm based in Chicago ("GTCR"). As of December 31, 2020, MBI's network passed approximately 644,000 homes and has upgraded systems and a high-capacity plant with more than 15,800 network plant miles, including over 4,100 fiber route miles, capable of delivering Gigabit speeds across its footprint. As part of this investment, we acquired the right, but not the obligation, to purchase all but not less than all of the remaining equity interests in MBI that we do not already own between January 1, 2023 and June 30, 2024 (the "Call Option"). If we do not exercise the Call Option, investors affiliated with GTCR have the right, but not the obligation, to sell (and to cause all members of MBI other than us to sell) to us and, in such case, we are obligated to purchase, all but not less than all of the direct and indirect equity interests in MBI that we do not already own between July 1, 2025 through September 30, 2025 (the "Put Option" and, together with the Call Option, the "Call and Put Options"). The purchase price payable upon the exercise of the Call Option or the Put Option, as applicable, will be calculated under a formula based on a multiple of MBI's adjusted EBITDA. For the three months ended December 31, 2020, MBI generated revenues of approximately $68 million.

On February 12, 2021, we and our indirect wholly owned subsidiary, Lighthouse Merger Sub LLC, entered into the Merger Agreement pursuant to which we agreed to acquire the equity interests in Hargray that we do not already own. The equity interests to be acquired represent approximately 85% of Hargray on a fully diluted basis. Under the terms of the Merger Agreement, we will pay a purchase price that implies a $2.2 billion total enterprise value for Hargray on a debt-free and cash-free basis, subject to customary post-closing adjustments. We intend to finance the Hargray Acquisition with a combination of existing cash resources and proceeds from new indebtedness (which may include revolving credit facility borrowings) and/or equity capital. We have received $900 million of definitive bridge loan commitments from JPMorgan Chase Bank, N.A. ("JPMorgan") and Credit Suisse AG to finance a portion of the purchase price. Hargray has also amended its credit agreement to allow us to assume approximately $689 million of Hargray's outstanding debt at the closing of the Hargray Acquisition. The Hargray Acquisition offers us an opportunity to expand our presence in the Southeastern U.S. and will enable us to capitalize on Hargray's experience and expertise in fiber expansion. The closing of the Hargray Acquisition is subject to the receipt of certain regulatory approvals, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the receipt of consents or approvals from the FCC and certain state public service commissions, and other customary closing conditions. We currently anticipate that the Hargray Acquisition will be completed during the second quarter of 2021.

Refer to our Annual Report on Form 10-K for the year ended December 31, 2019 for discussion and analysis of our financial condition and results of operations for 2019 compared to 2018 contained in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

**Impact of COVID-19**

We are a part of the United States' critical infrastructure, and our continued operation is essential to connectivity services that are vital during the COVID-19 pandemic. At the same time, the spread of the COVID-19 pandemic has caused us to modify our operations, including restricting our technicians from entering customer homes and businesses; closing or limiting access to local offices and our corporate headquarters for associates, customers and others; limiting non-essential travel for associates; instituting an expanded work-from-home program, including enhancing our technological capabilities to support such efforts; implementing several compensation-related enhancements, including "purpose pay," which provided a 25% premium to base pay for certain associates who were required to leave their homes to perform their essential job functions and was concluded in early September 2020; and establishing health protocols and providing personal protective equipment to protect our associates, customers and others.

In addition, in an effort to help ease the financial burden and provide continued connectivity for our customers and communities impacted by the COVID-19 pandemic, beginning in March 2020, we initially committed to do the following for 60 days under the FCC's Keep Americans Connected Pledge: waive late charges and suspend disconnection of data and voice services for residential and business customers who are unable to pay their bill due to disruptions caused by the pandemic and open free public Wi-Fi hotspots in local office parking lots and other public areas across our footprint. These commitments were scheduled to conclude at the end of June 2020; however, we continued to waive late charges for residential and small business data and voice customers through the end of July 2020 and we extended access to our free public Wi-Fi hotspots through the end of 2021.

Other actions taken by us beginning in March 2020 to assist customers and the communities we serve during the COVID-19 pandemic included discontinuing charging data overage fees, which was later extended through the end of June 2020; offering a low-cost 15 Megabit per second residential data plan for $10 per month for the first three months of service to help low-income families and those most impacted by the pandemic, which will be available through the end of 2021; donating more than $300,000 for community relief efforts and supporting various other local relief efforts; and partnering with communities, hospitals, medical centers and other essential institutions to address their broadband connection needs and challenges. Further, we have agreed to participate in a program that helps school districts and states provide internet access for students in low-income households. We also revised a majority of our residential data plans to provide 50 to 300 Gigabits of additional data based on the plan as of the beginning of July 2020, and we continued to work with residential and small business data and voice customers who have been harmed financially by the COVID-19 pandemic to keep them connected by offering flexible payment plans. Meanwhile, to meet the increased demand from new residential data customers, we focused on data-only connects for most of the second and third quarters of 2020.

In addition to the effects to our three primary product lines noted above, the COVID-19 pandemic and our associated responses negatively impacted Adjusted EBITDA by $17.6 million during 2020, primarily during the second and third quarters of the year. The negative impacts were driven by a $12.3 million decrease in revenues largely from the now-concluded suspensions of data overage fees, late charges and reconnect fees as well as diminished growth in business services revenues, coupled with $5.3 million of higher labor costs and other operating expenses, net of lower travel costs. These negative Adjusted EBITDA impacts were more than offset by a greater-than-usual gain in residential data customers in 2020 and the associated increase in residential data revenues.

The planned implementation of our new ERP system, which was delayed because of resource challenges and inefficiencies that resulted from the COVID-19 pandemic, remains on schedule for implementation by the summer of 2021.

The negative impacts associated with the actions we took in response to the pandemic largely ceased during the fourth quarter of 2020, due primarily to the resumption of billing late charges, reconnect fees and data overage fees as well as the normalization of labor costs. In addition, we expect there to be a positive impact on 2021 residential data revenues as a result of retaining a significant number of residential data customers acquired during 2020 as well as anticipated continued growth of residential data customers in 2021, albeit at a slower pace. However, we continue to face various uncertainties related to the impact of the COVID-19 pandemic on the overall economy and our business, including whether we are able to sustain continued customer growth, our level of bad debt expense and if some of the expense reductions realized during the second half of 2020 will continue or if those expenses will return to more normal levels given the fluid situation regarding pandemic-related restrictions across the country.





We continue to monitor the evolving situation caused by the COVID-19 pandemic, and we may take further actions required by governmental authorities or that we determine are prudent to support the well-being of our associates, customers, suppliers, business partners and others. The degree to which the COVID-19 pandemic impacts our operations, business, financial results and financial condition will depend on future developments, which are highly uncertain, continuously evolving and in many cases cannot be predicted. This includes, but is not limited to, the duration and spread of the pandemic, its severity, the efficacy of vaccines (particularly with respect to emerging strains of the virus), the actions to contain the virus or treat its impact, potential legislative or regulatory efforts to impose new requirements on our data services and how quickly and to what extent normal social, economic and operating conditions can resume.

Refer to the section entitled "*Risks Factors*" in this Annual Report on Form 10-K for additional risks we face due to the COVID-19 pandemic.

**Results of Operations**

***PSU and Customer Counts***

Selected subscriber data for the periods presented was as follows (in thousands, except percentages):

| | As of December 31, | | Annual Net Gain/(Loss) | |
|---|---|---|---|---|
| | 2020 | 2019 | Change | % Change |
| Residential data PSUs | 777 | 695 | 82 | 11.8 |
| Residential video PSUs | 248 | 298 | (51) | (17.0) |

| | | | | |
|---|---|---|---|---|
| Residential voice PSUs | 89 | 105 | (15) | (14.8) |
| Total residential PSUs | 1,114 | 1,098 | 16 | 1.4 |
| | | | | |
| Business data PSUs | 80 | 78 | 2 | 2.4 |
| Business video PSUs | 13 | 16 | (3) | (18.4) |
| Business voice PSUs | 35 | 35 | 1 | 1.6 |
| Total business services PSUs | 128 | 129 | (0) | (0.3) |
| | | | | |
| Total data PSUs | 857 | 773 | 84 | 10.8 |
| Total video PSUs | 260 | 314 | (54) | (17.1) |
| Total voice PSUs | 124 | 139 | (15) | (10.7) |
| Total PSUs | 1,242 | 1,227 | 15 | 1.2 |
| | | | | |
| Residential customer relationships | 884 | 822 | 61 | 7.5 |
| Business customer relationships | 85 | 85 | 0 | 0.3 |
| Total customer relationships | 969 | 907 | 62 | 6.8 |

In recent years, our customer mix has shifted, causing subscribers to move from triple-play packages combining data, video and voice services to single and double-play packages. This is largely because some residential video customers have defected to DBS services and OTT offerings and households continue to discontinue residential voice service. In addition, we have focused on selling data-only packages to new customers rather than cross-selling video to these customers. Meanwhile, the COVID-19 pandemic and our responses to it have accelerated this customer mix shift.

***Use of Nonfinancial Metrics and Average Monthly Revenue per Unit ("ARPU")***

We use various nonfinancial metrics to measure, manage and monitor our operating performance on an ongoing basis. Such metrics include homes passed, PSUs and customer relationships. Homes passed represents the number of serviceable and marketable homes and businesses passed by our active plant. A PSU represents a single subscription to a particular service offering. Residential bulk multi-dwelling PSUs are classified as residential and are counted at the individual unit level. Business voice customers who have multiple voice lines are counted as a single PSU. A customer relationship represents a single customer who subscribes to one or more PSUs.

We believe homes passed, PSU and customer relationship counts are useful to investors in evaluating our operating performance. Similar measures with similar titles are common measures used by investors, analysts and peers to compare performance in our industry, although our measures of homes passed, PSUs and customer relationships may not be directly comparable to similarly titled measures reported by other companies.





We use ARPU to evaluate and monitor the amount of revenue generated by each type of service subscribed to by customers and the contribution to total revenues as well as to analyze and compare growth patterns. Residential ARPU values represent the applicable residential service revenues (excluding installation and activation fees) divided by the corresponding average of the number of PSUs at the beginning and end of each period, divided by the number of months in the period, except that for any PSUs added or subtracted as a result of an acquisition or divestiture occurring during the period, the associated ARPU values represent the applicable residential service revenues (excluding installation and activation fees) divided by the pro-rated average number of PSUs during such period. Business services ARPU values represent business services revenues divided by the average of the number of business customer relationships at the beginning and end of each period, divided by the number of months in the period, except that for any business customer relationships added or subtracted as a result of an acquisition or divestiture occurring during the period, the associated ARPU values represent business services revenues divided by the pro-rated average number of business customer relationships during such period.

We believe ARPU is useful to investors in evaluating our operating performance. ARPU and similar measures with similar titles are common measures used by investors, analysts and peers to compare performance in our industry, although our measure of ARPU may not be directly comparable to similarly titled measures reported by other companies.

***2020 Compared to 2019***

*Revenues*

Revenues increased $157.2 million, or 13.5%, including a $105.5 million contribution from the incremental operations. The remaining increase was due primarily to increases in organic residential data and business services revenues of $74.5 million and $13.4 million, respectively, partially offset by decreases in organic residential video, residential voice and other revenues. Certain actions we took in response to the COVID-19 pandemic, which have generally concluded and included waiving late charges, suspending collection activities (which reduced reconnect fees) and temporarily discontinuing charging data overage fees, negatively impacted consolidated revenues by $12.3 million during 2020. This negative impact on consolidated revenues, of which $7.4 million was associated with other revenues, was more than offset by a larger-than-usual gain in residential data customers during 2020 and the associated increase in residential data revenues related to the COVID-19 pandemic.

Revenues by service offering were as follows for 2020 and 2019, together with the percentages of total revenues that each item represented for the years presented (dollars in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2020 | 2019 | 2020 vs. 2019 |

| | Revenues | % of Total | Revenues | % of Total | $ Change | % Change |
|---|---|---|---|---|---|---|
| Residential data | $ 669,545 | 50.5 | $ 547,240 | 46.9 | $ 122,305 | 22.3 |
| Residential video | 332,857 | 25.1 | 335,190 | 28.7 | (2,333) | (0.7) |
| Residential voice | 47,603 | 3.6 | 43,521 | 3.7 | 4,082 | 9.4 |
| Business services | 234,657 | 17.7 | 204,500 | 17.5 | 30,157 | 14.7 |
| Other | 40,567 | 3.1 | 37,546 | 3.2 | 3,021 | 8.0 |
| Total revenues | $ 1,325,229 | 100.0 | $ 1,167,997 | 100.0 | $ 157,232 | 13.5 |

Residential data service revenues increased $122.3 million, or 22.3%, due primarily to organic subscriber growth, including a larger-than-usual subscriber gain as a result of the COVID-19 pandemic, the incremental operations, a reduction in package discounting and increased customer subscriptions to premium tiers.

Residential video service revenues decreased $2.3 million, or 0.7%, due primarily to an 18.0% year-over-year decrease in residential video subscribers, excluding the incremental operations, partially offset by revenues generated by the incremental operations and a rate adjustment.

Residential voice service revenues increased $4.1 million, or 9.4%, due primarily to the incremental operations, partially offset by an 18.1% year-over-year decrease in residential voice subscribers, excluding the incremental operations.

Business services revenues increased $30.2 million, or 14.7%, due primarily to the incremental operations and organic growth in our business data and voice services to small and medium-sized businesses and enterprise customers.





Other revenues increased $3.0 million, or 8.0%, due to the incremental operations, partially offset by actions we took in response to the COVID-19 pandemic, which have generally concluded and included temporarily waiving late charges and suspending collection activities (which reduced reconnect fees).

ARPU for the indicated service offerings were as follows for 2020 and 2019:

| | Year Ended December 31, | | 2020 vs. 2019 | |
|---|---|---|---|---|
| | 2020 | 2019 | $ Change | % Change |
| Residential data | $ 74.84 | $ 71.86 | $ 2.98 | 4.1 |
| Residential video | $ 100.67 | $ 93.51 | $ 7.16 | 7.7 |
| Residential voice | $ 40.41 | $ 36.86 | $ 3.55 | 9.6 |
| Business services | $ 228.35 | $ 221.90 | $ 6.45 | 2.9 |

*Costs and Expenses*

Operating expenses (excluding depreciation and amortization) were $418.7 million for 2020 and increased $30.2 million, or 7.8%, compared to 2019. The increase in operating expenses attributable to the incremental operations was $34.8 million. Excluding the expenses associated with the incremental operations, operating expenses were $383.9 million for 2020, a decrease of $4.6 million, or 1.2%, compared to 2019. This decrease was due primarily to a $15.9 million reduction in programming expenses, partially offset by increases of $6.9 million in labor and other compensation-related costs due in part to actions we took in response to the COVID-19 pandemic and $3.9 million in repairs and maintenance costs. Operating expenses as a percentage of revenues were 31.6% for 2020 compared to 33.3% for 2019.

Selling, general and administrative expenses were $255.2 million for 2020 and increased $10.0 million, or 4.1%, compared to 2019. The increase in selling, general and administrative expenses attributable to the incremental operations was $20.5 million. Excluding the expenses associated with the incremental operations, selling, general and administrative expenses decreased $10.4 million, or 4.2%, to $234.7 million due primarily to reductions of $5.7 million in acquisition-related costs, $4.6 million in rebranding costs, $3.7 million in health insurance costs and $3.5 million in system conversion costs, partially offset by a $10.4 million increase in labor and other compensation-related costs. Selling, general and administrative expenses as a percentage of revenues were 19.3% and 21.0% for 2020 and 2019, respectively.

Depreciation and amortization expense was $265.7 million for 2020 and increased $49.0 million, or 22.6%, compared to 2019. The increase included $35.6 million attributable to the incremental operations as well as new assets placed in service since 2019, partially offset by assets that became fully depreciated since 2019. As a percentage of revenues, depreciation and amortization expense was 20.0% for 2020 compared to 18.6% for 2019.

We recognized a net gain on asset sales and disposals of $1.1 million in 2020, which included a $6.6 million non-cash gain on the sale of certain tower properties, compared to a $7.2 million net loss on asset sales and disposals in 2019, which included a $1.6 million gain on the sale of a non-operating property that housed our former headquarters.

We also recognized an $82.6 million non-cash gain on sale of business in 2020 in connection with the Anniston Exchange.

*Interest Expense*

Interest expense was $73.6 million for 2020 and increased $1.9 million, or 2.6%, compared to 2019, driven primarily by additional outstanding debt and interest rate swap settlements, partially offset by lower interest rates.

*Other Income (Expense), Net*

We recognized other expense, net, of $16.4 million in 2020, consisting of a $17.5 million non-cash loss on fair value adjustment associated with the Call and Put Options to acquire the remaining equity interests in MBI, $6.2 million of debt issuance cost write-offs and $1.2 million of financing-related fees, partially offset by investment and interest income. We recognized other expense, net, of $4.9 million in 2019, consisting of a $6.5 million call premium related to the redemption of our Old Notes (as defined below), $4.2 million of debt issuance cost write-offs and $0.7 million of financing-related fees, partially offset by interest and investment income.





*Income Tax Provision*

Income tax provision was $76.3 million for 2020 and increased $21.1 million, or 38.2%, compared to 2019 due primarily to an increase in income before income taxes and equity method investment earnings of $145.5 million, partially offset by a $13.0 million increase in income tax benefits attributable to the net operating loss carryback provision of the Coronavirus Aid, Relief, and Economic Security Act. Our effective tax rate was 20.1% and 23.6% for 2020 and 2019, respectively.

*Net Income*

Net income was $304.4 million for 2020 compared to $178.6 million for 2019, an increase of $125.8 million.

*Unrealized Loss on Cash Flow Hedges and Other, Net of Tax*

Unrealized loss on cash flow hedges and other, net of tax was $72.5 million for 2020 and increased $4.5 million, or 6.6%, compared to 2019 due primarily to higher unrealized losses on our interest rate swaps.

***Use of Adjusted EBITDA***

We use certain measures that are not defined by GAAP to evaluate various aspects of our business. Adjusted EBITDA is a non-GAAP financial measure and should be considered in addition to, not as superior to, or as a substitute for, net income reported in accordance with GAAP. Adjusted EBITDA is reconciled to net income below.

Adjusted EBITDA is defined as net income plus interest expense, income tax provision, depreciation and amortization, equity-based compensation, severance expense, (gain) loss on deferred compensation, acquisition-related costs, (gain) loss on asset sales and disposals, system conversion costs, rebranding costs, (gain) loss on sale of business, equity method investment earnings, other (income) expense and other unusual expenses, as provided in the following table. As such, it eliminates the significant non-cash depreciation and amortization expense that results from the capital-intensive nature of our business as well as other non-cash or special items and is unaffected by our capital structure or investment activities. This measure is limited in that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues and our cash cost of debt financing. These costs are evaluated through other financial measures.

We use Adjusted EBITDA to assess our performance. In addition, Adjusted EBITDA generally correlates to the measure used in the leverage ratio calculations under the Third Restatement Agreement and the Indenture governing the New Notes (each as defined below) to determine compliance with the covenants contained in the Third Restatement Agreement and the ability to take certain actions under the Indenture. Adjusted EBITDA is also a significant performance measure used by us in our annual incentive compensation program. Adjusted EBITDA does not take into account cash used for mandatory debt service requirements or other non-discretionary expenditures, and thus does not represent residual funds available for discretionary uses.

| | Year Ended December 31, | | 2020 vs. 2019 | |
|---|---|---|---|---|
| (dollars in thousands) | 2020 | 2019 | $ Change | % Change |
| Net income | $ 304,391 | $ 178,582 | $ 125,809 | 70.4 |
| Plus: Interest expense | 73,607 | 71,729 | 1,878 | 2.6 |
| Income tax provision | 76,317 | 55,233 | 21,084 | 38.2 |
| Depreciation and amortization | 265,658 | 216,687 | 48,971 | 22.6 |
| Equity-based compensation | 14,592 | 12,300 | 2,292 | 18.6 |
| Severance expense | - | 215 | (215) | (100.0) |
| Loss on deferred compensation | 231 | 400 | (169) | (42.3) |
| Acquisition-related costs | 3,873 | 9,590 | (5,717) | (59.6) |
| (Gain) loss on asset sales and disposals, net | (1,072) | 7,187 | (8,259) | (114.9) |
| System conversion costs | 1,350 | 4,828 | (3,478) | (72.0) |
| Rebranding costs | 2,731 | 7,294 | (4,563) | (62.6) |
| Gain on sale of business | (82,574) | - | (82,574) | 100.0 |
| Equity method investment earnings | (1,376) | - | (1,376) | 100.0 |
| Other expense, net | 16,411 | 4,907 | 11,504 | 234.4 |
| Adjusted EBITDA | $ 674,139 | $ 568,952 | $ 105,187 | 18.5 |

We believe that Adjusted EBITDA is useful to investors in evaluating our operating performance. Adjusted EBITDA and similar measures with similar titles are common measures used by investors, analysts and peers to compare performance in our industry, although our measure of Adjusted EBITDA may not be directly comparable to similarly titled measures reported by other companies.

**Financial Condition: Liquidity and Capital Resources**

***Liquidity***

Our primary funding requirements are for our ongoing operations, capital expenditures, potential acquisitions and strategic investments (including the Hargray Acquisition), payments of quarterly dividends and share repurchases. We believe that existing cash balances, our Senior Credit Facilities and operating cash flows will provide adequate support for these funding requirements over the next 12 months. However, our ability to fund operations, make capital expenditures, make future acquisitions and strategic investments, pay quarterly dividends and make share repurchases depends on future operating performance and cash flows, which, in turn, are subject to prevailing economic conditions and to financial, business and other factors, including the impact of the COVID-19 pandemic, some of which are beyond our control.

As part of our 45% minority equity interest in MBI, we acquired the Call Option to purchase all but not less than all of the remaining equity interests in MBI that we do not already own, which is exercisable at any time between January 1, 2023 and June 30, 2024. If we do not exercise the Call Option, then investors affiliated with GTCR may exercise the Put Option under which we are obligated to purchase all but not less than all of the direct and indirect equity interests in MBI that we do not already own from all members of MBI other than us, which is exercisable at any time between July 1, 2025 through September 30, 2025. The purchase price payable upon the exercise of the Call Option or the Put Option, as applicable, will be calculated under a formula based on a multiple of MBI's adjusted EBITDA. We have not yet obtained the capital that we believe will be necessary to pay the purchase price if either the Call Option or the Put Option are exercised.

In light of the volatility in the debt markets resulting from the COVID-19 pandemic as well as our desire to enhance our flexibility in pursuing acquisitions and strategic investments, in May 2020, we completed a public offering of 287,500 shares of our common stock (the "Public Offering") and raised $469.8 million, after deducting underwriting discounts and offering expenses.

The following table shows a summary of our net cash flows for the years indicated (dollars in thousands):

| | Year Ended December 31, | | 2020 vs. 2019 | |
|---|---|---|---|---|
| | 2020 | 2019 | $ Change | % Change |
| Net cash provided by operating activities | $ 574,371 | $ 491,741 | $ 82,630 | 16.8 |
| Net cash used in investing activities | (954,913) | (1,134,242) | 179,329 | (15.8) |
| Net cash provided by financing activities | 830,180 | 503,659 | 326,521 | 64.8 |
| Increase (decrease) in cash and cash equivalents | 449,638 | (138,842) | 588,480 | NM |
| Cash and cash equivalents, beginning of period | 125,271 | 264,113 | (138,842) | (52.6) |
| Cash and cash equivalents, end of period | $ 574,909 | $ 125,271 | $ 449,638 | NM |

NM = Not meaningful.

The $82.6 million year-over-year increase in net cash provided by operating activities was primarily attributable to an increase in Adjusted EBITDA of $105.2 million, lower cash paid for rebranding costs and acquisition costs and a notes redemption call premium paid in the second quarter of 2019, partially offset by higher cash paid for taxes and an unfavorable change in accounts payable.

The $179.3 million decrease in net cash used in investing activities from the prior year was due primarily to $883.4 million of net cash outflows related to the Clearwave and Fidelity acquisitions in 2019, partially offset by 2020 activities that included $612.1 million of equity investments, a $44.7 million increase in cash paid for capital expenditures, $38.3 million of net cash outflows related to the Valu-Net acquisition and lower proceeds from sales of property, plant and equipment.

The $326.5 million increase in net cash provided by financing activities from the prior year was due primarily to $469.8 million of net proceeds from the Public Offering in the second quarter of 2020 and $90.9 million of lower debt payments, partially offset by a $228.2 million reduction in net debt borrowings compared to 2019.

On July 1, 2015, the Board authorized up to $250.0 million of share repurchases (subject to a total cap of 600,000 shares of our common stock). Purchases under the share repurchase program may be made from time to time on the open market and in privately negotiated transactions. The size and timing of these purchases are based on a number of factors, including share price and business and market conditions. Since the inception of the share repurchase program through the end of 2020, we have repurchased 210,631 shares of our common stock at an aggregate cost of $104.9 million. No shares were repurchased during 2020.

We currently expect to continue to pay comparable quarterly cash dividends on shares of our common stock, subject to approval of the Board. During the fourth quarter of 2020, the Board approved a quarterly dividend of $2.50 per share of common stock, which was paid on December 11, 2020. On February 2, 2021, the Board approved a quarterly dividend of $2.50 per share of common stock to be paid on March 5, 2021 to holders of record as of February 16, 2021.





***Financing Activity***

As of December 31, 2020, we had $1.5 billion of aggregate outstanding term loan borrowings, $650.0 million of aggregate outstanding New Notes, $29.6 million of letter of credit issuances and $470.4 million available for borrowing under our revolving credit facility (the "Revolving Credit Facility"). A summary of our

outstanding term loan borrowings as of December 31, 2020 is as follows (dollars in thousands):

| Instrument | Draw Date(s) | Original Principal | Amortization Per Annum(1) | Outstanding Principal | Final Maturity Date | Balance Due Upon Maturity | Benchmark Rate | Applicable Margin(2) | Interest Rate |
|---|---|---|---|---|---|---|---|---|---|
| Term Loan A-2 | 5/8/2019(3) 10/1/2019(3) | $ 700,000 | Varies(4) | $ 676,611 | 10/30/2025 | $ 476,607 | LIBOR | 1.50% | 1.65% |
| Term Loan B-2 | 1/7/2019 | 250,000 | 1.0% | 245,625 | 10/30/2027 | 228,750 | LIBOR | 2.00% | 2.15% |
| Term Loan B-3 | 6/14/2019(5) 10/30/2020(5) | 625,000 | 1.0% | 619,385 | 10/30/2027 | 577,472 | LIBOR | 2.00% | 2.15% |
| Total | | $ 1,575,000 | | $ 1,541,621 | | $ 1,282,829 | | | |

(1) Payable in equal quarterly installments (expressed as a percentage of the original principal amount and subject to customary adjustments in the event of any prepayment). All loans may be prepaid at any time without penalty or premium (subject to customary London Interbank Offered Rate ("LIBOR") breakage provisions).
(2) The term "A-2" loan tranche (the "Term Loan A-2") interest rate spread can vary between 1.25% and 1.75%, determined on a quarterly basis by reference to a pricing grid based on our Total Net Leverage Ratio (as defined in the Third Restatement Agreement). All other applicable margins are fixed.
(3) On May 8, 2019, $250.0 million was drawn. On October 1, 2019, an additional $450.0 million was drawn. On October 30, 2020, the amortization schedule was reset.
(4) Per annum amortization rates for years one through five following the October 30, 2020 refinancing date are 2.5%, 2.5%, 5.0%, 7.5% and 12.5%, respectively.
(5) On June 14, 2019, $325.0 million was drawn. On October 30, 2020, an additional $300.0 million was drawn.

*Credit Facility*

In January 2020, we issued letters of credit totaling $22.0 million under the Revolving Credit Facility on behalf of Wisper to guarantee its performance obligations under an FCC broadband funding program. These letters of credit were amended in January 2021 to increase the total to $33.0 million. The fair value of the letters of credit approximates face value based on the short-term nature of the agreements. We would be liable for up to the total amount outstanding under the letters of credit if Wisper were to fail to satisfy all or some of its performance obligations under the FCC program. Wisper pledged certain assets in favor of us as collateral for issuing the letters of credit, which pledge was terminated in the third quarter of 2020 at the same time that we closed an equity investment in Wisper, and Wisper has guaranteed and indemnified us in connection with such letters of credit. As of December 31, 2020, we have assessed the likelihood of non-performance associated with the guarantee to be remote, and therefore, no liability has been accrued within the consolidated balance sheet.

In March 2020, we borrowed $100.0 million under the Revolving Credit Facility for general corporate purposes, including for small acquisitions and investments. The outstanding balance was repaid in full in May 2020 using a portion of the net proceeds from the Public Offering. Letter of credit issuances under the Revolving Credit Facility totaled $29.6 million at December 31, 2020, including the $22.0 million issued on behalf of Wisper, and were held for the benefit of performance obligations under government grant programs and certain general and liability insurance matters and bore interest at a rate of 1.63% per annum.

In May 2020, we completed the Public Offering of 287,500 shares of our common stock for total net proceeds of $469.8 million, after deducting underwriting discounts and offering expenses. We used a portion of the net proceeds to repay in full our outstanding borrowings of $100.0 million under the Revolving Credit Facility in May 2020 and we used the remainder for general corporate purposes, including for acquisitions and strategic investments.

In October 2020, we and certain of our wholly owned subsidiaries entered into a Third Restatement Agreement with JPMorgan, as administrative agent, and the lenders party thereto to amend and restate the second amended and restated credit agreement among us and our lenders (the "Credit Agreement" and as restated, the "Third Restatement Agreement"). The Third Restatement Agreement amended the Credit Agreement to, among other things, (i) upsize our term "B-3" loan tranche (the "Term Loan B-3") by $300.0 million (the "TLB-3 Upsize") and extend the scheduled maturity of each of our term "B-2" loan tranche (the "Term Loan B-2") and the Term Loan B-3 to October 30, 2027, (ii) increase the aggregate principal amount of commitments under the Revolving Credit Facility by $150.0 million to $500.0 million and extend the scheduled maturity of each of the Revolving Credit Facility and the Term Loan A-2 to October 30, 2025 and (iii) reset the amortization schedule of the Term Loan A-2 so that the Term Loan A-2 will amortize in equal quarterly installments following the date of the amendment and restatement at a rate (expressed as a percentage of the outstanding principal amount on October 30, 2020) of 2.5% per annum for each of the first two years, 5.0% per annum for the third year, 7.5% per annum for the fourth year and 12.5% per annum for the fifth year (in each case subject to customary adjustments in the event of any prepayment), with the balance due upon maturity. Except as described above, the Third Restatement Agreement did not make any material changes to the terms of the Term Loan A-2, the Term Loan B-2, the Term Loan B-3 or the Revolving Credit Facility. We used the net proceeds from the TLB-3 Upsize, together with cash on hand, to repay all $483.8 million aggregate principal amount of our outstanding term "B-1" loan tranche.





The Third Restatement Agreement contains customary representations, warranties and affirmative and negative covenants, including limitations on indebtedness, liens, restricted payments, prepayments of certain indebtedness, investments, dispositions of assets, restrictions on subsidiary distributions and negative pledge clauses, fundamental changes, transactions with affiliates and amendments to organizational documents. The Third Restatement Agreement also requires that we maintain specified ratios of total net indebtedness and first lien net indebtedness to consolidated operating cash flow. The Third Restatement Agreement also contains customary events of default, including non-payment of principal, interest, fees or other amounts, material inaccuracy of any representation or warranty, failure to observe or perform any covenant, default in respect of our and our restricted subsidiaries'' other material debt, bankruptcy or insolvency, the entry against us or any of our restricted subsidiaries of a material judgment, the occurrence of certain ERISA events, impairment of the loan documentation and the occurrence of a change of control.

*Senior Notes*

In November 2020, we completed a private offering of $650.0 million aggregate principal amount of 4.00% senior notes due 2030 (the "New Notes"). We used a portion of the net proceeds from the offering to fund the investment in MBI and expect to use the remainder for general corporate purposes, which may include additional acquisitions and strategic investments. The terms of the New Notes are governed by an indenture dated as of November 9, 2020 (the "Indenture"), among the Company, the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee.

The New Notes bear interest at a rate of 4.00% per annum payable semi-annually in arrears on May 15 and November 15 of each year, beginning on May 15, 2021. The New Notes are required to be guaranteed on a senior unsecured basis by each of our existing and future wholly owned domestic subsidiaries that guarantees our obligations under the Third Restatement Agreement or that guarantees certain capital markets debt of ours or a guarantor in an aggregate principal amount in excess of $250.0 million.

At any time and from time to time prior to November 15, 2025, we may redeem some or all of the New Notes for cash at a redemption price equal to 100% of their principal amount, plus the "make-whole" premium described in the Indenture and accrued and unpaid interest, if any, to, but excluding, the applicable redemption date. Beginning on November 15, 2025, we may redeem some or all of the New Notes at any time and from time to time at the applicable redemption prices listed in the Indenture, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date. In addition, at any time and from time to time prior to November 15, 2023, we may redeem up to 40% of the aggregate principal amount of the New Notes with funds in an aggregate amount not exceeding the net cash proceeds from one or more equity offerings at a redemption price equal to 104% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date.

Upon the occurrence of certain change of control events specified in the Indenture, we are required to offer to repurchase all of the New Notes at 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

The Indenture contains covenants that, among other things and subject to certain exceptions, limit (i) our ability and the ability of our subsidiaries to incur any liens securing indebtedness for borrowed money, (ii) our ability to consolidate or merge with or into another person or sell or otherwise dispose of all or substantially all of our and our subsidiaries' assets (taken as a whole) and (iii) the ability of the guarantors to consolidate with or merge with or into another person.

The Indenture provides for customary events of default which include (subject in certain cases to customary grace and cure periods), among others, nonpayment of principal or interest, breach of other agreements or covenants in respect of the New Notes, failure to pay certain other indebtedness at final maturity, acceleration of certain indebtedness prior to final maturity, failure to pay certain final judgments, failure of certain guarantees to be enforceable and certain events of bankruptcy or insolvency.





*Other Debt-Related Information*

We were in compliance with all debt covenants as of December 31, 2020.

In connection with various financing transactions completed during 2020 and 2019, we capitalized $15.1 million and $11.8 million of debt issuance costs and wrote-off $6.2 million and $4.2 million of existing unamortized debt issuance costs. We recorded debt issuance cost amortization of $4.3 million and $4.6 million for 2020 and 2019, respectively, within interest expense in the consolidated statements of operations and comprehensive income.

Unamortized debt issuance costs consisted of the following (in thousands):

| | As of December 31, | |
|---|---|---|
| | **2020** | **2019** |
| **Revolving Credit Facility portion:** | | |
| Other noncurrent assets | $ 3,249 | $ 2,427 |
| **Term loans and New Notes portion:** | | |
| Long-term debt (contra account) | 21,897 | 18,142 |
| Total | $ 25,146 | $ 20,569 |

During the first quarter of 2019, we entered into two interest rate swap agreements in order to convert our interest payment obligations with respect to an aggregate of $1.2 billion of our variable rate LIBOR indebtedness to a fixed rate. Under the first swap agreement effective in March 2019, with respect to a notional amount of $850.0 million, our monthly payment obligation is determined at a fixed base rate of 2.653%. Under the second swap agreement effective in June 2020, with respect to a notional amount of $350.0 million, our monthly payment obligation is determined at a fixed base rate of 2.739%. Both interest rate swap agreements are scheduled to mature in the first quarter of 2029 but each may be terminated prior to the scheduled maturity at our election or that of the financial institution counterparty under the terms provided in each swap agreement. We recognized losses of $22.5 million and $3.1 million on interest rate swaps for 2020 and 2019, respectively, which were reflected in interest expense within the consolidated statements of operations and comprehensive income.

Refer to notes 10 and 12 to the consolidated financial statements for further details regarding our financing activity, outstanding debt and interest rate swaps.

***Capital Expenditures***

We have significant ongoing capital expenditure requirements as well as capital enhancements associated with acquired operations, including rebuilding low-capacity markets; reclaiming bandwidth from analog video services; implementing 32-channel bonding; deploying DOCSIS 3.1; converting back office functions such as billing, accounting and service provisioning; migrating products to legacy Cable One platforms; and expanding our high-capacity fiber network. Capital expenditures are funded primarily by cash on hand and cash flows from operating activities.

Our capital expenditures by category for the years ended December 31, 2020 and 2019 were as follows (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |

| | | |
|---|---|---|
| Customer premise equipment(1) | $ 70,554 | $ 57,378 |
| Commercial(2) | 48,019 | 45,424 |
| Scalable infrastructure(3) | 37,039 | 44,823 |
| Line extensions(4) | 19,746 | 17,469 |
| Upgrade/rebuild(5) | 61,330 | 37,144 |
| Support capital(6) | 56,541 | 60,114 |
| Total | $ 293,229 | $ 262,352 |

(1) Customer premise equipment includes costs incurred at customer locations, including installation costs and customer premise equipment (e.g., modems and set-top boxes).
(2) Commercial includes costs related to securing business services customers and PSUs, including small and medium-sized businesses and enterprise customers.
(3) Scalable infrastructure includes costs not related to customer premise equipment to secure growth of new customers and PSUs or provide service enhancements (e.g., headend equipment).
(4) Line extensions include network costs associated with entering new service areas (e.g., fiber/coaxial cable, amplifiers, electronic equipment, make-ready and design engineering).
(5) Upgrade/rebuild includes costs to modify or replace existing fiber/coaxial cable networks, including betterments.
(6) Support capital includes costs associated with the replacement or enhancement of non-network assets due to technological and physical obsolescence (e.g., non-network equipment, land, buildings and vehicles) and capitalized internal labor costs not associated with customer installation activities.





***Contractual Obligations and Contingent Commitments***

The following table summarizes our outstanding contractual obligations as of December 31, 2020 (in thousands):

| Year Ending December 31, | Programming Purchase Commitments(1) | Lease Payments(2) | Debt Payments(3) | Other Purchase Obligations(4) | Total |
|---|---|---|---|---|---|
| 2021 | $ 138,582 | $ 5,266 | $ 25,731 | $ 22,920 | $ 192,499 |
| 2022 | 55,119 | 4,298 | 29,986 | 9,691 | 99,094 |
| 2023 | 35,992 | 3,755 | 47,008 | 4,517 | 91,272 |
| 2024 | 15,763 | 2,306 | 68,285 | 847 | 87,201 |
| 2025 | 3,749 | 1,796 | 549,147 | 503 | 555,195 |
| Thereafter | - | 9,981 | 1,471,464 | 6,775 | 1,488,220 |
| Total | $ 249,205 | $ 27,402 | $ 2,191,621 | $ 45,253 | $ 2,513,481 |

(1) Programming purchase commitments represent contracts that we have with cable television networks and broadcast stations to provide programming services to our subscribers. The amounts reported represent estimates of the future programming costs for these purchase commitments based on estimated subscriber numbers, tier placements as of December 31, 2020 and the per-subscriber rates contained in the contracts. Actual amounts due under such contracts may differ from the amounts above based on the actual subscriber numbers and tier placements at the time. Programming purchases pursuant to non-binding commitments are not reflected in the amounts shown.
(2) Lease payments include payment obligations related to our outstanding finance and operating lease arrangements as of December 31, 2020.
(3) Debt payments include principal repayment obligations for our outstanding debt instruments as of December 31, 2020.
(4) Other purchase obligations include purchase obligations related to capital projects and other legally binding commitments. Other purchase orders made in the ordinary course of business are excluded from the amounts shown but are included within accounts payable and accrued liabilities in our consolidated balance sheet.

We incur the following costs as part of our operations, however, they are not included within the contractual obligations table above for the reasons discussed below:

- We rent space on utility poles in order to provide our services to certain subscribers. Generally, pole rentals are cancellable on short notice. However, we anticipate that such rentals will recur. Rent expense for pole attachments was $10.5 million and $9.5 million for 2020 and 2019, respectively.

- Fees imposed on us by various governmental authorities, including franchise fees, are passed through monthly to our customers and are periodically remitted to authorities. These fees were $25.2 million and $22.7 million for 2020 and 2019, respectively. As we act as principal in these arrangements, these fees are reported in video and voice revenues on a gross basis with corresponding expenses included within operating expenses in the consolidated statements of operations and comprehensive income.

- We have franchise agreements requiring plant construction and the provision of services to customers within the franchise areas. In connection with these obligations under existing franchise agreements, we obtain surety bonds or letters of credit guaranteeing performance to municipalities and public utilities and payment of insurance premiums. Such surety bonds and letters of credit totaled $31.6 million and $18.3 million as of December 31, 2020 and 2019, respectively. Payments under these arrangements are required only in the remote event of nonperformance. We do not expect that these contingent commitments will result in any amounts being paid.

***Off-Balance Sheet Arrangements***

We do not have any off-balance sheet arrangements or financing arrangements with special-purpose entities.

**Critical Accounting Policies and Estimates**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates, assumptions and judgments that affect the amounts reported in the consolidated financial statements. On an ongoing basis, we evaluate our estimates and assumptions. We base our estimates on historical experience and other assumptions believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

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An accounting policy is considered to be critical if it is important to our results of operations and financial condition and if it requires management's most difficult, subjective and complex judgments in its application. For a summary of all our significant accounting policies, see note 2 of the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

*Long-lived Assets*

A long-lived asset or asset group is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment may include:

- a significant decrease in the market value of the asset;
- a significant change in the extent or manner in which an asset is used or a significant change in the physical condition of the asset;
- a significant adverse change in legal factors or in the business climate that could affect the value of an asset, including an adverse action or assessment by a regulator;
- an accumulation of costs significantly in excess of the amount originally expected to acquire or construct an asset;
- a current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with an asset; and
- a current expectation that, more likely than not, an asset will be sold or otherwise disposed of significantly before the end of its estimated useful life.

When an indicator of impairment is determined, the first step is to identify the future intent of the asset or asset group: hold for continued use, hold for sale or dispose by a means other than sale. If the asset is held for continued use and the carrying amount exceeds the undiscounted sum of cash flows expected from the use and eventual disposition of the property, the impairment loss is recognized as the difference between the carrying amount and the estimated fair value of the asset or asset group, and the new cost basis is depreciated over the remaining useful life of the asset. If the intent is to hold the asset for sale and certain other criteria are met (e.g., the asset can be disposed of currently, appropriate levels of authority have approved the sale and there is an active program to locate a buyer), the impairment test involves comparing the asset's carrying value to its estimated fair value less disposal costs. To the extent the carrying value is greater than the asset's estimated fair value less disposal costs, an impairment charge is recognized for the difference. If the asset is to be disposed by a means other than sale, the depreciation estimates are revised to reflect the use of the asset over its shortened useful life.

Significant judgments in this area involve determining whether an event has occurred, determining the future cash flows for the assets involved and selecting the appropriate discount rate to be applied in determining estimated fair value.

*Goodwill and Indefinite-Lived Intangible Assets*

We have a significant amount of goodwill and indefinite-lived intangible assets that are reviewed at least annually for impairment. These balances were as follows (dollars in thousands):

| | As of December 31, | |
|---|---|---|
| | **2020** | **2019** |
| Goodwill and indefinite-lived intangible assets | $ 1,417,755 | $ 1,414,668 |
| Total assets | $ 4,488,338 | $ 3,151,831 |
| Goodwill and indefinite-lived intangible assets as a percentage of total assets | 31.6% | 44.9% |

*Goodwill Reporting Unit*. Goodwill is calculated as the excess of the consideration transferred over the fair value of identifiable net assets acquired in a business combination and represents the future economic benefits expected to arise from anticipated synergies and intangible assets acquired that do not qualify for separate recognition, including an assembled workforce, noncontractual relationships and other agreements. We assess the recoverability of our goodwill as of October 1st of each year, or more frequently whenever events or substantive changes in circumstances indicate that the carrying amount of a reporting unit may exceed its fair value.



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We test goodwill for impairment at the reporting unit level, which was historically established at the geographic division level. We reevaluate the determination of our reporting units used to test for impairment periodically or whenever events or substantive changes in circumstances occur. Effective in the second quarter of 2020, as a result of progress made in our staged rebranding initiative and the further alignment of service offerings and product pricing for recent acquisitions with our legacy business, we reevaluated the basis of our goodwill reporting units and identified a single goodwill reporting unit based on the chief operating decision maker's current performance monitoring and resource allocation process and the similarity of our geographic divisions.

*Indefinite-Lived Intangible Assets Units of Account*. Our intangible assets with an indefinite life are from franchise agreements that we have with state and local governments and certain trade names. Franchise agreements allow us to contract and operate our business within specified geographic areas. We expect our

franchise agreements to provide us with substantial benefit for a period that extends beyond the foreseeable horizon, and we have historically obtained renewals and extensions of such agreements without material modifications to the agreements for nominal costs, and these costs are expensed as incurred. We currently expect to utilize certain of our trade names for a period that extends beyond the foreseeable horizon and expect the cost to maintain such asset to be nominal.

We assess the recoverability of our indefinite-lived intangible assets as of October 1st of each year, or more frequently whenever events or substantive changes in circumstances indicate that the assets might be impaired. The unit of accounting for our franchise agreements was historically established at the geographic division level. We reevaluate the unit of accounting used to test for impairment periodically or whenever events or substantive changes in circumstances occur to ensure impairment testing is performed at an appropriate level. Effective in the second quarter of 2020, as a result of progress made in our staged rebranding initiative and the further alignment of service offerings and product pricing for recent acquisitions with our legacy business, we reevaluated the basis of our franchise agreements unit of accounting for use in impairment assessments and identified a single unit of accounting for franchise agreements based on a reevaluation of our current operations and the use of our assets.

*Property, Plant and Equipment*

Our industry is capital intensive, and a significant portion of our resources is spent on capital activities associated with extending, rebuilding and upgrading our network. The following tables present certain information regarding our net property, plant and equipment and our cash paid for property, plant and equipment for the periods indicated (dollars in thousands):

| | As of December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Property, plant and equipment, net | $ 1,265,460 | $ 1,201,271 |
| Total assets | $ 4,488,338 | $ 3,151,831 |
| Property, plant and equipment, net as a percentage of total assets | 28.2% | 38.1% |

| Year Ended December 31, | Cash Paid for Property, Plant and Equipment |
|---|---|
| 2020 | $ 302,517 |
| 2019 | $ 257,841 |
| 2018 | $ 215,761 |

Property, plant and equipment represents the costs incurred in the design, construction and implementation of plant, infrastructure and capacity improvements and upgrades. Costs associated with the installation and upgrade of services and the acquiring and deploying of customer premise equipment, including materials, internal and external labor costs and related indirect and overhead costs, are also capitalized.





Capitalized labor costs include the direct costs of engineers and technical personnel involved in the design and implementation of plant and infrastructure; the costs of technicians involved in the installation and upgrades of services and customer premise equipment; and the costs of support personnel directly involved in capitalizable activities, such as project managers and supervisors. These costs are capitalized based on internally developed standards by position which are updated annually (or more frequently if required). These standards are developed utilizing a combination of actual costs incurred where applicable, survey information, operational data and management judgment. Overhead costs are capitalized based on standards developed from historical information. Indirect and overhead costs include payroll taxes; insurance and other benefits; and vehicle, tool and supply expense related to installation activities. Costs for repairs and maintenance, disconnecting service or reconnecting service are expensed as incurred.

The estimated useful lives assigned to our property, plant and equipment are reviewed on an annual basis or more frequently if circumstances warrant and such lives are revised to the extent necessary due to changing facts and circumstances. Any changes in estimated useful lives are reflected prospectively.

*Business Combination Purchase Price Allocation*

The application of the acquisition method requires the allocation of the purchase price amongst the acquisition date fair values of identifiable assets acquired and liabilities assumed in a business combination. Fair values are determined using the income approach, market approach and/or cost approach depending on the nature of the asset or liability being valued and the reliability of available information. The income approach estimates fair value by discounting associated lifetime expected future cash flows to their present value and relies on significant assumptions regarding future revenues, expenses, working capital levels and discount rates. The market approach estimates fair value by analyzing recent actual market transactions for similar assets or liabilities. The cost approach estimates fair value based on the expected cost to replace or reproduce the asset or liability and relies on assumptions regarding the occurrence and extent of any physical, functional and/or economic obsolescence.

**Recently Adopted and Issued Accounting Pronouncements**

Recent accounting pronouncements which may be applicable to us are described in note 2 to our consolidated financial statements.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the potential loss arising from changes in market rates and prices. As of December 31, 2020, our market risk sensitive instruments consisted of our senior credit facilities and interest rate swaps, as each is described within the section entitled "*Management's Discussion and Analysis of Financial Condition and*

*Results of Operations—Financial Condition: Liquidity and Capital Resources—Financing Activity"* and notes 10 and 12 to the consolidated financial statements. None of these instruments were entered into for trading purposes and all instruments relate to the interest rate risk exposure category.

Outstanding borrowings under our senior credit facilities, which bear interest, at our option, at a rate per annum determined by reference to either LIBOR or a base rate, in each case plus an applicable interest rate margin, were approximately $2.2 billion at December 31, 2020. We are also party to two interest rate swap agreements to effectively convert the variable rate interest to fixed base rates of 2.653% and 2.739% for $850.0 million and $350.0 million of such outstanding debt, respectively. Based on the principal outstanding under our senior credit facilities with exposure to LIBOR at December 31, 2020, assuming, hypothetically, that the LIBOR applicable to the senior credit facilities was 100 basis points higher, our annual interest expense would have increased $3.4 million.

Additionally, as of December 31, 2020, we had $650.0 million aggregate principal amount of the New Notes outstanding. Although the New Notes are based on a fixed rate, changes in interest rates could impact the fair market value of such notes. As of December 31, 2020, the fair market value of the New Notes was $669.5 million.

As of December 31, 2019, outstanding borrowings under our senior credit facilities were approximately $1.8 billion and the notional amount of our effective interest rate swap agreement was $850.0 million. Based on the principal then-outstanding under our senior credit facilities with exposure to LIBOR at December 31, 2019, assuming, hypothetically, that the LIBOR applicable to the senior credit facilities was 100 basis points higher, our annual interest expense would have been $9.0 million higher in 2019.





**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

Our consolidated financial statements, the related notes thereto and the report of the independent registered public accounting firm are included in this Annual Report on Form 10-K beginning on page F-1 and are incorporated by reference herein.

Quarterly tabular disclosures are no longer required because we have early adopted the amendment to Regulation S-K Item 302.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Disclosure Controls and Procedures**

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2020, the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective in recording, processing, summarizing and reporting, within the time periods specified in the SEC's rules and forms, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and were effective in ensuring that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

**Changes in Internal Control Over Financial Reporting**

There has been no change in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**Management's Report on Internal Control Over Financial Reporting**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management conducted an assessment of the effectiveness of internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the results of this assessment, management has concluded that, as of December 31, 2020, the Company's internal control over financial reporting was effective based on these criteria.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2020 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report beginning on page F-2 of this Annual Report on Form 10-K.

**ITEM 9B. OTHER INFORMATION**

None.





**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required by this item will be included in our Definitive Proxy Statement to be filed pursuant to Regulation 14A within 120 days after our year ended December 31, 2020 in connection with our 2021 Annual Meeting of Stockholders (the "2021 Proxy Statement"), or in amendment to this Annual Report on Form 10-K, and is incorporated herein by reference.

**ITEM 11. EXECUTIVE COMPENSATION**

The information required by this item will be included in the 2021 Proxy Statement, or in amendment to this Annual Report on Form 10-K, and is incorporated herein by reference.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this item will be included in the 2021 Proxy Statement, or in amendment to this Annual Report on Form 10-K, and is incorporated herein by reference.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this item will be included in the 2021 Proxy Statement, or in amendment to this Annual Report on Form 10-K, and is incorporated herein by reference.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required by this item will be included in the 2021 Proxy Statement, or in amendment to this Annual Report on Form 10-K, and is incorporated herein by reference.





**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a) Documents filed as part of this report:

(1) *Financial Statements*. The consolidated financial statements listed on the index set forth on page F-1 of this Annual Report on Form 10-K are filed as a part of this Annual Report on Form 10-K.

(2) *Financial Statement Schedules.* All financial statement schedules have been omitted since the information is either not applicable or required or is included in the financial statements or notes thereof.

(b) Exhibits.

| Exhibit Number | Description |
|---|---|

| | |
|---|---|
| 2.1 | Separation and Distribution Agreement, dated as of June 16, 2015, by and between Graham Holdings Company and Cable One, Inc. (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K of Cable One, Inc. filed on June 18, 2015). |
| 2.2 | Agreement and Plan of Merger, dated as of January 17, 2017, by and among Cable One, Inc., RBI Holding LLC, Frequency Merger Sub, LLC, RBI Blocker Corp., RBI Blocker Holdings LLC, and GTCR-RBI, LLC, solely in its capacity as the equityholder representative (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K/A of Cable One, Inc. filed on January 20, 2017). |
| 2.3 | Stock Purchase Agreement, dated as of March 31, 2019, by and among Cable One, Inc. and Fidelity Communications Co. (incorporated herein by reference to Exhibit 2.1 to the Quarterly Report on Form 10-Q of Cable One, Inc. filed on May 10, 2019). |
| 2.4 | Equity Purchase Agreement, dated as of September 28, 2020, by and among Cable One, Inc., Mega Broadband Investments Holdings LLC, Mega Broadband Splitter, LP, Mega Broadband Blocker, Inc., and GTCR Fund XII/C LP (incorporated herein by reference to Exhibit 2.1 to the Quarterly Report on Form 10-Q of Cable One, Inc. filed on November 6, 2020). |
| 2.5 | Agreement and Plan of Merger, dated as of February 12, 2021, by and among Cable One, Inc., Hargray Acquisition Holdings, LLC, Lighthouse Merger Sub LLC, and TPO-Hargray, LLC, in its capacity as the equityholders' representative (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K of Cable One, Inc. filed on February 16, 2021). |
| 3.1 | Amended and Restated Certificate of Incorporation of Cable One, Inc. (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K of Cable One, Inc. filed on May 18, 2020). |
| 3.2 | Amended and Restated By-laws of Cable One, Inc. (incorporated herein by reference to Exhibit 3.2 to the Current Report on Form 8-K of Cable One, Inc. filed on July 1, 2015). |
| 4.1 | Description of securities of Cable One, Inc. registered under Section 12 of the Exchange Act.* |
| 4.2 | Indenture, dated as of November 9, 2020, by and among Cable One, Inc., the guarantors from time to time party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee (including Form of 4.00% Senior Notes due 2030) (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K of Cable One, Inc. filed on November 9, 2020). |
| 10.1 | Tax Matters Agreement, dated as of June 16, 2015, by and between Graham Holdings Company and Cable One, Inc. (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of Cable One, Inc. filed on June 18, 2015). |
| 10.2 | Cable One, Inc. Supplemental Executive Retirement Plan (incorporated herein by reference to Exhibit 10.5 to the Current Report on Form 8-K of Cable One, Inc. filed on June 11, 2015).+ |
| 10.3 | Cable One, Inc. Deferred Compensation Plan (incorporated herein by reference to Exhibit 10.6 to the Current Report on Form 8-K of Cable One, Inc. filed on June 11, 2015).+ |





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|---|---|
| 10.4 | Form of Stock Appreciation Right Agreement for grants during 2015 and 2016 (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of Cable One, Inc. filed on August 10, 2015).+ |
| 10.5 | Form of Stock Appreciation Right Agreement for grants during 2017 (incorporated herein by reference to Exhibit 10.12 to the Annual Report on Form 10-K of Cable One, Inc. filed on March 1, 2017).+ |
| 10.6 | Form of Restricted Stock Award Agreement for performance-based restricted stock grants during 2017 (incorporated herein by reference to Exhibit 10.13 to the Annual Report on Form 10-K of Cable One, Inc. filed on March 1, 2017).+ |
| 10.7 | Form of Restricted Stock Award Agreement for time-based restricted stock grants during 2017 (incorporated herein by reference to Exhibit 10.14 to the Annual Report on Form 10-K of Cable One, Inc. filed on March 1, 2017).+ |
| 10.8 | Second Restatement Agreement, dated as of May 8, 2019, among Cable One, Inc., its wholly owned subsidiaries, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Cable One, Inc. filed on May 9, 2019). |
| 10.9 | Amendment No. 1, dated as of November 15, 2019, to the Second Amended and Restated Credit Agreement among Cable One, Inc., the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent (incorporated herein by reference to Exhibit 10.9 to the Annual Report on Form 10-K of Cable One, Inc. filed on February 28, 2020). |
| 10.10 | Amended and Restated Cable One, Inc. 2015 Omnibus Incentive Compensation Plan (incorporated herein by reference to Exhibit 10.15 to the Annual Report on Form 10-K of Cable One, Inc. filed on March 1, 2018).+ |
| 10.11 | Form of Non-Employee Director Restricted Stock Unit Agreement for grants during 2017 through 2019 (incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K of Cable One, Inc. filed on May 4, 2017).+ |
| 10.12 | Form of Stock Appreciation Right Agreement for grants during 2018 (incorporated herein by reference to Exhibit 10.17 to the Annual Report |

on Form 10-K of Cable One, Inc. filed on March 1, 2018).+

| | |
|---|---|
| 10.13 | Form of Restricted Stock Award Agreement for performance-based restricted stock grants during 2018 (incorporated herein by reference to Exhibit 10.18 to the Annual Report on Form 10-K of Cable One, Inc. filed on March 1, 2018).+ |
| 10.14 | Form of Restricted Stock Award Agreement for time-based proportional-vest restricted stock grants during 2018 (incorporated herein by reference to Exhibit 10.19 to the Annual Report on Form 10-K of Cable One, Inc. filed on March 1, 2018).+ |
| 10.15 | Form of Restricted Stock Award Agreement for time-based cliff-vest restricted stock grants during 2018 (incorporated herein by reference to Exhibit 10.17 to the Annual Report on Form 10-K of Cable One, Inc. filed on February 28, 2019).+ |
| 10.16 | Form of Non-Employee Director Restricted Stock Unit Award Agreement for grants in lieu of annual cash fees during 2018 and 2019 (incorporated herein by reference to Exhibit 10.20 to the Annual Report on Form 10-K of Cable One, Inc. filed on March 1, 2018).+ |
| 10.17 | Steven S. Cochran Offer Letter dated July 2, 2018 (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Cable One, Inc. filed on November 8, 2018).+ |
| 10.18 | Peter N. Witty Offer Letter dated February 12, 2018 (incorporated herein by reference to Exhibit 10.7 to the Quarterly Report on Form 10-Q of Cable One, Inc. filed on May 10, 2019).+ |





| | |
|---|---|
| 10.19 | Form of Stock Appreciation Right Agreement for grants during 2019 (incorporated herein by reference to Exhibit 10.22 to the Annual Report on Form 10-K of Cable One, Inc. filed on February 28, 2019).+ |
| 10.20 | Form of Restricted Stock Award Agreement for performance-based restricted stock grants during 2019 (incorporated herein by reference to Exhibit 10.23 to the Annual Report on Form 10-K of Cable One, Inc. filed on February 28, 2019).+ |
| 10.21 | Form of Restricted Stock Award Agreement for time-based proportional-vest restricted stock grants during 2019 (incorporated herein by reference to Exhibit 10.24 to the Annual Report on Form 10-K of Cable One, Inc. filed on February 28, 2019).+ |
| 10.22 | Form of Stock Appreciation Right Agreement for grants during 2020 (incorporated herein by reference to Exhibit 10.22 to the Annual Report on Form 10-K of Cable One, Inc. filed on February 28, 2020).+ |
| 10.23 | Form of Restricted Stock Award Agreement for performance-based restricted stock grants during 2020 (incorporated herein by reference to Exhibit 10.23 to the Annual Report on Form 10-K of Cable One, Inc. filed on February 28, 2020).+ |
| 10.24 | Form of Restricted Stock Award Agreement for time-based proportional-vest restricted stock grants during 2020 (incorporated herein by reference to Exhibit 10.24 to the Annual Report on Form 10-K of Cable One, Inc. filed on February 28, 2020).+ |
| 10.25 | Form of Restricted Stock Award Agreement for time-based cliff-vest restricted stock grants during 2020 (incorporated herein by reference to Exhibit 10.25 to the Annual Report on Form 10-K of Cable One, Inc. filed on February 28, 2020).+ |
| 10.26 | Form of Non-Employee Director Restricted Stock Unit Award Agreement for annual equity grants beginning in 2020 (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Cable One, Inc. filed on August 7, 2020).+ |
| 10.27 | Form of Non-Employee Director Restricted Stock Unit Award Agreement for grants in lieu of annual cash fees beginning in 2020 (incorporated herein by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Cable One, Inc. filed on August 7, 2020).+ |
| 10.28 | Third Restatement Agreement, dated as of October 30, 2020, among Cable One, Inc., certain of its wholly owned subsidiaries party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Cable One, Inc. filed on October 30, 2020). |
| 10.29 | Second Amended and Restated Limited Liability Company Agreement, dated as of November 12, 2020, by and among Mega Broadband Investments Holdings LLC, Cable One, Inc., and the other unitholders party thereto.*† |
| 21.1 | List of subsidiaries of Cable One, Inc.* |
| 23.1 | Consent of PricewaterhouseCoopers LLP.* |
| 24.1 | Power of Attorney (included on Signatures page of this Annual Report on Form 10-K).* |
| 31.1 | Principal Executive Officer Certification required by Rules 13a-14 and 15d-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.* |
| 31.2 | Principal Financial Officer Certification required by Rules 13a-14 and 15d-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.* |

| 32 | Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.** |
|---|---|





| 101.INS | Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document). |
|---|---|
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document.* |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document.* |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document.* |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document.* |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document.* |
| 104 | The cover page of this Annual Report on Form 10-K for the year ended December 31, 2020, formatted in Inline XBRL (included within the Exhibit 101 attachments). |

* Filed herewith.
** Furnished herewith.
+ Management contract or compensatory arrangement.
† Certain information of the exhibit (indicated by "[***]") has been excluded as the Company has determined the omitted information (i) is not material and (ii) would likely cause competitive harm to the Company if publicly disclosed.

**ITEM 16. FORM 10-K SUMMARY**

None.





**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CABLE ONE, INC.
(Registrant)

Date: February 25, 2021

By: /s/ Julia M. Laulis
Julia M. Laulis
Chair of the Board, President and Chief Executive Officer

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Julia M. Laulis and Steven S. Cochran, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or either of them or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| /s/ Julia M. Laulis<br>Julia M. Laulis | Chair of the Board, President and Chief Executive Officer<br>(Principal Executive Officer) | February 25, 2021 |
| /s/ Steven S. Cochran | Chief Financial Officer | February 25, 2021 |

| | | |
|---|---|---|
| Steven S. Cochran | (Principal Financial Officer and Principal Accounting Officer) | |
| /s/ Brad D. Brian<br>Brad D. Brian | Director | February 25, 2021 |
| /s/ Thomas S. Gayner<br>Thomas S. Gayner | Director | February 25, 2021 |
| /s/ Deborah J. Kissire<br>Deborah J. Kissire | Director | February 25, 2021 |
| /s/ Mary E. Meduski<br>Mary E. Meduski | Director | February 25, 2021 |
| /s/ Thomas O. Might<br>Thomas O. Might | Director | February 25, 2021 |
| /s/ Kristine E. Miller<br>Kristine E. Miller | Director | February 25, 2021 |
| /s/ Sherrese M. Smith<br>Sherrese M. Smith | Director | February 25, 2021 |
| /s/ Wallace R. Weitz<br>Wallace R. Weitz | Director | February 25, 2021 |
| /s/ Katharine B. Weymouth<br>Katharine B. Weymouth | Director | February 25, 2021 |





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| Consolidated Statements of Operations and Comprehensive Income for the Years Ended December 31, 2020, 2019 and 2018 | F-6 |
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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of Cable One, Inc.

***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Cable One, Inc. and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of operations and comprehensive income, of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for

its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

***Definition and Limitations of Internal Control over Financial Reporting***

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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



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***Critical Audit Matters***

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

*Capitalization of Internal Labor Costs*

As described in Notes 2 and 7 to the consolidated financial statements, capitalized labor costs include the direct costs of engineers and technical personnel involved in the design and implementation of plant and infrastructure; the costs of technicians involved in the installation and upgrades of services and customer premise equipment; and the costs of support personnel directly involved in capitalizable activities. These costs are capitalized based on internally developed standards by position, which are updated annually (or more frequently if required). These standards are developed utilizing a combination of actual costs incurred, survey information, operational data and management judgment. Capitalized labor costs represent a portion of the consolidated balance of property, plant and equipment, net of $1.3 billion as of December 31, 2020.

The principal considerations for our determination that performing procedures relating to capitalization of internal labor costs is a critical audit matter are (i) the significant judgment by management in determining the internal labor costs to be capitalized and (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the determination of internal labor costs to be capitalized related to survey responses and operational data.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to capitalization of internal labor costs, including controls over the internal labor costs to be capitalized. These procedures also included, among others (i) evaluating the appropriateness of management's process for determining the standard labor costs by position, (ii) testing the data inputs related to payroll and benefits, and (iii) evaluating the reasonableness of the factors considered by management related to survey responses received and the analysis of operational data. Evaluating the reasonableness of the factors involved evaluating whether the factors were consistent with information contained in the survey responses received and the expected time spent on capitalizable activities.

*Valuation of the Hargray Investment*

As described in Note 6 to the consolidated financial statements, the Company contributed its Anniston, Alabama system to Hargray Acquisition Holdings, LLC ("Hargray") in exchange for an approximately 15% equity interest in Hargray on a fully diluted basis, which resulted in the recognition of a $113.2 million investment recorded in equity investments and a non-cash gain of $82.6 million recorded in gain on sale of business. Management calculated the fair value of

Hargray's total enterprise value using a hybrid of both the discounted cash flow method of the income approach and the guideline public company method of the market approach. Significant assumptions used in the valuation include projected revenue growth rates, future EBITDA margins, future capital expenditures, and the discount rate. The enterprise value less Hargray's debt and unamortized debt issuance costs was multiplied by the Company's minority equity interest percentage to determine the Hargray investment's carrying value. The resulting non-cash gain was calculated as the difference between this carrying value and the book value of the Anniston System's net assets, including its proportionate share of the Company's franchise agreement and goodwill assets.

The principal considerations for our determination that performing procedures relating to the valuation of the Hargray investment is a critical audit matter are (i) the significant judgment by management in developing the fair value measurement of the investment and (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's significant assumptions related to the projected revenue growth rates, future EBITDA margins, future capital expenditures, and discount rate. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of equity investments, including controls over the assumptions related to the valuation of the fair value measurement of the Hargray investment, including the projected revenue growth rates, future EBITDA margins, future capital expenditures, and discount rate. These procedures also included, among others (i) reading the purchase agreement, (ii) evaluating management's process for developing the fair value estimate, (iii) evaluating the appropriateness of the discounted cash flow model, and (iv) evaluating the reasonableness of significant assumptions used by management related to the projected revenue growth rates, future EBITDA margins, future capital expenditures, and discount rate, and (v) testing the data used in the discounted cash flow model. Evaluating management's assumptions related to the projected revenue growth rates, future EBITDA margins, and future capital expenditures involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the investee; (ii) the consistency with external market and industry data; and (iii) whether these assumptions were consistent with other aspects in the discounted cash flow model. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discounted cash flow model and the discount rate assumption.





*Initial Fair Value of Options Associated with the Mega Broadband Investment*

As described in Notes 6 and 13 to the consolidated financial statements, the Company acquired a 45.0% minority equity interest in Mega Broadband Investments Holdings LLC ("MBI") in 2020. The Company holds a call option to purchase all but not less than all of the remaining equity interests in MBI that the Company does not already own between January 1, 2023 and June 30, 2024. If the call option is not exercised, certain investors in MBI hold a put option to sell (and to cause all members of MBI other than the Company to sell) to the Company all but not less than all of the remaining equity interests in MBI that the Company does not already own between July 1, 2025 and September 30, 2025. The call and put options (collectively referred to as the "net option") are measured at fair value using Monte Carlo simulations that rely on assumptions around MBI's equity value, MBI's and the Company's equity volatility, MBI's and the Company's EBITDA volatility, risk adjusted discount rates and the Company's cost of debt, among others. The initial fair values of the call and put options on November 12, 2020 were $19.7 million and $75.5 million, respectively, and were included within other noncurrent liabilities. The net option is remeasured at fair value on a quarterly basis resulting in a $17.5 million change in fair value of the net option during the period ended December 31, 2020 which is reported within other income (expense), net.

The principal considerations for our determination that performing procedures relating to the initial fair value of options associated with MBI is a critical audit matter are (i) the significant judgment by management in developing the fair values of these options using the Monte Carlo simulations and (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to MBI's equity value. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the fair value of the options, including controls over the assumptions related to the valuation of the options, including MBI's equity value. These procedures also included, among others, developing an independent range of values for each option and performing a comparison of management's estimate to the independently developed range to evaluate the reasonableness of management's estimate. Developing the independent range of values involved (i) developing an independent Monte Carlo simulation model, (ii) testing the completeness and accuracy of the contractual information used by management to calculate the agreed-upon price to acquire the remaining equity interests in MBI, and (iii) evaluating the reasonableness of the assumptions used by management to estimate MBI's equity value. Professionals with specialized skill and knowledge were used to assist in developing the independent Monte Carlo simulation model, including developing the independent range of values.

/s/ PricewaterhouseCoopers LLP
Phoenix, Arizona
February 25, 2021
We have served as the Company's auditor since 2014.





**CABLE ONE, INC.**
**CONSOLIDATED BALANCE SHEETS**

| | December 31, | December 31, |
|---|---|---|

| (dollars in thousands, except par values) | 2020 | 2019 |
|---|---|---|
| **Assets** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 574,909 | $ 125,271 |
| Accounts receivable, net | 38,768 | 38,452 |
| Income taxes receivable | 41,245 | 2,146 |
| Prepaid and other current assets | 17,891 | 15,619 |
| Total Current Assets | 672,813 | 181,488 |
| Equity investments | 807,781 | 206 |
| Property, plant and equipment, net | 1,265,460 | 1,201,271 |
| Intangible assets, net | 1,278,198 | 1,312,381 |
| Goodwill | 430,543 | 429,597 |
| Other noncurrent assets | 33,543 | 26,888 |
| Total Assets | $ 4,488,338 | $ 3,151,831 |
| | | |
| **Liabilities and Stockholders' Equity** | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | $ 174,139 | $ 136,993 |
| Deferred revenue | 21,051 | 23,640 |
| Current portion of long-term debt | 26,392 | 28,909 |
| Total Current Liabilities | 221,582 | 189,542 |
| Long-term debt | 2,148,798 | 1,711,937 |
| Deferred income taxes | 366,675 | 303,314 |
| Interest rate swap liability | 155,357 | 78,612 |
| Other noncurrent liabilities | 100,627 | 26,857 |
| Total Liabilities | 2,993,039 | 2,310,262 |
| | | |
| Commitments and contingencies (see note 17) | | |
| | | |
| Stockholders' Equity | | |
| Preferred stock ($0.01 par value; 4,000,000 shares authorized; none issued or outstanding) | - | - |
| Common stock ($0.01 par value; 40,000,000 shares authorized; 6,175,399 and 5,887,899 shares issued; and 6,027,704 and 5,715,377 shares outstanding as of December 31, 2020 and 2019, respectively) | 62 | 59 |
| Additional paid-in capital | 535,586 | 51,198 |
| Retained earnings | 1,228,172 | 980,355 |
| Accumulated other comprehensive loss | (140,683) | (68,158) |
| Treasury stock, at cost (147,695 and 172,522 shares held as of December 31, 2020 and 2019, respectively) | (127,838) | (121,885) |
| Total Stockholders' Equity | 1,495,299 | 841,569 |
| Total Liabilities and Stockholders' Equity | $ 4,488,338 | $ 3,151,831 |

See accompanying notes to the consolidated financial statements.



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**CABLE ONE, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

| | Year Ended December 31, | | |
|---|---|---|---|
| (dollars in thousands, except per share data) | 2020 | 2019 | 2018 |
| Revenues | $ 1,325,229 | $ 1,167,997 | $ 1,072,295 |
| Costs and Expenses: | | | |
| Operating (excluding depreciation and amortization) | 418,704 | 388,552 | 370,269 |
| Selling, general and administrative | 255,163 | 245,120 | 222,216 |
| Depreciation and amortization | 265,658 | 216,687 | 197,731 |
| (Gain) loss on asset sales and disposals, net | (1,072) | 7,187 | 14,167 |
| Gain on sale of business | (82,574) | - | - |
| Total Costs and Expenses | 855,879 | 857,546 | 804,383 |
| Income from operations | 469,350 | 310,451 | 267,912 |
| Interest expense | (73,607) | (71,729) | (60,415) |
| Other income (expense), net | (16,411) | (4,907) | 4,487 |
| Income before income taxes and equity method investment earnings | 379,332 | 233,815 | 211,984 |
| Income tax provision | 76,317 | 55,233 | 47,224 |
| Income before equity method investment earnings | 303,015 | 178,582 | 164,760 |
| Equity method investment earnings | 1,376 | - | - |
| Net income | $ 304,391 | $ 178,582 | $ 164,760 |

| | | | |
|---|---|---|---|
| Net Income per Common Share: | | | |
| Basic | $ 51.73 | $ 31.45 | $ 28.98 |
| Diluted | $ 51.27 | $ 31.12 | $ 28.77 |
| Weighted Average Common Shares Outstanding: | | | |
| Basic | 5,884,780 | 5,678,990 | 5,684,375 |
| Diluted | 5,937,582 | 5,737,856 | 5,725,963 |
| | | | |
| Unrealized gain (loss) on cash flow hedges and other, net of tax | $ (72,525) | $ (68,062) | $ 256 |
| Comprehensive income | $ 231,866 | $ 110,520 | $ 165,016 |

See accompanying notes to the consolidated financial statements.



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**CABLE ONE, INC.**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

| (dollars in thousands, except per share data) | Common Stock Shares | Common Stock Amount | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Treasury Stock, at cost | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2017** | 5,731,442 | $ 59 | $ 28,412 | $ 728,386 | $ (352) | $ (80,058) | $ 676,447 |
| Net income | - | - | - | 164,760 | - | - | 164,760 |
| Changes in pension, net of tax | - | - | - | - | 256 | - | 256 |
| Equity-based compensation | - | - | 10,486 | - | - | - | 10,486 |
| Issuance of equity awards, net of forfeitures | 20,800 | - | - | - | - | - | - |
| Repurchases of common stock | (38,814) | - | - | - | - | (26,582) | (26,582) |
| Withholding tax for equity awards | (10,026) | - | - | - | - | (7,155) | (7,155) |
| Dividends paid to stockholders ($7.50 per common share) | - | - | - | (42,854) | - | - | (42,854) |
| **Balance at December 31, 2018** | 5,703,402 | 59 | 38,898 | 850,292 | (96) | (113,795) | 775,358 |
| Lease accounting standard adoption cumulative adjustment | - | - | - | 8 | - | - | 8 |
| Net income | - | - | - | 178,582 | - | - | 178,582 |
| Unrealized loss on cash flow hedges and other, net of tax | - | - | - | - | (68,062) | - | (68,062) |
| Equity-based compensation | - | - | 12,300 | - | - | - | 12,300 |
| Issuance of equity awards, net of forfeitures | 21,480 | - | - | - | - | - | - |
| Repurchases of common stock | (5,984) | - | - | - | - | (5,073) | (5,073) |
| Withholding tax for equity awards | (3,521) | - | - | - | - | (3,017) | (3,017) |
| Dividends paid to stockholders ($8.50 per common share) | - | - | - | (48,527) | - | - | (48,527) |
| **Balance at December 31, 2019** | 5,715,377 | 59 | 51,198 | 980,355 | (68,158) | (121,885) | 841,569 |
| Net income | - | - | - | 304,391 | - | - | 304,391 |
| Unrealized loss on cash flow hedges and other, net of tax | - | - | - | - | (72,525) | - | (72,525) |
| Equity-based compensation | - | - | 14,592 | - | - | - | 14,592 |
| Issuance of common stock | 287,500 | 3 | 469,796 | | | | 469,799 |
| Issuance of equity awards, net of forfeitures | 28,688 | - | - | - | - | - | - |
| Withholding tax for equity awards | (3,861) | - | - | - | - | (5,953) | (5,953) |
| Dividends paid to stockholders ($9.50 per common share) | - | - | - | (56,574) | - | - | (56,574) |
| **Balance at December 31, 2020** | 6,027,704 | $ 62 | $ 535,586 | $ 1,228,172 | $ (140,683) | $ (127,838) | $ 1,495,299 |

See accompanying notes to the consolidated financial statements.



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**CABLE ONE, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | Year Ended December 31, |
|---|---|

| (in thousands) | 2020 | 2019 | 2018 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Net income | $ 304,391 | $ 178,582 | $ 164,760 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 265,658 | 216,687 | 197,731 |
| Amortization of debt issuance costs | 4,305 | 4,646 | 4,163 |
| Equity-based compensation | 14,592 | 12,300 | 10,486 |
| Write-off of debt issuance costs | 6,181 | 4,210 | 110 |
| Increase in deferred income taxes | 87,182 | 50,011 | 34,973 |
| (Gain) loss on asset sales and disposals, net | (1,072) | 7,187 | 14,167 |
| Gain on sale of business | (82,574) | - | - |
| Equity method investment earnings | (1,376) | - | - |
| Fair value adjustment | 17,510 | - | - |
| Changes in operating assets and liabilities, net of effects from acquisitions: | | | |
| (Increase) decrease in accounts receivable, net | 139 | (3,520) | (17) |
| (Increase) decrease in income taxes receivable | (39,099) | 8,567 | 10,618 |
| Increase in prepaid and other current assets | (2,189) | (462) | (2,192) |
| Increase (decrease) in accounts payable and accrued liabilities | 11,781 | 16,452 | (27,853) |
| Increase (decrease) in deferred revenue | (2,961) | (1,432) | 3,946 |
| Other, net | (8,097) | (1,487) | (3,123) |
| Net cash provided by operating activities | 574,371 | 491,741 | 407,769 |
| | | | |
| **Cash flows from investing activities:** | | | |
| Purchase of businesses, net of cash acquired | (38,296) | (883,440) | - |
| Purchase of equity investments | (612,124) | - | - |
| Capital expenditures | (293,229) | (262,352) | (217,766) |
| Change in accrued expenses related to capital expenditures | (9,288) | 4,511 | 2,005 |
| Purchase of wireless licenses | (1,418) | - | - |
| Proceeds from sales of property, plant and equipment | 730 | 7,039 | 1,466 |
| Issuance of note and other receivables | (7,288) | - | - |
| Settlement of note and other receivables | 6,000 | - | - |
| Net cash used in investing activities | (954,913) | (1,134,242) | (214,295) |
| | | | |
| **Cash flows from financing activities:** | | | |
| Proceeds from equity issuance | 488,750 | - | - |
| Proceeds from long-term debt borrowings | 1,050,000 | 1,275,000 | - |
| Payment of equity issuance costs | (18,951) | - | - |
| Payment of debt issuance costs | (15,064) | (11,844) | (2,131) |
| Payments on long-term debt | (612,028) | (702,880) | (14,391) |
| Repurchases of common stock | - | (5,073) | (26,582) |
| Payment of withholding tax for equity awards | (5,953) | (3,017) | (7,155) |
| Dividends paid to stockholders | (56,574) | (48,527) | (42,854) |
| Other | | - | 2,000 |
| Net cash provided by (used in) financing activities | 830,180 | 503,659 | (91,113) |
| | | | |
| Increase (decrease) in cash and cash equivalents | 449,638 | (138,842) | 102,361 |
| Cash and cash equivalents, beginning of period | 125,271 | 264,113 | 161,752 |
| Cash and cash equivalents, end of period | $ 574,909 | $ 125,271 | $ 264,113 |
| | | | |
| **Supplemental cash flow disclosures:** | | | |
| Cash paid for interest, net of capitalized interest | $ 65,007 | $ 67,907 | $ 56,412 |
| Cash paid for income taxes, net of refunds received | $ 28,230 | $ (3,585) | $ 1,811 |

See accompanying notes to the consolidated financial statements.



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**CABLE ONE, INC.**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

## 1. DESCRIPTION OF BUSINESS

Cable One, Inc., together with its wholly owned subsidiaries (collectively, “Cable One” or the “Company”), is a fully integrated provider of data, video and voice services to residential and business subscribers in 21 Western, Midwestern and Southern U.S. states. At the end of 2020, Cable One provided service to approximately 969,000 residential and business customers, of which approximately 857,000 subscribed to data services, 260,000 subscribed to video services and 124,000 subscribed to voice services.

On May 1, 2017, the Company acquired RBI Holding LLC ("NewWave") for a purchase price of $740.2 million. On January 8, 2019, the Company acquired Delta Communications, L.L.C. ("Clearwave") for a purchase price of $358.8 million. On October 1, 2019, the Company acquired Fidelity Communications Co.'s data, video and voice business and certain related assets (collectively, "Fidelity") for a purchase price of $531.4 million. On July 1, 2020, the Company acquired Valu-Net LLC ("Valu-Net") for a purchase price of $38.9 million. The purchase price for these transactions was in cash on a debt-free basis. Refer to note 3 for details on these transactions. Refer to note 6 for information on the Company's equity investments completed during 2020.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation.** The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and the rules and regulations of the Securities and Exchange Commission (the "SEC"). The Company's results of operations for the years ended December 31, 2020, 2019 and 2018 may not be indicative of the Company's future results.

Certain reclassifications have been made to prior period amounts to conform to the current year presentation.

**Principles of Consolidation.** The accompanying consolidated financial statements include the accounts of the Company, including its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

**Segment Reporting.** Accounting Standards Codification ("ASC") 280 - *Segment Reporting* requires the disclosure of factors used to identify an entity's reportable segments. Historically, the Company's operations were organized and managed on the basis of its geographic divisions. Effective in the second quarter of 2020, as a result of progress made in the Company's staged rebranding initiative and the further alignment of service offerings and product pricing for recent acquisitions with its legacy business, the Company reevaluated the chief operating decision maker's review and assessment of the Company's operating performance for purposes of performance monitoring and resource allocation. The Company determined that its operations, including the decisions to allocate resources and deploy capital, are organized and managed on a consolidated basis and are not based on any predetermined geographic division. Each operating system derives revenues from the delivery of similar products and services to a customer base that is also similar. Each operating system deploys similar technology to deliver the Company's products and services, operates within a similar regulatory environment, has similar economic characteristics and is managed by the Company's chief operating decision maker as part of an aggregate of all operating systems within the Company's material geographic divisions. Management evaluated the criteria for aggregation under ASC 280 and has concluded that the Company meets each of the respective criteria set forth therein. Accordingly, management has identified one operating segment, which is its reportable segment, under this organizational and reporting structure.

**Use of Estimates.** The preparation of the consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amounts reported herein. Management bases its estimates and assumptions on historical experience and on various other factors that are believed to be reasonable under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be affected by changes in those estimates and underlying assumptions.

**Revenue Recognition.** The Company recognizes revenue in accordance with ASC 606 - *Revenue from Contracts with Customers.* Residential revenues are generated through individual and bundled subscriptions for data, video and voice services on month to month terms, without penalty for cancellation. As bundled subscriptions are typically offered at discounted rates, the sales price is allocated amongst the respective product lines based on the relative selling price at which each service is sold under standalone service agreements. Business revenues are generated through individual and bundled subscriptions for data, video and voice services under contracts with terms ranging from one month to several years.

The Company also generally receives an allocation of scheduled advertising time as part of its distribution agreements with cable and broadcast networks, which the Company sells to local, regional and national advertisers under contracts with terms that are typically less than one year. In most instances, the available advertising time is sold directly by the Company's internal sales force. As the Company is acting as principal in these arrangements, the advertising that is sold is reported as revenue on a gross basis. In instances where advertising time is sold by contracted third-party agencies, the Company is not acting as principal and the advertising sold is therefore reported net of agency fees. Advertising revenues are recognized when the related advertisements are aired.

The unit of accounting for revenue recognition is a performance obligation, which is a requirement to transfer a distinct good or service to a customer. Customers are billed for the services to which they subscribe based upon published or contracted rates, with the sales price being allocated to each performance obligation. For arrangements with multiple performance obligations, the sales price is allocated based on the relative standalone selling price for each subscribed service. Generally, performance obligations are satisfied, and revenue is recognized, over the period of time in which customers simultaneously receive and consume the Company's defined performance obligations, which are delivered in a similar pattern of transfer. Advertising revenue is recognized at the point in time when the underlying performance obligation is complete.

The Company also incurs certain incremental costs to acquire residential and business customers, such as commission costs and third-party costs to service specific customers. These costs are capitalized as contract assets and amortized over the applicable period. For commissions, the amortization period is the average customer tenure, which is approximately five years for both residential and business customers. All other costs are amortized over the requisite contract period.

Fees imposed on the Company by various governmental authorities, including franchise fees, are passed through on a monthly basis to the Company's customers and are periodically remitted to authorities. As the Company acts as principal, these fees are reported in video and voice revenues on a gross basis with corresponding expenses included within operating expenses in the consolidated statements of operations and comprehensive income.

**Concentrations of Credit Risk.** Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and accounts receivable. Concentration of credit risk with respect to the Company's cash balance is limited. The Company maintains or invests its cash with highly qualified financial institutions. With respect to the Company's receivables, credit risk is limited due to the large number of customers, individually small balances and short payment terms.

**Programming Costs.** The Company's programming costs are fees paid to license the programming that is distributed to video customers and are recorded in the period the services are provided. Programming costs are recorded based on the Company's contractual agreements with its programming vendors, which are generally multi-year agreements that provide for the Company to make payments to the programming vendors at agreed upon rates based on the number of subscribers to which the Company provides the programming service. From time to time, these agreements expire, and programming continues to be distributed, often pursuant to an extension, to customers while the parties negotiate new contractual terms. While payments are typically made under the prior agreement's terms, the amount of programming costs recorded during these interim periods is based on the Company's estimates of the ultimate contractual terms expected to be negotiated. Differences between actual amounts determined upon resolution of negotiations and amounts recorded during these interim periods are recorded in the period of resolution.

**Advertising Costs**. The Company expenses advertising costs as incurred. The total amount of such advertising expense recorded was $31.6 million, $34.3 million and $28.6 million in 2020, 2019 and 2018, respectively.

**Cash Equivalents**. The Company considers all highly liquid investments with original maturities at purchase of three months or less to be cash equivalents. These investments are carried at cost plus accrued interest and dividends, which approximates market value.

**Allowance for Doubtful Accounts.** Accounts receivable have been reduced by an allowance for amounts that may be uncollectible in the future. This estimated allowance is based primarily on the aging category, historical collection experience and management's evaluation of the financial condition of the customer. The Company generally considers an account past due or delinquent when a customer misses a scheduled payment. The Company writes off accounts receivable balances deemed uncollectible against the allowance for doubtful accounts generally when the account is turned over for collection to an outside collection agency.

**Fair Value Measurements.** Fair value measurements are determined based on the assumptions that a market participant would use in pricing an asset or liability based on a three-tiered hierarchy that draws a distinction between market participant assumptions based on (i) observable inputs, such as quoted prices in active markets (level 1); (ii) inputs other than quoted prices in active markets that are observable either directly or indirectly (level 2); and (iii) unobservable inputs that require the Company to use present value and other valuation techniques in the determination of fair value (level 3). Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurements requires judgment and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

For assets and liabilities that are measured using quoted prices in active markets, the total fair value is the published market price per unit multiplied by the number of units held, without consideration of transaction costs. Assets and liabilities that are measured using significant other observable inputs are primarily valued by reference to quoted prices of similar assets or liabilities in active markets, adjusted for any terms specific to that asset or liability. Assets and liabilities that are measured using significant unobservable inputs are valued using various valuation techniques, including Monte Carlo simulations.

The Company measures certain assets, including property, plant and equipment, intangible assets and goodwill, at fair value on a nonrecurring basis when they are deemed to be impaired. The fair value of these assets is determined with valuation techniques using the best information available and may include quoted market prices, market comparables and discounted cash flow models.

The carrying amounts reported in the Company's consolidated financial statements for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value because of the short-term nature of these financial instruments.

**Equity Investments.** Equity investments that do not provide the Company the ability to exert significant influence over the operating or financial decisions of the investee are accounted for under the fair value measurement alternative. This method requires the initial fair value of the investment to be recorded as an asset within the consolidated balance sheet and any dividends received from the investee to be recorded as other income within the consolidated statement of operations and comprehensive income. If observable price changes for identical or similar investments in the same investee are identified, the recorded carrying value will be adjusted to its current estimated fair value.

Equity investments that do provide the Company with the ability to exert significant influence over the operating or financial decisions of the investee are accounted for under the equity method. The equity method requires the initial fair value of the investment to be recorded as an asset within the consolidated balance sheet. Based on its ownership percentage, the Company then recognizes its proportionate share of the investee's net income (loss) each period within equity method investment earnings in the consolidated statement of operations and comprehensive income and a corresponding increase (decrease) to the investment's carrying value within the consolidated balance sheet. As permitted by GAAP, the Company elected to recognize its proportionate share of such net income (loss) for each of its equity method investments on a one quarter lag. Additionally, any dividends received from an equity method investee are accounted for as a reduction in the carrying value of the investment within the consolidated balance sheet. Further, any material difference between the carrying value of an equity method investment and the Company's underlying equity in the net assets of the investee attributable to depreciable property, plant and equipment and/or amortizable intangible assets will result in an adjustment to the amount of net income (loss) recognized by the Company each period.

As none of the Company's cost or equity method investments have readily determinable fair values, the Company assesses each investment for indicators of impairment on a quarterly basis based primarily on the investee's most recently available financial and operating information. If it is determined that the fair value of an investment has fallen below its carrying value, the carrying value is adjusted down to fair value and an impairment loss equal to the amount of the adjustment is recognized within the period's statement of operations and comprehensive income.

**Property, Plant and Equipment.** Property, plant and equipment is recorded at cost less accumulated depreciation and amortization. Costs for replacements and major improvements are capitalized while costs for maintenance and repairs are expensed as incurred. Depreciation and amortization are calculated using the straight-line method for all assets, with the exception of capitalized internal and external labor, which are depreciated using an accelerated method. The estimated useful life ranges for each category of property, plant and equipment are as follows (in years):

| | | | |
|---|---|---|---|
| Cable distribution systems | 10 | – | 25 |
| Customer premise equipment | 3 | – | 5 |
| Other equipment and fixtures | 3 | – | 10 |
| Buildings and improvements | 10 | – | 20 |
| Capitalized software | 3 | – | 7 |
| Right-of-use ("ROU") assets | 1 | – | 5 |

The costs of leasehold improvements are amortized over the lesser of their useful lives or the remaining terms of the respective leases.

Costs associated with the installation and upgrade of services and acquiring and deploying of customer premise equipment, including materials, internal and external labor costs and related indirect and overhead costs, are capitalized.

Capitalized labor costs include the direct costs of engineers and technical personnel involved in the design and implementation of plant and infrastructure; the costs of technicians involved in the installation and upgrades of services and customer premise equipment; and the costs of support personnel directly involved in capitalizable activities, such as project managers and supervisors. These costs are capitalized based on internally developed standards by position, which are updated annually (or more frequently if required). These standards are developed utilizing a combination of actual costs incurred where applicable, survey information, operational data and management judgment. Overhead costs are capitalized based on standards developed from historical information. Indirect and overhead costs include payroll taxes; insurance and other benefits; and vehicle, tool and supply expense related to installation activities. Costs for repairs and maintenance, disconnecting service or reconnecting service are expensed as incurred.

The Company capitalizes certain internal and external costs incurred to acquire or develop internal-use, on-premises and cloud-based software, including costs associated with coding, software configuration, upgrades and enhancements.

**Evaluation of Long-Lived Assets.** The recoverability of property, plant and equipment and finite-lived intangible assets is assessed whenever adverse events or changes in circumstances indicate that recorded values may not be recoverable. A long-lived asset is considered to not be recoverable when the undiscounted estimated future cash flows are less than the asset's recorded value. An impairment charge is measured based on estimated fair market value, determined primarily using estimated future cash flows on a discounted basis. Losses on long-lived assets to be disposed of are determined in a similar manner, but the fair market value is reduced for estimated disposal costs.

**Finite-Lived Intangible Assets.** Finite-lived intangible assets consist of franchise renewals, customer relationships, trademarks and trade names and wireless licenses and are amortized using a straight-line or accelerated method over the respective estimated periods for which the assets will provide economic benefit to the Company.

**Indefinite-Lived Intangible Assets.** The Company's intangible assets with an indefinite life are franchise agreements that it has with state and local governments and certain trade names. Franchise agreements allow the Company to contract and operate its business within specified geographic areas. The Company expects its franchise agreements to provide it with substantial benefit for a period that extends beyond the foreseeable horizon, and the Company has historically obtained renewals and extensions of such agreements without material modifications to the agreements for nominal costs, and these costs are expensed as incurred. The Company currently expects to utilize certain trade names for a period that extends beyond the foreseeable horizon and expects the cost to maintain such asset to be nominal.

The Company's unit of accounting for its franchise agreements was historically established at the geographic division level. Effective in the second quarter of 2020, as a result of progress made in the Company's staged rebranding initiative and the further alignment of service offerings and product pricing for recent acquisitions with its legacy business, the Company reevaluated the basis of its franchise agreements unit of accounting for use in impairment assessments and identified a single unit of accounting for its franchise agreements based on a reevaluation of the Company's current operations and the use of its assets.

The Company assesses the recoverability of its indefinite-lived intangible assets as of October 1st of each year, or more frequently whenever events or substantive changes in circumstances indicate that the assets might be impaired. The Company evaluates the unit of accounting used to test for impairment periodically or whenever events or substantive changes in circumstances occur to ensure impairment testing is performed at an appropriate level. The assessment of recoverability may first consider qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. A quantitative assessment is performed if the qualitative assessment results in a more-likely-than-not determination or if a qualitative assessment is not performed. When performing a quantitative assessment, the Company estimates the fair value of its franchise agreements primarily based on a multi-period excess earnings method ("MPEEM") analysis and estimates the fair value of certain trade names primarily based on a relief-from-royalty analysis, both of which involve significant judgment. When analyzing the fair values indicated under the MPEEM analysis, the Company also considers multiples of earnings before interest, taxes, depreciation and amortization ("EBITDA" and as adjusted, "Adjusted EBITDA") generated by the underlying assets, current market transactions and profitability information. If the fair value of indefinite-lived intangible assets were determined to be less than the carrying amount, the Company would recognize an impairment charge for the difference between the estimated fair value and the carrying value of the assets.

**Goodwill.** Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets acquired in a business combination and represents the future economic benefits expected to arise from anticipated synergies and intangible assets acquired that do not qualify for separate recognition, including an assembled workforce, noncontractual relationships and other agreements. The Company assesses the recoverability of its goodwill as of October 1st of each year, or more frequently whenever events or substantive changes in circumstances indicate that the carrying amount of a reporting unit may exceed its fair value.

The Company tests goodwill for impairment at the reporting unit level, which was historically established at the geographic division level. The Company evaluates the determination of its reporting units used to test for impairment periodically or whenever events or substantive changes in circumstances occur. Effective in the second quarter of 2020, as a result of progress made in the Company's staged rebranding initiative and the further alignment of service offerings and product pricing for recent acquisitions with its legacy business, the Company reevaluated the basis of its goodwill reporting units and identified four geographic divisions that were aggregated into a single goodwill reporting unit based on the chief operating decision maker's current performance monitoring and resource allocation process and the economic similarity of the four divisions.

The assessment of recoverability may first consider qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. A quantitative assessment is performed if the qualitative assessment results in a more-likely-than-not determination or if a qualitative assessment is not performed. The quantitative assessment considers whether the carrying amount of a reporting unit exceeds its fair value. Any excess amount is recorded as an impairment charge in the current period (limited to the amount of goodwill recorded).

**Insurance.** The Company uses a combination of insurance and self-insurance for a number of risks, including claims related to employee medical and dental care, disability benefits, workers' compensation, general liability, property damage and business interruption. Liabilities associated with these plans are estimated based on, among other things, the Company's historical claims experience, severity factors and other actuarial assumptions. Accruals for expected loss are based on estimates, and, while the Company believes that the amounts accrued are adequate, the ultimate loss may differ from the amounts accrued.

**Equity-Based Compensation.** The Company measures compensation expense related to equity-based awards based on the grant date fair value of the awards. The Company recognizes the expense on a straight-line basis over the requisite service period, which is generally the vesting period of the award, with forfeitures recognized as incurred.

**Income Taxes.** The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records deferred tax assets to the extent that it believes these assets will more likely than not be realized. In making such determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. This evaluation is made on an ongoing basis. In the event the Company were to determine that it was not able to realize all or a portion of its deferred tax assets in the future, the Company would record a valuation allowance, which would impact the provision for income taxes.

The Company recognizes a tax benefit from an uncertain tax position when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The Company records a liability for the difference between the benefit recognized and measured for financial statement purposes and the tax position taken or expected to be taken on the tax return. Changes in the estimate are recorded in the period in which such determination is made.

**Asset Retirement Obligations.** Certain of the Company's franchise agreements and lease agreements contain provisions requiring the Company to restore facilities or remove property in the event that the franchise or lease agreement is not renewed. The Company expects to continually renew its franchise agreements and therefore cannot reasonably estimate any liabilities associated with such agreements. A remote possibility exists that franchise agreements could be terminated unexpectedly, which could result in the Company incurring significant expense in complying with restoration or removal provisions. Retirement obligations related to the Company's lease agreements are de minimis. The Company does not have any significant liabilities related to asset retirement obligations recorded in the consolidated financial statements.

**Business Combination Purchase Price Allocation.** The application of the acquisition method under ASC 805 - *Business Combinations* (“ASC 805”) requires the Company to allocate the purchase price amongst the acquisition date fair values of identifiable assets acquired and liabilities assumed in a business combination. The Company determines fair values using the income approach, market approach and/or cost approach depending on the nature of the asset or liability being valued and the reliability of available information. The income approach estimates fair value by discounting associated lifetime expected future cash flows to their present value and relies on significant assumptions regarding future revenues, expenses, working capital levels and discount rates. The market approach estimates fair value by analyzing recent actual market transactions for similar assets or liabilities. The cost approach estimates fair value based on the expected cost to replace or reproduce the asset or liability and relies on assumptions regarding the occurrence and extent of any physical, functional and/or economic obsolescence.

**Recently Adopted Accounting Pronouncements.** In August 2018, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) No. 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. ASU 2018-15 aligns the requirements for capitalizing implementation, setup and other upfront costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing such costs incurred to develop or obtain internal-use software. The ASU specifies which costs are to be expensed and which are to be capitalized, the period over which capitalized costs are to be amortized, the process for identifying and recognizing impairment and the proper presentation of such costs within the consolidated financial statements. The Company adopted the updated guidance on January 1, 2020 on a prospective basis. The adoption of this ASU has resulted in the capitalization of $7.9 million of costs that will be amortized over the life of the applicable hosting arrangement. Amortization of such costs will be included in operating or selling, general and administrative expenses, rather than depreciation and amortization expense, within the consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires companies to recognize an allowance for expected lifetime credit losses through earnings concurrent with the recognition of a financial asset measured at amortized cost. The estimate of expected credit losses is required to be adjusted each reporting period over the life of the financial asset. The ASU was effective January 1, 2020 and required adoption on a modified retrospective basis. The adoption of this guidance did not have a material impact on the Company’s consolidated financial statements.

**Recently Issued But Not Yet Adopted Accounting Pronouncements.** In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions that reference London Interbank Offered Rate (“LIBOR”) and other reference rates expected to be discontinued at the end of 2021. The ASU may be adopted at any time through December 31, 2022. The Company currently holds certain debt and interest rate swaps that reference LIBOR. The Company plans to adopt ASU 2020-04 when the contracts underlying such instruments are amended as a result of reference rate reform, which is expected to occur prior to the end of 2021. The Company is currently evaluating the expected impact of the adoption of this guidance on its consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. ASU 2019-12 removes certain exceptions related to intraperiod tax allocations, foreign subsidiaries and interim reporting that are present within existing GAAP. The ASU also provides updated guidance regarding the tax treatment of certain franchise taxes, goodwill and nontaxable entities, among other items. In addition, ASU 2019-12 clarifies that the effect of a change in tax laws or rates should be reflected in the annual effective tax rate computation during the interim period that includes the enactment date. The ASU was effective for annual and interim periods beginning after December 15, 2020. Certain provisions must be adopted on prescribed retrospective, modified retrospective and prospective bases, while other provisions may be adopted on either a retrospective or modified retrospective basis. The Company plans to adopt ASU 2019-12 in the first quarter of 2021 on a prospective basis and does not expect the updated guidance to have a material impact on the its consolidated financial statements, but it may have an impact in the future.

## 3. ACQUISITIONS

The Company accounted for certain acquisitions as business combinations pursuant to ASC 805. In accordance with ASC 805, the Company uses its best estimates and assumptions to assign fair value to the tangible and identifiable intangible assets acquired and liabilities assumed at the acquisition date based on the information that was available as of the acquisition date. The Company believes that the information available provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed for each acquisition, however, preliminary measurements of fair value for each acquisition are subject to change during the measurement period, and such changes could be material. The Company expects to finalize the valuation after each acquisition as soon as practicable but no later than one year after the acquisition date.





Customer relationships and franchise agreements are valued using the MPEEM of the income approach. Significant assumptions used in the valuations include projected revenue growth rates, future EBITDA margins, future capital expenditures and an appropriate discount rate. No residual value is assigned to the acquired customer relationships or trademark and trade name.

Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets acquired in a business combination and represents the future economic benefits expected to arise from anticipated synergies and intangible assets acquired that do not qualify for separate recognition, including an assembled workforce, noncontractual relationships and other agreements. As an indefinite-lived asset, goodwill is not amortized but rather is subject to impairment testing on at least an annual basis. The change in carrying value of goodwill as a result of acquisitions during the periods presented was as follows (in thousands):

| | Goodwill |
|---|---|
| **Balance at December 31, 2018** | **$ 172,129** |

| | |
|---|---|
| Clearwave acquisition goodwill recognized | 185,885 |
| Fidelity acquisition goodwill recognized | 71,583 |
| **Balance at December 31, 2019** | **$ 429,597** |
| Valu-Net acquisition goodwill recognized | 5,279 |
| Anniston Exchange (as defined in note 6) goodwill disposed | (4,333) |
| **Balance at December 31, 2020** | **$ 430,543** |

Acquisition costs are not included as components of consideration transferred and instead are accounted for as expenses in the period in which the costs are incurred. The Company incurred $3.9 million, $9.6 million and $1.8 million of acquisition-related costs in 2020, 2019 and 2018, respectively. These costs are included in selling, general and administrative expenses within the Company's consolidated statements of operations and comprehensive income.

The following acquisitions occurred during the periods presented:

**Clearwave.** On January 8, 2019, the Company acquired Clearwave, a facilities-based service provider that owns and operates a high-capacity fiber network offering dense regional coverage in Southern Illinois for a purchase price of $358.8 million. The Clearwave acquisition provides the Company with a premier fiber network within its existing footprint, further enables the Company to supply its customers with enhanced business services solutions and provides a platform to allow the Company to replicate Clearwave's strategy in several of its other markets.

A summary of the allocation of the Clearwave purchase price consideration as of the acquisition date, reflecting all measurement period adjustments recorded in 2019, is as follows (in thousands):

| | Purchase Price Allocation |
|---|---|
| **Assets Acquired** | |
| Cash and cash equivalents | $ 1,913 |
| Accounts receivable | 1,294 |
| Prepaid and other current assets | 311 |
| Property, plant and equipment | 120,472 |
| Intangible assets | 89,700 |
| Other noncurrent assets | 3,533 |
| Total Assets Acquired | 217,223 |
| | |
| **Liabilities Assumed** | |
| Accounts payable and accrued liabilities | 2,128 |
| Deferred revenue, short-term portion | 4,322 |
| Deferred income taxes | 32,771 |
| Other noncurrent liabilities | 5,057 |
| Total Liabilities Assumed | 44,278 |
| | |
| **Net assets acquired** | **172,945** |
| Purchase price consideration | 358,830 |
| **Goodwill recognized** | **$ 185,885** |



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Acquired identifiable intangible assets associated with the Clearwave acquisition consisted of the following (dollars in thousands):

| | Fair Value | Useful Life (in years) |
|---|---|---|
| Customer relationships | $ 83,000 | 17 |
| Trade name | $ 6,700 | Indefinite |

The measurement period ended on January 7, 2020, and no measurement period adjustments were recorded during 2020.

The Clearwave acquisition resulted in the recognition of $185.9 million of goodwill, which is not deductible for tax purposes.

**Fidelity.** On October 1, 2019, the Company acquired Fidelity, a provider of data, video and voice services to residential and business customers throughout Arkansas, Illinois, Louisiana, Missouri, Oklahoma and Texas for a purchase price of $531.4 million. Cable One and Fidelity share similar strategies, customer demographics and products. The Fidelity acquisition provides the Company opportunities for revenue growth and Adjusted EBITDA margin expansion as well as the potential to realize cost synergies.

A summary of the allocation of the Fidelity purchase price consideration as of the acquisition date, reflecting all measurement period adjustments recorded in 2019, was as follows (in thousands):

| | Purchase Price Allocation |
|---|---|
| **Assets Acquired** | |
| Cash and cash equivalents | $ 4,869 |

| | |
|---|---|
| Accounts receivable | 3,691 |
| Prepaid and other current assets | 1,756 |
| Property, plant and equipment | 173,904 |
| Intangible assets | 288,000 |
| Other noncurrent assets | 1,895 |
| Total Assets Acquired | 474,115 |
| | |
| **Liabilities Assumed** | |
| Accounts payable and accrued liabilities | 8,795 |
| Deferred revenue, short-term portion | 1,796 |
| Other noncurrent liabilities | 3,715 |
| Total Liabilities Assumed | 14,306 |
| | |
| **Net assets acquired** | **459,809** |
| Purchase price consideration | 531,392 |
| **Goodwill recognized** | **$ 71,583** |

Acquired identifiable intangible assets associated with the Fidelity acquisition consisted of the following (dollars in thousands):

| | Fair Value | Useful Life (in years) |
|---|---|---|
| Customer relationships | $ 119,000 | 14 |
| Trademark and trade name | $ 3,000 | 3 |
| Franchise agreements | $ 166,000 | Indefinite |

The total weighted average original amortization period for the acquired finite-lived intangible assets is 13.7 years.

The measurement period ended on September 30, 2020, and no measurement period adjustments were recorded during 2020.





The Fidelity acquisition resulted in the recognition of $71.6 million of goodwill, which is deductible for tax purposes.

**Valu-Net.** On July 1, 2020, the Company acquired Valu-Net, an all-fiber internet service provider headquartered in Kansas, for a purchase price of $38.9 million.

Acquired identifiable intangible assets associated with the Valu-Net acquisition consisted of the following (dollars in thousands):

| | Fair Value | Useful Life (in years) |
|---|---|---|
| Customer relationships | $ 7,700 | 13.5 |
| Trademark and trade name | $ 800 | Indefinite |
| Franchise agreements | $ 11,200 | Indefinite |

**4. REVENUES**

The Company's revenues by product line were as follows (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2020 | 2019 | 2018 |
| Residential | | | |
| Data | $ 669,545 | $ 547,240 | $ 492,816 |
| Video | 332,857 | 335,190 | 343,384 |
| Voice | 47,603 | 43,521 | 41,278 |
| Business services | 234,657 | 204,500 | 155,952 |
| Other | 40,567 | 37,546 | 38,865 |
| Total revenues | $ 1,325,229 | $ 1,167,997 | $ 1,072,295 |
| | | | |
| Franchise and other regulatory fees | $ 25,206 | $ 22,702 | $ 16,098 |
| Deferred commission amortization | $ 5,478 | $ 3,992 | $ 3,605 |

Other revenues are comprised primarily of advertising sales, customer late charges and reconnect fees.

Fees imposed on the Company by various governmental authorities, including franchise fees, are passed through on a monthly basis to the Company's customers and are periodically remitted to authorities. As the Company acts as principal, these fees are reported in video and voice revenues on a gross basis with corresponding expenses included within operating expenses in the consolidated statements of operations and comprehensive income.

Net accounts receivable from contracts with customers totaled $31.5 million and $32.3 million at December 31, 2020 and 2019, respectively.

A significant portion of the Company's revenues are derived from customers who may cancel their subscriptions at any time without penalty. As such, the amount of deferred revenue related to unsatisfied performance obligations is not necessarily indicative of the future revenue to be recognized from the Company's existing customers. Revenues from customers with contractually specified terms and non-cancelable service periods are recognized over the terms of the underlying contracts, which generally range from one to five years.

**Contract Costs.** The Company capitalizes the incremental costs incurred in obtaining customers, such as commission costs and certain third-party costs. Commission expense is recognized using a portfolio approach over the calculated average residential and business customer tenure. Commission amortization expense is included within selling, general and administrative expenses in the consolidated statements of operations and comprehensive income.

**Contract Liabilities.** As residential and business customers are billed for subscription services in advance of the service period, the timing of revenue recognition differs from the timing of billing. Deferred revenue liabilities are recorded when the Company collects payments in advance of providing the associated services. Current deferred revenue liabilities consist of refundable customer prepayments, up-front charges and installation fees. As of December 31, 2020, the Company's remaining performance obligations pertain to the refundable customer prepayments and consist of providing future data, video and voice services to customers. The $23.6 million of current deferred revenue at December 31, 2019 was recognized within revenues in the consolidated statement of operations and comprehensive income during 2020. Noncurrent deferred revenue liabilities consist of up-front charges and installation fees from business customers.

**Significant Judgments.** The Company often provides multiple services to a single customer. The provision of customer premise equipment, installation services and service upgrades may be highly integrated and interdependent with the data, video or voice services provided. Judgment is required to determine whether the provision of such customer premise equipment, installation services and service upgrades is considered a distinct service and accounted for separately, or not distinct and accounted for together with the related subscription service.

The transaction price for a bundle of services is frequently less than the sum of the standalone selling prices of each individual service. The Company allocates the sales price for such bundles to each individual service provided based on the relative standalone selling price for each subscribed service. Standalone selling prices of the Company's residential data and video services are directly observable, while standalone selling prices for the Company's residential voice services are estimated using the adjusted market assessment approach, which relies upon information from peer companies who sell residential voice services individually.

The Company also used significant judgment to determine the appropriate period over which to amortize deferred residential and business commission costs, which was determined to be the average customer tenure. Based on historical data and current expectations, the Company determined the average customer tenure for both residential and business customers to be approximately five years.

## 5. OPERATING ASSETS AND LIABILITIES

Accounts receivable consisted of the following (in thousands):

| | As of December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Trade receivables | $ 32,795 | $ 33,467 |
| Other receivables | 7,225 | 6,186 |
| Less: Allowance for credit losses | (1,252) | (1,201) |
| Total accounts receivable, net | $ 38,768 | $ 38,452 |

The changes in the allowance for credit losses were as follows (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2020 | 2019 | 2018 |
| **Beginning balance** | **$ 1,201** | **$ 2,045** | **$ 1,876** |
| Additions - charged to costs and expenses | 7,527 | 6,500 | 5,101 |
| Deductions - write-offs | (13,603) | (13,504) | (9,529) |
| Recoveries collected | 6,127 | 6,160 | 4,597 |
| **Ending balance** | **$ 1,252** | **$ 1,201** | **$ 2,045** |

Prepaid and other current assets consisted of the following (in thousands):

| | As of December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Prepaid repairs and maintenance | $ 1,013 | $ 551 |
| Software implementation costs | 1,035 | - |
| Prepaid insurance | 2,200 | 1,548 |
| Prepaid rent | 1,471 | 1,499 |
| Prepaid software | 4,544 | 4,672 |
| Deferred commissions | 4,026 | 3,586 |
| All other current assets | 3,602 | 3,763 |
| Total prepaid and other current assets | $ 17,891 | $ 15,619 |





Other noncurrent assets consisted of the following (in thousands):

| | As of December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Operating lease ROU assets | $ 13,408 | $ 16,924 |
| Deferred commissions | 5,798 | 5,042 |
| Software implementation costs | 6,879 | - |
| Debt issuance costs | 3,249 | 2,427 |
| All other noncurrent assets | 4,209 | 2,495 |
| Total other noncurrent assets | $ 33,543 | $ 26,888 |

Accounts payable and accrued liabilities consisted of the following (in thousands):

| | As of December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Accounts payable | $ 22,686 | $ 36,351 |
| Accrued programming costs | 20,279 | 19,620 |
| Accrued compensation and related benefits | 26,467 | 23,189 |
| Accrued sales and other operating taxes | 7,425 | 7,550 |
| Accrued franchise fees | 4,021 | 4,201 |
| Deposits | 6,300 | 6,550 |
| Operating lease liabilities | 3,772 | 4,601 |
| Interest rate swap liability | 30,646 | 11,045 |
| Accrued insurance costs | 7,292 | 6,174 |
| Cash overdrafts | 8,847 | 5,801 |
| Equity investment payable[1] | 13,387 | - |
| Interest payable | 4,128 | 175 |
| Amount due to Hargray[2] | 6,822 | - |
| All other accrued liabilities | 12,067 | 11,736 |
| Total accounts payable and accrued liabilities | $ 174,139 | $ 136,993 |

(1) Consists of the unfunded portion of the Company's equity investment in Wisper. Refer to note 6 for details on this transaction.
(2) Consists of amounts due to Hargray in connection with transition services provided as part of the Anniston Exchange. Refer to note 6 for details on this transaction.

Other noncurrent liabilities consisted of the following (in thousands):

| | As of December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Operating lease liabilities | $ 8,701 | $ 11,146 |
| Accrued compensation and related benefits | 10,086 | 7,154 |
| Deferred revenue | 4,981 | 5,514 |
| MBI net option (as defined in note 6)[1] | 73,310 | - |
| All other noncurrent liabilities | 3,549 | 3,043 |
| Total other noncurrent liabilities | $ 100,627 | $ 26,857 |

(1) Consists of the net value of the Company's call and put options associated with the remaining equity interests in MBI, valued at $0.7 million and $74.0 million, respectively, as of December 31, 2020. Refer to note 6 for details on this transaction.

## 6. EQUITY INVESTMENTS

On May 4, 2020, the Company made a minority equity investment for a less than 10% ownership interest in AMG Technology Investment Group, LLC, a wireless internet service provider ("Nextlink"), for $27.2 million. On July 10, 2020, the Company acquired a 40.4% minority equity interest in Wisper ISP, LLC, a wireless internet service provider ("Wisper"), for total consideration of $25.3 million. The Company funded $11.9 million of the total consideration for Wisper in 2020 and expects to fund the remainder in 2021. On October 1, 2020, the Company contributed its Anniston, Alabama system (the "Anniston System") to Hargray Acquisition Holdings, LLC, a data, video and voice services provider ("Hargray"), in exchange for an approximately 15% equity interest in Hargray on a fully diluted basis (the "Anniston Exchange") and recognized an $82.6 million non-cash gain. On November 12, 2020, the Company acquired a 45.0% minority equity interest in Mega Broadband Investments Holdings LLC, a data, video and voice services provider ("MBI"), for $574.9 million in cash.

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The carrying value of the Company's equity investments without readily determinable fair values were determined based on fair valuations as of their respective acquisition dates, and consisted of the following (dollars in thousands):

| | Ownership Percentage | As of December 31, 2020 | 2019 |
|---|---|---|---|
| **Cost Method Investments** | | | |
| Hargray[1] | ~15% | $ 113,165 | $ - |
| Nextlink | <10% | 27,245 | - |
| Others | <10% | 10,066 | 206 |
| Total cost method investments | | $ 150,476 | $ 206 |
| **Equity Method Investments** | | | |
| MBI[2] | 45.0% | $ 630,679 | $ - |
| Wisper | 40.4% | 26,626 | - |
| Total equity method investments | | $ 657,305 | $ - |
| Total equity investments | | $ 807,781 | $ 206 |

(1) The Company calculated the fair value of Hargray's total enterprise value using a hybrid of both the discounted cash flow method of the income approach and the guideline public company method of the market approach. Significant assumptions used in the valuation include projected revenue growth rates, future EBITDA margins, future capital expenditures and an appropriate discount rate. The enterprise value less Hargray's debt and unamortized debt issuance costs was multiplied by Cable One's minority equity interest percentage to determine the Hargray investment's carrying value. The resulting non-cash gain was calculated as the difference between this carrying value and the book value of the Anniston System's net assets, including its proportionate share of the Company's franchise agreement and goodwill assets. The approximately 15% equity interest in Hargray is on a fully diluted basis.

(2) The Company holds a call option to purchase all but not less than all of the remaining equity interests in MBI that the Company does not already own between January 1, 2023 and June 30, 2024. If the call option is not exercised, certain investors in MBI hold a put option to sell (and to cause all members of MBI other than the Company to sell) to the Company all but not less than all of the remaining equity interests in MBI that the Company does not already own between July 1, 2025 and September 30, 2025. The call and put options (collectively referred to as the "net option") are measured at fair value using Monte Carlo simulations that rely on assumptions around MBI's equity value, MBI's and the Company's equity volatility, MBI's and the Company's EBITDA volatility, risk adjusted discount rates and the Company's cost of debt, among others. The final MBI purchase price allocation resulted in $630.7 million being allocated to the MBI equity investment and $19.7 million and $75.5 million being allocated to the call and put options, respectively. The net option is remeasured at fair value on a quarterly basis resulting in a $17.5 million change in fair value of the net option during the period ended December 31, 2020 which is reported within other income (expense), net, in the consolidated statement of operations and comprehensive income. The $73.3 million carrying value of the net option liability is included within other noncurrent liabilities in the consolidated balance sheet as of December 31, 2020.

The carrying value of MBI exceeded the Company's underlying equity in MBI's net assets by $529.7 million as of December 31, 2020. A portion of the excess will be allocated to amortizable assets within the investment and will be amortized as the Company records its share of MBI's income on a quarterly basis.

The Company recognized $1.4 million of Wisper net income within equity method investment earnings in the consolidated statement of operations and comprehensive income for 2020, which increased the investment's carrying value.

The Company assesses each equity investment for indicators of impairment on a quarterly basis. No impairments were recorded for any of the periods presented. The MBI call and put options are remeasured at fair value on a quarterly basis, with any changes in fair value reported within other income (expense) in the consolidated statements of operations and comprehensive income.

## 7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following (in thousands):

| | As of December 31, 2020 | 2019 |
|---|---|---|
| Cable distribution systems | $ 1,916,048 | $ 1,779,964 |
| Customer premise equipment | 283,831 | 266,190 |
| Other equipment and fixtures | 463,469 | 444,799 |
| Buildings and improvements | 117,367 | 113,331 |
| Capitalized software | 107,107 | 99,988 |
| Construction in progress | 89,488 | 93,352 |
| Land | 13,293 | 13,361 |
| ROU assets | 10,314 | 10,187 |
| Property, plant and equipment, gross | 3,000,917 | 2,821,172 |
| Less: Accumulated depreciation and amortization | (1,735,457) | (1,619,901) |
| Property, plant and equipment, net | $ 1,265,460 | $ 1,201,271 |



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The balance at December 31, 2020 included $13.9 million of property, plant and equipment acquired in the Valu-Net acquisition and excluded $16.4 million of property, plant and equipment disposed of in the Anniston Exchange.

Depreciation and amortization expense for property, plant and equipment was $220.2 million, $197.5 million and $186.0 million in 2020, 2019 and 2018, respectively.

In 2020, the Company recognized an $82.6 million non-cash gain in connection with the Anniston Exchange. In 2019, a portion of the Company's previous headquarters building and adjoining property was sold for $6.3 million in gross proceeds and the Company recognized a related gain of $1.6 million.

## 8. GOODWILL AND INTANGIBLE ASSETS

The carrying amount of goodwill was $430.5 million and $429.6 million at December 31, 2020 and 2019, respectively, with the increase pertaining to $5.3 million of goodwill recognized in the Valu-Net acquisition, partially offset by $4.3 million of goodwill disposed of in the Anniston Exchange. The Company has not historically recorded any impairment of goodwill.

Intangible assets consisted of the following (dollars in thousands):

| | | December 31, 2020 | | | December 31, 2019 | | |
|---|---|---|---|---|---|---|---|
| | Useful Life Range (in years) | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| **Finite-Lived Intangible Assets** | | | | | | | |
| Franchise renewals | 1 – 25 | $ 2,927 | $ 2,927 | $ - | $ 2,927 | $ 2,895 | $ 32 |
| Customer relationships | 13.5 – 17 | 369,700 | 81,865 | 287,835 | 362,000 | 37,470 | 324,530 |
| Trademarks and trade names | 2.7 – 3 | 4,300 | 2,552 | 1,748 | 4,300 | 1,552 | 2,748 |
| Wireless licenses | 10 – 15 | 1,418 | 15 | 1,403 | - | - | - |
| Total finite-lived intangible assets | | $ 378,345 | $ 87,359 | $ 290,986 | $ 369,227 | $ 41,917 | $ 327,310 |
| **Indefinite-Lived Intangible Assets** | | | | | | | |
| Franchise agreements | | | | $ 979,712 | | | $ 978,371 |
| Trade names | | | | 7,500 | | | 6,700 |
| Total indefinite-lived intangible assets | | | | $ 987,212 | | | $ 985,071 |
| Total intangible assets, net | | | | $ 1,278,198 | | | $ 1,312,381 |

The increase in intangible assets from December 31, 2019 to December 31, 2020 related to customer relationships, trade name and franchise agreements associated with the Valu-Net acquisition as well as purchased wireless licenses, partially offset by $9.9 million of franchise agreements disposed of in connection with the Anniston Exchange.

Intangible asset amortization expense was $45.5 million, $19.2 million and $11.7 million in 2020, 2019 and 2018, respectively.

The future amortization of existing finite-lived intangible assets as of December 31, 2020 was as follows (in thousands):

| Year Ending December 31, | Amount |
|---|---|
| 2021 | $ 40,495 |
| 2022 | 35,528 |
| 2023 | 28,816 |
| 2024 | 23,886 |
| 2025 | 21,962 |
| Thereafter | 140,299 |
| Total | $ 290,986 |

Actual amortization expense in future periods may differ from the amounts above as a result of intangible asset acquisitions or divestitures, changes in useful life estimates, impairments or other relevant factors.



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## 9. LEASES

As a lessee, the Company has operating leases for buildings, equipment, data centers, fiber optic networks and towers and finance leases for buildings and fiber optic networks. These leases have remaining lease terms ranging from less than 1 year to 23 years, with some including an option to extend the lease for up to 15 additional years and some including an option to terminate the lease within 1 year.

As a lessor, the Company has operating leases for the use of its fiber optic networks, towers and customer premise equipment. These leases have remaining lease terms ranging from less than 1 year to 14 years, with some including a lessee option to extend the leases for up to 5 additional years and some including an option to terminate the lease within 1 year.

Significant judgment is required when determining whether a fiber optic network access contract contains a lease, defining the duration of the lease term and selecting an appropriate discount rate, as discussed below:

- The Company concluded it was the lessee or lessor for fiber optic network access arrangements only when the asset is specifically identifiable and both substantially all the economic benefit is obtained by the lessee and the lessee's right to direct the use of the asset exists.

- The Company's lease terms are only for periods in which there are enforceable rights. For accounting purposes, a lease is no longer enforceable when both the lessee and the lessor each have the right to terminate the lease without requiring permission from the other party with no more than an insignificant penalty. The Company's lease terms are impacted by options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options.

- Most of the Company's leases do not contain an implicit interest rate. Therefore, the Company held discussions with lenders, evaluated its published credit rating and incorporated interest rates on currently held debt in determining discount rates that reflect what the Company would pay to borrow on a collateralized basis over similar terms for its lease obligations.

As of December 31, 2020, additional operating leases that have not yet commenced were not material. Additionally, lessor accounting disclosures were not material as of and for the years ended December 31, 2020 and 2019.

**Lessee Financial Information.** The Company's ROU assets and lease liabilities consisted of the following (in thousands):

| | As of December 31, | |
|---|---|---|
| | **2020** | **2019** |
| **ROU Assets** | | |
| Property, plant and equipment, net: | | |
| Finance leases | $ 8,979 | $ 9,665 |
| Other noncurrent assets: | | |
| Operating leases | $ 13,408 | $ 16,924 |
| **Lease Liabilities** | | |
| Accounts payable and accrued liabilities: | | |
| Operating leases | $ 3,772 | $ 4,601 |
| Current portion of long-term debt: | | |
| Finance leases | $ 661 | $ 589 |
| Long-term debt: | | |
| Finance leases | $ 4,805 | $ 5,354 |
| Other noncurrent liabilities: | | |
| Operating leases | $ 8,701 | $ 11,146 |
| Total: | | |
| Finance leases | $ 5,466 | $ 5,943 |
| Operating leases | $ 12,473 | $ 15,747 |



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The components of the Company's lease expense were as follows (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| Finance lease expense: | | |
| Amortization of ROU assets | $ 812 | $ 537 |
| Interest on lease liabilities | 382 | 302 |
| Operating lease expense | 5,480 | 5,260 |
| Short-term lease expense | 113 | 940 |
| Variable lease expense | 23 | 168 |
| Total lease expense | $ 6,810 | $ 7,207 |

Amortization of ROU assets is included within depreciation and amortization expense; interest on lease liabilities is included within interest expense; and operating, short-term and variable lease expense is included within operating expenses and selling, general and administrative expenses in the consolidated statement of operations and comprehensive income.

Supplemental lessee financial information is as follows (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | **2020** | **2019** |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Finance leases - financing cash flows | $ 604 | $ 925 |
| Finance leases - operating cash flows | $ 382 | $ 302 |
| Operating leases - operating cash flows | $ 5,370 | $ 5,293 |
| ROU assets obtained in exchange for lease liabilities: | | |
| Finance leases[1] | $ 127 | $ 5,408 |

| | | |
|---|---|---|
| Operating leases(2) | $ 1,131 | $ 9,767 |

(1) The amount for 2019 includes $3.9 million of ROU assets acquired in the Fidelity transaction.
(2) The amount for 2019 includes $3.3 million and $1.4 million of ROU assets acquired in the Clearwave and Fidelity transactions, respectively.

| | As of December 31, | |
|---|---|---|
| | **2020** | **2019** |
| Weighted average remaining lease term: | | |
| Finance leases (in years) | 12.8 | 14.1 |
| Operating leases (in years) | 4.4 | 4.7 |
| Weighted average discount rate: | | |
| Finance leases | 6.22% | 6.26% |
| Operating leases | 4.72% | 4.94% |

As of December 31, 2020, the future maturities of existing lease liabilities were as follows (in thousands):

| **Year Ending December 31,** | **Finance Leases** | **Operating Leases** |
|---|---|---|
| 2021 | $ 1,008 | $ 4,258 |
| 2022 | 1,019 | 3,279 |
| 2023 | 1,026 | 2,729 |
| 2024 | 1,008 | 1,298 |
| 2025 | 985 | 811 |
| Thereafter | 8,498 | 1,483 |
| Total | 13,544 | 13,858 |
| Less: Present value discount | (8,078) | (1,385) |
| Lease liability | $ 5,466 | $ 12,473 |

**10. DEBT**

The carrying amount of long-term debt consisted of the following (in thousands):

| | As of December 31, | |
|---|---|---|
| | **2020** | **2019** |
| Senior Credit Facilities (as defined below) | $ 1,541,621 | $ 1,753,045 |
| New Notes (as defined below) | 650,000 | - |
| Finance lease liabilities | 5,466 | 5,943 |
| Total debt | 2,197,087 | 1,758,988 |
| Less: Unamortized debt issuance costs | (21,897) | (18,142) |
| Less: Current portion of long-term debt | (26,392) | (28,909) |
| Total long-term debt | $ 2,148,798 | $ 1,711,937 |

**Original Notes.** On June 17, 2015, the Company issued $450.0 million aggregate principal amount of 5.75% senior unsecured notes due 2022 (the "Original Notes"). The Original Notes were jointly and severally guaranteed on a senior unsecured basis by each of the subsidiaries that guarantee the Senior Credit Facilities described below. The Original Notes were scheduled to mature on June 15, 2022 and interest was payable on June 15th and December 15th of each year. The indenture governing the Original Notes provided for early redemption of the Original Notes, at the option of the Company, at the prices and subject to the terms specified in the indenture.

On June 15, 2019, the Company redeemed all $450.0 million aggregate principal amount of outstanding Original Notes (the "Original Note Redemption"). In conjunction with the Original Note Redemption, the Company incurred a $6.5 million call premium and wrote off the remaining $3.8 million of unamortized debt issuance cost associated with the Original Notes. These amounts are recorded within other income (expense), net in the consolidated statement of operations and comprehensive income.

**Senior Credit Facilities.**

Chronology

On June 30, 2015, the Company entered into a credit agreement (the "Credit Agreement") among the Company, as borrower, the lenders party thereto, JPMorgan Chase Bank, N.A. ("JPMorgan"), as administrative agent, and the other agents party thereto, which provided for a five-year revolving credit facility in an aggregate principal amount of $200.0 million (the "Original Revolving Credit Facility") and a five-year term loan facility (the "Original Term Loan").

On May 1, 2017, the Company and the lenders amended and restated the Credit Agreement (the "Amended and Restated Credit Agreement") and the Company incurred $750.0 million of senior secured loans (the "2017 New Loans"), a portion of which were used to repay in full the Original Term Loan. The 2017 New Loans consisted of a five-year term "A" loan in an original aggregate principal amount of $250.0 million, which was refinanced in connection with the Second Restatement Agreement (as defined below), and a seven-year term "B" loan in an original aggregate principal amount of $500.0 million (the "Term Loan B-1").

On January 7, 2019, the Company entered into Amendment No. 2 to the Amended and Restated Credit Agreement ("Amendment No. 2") with CoBank, ACB ("CoBank"), as lender, and JPMorgan, as administrative agent, and incurred a new seven-year incremental term "B" loan in an aggregate principal amount of $250.0 million (the "Term Loan B-2").

On April 12, 2019, the Company entered into Amendment No. 3 to the Amended and Restated Credit Agreement ("Amendment No. 3") with CoBank, as lender, and JPMorgan, as administrative agent, to provide for a new delayed draw incremental term "B" loan in an aggregate principal amount of $325.0 million (the "Term Loan B-3"). The Term Loan B-3 was drawn in full on June 14, 2019.

On May 8, 2019, the Company entered into a Second Restatement Agreement with JPMorgan, as administrative agent, and the lenders party thereto, to amend and restate the Amended and Restated Credit Agreement (the "Second Restatement Agreement"). The Second Restatement Agreement provided for a new senior secured term "A" loan in an aggregate principal amount of $250.0 million (the "Initial Term Loan A-2"), a new senior secured delayed draw term "A" loan in an aggregate principal amount of $450.0 million (the "Delayed Draw Term Loan A-2," and collectively with the Initial Term Loan A-2, the "Term Loan A-2") and a new $350.0 million senior secured revolving credit facility (the "Revolving Credit Facility"). The Delayed Draw Term Loan A-2 was drawn in full on October 1, 2019 and has the same terms as, and constitutes one class of term loans with, the Initial Term Loan A-2. The Second Restatement Agreement did not alter the principal terms of the Company's previously established Term Loan B-1, Term Loan B-2 or Term Loan B-3.

The Revolving Credit Facility was scheduled to mature on May 8, 2024 prior to its extension pursuant to the Third Restatement Agreement (as defined and described below). The Revolving Credit Facility gives the Company the ability to issue letters of credit, which reduce the amount available for borrowing under the Revolving Credit Facility. The Company is required to pay commitment fees on any unused portion of the Revolving Credit Facility at a rate between 0.20% per annum and 0.30% per annum, determined on a quarterly basis by reference to a pricing grid based on the Company's Total Net Leverage Ratio (as defined in the Third Restatement Agreement).

In January 2020, the Company issued letters of credit totaling $22.0 million under the Revolving Credit Facility on behalf of Wisper to guarantee its performance obligations under a Federal Communications Commission ("FCC") broadband funding program. The fair value of the letters of credit approximates face value based on the short-term nature of the agreements. The Company would be liable for up to the total amount outstanding under the letters of credit if Wisper were to fail to satisfy all or some of its performance obligations under the FCC program. Wisper pledged certain assets in favor of the Company as collateral for issuing the letters of credit, which pledge was terminated in the third quarter of 2020 at the same time that the Company closed an equity investment in Wisper, and Wisper has guaranteed and indemnified the Company in connection with such letters of credit. As of December 31, 2020, the Company has assessed the likelihood of non-performance associated with the guarantee to be remote, and therefore, no liability has been accrued within the consolidated balance sheet.

In March 2020, the Company borrowed $100.0 million under the Revolving Credit Facility for general corporate purposes, including for small acquisitions and strategic investments. The outstanding balance was repaid in full in May 2020 using a portion of the net proceeds from the Company's public offering of common stock (the "Public Offering"). Refer to note 14 for information on the Public Offering.

On October 30, 2020, the Company and certain of its wholly owned subsidiaries entered into a Third Restatement Agreement with JPMorgan, as administrative agent, and the lenders party thereto to amend and restate the Second Restatement Agreement (the "Third Restatement Agreement"). The Third Restatement Agreement amended the Second Restatement Agreement to, among other things, (i) upsize the Term Loan B-3 by $300.0 million (the "TLB-3 Upsize") and extend the scheduled maturity of the Term Loan B-2 and the Term Loan B-3 to October 30, 2027, (ii) increase the aggregate principal amount of commitments under the Revolving Credit Facility by $150.0 million to $500.0 million and extend the scheduled maturity of the Revolving Credit Facility and the Term Loan A-2 to October 30, 2025 and (iii) reset the amortization schedule of the Term Loan A-2 so that the Term Loan A-2 will amortize in equal quarterly installments following the date of the amendment and restatement at a rate (expressed as a percentage of the outstanding principal amount on October 30, 2020) of 2.5% per annum for each of the first two years, 5.0% per annum for the third year, 7.5% per annum for the fourth year and 12.5% per annum for the fifth year (in each case subject to customary adjustments in the event of any prepayment), with the balance due upon maturity. Except as described above, the Third Restatement Agreement did not make any material changes to the terms of the Term Loan A-2, the Term Loan B-2, the Term Loan B-3 or the Revolving Credit Facility. The Company used the net proceeds from the TLB-3 Upsize, together with cash on hand, to repay all $483.8 million aggregate principal amount of its outstanding Term Loan B-1. The Revolving Credit Facility, the Term Loan A-2, the Term Loan B-2 and the Term Loan B-3 are collectively referred to as the "Senior Credit Facilities."

GeneralTerms

The Senior Credit Facilities are guaranteed by the Company's wholly owned subsidiaries (the "Guarantors") and are secured, subject to certain exceptions, by substantially all of the assets of the Company and the Guarantors.

The interest margins applicable to the Senior Credit Facilities are, at the Company's option, equal to either LIBOR or a base rate, plus an applicable margin equal to, (i) with respect to the Term Loan A-2 and the Revolving Credit Facility, 1.25% to 1.75% for LIBOR loans and 0.25% to 0.75% for base rate loans, determined on a quarterly basis by reference to a pricing grid based on the Company's Total Net Leverage Ratio, (ii) with respect to the Term Loan B-1, (x) for any day on or prior to April 22, 2018, 2.25% for LIBOR loans and 1.25% for base rate loans and (y) for any day thereafter through its repayment, 1.75% for LIBOR loans and 0.75% for base rate loans, and (iii) with respect to the Term Loan B-2 and the Term Loan B-3, 2.0% for LIBOR loans and 1.0% for base rate loans.

The Company may, subject to certain specified terms and provisions, obtain additional credit facilities of up to $700.0 million under the Third Restatement Agreement plus an unlimited amount so long as, on a pro forma basis, the Company's First Lien Net Leverage Ratio (as defined in the Third Restatement Agreement) is no greater than 3.0 to 1.0.

The Third Restatement Agreement contains customary representations, warranties and affirmative and negative covenants, including limitations on indebtedness, liens, restricted payments, prepayments of certain indebtedness, investments, dispositions of assets, restrictions on subsidiary distributions and negative pledge clauses, fundamental changes, transactions with affiliates and amendments to organizational documents. The Third Restatement Agreement also requires the Company to maintain specified ratios of total net indebtedness and first lien net indebtedness to consolidated operating cash flow. The Third Restatement Agreement also contains customary events of default, including non-payment of principal, interest, fees or other amounts, material inaccuracy of any representation or warranty, failure to observe or perform any covenant, default in respect of other material debt of the Company and of its restricted subsidiaries, bankruptcy or insolvency, the entry against the Company or any of its restricted subsidiaries of a material judgment, the occurrence of certain ERISA events, impairment of the loan documentation and the occurrence of a change of control.

Summary

As of December 31, 2020, the Company had $1.5 billion of aggregate outstanding term loan borrowings, $29.6 million of letter of credit issuances held for the benefit of performance obligations under government grant programs and certain general and liability insurance matters that bore interest at a rate of 1.63% per annum and $470.4 million available for borrowing under the Revolving Credit Facility. A summary of the Company's outstanding term loans under the Senior Credit Facilities as of December 31, 2020 is as follows (dollars in thousands):

| Instrument | Draw Date | Original Principal | Amortization Per Annum(1) | Outstanding Principal | Final Maturity Date | Balance Due Upon Maturity | Benchmark Rate | Applicable Margin(2) | Interest Rate |
|---|---|---|---|---|---|---|---|---|---|
| Term Loan A-2 | 5/8/2019 (3)<br>10/1/2019 (3) | $ 700,000 | Varies (4) | $ 676,611 | 10/30/2025 | $ 476,607 | LIBOR | 1.50% | 1.65% |
| Term Loan B-2 | 1/7/2019 | 250,000 | 1.0% | 245,625 | 10/30/2027 | 228,750 | LIBOR | 2.00% | 2.15% |
| Term Loan B-3 | 6/14/2019 (5)<br>10/30/2020 (5) | 625,000 | 1.0% | 619,385 | 10/30/2027 | 577,472 | LIBOR | 2.00% | 2.15% |
| Total | | $ 1,575,000 | | $ 1,541,621 | | $ 1,282,829 | | | |

(1) Payable in equal quarterly installments (expressed as a percentage of the original principal amount and subject to customary adjustments in the event of any prepayment). All loans may be prepaid at any time without penalty or premium (subject to customary LIBOR breakage provisions).
(2) The Term Loan A-2 interest rate spread can vary between 1.25% and 1.75%, determined on a quarterly basis by reference to a pricing grid based on the Company's Total Net Leverage Ratio. All other applicable margins are fixed.
(3) On May 8, 2019, $250.0 million was drawn. On October 1, 2019, an additional $450.0 million was drawn. On October 30, 2020, the amortization schedule was reset.
(4) Per annum amortization rates for years one through five following the October 30, 2020 refinancing date are 2.5%, 2.5%, 5.0%, 7.5% and 12.5%, respectively.
(5) On June 14, 2019, $325.0 million was drawn. On October 30, 2020, an additional $300.0 million was drawn.

**New Notes.** On November 9, 2020, the Company completed a private offering of $650.0 million aggregate principal amount of 4.00% senior notes due 2030 (the "New Notes"). The terms of the New Notes are governed by an indenture dated as of November 9, 2020 (the "Indenture"), among the Company, the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., as trustee.

The New Notes bear interest at a rate of 4.00% per annum payable semi-annually in arrears on May 15 and November 15 of each year, beginning on May 15, 2021. The New Notes are required to be guaranteed on a senior unsecured basis by each of the Company's existing and future wholly owned domestic subsidiaries that guarantees the Company's obligations under its Senior Credit Facilities or that guarantees certain capital markets debt of the Company or a guarantor in an aggregate principal amount in excess of $250.0 million.

At any time and from time to time prior to November 15, 2025, the Company may redeem some or all of the New Notes for cash at a redemption price equal to 100% of their principal amount, plus the "make-whole" premium described in the Indenture and accrued and unpaid interest, if any, to, but excluding, the applicable redemption date. Beginning on November 15, 2025, the Company may redeem some or all of the New Notes at any time and from time to time at the applicable redemption prices listed in the Indenture, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date. In addition, at any time and from time to time prior to November 15, 2023, the Company may redeem up to 40% of the aggregate principal amount of the New Notes with funds in an aggregate amount not exceeding the net cash proceeds from one or more equity offerings at a redemption price equal to 104% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date.

Upon the occurrence of a Change of Control and a Below Investment Grade Rating Event (each as defined in the Indenture), the Company is required to offer to repurchase the New Notes at 101% of the principal amount of such New Notes, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

The Indenture contains covenants that, among other things and subject to certain exceptions, limit (i) the Company's ability and the ability of its subsidiaries to incur any liens securing indebtedness for borrowed money, (ii) the Company's ability to consolidate or merge with or into another person or sell or otherwise dispose of all or substantially all of the assets of the Company and its subsidiaries (taken as a whole) and (iii) the ability of the guarantors to consolidate with or merge with or into another person.

The Indenture provides for customary events of default which include (subject in certain cases to customary grace and cure periods), among others, nonpayment of principal or interest, breach of other agreements or covenants in respect of the New Notes, failure to pay certain other indebtedness at final maturity, acceleration of certain indebtedness prior to final maturity, failure to pay certain final judgments, failure of certain guarantees to be enforceable and certain events of bankruptcy or insolvency.

**Debt Issuance Costs.** In connection with various financing transactions completed during 2020 and 2019, the Company capitalized $15.1 million and $11.8 million of debt issuance costs and wrote-off to other expense $6.2 million and $4.2 million of existing unamortized debt issuance costs, respectively. The Company recorded debt issuance cost amortization of $4.3 million, $4.6 million and $4.2 million during 2020, 2019 and 2018, respectively, within interest expense in the consolidated statements of operations and comprehensive income.

Unamortized debt issuance costs consisted of the following (in thousands):

| | As of December 31, | |
|---|---|---|
| | 2020 | 2019 |
| **Revolving Credit Facility portion:** | | |
| Other noncurrent assets | $ 3,249 | $ 2,427 |
| **Term loans and New Notes portion:** | | |
| Long-term debt (contra account) | 21,897 | 18,142 |
| Total | $ 25,146 | $ 20,569 |

The future maturities of outstanding borrowings as of December 31, 2020 were as follows (in thousands):

| Year Ending December 31, | Amount |
|---|---|
| 2021 | $ 25,731 |
| 2022 | 29,986 |
| 2023 | 47,008 |
| 2024 | 68,285 |
| 2025 | 549,147 |
| Thereafter | 1,471,464 |
| Total | $ 2,191,621 |

The Company was in compliance with all debt covenants as of December 31, 2020.

## 11. INCOME TAXES

The income tax provision (benefit) consisted of the following (in thousands):

| | Current | Deferred | Total |
|---|---|---|---|
| **Year Ended December 31, 2020** | | | |
| U.S. Federal | $ (14,633) | $ 74,164 | $ 59,531 |
| State and local | 3,764 | 13,022 | 16,786 |
| Total | $ (10,869) | $ 87,186 | $ 76,317 |
| | | | |
| **Year Ended December 31, 2019** | | | |
| U.S. Federal | $ 1,249 | $ 43,270 | $ 44,519 |
| State and local | 3,678 | 7,036 | 10,714 |
| Total | $ 4,927 | $ 50,306 | $ 55,233 |
| | | | |
| **Year Ended December 31, 2018** | | | |
| U.S. Federal | $ 10,214 | $ 32,176 | $ 42,390 |
| State and local | 2,284 | 2,550 | 4,834 |
| Total | $ 12,498 | $ 34,726 | $ 47,224 |





The income tax provision is different than the amount of income tax calculated by applying the U.S. Federal statutory rate of 21.0% to income before income taxes as a result of the following items (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2020 | 2019 | 2018 |
| U.S. Federal taxes at statutory rate | $ 79,660 | $ 49,101 | $ 44,517 |
| State and local taxes, net of U.S. Federal tax | 13,261 | 8,464 | 3,816 |
| CARES Act benefit (as defined and described below) | (13,039) | - | - |
| Equity-based compensation | (10,993) | (5,296) | (3,690) |
| Valuation allowance | 4,322 | - | - |
| Section 162(m) limitation | 1,564 | 656 | 113 |
| Other items | 1,542 | 2,308 | 2,468 |

| | | | | | |
|---|---|---|---|---|---|
| Income tax provision | $ | 76,317 | $ 55,233 | $ | 47,224 |

The net deferred income tax liability consisted of the following (in thousands):

| | As of December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Other benefit obligations | $ 1,789 | $ 1,890 |
| Equity-based compensation | 4,324 | 4,563 |
| Net operating losses | 2,951 | 25,532 |
| Accrued bonus | 3,947 | 2,313 |
| Reserves | 1,194 | 1,134 |
| Lease liabilities | 3,079 | 4,659 |
| Interest rate swap | 45,913 | 22,101 |
| Capital losses | 4,322 | - |
| Other items | 3,856 | 2,104 |
| Deferred tax assets, gross | 71,375 | 64,296 |
| Less: Valuation allowance | (4,322) | - |
| Deferred tax assets, net | 67,053 | 64,296 |
| | | |
| Property, plant and equipment | 233,427 | 201,208 |
| Goodwill and other intangible assets | 160,442 | 159,074 |
| Investments in subsidiaries and partnerships | 29,043 | - |
| ROU assets | 5,121 | 5,201 |
| Prepaid expenses | 3,500 | 2,127 |
| Other items | 2,195 | - |
| Deferred tax liabilities | 433,728 | 367,610 |
| | | |
| Net deferred income tax liability | $ 366,675 | $ 303,314 |

The valuation allowance disclosed above relates to capital losses from the MBI net option that may not be realized.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, permits net operating loss ("NOL") carrybacks to offset up to 100% of taxable income for taxable years beginning before 2021. In addition, the CARES Act allows NOLs incurred in 2020, 2019 and 2018 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. As a result, the Company carried its 2019 U.S. Federal tax NOL back and generated a $13.0 million benefit, as a portion of the NOL was carried back to years that had higher enacted income tax rates.

There were $0.5 million of tax-effected U.S. Federal tax NOLs available for carryforward at December 31, 2020, which were generated by NewWave prior to its acquisition and have expiration dates through 2036. The use of pre-acquisition operating losses is subject to limitations imposed by the Internal Revenue Code of 1986, as amended. The Company does not anticipate that these limitations will affect utilization of the carryforwards prior to their expiration. The Company had $2.4 million of tax-effected state tax NOL carryforwards at December 31, 2020, which will have expiration dates through 2039.

The Company endeavors to comply with tax laws and regulations where it does business, but cannot guarantee that, if challenged, the Company's interpretation of all relevant tax laws and regulations will prevail and that all tax benefits recorded in the consolidated financial statements will ultimately be recognized in full. The Company has taken reasonable efforts to address uncertain tax positions and has determined that there are no material transactions and no material tax positions taken by the Company that would fail to meet the more-likely-than-not threshold for recognizing transactions or tax positions in the consolidated financial statements. Accordingly, the Company has not recorded a reserve for uncertain tax positions in the consolidated financial statements, and the Company does not expect any significant tax increase or decrease to occur within the next 12 months with respect to any transactions or tax positions taken and reflected in the consolidated financial statements. In making these determinations, the Company presumes that taxing authorities pursuing examinations of the Company's compliance with tax law filing requirements will have full knowledge of all relevant information, and, if necessary, the Company will pursue resolution of disputed tax positions by appeals or litigation. The Company recognizes penalties and interest, if applicable, associated with any uncertain tax positions within selling, general and administrative expenses in the consolidated statements of operations and comprehensive income.



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## 12. INTEREST RATE SWAPS

The Company is party to two interest rate swap agreements, designated as cash flow hedges, to manage the risk of fluctuations in interest rates on its variable rate LIBOR debt. Changes in the fair values of the interest rate swaps are reported through other comprehensive income until the underlying hedged debt's interest expense impacts net income, at which point the corresponding change in fair value is reclassified from accumulated other comprehensive income to interest expense.

A summary of the significant terms of the Company's interest rate swap agreements is as follows (dollars in thousands):

| Entry Date | Effective Date | Maturity Date(1) | Notional Amount | Settlement Type | Settlement Frequency | Fixed Base Rate |
|---|---|---|---|---|---|---|

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Swap A | 3/7/2019 | 3/11/2019 | 3/11/2029 | $ 850,000 | Receive one-month LIBOR, pay fixed | Monthly | 2.653% |
| Swap B | 3/6/2019 | 6/15/2020 | 2/28/2029 | 350,000 | Receive one-month LIBOR, pay fixed | Monthly | 2.739% |
| Total | | | | $ 1,200,000 | | | |

(1) Each swap may be terminated prior to the scheduled maturity at the election of the Company or the financial institution counterparty under the terms provided in each swap agreement.

The combined fair values of the Company's interest rate swaps are reflected within the consolidated balance sheets as follows (in thousands):

| | As of December 31, | |
|---|---|---|
| | 2020 | 2019 |
| **Liabilities:** | | |
| **Current portion:** | | |
| Accounts payable and accrued liabilities | $ 30,646 | $ 11,045 |
| **Noncurrent portion:** | | |
| Interest rate swap liability | $ 155,357 | $ 78,612 |
| Total | $ 186,003 | $ 89,657 |
| | | |
| **Stockholders' Equity:** | | |
| Accumulated other comprehensive loss | $ 140,090 | $ 67,556 |

The combined effect of the Company's interest rate swaps on the consolidated statements of operations and comprehensive income is as follows (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | 2020 | 2019 |
| Interest expense | $ 22,509 | $ 3,105 |
| | | |
| Unrealized loss on cash flow hedges, gross | $ 96,346 | $ 89,657 |
| Less: Tax effect | (23,812) | (22,101) |
| Unrealized loss on cash flow hedges, net of tax | $ 72,534 | $ 67,556 |

The Company does not hold any derivative instruments for speculative trading purposes.

## 13. FAIR VALUE MEASUREMENTS

**Financial Assets and Liabilities.** The Company has estimated the fair values of its financial instruments as of December 31, 2020 using available market information or other appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the following fair value estimates are not necessarily indicative of the amounts the Company would realize in an actual market exchange.



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The carrying amounts, fair values and related fair value hierarchy levels of the Company's financial assets and liabilities as of December 31, 2020 were as follows (dollars in thousands):

| | December 31, 2020 | | |
|---|---|---|---|
| | Carrying Amount | Fair Value | Fair Value Hierarchy |
| **Assets:** | | | |
| **Cash and cash equivalents:** | | | |
| Money market investments | $ 544,524 | $ 544,524 | Level 1 |
| **Liabilities:** | | | |
| **Long-term debt (including current portion):** | | | |
| Term loans | $ 1,541,621 | $ 1,534,113 | Level 2 |
| New Notes | $ 650,000 | $ 669,500 | Level 2 |
| **Interest rate swap liability (including current portion):** | | | |
| Interest rate swaps | $ 186,003 | $ 186,003 | Level 2 |
| **Other noncurrent liabilities:** | | | |
| MBI net option | $ 73,310 | $ 73,310 | Level 3 |

Money market investments are held primarily in U.S. Treasury securities and registered money market funds and are valued using a market approach based on quoted market prices (level 1). Money market investments with original maturities of three months or less are included within cash and cash equivalents in the consolidated balance sheets. The fair value of the term loans and New Notes are estimated based on market prices for similar instruments in active markets (level 2). Interest rate swaps are measured at fair value within the consolidated balance sheets on a recurring basis, with fair value determined using standard valuation models with assumptions about interest rates being based on those observed in underlying markets (level 2). The fair value of the MBI net option is measured using Monte Carlo simulations that use inputs considered unobservable and significant to the fair value measurement (level 3).

The assumptions used to determine the fair value of the MBI net option as of December 31, 2020 consisted of the following:

| | Cable One | MBI |
|---|---|---|
| Equity volatility | 28.0% | 30.0% |
| EBITDA volatility | 10.0% | 10.0% |
| EBITDA risk-adjusted discount rate | 5.0% | 6.5% |
| Cost of debt | 4.0% | |

The Company regularly evaluates each of the assumptions used in establishing the fair value of the MBI net option. Significant changes in any of these assumptions could result in a significantly lower or higher fair value measurement. A change in one of these assumptions is not necessarily accompanied by a change in another assumption.

The carrying amounts of accounts receivable, accounts payable and other financial assets and liabilities approximate fair value because of the short-term nature of these instruments.

**Nonfinancial Assets and Liabilities.** The Company's nonfinancial assets, such as property, plant and equipment, intangible assets and goodwill, are not measured at fair value on a recurring basis. Assets acquired, including identifiable intangible assets and goodwill, and liabilities assumed in acquisitions are recorded at fair value on the respective acquisition dates, subject to potential future measurement period adjustments. Nonfinancial assets are subject to fair value adjustments when there is evidence that impairment may exist. No material impairments were recorded during any of the periods presented.

## 14. STOCKHOLDERS' EQUITY

**Public Equity Offering.** In May 2020, the Company completed the Public Offering of 287,500 shares of its common stock for total net proceeds of $469.8 million, after deducting underwriting discounts and offering expenses. The Company used a portion of the net proceeds to repay in full its outstanding borrowings of $100.0 million under the Revolving Credit Facility in May 2020 and it used the remainder for general corporate purposes, including for acquisitions and strategic investments.

**Treasury Stock.** Treasury stock is recorded at cost and is presented as a reduction of stockholders' equity in the consolidated financial statements. Treasury shares of 147,695 held at December 31, 2020 include shares repurchased under the Company's share repurchase program and shares withheld for withholding tax, as described below.

**Share Repurchase Program.** On July 1, 2015, the Company's board of directors (the "Board") authorized up to $250.0 million of share repurchases (subject to a total cap of 600,000 shares of common stock). Purchases under the share repurchase program may be made from time to time on the open market and in privately negotiated transactions. The size and timing of these purchases are based on a number of factors, including share price and business and market conditions. Since the inception of the share repurchase program through December 31, 2020, the Company has repurchased 210,631 shares of its common stock at an aggregate cost of $104.9 million. No shares were repurchased during 2020.

**Tax Withholding for Equity Awards.** At the employee's option, shares of common stock are withheld by the Company upon the vesting of restricted stock and exercise of stock appreciation rights ("SARs") to cover the applicable statutory minimum amount of employee withholding taxes, which the Company then pays to the taxing authorities in cash. The amounts remitted during 2020, 2019 and 2018 were $6.0 million, $3.0 million and $7.2 million, for which the Company withheld 3,861, 3,521 and 10,026 shares of common stock, respectively.





## 15. EQUITY-BASED COMPENSATION

On June 5, 2015, the Board adopted the Cable One, Inc. 2015 Omnibus Incentive Compensation Plan (the "Original 2015 Plan"), which became effective on July 1, 2015. On May 2, 2017, the Company's stockholders approved the Amended and Restated Cable One, Inc. 2015 Omnibus Incentive Compensation Plan (the "2015 Plan"), which automatically terminated, replaced and superseded the Original 2015 Plan, except that any outstanding awards granted under the Original 2015 Plan would remain in effect pursuant to their terms. The 2015 Plan is designed to promote the interests of the Company and its stockholders by providing the employees and directors of the Company with incentives and rewards to encourage them to continue in the service of the Company and with a proprietary interest in pursuing the long-term growth, profitability and financial success of the Company. Any of the directors, officers, employees and consultants of the Company are eligible to be granted one or more of the following types of awards under the 2015 Plan: (1) incentive stock options, (2) non-qualified stock options, (3) restricted stock awards, (4) SARs, (5) restricted stock units ("RSUs"), (6) cash-based awards, (7) performance-based awards, (8) dividend equivalents and (9) other stock-based awards, including, without limitation, performance stock units and deferred stock units. Unless the 2015 Plan is sooner terminated by the Board, no awards may be granted under the 2015 Plan after May 2, 2027.

The 2015 Plan provides that, subject to certain adjustments for specified corporate events, the maximum number of shares of Company common stock that may be issued under the 2015 Plan is 334,870, which is equal to the number of remaining shares of Company common stock available for future issuance under the Original 2015 Plan as of May 2, 2017, regardless of whether such shares were subject to outstanding awards as of such date, and no more than 329,962 shares may be issued pursuant to incentive stock options. At December 31, 2020, 119,595 shares were available for issuance under the 2015 Plan.

Compensation expense associated with equity-based awards is recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the award, with forfeitures recognized as incurred. The Company's equity-based compensation expense, included within selling, general and administrative expenses in the consolidated statements of operations and comprehensive income, was as follows (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2020 | 2019 | 2018 |
| Restricted stock (as defined below) | $ 11,476 | $ 7,994 | $ 6,751 |
| SARs | 3,116 | 4,306 | 3,735 |
| Total | $ 14,592 | $ 12,300 | $ 10,486 |

The Company recognized income tax benefits of $11.1 million, $5.3 million and $3.7 million related to equity-based awards during 2020, 2019 and 2018, respectively. The deferred tax asset related to all outstanding equity-based awards was $4.3 million as of December 31, 2020.

**Restricted Stock.** The Company has granted restricted shares of Company common stock subject to performance-based and/or service-based vesting conditions to certain employees of the Company. Restricted share awards generally cliff-vest on the three-year anniversary of the grant date or in three or four equal ratable installments beginning on the first anniversary of the grant date (generally subject to the holder's continued employment with the Company through the applicable vesting date), although certain individual awards have been granted with shorter vesting periods from time to time. Performance-based restricted shares are or were subject to performance metrics related primarily to three-year cumulative growth in Adjusted EBITDA less capital expenditures or year-over-year growth in Adjusted EBITDA and annual adjusted capital expenditures as a percentage of total revenues. Restricted shares are subject to the terms and conditions of the Original 2015 Plan or the 2015 Plan (in the case of awards made on or following May 2, 2017) and are otherwise subject to the terms and conditions of the applicable award agreement.

The Company's non-employee directors are entitled to an annual cash retainer of $75,000, plus an additional annual cash retainer for each committee chair or the lead independent director, and approximately $125,000 in RSUs. Such RSUs will generally be granted on the date of the Company's annual stockholders' meeting and will vest on the earlier of the first anniversary of the grant date or the annual stockholders' meeting date immediately following the grant date, subject to the director's continued service through such vesting date. Settlement of such RSUs will be in the form of one share of the Company's common stock and will follow vesting, unless the director has previously elected to defer all or a portion of such settlement until his or her separation from service from the Board or a specified date. Non-employee directors may elect to defer their annual retainer and receive RSUs in lieu of annual cash fees. Any dividends associated with RSUs granted prior to the 2017 annual grant of RSUs are converted into dividend equivalent units ("DEUs"), which will be delivered at the time of settlement of the associated RSUs.





Restricted shares, RSUs and DEUs are collectively referred to as "restricted stock." A summary of restricted stock activity is as follows:

| | Restricted Stock | Weighted Average Grant Date Fair Value Per Share |
|---|---|---|
| Outstanding as of December 31, 2017 | 51,290 | $ 472.89 |
| Granted | 17,098 | $ 715.74 |
| Forfeited | (2,455) | $ 636.64 |
| Vested and issued | (25,057) | $ 397.53 |
| Outstanding as of December 31, 2018 | 40,876 | $ 610.88 |
| Granted | 13,374 | $ 885.66 |
| Forfeited | (4,111) | $ 710.87 |
| Vested and issued | (11,266) | $ 493.80 |
| Outstanding as of December 31, 2019 | 38,873 | $ 728.77 |
| Granted | 12,352 | $ 1,573.50 |
| Forfeited | (5,491) | $ 752.39 |
| Vested and issued | (10,790) | $ 682.84 |
| Outstanding as of December 31, 2020 | 34,944 | $ 1,037.83 |
| | | |
| Vested and deferred as of December 31, 2020 | 6,655 | $ 618.54 |

At December 31, 2020, there was $17.4 million of unrecognized compensation expense related to restricted stock, which is expected to be recognized over a weighted average period of 1.1 years.

**Stock Appreciation Rights.** The Company has granted SARs to certain executives and other employees of the Company. The SARs are scheduled to vest in four equal ratable installments beginning on the first anniversary of the grant date (generally subject to the holder's continued employment with the Company through the applicable vesting date). The SARs are subject to the terms and conditions of the Original 2015 Plan or the 2015 Plan (in the case of awards made on or following May 2, 2017) and will otherwise be subject to the terms and conditions of the applicable award agreement.

A summary of SAR activity is as follows:

| | Stock Appreciation | Weighted Average Exercise | Weighted Average Grant Date Fair | Aggregate Intrinsic Value | Weighted Average Remaining Contractual Term |
|---|---|---|---|---|---|

| | Rights | | Price | | Value | | (in thousands) | (in years) |
|---|---|---|---|---|---|---|---|---|
| Outstanding as of December 31, 2017 | 102,458 | $ | 477.62 | $ | 100.91 | $ | 23,173 | 8.1 |
| Granted | 21,000 | $ | 744.47 | $ | 181.21 | $ | - | 8.7 |
| Exercised | (27,060) | $ | 435.11 | $ | 90.06 | $ | 9,418 | - |
| Forfeited | (5,793) | $ | 502.08 | $ | 108.22 | $ | | |
| Outstanding as of December 31, 2018 | 90,605 | $ | 550.60 | $ | 122.29 | $ | 24,673 | 7.2 |
| Granted | 29,000 | $ | 900.90 | $ | 209.57 | $ | - | 8.8 |
| Exercised | (26,092) | $ | 491.12 | $ | 105.94 | | 20,143 | - |
| Forfeited | (3,103) | $ | 659.01 | $ | 154.49 | | | |
| Outstanding as of December 31, 2019 | 90,410 | $ | 676.41 | $ | 153.90 | $ | 73,419 | 7.5 |
| Granted | 8,000 | $ | 1,701.74 | $ | 423.92 | $ | - | 9.5 |
| Exercised | (33,154) | $ | 553.69 | $ | 120.91 | $ | 39,099 | - |
| Forfeited | (6,891) | $ | 846.81 | $ | 199.27 | | | |
| Outstanding as of December 31, 2020 | 58,365 | $ | 866.54 | $ | 204.29 | $ | 79,446 | 7.3 |
| | | | | | | | | |
| Exercisable as of December 31, 2020 | 21,125 | $ | 618.52 | $ | 139.78 | $ | 33,994 | 6.1 |



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The grant date fair value of the Company's SARs is measured using the Black-Scholes valuation model. The weighted average inputs used in the model for grants awarded during 2020, 2019 and 2018 were as follows:

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Expected volatility | 26.61% | 21.69% | 22.22% |
| Risk-free interest rate | 0.43% | 2.25% | 2.53% |
| Expected term (in years) | 6.25 | 6.25 | 6.25 |
| Expected dividend yield | 0.56% | 0.92% | 0.97% |

The Black-Scholes model used to estimate the grant date fair value of the Company's SARs requires the input of highly subjective assumptions. These estimates involve inherent uncertainties and the application of management's judgment. If factors change and different assumptions are used, the Company's equity-based compensation expense could be materially different for future SAR grants. The assumptions for 2020 SAR grants were determined as follows:

- Fair Value of Common Stock — Valued by reference to the closing price of the Company's publicly traded common stock on the date of grant.

- Expected Volatility — The Company estimated the expected future stock price volatility for its common stock by using its life-to-date historical volatility based on daily price observations since it became a publicly traded company on July 1, 2015. Prior to 2019, expected volatility was calculated using a combination of historical Company stock prices and those of a peer group.

- Risk-Free Interest Rate — The risk-free interest rate assumption was based on the yields of U.S. Treasury securities with maturities similar to the expected term of the SARs being valued.

- Expected Term — The expected term represents the period that the Company's SARs are expected to be outstanding. Prior to becoming a standalone public company on July 1, 2015, the Company did not issue stock-based awards specific to Cable One and therefore does not yet have a sufficient history on which to base an estimate of the period that its SARs are expected to be outstanding. Accordingly, the expected term of the Company's SARs is based on the "simplified method" which defines the expected term as the average of the contractual term and the weighted-average vesting period for all tranches.

- Expected Dividend Yield — The Company expects to continue to pay quarterly dividends in the future and, as such, the expected dividend yield was calculated as the Company's current annual dividend divided by the Company's closing stock price on the grant date.

At December 31, 2020, there was $6.5 million of unrecognized compensation expense related to SARs, which is expected to be recognized over a weighted average period of 1.1 years.

## 16. NET INCOME PER COMMON SHARE

Basic net income per common share is computed by dividing net income by the weighted average number of common shares outstanding during the period. The denominator used in calculating diluted net income per common share further includes any common shares available to be issued upon vesting or exercise of outstanding equity-based compensation awards if such inclusion would be dilutive, calculated using the treasury stock method.
The computation of basic and diluted net income per common share was as follows (dollars in thousands, except per share amounts):

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | | 2020 | | 2019 | | 2018 |
| **Numerator:** | | | | | | |
| Net income | $ | 304,391 | $ | 178,582 | $ | 164,760 |
| **Denominator:** | | | | | | |
| Weighted average common shares outstanding - basic | | 5,884,780 | | 5,678,990 | | 5,684,375 |
| Effect of dilutive equity-based awards(1) | | 52,802 | | 58,866 | | 41,588 |

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Weighted average common shares outstanding - diluted | 5,937,582 | 5,737,856 | 5,725,963 |
| | | | |
| **Net Income per Common Share:** | | | |
| Basic | $ 51.73 | $ 31.45 | $ 28.98 |
| Diluted | $ 51.27 | $ 31.12 | $ 28.77 |
| | | | |
| **Supplemental Net Income per Common Share Disclosure:** | | | |
| Anti-dilutive shares from equity-based compensation awards(1) | 288 | 409 | 1,811 |

(1) Equity-based awards whose impact is considered to be anti-dilutive under the treasury stock method were excluded from the diluted net income per common share calculation.



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## 17. COMMITMENTS AND CONTINGENCIES

**Contractual Obligations.** The Company has obligations to make future payments for goods and services under certain contractual arrangements. These contractual obligations secure the future rights to various goods and services to be used in the normal course of the Company's operations. In accordance with applicable accounting rules, the future rights and obligations pertaining to firm commitments, such as certain purchase obligations under contracts, are not reflected as assets or liabilities in the consolidated balance sheets.

The following table summarizes the Company's outstanding contractual obligations as of December 31, 2020 (including amounts associated with data processing services, high-speed data connectivity and fiber-related obligations) and the estimated effect and timing that such obligations are expected to have on the Company's liquidity and cash flows in future periods (in thousands):

| Year Ending December 31, | Programming Purchase Commitments(1) | Lease Payments(2) | Debt Payments(3) | Other Purchase Obligations(4) | Total |
|---|---|---|---|---|---|
| 2021 | $ 138,582 | $ 5,266 | $ 25,731 | $ 22,920 | $ 192,499 |
| 2022 | 55,119 | 4,298 | 29,986 | 9,691 | 99,094 |
| 2023 | 35,992 | 3,755 | 47,008 | 4,517 | 91,272 |
| 2024 | 15,763 | 2,306 | 68,285 | 847 | 87,201 |
| 2025 | 3,749 | 1,796 | 549,147 | 503 | 555,195 |
| Thereafter | - | 9,981 | 1,471,464 | 6,775 | 1,488,220 |
| Total | $ 249,205 | $ 27,402 | $ 2,191,621 | $ 45,253 | $ 2,513,481 |

(1) Programming purchase commitments represent contracts that the Company has with cable television networks and broadcast stations to provide programming services to subscribers. The amounts reported represent estimates of the future programming costs for these purchase commitments based on estimated subscriber numbers, tier placements as of December 31, 2020 and the per-subscriber rates contained in the contracts. Actual amounts due under such contracts may differ from the amounts above based on the actual subscriber numbers and tier placements at the time. Programming purchases pursuant to non-binding commitments are not reflected in the amounts shown.
(2) Lease payments include payment obligations related to the Company's outstanding finance and operating lease arrangements as of December 31, 2020.
(3) Debt payments include principal repayment obligations for the Company's outstanding debt instruments as of December 31, 2020.
(4) Other purchase obligations include purchase obligations related to capital projects and other legally binding commitments. Other purchase orders made in the ordinary course of business are excluded from the amounts shown but are included within accounts payable and accrued liabilities in the consolidated balance sheet.

The Company incurs the following costs as part of its operations, however, they are not included within the contractual obligations table above for the reasons discussed below:

- The Company rents space on utility poles in order to provide services to subscribers. Generally, pole rentals are cancellable on short notice. However, the Company anticipates that such rentals will recur. Rent expense for pole attachments was $10.5 million, $9.5 million and $8.9 million for 2020, 2019 and 2018, respectively.

- Fees imposed on the Company by various governmental authorities, including franchise fees, are passed through on a monthly basis to the Company's customers and are periodically remitted to authorities. These fees were $25.2 million, $22.7 million and $16.1 million for 2020, 2019 and 2018, respectively. As the Company acts as principal in these arrangements, these fees are reported in video and voice revenues on a gross basis with corresponding expenses included within operating expenses in the consolidated statements of operations and comprehensive income.

- The Company has franchise agreements requiring plant construction and the provision of services to customers within the franchise areas. In connection with these obligations under existing franchise agreements, the Company obtains surety bonds or letters of credit guaranteeing performance to municipalities and public utilities and payment of insurance premiums. Such surety bonds and letters of credit totaled $31.6 million and $18.3 million as of December 31, 2020 and 2019, respectively. Payments under these arrangements are required only in the remote event of nonperformance. The Company does not expect that these contingent commitments will result in any amounts being paid.



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- The Company issued letters of credit totaling $22.0 million in January 2020 on behalf of Wisper to guarantee its performance obligations under an FCC

broadband funding program. As of December 31, 2020, the Company has assessed the likelihood of non-performance associated with the guarantee to be remote, and therefore, no liability has been accrued within the consolidated balance sheet. Refer to note 10 for further details on this transaction.

**Litigation and Legal Matters**. The Company is subject to complaints and administrative proceedings and has been a defendant in various civil lawsuits that have arisen in the ordinary course of its business. Such matters include contract disputes; actions alleging negligence; invasion of privacy; trademark, copyright and patent infringement; violations of applicable wage and hour laws; statutory or common law claims involving current and former employees; and other matters. Although the outcomes of any legal claims and proceedings against the Company cannot be predicted with certainty, based on currently available information, the Company believes that there are no existing claims or proceedings that are likely to have a material adverse effect on its business, financial condition, results of operations or cash flows.

**Regulation in the Company's Industry.** The Company's operations are extensively regulated by the FCC, some state governments and most local governments. The FCC has the authority to enforce its regulations through the imposition of substantial fines, the issuance of cease and desist orders and/or the imposition of other administrative sanctions, such as the revocation of FCC licenses needed to operate certain transmission facilities used in connection with cable operations. Future legislative and regulatory changes could adversely affect the Company's operations.

## 18. SUBSEQUENT EVENT

On February 12, 2021, the Company and its indirect wholly owned subsidiary, Lighthouse Merger Sub LLC, entered into an Agreement and Plan of Merger, dated as of February 12, 2021 (the "Merger Agreement"), with Hargray and TPO-Hargray, LLC, as equityholders' representative, pursuant to which the Company agreed to acquire the equity interests in Hargray that it does not already own (the "Hargray Acquisition"). The equity interests to be acquired represent approximately 85% of Hargray on a fully diluted basis. Under the terms of the Merger Agreement, the Company will pay a purchase price that implies a $2.2 billion total enterprise value for Hargray on a debt-free and cash-free basis, subject to customary post-closing adjustments. The Company intends to finance the Hargray Acquisition with a combination of existing cash resources and proceeds from new indebtedness (which may include revolving credit facility borrowings) and/or equity capital. The Company has received $900 million of definitive bridge loan commitments from JPMorgan and Credit Suisse AG to finance a portion of the purchase price. Hargray has also amended its credit agreement to allow the Company to assume approximately $689 million of Hargray's outstanding debt at the closing of the Hargray Acquisition. The Hargray Acquisition will expand the Company's presence in the Southeastern U.S. and enable the Company to capitalize on Hargray's experience and expertise in fiber expansion. The closing of the Hargray Acquisition is subject to the receipt of certain regulatory approvals, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the receipt of consents or approvals from the FCC and certain state public service commissions, and other customary closing conditions. The Company currently anticipates that the Hargray Acquisition will be completed during the second quarter of 2021.

**Exhibit 4.1**

**DESCRIPTION OF SECURITIES OF CABLE ONE, INC.**
**REGISTERED UNDER SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

**General**

As of February 25, 2021, Cable One, Inc. (“Cable One,” “us,” “our,” “we” or the “Company”) had one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) — our common stock, par value $0.01 per share.

The following description summarizes information concerning our common stock registered under Section 12 of the Exchange Act, including material provisions of our Amended and Restated Certificate of Incorporation, Amended and Restated By-laws and certain provisions of Delaware law. The description does not purport to be complete and is qualified in its entirety by reference to the full text of our Amended and Restated Certificate of Incorporation and Amended and Restated By-laws, which are filed as exhibits to this Annual Report on Form 10-K. You are encouraged to read our Amended and Restated Certificate of Incorporation, our Amended and Restated By-laws and the applicable provisions Delaware law for greater detail with respect to these provisions.

**Authorized Capital Stock**

Our authorized capital stock consists of 40 million shares of common stock, par value $0.01 per share, and 4 million shares of preferred stock, par value $0.01 per share.

Our Amended and Restated Certificate of Incorporation authorizes our Board of Directors (the “Board”) to designate and issue shares of preferred stock from time to time in one or more series, each such series to have such distinctive designation as shall be stated and expressed in the resolution or resolutions adopted by our Board providing for the initial issuance of shares of such series, without stockholder approval. Our Board may fix and determine the preferences, limitations and relative rights of each series of preferred stock.

**Common Stock**

*Dividends.* Subject to the prior rights of the holders of any preferred stock that may be outstanding, when and as dividends are declared, whether payable in cash, in property or in shares of our common stock, the holders of our common stock are entitled to share equally, share for share, in such dividends. The timing, declaration, amount and payment of future dividends depends on our financial condition, earnings, capital requirements and debt service obligations, as well as legal requirements, regulatory constraints, industry practice and other factors that our Board deems relevant. Our Board makes all decisions regarding our payment of dividends from time to time in accordance with applicable law.

*Voting Rights.* Every holder of our common stock is entitled to one vote for each share standing in its name on the books of Cable One on all matters submitted to a vote of our stockholders. As discussed further below, our Board is divided into three classes, and holders of our common stock do not have cumulative voting rights in the election of directors.

*Other Rights.* In the event of our liquidation, dissolution or winding up, either voluntary or involuntary, after payment shall have been made to the holders of any preferred stock that may be outstanding, the holders of our common stock will be entitled to share, ratably according to the number of shares of common stock held by them, in all our remaining assets available for distribution to our stockholders. The holders of our common stock do not have preemptive rights, conversion rights or preferential rights to subscribe for shares of our common stock. There are no redemption or sinking fund provisions applicable to our common stock.

*Fully Paid.* The issued and outstanding shares of our common stock are fully paid and non-assessable. Any additional shares of common stock that we may issue in the future will also be fully paid and non-assessable.

*Listing*. Our common stock is publicly traded under the ticker symbol “CABO” listed on the New York Stock Exchange.

**Certain Provisions of Delaware Law, Our Amended and Restated Certificate of Incorporation and Amended and Restated By-laws**

***Amended and Restated Certificate of Incorporation and Amended and Restated By-laws***

Certain provisions in our Amended and Restated Certificate of Incorporation and our Amended and Restated By-laws summarized below may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the shares held by stockholders. These provisions are intended to enhance the likelihood of continuity and stability in the composition of our Board and in the policies formulated by our Board and to discourage certain types of transactions that may involve an actual or threatened change of control.

*Phased Declassification of Board.* Our Amended and Restated Certificate of Incorporation provides that our Board is divided into three classes of directors, with each class consisting, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board. However, under our Amended and Restated Certificate of Incorporation, the Board is being declassified in a phased approach over a three-year period beginning at our 2021 annual meeting of stockholders to provide for the annual election of all directors. This phased-in declassification will not affect the unexpired term of any director elected prior to the 2020 annual meeting of stockholders. Directors elected at the 2021 annual meeting of stockholders and at each subsequent annual meeting will be elected to one-year terms (until the first annual meeting of stockholders next following the director’s election and until the director’s successor is elected and qualified). As a result, our Board would be fully declassified following our 2023 annual meeting of stockholders. Any director elected by the Board to fill a vacant or new directorship in any of the three classes of directors will serve the remaining term of the class such director was elected to and until the director’s successor is elected and qualified. After the full declassification of the Board, any director elected by the Board to fill a vacant or new directorship would serve until the first annual meeting of stockholders next following the director’s election and until the director’s successor is elected and qualified.

*Blank Check Preferred Stock.* Our Amended and Restated Certificate of Incorporation authorizes our Board to designate and issue, without any further vote or action by the stockholders, up to four million shares of preferred stock from time to time in one or more series and, with respect to each such series, to fix the number of shares constituting the series and the designation of the series, the voting powers (if any) of the shares of the series, and the preferences and relative, participating, optional and other rights, if any, and any qualifications, limitations or restrictions, of the shares of such series. The ability to issue such preferred stock could discourage potential acquisition proposals and could delay or prevent a change in control.

*No Stockholder Action by Written Consent.* Our Amended and Restated Certificate of Incorporation expressly excludes the right of our stockholders to act by written consent. Stockholder action must take place at an annual meeting or at a special meeting of our stockholders.

*Special Stockholder Meetings.* Our Amended and Restated By-laws provide that only our Chief Executive Officer and a majority of our directors are able to call a special meeting of stockholders. Stockholders are not permitted to call a special meeting or require our Board to call a special meeting.

*Requirements for Advance Notification of Stockholder Nominations and Proposals.* Under our Amended and Restated By-laws, stockholders of record are able to nominate persons for election to our Board or bring other business constituting a proper matter for stockholder action only by providing proper notice to our secretary. Proper notice must be timely, generally between 90 and 120 days prior to the relevant meeting (or, in the case of annual meetings, prior to the first anniversary of the prior year’s annual meeting), and must include, among other information, the name and address of the stockholder giving the notice, a representation that such stockholder is a holder of record of our common stock as of the date of the notice, certain information regarding such stockholder’s beneficial ownership of our securities and any derivative instruments based on or linked to the value of or return on our securities as of the date of the notice, certain information relating to each person whom such stockholder proposes to nominate for election as a director, a brief description of any other business such stockholder proposes to bring before the meeting and the reason for conducting such business and a representation as to whether such stockholder intends to solicit proxies.

*Amendments to Our By-laws.* Our Amended and Restated Certificate of Incorporation and our Amended and Restated By-laws each provide that the approval of our Board or the affirmative vote of stockholders holding at least 66 2⁄3% of the combined voting power of the outstanding shares of our capital stock entitled to vote in the election of directors, voting as a single class, is required to alter, amend or repeal, or adopt any new provision in, our Amended and Restated By-laws. These provisions make it more difficult for stockholders to make changes to our Amended and Restated By-laws that are opposed by our Board.

***Delaware Takeover Statute***

We are subject to Section 203 of the Delaware General Corporation Law, which, subject to certain exceptions, prohibits a Delaware corporation from engaging in any "business combination" (as defined below) with any "interested stockholder" (as defined below) for a period of three years following the date that such stockholder became an interested stockholder, unless: (1) prior to such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (2) on consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned (x) by persons who are directors and also officers and (y) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or (3) on or subsequent to such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2⁄3% of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 of the Delaware General Corporation Law defines "business combination" to include: (1) any merger or consolidation involving the corporation and the interested stockholder; (2) any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder; (3) subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder; (4) any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or (5) the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation. In general, Section 203 defines an "interested stockholder" as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by such entity or person.

**Exhibit 10.29**

CERTAIN INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED

[***] INDICATES THAT INFORMATION HAS BEEN REDACTED

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**MEGA BROADBAND INVESTMENTS HOLDINGS LLC**

**SECOND AMENDED AND RESTATED**
**LIMITED LIABILITY COMPANY AGREEMENT**

DATED AS OF NOVEMBER 12, 2020

THE COMPANY INTERESTS REPRESENTED BY THIS SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS. SUCH INTERESTS MAY NOT BE SOLD, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF AT ANY TIME WITHOUT EFFECTIVE REGISTRATION UNDER SUCH ACT AND LAWS OR EXEMPTION THEREFROM, AND COMPLIANCE WITH THE OTHER SUBSTANTIAL RESTRICTIONS ON TRANSFERABILITY SET FORTH HEREIN.

THE COMPANY INTERESTS REPRESENTED BY THIS SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT ARE ALSO SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER SPECIFIED IN THE REGISTRATION RIGHTS AGREEMENT, DATED AS OF OCTOBER 2, 2017, AS AMENDED OR MODIFIED FROM TIME TO TIME, AMONG THE ISSUER (THE "COMPANY") AND CERTAIN INVESTORS, AND THE COMPANY RESERVES THE RIGHT TO REFUSE THE TRANSFER OF SUCH INTERESTS UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED WITH RESPECT TO ANY TRANSFER. A COPY OF SUCH CONDITIONS SHALL BE FURNISHED BY THE COMPANY TO EACH UNITHOLDER UPON WRITTEN REQUEST AND WITHOUT CHARGE.

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**MEGA BROADBAND INVESTMENTS HOLDINGS LLC**
**SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT**

**THIS SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT**, dated as of November 12, 2020, is entered into by and among Mega Broadband Investments Holdings LLC, a Delaware limited liability company (the "Company"), and the Unitholders.

WHEREAS, the original limited liability company agreement of the company was entered into on October 2, 2017 (the "Original Agreement");

WHEREAS, the Original Agreement was amended and replaced, and superseded in its entirety, on November 1, 2019 (the "A&R Agreement");

WHEREAS, on the date hereof, the CABO Investor is purchasing from the Company and the Company is issuing to the CABO Investor Class B Units pursuant to the CABO Equity Purchase Agreement (the "CABO Investment"), on the terms and conditions set forth therein;

WHEREAS, in connection with the CABO Investment, the parties hereto desire to enter into this Agreement to amend and replace, and supersede in its entirety, the A&R Agreement;

WHEREAS, pursuant to the CABO Equity Purchase Agreement, on the date hereof, the Company and certain Unitholders are entering into certain Restrictive Covenant Agreements (as defined in the CABO Equity Purchase Agreement); and

WHEREAS, on the date hereof, pursuant to Section 4.3, certain proceeds from the CABO Investment and related transactions will be used by the Company to make one or more Distributions to its Unitholders (other than the CABO Investor), which will, among other things, result in the cancellation of the Class A Units outstanding as of the date hereof pursuant to Section 4.4.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

## ARTICLE I
## CERTAIN DEFINITIONS

**Section 1.1 Certain Capitalized Terms**. Capitalized terms used but not otherwise defined herein shall have the following meanings:

"20% Owner" means any Unitholder that, as of any date of determination, owns twenty percent (20%) or more of the then issued and outstanding Class B Units. For purposes of this definition, any Class B Units held (i) by an Affiliate of a Unitholder or (ii) by a Blocker Corporation for the benefit of a Unitholder or Affiliate of a Unitholder shall be included in the determination of whether such Unitholder holds twenty (20%) or more of the issued and outstanding Class B Units.

"Additional Unitholder" means a Person that is admitted to the Company as a Unitholder pursuant to Section 9.2.

"Adjusted Capital Account Deficit" means with respect to any Capital Account as of the end of any Taxable Year, the amount by which the balance in such Capital Account is less than zero. For this purpose, such Person's Capital Account balance shall be

(a) reduced for any items described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5), and (6), and

(b) increased for any amount such Person is obligated to contribute or is treated as being obligated to contribute to the Company pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(c) (relating to partner liabilities to a partnership) or 1.704-2(g)(1) and 1.704-2(i) (relating to Minimum Gain).

"Affiliate" of any particular Person means (a) any other Person controlling, controlled by, or under common control with such particular Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, by contract, or otherwise, (b) if such Person is a partnership, any partner thereof and (c) without limiting the foregoing and with respect only to the GTCR Investors, any GTCR Fund.

"Affiliated Institution" means, with respect to any Indemnitee, any investment fund, institutional investor or other financial intermediary with which such Unitholder, Manager, Officer or other Person is Affiliated or of which such Indemnitee is a member, partner or employee.

"Agreement" means this Second Amended and Restated Limited Liability Company Agreement (including each of the schedules that are referenced herein and attached hereto, which shall all be considered to be a part of this Agreement), as amended or modified from time to time in accordance with the terms hereof.

"Blocker Corporation" means a corporation (or other entity treated as a corporation for U.S. tax purposes) through which any Institutional Holder owns, directly or indirectly, any Units or other interests in the Company as set forth in Section 8.5 (provided that a corporation (or other entity treated as a corporation for U.S. tax purposes) shall ☒be a "Blocker Corporation" only if and to the extent such corporation (or entity) satisfied the ☒requirements of this definition on the date hereof).

"Board" means the board of managers of the Company, which shall have the power and authority described in this Agreement (as amended from time to time), including the power and authority described in Article V.

"Board Governance Exceptions" means (a) those matters that by the express terms of this Agreement require the affirmative vote, consent or approval of the holders of the Required Interest, (b) the rights set forth in Section 5.2, (c) the consent rights set forth in Section 5.3, (d) the rights of the Tax Matters Partner set forth in Section 7.12 and (e) the consent rights set forth in Section 13.2.

"Book Value" means, with respect to any Company property, the Company's adjusted basis for federal income tax purposes, adjusted from time to time to reflect the adjustments required or permitted by Treasury Regulation Section 1.704-1(b)(2)(iv)(d)-(g), except that in the case of any property contributed to the Company, the Book Value of such property shall initially equal the Fair Market Value of such property.

"Business" means the businesses of the Company and its Subsidiaries.

"CABO" means Cable One, Inc., a Delaware corporation.

"CABO Entity" means any Subsidiary of CABO.

"CABO Equity Purchase Agreement" means that certain Equity Purchase Agreement, dated as of September 28, 2020, by and among the CABO Investor, the Company, the Blocker Corporation, Mega Broadband Splitter, LP and GTCR Fund XII/C LP, as amended or modified from time to time in accordance with its terms.

"CABO Investor" means CABO and any other CABO Entity that acquires Units after the date hereof in accordance with this Agreement.

"Capital Account" means the capital account maintained for a Unitholder pursuant to Section 7.2

"Capital Contributions" means any cash, cash equivalents, promissory obligations, or the Fair Market Value of other property that a Unitholder contributes or is deemed to have contributed to the Company with respect to any Unit pursuant to Section 3.3 or Section 3.4 or pursuant to the CABO Equity Purchase Agreement, the GTCR Unit Purchase Agreement or any Senior Management Agreement (with it being understood that if the adjusted basis of any Company property is different from its Fair Market Value at the time of contribution, such Capital Contribution shall be valued at the Fair Market Value of such property). For the avoidance of doubt, any adjustment made to a Capital Account of a Unitholder pursuant to a "book up" or "book down" for Tax purpose shall not be deemed a Capital Contribution solely as a result of such adjustment to such Capital Account.

"Certificate" means the Company's Certificate of Formation as filed with the Secretary of State of the State of Delaware, and as amended from time to time in accordance with its terms.

"Code" means the United States Internal Revenue Code of 1986, as amended. Such term shall, at the Board's discretion, be deemed to include any future amendments to the Code and any corresponding provisions of succeeding Code provisions (whether or not such amendments and corresponding provisions are mandatory or discretionary; provided, however, that if they are discretionary, the term "Code" shall not include them if including them would have a material adverse effect on any Unitholder).

"Communications Laws" shall mean (a) the federal Communications Act of 1934, as amended, and the rules, regulations, published orders and published and promulgated policy statements of the Federal Communications Commission, all as may be amended from time to time; and (b) applicable state and local communications statutes, applicable laws, rules, and published policies of a state public utility commission, local franchising authority, or similar state or local Governmental Entity with authority to regulate the Business, including the provision of cable television, video, wireless, high speed data, Internet, data center, hosting, broadband, voice, communications, or interconnected Voice over Internet Protocol services.

"Company Interest" means the interest of a Unitholder in Profits, Losses, and Distributions.

"Delaware Act" means the Delaware Limited Liability Company Act, 6 Del. L. § 18-101, *et seq.*, as it may be amended from time to time, and any successor to the Delaware Act.

"Distribution" means each distribution made by the Company to a Unitholder with respect to such Person's Units, whether in cash, property or securities of the Company and whether by liquidating distribution, or otherwise in accordance with the terms of this Agreement; provided, that any recapitalization or exchange or conversion of securities of the Company, any redemption or repurchase and any subdivision (by Unit split or otherwise) or combination (by reverse Unit split or otherwise) of any outstanding Units shall not be deemed a Distribution.

"Equity Securities" means (a) Units or other equity interests in the Company or a corporate successor (including other classes or groups thereof having such relative rights, powers, and duties as may from time to time be established by the Board, including rights, powers, and/or duties senior to existing classes and groups of Units and other equity interests in the Company), (b) obligations, evidences of indebtedness, or other securities or interests convertible or exchangeable into Units or other equity interests in the Company or a corporate successor, and (c) warrants, options, or other rights to purchase or otherwise acquire Units or other equity interests in the Company or a corporate successor.

"Event of Withdrawal" means the death, retirement, resignation, expulsion, bankruptcy or dissolution of a Unitholder or the occurrence of any other event that terminates the continued membership of a Unitholder in the Company.

"Executive" means any current or former employee of the Company or its Subsidiaries who, at any time, acquires securities of the Company in accordance with this Agreement and executes a counterpart of this Agreement or otherwise agrees to be bound by this Agreement.

"Fair Market Value" means, with respect to any asset or equity interest, its fair market value determined according to Article XI.

"Family Group" means an individual's spouse and descendants (whether natural or adopted), and any trust, family limited partnership, limited liability company or other entity wholly owned, directly or indirectly, by such individual or such individual's spouse and/or descendants that is and remains solely for the benefit of such individual and/or such individual's spouse and/or descendants and any retirement plan for such individual, provided, that if such individual is a party to a Senior Management Agreement in the capacity of an Executive and such agreement defines the term "Family Group," then "Family Group" for such Person shall have the meaning given to such term in such Senior Management Agreement.

"Fiscal Quarter" means each calendar quarter ending March 31, June 30, September 30, and December 31.

"Fiscal Year" means the Company's annual accounting period established pursuant to Section 2.11.

"Governmental Entity" means the United States of America or any other nation, any state or other political subdivision thereof, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of government or any agency or department or subdivision of any governmental authority, including the United States federal government or any state or local government.

"Grossed-Up Amount" means, with respect to any Distribution pursuant to Section 4.1(a)(v), the sum of (a) the "available amount" of such Distribution pursuant to Section 4.1(a)(v) and (b) the aggregate amount of the Participation Thresholds of all Participating Class C Units.

"GTCR Advisory Agreement" means the Amended and Restated Advisory Agreement, dated as of April 22, 2020, by and between Mega Broadband Investments LLC and GTCR Management XII LP, as amended or modified from time to time in accordance with its terms.

"GTCR Fund" means any investment vehicle or fund controlled by or managed by GTCR Golder Rauner, L.L.C., a Delaware limited liability company, GTCR Golder Rauner II, L.L.C., a Delaware limited liability company, GTCR Management XII LLC, a Delaware limited liability company ("GTCR Management"), and/or GTCR LLC, a Delaware limited liability company☒, but excluding any portfolio company in which any such investment vehicle or fund has an ☒investment.

"GTCR Investor" means, collectively, GTCR Fund XII/B LP, a Delaware limited partnership, Mega Broadband Splitter LP, a Delaware limited partnership, GTCR Co-Invest XII LP, a Delaware limited partnership, and any other GTCR Fund that at any time acquires Units after the date hereof in accordance with this Agreement.

"GTCR Investor Representative" means GTCR Fund XII/B LP, a Delaware limited partnership.

"GTCR Unit Purchase Agreement" means that certain Unit Purchase Agreement, dated as of October 2, 2017, by and among the GTCR Investors and the Company, as amended by Amendment No. 1 thereto, dated as of the date hereof, as the same may be further amended or modified from time to time in accordance with its terms.

"Incentive Unit" means any Class B Unit that are or have ever been subject to vesting requirements, any Class C Units and any other Units designated an "Incentive Unit" in the agreement granting such Units (in each case, other than if held by the Company or any Investor).

"Indemnitee" means (a) any Person who is or was a manager, director or officer of the Company or any Subsidiary of the Company, (b) any Person who is or was serving at the request of the Company or any Subsidiary of the Company as an officer, director, manager or similar functionary of another foreign or domestic Person or other enterprise; provided, that a Person shall not be an Indemnitee by reason of providing, on a fee-for-services basis, trustee, fiduciary or custodial services and (c) any Person the Board designates as an "Indemnitee" for purposes of this Agreement.

"Institutional Holder" means (a) the Investors, (b) any other Unitholder that holds Investor Residual that is designated by the Investors as an Institutional Holder and (c) any other Unitholder that the Board determines should be designated as an Institutional Holder; provided, that any such Person designated as an Institutional Holder pursuant to this clause (c) may not be (i) a Management Unitholder or an Affiliate or member of the Family Group of a Management Unitholder or (ii) a current or former employee of the Company or any of its Subsidiaries.

"Investor Residual" means (i) any Class B Units held by the GTCR Investors and (ii) any Class B Units issued or issuable with respect to the Class B Units referred to in clause (i) of this definition by way of unit dividends or unit splits or in connection with a combination of units, recapitalization, merger, consolidation or other reorganization. As to any particular units of Investor Residual, such Units shall cease to be Investor Residual when they have been (a) effectively registered under the Securities Act and disposed of in accordance with the registration statement covering them or (b) distributed to the public through a broker, dealer or market maker pursuant to Rule 144 (or any similar provision then in force) under the Securities Act.

"Investors" means, collectively, the GTCR Investors and the CABO Investor.

"Liens" means any mortgage, pledge, security interest, encumbrance, lien, or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof), any sale of receivables with recourse against the Company or any Subsidiary thereof, any filing or agreement to file a financing statement as debtor under the Uniform Commercial Code or any similar statute other than to reflect ownership by a third party of property leased to the Company or any Subsidiary under a lease which is not in the nature of a conditional sale or title retention agreement, or any subordination arrangement in favor of another Person (other than any subordination arising in the ordinary course of business).

"Losses" means items of Company loss and deduction determined according to Section 7.2.

"LTIP" means the First Amended and Restated Long-Term Incentive Plan of the Company, dated as of November 11, 2020, as amended.

"Management Unitholder" means any holder of Class B Units that are or have ever been subject to vesting requirements or Class C Units (other than the Company or any Investor).

"Manager" means a member of the Board, who, for purposes of the Delaware Act, will be deemed a "manager" (as defined in the Delaware Act) but will be subject to the rights, obligations, limitations and duties set forth in this Agreement. For all purposes in this Agreement, any reference to "Manager" contained herein shall be in reference to such individual solely in his or her capacity as such.

"Minimum Gain" means the partnership minimum gain determined pursuant to Treasury Regulation Section 1.704-2(d).

"Net Loss" means, with respect to a Taxable Year, the excess, if any, of Losses for such Taxable Year over Profits for such Taxable Year (excluding Losses and Profits specially allocated pursuant to Section 7.6, Section 7.7(a) and Section 10.2(c)).

"Net Profit" means, with respect to a Taxable Year, the excess, if any, of Profits for such Taxable Year over Losses for such Taxable Year (excluding Profits and Losses specially allocated pursuant to Section 7.6, Section 7.7(a) and Section 10.2(c)).

"New Securities" means any equity securities of the Company and any rights, options and warrants to acquire any equity securities of the Company; provided, that the term "New Securities" shall not include equity securities of the Company and any rights, options and warrants to acquire any equity securities of the Company:(i) issued as a result of any unit split, unit dividend; (ii) issued upon exercise or conversion of any rights, options or warrants to acquire any equity securities of the Company that were outstanding on the date hereof or that were previously issued in accordance with the terms of Section 8.11 hereof; (iii) issued in an acquisition by the Company or any of its Subsidiaries as consideration for the securities or assets acquired by the Company or such Subsidiary in connection therewith; (iv) issued in connection with any joint ventures and similar arrangements; (v) issued to officers, managers, directors, consultants, employees, advisors or other service providers to the Company or any of its Subsidiaries pursuant to incentive or other compensation plans and/or agreements approved by the Board (excluding any issuances to any investment professionals employed by GTCR LLC); (vi) issued in a transaction contemplated by Section 8.11 (to the extent such issuance is to a Qualified Holder exercising their rights under Section 8.11) or Article XII; (vii) issued in connection with a Public Offering; (viii) offered to the public pursuant to a registration statement filed by the Company under the Securities Act; (ix) issued in connection with the making of loans or an investment in debt securities, but only if the lenders or investors are not Affiliates of the GTCR Investors; or (x) issued in connection with an Approved Sale.

"Officers" means each person designated as an officer of the Company to whom authority and duties have been delegated pursuant to Section 5.5, subject to any resolution of the Board appointing such person as an officer or relating to such appointment. For all purposes in this Agreement, any reference to "Officer" contained herein shall be in reference to such individual solely in his or her capacity as such.

"Participating Residual Unit" means, with respect to any Distribution pursuant to Section 4.1(a)(v), each Class B Unit and each Participating Class C Unit.

"Partnership Tax Audit Rules" means Sections 6221 through 6241 of the Code, as amended by the Bipartisan Budget Act of 2015, together with any guidance issued thereunder or successor provisions and any similar provision of state or local tax laws.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, any other business entity, or a Governmental Entity.

"Profits" means items of Company income and gain determined according to Section 7.2.

"Public Offering" means any sale of the common equity securities of the Company (or a successor thereto) pursuant to an effective registration statement under the Securities Act filed with the Securities and Exchange Commission; provided, that none of the following shall be considered a Public Offering: (a) any issuance of common equity securities as consideration for a merger or acquisition, or (b) any issuance of common equity securities or rights to acquire common equity securities to employees of the Company or its Subsidiaries as part of an incentive or compensation plan approved by the Board (excluding any issuances to any investment professionals employed by GTCR LLC).

"Public Sale" means any sale of Equity Securities (a) to the public pursuant to an offering registered under the Securities Act or (b) to the public through a broker, dealer or market maker pursuant to the provisions of Rule 144 (or any similar provision then in effect) adopted under the Securities Act (other than Rule 144(b) prior to a Public Offering or Subsidiary Public Offering, as applicable).

"Registration Agreement" means that certain Registration Rights Agreement, dated as of October 2, 2017, by and among the Company, the Investors and the other Persons party thereto from time to time, as the same may be amended or modified from time to time in accordance with its terms.

"Required Interest" means, at any particular time, a majority of the Class B Units then outstanding held by the GTCR Investors.

"Residual Units" means Class B Units and/or Class C Units.

"Sale of the Company" means any transaction or series of related transactions pursuant to which any Person or group of Persons (other than the GTCR Investors and their Affiliates) in the aggregate acquire(s) (a) Equity Securities of the Company possessing the voting power (other than voting rights accruing only in the event of a default or breach) to elect Board members which, in the aggregate, control a majority of the votes on the Board (whether by merger, consolidation, reorganization, combination, sale or transfer of the Company's Equity Securities, securityholder or voting agreement, proxy, power of attorney or otherwise) or (b) all or substantially all of the Company's assets determined on a consolidated basis; provided, that neither a Public Offering nor a Subsidiary Public Offering shall constitute a Sale of the Company unless such transaction would otherwise qualify as a Sale of the Company pursuant to (a) above; provided further that, for the avoidance of doubt, in the event the transactions contemplated by Section 8.7 or Section 8.8 are consummated, such consummation shall constitute a Sale of the Company.

"Securities" means notes, stocks, bonds, debentures, evidences of indebtedness, certificates of interest or participation in any profit-sharing agreement, partnership interests, beneficial interests in trusts, collateral-trust certificates, pre-organization certificates or subscriptions, transferable shares, investment contracts, voting-trust certificates, certificates of deposit for securities, certificates of equity interests, notional principal contracts and certificates of interest or participation in, temporary or interim certificates for, receipts for or warrants or rights or options to subscribe to or purchase or sell any of the foregoing, and any other items commonly referred to as securities.

"Securities Act" means the Securities Act of 1933, as amended, and applicable rules and regulations thereunder, and any successor to such statute, rules, or regulations. Any reference herein to a specific section, rule, or regulation of the Securities Act shall be deemed to include any corresponding provisions of future law.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended, and applicable rules and regulations thereunder, and any successor to such statute, rules, or regulations. Any reference herein to a specific section, rule, or regulation of the Securities Exchange Act shall be deemed to include any corresponding provisions of future law.

"Senior Management Agreement" means any agreement for the sale of equity securities by the Company to any employees or other service providers of the Company or any of its Subsidiaries (including any executive securities purchase agreement, senior management agreement or any other agreement that is designated as a "Senior Management Agreement" and approved by the Board) entered into from time to time by the Company or any Subsidiary of the Company and an executive or other service provider of the Company or any Subsidiary of the Company, as the same may be amended or modified from time to time pursuant in accordance with its terms.

"Specified Person" means any Institutional Holder and any Affiliate thereof (other than the Company and its Subsidiaries) and each of their respective managers, directors, officers, stockholders, partners, members, employees, representatives, and agents (including any of their representatives serving on the Board or on the board of directors or board of managers of the Company's Subsidiaries or as an officer of the Company or any of its Subsidiaries). Unless otherwise determined by the Board, no current or former employee of the Company or its Subsidiaries may be a Specified Person.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association, or business entity of which (a) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (b) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association, or other business entity (other than a corporation) if such Person or Persons shall be allocated a majority of limited liability company, partnership, association, or other business entity gains or losses or shall be or control any managing director or general partner of such limited liability company, partnership, association, or other business entity. For purposes hereof, references to a "Subsidiary" of any Person shall be given effect only at such times that such Person has one or more Subsidiaries, and, unless otherwise indicated, the term "Subsidiary" refers to a Subsidiary of the Company.

"Subsidiary Public Offering" means any sale of the common equity securities of any Subsidiary of the Company (or a successor thereto) pursuant to an effective registration statement under the Securities Act filed with the Securities and Exchange Commission; provided, that none of the following shall be considered a Subsidiary Public Offering: (a) any issuance of common equity securities as consideration for a merger or acquisition, or (b) any issuance of common equity securities or rights to acquire common equity securities to employees of the Company or any its Subsidiaries as part of an incentive or compensation plan.

"Substituted Unitholder" means a Person that is admitted as a Unitholder to the Company pursuant to Section 9.1.

"Tax" or "Taxes" means any federal, state, local, or foreign income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, registration, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profit, environmental, customs, duties, real property, personal property, capital stock, social security, unemployment, disability, payroll, license, employee, or other withholding, or other tax, of any kind whatsoever, including any interest, penalties, or additions to tax or additional amounts in respect of the foregoing.

"Taxable Year" means the taxable period required by Section 706 of the Code and the Treasury Regulations promulgated thereunder.

"Transaction Documents" means this Agreement, the Registration Agreement, the GTCR Unit Purchase Agreement, the CABO Equity Purchase Agreement, the Senior Management Agreements, the Restrictive Covenant Agreements, and all other agreements, instruments, certificates and other documents entered into or delivered by any Unitholder in connection with the transactions contemplated hereby or thereby.

"Transfer" means any direct or indirect sale, transfer, assignment, pledge, mortgage, exchange, hypothecation, grant of a security interest or other direct or indirect disposition or encumbrance of an interest (including by operation of law). The terms "Transferee," "Transferred," and other forms of the word "Transfer" shall have correlative meanings.

"Transfer Actions" means, with respect to each Unitholder that participates in, or is required to participate in, a Transfer of Units pursuant to (1) Section 8.9 (each, a "Tag-Along Transfer"), (2) Section 8.7 (each, a "Call Option Transfer"), (3) Section 8.8 (each, a "Put Right Transfer"), or (4) pursuant to an Approved Sale, all such actions as may be necessary, reasonably desirable or otherwise reasonably requested by the Board in order to expeditiously consummate each Tag-Along Transfer, Call Option Transfer, Put Right Transfer or Approved Sale and any related transactions (including any auction or competitive bid process in connection with or preceding such Transfer), including (i) executing, acknowledging and delivering transfer agreements, sale agreements, escrow agreements, consents, assignments, releases, waivers, and any other documents or instruments which in each case are no more burdensome than those executed by the GTCR Investors, the CABO Investor or any of their respective Affiliates (other than the Company and its Subsidiaries) (provided, that other than pursuant to subsection (v) of this definition or with respect to any amounts that are subject to an escrow, holdback or similar arrangement, no Executive will be liable for the inaccuracy of any representation or warranty of any other Unitholder and an Executive's liability for any inaccuracy of any representation or warranty of the Company will be several and not joint and limited to the Executive's pro rata share based upon ownership of Residual Units) (collectively, "Ancillary Documents"); (ii) furnishing information and copies of documents; (iii) filing applications, reports, returns, filings and other documents or instruments with governmental authorities; (iv) otherwise cooperating with the Company, the prospective transferee(s) and their respective representatives and counsel; and (v) joining up to such Unitholder's pro rata share (based upon ownership of Units) in any purchase price adjustments, indemnification or other obligations that the sellers of Units, other equity interests or assets are required to provide in connection with such Tag-Along Transfer, Call Option Transfer, Put Right Transfer or Approved Sale and related transactions, such that proceeds will be distributed as if they had been distributed after giving effect to such adjustments, indemnification and other obligations (other than any such obligations that relate solely to a particular Unitholder, such as indemnification with respect to representations and warranties given by a Unitholder regarding such Unitholder's title to and ownership of securities, in respect of which only such Unitholder will be liable).

"Treasury Regulations" means the income tax regulations promulgated under the Code and effective as of the date hereof. Such term shall, at the Board's discretion, be deemed to include any future amendments to such regulations and any corresponding provisions of succeeding regulations (whether or not such amendments and corresponding provisions are mandatory or discretionary; provided, however, that if they are discretionary, the term "Treasury Regulations" shall not include them if including them would have a material adverse effect on any Unitholder).

"Unit" means a Company Interest of a Unitholder representing a fractional part of the Company Interests of all Unitholders and shall include "Class A Units," "Class B Units" and "Class C Units"; provided, that any class or group of Units (including the Class A Units, Class B Units and Class C Units) issued shall have the relative rights, powers and obligations set forth in this Agreement, and the Company Interest represented by such class or group of Units shall be determined in accordance with such relative rights, powers and obligations set forth in this Agreement.

"Unitholder" means any owner of one or more Units as reflected on the Company's books and records, and any person admitted to the Company as an Additional Unitholder or Substituted Unitholder, but in each case only for so long as such person is shown on the Company's books and records as the owner of one or more Units. For purposes of the Delaware Act, the Unitholders shall constitute the "members" (as defined in the Delaware Act) of the Company.

**Section 1.2 Index of Defined Terms.**


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## ARTICLE II
## ORGANIZATIONAL MATTERS

**Section 2.1 Formation**. The Company has been organized as a Delaware limited liability company by the filing of the Certificate with the Secretary of State of the State of Delaware under and pursuant to the Delaware Act and shall be continued in accordance with this Agreement. The rights and liabilities of the Unitholders shall be determined pursuant to the Delaware Act and this Agreement. To the extent that the rights or obligations of any Unitholders are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement, to the extent not prohibited by the Delaware Act, shall control over the Delaware Act. This Agreement shall constitute the "limited liability company agreement" for purposes of the Delaware Act.

**Section 2.2 The Certificate, Etc.** The Certificate was filed with the Secretary of State of the State of Delaware on August 21, 2017. The Unitholders hereby agree to execute, file and record all such other certificates and documents, including amendments to the Certificate, and to do such other acts as may be appropriate to comply with all requirements for the formation, continuation and operation of a limited liability company, the ownership of property, and the conduct of business under the laws of the State of Delaware and any other jurisdiction in which the Company may own property or conduct business.

**Section 2.3** **Name**. The name of the Company shall be "Mega Broadband Investments Holdings LLC". The Board in its discretion may change the name of the Company at any time and from time to time. Notification of any such change shall be given to all Unitholders. The Company's business may be conducted under its name and/or any other name or names deemed advisable by the Board.

**Section 2.4** **Purpose**. The purpose and business of the Company shall be to engage in any lawful act or activity which may be conducted by a limited liability company formed pursuant to the Delaware Act and to engage in all activities necessary or incidental to the foregoing. Notwithstanding anything herein to the contrary, nothing set forth herein shall be construed as authorizing the Company to possess any purpose or power, or to do any act or thing, forbidden by law to a limited liability company organized under the laws of the State of Delaware.

**Section 2.5** **Powers of the Company**. Subject to the provisions of this Agreement and the agreements expressly contemplated hereby, the Company shall have the power and authority to take any and all actions necessary, appropriate, proper, advisable, convenient or incidental to or for the furtherance of the purposes set forth in Section 2.4, including the power:

(a) to conduct its business, carry on its operations and have and exercise the powers granted to a limited liability company by the Delaware Act in any state, territory, district or possession of the United States, or in any foreign country that may be necessary, convenient or incidental to the accomplishment of the purpose of the Company;

(b) to acquire by purchase, lease, contribution of property or otherwise, own, hold, operate, maintain, finance, refinance, improve, lease, sell, convey, mortgage, transfer, demolish or dispose of any real or personal property that may be necessary, convenient or incidental to the accomplishment of the purpose of the Company;

(c) to enter into, perform and carry out contracts of any kind, including contracts with any Unitholder or any Affiliate thereof, or any agent of the Company necessary to, in connection with, convenient to or incidental to the accomplishment of the purpose of the Company;

(d) to purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge, or otherwise dispose of, and otherwise use and deal in and with, shares or other interests in or obligations of domestic or foreign corporations, associations, general or limited partnerships (including the power to be admitted as a partner thereof and to exercise the rights and perform the duties created thereby), trusts, limited liability companies (including the power to be admitted as a member or holder of units or appointed as a manager thereof and to exercise the rights and perform the duties created thereby) or individuals or direct or indirect obligations of the United States or of any government, state, territory, governmental district or municipality or of any instrumentality of any of them;

(e) to lend money for any proper purpose, to invest and reinvest its funds and to take and hold real and personal property for the payment of funds so loaned or invested;

(f) to sue and be sued, complain and defend, and participate in administrative or other proceedings in its name;

(g) to appoint employees and agents of the Company and define their duties and fix their compensation;

(h) to indemnify any Person in accordance with the Delaware Act and to obtain any and all types of insurance;

(i) to cease its activities and cancel its Certificate;

(j) to negotiate, enter into, renegotiate, extend, renew, terminate, modify, amend, waive, execute, acknowledge or take any other action with respect to any lease, contract or security agreement in respect of any assets of the Company;

(k) to borrow money and issue evidences of indebtedness and guaranty indebtedness (whether of the Company or any of its Subsidiaries), and to secure the same by a mortgage, pledge or other lien on the assets of the Company;

(l) to pay, collect, compromise, litigate, arbitrate or otherwise adjust or settle any and all other claims or demands of or against the Company or to hold such proceeds against the payment of contingent liabilities; and

(m) to make, execute, acknowledge and file any and all documents or instruments necessary, convenient or incidental to the accomplishment of the purpose of the Company.

**Section 2.6** **Foreign Qualification**. Prior to the Company's conducting business in any jurisdiction other than Delaware, the Company shall comply, to the extent procedures are available and those matters are reasonably within the control of the Company, with all requirements necessary to qualify the Company as a foreign limited liability company in that jurisdiction. At the request of the Board or any Officer, each Unitholder shall execute, acknowledge, swear to and deliver all certificates and other instruments conforming with this Agreement that are necessary or appropriate to qualify, continue and terminate the Company as a foreign limited liability company in all such jurisdictions in which the Company may conduct business.

**Section 2.7** **Principal Office; Registered Office**. The principal office of the Company shall be located at such place as the Board may from time to time designate, and all business and activities of the Company shall be deemed to have occurred at its principal office. The Company may maintain offices at such other place or places as the Board deems advisable. Notification of a change in the Company's principal office shall be given to all Unitholders. The registered office of the Company required by the Delaware Act to be maintained in the State of Delaware shall be the office of the initial registered agent named in the Certificate or such other office (which need not be a place of business of the Company) as the Board may designate from time to time in the manner provided by law. The registered agent of the Company in the State of Delaware shall be the initial registered agent named in the Certificate or such other Person or Persons as the Board may designate from time to time in the manner provided by law.

**Section 2.8** **Term**. The term of the Company commenced upon the filing of the Certificate in accordance with the Delaware Act and shall continue in existence until termination and dissolution thereof in accordance with the provisions of Article X.

**Section 2.9** **No State-Law Partnership**. The Unitholders intend that the Company not be a partnership (including a limited partnership) or joint venture, and that no Unitholder be a partner or joint venturer of any other Unitholder by virtue of this Agreement (except for tax purposes as set forth in Section 7.1), and neither this Agreement nor any other document entered into by the Company or any Unitholder relating to the subject matter hereof shall be construed to suggest otherwise.

**Section 2.10** **Records and Accounting**. The Company shall keep, or cause to be kept, appropriate books and records with respect to the Company's business, including all books and records necessary to provide any information, lists, and copies of documents required to be provided pursuant to Section 7.10 or pursuant to applicable laws. The Unit Ledger for the Company and the stock or unit ledgers for each of its Subsidiaries, shall be maintained at the Chicago offices of Kirkland & Ellis LLP, or at such other place as directed by the Board from time to time hereafter. All matters concerning (a) the determination of the relative amount of allocations and distributions among the Unitholders pursuant to Article IV and Article VII and (b) accounting procedures and determinations, and other determinations not specifically and expressly provided for by the terms of this Agreement, shall be determined by the Board, whose determination shall be final and conclusive as to all of the Unitholders absent manifest clerical error. Notwithstanding the other provisions of this Agreement, Section 18-305(a) of the Delaware Act shall not apply to the Company and no Unitholder shall have any rights thereunder.

**Section 2.11** **Fiscal Year**. The fiscal year (the "Fiscal Year") of the Company shall constitute the 12-month period ending on December 31 of each calendar year, or such other annual accounting period as may be established by the Board.

## ARTICLE III
## UNITS AND UNITHOLDERS

**Section 3.1** **Classes of Units**.

(a) Units Generally. Each Unitholder's interest in the Company, including such Unitholder's interest in Profits, Losses and Distributions of the Company and the right to vote on certain matters as provided in this Agreement, shall be represented by the Units owned by such Unitholder. The ownership of Units shall entitle each Unitholder to allocations of Profits and Losses and other items and Distributions of cash and other property as set forth in Article IV and Article VII hereof. A Substituted Unitholder that acquires Units from another Unitholder in a Transfer permitted by this Agreement shall be deemed to have made the Capital Contributions in respect of such Units that the predecessor Unitholder made or was deemed to have made. Any reference in this Agreement to a Capital Contribution of, or Distribution to, a Substituted Unitholder shall include any Capital Contributions or Distributions previously made by or to the former Unitholder on account of the interest of such former Unitholder Transferred to such Substituted Unitholder. The Board may in its discretion issue certificates to the Unitholders representing the Units held by each Unitholder.

(b) Authorized Units. Subject to Section 3.4, the total Units that the Company has authority to issue shall be determined by the Board from time to time (which determination the Board shall cause to be reflected as an amendment or supplement to the Unit Ledger) and shall initially consist of Class A Units, Class B Units and Class C Units. The Company may issue fractional Units.

(c) Class A Units. Subject to Section 3.1(b), the Company shall be authorized to issue from time to time, subject to Board approval, Class A Units. With respect to the Class A Units:

"Class A Unpaid Yield" of any Class A Unit means, as of any date, an amount, if any, equal to (i) the aggregate Class A Yield accrued on such Class A Unit for all periods prior to such date (including partial periods), minus (ii) the aggregate amount of prior Distributions made by the Company that constitute payment of Class A Yield on such Class A Unit pursuant to Section 4.1(a)(i) or Section 4.1(a)(iii);

"Class A Unreturned Capital" of any Class A Unit means, as of any date, the aggregate Capital Contributions made or deemed to be made in exchange for such Class A Unit reduced by all Distributions made by the Company that constitute a return of Class A Unreturned Capital pursuant to Section 4.1(a)(ii) or Section 4.1(a)(iv);

"Class A Yield" means, with respect to each Class A Unit, the amount accruing on such Class A Unit on a daily basis, at the rate of 8.0% per annum, compounded on the last day of each calendar quarter, on (i) the Class A Unreturned Capital of such Class A Unit plus (ii) the Class A Unpaid Yield thereon for all prior quarterly periods. In calculating the amount of any Distribution to be made during a period, the portion of the Class A Yield accrued with respect to such Class A Unit for the portion of the quarterly period elapsing before such Distribution is made shall be taken into account in determining the amount of such Distribution;

"Repurchase Class A Unit" means each Class A Unit issued by the Company in exchange for other Units pursuant to the terms of the Senior Management Agreements in connection with the exercise of its repurchase or redemption rights, if any, to any holder of such other Units; and

"Standard Class A Unit" means each Class A Unit issued by the Company that is not a Repurchase Class A Unit.

(d) Class B Units. Subject to Section 3.1(b), the Company shall be authorized to issue from time to time, subject to Board approval, Class B Units.

(e) Class C Units. Subject to Section 3.1(b), the Company shall be authorized to issue from time to time, subject to Board approval, Class C Units. With respect to the Class C Units:

"Participating Class C Unit" means, with respect to any Distribution pursuant to Section 4.1(a)(v), a Class C Unit that has a Participation Threshold that is zero or greater than zero but less than the amount determined by dividing (i) the sum of (A) the "available amount" of such Distribution pursuant to Section 4.1(a)(v) and (B) the aggregate amount of the Participation Thresholds of all outstanding Class C Units that have a Participation Threshold that is less than or equal to that of the Class C Unit for which such determination is being made, by (ii) the sum of (A) the number of outstanding Class B Units and (B) the number of outstanding Class C Units that have a Participation Threshold that is less than or equal to that of the Class C Unit for which such determination is being made. Each series of Class C Units shall be tested separately to determine if the Units in such series shall be treated as Participating Class C Units.

(f) Rights of Unvested Units. Subject to Section 4.1(b) and Section 4.1(c), a Unitholder holding a Class B Unit or Class C Unit, as applicable, shall not have any rights hereunder (including the right to receive Distributions (other than Tax Distributions) hereunder) in respect of such Unit until such time as such Unit is fully vested in accordance with the terms and conditions set forth in the Senior Management Agreement or other agreement pursuant to which such Unit was issued (to the extent the applicable agreement provides for vesting), but all such unvested Units shall be deemed to be outstanding for all other purposes hereunder and such Unitholder shall be subject to the obligations and restrictions applicable to the holders of Units hereunder.

**Section 3.2 Unit Ledger**. The Company shall create and maintain a ledger (the "Unit Ledger") setting forth at least: (a) the name of each Unitholder, (b) the number of Units of each class of Units held by each such Unitholder, (c) if any Units of a class held by a Unitholder have a Participation Threshold applicable to such Units, such Participation Threshold, and (d) the amount of the Capital Contribution made for each class of Units held by such Unitholder. Upon any change in the number or ownership of outstanding Units (whether upon an issuance of Units, a Transfer of Units, a cancellation of Units or otherwise), the Company shall amend and update the Unit Ledger. Absent manifest error, the ownership interests recorded on the Unit Ledger shall be conclusive record of the Units that have been issued and are outstanding.

**Section 3.3 Initial Units**. Each Person that acquired Units as of October 2, 2017 pursuant to a written agreement between the Company and such Person was admitted to the Company as a Unitholder on such date and the Capital Contribution made in respect of the Units acquired as of October 2, 2017 by such Unitholder were recorded in the Unit Ledger and such Unitholder's Capital Account balance was equal to the aggregate amount of such Unitholder's Capital Contributions in respect of all of his or its Units on such date. The Company and each Unitholder shall file all tax returns, including any schedules thereto, in a manner consistent with such Capital Accounts.

**Section 3.4 Issuance of Additional Units and Interests**. Subject to Section 5.3 and Section 8.11, the Board shall have the right, power and authority to cause the Company to issue or sell to any Person (including Unitholders and Affiliates) any of the following (which for purposes of this Agreement shall be "Additional Securities"): (a) additional Units or other interests in the Company (including other classes or series thereof having different rights and/or preferences), (b) obligations, evidences of indebtedness, or other securities or interests convertible or exchangeable into Units or other interests in the Company, and (c) warrants, options, or other rights to purchase or otherwise acquire Units or other interests in the Company. Subject to the provisions of this Agreement, the Board shall determine the terms and conditions governing the issuance of such Additional Securities, including the number and designation of such Additional Securities, the preference (with respect to distributions, liquidations, or otherwise) over any other Units and any required or deemed contributions in connection therewith and shall have the power to amend this Agreement to reflect such additional issuances and to make any such other amendments as it deems necessary or desirable (in its discretion) to reflect such additional issuances (including amending this Agreement to increase the authorized number of Units or other Equity Securities of any class or series, to create and authorize a new class or series of Units or other Equity Securities and to add the terms of such new class or series of Units or other Equity Securities including economic and governance rights which may be different from, senior to or more favorable than the other existing Units or other Equity Securities; provided, that, prior to the expiration of the Call Period, no Units or Equity Securities that have economic and/or governance rights that are senior to or more favorable than the Class B Units shall be issued without the prior written consent of the CABO Investor), in each case without the approval or consent of any other Person. The issuance of Additional Securities may, among other things, dilute the interests of existing holders of Units. Any Person who acquires Units that are Additional Securities may be admitted to the Company as a Unitholder pursuant to the terms of Section 9.2 hereof.

**Section 3.5 Management Incentive Units**.

(a) Management Incentive Units Generally. Without limiting any other rights of the Company, subject to Section 5.3, the Company may, subject to the approval of the Board, issue Residual Units to existing or new employees, officers, directors, consultants or other service providers of the Company or any of its Subsidiaries pursuant to a Senior Management Agreement approved by the Board, which agreement shall contain such provisions as the Board shall determine. In the Board's discretion, the terms of any Class C Units issued pursuant to this Section 3.5 may include limitations on the Distribution entitlements of such Class C Units imposed in order to cause such Class C Units to qualify as "profits interests" within the meaning of Internal Revenue Service Revenue Procedures 93-27 and 2001-43, Internal Revenue Service Notice 2005-43, or any future Internal Revenue Service guidance, including, as set forth in Section 3.5(c) below, by establishing a threshold amount ("Participation Threshold") of cumulative Distributions that must be made with respect to all or one or more specified classes or series of Units outstanding immediately prior to the issuance of such Class C Units before such Class C Units may receive any Distributions.

(b) Rule 701 Plan. This Section 3.5 together with the equity agreements pursuant to which the Residual Units are issued to Management Unitholders are intended to qualify as a compensatory benefit plan within the meaning of Rule 701 of the Securities Act (and any similarly applicable state "blue-sky" securities laws) and the issuance of Residual Units pursuant hereto is intended to qualify for the exemption from registration under the Securities Act provided by Rule 701 (and any similarly applicable state "blue-sky" securities laws); provided, that the foregoing shall not restrict or limit the Company's ability to issue any Residual Units pursuant to any other exemption from registration under the Securities Act available to the Company. The Company may make the Residual Units and any issuance thereof and any applicable equity agreement subject to the terms and conditions of any other equity incentive plan consistent with the terms of this Agreement, as may have been adopted by the Company.

(c) Participation Thresholds. On the date of each grant of Class C Units to a Management Unitholder who is, or as a result of such grant becomes, a holder of Class C Units pursuant to a grant made under an incentive unit grant agreement or similar agreement, the Board shall establish an initial Participation Threshold amount with respect to each Class C Unit granted on such date. The Participation Threshold with respect to a Class C Unit shall be equal to or greater than the Fair Market Value of a Class B Unit on the date of grant of such Class C Unit. The Board may designate a series number for each subset of Class C Units consisting of Class C Units having the same Participation Threshold, which Participation Threshold differs from the Participation Thresholds of all Class C Units not included in such subset. Each Class C Unit's Participation Threshold shall be adjusted after the grant of such Class C Unit in the following manner:

(i) in the event of any Distribution made pursuant to Section 4.1 or Section 4.2, the Participation Threshold of each Class C Unit outstanding at the time of such Distribution shall be reduced (but not below zero) by the amount that each Class B Unit receives in such Distribution less the amount that such Class C Unit is entitled to receive in such Distribution, if any (with such reduction occurring immediately after the determination of the portion of such Distribution, if any, that such Class C Unit is entitled to receive). For this purpose, Distributions shall include Tax Distributions made pursuant to Section 4.2 only (A) to the extent such Tax Distributions are made as a result of the recognition of the built-in gain in any asset that existed at the time the relevant Class C Unit was issued or (B) to the extent that the relevant Class C Unit is not also entitled to a Tax Distribution with respect to the item or tier of taxable income giving rise to the Tax Distribution. For this purpose, the Tax Distribution that arises from the recognition of the built-in gain in an asset may be bifurcated between the Tax Distribution that relates to the built-in gain that existed at the time the relevant Class C Unit was issued and the Tax Distribution that relates to any additional gain in the asset that accrued since the time the relevant Class C Unit was issued. In order to preserve the economic results intended by this Agreement, the Board may determine whether any Tax Distribution (or portion of any Tax Distribution) not described in clauses (A) or (B) of this Section 3.5(c)(i) should reduce the Participation Threshold of a Class C Unit. For purposes of applying the adjustments of this Section 3.5(c)(i), any Distribution made under Section 4.1(a)(v) shall be treated as a separate Distribution occurring prior to any Distributions under Section 4.2, and the adjustments to a Participation Threshold made pursuant to this Section 3.5(c)(i) relating to the Distribution under Section 4.1(a)(v) shall be made before the allocation of any Distributions under Section 4.2 is determined. The Board may also apply Section 4.2 by breaking a single Distribution into two or more Distributions treated as separate Distributions occurring in order (and if such an approach is taken, the adjustments to Participation Threshold pursuant to this Section 3.5(c)(i) shall be made after each separate Distribution and before the next Distribution);

(ii) in the event of any Capital Contribution made with respect to outstanding Class B Units, the Participation Threshold of each Class C Unit outstanding at the time of such Capital Contribution shall be increased by the amount contributed with respect to each Class B Unit;

(iii) if the Company at any time subdivides (by any Unit split or otherwise) the Residual Units into a greater number of Units, the Participation Threshold of each Class C Unit outstanding immediately prior to such subdivision shall be proportionately reduced, and if the Company at any time combines (by reverse Unit split or otherwise) the Residual Units into a smaller number of Units, the Participation Threshold of each Class C Unit outstanding immediately prior to such combination shall be proportionately increased; and

(iv) no adjustment to any Participation Threshold shall be made in connection with (A) any redemption or repurchase by the Company or any Unitholder of any Units or Equity Securities or (B) any Capital Contribution by any Unitholder in exchange for newly issued Units or Equity Securities.

The Participation Thresholds of each Unitholder's Class C Units shall be set forth in the Unit Ledger, and the Company shall update the Unit Ledger from time to time as necessary to reflect any adjustments to the Participation Thresholds of outstanding Class C Units required pursuant to this Section 3.5. In the event of any dispute as to the Participation Threshold of any Incentive Unit, the good faith determination of the Board shall control.

(d) Amendment of this Section. Notwithstanding anything in this Section 3.5 to the contrary, the Board shall have the power to amend the provisions of this Section 3.5, Section 4.1 and Section 4.2 to achieve the economic results intended by this Agreement, including that (i) each Class B Unit has identical entitlement to distributions (other than any differences related to vesting) under Section 4.1(a) and (ii) any Class C Units that are granted to executives of, or other service providers to, the Company in exchange for services provided or to be provided to the Company or any Subsidiary thereof are intended to be profits interests when issued for United States federal income tax purposes.

(e) Units Splits. If the Company at any time subdivides (by any Unit split or otherwise) the Residual Units into a greater number of Units, such subdivision shall divide each class of Residual Units proportionately, and if the Company at any time combines (by reverse Unit split or otherwise) the Residual Units into a smaller number of Units, such combination shall combine each class of Residual Units proportionately.

**Section 3.6 Board Governance**. As set forth in Section 5.1, the Board shall have the sole authority and right to manage the business and affairs of the Company and to make all decisions and take all actions for the Company except for the Board Governance Exceptions. In furtherance of the foregoing, a Unitholder shall not have any voting, approval or consent rights under this Agreement or the Delaware Act with respect to the Units held by such Person (including Class C Units), including with respect to any matters to be decided by the Company or any other governance matters described in this Agreement, and each holder of Units, by its acceptance thereof, expressly waives any consent, approval or voting rights (except for the Board Governance Exceptions) or other rights to participate in the governance of the Company, whether such rights may be provided under the Delaware Act (including under Sections 18-209(b), 18-213(b), 18-216(b), 18-301(b)(1), 18-302(a), 18-304, 18-704(a), 18-801(a), 18-803(a) or 18-806 of the Delaware Act) or otherwise except for the Board Governance Exceptions. Without limiting the provisions of this Section 3.6 or the other provisions of this Agreement, (A) the Board shall have the sole authority to vote or cause to be voted for, or provide a consent in respect of, any Equity Securities owned by the Company or any Subsidiary thereof (including any so-called "cleansing vote" or similar vote or procedure with respect to matters governed by Section 280G of the Code) and (B) in the event that the Board determines that it wishes to present a matter to the Unitholders (or a class, series or group of Unitholders) for their vote, approval or consent (other than a Board Governance Exception that is expressly and specifically provided in this Agreement), then such vote, approval or consent will require the affirmative vote, approval or consent of the Unitholders holding a majority of the Units held by the GTCR Investors. The Board shall determine the notice and procedural rules that shall apply to any such a vote, consent or approval.

**Section 3.7** **Actions by the Holders of the Required Interest**. The Unitholders holding the Required Interest may act with respect to the Board Governance Exceptions that require the affirmative vote, consent or approval of the holders of the Required Interest at a meeting (in person, telephonic or otherwise) at which the holders of the Required Interest are present and approve such action or by a written consent executed by the holders of the Required Interest. For any such meeting, the notice and procedures of such meeting may be determined by Board or by the holders of the Required Interest. For any such written consent, such consent must bear the date of signature of each Unitholder who signs the consent and no written consent shall be effective to take the action that is the subject of the consent unless, within 60 days after the date of the earliest dated consent delivered to the Company a consent or consents signed by the Unitholder or Unitholders holding not less than the Required Interest are delivered to the Company. Any telegram, telex, cablegram, electronic mail or similar transmission by a Unitholder, or any photographic, photostatic, facsimile or similar reproduction of a writing signed by a Unitholder, shall be regarded as signed by the Unitholder for purposes of this Section 3.7. The Company shall give prompt notice of the taking of any such an action by Unitholders to those Unitholders that did not attend the meeting at which such action was approved, or in the case of action approved by written consent, to those Unitholders who did not consent in writing to the action.

**Section 3.8** **Representations and Warranties of Unitholders**. Each Unitholder hereby represents and warrants to the Company and acknowledges that: (a) such Unitholder has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in the Company and making an informed investment decision with respect thereto; (b) such Unitholder has reviewed and evaluated all information necessary to assess the merits and risks of his, her or its investment in the Company and has had answered to such Unitholder's satisfaction any and all questions regarding such information; (c) such Unitholder is able to bear the economic and financial risk of an investment in the Company for an indefinite period of time; (d) such Unitholder is acquiring interests in the Company for investment only and not with a view to, or for resale in connection with, any distribution to the public or public offering thereof; (e) the interests in the Company have not been registered under the securities laws of any jurisdiction and cannot be disposed of unless they are subsequently registered and/or qualified under applicable securities laws and the provisions of this Agreement have been complied with; (f) to the extent applicable, the execution, delivery and performance of this Agreement have been duly authorized by such Unitholder and do not require such Unitholder to obtain any consent or approval that has not been obtained and do not contravene or result in a default under any provision of any law or regulation applicable to such Unitholder or other governing documents or any agreement or instrument to which such Unitholder is a party or by which such Unitholder is bound; (g) the determination of such Unitholder to purchase interests in the Company has been made by such Unitholder independent of any other Unitholder and independent of any statements or opinions as to the advisability of such purchase, which may have been made or given by any other Unitholder or by any agent or employee of any other Unitholder; (h) no other Unitholder has acted as an agent of such Unitholder in connection with making its investment hereunder and that no other Unitholder shall be acting as an agent of such Unitholder in connection with monitoring its investment hereunder; (i) the interests in the Company were not offered to such Unitholder by means of general solicitation or general advertising; and (j) this Agreement is valid, binding and enforceable against such Unitholder in accordance with its terms.

**Section 3.9 Limitation of Liability; Duties**. Each Unitholder shall be liable only to make such Unitholder's Capital Contribution to the Company and the other payments expressly provided herein. Except as otherwise provided by applicable law, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Unitholder shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Unitholder of the Company; provided, that a Unitholder shall be required to return to the Company any Distribution made to it in clear and manifest accounting or similar error. The immediately preceding sentence shall constitute a compromise to which all Unitholders have consented within the meaning of the Delaware Act. Notwithstanding anything contained herein to the contrary, the failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business and affairs under this Agreement or the Delaware Act shall not be grounds for imposing personal liability on the Unitholders for liabilities of the Company. Notwithstanding anything herein to the contrary, no Unitholder in its capacity as such shall have any duty (including any fiduciary duty), or any liability for breach of duty (including any fiduciary duty), to the Company, any other Unitholder or any Manager; provided, that the foregoing shall not limit or eliminate liability for any act or omission that constitutes a bad faith violation of any applicable contractual covenant of good faith and fair dealing implied by law.

**Section 3.10 Lack of Authority**. No Unitholder in his, her, or its capacity as such (other than the members of the Board acting as the Board or an authorized Officer of the Company) has the authority or power to act for or on behalf of the Company in any manner, to do any act that would be (or could be construed as) binding on the Company or to make any expenditures on behalf of the Company, and the Unitholders hereby consent to the exercise by the Board of the powers conferred on it by law and this Agreement. Without limiting the foregoing, neither the lending of money to the Company by a Unitholder or any Affiliate thereof nor the service by a Unitholder or its designee on the Board shall be deemed to constitute participation in control of the Company or affect, impair or eliminate the limitations on the liability of a Unitholder under this Agreement.

**Section 3.11 Title to Company Assets**. All Company assets shall be deemed to be owned by the Company as an entity, and no Unitholder, individually or collectively, shall have any ownership interest in such Company assets or any portion thereof. Legal title to any or all Company assets may be held in the name of the Company or one or more nominees, as the Board may determine. All Company assets shall be recorded as the property of the Company on its books and records, irrespective of the name in which legal title to such Company assets is held.

**Section 3.12 No Right of Partition**. No Unitholder shall have the right to seek or obtain partition by court decree or operation of law of any Company property, or the right to own or use particular or individual assets of the Company.

**Section 3.13 Investment Opportunities and Conflicts of Interest**.

(a) Except as otherwise approved by the Board, each Unitholder (other than any Institutional Holder) shall, and shall cause each of such Unitholder's Affiliates (other than the Company and its Subsidiaries) to, bring all investment or business opportunities to the Company of which such Unitholder becomes aware and which are, or may be, (i) within the scope or investment objectives related to the Business or (ii) are otherwise competitive with the Business, and shall not pursue or consummate (directly or indirectly) any such opportunities (all of which shall remain the exclusive property of the Company) other than through the Company.

(b) Specified Persons at any time and from time to time may engage in and own interests in other business ventures of any and every type and description, independently or with others (including ones in competition with the Company) (an "Other Business") with no obligation to (i) refrain from pursuing or engaging in such Other Business, (ii) offer to any Person the right to participate in such Other Business or (iii) notify any Person thereof. Specified Persons may direct any investment or business opportunities to any other Person regardless of the capacity (*e.g.*, in the capacity of Manager or Officer) in which such investment or business opportunities are presented to a Specified Person. None of the Company, any of its Subsidiaries or the other Unitholders will have or acquire or be entitled to any interest, expectancy or participation (the foregoing being hereby renounced and waived to the fullest extent permitted from time to time under applicable law) in any investment or business opportunity as a result of the involvement therein of any Specified Persons. The involvement of any of the Specified Persons in any investment or business opportunity will not constitute a conflict of interest, breach of any duty (including any fiduciary duty), or breach of this Agreement by such Persons with respect to the Company or any of its Subsidiaries or the other Unitholders. Notwithstanding anything to the contrary in this Section 3.13(b), the provisions of this Section 3.13(b) shall be subject to (where applicable) and shall not supersede or limit the provisions of the Restrictive Covenant Agreements.

(c) This Section 3.13 shall not in any way affect, limit or modify any liabilities, obligations, duties or responsibilities of any Person under any employment agreement, consulting agreement, confidentiality agreement, noncompete agreement, nonsolicit agreement or any similar agreement with the Company or any of its Subsidiaries. No amendment or repeal of this Section 3.13 shall apply to or have any effect on the liability or alleged liability of any Officer, Manager or Unitholder of the Company for or with respect to any opportunities of which such Officer, Manager or Unitholder becomes aware prior to such amendment or repeal.

**Section 3.14 Transactions Between the Company and the Unitholders**.

(a) Notwithstanding that it may constitute a conflict of interest, subject to Section 3.14(b) and Section 3.14(c), the Unitholders or their Affiliates may engage in any transaction (including the purchase, sale, lease or exchange of any property or rendering of any service or the establishment of any salary, other compensation or other terms of employment) with the Company so long as such transaction is approved by the Board.

(b) The Company shall not, and shall not permit any Subsidiary to, (i) pay any management or similar fees to any Unitholder that is a GTCR Fund or to any Affiliate of the GTCR Funds (other than the Company and its Subsidiaries) except as set forth in any Transaction Document as in effect as of the date hereof or pursuant to that certain Advisory Agreement dated as of October 2, 2017 by and between Mega Broadband Investments LLC and GTCR Management XII LP, or (ii) enter into any loan agreement with any Unitholder that is a GTCR Fund or with any Affiliate of the GTCR Funds (other than the Company and its Subsidiaries); provided, that the Company and its Subsidiaries shall be permitted to engage in a transaction described in the foregoing clauses (i) and (ii) if: (A) such transaction has been approved by Unitholders holding a majority of the Class B Units issued to CABO pursuant to the CABO Equity Purchase Agreement (excluding, for these purposes, all Incentive Units), and (B) (1) such transaction has been approved in writing by the holders of a majority of Class B Units (excluding, for these purposes, all Incentive Units) held at such time by the Founder Unitholders, (2) each Founder Unitholder has been provided with the opportunity to participate in such transaction *pro rata* based on the number of Class B Units held by each such Unitholder in relation to the total number of Class B Units outstanding, or (3) such transaction has been approved by a majority of the disinterested members of the Board, even though the disinterested managers constitute less than a quorum. Each Founder Unitholder shall have the benefit of this Section 3.14(b) for so long as such individual remains a Unitholder. For purposes of this Agreement, "Founder Unitholder" shall mean each of Phil Spencer and Rod Siemers. The provisions of this Section 3.14(b) shall terminate upon the consummation of the first to occur of a Public Offering or a Sale of the Company.

(c) The Company shall not, and shall not permit any Subsidiary to, enter into any transaction with the GTCR Investors or any of their controlled Affiliates (other than the Company and its Subsidiaries); *provided* that in any event the following shall be permitted: (i) any transaction approved by Unitholders holding a majority of the Class B Units issued to CABO pursuant to the CABO Equity Purchase Agreement,☒ (ii) any transaction approved by a majority of the disinterested members of the Board, even though the disinterested managers constitute less than a quorum; (iii) those matters contemplated by, or with respect to which rights are provided under, this Agreement, the GTCR Unit Purchase Agreement, the CABO Equity Purchase Agreement, the Registration Agreement, the GTCR Advisory Agreement or any other agreement contemplated thereby (including any amendment of this Agreement or the Registration Agreement in accordance with the terms hereof or thereof, any amendment of the GTCR Advisory Agreement that would not materially and adversely impact the Unitholders, or the issuance of Equity Securities or debt in accordance with Section 8.11 (including any transaction exempt therefrom) at Fair Market Value, or the purchase of Equity Securities pursuant to the terms of any Senior Management Agreement); (iv) the receipt of payments and exercise of rights in each case in accordance with the terms of any debt, debt securities or Equity Securities acquired in accordance with this Agreement; and (v) the exercise of rights and the receipt of payments pursuant to indemnification and advance of expenses provisions in any certificate of incorporation, bylaws or similar organization documents of any Person in which the Company directly or indirectly has an ownership interest. The provisions of this Section 3.14(c) shall terminate upon the consummation of the first to occur of a Public Offering or a Sale of the Company.

**Section 3.15 Withdrawal and Resignation of Unitholders**. No Person shall be entitled to withdraw any part of such Person's Capital Contributions or Capital Account or to receive any Distribution from the Company, except as expressly provided herein. No Unitholder shall have the power or right to withdraw or otherwise resign or be expelled from the Company prior to the dissolution and winding up of the Company pursuant to Article X, except (a) simultaneous with the Transfer of all of a Unitholder's Units in a Transfer permitted by this Agreement and, if such Transfer is to a Person that is not a Unitholder, the admission of such Person as a Unitholder pursuant to Section 9.1 or (b) as otherwise expressly permitted by this Agreement or any of the other agreements contemplated hereby. Notwithstanding that payment on account of a withdrawal may be made after the effective time of such withdrawal, any completely withdrawing Unitholder will not be considered a Unitholder for any purpose after the effective time of such complete withdrawal, and, in the case of a partial withdrawal, such Unitholder's Capital Account (and corresponding voting and other rights) shall be reduced for all other purposes hereunder upon the effective time of such partial withdrawal.

**Section 3.16 Loans From Unitholders**. Loans by Unitholders to the Company shall not be considered Capital Contributions. If any Unitholder shall loan funds to the Company, the making of such loans shall not result in any increase in the amount of the Capital Account of such Unitholder. The amount of any such loans shall be a debt of the Company to such Unitholder and shall be payable or collectible in accordance with the terms and conditions upon which such loans are made.

**Section 3.17 Transmission of Communications**. Each Person that owns or controls Units on behalf of, or for the benefit of, another Person or Persons shall be responsible for conveying any report, notice, or other communication received from the Company or the Board to such other Person or Persons.

## ARTICLE IV
## DISTRIBUTIONS

**Section 4.1 Distributions Generally**.

(a) Distribution Priorities. Except as otherwise set forth in this Article IV, and subject to the provisions of Section 18-607 of the Delaware Act, the Board may in its discretion make Distributions at any time or from time to time. All Distributions, other than Tax Distributions (which are addressed separately in Section 4.2), shall be made only in the following order and priority:

(i) First, to the Unitholders holding Repurchase Class A Units, an amount equal to the aggregate Class A Unpaid Yield on such Unitholders' outstanding Repurchase Class A Units held as of the time of such Distribution (distributed among such Unitholders based on the proportion that each Unitholder's share of Class A Unpaid Yield with respect to such Person's Repurchase Class A Units bears to the aggregate Class A Unpaid Yield of all Repurchase Class A Units), and no Distribution or any portion thereof may be made pursuant to any of Section 4.1(a)(ii) through (v) below until the entire amount of the Class A Unpaid Yield on the outstanding Repurchase Class A Units as of the time of such Distribution has been paid in full.

(ii) Second, to the Unitholders holding Repurchase Class A Units, an amount equal to the aggregate Class A Unreturned Capital with respect to such Unitholders' outstanding Repurchase Class A Units held as of the time of such Distribution (distributed among such Unitholders based on the proportion that each such Unitholder's share of Class A Unreturned Capital with respect to such Person's Repurchase Class A Units bears to the aggregate amount of Class A Unreturned Capital of all Repurchase Class A Units), and no Distribution or any portion thereof may be made pursuant to any of Section 4.1(a)(iii) through (v) below until the entire amount of Class A Unreturned Capital with respect to the outstanding Repurchase Class A Units as of the time of such Distribution has been paid in full.

(iii) Third, to the Unitholders holding Standard Class A Units, an amount equal to the aggregate Class A Unpaid Yield on such Unitholders' outstanding Standard Class A Units held as of the time of such Distribution (distributed among such Unitholders based on the proportion that each Unitholder's share of Class A Unpaid Yield with respect to such Person's Standard Class A Units bears to the aggregate Class A Unpaid Yield of all Standard Class A Units), and no Distribution or any portion thereof may be made pursuant to Section 4.1(a)(iv) or (v) below until the entire amount of the Class A Unpaid Yield on the outstanding Standard Class A Units as of the time of such Distribution has been paid in full.

(iv) Fourth, to the Unitholders holding Standard Class A Units, an amount equal to the aggregate Class A Unreturned Capital with respect to such Unitholders' Standard Class A Units held as of the time of such Distribution (distributed among such Unitholders based on the proportion that each such Unitholder's share of Class A Unreturned Capital with respect to such Person's Standard Class A Units bears to the aggregate amount of Class A Unreturned Capital of all Standard Class A Units), and no Distribution or any portion thereof may be made pursuant to Section 4.1(a)(v) below until the entire amount of Class A Unreturned Capital with respect to the outstanding Standard Class A Units as of the time of such Distribution has been paid in full.

(v) Fifth, all remaining amounts (the "available amount"), if any, shall be distributed as follows: with respect to each Class B Unit, an amount equal to the amount determined by dividing the Grossed-Up Amount by the number of Participating Residual Units, and, with respect to each Participating Class C Unit, an amount equal to the excess of (A) the amount determined by dividing the Grossed-Up Amount by the number of Participating Residual Units over (B) the Participation Threshold with respect to such Participating Class C Unit.

(b) Distributions on Unissued or Unvested Units. For the avoidance of doubt, no portion of any Distribution shall be made with respect to any Unit that has not been issued. Notwithstanding anything to the contrary in this Agreement, but subject to Section 4.1(c), (i) the portion of any Distribution (other than a Tax Distribution) that would otherwise be made with respect to any unvested Class B Unit or Class C Unit shall not be distributed with respect to such unvested Class B Unit or Class C Unit and shall instead be distributed solely with respect to Class A Units, Class B Units (including vested Class B Units) and vested Class C Units pursuant to the provisions of Section 4.1(a) applied as though no unvested Class B Unit or Class C Unit were outstanding, (ii) in the event that one or more amounts are not distributed with respect to an unvested Class B Unit or Class C Unit pursuant to clause (i) of this Section 4.1(b) and such unvested Class B Unit or Class C Unit subsequently vests, then at the time any Distribution pursuant to Section 4.1(a) is made following the vesting of such Class B Unit or Class C Unit, the Company shall, prior to making any Distribution with respect to any other Units pursuant to Section 4.1(a), make the Distributions with respect to such Class B Unit or Class C Unit equal to the Distributions that would have been made with respect to such Class B Unit or Class C Unit, as applicable, under such clauses if it had been a vested Class B Unit or Class C Unit, as applicable, beginning on the date of its original issue thereof, and (iii) if such unvested Class B Unit or Class C Unit is repurchased or forfeited (or otherwise becomes incapable of vesting) as contemplated pursuant to the Senior Management Agreement pursuant to which such unvested Class B Unit or Class C Unit was issued, then such unvested Class B Unit or Class C Unit, as applicable, shall not be entitled to receive any Distributions other than (x) any Tax Distributions that have been made or will be made with respect to the tax year in which the repurchase or forfeiture occurs with respect to such unvested Class B Unit or Class C Unit, as applicable, and (y) the amount, if any, paid or payable to repurchase such unvested Class B Unit or Class C Unit, as applicable.

(c) Closing Distributions to Unvested Units. Notwithstanding anything to the contrary in this Agreement, solely for purposes of the Closing Distributions (as defined below), all unvested Class B Units and unvested Class C Units shall be deemed to be Participating Residual Units and the Closing Distributions shall be distributed pursuant to the provisions of Section 4.1(a) applied as though all Class B Units and Class C Units were vested Class B Units and vested Class C Units, respectively. For the avoidance of doubt, this Section 4.1(c) shall not have any effect on any vesting restrictions for purposes of any subsequent Distributions.

(d) Forfeited Units. Notwithstanding anything to the contrary in Section 4.1(a), in the event that any Class C Units that were outstanding as of the date hereof are subsequently forfeited ("Forfeited Units"), then the allocation and amount of any Distribution to be made under this Article IV shall be adjusted so that solely the Non-CABO Investor Units (including for this purpose (i) any Units held by a Blocker Corporation that are not beneficially owned by the CABO Investor and (ii) applicable payments under the LTIP) receive any amounts in such Distribution that the Forfeited Units would have received if they had been outstanding and vested as of the time of such Distribution.

(e) Distributions Offset by Indemnity Amounts.

(i) In accordance with Section 9.3(a) of the CABO Equity Purchase Agreement, any Distribution to the Unitholders holding Non-CABO Investor Units (including for this purpose (i) any Units held by a Blocker Corporation that are not beneficially owned by the CABO Investor and (ii) applicable payments under the LTIP) will be reduced (without duplication) to the extent, and only to the extent, of a Damage (as defined in the CABO Equity Purchase Agreement) amount finally resolved pursuant to Section 9.5 of the CABO Equity Purchase Agreement for which the CABO Indemnified Persons (as defined in the CABO Equity Purchase Agreement) are entitled to indemnification, as determined in accordance with the CABO Equity Purchase Agreement and subject to the limitations set forth therein (any such amount, a "CABO Investor Indemnification Amount"), and such Cabo Investor Indemnification Amount shall be paid or distributed to the appropriate CABO ☒Indemnified Persons within ten (10) business days of such final determination (the "Indemnification Due Date"); provided, that the Board may defer payment or distribution of any CABO Investor Indemnification Amount in its sole discretion so long as no Distribution is made to the Unitholders holding Non-CABO Investor Units; provided, further, that any such deferred CABO Investor Indemnification Amount(s) will accrue interest at a rate of 4% per annum from the Indemnification Due Date through the date of payment or distribution to the CABO Investor.

(ii) In accordance with Section 9.3(c) of the CABO Equity Purchase Agreement, any Distribution to the CABO Investor (including for this purpose any Units held by a Blocker Corporation that are beneficially owned by the CABO Investor) will be reduced (without duplication) to the extent, and only to the extent, of a Damage amount finally resolved pursuant to Section 9.5 of the CABO Equity Purchase Agreement for which the Company Indemnified Persons (as defined in the CABO Equity Purchase Agreement) are entitled to indemnification, as determined in accordance with the CABO Equity Purchase Agreement and subject to the limitations set forth therein, (any such amount, a "Company Indemnification Amount"), and such Company Indemnification Amount shall be paid to the appropriate Company Indemnified Persons by the applicable Indemnification Due Date; provided, that the Board may defer payment or distribution of any Company Indemnification Amount in its sole discretion so long as no Distribution is made to the CABO Investors; provided, further, that any such deferred Company Indemnification Amount(s) will accrue interest at a rate of 4% per annum from the Indemnification Due Date through the date of payment or distribution to the Company Indemnified Persons.

(f) Distributions of CTI Proceeds. In the event that any CTI Proceeds (as defined in the CABO Equity Purchase Agreement), the Company will promptly distribute such CTI Proceeds pursuant to Section 4.1(a); provided that any such distribution will be made only to the holders of Non-CABO Investor Units (including for this purpose (i) any Units held by a Blocker Corporation that are not beneficially owned by the CABO Investor and (ii) applicable payments under the LTIP) as if the Non-CABO Investor Units (including for this purpose (i) any Units held by a Blocker Corporation that are not beneficially owned by the CABO Investor and (ii) applicable payments under the LTIP) were the only Units of the Company then outstanding.

**Section 4.2 Tax Distributions**. Notwithstanding any other provision herein to the contrary but subject to Section 4.3, so long as the Company is treated as a partnership for U.S. federal income tax purposes, the Company shall use its reasonable best efforts to distribute to the Unitholders within 15 days after the end of each Fiscal Quarter of the Company, to the extent that funds are legally available therefor and would not impair the liquidity of the Company with respect to working capital, capital expenditures, debt service, reserves, or otherwise and would not be prohibited under any credit facility to which the Company or any Subsidiary is a party (all of the foregoing conditions, the "Tax Distribution Conditions"), an aggregate amount of cash (a "Tax Distribution") in respect of such Fiscal Quarter which in the good faith estimation of the Board equals the product of (a) the aggregate amount of all taxable income allocable to the Unitholders in respect of such Fiscal Quarter determined without regard to the Unitholders' step-up in the tax basis of the assets of the Company or any of its Subsidiaries (regardless of whether achieved under Section 704(c), 732(d), 734(b), 743(b) of the Code or any other means) and without regard to gain specially allocated to a Unitholder under Section 704(c) of the Code, plus any guaranteed payments for the use of capital (determined pursuant to Code Section 707) by the Company to the Unitholders for such Fiscal Quarter, multiplied by (b) the combined maximum U.S. federal, state, and local income tax rate to be applied with respect to such taxable income (calculated by using the highest maximum combined marginal U.S. federal, state and local income tax rates in any jurisdiction in the United States for a taxable subchapter C corporation or individual (whichever is higher) including pursuant to Section 1411 of the Code) for such Fiscal Quarter (making an appropriate adjustment for any rate changes that take place during such period) (such amount, the "Estimated Tax Liability"). Each Tax Distribution shall be distributed among the Unitholders on a pro rata basis according to the allocation of the Company's taxable income for such Fiscal Quarter determined without regard to a Unitholder's step-up in the tax basis of the assets of the Company or any of its Subsidiaries (regardless of whether achieved under Section 704(c), 732(d), 734(b), 743(b) of the Code or any other means) and without regard to gain specially allocated to a Unitholder under Section 704(c) of the Code of the Code and any guaranteed payments for the use of capital by the Company to a Unitholder for such Fiscal Quarter. The Board shall be entitled to adjust subsequent Tax Distributions up or down to reflect any variation between its prior estimation of quarterly Tax Distributions and the Tax Distributions that would have been computed under this Section 4.2 based on subsequent information. In the event that due to the Tax Distribution Conditions the funds available for any Tax Distribution to be made hereunder are insufficient to pay the full amount of the Tax Distribution that would otherwise be required under this Section 4.2, the Company shall use its reasonable best efforts to distribute to the Unitholders the amount of funds that are available after application of the Tax Distribution Conditions on a pro rata basis (according to the amounts that would have been distributed to each Unitholder pursuant to this Section 4.2 if available funds (after application of the Tax Distribution Conditions) existed in a sufficient amount to make such Distribution in full). At any time thereafter when additional funds of the Company are available for Distribution after application of the Tax Distribution Conditions, the Company shall use its reasonable best efforts to immediately distribute such funds to the Unitholders on a pro rata basis (according to the amounts that would have been distributed to each Unitholder pursuant to this Section 4.2 if available funds (after application of the Tax Distribution Conditions) would have existed in a sufficient amount to make such Tax Distribution in full). Each Tax Distribution pursuant to this Section 4.2 shall be treated as an advance to such Unitholder of amounts to which they are otherwise entitled under, and shall reduce the amount of any other Distributions to such Unitholder pursuant to, Section 4.1(a). For the avoidance of doubt, a Distribution shall only be deemed to be a Tax Distribution if and to the extent the amount of such Distribution is less than or equal to the Estimated Tax Liability for the applicable Fiscal Quarter, after giving effect to all prior Tax Distributions made with respect to the applicable Fiscal Quarter.

**Section 4.3** **Special Distributions**. On the date hereof, the Company shall make one or more Distributions to its Unitholders pursuant to Section 4.1(a) (provided that for this purpose the Units held by the CABO Investor shall not be considered to be issued or outstanding and the CABO Investor shall not be entitled to participate in such Distributions), including for this purpose applicable payments pursuant to the LTIP, of cash equal to the Closing Cash Distribution Amount (as defined in the CABO Equity Purchase Agreement) and of Class B Units with a value equal to the Closing Blocker Distribution Amount (as defined in the CABO Equity Purchase Agreement) pursuant to Section 1.5 of the CABO Equity Purchase Agreement (such distributions, collectively the "Closing Distributions"). Notwithstanding anything to the contrary in Section 4.2, the Company shall not make or be required to make any Tax Distributions on or after the date hereof with respect to transactions occurring on the date hereof or with respect to periods prior to the date hereof. The Closing Distributions will be sufficient to cause all Class A Units outstanding on the date hereof to be cancelled pursuant to Section 4.4.

**Section 4.4** **Cancellation of Class A Units**. With respect to any Unitholder's outstanding Class A Units held as of the time of any Distribution pursuant to Section 4.1(a) or Section 4.3, such Class A Units shall be deemed to be cancelled immediately following such Distribution if, immediately following such Distribution, the aggregate Class A Unpaid Yield on such Unitholder's Class A Units is zero and the aggregate Class A Unreturned Capital on such Unitholders' Class A Units is zero. To the extent that the Board has in its discretion caused the Company to issue certificates to any Unitholder representing any such Class A Units so cancelled, such Unitholder shall promptly after such Distribution surrender to the Company such certificate or certificates representing such Class A Units (or, if such Unitholder alleges that such certificate(s) has been lost, stolen or destroyed, deliver a lost certificate affidavit and agreement reasonably acceptable to the Company to indemnify the Company against any claim that may be made against the Company on account of the alleged loss, theft, destruction of such certificate).

**Section 4.5** **Persons Receiving Distributions**. Each Distribution shall be made to the Persons shown on the Company's books and records as Unitholders as of the date of such Distribution; provided, however, that any transferor and transferee of Units may mutually agree as to which of them should receive payment of any Distribution under this Article IV. In the event that restrictions on transfer or change in beneficial ownership of Units set forth herein or any applicable Senior Management Agreement have been breached, the Company may withhold distributions in respect of the affected Units until such breach has been cured.

**Section 4.6** **Reserves Against Distributions**. The Board shall have the right to withhold, pro rata based on ownership of Units of all Unitholders receiving the Distribution, from Distributions payable to any Unitholder under this Agreement amounts sufficient to pay and discharge any reasonably anticipated contingent liabilities of the Company. Any amounts remaining after payment and discharge of any such contingent liabilities of the Company will be paid to the Unitholders from whom the Distributions were withheld.

**Section 4.7** **Distributions of In-Kind Property**. If the Company distributes property in-kind it shall be valued at its Fair Market Value. If such in-kind that was contributed to the Company (or received in a tax-free exchange for property contributed to the Company), the Company shall, if possible, distribute (and be deemed to distribute) such property to the Unitholder who contributed such property, to the extent that such Unitholder is entitled to receive a Distribution at such time under the economic priorities set forth in Section 4.1.

**Section 4.8** **Certain Repurchases and Redemptions**. Notwithstanding anything to the contrary in this Agreement, any Senior Management Agreement, or any other Transaction Documents, the Board may, at its option, cause the Company to exercise its repurchase or redemption rights, if any, and fulfill its repurchase or redemption obligations, if any, to a holder of Units pursuant to this Agreement, any Senior Management Agreement, or any other Transaction Document in whole or in part, by transferring to such holder securities issued by a Subsidiary of the Company with a value equal to the redemption or repurchase price of the Units of such holder to be redeemed or repurchased; provided that immediately following such transfer the Subsidiary that issued the transferred securities shall redeem or repurchase such securities from such holder for an amount of cash equal to the aggregate redemption or repurchase price of the Units of such holder to be redeemed or repurchased. The Company and the holder agree to treat any such transfer as a distribution of securities of the Subsidiary under Code Section 731(a).

**ARTICLE V**
**BOARD OF MANAGERS; OFFICERS**

**Section 5.1 Management by the Board of Managers**.

(a) Authority of Board of Managers.

(i) Except with respect to the Board Governance Exceptions, subject to the provisions of Section 5.1(a)(ii), (A) the powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Board (including with respect to the matters contemplated by §§ § 18-209, 18-213, 18-216, 18-301, 18-302, 18-304, 18-704, 18-801, 18-803 and 18-806 of the Delaware Act) and (B) the Board may make all decisions and take all actions for the Company not otherwise provided for in this Agreement.

(ii) The Board may act (A) by resolutions adopted at a meeting and by written consents pursuant to Section 5.3, (B) by delegating power and authority to committees pursuant to Section 5.4, and (C) by delegating power and authority to any Officer pursuant to Section 5.5(a).

(iii) Each Unitholder acknowledges and agrees that no Manager shall, solely as a result of being a Manager (but subject to any Senior Management Agreement to which such Manager is a party), be bound to devote all of his business time to the affairs of the Company, and that he and his Affiliates do and will continue to engage for their own account and for the accounts of others in other business ventures.

(b) No Management by Unitholders. The Unitholders shall not manage or control the business and affairs of the Company, but shall have the rights set forth with respect to such Unitholder in the Board Governance Exceptions.

**Section 5.2 Composition and Election of the Board of Managers**.

(a) Number and Designation. The number of Managers on the Board shall be the number serving pursuant to clauses (i) through (v) below. The Board shall at all times be comprised of the following persons:

(i) up to two (2) representatives designated by GTCR Fund XII/B LP (the "Fund XII/B Managers"), who as of the date hereof, shall be Philip Canfield, and Cameron Rouzer.

(ii) up to one (1) representative designated by Mega Broadband Splitter LP (the "Splitter Manager" and together with the Fund XII/B Managers, each a "GTCR Manager" and, collectively, the "GTCR Managers"), who as of the date hereof, shall be Stephen Jeschke.

(iii) up to two (2) representatives designated by the CABO Investor, who as of the date hereof, shall be Steven S. Cochran and Kenneth E. Johnson (the "CABO Managers" and together with the GTCR Managers, each an "Investor Manager" and, collectively, the "Investor Managers");

(iv) the Company's chief executive officer, who as of the date hereof, shall be Phil Spencer (the "Executive Manager"); and

(v) up to one (1) additional Person (the "Independent Manager"), to be designated in each case jointly by the Investors.

(b) Term. Members of the Board shall serve from their designation in accordance with the terms hereof until their resignation, death or removal in accordance with the terms hereof. Members of the Board need not be Unitholders and need not be residents of the State of Delaware. A person shall become a Manager (other than the Executive Manager) and member of the Board effective upon receipt by the Company at its principal place of business of a written notice addressed to the Board (or at such later time or upon the happening of some other event specified in such notice) of such person's designation from the person or persons entitled to designate such manager pursuant to Section 5.2(a) above; provided, that the persons specifically named in Section 5.2(a) (other than the Executive Manager) above shall continue to be members of the Board as of the date hereof without further action. The Company's chief executive officer shall become the Executive Manager and a member of the Board effective upon his or her election to such office by the Board; provided, that the person specifically named in Section 5.2(a) above as the initial Executive Manager shall continue to be the Executive Manager as of the date hereof without further action. A member of the Board may resign as such by delivering his, her or its written resignation to the Company at the Company's principal office addressed to the Board. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

(c) Removal. If the Executive Manager ceases to be the Company's chief executive officer for any reason, such Executive Manager shall, at such time, be automatically removed from the Board and each committee thereof and from the board of directors or board of managers of each of the Company's Subsidiaries and any committees thereof. The removal from the Board or any of its committees (with or without cause) of any Fund XII/B Manager shall be upon (and only upon) the written request of GTCR Fund XII/B LP. The removal from the Board or any of its committees (with or without cause) of any Splitter Manager shall be upon (and only upon) the written request of Mega Broadband Splitter LP. The removal from the Board or any of its committees (with or without cause) of any CABO Manager shall be upon (and only upon) the written request of the CABO Investor. The removal from the Board or any of its committees (with or without cause) of any Independent Manager shall be upon (and only upon) the written request of any of the GTCR Investors or the CABO Investor.

(d) Vacancies. In the event that any designee under Section 5.2(a) (other than the Executive Manager) for any reason ceases to serve as a member of the Board, (i) the resulting vacancy on the Board shall be filled by a Person that is designated by the person or persons originally entitled to designate such Manager pursuant to Section 5.2(a) above, and (ii) such designee shall be removed promptly after such time from each committee of the Board. In the event that the Executive Manager for any reason ceases to serve as a member of the Board (including as a result of ceasing to be the Company's chief executive officer), such Executive Manager managership shall remain vacant until the Company's chief executive officer is next appointed by the Board.

(e) Reimbursement. The Company shall pay all reimbursable out-of-pocket costs and expenses incurred by each member of the Board incurred in the course of their service hereunder, including in connection with attending regular and special meetings of the Board, any board of managers or board of directors of each of the Company's Subsidiaries and/or any of their respective committees.

(f) Compensation of Managers. Except as approved by the holders of the Required Interest or for agreements in effect as of the date hereof, Managers shall receive no compensation for serving in such capacity.

(g) Reliance by Third Parties. Any Person dealing with the Company, other than a Unitholder, may rely on the authority of the Board (or any Officer authorized by the Board) in taking any action in the name of the Company without inquiry into the provisions of this Agreement or compliance herewith, regardless of whether that action actually is taken in accordance with the provisions of this Agreement. Every agreement, instrument or document executed by the Board (or any Officer authorized by the Board) in the name of the Company with respect to any business or property of the Company shall be conclusive evidence in favor of any Person relying thereon or claiming thereunder that (i) at the time of the execution or delivery thereof, this Agreement was in full force and effect, (ii) such agreement, instrument or document was duly executed according to this Agreement and is binding upon the Company and (iii) the Board or such Officer was duly authorized and empowered to execute and deliver such agreement, instrument or document for and on behalf of the Company.

**Section 5.3 Board Meetings and Actions by Written Consent**.

(a) Quorum; Voting. The presence of Managers entitled to a majority of the votes of the Managers then in office shall constitute a quorum sufficient for conducting meetings and making decisions of the Board, and except as otherwise provided in this Agreement, the act of the Managers that have a majority of the total votes present at a meeting of the Board at which a quorum is present shall be the act of the Board. Once a quorum is present to commence a meeting of the Board, such quorum shall be broken as soon as no GTCR Managers remain present at such meeting and no further business may be transacted at such meeting until such time as a quorum shall again be present. If a quorum shall not be present during a meeting of the Board, the Managers present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. A Manager who is present at a meeting of the Board at which action on any matter is taken shall be presumed to have assented to the action unless he abstains or his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as secretary of the meeting before the adjournment thereof or shall deliver such dissent to the Company immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Manager who voted in favor of such action. At each meeting of the Board, the GTCR Managers present at such meeting shall collectively have a number of votes (the "GTCR Investor Votes") on all matters to be voted on by the Board equal to the greater of (i) the number of GTCR Managers present at such meeting and (ii) the sum of one plus the number of Managers present at such meeting that are not GTCR Managers (with each GTCR Manager entitled to cast his proportionate share of the total GTCR Investor Votes). The CABO Managers, Executive Manager and Independent Manager shall each have one vote on all matters voted on by the Board.

(b) Attendance. Attendance of a Manager at a meeting shall constitute a waiver of notice of such meeting, except where a Manager attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(c) Meeting In Connection With Meeting of the Holders of the Required Interest. In connection with any meeting of the holders of the Required Interest, the Managers may, if a quorum is present, hold a meeting for the transaction of business immediately after and at the same place as such meeting of the holders of the Required Interest. Notice of such meeting at such time and place shall not be required.

(d) Time, Place and Notice. Regular meetings of the Board shall be held quarterly at such times and places (including by electronic means) as shall be designated from time to time by resolution of the Board, provided, the Board shall meet at least four (4) times per year, whether in-person, telephonically or virtually. Initially, the quarterly Board meetings shall be held at ___ a.m./p.m. Central time on April __, July __, October __, and January __ of each calendar year. Forty-eight (48) hours' advance notice shall be required to change the time or date of any such meeting. At all meetings of the Board, business shall be transacted in such order as shall from time to time be determined by resolution of the Board.

(e) Special Meetings. Special meetings of the Board may be called by any Investor Manager or the Executive Manager on at least 24 hours' notice to each other Manager. Such notice need not state the purpose or purposes of, nor the business to be transacted at, such meeting, except as may be otherwise required by law or provided for in this Agreement.

(f) Action by Written Consent or Telephone Conference. Any action permitted or required by the Delaware Act, the Certificate or this Agreement to be taken at a meeting of the Board or any committee designated by the Board may be taken without a meeting, without notice and without a vote if a consent in writing, setting forth the action to be taken, is signed by the Managers or members of such committee, as the case may be, that have at least the number of votes required to take such action at a meeting of the Board if all Managers were present at such meeting. Such consent shall have the same force and effect as a vote at a meeting and may be stated as such in any document or instrument filed with the Secretary of State of Delaware, and the execution of such consent shall constitute attendance or presence in person at a meeting of the Board or any such committee, as the case may be. Subject to the requirements of the Delaware Act, the Certificate or this Agreement for notice of meetings, unless otherwise restricted by the Certificate, the Managers or members of any committee designated by the Board may participate in and hold a meeting of the Board or any committee, as the case may be, by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear and speak to each other, and participation in such meeting shall constitute attendance and presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Complete copies of all actions taken by written consent shall be provided to all Managers that have not executed such consent promptly following its execution.

**Section 5.4 Committees; Delegation of Authority and Duties**.

(a) Committees; Generally. The Board may, from time to time, designate one or more committees, each of which shall, except as otherwise expressly provided in this Agreement, include representation of GTCR Managers and CABO Managers on such committee proportionate to the total number of GTCR Managers and CABO Managers that may be designated pursuant to Section 5.2(a). At every meeting of any such committee, the presence of a majority of all the members thereof and at least one GTCR Manager shall constitute a quorum, and except as otherwise provided in this Agreement, the act of the Managers holding a majority of the total votes present at a meeting of such committee at which a quorum is present shall be the act of such committee. Once a quorum is present to commence a meeting of such committee, such quorum shall be broken as soon as no GTCR Managers remain present at such meeting and no further business may be transacted at such meeting until such time as a quorum shall again be present. The voting rights of the GTCR Managers with respect to any such committee shall be commensurate with the voting rights of the Investor Managers with respect to the Board. The Board may dissolve any committee at any time, unless otherwise provided in the Certificate or this Agreement.

(b) Delegation; Generally. The Board may, from time to time, delegate to one or more Persons (including any Manager or Officer) such authority and duties as the Board may deem advisable in addition to those powers and duties set forth in Section 5.1(a) hereof. The Board also may assign titles (including chairman, chief executive officer, president, vice president, secretary, assistant secretary, treasurer and assistant treasurer) to any Manager, Unitholder or other individual and may delegate to such Manager, Unitholder or other individual certain authority and duties. Any number of titles may be held by the same Manager, Unitholder or other individual. Any delegation pursuant to this Section 5.4(b) may be revoked at any time by the Board.

**Section 5.5 Officers**.

(a) Officers. The management of the business and affairs of the Company by the Officers and the exercising of their powers shall be conducted under the supervision of and subject to the approval of the Board.

(b) Designation and Appointment. The Board may (but need not), from time to time, designate and appoint one or more persons as an Officer of the Company. No Officer need be a resident of the State of Delaware, a Unitholder or a Manager. Any Officers so designated shall have such authority and perform such duties as the Board may, from time to time, delegate to them. The Board may assign titles to particular Officers. Unless the Board otherwise decides, if the title is one commonly used for officers of a business corporation formed, the assignment of such title shall constitute the delegation to such Officer of the authority and duties that are normally associated with that office, subject to (i) any specific delegation of authority and duties made to such Officer by the Board pursuant to the third sentence of this Section 5.5(b) or (ii) any delegation of authority and duties made to one or more Officers pursuant to the terms of Section 5.4(b). Each Officer shall hold office until such Officer's successor shall be duly designated and qualified or until such Officer's death or until such Officer shall resign or shall have been removed in the manner hereinafter provided. Any number of offices may be held by the same individual. The salaries or other compensation, if any, of the Officers of the Company shall be fixed from time to time by the Board.

(c) Resignation; Removal; Vacancies. Any Officer (subject to any contract rights available to the Company, if applicable) may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the Board. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation. Any Officer may be removed as such, either with or without cause, by the Board in its discretion at any time or by the holders of the Required Interest in their discretion at any time; provided, however, that any such removal shall be without prejudice to the contract rights, if any, of the individual so removed. Designation of an Officer shall not of itself create contract rights. Any vacancy occurring in any office of the Company may be filled by the Board and shall remain vacant until filled by the Board.

(d) Duties of Officers. The Officers, in the performance of their duties as such, shall owe to the Company and the Unitholders duties of loyalty and due care of the type owed by the officers of a corporation to such corporation and its stockholders under the laws of the State of Delaware.

**Section 5.6 Company Funds**. No Manager or Officer may commingle the Company's funds with the funds of any Unitholder, Manager or Officer.

**Section 5.7 Standard of Board and Manager Actions**.

(a) No Duties. Notwithstanding anything in this Agreement to the contrary, no Manager, in his capacity as such, shall have any duty (including any fiduciary duty), or any liability for breach of duty (including any fiduciary duty), to the Company, any Unitholder, any other Manager or any other Person (including any creditor of the Company), and no implied duties, covenants or obligations shall be read into this Agreement against any Manager in his capacity as such; provided, that the foregoing shall not limit or eliminate liability for any act or omission that constitutes a bad faith violation of any applicable contractual covenant of good faith and fair dealing implied by law. To the extent that, at law or in equity, any Manager would otherwise have duties (including fiduciary duties) and liabilities relating thereto to the Company, any Unitholder, any other Manager or any other Person, such Manager shall not be liable to the Company, any Unitholder, any other Manager or any other Person for breach of duty (including any fiduciary duty) for its good faith reliance on the provisions of this Agreement, and the provisions of this Agreement, to the extent that they restrict or eliminate the duties (including fiduciary duties) and liability of such Manager otherwise existing at law or in equity, are agreed by the Company and each Unitholder to replace such other duties and liabilities of such Manager.

(b) Board Discretion. Whenever in this Agreement or any other agreement contemplated herein or to which the Company is a party the Board (or any committee thereof) is permitted or required to take any action or to make a decision or determination, the Board (or such committee) shall take such action or make such decision or determination in its sole discretion, unless another standard is expressly set forth herein or therein. Whenever in this Agreement or any other agreement contemplated herein the Board (or any committee thereof) is permitted or required to take any action or to make a decision or determination in its "sole discretion" or "discretion," with "complete discretion" or under a grant of similar authority or latitude, each Manager shall be entitled to consider such interests and factors as such Manager desires (including, the interests of such Manager's Affiliates, employer, partners and their Affiliates).

(c) Good Faith and Other Standards. Whenever in this Agreement or any other agreement contemplated herein or to which the Company is a party the Board (or any committee thereof) is permitted or required to take any action or to make a decision or determination in its "good faith" or under another express standard, each Manager shall act under such express standard and, to the extent permitted by applicable law, shall not be subject to any other or different standards imposed by this Agreement or any other agreement contemplated herein or to which the Company is a party, and, notwithstanding anything contained herein to the contrary, so long as such Manager does not with such action breach the implied covenant of good faith and fair dealing (in each case, as determined by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected)), the resolution, action or terms so made, taken or provided by the Board (or any committee thereof) shall not constitute a breach of this Agreement or any other agreement contemplated herein or impose liability upon such Manager or any of such Manager's Affiliates, employees, agents or representatives and shall be final, conclusive and binding on the Company and the Unitholders. With respect to any action taken or decision or determination made by any Manager or the Board (or any committee thereof), it shall be presumed that each Manager and the Board (or such committee thereof) acted in good faith and in compliance with this Agreement and the Delaware Act and any Person bringing, pleading or prosecuting any claim with respect to any action taken or decision or determination made by the Board (or any committee thereof) shall have the burden of overcoming such presumption by clear and convincing evidence; provided, that for the avoidance of doubt, this sentence shall not be deemed to increase or place any duty (including any fiduciary duty) on the Board or its Managers.

(d) Effect on Other Agreements. This Section 5.7 shall not in any way affect, limit or modify any Officer's or employee's liabilities or obligations under any Senior Management Agreement, employment agreement, consulting agreement, confidentiality agreement, noncompete agreement, nonsolicit agreement or any similar agreement with the Company or any of its Subsidiaries.

(e) Other. Nothing in this Agreement or, except as set forth in Section 5.7(b) above, any other current or future agreement shall limit this Section 5.7 or the intent of the parties set forth in the first sentence of Section 5.7(a) and any language contrary to this Section 5.7 in this Agreement or, except as set forth in Section 5.7(b) above, any other current or future agreement shall limit this Section 5.7 if and only if it specifically references this Section 5.7. This Section 5.7 supersedes any and all prior agreements and understandings with respect to the subject matter of this Section 5.7. No amendment or modification of this Agreement shall limit this Section 5.7 with respect to actions taken prior to such amendment.

**Section 5.8 Matters Requiring Investors Consent**. Notwithstanding anything in this Agreement to the contrary, without the prior written consent of the GTCR Investors (but only for so long as the GTCR Investors, taken together, are a 20% Owner) and the CABO Investor (but only for so long as the CABO Investors, taken together, are a 20% Owner), after the date hereof, the Company will not, nor will the Company permit any of its Subsidiaries to, take any of the actions listed on Schedule A attached hereto.

The rights of the applicable Unitholders under this Section 5.3 shall terminate upon the consummation of the first to occur of a Public Offering or a Sale of the Company, provided, however, that notwithstanding anything to the contrary in this Agreement, such rights shall not terminate prior to such time as the Put Right set forth on Schedule B hereto (the "Put Option") expires.

**Section 5.9 Regulatory Approval**. Notwithstanding anything to the contrary in this Agreement, to the extent any actions or provisions contemplated herein require prior regulatory approval (under the Communications Laws or otherwise), such actions or provisions shall be subject to such regulatory approval and the relevant Persons shall cooperate in good faith and use commercially reasonable efforts to obtain such approval.

## ARTICLE VI
## EXCULPATION AND INDEMNIFICATION

**Section 6.1 Exculpation**.

(a) No Officer shall be liable to any other Officer, current or former Manager, the Company, any Specified Person or any Unitholder for any loss suffered by the Company or any Unitholder unless such loss is caused by such Person's fraud, breach of any duty (including any fiduciary duty), gross negligence, willful misconduct or intentional and material breach of this Agreement or breach of any other agreement executed in connection herewith, or, in the case of a criminal matter, such Person having acted or failed to act with knowledge that such conduct was unlawful, in each case as determined by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected). No Officer shall be liable for errors in judgment or for any acts or omissions that do not constitute fraud, gross negligence, willful misconduct or intentional and material breach of this Agreement or breach of any other agreement, or, in the case of a criminal matter, such Person having acted or failed to act with knowledge that such conduct was unlawful.

(b) No Specified Person or current or former Manager shall be liable to any Officer, current or former Manager, the Company, any other Specified Person or any Unitholder for any loss suffered by the Company, any other Manager, or any Unitholder unless such loss is caused by (i) such Person's fraud, willful misconduct, intentional and material breach of this Agreement or breach of any other agreement executed in connection herewith, or (ii) in the case of a criminal matter, such Person having acted or failed to act with knowledge that such conduct was unlawful, in each case as determined by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected). No Specified Person or current or former Manager shall be liable for such Person's gross negligence, willful misconduct or any errors in judgment or for any acts or omissions that do not constitute fraud, an intentional and material breach of this Agreement or breach of any other agreement executed in connection herewith, or, in the case of a criminal matter, such Person having acted or failed to act with knowledge that such conduct was unlawful.

(c) Any Officer or Manager may consult with counsel and accountants in respect of Company affairs, and provided such Person acts in good faith reliance upon the advice or opinion of such counsel or accountants, such Person shall not be liable for any loss suffered by any Officer, current or former Manager, the Company or any Unitholder in reliance thereon.

**Section 6.2 Right to Indemnification**.

(a) Subject to the limitations and conditions as provided in this Article VI, each Indemnitee who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative (hereinafter a "Proceeding"), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, by reason of the fact that he or she, or a Person of whom he or she is the legal representative, is or was an Indemnitee, shall be indemnified by the Company to the fullest extent permitted by the Delaware Act, as the same exists or may hereafter be amended, but subject to the limitations expressly provided in this Agreement, against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including attorneys' fees) actually incurred by such Indemnitee in connection with such Proceeding, and indemnification under this Article VI shall continue as to a Person who has ceased to serve in the capacity which initially entitled such Indemnitee to indemnity hereunder; provided, that, except to the extent such Indemnitee is entitled to or receives exculpation pursuant to Section 6.1 above, no Indemnitee shall be indemnified for any judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements or reasonable expenses (including attorneys' fees) actually incurred by such Indemnitee that are attributable to (i) such Indemnitee's fraud, gross negligence, willful misconduct, intentional and material breach of this Agreement or breach of any other agreement executed in connection herewith, or, in the case of a criminal matter, such Person having acted or failed to act with knowledge that such conduct was unlawful, in each case as determined by a final judgment, order or decree of an arbitrator or a court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected), (ii) an Officer's breach of fiduciary duties, (iii) proceedings initiated by the Indemnitee or proceedings against the Company, or (iv) economic losses or tax obligations incurred by an Indemnitee as a result of owning Units. The rights granted pursuant to this Article VI shall be deemed contract rights, and no amendment, modification or repeal of this Article VI shall have the effect of limiting or denying any such rights with respect to actions taken or Proceedings arising prior to any amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article VI could involve indemnification for negligence or under theories of strict liability.

(b) The indemnification provided by this Section 6.2 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, pursuant to any vote of the Managers, as a matter of law or otherwise, both as to actions in the Indemnitee's capacity as an Indemnitee and as to actions in any other capacity, and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee.

(c) An Indemnitee shall not be denied indemnification in whole or in part under this Section 6.2 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(d) If an Affiliate of the Company advances expenses to or indemnifies an Indemnitee with respect to a matter for which such Indemnitee was entitled to seek advances or indemnification under Section 6.2, then the Company's obligations to indemnify hereunder shall include reimbursement of such Affiliate and such Affiliate shall be deemed an Indemnitee hereunder for purposes of its entitlement to such reimbursement. Except as provided above, the provisions of this Section 6.2 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(e) No amendment, modification or repeal of this Section 6.2 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitee to be indemnified by the Company, nor the obligations of the Company to indemnify any such Indemnitee under and in accordance with the provisions of this Section 6.2 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

**Section 6.3** **Advance Payment**. Reasonable expenses incurred by a Person of the type entitled to be indemnified under Section 6.2 who was, is or is threatened to be made a named defendant or respondent in a Proceeding shall be paid by the Company as incurred, upon receipt of an undertaking by or on behalf of such Indemnitee to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Company.

**Section 6.4** **Indemnification of Employees and Agents**. The Company, by adoption of a resolution of the Board, may indemnify and advance expenses to an employee or agent of the Company to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Persons who are not or were not Managers or Officers but who are or were serving at the request of the Company as a manager, director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a Person to the same extent that it may indemnify and advance expenses to Managers and Officers under this Article VI.

**Section 6.5** **Appearance as a Witness**. Notwithstanding any other provision of this Article VI, the Company shall pay or reimburse reasonable out-of-pocket expenses incurred by a Manager or Officer in connection with his appearance as a witness or other participation in a Proceeding at a time when he is not a named defendant or respondent in the Proceeding.

**Section 6.6 Nonexclusivity of Rights**. The right to indemnification and the advancement and payment of expenses conferred in this Article VI shall not be exclusive of any other right which an Indemnitee may have or hereafter acquire under any law (common or statutory), provision of the Certificate or this Agreement, agreement, vote of Unitholders or disinterested Managers or otherwise. Without limiting the foregoing, the Company and each Unitholder hereby acknowledges that one or more of the Indemnitees may have certain rights to indemnification, advancement of expenses and/or insurance provided by an Affiliated Institution. The Company and each Unitholder hereby agrees that, with respect to any such Indemnitee, the Company (a) is, relative to each Affiliated Institution, the indemnitor of first resort (*i.e.*, its obligations to the applicable Indemnitee under this Agreement are primary and any duplicative, overlapping or corresponding obligations of an Affiliated Institution are secondary), (b) shall be required to make all advances and other payments under this Agreement, and shall be fully liable therefor, without regard to any rights any such Indemnitee may have against his or her Affiliated Institution, and (c) irrevocably waives, relinquishes and releases any such Affiliated Institution from any and all claims against such Affiliated Institution for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by an Affiliated Institution on behalf of any Indemnitee with respect to any claim for which such Indemnitee has sought indemnification from the Company shall affect the foregoing and any such Affiliated Institution shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of any such applicable Indemnitee against the Company. The Company and each Unitholder agree that each Affiliated Institution is an express third party beneficiary of the terms of this Section 6.6.

**Section 6.7 Insurance**. The Company may purchase and maintain insurance, or cause its Subsidiaries to purchase and maintain insurance, at its or their expense, to protect itself and any Person who is or was serving as a Manager, Officer or agent of the Company or is or was serving at the request of the Company as a manager, director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited ability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such Person against such expense, liability or loss under this Article VI.

**Section 6.8 Limitation**. Notwithstanding anything contained herein to the contrary (including in this Article VI), any indemnity by the Company relating to the matters covered in this Article VI shall be provided out of and to the extent of the Company's assets only, and no Unitholder shall have personal liability on account thereof or shall be required to make additional Capital Contributions to help satisfy such indemnity of the Company.

**Section 6.9 Third Party Beneficiaries**. Notwithstanding anything in this Agreement to the contrary, each of the Managers, Officers or other Persons indemnified pursuant to this Article VI are intended third party beneficiaries of this Article VI and shall be entitled to enforce such provision (as it may be in effect from time to time).

**Section 6.10 Savings Clause**. If this Article VI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Manager, Officer or any other Person indemnified pursuant to this Article VI as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative to the full extent permitted by any applicable portion of this Article VI that shall not have been invalidated and to the fullest extent permitted by applicable law.

## ARTICLE VII
## CERTAIN TAX AND ACCOUNTING MATTERS; BOOKS AND RECORDS; CONFIDENTIALITY

**Section 7.1 Partnership for Tax Purposes**. Subject to Article XII, the Unitholders intend that the Company shall be treated as a partnership for federal and, to the extent applicable, state and local income tax purposes, and that each Unitholder and the Company shall file all tax returns and shall otherwise take all tax and financial reporting positions in a manner consistent with such treatment. Without the consent of the holders of the Required Interest, the Company shall not make an election to be treated as a corporation for federal income tax purposes pursuant to Treasury Regulation Section 301.7701-3 (or any successor regulation or provision) or, to the extent applicable, state or local income tax purposes. In the event that the Company is treated as a corporation for federal income tax purposes or, to the extent applicable, state or local income tax purposes, Section 4.2 and any other provisions of this Agreement inconsistent with such treatment shall be disregarded.

**Section 7.2 Capital Accounts**.

(a) The Company shall maintain a separate Capital Account for each Unitholder according to the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). For this purpose, the Company may (in the discretion of the Board), upon the occurrence of the events specified in Treasury Regulation Section 1.704-1(b)(2)(iv)(f), increase or decrease the Capital Accounts in accordance with the rules of such regulation and Treasury Regulation Section 1.704-1(b)(2)(iv)(g) to reflect a revaluation of Company property. Without limiting the foregoing, each Unitholder's Capital Account shall be adjusted:

(i) by adding any additional Capital Contributions made by such Unitholder in consideration for the issuance of Units;

(ii) by deducting any amounts paid to such Unitholder in connection with the redemption or other repurchase by the Company of Units;

(iii) by adding any Profits allocated to such Unitholder and subtracting any Losses allocated to such Unitholder; and

(iv) by deducting any distributions paid in cash or other assets to such Unitholder by the Company.

(b) For purposes of computing the amount of any item of Company income, gain, loss, or deduction to be allocated pursuant to this Article VII and to be reflected in the Capital Accounts, the determination, recognition, and classification of any such item shall be the same as its determination, recognition, and classification for federal income tax purposes (including any method of depreciation, cost recovery, or amortization used for this purpose); provided, that:

(i) The computation of all items of income, gain, loss, and deduction shall include those items described in Code Section 705(a)(1)(B) or Code Section 705(a)(2)(B) and Treasury Regulation Section 1.704-1(b)(2)(iv)(i), without regard to the fact that such items are not includable in gross income or are not deductible for federal income tax purposes.

(ii) If the Book Value of any Company property is adjusted pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(e) or (f), the amount of such adjustment shall be taken into account as gain or loss from the disposition of such property.

(iii) Items of income, gain, loss, or deduction attributable to the disposition of Company property having a Book Value that differs from its adjusted basis for tax purposes shall be computed by reference to the Book Value of such property.

(iv) Items of depreciation, amortization, and other cost recovery deductions with respect to Company property having a Book Value that differs from its adjusted basis for tax purposes shall be computed by reference to the property's Book Value in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(g).

(v) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Sections 732(d), 734(b) or 743(b) is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis).

**Section 7.3** **Negative Capital Accounts**. No Unitholder shall be required to pay to any other Unitholder or the Company any deficit or negative balance which may exist from time to time in such Unitholder's Capital Account (including upon and after dissolution of the Company).

**Section 7.4** **Transfer of Capital Accounts**. If a Unitholder transfers an interest in the Company to a new or existing Unitholder, the transferee Unitholder shall succeed to that portion of the transferor's Capital Account that is attributable to the transferred interest. Any reference in this Agreement to a Capital Contribution of, or Distribution to, a Unitholder that has succeeded any other Unitholder shall include any Capital Contributions or Distributions previously made by or to the former Unitholder on account of the interest of such former Unitholder transferred to such successor Unitholder. With respect to the CABO Investment, the Board shall cause the Company to increase the ☒Capital Accounts in accordance with the rules of Treasury Regulation Section 1.704-1(b)(2)(iv)(f) and Treasury Regulation ☒Section 1.704-1(b)(2)(iv)(g) to reflect a revaluation of Company property and ☒solely for purposes of the rules relating to maintenance of Capital Accounts in this Article VII and the relevant income Tax provisions of this Agreement, the Company shall treat the CABO Investment as a transfer of interests and the relevant portion of Capital Accounts (as determined after the revaluation of Company property as referenced in this sentence) by certain Unitholders to the CABO Investor as more fully described in the CABO Equity Purchase Agreement, and for the avoidance of doubt, the Unit Ledger prepared as of the date hereof shall reflect the CABO Investor making a Capital Contribution with respect to each Unit it acquired (or its Affiliate(s) acquired) under the CABO Equity Purchase Agreement equal to the applicable per-Unit price as set forth in or otherwise paid pursuant to such agreement).

**Section 7.5** **Allocations**. Except as otherwise provided in Section 7.6, Net Profit or Net Loss for any Taxable Year shall be allocated among the Unitholders in such a manner that, as of the end of such Taxable Year, the sum of (a) the Capital Account of each Unitholder, (b) such Unitholder's share of Minimum Gain (as determined according to Treasury Regulation Section 1.704-2(g)), and (c) such Unitholder's partner nonrecourse debt minimum gain (as defined in Treasury Regulation Section 1.704-2(i)(2)) shall be equal to the respective net amounts, positive or negative, which would be distributed to them, determined as if the Company were to (i) liquidate the assets of the Company for an amount equal to their Book Value, and (ii) distribute the proceeds of liquidation pursuant to Section 10.2 (provided that, for purposes of such determination only, all outstanding Residual Units shall be deemed to be fully vested for purposes of calculating the amount of such proceeds distributed to each Unitholder pursuant to Section 4.1(a)(v)). Notwithstanding the foregoing, in any Taxable Year in which the Company makes a distribution pursuant to Section 4.1(a)(i) or Section 4.1(a)(iii), if the aggregate amount distributed pursuant to Section 4.1(a)(i) or Section 4.1(a)(iii), as applicable, for such Taxable Year and all prior Taxable Years exceeds the aggregate Net Profit (and, if Section 10.2 is applicable to such Taxable Year, Profit) that would, but for this sentence, be allocated to the Class A Units for such Taxable Year and all prior Taxable Years, then such excess shall be treated as a guaranteed payment pursuant to Section 707(c) of the Code for such Taxable Year.

**Section 7.6** **Special Allocations**.

(a) Losses attributable to partner nonrecourse debt (as defined in Treasury Regulation Section 1.704-2(b)(4)) shall be allocated in the manner required by Treasury Regulation Section 1.704-2(i). If there is a net decrease during a Taxable Year in partner nonrecourse debt minimum gain (as defined in Treasury Regulation Section 1.704-2(i)(3)), Profits for such Taxable Year (and, if necessary, for subsequent Taxable Years) shall be allocated to the Unitholders in the amounts and of such character as determined according to, and subject to the exceptions contained in, Treasury Regulation Section 1.704-2(i)(4). This Section 7.6(a) is intended to be a minimum gain chargeback provision that complies with the requirements of Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted in a manner consistent therewith.

(b) Nonrecourse deductions shall be allocated to the holders of Residual Units (ratably among such Unitholders based upon the number of Residual Units held by each such Unitholder). If there is a net decrease in Minimum Gain during any Taxable Year, each Unitholder shall be allocated Profits for such Taxable Year (and, if necessary, for subsequent Taxable Years) in the amounts and of such character as determined according to, and subject to the exceptions contained in, Treasury Regulation Section 1.704-2(f). This Section 7.6(b) is intended to be a minimum gain chargeback provision that complies with the requirements of Treasury Regulation Section 1.704-2(f), and shall be interpreted in a manner consistent therewith.

(c) If any Unitholder that unexpectedly receives an adjustment, allocation, or distribution described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6) has an Adjusted Capital Account Deficit as of the end of any Taxable Year, computed after the application of Section 7.6(a) and Section 7.6(b) but before the application of any other provision of this Article VII, then Profits for such Taxable Year shall be allocated to such Unitholder in proportion to, and to the extent of, such Adjusted Capital Account Deficit. This Section 7.6(c) is intended to be a qualified income offset provision as described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted in a manner consistent therewith.

(d) Profits and Losses shall be allocated in a manner consistent with the manner that the adjustments to the Capital Accounts are required to be made pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(j), (k), and (m).

(e) The allocations set forth in Section 7.6(a)-(d) (the "Regulatory Allocations") are intended to comply with certain requirements of Treasury Regulation Sections 1.704-1(b) and 1.704-2. The Regulatory Allocations may not be consistent with the manner in which the Unitholders intend to allocate Profit and Loss of the Company or make Company distributions. Accordingly, notwithstanding the other provisions of this Article VII, but subject to the Regulatory Allocations, income, gain, deduction, and loss shall be reallocated among the Unitholders so as to eliminate the effect of the Regulatory Allocations and thereby cause the respective Capital Accounts of the Unitholders to be in the amounts (or as close thereto as possible) they would have been if Profit and Loss (and such other items of income, gain, deduction, and loss) had been allocated without reference to the Regulatory Allocations. In general, the Unitholders anticipate that this will be accomplished by specially allocating other Profit and Loss (and such other items of income, gain, deduction, and loss) among the Unitholders so that the net amount of the Regulatory Allocations and such special allocations to each such Unitholder is zero. In addition, if in any Taxable Year there is a decrease in partners Minimum Gain, or in partner nonrecourse debt Minimum Gain, and application of the Minimum Gain chargeback requirements set forth in Section 7.6(a) or Section 7.6(b) would cause a distortion in the economic arrangement among the Unitholders, the Unitholders may, if they do not expect that the Company will have sufficient other income or gain to correct such distortion, request the Internal Revenue Service to waive either or both of such Minimum Gain chargeback requirements. If such request is granted, this Agreement shall be applied in such instance as if it did not contain such Minimum Gain chargeback requirement.

(f) The Unitholders acknowledge that allocations analogous to those described in Proposed Treasury Regulation Section 1.704-1(b)(4)(xii)(c) result from the allocations of Profits and Losses provided for in this Agreement. For the avoidance of doubt, the Company is entitled to make such allocations and, once required by applicable final or temporary guidance, allocations of Profits and Losses will be made in accordance with Proposed Treasury Regulation Section 1.704-1(b)(4)(xii)(c) or any successor provision or guidance.

**Section 7.7 Tax Allocations**.

(a) The income, gains, losses, deductions, and credits of the Company will be allocated, for federal, state, and local income tax purposes, among the Unitholders in accordance with the allocation of such income, gains, losses, deductions, and credits among the Unitholders for computing their Capital Accounts; except that, if any such allocation is not permitted by the Code or other applicable law, then the Company's subsequent income, gains, losses, deductions, and credits will be allocated among the Unitholders so as to reflect as nearly as possible the allocation set forth herein in computing their Capital Accounts.

(b) Items of Company taxable income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall be allocated among the Unitholders in accordance with Code Section 704(c) so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Book Value.

(c) If the Book Value of any Company asset is adjusted pursuant to the requirements of Treasury Regulation Section 1.704-1(b)(2)(iv)(e) or (f) subsequent allocations of items of taxable income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Book Value in the same manner as under Code Section 704(c).

(d) Allocations of tax credits, tax credit recapture, and any items related thereto shall be allocated to the Unitholders according to their interests in such items as determined by the Board taking into account the principles of Treasury Regulation Section 1.704-1(b)(4)(ii).

(e) Allocations pursuant to this Section 7.7 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Unitholder's Capital Account or Unit of Profits, Losses, Distributions, or other Company items pursuant to any provision of this Agreement.

(f) The Tax Matters Partner may, but shall not be obligated to, elect to adjust the basis of the assets of the Company for federal income tax purposes in accordance with Code Section 754 (provided that, notwithstanding anything to the contrary in this Agreement, unless otherwise directed in writing by the CABO Investor, the Tax Matters Partner shall file an election pursuant to Code Section 754 (and any similar or comparable election under state or local law) for the Company's Taxable Year that includes the date on which the CABO Investment was made).

**Section 7.8 Payments Attributable to a Unitholder**. If the Company is required by law to make any Tax payment that is specifically attributable to a Unitholder or a Unitholder's status as such (including any federal, state, local or foreign withholding, personal property, personal property replacement, unincorporated business or other taxes and including pursuant to the Partnership Tax Audit Rules (including the portion of any imputed underpayment allocable to a Unitholder pursuant to the terms of this Agreement)), then such Unitholder shall indemnify the Company in full for the entire amount paid (including interest, penalties and related expenses). The Company may pursue and enforce all rights and remedies it may have against each Unitholder under this Section 7.8, including instituting a lawsuit to collect such indemnification and contribution with interest calculated at a rate equal to 10% per annum, compounded as of the last day of each year (but not in excess of the highest rate per annum permitted by law) and shall be entitled to deduct and offset any amounts owed to the Company by a Unitholder hereunder from amounts otherwise payable or distributed to such member. The obligations hereunder shall survive the winding up or dissolution of the Company.

**Section 7.9** **Tax Returns**. The Company shall prepare and file (or cause to be prepared and filed) all necessary federal and state income tax returns (including any amendments thereof) of the Company and each of its Subsidiaries, including making the elections described in Section 7.11 and including (for the avoidance of doubt) each IRS Form 1065 (or similar state or local Tax return or filing) for the Company (collectively, "Income Tax Returns"). Each Unitholder shall furnish to the Company all pertinent information in its possession relating to Company operations that is reasonably necessary to enable the Company's income tax returns to be prepared and filed. The Company shall provide to the CABO Investor estimates of the Company's income and loss allocations among the Unitholders (the "Estimated Allocations") for each Taxable Year with respect to which an Income Tax Return is filed after the date hereof. Such Estimated Allocations shall be provided to the CABO Investor as soon as reasonably practical after the close of each Taxable Year but in no event later than by February 18th of the year immediately following the end of the applicable Taxable Year and the Company shall provide the CABO Investor with reasonable assistance in its review (including by providing copies of relevant work papers if requested) and consider in good faith any comments, and accept all reasonable comments, provided by the CABO Investor and the parties shall work in good faith to resolve any disputes with respect to the Estimated Allocations and all such disputes shall be resolved by March 5 following the end of the applicable Taxable Year. The Company shall provide a draft of each Income Tax Return to be filed after the date hereof to the CABO Investor for its review reasonably in advance of filing (which, with respect to any Income Tax Return of the Company, shall be no less than 30 days prior to such filing) and shall not file any Income Tax Return of the Company without the prior written consent of the CABO Investor, not to be unreasonably withheld, conditioned or delayed. The Company and the CABO Investor shall attempt in good faith to resolve any disputes related to any Income Tax Return prior to the due date therefor (including extensions) and if they are unable to do so, such dispute shall be referred for resolution to an independent nationally recognized accounting firm mutually selected by the Company and the CABO Investor (a "Tax Arbiter"); provided, that all final Income Tax Returns shall be consistent with the Estimated Allocations as agreed by the Company and the CABO Investor. To the extent reasonably requested by CABO, the Company shall provide, or shall cause to be provided, to CABO for its review copies of any non-income Tax returns or filings of the Company or any of its Subsidiaries.

**Section 7.10** **Tax Information**. The Company shall use reasonable best efforts to deliver or cause to be delivered, within 75 days after the end of each Taxable Year, to each Person who was a Unitholder at any time during such Taxable Year all information regarding the Company necessary for the preparation of such Person's United States federal and state income tax returns.

**Section 7.11** **Tax Elections**. Except as otherwise provided in this Agreement, the Company shall make any election the Company may deem appropriate.

**Section 7.12** **Tax Matters Partner**.

(a) GTCR Fund XII/B LP (or an Affiliate so designated by GTCR Management and permissible under the Code and the Treasury Regulations promulgated thereunder) shall be (x) the "tax matters partner" of the Company pursuant to Section 6231(a)(7) of the Code (prior to its amendment by the Partnership Tax Audit Rules) and any comparable provision of state or local tax law and (y) the "partnership representative" as such term is defined under the Partnership Tax Audit Rules for tax periods covered by the Partnership Tax Audit Rules (the "Tax Matters Partner"). Each Unitholder shall execute, certify, acknowledge, deliver, swear to, file and record all documents necessary or appropriate to evidence its approval of this designation. GTCR Fund XII/B LP is hereby authorized to designate any other Person as the "partnership representative" or name (and the Company shall thereafter appoint) an individual to act as the "designated individual" for each year, and (a) GTCR Fund XII/B LP is authorized to take, or cause the Company to take, such other actions as may be necessary or advisable pursuant to Treasury Regulations or other guidance to ratify the designation, pursuant to this Section 7.12, of the GTCR Fund XII/B LP (or any Person selected by the GTCR Fund XII/B LP) as the "partnership representative" or the "designated individual" and (b) each Unitholder agrees to take any such as may be requested by GTCR Fund XII/B LP to ratify or confirm any such designation pursuant to this Section 7.12. Notwithstanding the foregoing, with respect to each applicable Tax audit, examination or other controversy, unless otherwise consented by the CABO Investor (such consent not to be unreasonably withheld, conditioned or delayed), the Tax Matters Partner shall (and shall cause each "designated ☒individual" to) file each available "push out" election under Code Section 6226 (and any similar election under state or local laws in respect of a state or local Tax audit, examination or ☒other controversy) to the extent permitted by applicable tax law for taxable years beginning on or after January 1, 2018.

(b) The Company shall, to the fullest extent permitted by law, reimburse and indemnify the Tax Matters Partner (and any "designated individual") for all reasonable expenses, including reasonable legal and accounting fees, claims, liabilities, losses and damages incurred by the Tax Matters Partner (or "designated individual") in connection with any administrative or judicial proceeding (a) with respect to the tax liability of the Company and/or (b) with respect to the tax liability of the Unitholders in connection with the operations or activities of the Company.

(c) Subject to the other provisions of this Agreement (including Section 7.7(f)), the Tax Matters Partner shall, at the expense of the Company, prepare and file all necessary tax returns, and the Company shall make any tax election or adopt any tax position that the Tax Matters Partner may deem appropriate, including any election pursuant to Section 754 of the Code, any elections under Section 704(c) of the Code or under the principles of "reverse" Section 704(c) of the Code regarding any variation between the adjusted basis of property and such property's Book Value. Further, if the Tax Matters Partner determines that an alternative methodology for making allocations described in Section 7.5, Section 7.6, Section 7.7 and Section 10.2 is appropriate and permitted by law (including the Code), the Company shall adopt such methodology selected by the Tax Matters Partner in lieu of the methodology described in such provisions. Each Unitholder shall furnish to the Company all pertinent information in its possession reasonably relating to Company operations that is reasonably necessary to enable the Company's income tax returns to be prepared and filed.

(d) Notwithstanding the foregoing provisions or any other provision in this Agreement to the contrary, (x) the following shall require the affirmative (separate and written) consent of the CABO Investor (until such time as the Put Option has expired, and thereafter for so long as it remains a 20% Owner), not to be unreasonably withheld, conditioned or delayed, (i) the settlement or resolution of any income tax audit, examination or proceeding (whether administrative or judicial), (ii) any material income tax election (including any election with respect to (or otherwise pursuant to) Code Section 704(c) (including in respect of any "reverse" 704(c) allocations or determinations)), other than any election expressly contemplated by this Agreement (iii) the allocation of any "imputed underpayment" (within the meaning of Code Section 6225 or any similar amount under any similar provision of state or local law) to CABO, (iv) any revocation or rescission of an election filed pursuant to Section 754 of the Code or any similar election under state or local law, in the case of clause (i), (ii) or (iii) to the extent such action would reasonably be expected to have a material and disproportionate adverse effect on CABO and (y) the Tax Matters Partner shall keep the CABO Investor reasonably informed of all material matters relating to, any income tax related audit, examination or proceeding relating to the Company under the Partnership Tax Audit Rules.

**Section 7.13 Code Section 83 Safe Harbor Election; Code Section 83(b) Election.**

(a) By executing this Agreement, each Unitholder authorizes and directs the Company to elect to have the "Safe Harbor" described in the proposed Revenue Procedure set forth in Internal Revenue Service Notice 2005-43 (the "Notice") apply to any interest in the Company transferred to a service provider by the Company on or after the effective date of such Revenue Procedure in connection with services provided to the Company. For purposes of making such Safe Harbor election, the Tax Matters Partner is hereby designated as the "partner who has responsibility for federal income tax reporting" by the Company and, accordingly, execution of such Safe Harbor election by the Tax Matters Partner constitutes execution of a "Safe Harbor Election" in accordance with Section 3.03(1) of the Notice. The Company and each Unitholder hereby agrees to comply with all requirements of the Safe Harbor described in the Notice, including the requirement that each Unitholder shall prepare and file all federal income tax returns reporting the income tax effects of each interest in the Company issued by the Company covered by the Safe Harbor in a manner consistent with the requirements of the Notice.

(b) The Company and any Unitholder may pursue any and all rights and remedies it may have to enforce the obligations of the Company and the Unitholders (as applicable) under Section 7.13(a), including seeking specific performance and/or immediate injunctive or other equitable relief from any court of competent jurisdiction (without the necessity of showing actual money damages, or posting any bond or other security) in order to enforce or prevent any violation of the provisions of Section 7.13(a). A Unitholder's obligations to comply with the requirements of this Section 7.13 shall survive such Unitholder's ceasing to be a Unitholder of the Company and/or the termination, dissolution, liquidation and winding up of the Company, and, for purposes of this Section 7.13, the Company shall be treated as continuing in existence.

(c) Each Unitholder authorizes the Tax Matters Partner to amend Section 7.13(a) and Section 7.13(b) to the extent necessary to achieve substantially the same tax treatment with respect to any interest in the Company transferred to a service provider by the Company in connection with services provided to the Company as set forth in Section 4 of the Notice (*e.g.*, to reflect changes from the rules set forth in the Notice in subsequent Internal Revenue Service guidance), provided that such amendment is not materially adverse to such Unitholder (as compared with the after-tax consequences that would result if the provisions of the Notice applied to all interests in the Company transferred to a service provider by the Company in connection with services provided to the Company).

(d) Except as otherwise determined by the Board, any Unitholder who receives Residual Units that are subject to a substantial risk of forfeiture within the meaning of Section 83 of the Code shall make a timely and effective election under Section 83(b) of the Code with respect to such Units. The Company and all Unitholders will (i) treat such Units as outstanding for tax purposes, (ii) treat such Unitholder as a member of the Company for U.S. federal income tax purposes with respect to such Units and (iii) file all tax returns and reports consistently with the foregoing (except for non-U.S. federal returns or reports for which a different tax treatment is required by applicable law), and neither the Company nor any of its Unitholders will deduct any amount (as wages, compensation or otherwise) for the fair market value of such Units for U.S. federal income tax purposes.

**Section 7.14** **Financial Statements and Other Information**. The Company shall use commercially reasonable efforts to deliver to each of the GTCR Investors (so long as, together, they are a 20% Owner) and the CABO Investors (until such time as the Put Option has expired, and thereafter so long as the CABO Investors, together, are a 20% Owner):

(a) as soon as available but in any event within 30 days after the end of each monthly accounting period in each fiscal year, (i) a mutually acceptable monthly reporting package similar in form to the sample provided by the Company to CABO prior to the date hereof, (ii) unaudited consolidated and consolidating statements of income or operations, members' equity (or the equivalent) and cash flows of the Company and its Subsidiaries for such monthly period and for the period from the beginning of the fiscal year to the end of such month, and (iii) unaudited consolidated and consolidating balance sheets of the Company and its Subsidiaries as of the end of such monthly period, setting forth for each monthly accounting period in each fiscal year comparisons to the annual budget and to the corresponding period in the preceding fiscal year, and all such statements shall be prepared in accordance with GAAP, consistently applied (except for deviations from GAAP approved by the Board and for the absence of footnotes and subject to changes resulting from normal year-end audit adjustments for recurring accruals of the types included in the audited financial statements of the Company and its Subsidiaries from prior fiscal years (none of which would, individually or in the aggregate, be material));

(b) as soon as available but in any event within 90 days after the end of each fiscal year, audited consolidated and consolidating statements of income or operations, members' equity (or the equivalent) and cash flows of the Company and its Subsidiaries for such fiscal year, and audited consolidated and consolidating balance sheets of the Company and its Subsidiaries as of the end of such fiscal year (with such audit to be by an independent accounting firm of regional or national reputation), setting forth in each case comparisons to the annual budget and to the preceding fiscal year, all prepared in accordance with GAAP (except for deviations from GAAP approved by the Board), consistently applied, and a copy of such auditing firm's annual management letter to the Board (and the Company shall use reasonable best efforts to obtain an unqualified opinion of such auditor on such audit and if obtained shall promptly deliver the same to each Investor);

(c) the deadlines in clauses (a) and (b) of this Section 7.14 notwithstanding, the Company shall use its commercially reasonable efforts to provide the CABO Investor with any information regarding the Company or its Subsidiaries requested by CABO in order for the CABO Investor to meet all applicable public company reporting requirements, including without limitation those under the Securities Exchange Act of 1934, as amended, and including any such consolidated, consolidating or carve out financial statements of the Company and its subsidiaries as may be necessary to satisfy Rule 3-05 or Rule 3-09 under Regulation S-X or other rules promulgated by the Securities and Exchange Commission, prepared in accordance with GAAP and otherwise in such form and covering such periods as the CABO Investor reasonably deems necessary, and shall use its commercially reasonable efforts to cause the Company's independent accounting firm to provide an unqualified audit opinion or (in the case of interim financial statements) to conduct any SAS 100 review required in connection with the filing of such financial statements with the Securities and Exchange Commission in accordance with the applicable rules of the Securities and Exchange Commission and to provide any consent necessary to such filing, and the Company shall execute and provide such customary representation letters as are necessary in connection therewith. The CABO Investor shall promptly reimburse the Company for all reasonable and documented out-of-pocket expenses incurred by the Company or any of the Company's Subsidiaries or any of their respective representatives arising out of actions taken in order to comply with this Section 7.14(c); and

(d) the Company shall use commercially reasonable efforts to, and shall cause its Subsidiaries to use commercially reasonable efforts to, provide with reasonable promptness, at the CABO Investor's expense, all cooperation reasonably requested by the CABO Investor in connection with the CABO Investor's arrangement of debt financing, including furnishing customary and reasonably available pertinent financial and other information as the CABO Investor may reasonably request; provided, that (x) such cooperation shall not unreasonably interfere with the ongoing operations of the Company or any of its Subsidiaries and (y) in no event will the Company or any of its Subsidiaries be required in connection with the cooperation contemplated by this sentence to bear any cost or expense or enter into any definitive agreement or incur any liability in connection with such debt financing. Notwithstanding anything in this Section 7.14(d) to the contrary, in no event shall the Company or any of its Subsidiaries be required to (i) bear any cost or expense, (ii) pay any fee or incur any liability, (iii) make any commitment or agreement effective, (iv) cause or permit any Lien to be placed on any of their respective assets or (v) deliver any legal opinions or "cold comfort" letters. The CABO Investor shall promptly reimburse the Company for all reasonable and documented out-of-pocket expenses incurred by the Company or any of the Company's Subsidiaries or any of their respective representatives arising out of actions taken in order to comply with this Section 7.14(d) and shall indemnify and hold harmless the Company, the Company's Subsidiaries, their respective current and former managers, directors, officers and employees and each of their respective representatives from and against all losses, damages, claims, costs or expenses suffered or incurred by any of them in connection with the arrangement of any debt financing of CABO or its Subsidiaries and any information used in connection therewith.

**Section 7.15** **Certain Inspection Rights**. The Company shall permit any representatives designated by any Investor that, taken together with its Affiliates that are also Investors, is a 20% Owner, upon reasonable notice, during normal business hours to (i) visit and inspect any of the properties of the Company and its Subsidiaries, (ii) examine the corporate, financial, and other records of the Company and its Subsidiaries and make copies thereof or extracts therefrom, and (iii) consult with the directors, managers, officers, key employees and independent accountants of the Company and its Subsidiaries concerning the affairs, finances and accounts of the Company and its Subsidiaries; provided, however, that with respect to any information that the Company reasonably believes to be in the nature of a trade secret or other competitively sensitive information, that cannot be disclosed to such party under applicable law or under the terms of a binding non-disclosure agreement with a third-party or that is subject to legal privilege, the Company shall not be required to permit such Unitholder or its representatives the inspection, access and information rights described in the foregoing clauses (i)-(iii). Notwithstanding the above, in any case the CABO Investors shall retain the information rights set forth in this Section 7.15 until such time as the Put Option expires. The presentation of an executed copy of this Agreement by any Investor to the independent accountants of the Company or any of its Subsidiaries shall constitute permission to its independent accountants to participate in discussions with such Investor or its officers, directors, managers, employees, agents or advisors subject to the nondisclosure agreement referenced in the first sentence of this Section 7.15.

**Section 7.16 Confidential Information**.

(a) Each Unitholder acknowledges that the information and data obtained by such Unitholder concerning the business, operations, financial condition or affairs of the Company or any of its Subsidiaries ("Confidential Information") are the property of the Company or such Subsidiary. Each Unitholder agrees that subject to the terms of this Section 7.16, it will keep confidential and will not disclose or divulge any Confidential Information obtained from the Company or its Subsidiaries or from any other Unitholder. Notwithstanding anything in this Section 7.16(a) to the contrary, a Unitholder may disclose Confidential Information (i) to any prospective purchaser of any Units from such Unitholder in any Transfer permitted under this Agreement as long as such prospective purchaser agrees prior to such disclosure to be bound by a confidentiality agreement with a term of no less than 18 months and otherwise on terms not materially less restrictive than the provisions of this Section 7.16(a) and (ii) to any Affiliate, partner, member or related investment fund of such Unitholder and their respective directors, managers, officers, employees, advisors and consultants, in each case in the ordinary course of business, including, in respect of the Investors, in reporting and marketing materials issued by them in the ordinary course of business and in fund reporting materials issued by them and their Affiliates to their respective direct and indirect limited partners (including prospective limited partners) in connection with effecting a capital call, related ordinary course fund reporting and fundraising efforts; provided, that the acts and omissions of any Person to whom such Unitholder may disclose Confidential Information pursuant to clauses (i) and (ii) of this Section 7.16(a) will be attributable to such Unitholder for purposes of determining such Unitholder's compliance with this Section 7.16(a). This Section 7.16 shall terminate upon the earlier to occur of a Public Offering and a Sale of the Company.

(b) Notwithstanding anything in Section 7.16(a) to the contrary, in no event shall Confidential Information include any information that (i) is known or becomes known to the public in general (other than as a result of a breach of this Section 7.16(a) by any Unitholder or its Affiliates), (ii) is or has been independently developed or conceived by any Unitholder or its Affiliates without use of or reference to the Company's Confidential Information or in violation of the terms of this Section 7.16 or (iii) is or has been made known or disclosed to such Unitholder by a third party (excluding an Affiliate of such Unitholder) without a breach of any fiduciary, contractual or legal obligation of confidentiality such third party may have. In addition, a Unitholder may disclose Confidential Information (A) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company (provided such advisors are subject to customary obligations or duties of confidentiality), (B) as may be reasonably determined by such Unitholder to be necessary in connection with such Unitholder's enforcement of its rights in connection with this Agreement or its investment in the Company and its Subsidiaries, (C) as may otherwise be required by law or legal, judicial or regulatory process, in connection with any public securities filings by an Investor or its Affiliates or required or requested by any regulatory or self-regulatory authority or examiner, provided that such Unitholder takes reasonable steps to minimize the extent of any required disclosure described in this clause (C) or (D) in accordance with the last sentence of Section B(e) of Schedule B; provided, that the acts and omissions of any Person to whom such Unitholder may disclose Confidential Information pursuant to clause (A) of this sentence will be attributable to such Unitholder for purposes of determining such Unitholder's compliance with this Section 7.16. Each party hereto acknowledges that the Investors and their respective Affiliates and related investment funds may review the business plans and related proprietary information of many enterprises, including enterprises which may have products or services which compete directly or indirectly with those of the Company and its Subsidiaries, and may trade in the securities of such enterprises. Nothing in this Section 7.16 will preclude or in any way restrict any Investor or any of their respective Affiliates or related investment funds from investing or participating in any particular enterprise, or trading in the securities thereof, whether or not such enterprise has products or services that compete with those of the Company and its Subsidiaries, so long as such Investor or Affiliate thereof is not otherwise in breach of the terms of this Section 7.16.

(c) The Company and the CABO Investor agree that the Confidentiality Agreement, dated as of July 22, 2020, between the Company and the CABO Investor is hereby terminated; provided, that (i) neither the Company nor the CABO Investor, nor any of their Affiliates, shall be relieved of any liability for any breach thereunder occurring prior to the date hereof and (ii) all Confidential Information under such agreement shall be deemed to be Confidential Information for purposes of this Agreement.

## ARTICLE VIII
## TRANSFER OF COMPANY INTERESTS

**Section 8.1 Transfers by Unitholders**.

(a) No Unitholder shall Transfer any interest in any Units except in compliance with this Article VIII. Except for Transfers made in compliance with this Agreement, the Senior Management Agreements (to the extent applicable to such Unitholder and/or Units) and the Registration Agreement, subject to Section 8.1(b), no Unitholder shall Transfer, or offer or agree to Transfer, all or any part of any interest in such Person's Units without the prior written consent of the Investors, which consent may be withheld in each of the Investors' discretion. With the consent of the Investors, a Unitholder may Transfer all or any part of such Person's Units, subject to compliance with this Agreement (including Section 8.1(c)) and any other agreement binding upon the Unitholders which restricts the Transfer of Units (including the Senior Management Agreements). Notwithstanding the foregoing, subject to Section 8.8, a CABO Change of Control will not constitute a violation of this Section 8.1(a).

(b) The restrictions set forth in Section 8.1(a) shall not apply to (i) any Transfer of a Unitholder's Units to or among his or her Family Group, (ii) any Transfer of such Person's Units that is an Investor to or among its Affiliates, (iii) any Transfer of such Person's Units held by any Executive to the Company or its Subsidiaries or to the Investors that choose to participate in such Transfer, pro rata, pursuant to the terms of a Senior Management Agreement between the Company and the Executive (notwithstanding the terms of such Senior Management Agreement, this carve-out shall only apply to the extent that each Investor has the opportunity to participate in such Transfer), (iv) after the consummation of a Public Offering by the Company, a Public Sale by an Investor, (v) after the consummation of a Public Offering by the Company, a Public Sale by an Executive expressly permitted by and pursuant to the terms of his or her Senior Management Agreement, (vi) any Transfer pursuant to Section 8.7, Section 8.8 or Section 8.9, (vii) subject to Schedule A, any Transfer in connection with a Sale of the Company; and/or (viii) any Transfer to the Company in connection with the transactions contemplated by Section 8.11(e); provided, that the restrictions contained in this Agreement will continue to be applicable to such Person's Units after any Transfer pursuant to clause (i), (ii) or (iii) of this Section 8.1(b) and the Transferee of such Person's Units shall agree in writing to be bound by the provisions of this Agreement in accordance with Section 8.1(c). Upon the Transfer of such Person's Units pursuant to clause (i), (ii) or (iii) of the previous sentence, the Transferees will deliver a written notice to the Company, which notice will disclose in reasonable detail the identity of such Transferee. A Transferee permitted pursuant to this Section 8.1(b) who receives a Transfer of Units in accordance with this Agreement shall be referred to herein as a "Permitted Transferee" and shall be deemed a "Substituted Unitholder" under this Agreement. Notwithstanding the foregoing, no party hereto shall avoid the provisions of this Agreement by (x) making one or more Transfers to one or more Permitted Transferees and then disposing of all or any portion of such party's interest in any such Permitted Transferee or (y) by allowing the Transfer of any securities of any entity holding (directly or indirectly) Units. Notwithstanding anything herein to the contrary, in no event shall Section 8.1(a) apply to any direct or indirect Transfer or issuance of (A) all or any portion of any interest in any GTCR Investor or their direct or indirect equityholders, provided that such GTCR Investor remains a GTCR Fund or an Affiliate of a GTCR Fund, or (B) all or any portion of any interest in the CABO Investor or its direct or indirect equityholders.

(c) Except as otherwise approved in writing by the Board, each transferee of Units or other interest in the Company shall, as a condition precedent to such Transfer, execute a counterpart to this Agreement pursuant to which such transferee shall agree to be bound by the provisions of this Agreement and the Registration Agreement.

**Section 8.2 Effect of Assignment**.

(a) Any Unitholder who shall assign any Units or other interest in the Company shall cease to be a Unitholder of the Company with respect to such Units or other interest and shall no longer have any rights or privileges of a Unitholder with respect to such Units or other interest.

(b) Any Person who acquires in any manner whatsoever any Units or other interest in the Company, irrespective of whether such Person has accepted and adopted in writing the terms and provisions of this Agreement, shall be deemed by the acceptance of the benefits of the acquisition thereof to have agreed to be subject to and bound by all of the terms and conditions of this Agreement that any predecessor in such Units or other interest in the Company of such Person was subject to or by which such predecessor was bound.

**Section 8.3** **Restriction on Transfer**. In order to permit the Company to qualify for the benefit of a "safe harbor" under Code Section 7704, notwithstanding anything to the contrary in this Agreement, no Transfer of any Unit or economic interest shall be permitted or recognized by the Company or the Board (within the meaning of Treasury Regulation Section 1.7704-1(d)) if and to the extent that such Transfer would cause the Company to have more than 100 partners (within the meaning of Treasury Regulation Section 1.7704-1(h), including the look-through rule in Treasury Regulation Section 1.7704-1(h)(3)). Further, no Transfer of any Unit or economic interest shall be permitted if such Transfer would create, in the Board's discretion, a risk that the Company would be treated as a publicly traded partnership within the meaning of Section 7704 of the Code.

**Section 8.4** **Transfer Fees and Expenses**. The transferor and transferee of any Units or other interest in the Company shall be jointly and severally obligated to reimburse the Company for all reasonable expenses (including attorneys' fees and expenses) of any Transfer or proposed Transfer, whether or not consummated.

**Section 8.5** **Sale of Blocker Corporation**. If any Units or other interests in the Company are owned by any Institutional Holder, directly or indirectly, through a Blocker Corporation, then in connection with any Transfer of Units of the Company or any change of control transaction or liquidity event (including a Sale of the Company, a Public Sale or any transaction in connection with a Public Offering) or if requested by the Investor and consented to by the holders of the Required Interest, the Company shall use commercially reasonable efforts to effect the Transfer of the Units held, directly or indirectly, by any and all such Blocker Corporations through a transfer of equity, debt or options issued by such Blocker Corporation (which represent an indirect beneficial interest in the Units to be transferred), pursuant to which the owners of stock, debt or options issued by such Blocker Corporation shall be entitled to the same consideration for the transfer of such stock, debt or options that such Blocker Corporation would have received if such Blocker Corporation had transferred the Units directly and shall be subject to the same liabilities and obligations as such Blocker Corporation would have been subject to if such Blocker Corporation had transferred the Units directly under and pursuant to the terms of this Agreement. In connection with any Transfer of Units of the Company or in connection with any other change of control transaction or liquidity event (including a Sale of the Company), each Unitholder of the Company other than such Blocker Corporation shall consent to and raise no objections to any Person against, and shall cooperate fully with, any such transfer of shares of equity, debt or options issued by such Blocker Corporation; provided, however, in no event shall any CABO Investor, solely with respect to its role as a Unitholder, be required to indemnify or contribute toward the indemnification of any third party with respect to any representations, warranties or covenants made by or with respect to a Blocker Corporation, Mega Broadband Splitter LP, GTCR Fund XII/C LP or any other Person formed for the purpose through which any GTCR Fund has made an investment in the Company; further provided, however, that the forgoing shall not in any diminish any obligations any CABO Investor may have as a member of Mega Broadband Blocker, LLC.

**Section 8.6 Void Transfers**. Any Transfer by any Unitholder of any Units or other interest in the Company in contravention of this Agreement (including the failure of the transferee to execute a counterpart in accordance with Section 8.1(b)) or which would cause the Company to not be treated as a partnership for U.S. federal income tax purposes shall be void and ineffectual and shall not bind or be recognized by the Company or any other party. No purported assignee shall have any right to any Profits, Losses or Distributions of the Company.

**Section 8.7 Call Option**. The CABO Investors shall have a Call Option pursuant to Section A of Schedule B attached hereto and the Investors, the Company and the other Unitholders agree to be bound by and comply with Section A of Schedule B and Schedule C.

**Section 8.8 Put Right**. The GTCR Investors shall have a Put Right pursuant to Section B of Schedule B attached hereto and the Investors, the Company and the other Unitholders agree to be bound by and comply with Section B of Schedule B and Schedule C.

**Section 8.9 Participation Rights**.

(a) After the expiration of the Put Period, the GTCR Investors shall be permitted to Transfer from time to time all or a portion of the Units held by them, subject to this Section 8.9; provided, that if the Call Option or Put Option was exercised in accordance with this Agreement then the GTCR Investors may not Transfer Units pursuant to this Section 8.9 until such time, if any, as such call or put process, as applicable, is no longer ongoing. Except pursuant to a Transfer pursuant to Article XII or a Transfer to Permitted Transferees pursuant to Section 8.1, at least 15 days prior to any Transfer of Units by one or more of the GTCR Investors (each, a "Transferring Investor"), such Transferring Investor(s) shall deliver a written notice (each, a "Tag-Along Notice") to the Company and the other Unitholders holding the same class of Units that is proposed to be Transferred (as determined as of immediately prior to the date of such notice) (in each such instance, the "Tag-Along Unitholders") specifying in reasonable detail the identity of the prospective transferee(s) and the terms and conditions of the Transfer. The Tag-Along Unitholders may elect to participate in the contemplated Transfer by delivering written notice to each of the Transferring Investors within 7 days after delivery of the Tag-Along Notice. If any Tag-Along Unitholders have elected to participate in such Transfer, the Transferring Investor(s) and such Tag-Along Unitholders will each be entitled to sell in the contemplated Transfer, at the same price (after accounting for differences based upon the participation thresholds, if any, for such Units) and on the same terms, with respect to each class of Units to be Transferred, a number of Units of such class of Units proposed to be Transferred by the Transferring Investor(s) equal to the product of (i) the number of Units of such class of Units to be sold in the contemplated Transfer, and (ii) the quotient determined by dividing the number of Units of such class of Units owned by such Person by the aggregate number of outstanding Units of such class of Units owned by the Transferring Investor(s) and the Tag-Along Unitholders participating in such sale. Notwithstanding the foregoing, if the Transferring Investor(s) intends to Transfer Units of more than one class or series, each of the Tag-Along Unitholders electing to participate must participate in all such Transfers (to the extent such Tag-Along Unitholders hold such other class or series).

(b) The Transferring Investor(s) will use commercially reasonable efforts to obtain the agreement of the prospective Transferee(s) to the participation of the Tag-Along Unitholders in any contemplated Transfer, and the Transferring Investor(s) will not Transfer any of its Units to the prospective Transferee(s) unless (i) the prospective Transferee(s) agrees to allow the participation of the Tag-Along Unitholders or (ii) the Transferring Investor(s) agrees to purchase the number of such class of Units from the Tag-Along Unitholders that the Tag-Along Unitholders would have been entitled to sell pursuant to this Section 8.9(b) (in which case the Transferring Investor(s) shall be entitled to sell such additional number of Units of such class of Units to the prospective Transferee(s)) for the consideration per unit to be paid to the Transferring Investor(s) by the prospective Transferee(s). Each holder of Units participating in a Transfer pursuant to this Section 8.9 will bear its pro rata share (based on the sale proceeds of Units to be sold) of the costs of such Transfer to the extent such costs are incurred for the benefit of all holders of Units participating in such Transfer and are not otherwise paid by the Company or the acquiring party. For purposes of this Section 8.9(b), costs incurred in exercising reasonable efforts to take all actions in connection with the consummation of such a Transfer in accordance with this Section 8.9(b) shall be deemed to be for the benefit of all holders of Units participating in such Transfer. Costs incurred by holders of Units on their own behalf will not be considered costs of the transaction hereunder. Each holder of Units participating in such Transfer shall take all Transfer Actions in furtherance of or in connection with the consummation of such Transfer as requested by the Transferring Investor(s).

(c) None of the following shall constitute Units for any purpose under this Section 8.9: (i) Units issuable upon the exercise of employee options (or similar equity-like incentive shares or units) which have not vested or are otherwise not exercisable; (ii) Units issuable upon the exercise of vested employee options (or similar equity-like incentive shares or units) whose per share or per unit exercise price is more than the price to be paid for such share or unit in such Transfer; (iii) Units whose per share or per unit participation threshold is more than the price to be paid for such share or unit in such Transfer; and (iv) Units that are subject to vesting (i.e., to the extent subject to possible forfeiture or repurchase by the Company at less than Fair Market Value).

(d) The rights of the Tag-Along Unitholders and obligations of the GTCR Investors in this Section 8.9 will terminate upon the first to occur of (i) the consummation of a Sale of the Company and (ii) the consummation of a Public Offering.

**Section 8.10 Sale of the Company.**

(a) If the GTCR Investors and, if prior to the expiration of the Call Period, the CABO Investor, approve a Sale of the Company (an "Approved Sale"), each other Unitholder shall vote for, consent to and raise no objections against such Approved Sale and in connection therewith shall waive any claims related thereto, including claims relating to the fairness of the Approved Sale, the price paid for such Person's Units in such Approved Sale, the process or timing of the Approved Sale or any similar claims. If the Approved Sale is structured as a (i) merger or consolidation, such Unitholders shall waive any dissenters' rights, appraisal rights or similar rights in connection with such merger or consolidation, or (ii) sale of equity securities, such Unitholders shall agree to sell all of his, her or its Units or rights to acquire Units on the terms and conditions approved by the holders of the Required Interest, and, if prior to the expiration of the Call Period, the CABO Investor. Each Unitholder shall take all Transfer Actions in furtherance of or in connection with the consummation of the Approved Sale as requested by the holders of the Required Interest or the Board including entering into agreements to effectuate the provisions of this Section 8.10.

(b) If either (i) the Board or (ii) the GTCR Investors and, if prior to the expiration of the Call Period, the CABO Investor enter into a negotiation or transaction for which Rule 506 (or any similar rule then in effect) promulgated by the Securities and Exchange Commission may be available with respect to such negotiation or transaction (including a merger, consolidation or other reorganization), the Unitholders (other than any holder who is an "accredited investor" under Rule 501) will, at the request of the Board or the applicable Investors, appoint a purchaser representative (as such term is defined in Rule 501) reasonably acceptable to the applicable Investors. If any such holder of Units appoints a purchaser representative designated by the applicable Investors, the Company will pay the fees of such purchaser representative, but, if any such holder of Units declines to appoint the purchaser representative designated by the applicable Investors, such holder shall appoint another purchaser representative and be responsible for the fees of the purchaser representative so appointed.

(c) Each Unitholder will bear its pro rata share (based upon the number of Residual Units to be sold) of the costs of such Approved Sale to the extent such costs are incurred for the benefit of all Unitholders and are not otherwise paid by the Company or the acquiring party. For purposes of this Section 8.10(c), costs incurred in exercising reasonable efforts to take all actions in connection with the consummation of an Approved Sale in accordance with Section 8.10(a) shall be deemed to be for the benefit of all holders of Units. Costs incurred by holders of Units on their own behalf will not be considered costs of the transaction hereunder.

(d) In connection with each Approved Sale, unless otherwise determined by the GTCR Investors, each Unitholder irrevocably constitutes and appoints, and will constitute and appoint, an Investor or any Affiliate of the Investors, in each case, designated by the GTCR Investors (the "Seller Representative") as his, her or its representative, agent and attorney-in-fact with full power of substitution to act and to do any and all things and execute any and all documents on behalf of such Unitholder that may be necessary, convenient or appropriate to facilitate the consummation of the Approved Sale, the administration of and carrying out of the terms of agreements governing such Approved Sale (including giving or agreeing to, on behalf of all or any of the Unitholders, any and all consents, waivers, amendments or modifications deemed by the Seller Representative, in its sole and absolute discretion, to be necessary or appropriate under the terms of any agreements entered into in connection with such Approved Sale). This appointment of the Seller Representative is coupled with an interest and shall not be revocable by any Unitholder in any manner or for any reason. This power of attorney shall not be affected by the death, illness, dissolution, disability, incapacity or other inability to act of the principal pursuant to any applicable law. The Seller Representative shall not be liable to any Unitholder in its capacity as the Seller Representative for any liability of a Unitholder or for any error of judgment, or any act done or step taken or omitted by it that it believed to be in good faith or for any mistake in fact or law, or for anything which it may do or refrain from doing in connection with the agreements related to such Approved Sale. The Unitholders shall severally, but not jointly, pro rata in accordance with their respective proceeds from such Approved Sale, indemnify and hold harmless, the Seller Representative from any and all losses, liabilities and expenses (including the reasonable fees and expenses of counsel) arising out of or related to the Seller Representative's service as the Seller Representative. Notwithstanding the foregoing, for so long as the CABO Investors, together, are a 20% ☒Owner, the Seller Representative shall not have authority to represent or bind any CABO Investor.

(e) In the event of a Sale of the Company, each Unitholder shall receive in exchange for the Units held by such Unitholder and sold in such Sale of the Company the same portion of the aggregate consideration from such Sale of the Company that such Unitholder would have received if such aggregate consideration had been distributed by the Company pursuant to the terms of Section 4.1 (but assuming, for purposes of this determination, that the Unitholders sold in such Sale of the Company are the only Units then outstanding). Each holder of Units shall take all necessary or desirable actions in connection with the distribution of the aggregate consideration from such Sale of the Company as requested by the Board in order to effectuate the provisions of this Section 8.10.

(f) Notwithstanding anything in this Section 8.10, for so long as the CABO Investor holds Units, without the prior written consent of the CABO Investor, no Unitholder shall have any obligations under this Section 8.10 with respect to an Approved Sale unless (i) they are not required to make or provide representations, warranties, covenants, indemnities and agreements that differ in any material respect form those being made by the GTCR Investors (and the CABO Investor if such Investor has approved such Sale of the Company) is making or providing in connection with the Approved Sale, (ii) all representations, warranties, covenants and indemnities shall be made by the Investors and each other Unitholder severally and not jointly and any indemnification obligation shall be pro rata based on the consideration received by each Investor and each Unitholder, in each case in an amount not to exceed the aggregate proceeds received by such Investor or Unitholder in connection with the Approved Sale, and (iii) no CABO Investor is required to agree to a non-competition covenant.

**Section 8.11 Issuance of New Securities**.

(a) Offer to Qualified Holders. If, after the date hereof, the Company authorizes the issuance or sale of any New Securities to any Person, the Company shall, as provided in this Section 8.11, offer to sell to each holder of at least 2% of the outstanding Residual Units who is an "accredited investor" as defined under Rule 501 of Regulation D of the Securities Act (each, a "Qualified Holder") such Qualified Holder's Pro Rata Allotment of such New Securities. Each Qualified Holder shall be entitled to purchase all or any portion of such Qualified Holder's Pro Rata Allotment of such New Securities on economic terms that are at least as favorable as the economic terms for such New Securities that are to be offered to such Person; provided, that if such Person acquiring the New Securities are also required to purchase other securities of the Company, the Qualified Holders exercising their rights pursuant to this Section 8.11 shall also be required to purchase the same strip of securities (on at least as favorable economic terms and conditions) that such Person is required to purchase. For purposes of this Agreement, a Qualified Holder's "Pro Rata Allotment" shall mean the quotient determined by dividing (i) the number of Class B Units held by such Qualified Holder at such time, by (ii) the sum of the number of Class B Units then issued and outstanding at such time; provided, that if a Class B Unit is subject to vesting and has not vested, then each such Class B Unit shall be excluded from any determination of Pro Rata Allotment as described in the foregoing clauses (i) and (ii) of this Section 8.11(a).

(b) Issuance Notice. At least 15 days prior to any issuance by the Company of any New Securities to any Person, the Company shall give written notice (each, an "Issuance Notice") to each Qualified Holder specifying in reasonable detail the total amount of New Securities to be issued, the purchase price thereof, the other material terms and conditions of the issuance and such Qualified Holder's Pro Rata Allotment of the New Securities. In order to exercise such holder's purchase rights hereunder, each Qualified Holder must, within 10 days after the Issuance Notice has been given, give written notice to the Company describing such holder's election to purchase all or any portion of the amount of New Securities available for purchase by such Qualified Holder. If after sending an Issuance Notice the Company elects not to proceed with the issuance or sale contemplated thereby, any elections made by the Qualified Holders to participate in such offering shall be deemed rescinded.

(c) Issuance Closing. The Company shall sell, and each Qualified Holder electing to participate in such issuance shall purchase, the amount of New Securities determined pursuant to this Section 8.11 elected to be purchased by such Person at the Company headquarters' office either, at the option of the Company, (i) on the 15th day after the Issuance Notice (or if such 15th day is not a business day, then on the next succeeding business day) or (ii) simultaneously with (and, if specified by the Company, as a part of) the closing of, the issuance of New Securities to the participating Persons (in each such instance, the "Issuance Closing"). At the Issuance Closing, each participating Qualified Holder will pay the purchase price payable for the New Securities offered to such Person hereunder in cash by wire transfer of immediately available funds to an account designated by the Company and will make customary investment representations to the Company.

(d) Unsubscribed New Securities. If all New Securities offered in the Issuance Notice are not elected to be purchased or acquired as provided in Section 8.11(a), then notwithstanding any provision of Section 5.3, the Company shall, during the fifteen (15) day period following the expiration of the periods provided in Section 8.11(b), offer the remaining unsubscribed portion of such New Securities to the Unitholders that have subscribed for their full Pro Rata Allotment of such New Securities on a pro rata basis in accordance with their relative Pro Rata Allotments, at the price and on the terms specified in the Issuance Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered unless first reoffered to all Unitholders.

(e) Alternative Process. Notwithstanding anything to the contrary herein, in lieu of offering any New Securities to the Qualified Holders at the time such New Securities are offered to any Person, the Company may comply with the provisions of this Section 8.11 by making an offer to sell to the Qualified Holders such New Securities promptly after a sale to such Person is effected. In such event, for all purposes of this Section 8.11 the portion of such New Securities that each Qualified Holder shall be entitled to purchase hereunder shall be determined by taking into consideration the actual amount of New Securities sold to such Person so as to achieve the same economic effect as if such offer would have been made prior to such sale.

(f) Termination. The provisions of this Section 8.11 will terminate upon the first to occur of (i) the consummation of a Sale of the Company and (ii) the consummation of a Public Offering.

## ARTICLE IX
## ADMISSION OF UNITHOLDERS

**Section 9.1 Substituted Unitholders**. In connection with the Transfer of a Company Interest of a Unitholder permitted under the terms of this Agreement (including pursuant to Section 8.1(a)) and the other Transaction Documents, the transferee shall become a Substituted Unitholder on the effective date of such Transfer, which effective date shall not be earlier than the date of compliance with or waiver of the conditions to such Transfer (unless one of the conditions to such Transfer is that Board or Unitholder consent is required for the admission of such transferee, in which case such consent must first be obtained), including executing counterparts of, and become a party to, this Agreement and the other Transaction Documents to which the transferor Unitholder was a party, and such admission shall be shown on the books and records of the Company.

**Section 9.2 Additional Unitholders**. A Person may be admitted to the Company as an Additional Unitholder only as contemplated under, and in compliance with, the terms of this Agreement, including furnishing to the Board (a) a letter of acceptance, in form satisfactory to the Board, of all the terms and conditions of this Agreement, including the power of attorney granted in Section 13.1, and (b) such other documents or instruments as may be necessary or appropriate to effect such Person's admission as a Unitholder (including counterparts or joinders to all applicable Transaction Documents). Such admission shall become effective on the date on which the Board determines in its discretion that such conditions have been satisfied and when any such admission is shown on the books and records of the Company.

**Section 9.3 Optionholders**. Except as set forth in this Agreement, no Person that holds securities (including options, warrants or rights) exercisable, exchangeable, or convertible into Units shall have any rights with respect to such Units until such Person is actually issued Units upon such exercise, exchange, or conversion and, if such Person is not then a Unitholder, is admitted as a Unitholder pursuant to Section 9.2.

## ARTICLE X
## DISSOLUTION AND LIQUIDATION

**Section 10.1 Dissolution**. The Company shall not be dissolved by the admission of Additional Unitholders or Substituted Unitholders, or by the death, retirement, expulsion, bankruptcy or dissolution of a Unitholder. The Company shall dissolve, and its affairs shall be wound up upon the first to occur of the following:

(a) at any time by the approval of the Board or the holders of the Required Interest; or

(b) the entry of a decree of judicial dissolution or an administrative dissolution of the Company under Section 18-802 of the Delaware Act.

Except as otherwise set forth in this Article X, the Company is intended to have perpetual existence. An Event of Withdrawal shall not cause a dissolution of the Company and the Company shall continue in existence subject to the terms and conditions of this Agreement.

**Section 10.2 Liquidation and Termination**.

(a) On dissolution of the Company, the Board shall act as liquidator or may appoint one or more representatives or Unitholders as liquidator. The liquidator shall proceed diligently to wind up the affairs of the Company, sell all or any portion of the Company assets for cash or cash equivalents as they deem appropriate, and make final distributions as provided herein and in the Delaware Act. The costs of liquidation shall be borne as a Company expense. Until final distribution, the liquidator shall continue to operate the Company properties with all of the power and authority of the Board. The liquidator shall pay, satisfy, or discharge from Company funds all of the debts, liabilities, and obligations of the Company (including all expenses incurred in liquidation) or otherwise make adequate provision for payment and discharge thereof (including the establishment of a cash fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine) and shall promptly distribute the remaining assets to the holders of Units in accordance with Section 4.2 (if applicable), as if the Company's Taxable Year closed immediately prior to such distribution, and then in accordance with Section 4.1(a).

(b) Any non-cash assets will first be written up or down to their Fair Market Value, thus creating Profit or Loss (if any), which shall be allocated in accordance with Section 7.5 and Section 7.6. After taking into account such allocations, it is anticipated that each Unitholder's Capital Account will be equal to the amount to be distributed to such Unitholder pursuant to this Section 10.2.

(c) If any Unitholder's Capital Account is not equal to the amount to be distributed to such Unitholder pursuant to this Section 10.2, Profits and Losses for the Taxable Year in which the Company is dissolved shall be allocated among the Unitholders in such a manner as to cause, to the extent possible, each Unitholder's Capital Account to be equal to the amount to be distributed to such Unitholder pursuant to this Section 10.2. In making the distributions pursuant to this Section 10.2, the liquidator shall allocate each type of asset (*i.e.*, cash, cash equivalents, securities, *etc.*) among the Unitholders ratably based upon the aggregate amounts to be distributed with respect to the Units held by each such Unitholder. Any such distributions in kind shall be subject to (x) such conditions relating to the disposition and management of such assets as the liquidator deems reasonable and equitable and (y) the terms and conditions of any agreement governing such assets (or the operation thereof or the holders thereof) at such time.

(d) The distribution of cash and/or property to a Unitholder in accordance with the provisions of this Section 10.2 constitutes a complete return to the Unitholder of its Capital Contributions and a complete distribution to the Unitholder of its interest in the Company and all the Company's property and constitutes a compromise to which all Unitholders have consented within the meaning of the Delaware Act. To the extent that a Unitholder returns funds to the Company, it has no claim against any other Unitholder for those funds.

**Section 10.3** **Cancellation of Certificate**. On completion of the distribution of Company assets as provided herein, the Company shall be terminated (and the Company shall not be terminated prior to such time), and the Board (or such other Person or Persons as the Delaware Act may require or permit) shall file a certificate of cancellation with the Secretary of State of the State of Delaware, cancel any other filings made pursuant to this Agreement that are or should be canceled, and take such other actions as may be necessary to terminate the Company. The Company shall be deemed to continue in existence for all purposes of this Agreement until it is terminated pursuant to this Section 10.3.

**Section 10.4** **Reasonable Time for Winding Up**. A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets pursuant to Section 10.2 in order to minimize any losses otherwise attendant upon such winding up.

**Section 10.5** **Return of Capital**. The liquidator shall not be personally liable for the return of Capital Contributions or any portion thereof to the Unitholders (it being understood that any such return shall be made solely from Company assets).

## ARTICLE XI
## VALUATION

**Section 11.1** **Determination**. Subject to Section 11.2(a), the Fair Market Value of the assets of the Company or of a Company Interest will be determined by the Board (or, if pursuant to Section 10.2, the liquidator) in its good faith judgment in such manner as its deems reasonable and using all factors, information and data deemed to be pertinent. With respect to any valuation of the assets of the Company for purposes of Section 4.7 or for purposes of determining the Fair Market Value of any non-cash Capital Contribution, for fifteen (15) business days before becoming final, the CABO Investor shall have the right to review the Fair Market Value determination of the Board. If the CABO Investor does not submit any written objections to the Board regarding the calculation of Fair Market Value during such 15 business day period then such calculation shall become final. If, however, the CABO Investor timely submits such objections then the CABO Investor and the Board shall work in good faith to resolve such disputes. Following thirty (30) days of good faith efforts between the CABO Investor and the Board to resolve any dispute regarding such Fair Market Value determination, if such dispute remains unresolved then the Board and the CABO Investor shall engage a mutually acceptable nationally recognized investment banker who shall establish such Fair Market Value.

**Section 11.2** **Fair Market Value**.

(a) "Fair Market Value" of (i) a specific Company asset will mean the amount that the Company would receive in an orderly all-cash sale of such asset (free and clear of all Liens and after payment of all liabilities secured only by such asset) in an arms-length transaction with an unaffiliated third party consummated on the day immediately preceding the date on which the event occurred which necessitated the determination of the Fair Market Value (and after giving effect to any transfer taxes payable in connection with such sale); and (ii) the Company will mean the amount that the Company would receive in an orderly all-cash sale of all of its assets and businesses as a going concern (free and clear of all Liens and after payment of indebtedness for borrowed money) in an arms-length transaction with an unaffiliated third party consummated on the day immediately preceding the date on which the event occurred which necessitated the determination of the Fair Market Value (assuming that all of the proceeds from such sale were paid directly to the Company other than an amount of such proceeds necessary to pay transfer taxes payable in connection with such sale, which amount will not be received or deemed received by the Company).

(b) After a determination of the Fair Market Value of the Company is made as provided above, the Fair Market Value of a Unit will be determined by making a calculation reflecting the cash Distributions that would be made to the Unitholders in accordance with this Agreement in respect of such Unit if the Company were deemed to have received such Fair Market Value in cash and then distributed the same to the Unitholders in accordance with the terms of this Agreement incident to the liquidation of the Company after payment to all of the Company's creditors from such cash receipts other than payments to creditors who hold evidence of indebtedness for borrowed money, the payment of which is already reflected in the calculation of the Fair Market Value of the Company and assuming that all of the convertible debt and other convertible securities were repaid or converted (whichever yields more cash to the holders of such convertible securities) and all options to acquire Units (whether or not currently exercisable) that have an exercise price below the Fair Market Value of such Units were exercised and the exercise price therefor paid.

(c) Except as otherwise provided herein or in any agreement, document or instrument contemplated hereby, any amount to be paid under this Agreement by reference to the Fair Market Value shall be paid in full in cash, and any Unit being transferred in exchange therefor will be transferred free and clear of all Liens.

## ARTICLE XII
## CHANGE IN BUSINESS FORM; MERGER

**Section 12.1** **Incorporation of the Company**.

(a) Subject to Section 5.3, the Board may, in order to facilitate a public offering of securities of the Company, or for other reasons that the Board deems in the best interests of the Company and/or its Unitholders, cause the Company to incorporate its business, or any portion thereof, including by (i) the transfer of all of the assets of the Company, subject to the Company's liabilities, or the transfer of any portion of such assets and liabilities, to one or more corporations in exchange for shares of such corporation(s) and the subsequent distribution of such shares, at such time as the Board may determine, to the Unitholders on a pro rata basis, (ii) conversion of the Company into a corporation pursuant to §18-216 of the Delaware Act (or any successor section thereto), (iii) Transfer by each Unitholder of Units held by such Unitholder to one or more corporations in exchange for shares of such corporation(s) (including by merger of the Company into a corporation) or (iv) causing a corporation to be admitted as a member of the Company, with such corporation purchasing interests in the Company from the Company or the Unitholders (as determined by the Board) with the proceeds of a public offering of the corporation's stock and, in connection therewith, each Unitholder agrees to the Transfer of its Units in accordance with the terms of exchange as provided by the Board and further agrees that as of the effective date of such exchange any Unit outstanding thereafter which shall not have been tendered for exchange shall represent only the right to receive a certificate representing the number of shares of such corporation(s) as provided in the terms of such exchange.

(b) In connection with any such reorganization or exchange as provided above in this Article XII, the Board may determine what securities or other property the Units of each class will be converted to or exchanged for in such reorganization or exchange; provided that each Unitholder of a particular class of Units shall receive the same form of securities and/or other property and the same amount of securities and/or other property per Unit of such class (except as necessary (i) in the case of Class A Units, to account for differences in the amount of yield accrued on such Units since their respective dates of issuance, and (ii) in the case of Class C Units, to give effect to the applicable Participation Threshold of each such Class C Unit, in each case, as determined by the Board) and if any holders of a class of Units are given an option as to the form and amount of securities to be received, each holder of such class of Units shall be given the same option. In connection with any such transaction as provided above, if any holder of Class C Units would not be entitled to receive any portion of such Distribution as a result of the Participation Threshold applicable to such Class C Units, then such Class C Units shall, unless otherwise determined by the Board, be cancelled in such transaction for no consideration.

(c) The Company shall pay any and all organizational, legal and accounting expenses and filing fees incurred in connection with such incorporation transaction or other transaction under this Article XII, including any fees related to a filing under the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976, as amended, if applicable. It is the intent of the Unitholders that the conversion of the Company into corporate form and the conversion or reorganization of any of the Company's operating divisions, whether currently existing or existing in the future, into corporate form are part of the Unitholders' original investment decision with respect to the Units of the Unitholders. In connection with any such reorganization or change, no Unitholder shall have the right or power to veto, vote for or against, amend, modify or delay any such reorganization or exchange. Further, each Unitholder shall execute and deliver any documents and instruments and perform any additional acts that may be necessary or appropriate, as determined by the Board, to effectuate and perform any such reorganization or change (including in the case of any Management Unitholder, executing an agreement with the successor entity providing for the continued vesting of, and repurchase rights respecting, any equity securities issued in respect of unvested Units in form and substance similar to the provisions and restrictions with respect to vesting and repurchase rights set forth in any Senior Management Agreement or similar agreement, as the case may be).

(d) If any interests in the Company are owned by any Institutional Holder, directly or indirectly through Blocker Corporation, any Public Offering shall, if requested by such Institutional Holder and consented to by the holders of the Required Interest (which consent may be withheld in such holders' sole discretion), be structured by using such Blocker Corporation as the vehicle for the Public Offering, by merging such Blocker Corporation into the vehicle used for the Public Offering, by causing such Blocker Corporation to become a subsidiary of the vehicle used for the Public Offering, or through another structure that is tax-efficient for such Institutional Holder with respect to the Blocker Corporation, and each Unitholder of the Company other than such Blocker Corporation shall consent to and raise no objections to, and cooperate fully with, any such structure used for the Public Offering. In connection with any Public Offering conducted using a structure described in the immediately preceding sentence, the owners of equity, debt or options issued by such Blocker Corporation shall be entitled to the same consideration (whether in the form of cash, publicly-traded property, non-publicly-traded property, or any combination thereof) that the Blocker Corporation would have received had it participated in the Public Offering in the same manner as the other Unitholders of the Company.

(e) In the event that the Board or the holders of the Required Interest approve an initial Public Offering, the holders of Units shall take all necessary or desirable actions requested by the Board or the holders of the Required Interest in connection with the consummation of such Public Offering, including consenting to, voting for and waiving any dissenters rights, appraisal rights or similar rights with respect to any reorganization or recapitalization of the Company pursuant to the terms of Article XII and compliance with the requirements of all laws and regulatory bodies that are applicable or that have jurisdiction over such Public Offering.

**Section 12.2 Conversion to Limited Partnership**. Without limiting the generality of the foregoing, the Board may at any time, if the Board deems it in the best interests of the Company and/or its Unitholders, effect a conversion of the Company into a limited partnership pursuant to §18-216 of the Delaware Act (or any successor section thereto) provided that no Person that is a Unitholder immediately prior to such conversion shall be a general partner of such limited partnership without such Person's prior written consent which may be granted or withheld in such Person's sole discretion. It is the intent of the Unitholders that the possibility of a conversion of the Company into a limited partnership is part of the Unitholders' original investment decision with respect to their respective Units. No Unitholder shall have the right or power to veto, vote for or against, amend, modify or delay any such conversion. Further, each Unitholder shall execute and deliver any documents and instruments and perform any additional acts that may be necessary or appropriate, as determined by the Board, to effectuate and perform any such conversion.

**Section 12.3 Merger Generally**. Subject to Section 5.3, the Company may, with the approval of the Board and the holders of the Required Interest and without the need for any further act, vote or approval of any Unitholder or class or group of Unitholders, merge with, or consolidate into, another limited liability company (organized under the laws of Delaware or any other state), a corporation (organized under the laws of Delaware or any other state) or other business entity (as defined in Section 18-209(a) of the Delaware Act), regardless of whether the Company or such other entity is the survivor. If a merger is used as a means of effecting the intent of Section 12.1(a) of this Agreement, then the provisions of that Section shall instead apply to such transaction. Section 18-210 of the Delaware Act (entitled "Contractual Appraisal Rights") shall not apply or be incorporated into this Agreement and the Unitholders hereby waive any rights under such section of the Delaware Act.

## ARTICLE XIII
## GENERAL PROVISIONS

**Section 13.1 Power of Attorney**.

(a) Each Unitholder (other than the GTCR Investors and the CABO Investor) hereby constitutes and appoints each member of the Board and the liquidator, with full power of substitution, as his true and lawful agent and attorney-in-fact, with full power and authority in his or its name, place and stead, to execute, swear to, acknowledge, deliver, file, and record in the appropriate public offices (i) this Agreement, all certificates, and other instruments and all amendments (in the manner set forth herein) thereof in accordance with the terms hereof which the Board deems appropriate or necessary to form, qualify, or continue the qualification of, the Company as a limited liability company in the State of Delaware and in all other jurisdictions in which the Company may conduct business or own property; (ii) all instruments which the Board deems appropriate or necessary to reflect any amendment, change, modification, or restatement of this Agreement in accordance with its terms; (iii) all conveyances and other instruments or documents which the Board deems appropriate or necessary to reflect the dissolution and liquidation of the Company pursuant to the terms of this Agreement, including a certificate of cancellation; and (iv) all instruments relating to the admission, withdrawal, or substitution of any Unitholder pursuant to Article III and Article IX.

(b) The foregoing power of attorney is irrevocable and coupled with an interest, and shall survive the death, disability, incapacity, dissolution, bankruptcy, insolvency, or termination of any Unitholder and the Transfer of all or any portion of his or its Company Interest and shall extend to such Unitholder's heirs, successors, assigns, and personal representatives.

**Section 13.2 Amendments**.

(a) Subject to Section 13.2(b) and Section 13.2(c), any provision of this Agreement may be amended, modified or waived if, but only, if such amendment or modification is in writing and is approved in writing by the holders of the Required Interest.

(b) Notwithstanding Section 13.2(a) but subject to Section 13.2(c), if an amendment, modification or waiver of this Agreement:

(i) would alter or change Schedules A, B or C hereto, or would be deemed material to the CABO Investors in any respect, such amendment, modification or waiver shall not be effective without the prior written consent of the CABO Investor for so long as the Put Option remains outstanding and/or the CABO Investor is a 20% Owner;

(ii) would alter or change the special rights hereunder of a Unitholder or group of Unitholders specifically granted such special rights by name, such amendment or modification shall not be effective against such Unitholder or group of Unitholders (as the case may be) without the prior written consent of such Unitholder or, in the case of a group of Unitholders, the holders of at least a majority of the Units held by such group of Unitholders; or

(iii) would alter or change the powers, preferences or special rights hereunder of the holders of a class of Units (holders of such class, the "Subject Unitholders") so as to affect them materially and adversely different than the holders of any other class of Units, such amendment or modification shall not be effective against the Subject Unitholders without the prior written consent of the holders of at least a majority of such class of Units held by the Subject Unitholders.

(c) The provisions of Section 13.2(a) and Section 13.2(b) shall not apply to any amendments or modifications of this Agreement otherwise expressly permitted by this Agreement. The failure of any party to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

**Section 13.3 Remedies**. Each Unitholder and the Company shall have all rights and remedies set forth in this Agreement and all rights and remedies which such Person has been granted at any time under any other agreement or contract and all of the rights which such Person has under any law. Any Person having any rights under any provision of this Agreement or any other agreements contemplated hereby shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law.

**Section 13.4 Successors and Assigns**. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective heirs, executors, permitted successors and permitted assigns, who, upon acceptance thereof, shall, without further action, be (a) entitled to enforce the applicable provisions and enjoy the applicable benefits hereof and (b) bound by the terms and conditions hereof.

**Section 13.5 Severability**. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal, or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality, or unenforceability will not affect any other provision or the effectiveness or validity of any provision in any other jurisdiction, and this Agreement will be reformed, construed, and enforced in such jurisdiction as if such invalid, illegal, or unenforceable provision had never been contained herein.

**Section 13.6 Opt-in to Article 8 of the Uniform Commercial Code**. The Units shall be securities governed by Article 8 of the Uniform Commercial Code of the State of Delaware (and the Uniform Commercial Code of any other applicable jurisdiction).

**Section 13.7 Notice to Unitholder of Provisions**. By executing this Agreement, each Unitholder acknowledges that it has actual notice of (a) all of the provisions hereof (including the restrictions on the transfer set forth herein), and (b) all of the provisions of the Certificate.

**Section 13.8 Counterparts**. This Agreement may be executed in multiple counterparts with the same effect as if all signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

**Section 13.9 Jurisdiction; Venue; Service of Process**.

(a) Each Unitholder irrevocably submits to the exclusive jurisdiction of the Court of Chancery of the State of Delaware (the "Court of Chancery") or, to the extent the Court of Chancery does not have subject matter jurisdiction, the United States District Court for the District of Delaware and the appellate courts having jurisdiction of appeals in such courts (the "Delaware Federal Court") or, to the extent neither the Court of Chancery nor the Delaware Federal Court has subject matter jurisdiction, the Superior Court of the State of Delaware (the foregoing collectively, the "Chosen Courts"), for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each Unitholder further agrees that service of any process, summons, notice or document by United States certified or registered mail to such Unitholder's respective address set forth in the Company's books and records or such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party shall be effective service of process in any action, suit or proceeding in the Chosen Courts with respect to any matters to which it has submitted to jurisdiction as set forth in the immediately preceding sentence. Each Unitholder irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in the Chosen Courts and hereby irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in such Chosen Courts has been brought in an inconvenient forum.

(b) The GTCR Investors and the CABO Investors shall first attempt to resolve any controversy, dispute or claim arising out of, relating to, or in connection with this Agreement or any related agreement, document or obligation, including any challenge regarding its or their existence, validity, operation or termination (each, a "Dispute") through good faith negotiations. Except in the case of claims seeking equitable relief (e.g., a temporary restraining order or specific performance), no lawsuit or other proceeding shall be brought by or on behalf of the GTCR Investors or the CABO Investor for a period of thirty business days following the delivery of written notice of such Dispute to all other interested parties. All offers, conduct and statements, whether oral or in writing, made in the course of the negotiation of any Dispute by any of the parties or their respective Affiliates, directors, managers, officers, employees, agents, experts or representatives shall be deemed confidential, privileged and inadmissible for any purpose, including impeachment, in any proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation.

**Section 13.10 Descriptive Headings; Interpretation**. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a substantive part of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine, or neuter forms, and the singular form of nouns, pronouns, and verbs shall include the plural and vice versa. The use of the word "including" in this Agreement shall be by way of example rather than by limitation. Reference to any agreement, document, or instrument means such agreement, document, or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and, if applicable, hereof. Without limiting the generality of the immediately preceding sentence, no amendment or other modification to any agreement, document, or instrument that requires the consent of any Person pursuant to the terms of this Agreement or any other agreement will be given effect hereunder unless such Person has consented in writing to such amendment or modification. Wherever required by the context, references to a Fiscal Year or Taxable Year shall refer to a portion thereof. The use of the words "or," "either," and "any" shall not be exclusive. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Wherever a conflict exists between this Agreement and any other agreement, this Agreement shall control but solely to the extent of such conflict. Whenever in this Agreement or any other agreement contemplated herein the Board is permitted or required to take any action or to make a decision or determination, the Board shall take such action or make such decision or determination in its sole discretion, unless another standard is expressly set forth herein or therein.

**Section 13.11** **Applicable Law**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

**Section 13.12** **Mutual Waiver of Jury Trial**. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES HERETO WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES HERETO DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE BETWEEN OR AMONG ANY OF THE PARTIES HERETO, WHETHER ARISING IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED OR INCIDENTAL TO THIS AGREEMENT AND/OR THE TRANSACTIONS CONTEMPLATED HEREBY.

**Section 13.13** **Addresses and Notices**. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when (a) delivered personally to the recipient, (b) sent to the recipient by reputable express courier service (charges prepaid), (c) mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid or (d) telecopied to the recipient (with hard copy sent to the recipient by reputable overnight courier service (charges prepaid) that same day) if telecopied before 5:00 p.m. Chicago, Illinois time on a business day, and otherwise on the next business day. Such notices, demands and other communications shall be sent to the address for such recipient set forth in the Company's books and records, or to such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party. Any notice to the Board or the Company shall be deemed given if received by the Board at the principal office of the Company designated pursuant to Section 2.7.

**Section 13.14** **Creditors**. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company or any of its Affiliates, and no creditor who makes a loan to the Company or any of its Affiliates may have or acquire (except pursuant to the terms of a separate agreement executed by the Company in favor of such creditor) at any time as a result of making the loan any direct or indirect interest in the Company's Profits, Losses, Distributions, capital, or property other than as a secured creditor. Notwithstanding anything to the contrary herein, no Unitholder, Manager or Officer shall have any duty (including any fiduciary duty), or any liability for breach of duty (including any fiduciary duty), to any creditor of the Company.

**Section 13.15** **Waiver**. No failure by any party to insist upon the strict performance of any covenant, duty, agreement, or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, duty, agreement, or condition.

**Section 13.16** **Further Action**. The parties hereto shall execute and deliver all documents, provide all information, and take or refrain from taking such actions as may be necessary or appropriate to achieve the purposes of this Agreement.

**Section 13.17** **Offset**. Whenever the Company is to pay any sum to any Unitholder or any Affiliate or related person thereof, any amounts that such Unitholder or such Affiliate or related person owes to the Company or any of its Subsidiaries may be deducted from that sum before payment.

**Section 13.18** **Entire Agreement**. This Agreement, those documents expressly referred to herein, the other documents of even date herewith, and the other Transaction Documents embody the complete agreement and understanding among the parties hereto. This Agreement supersedes and preempts any prior understandings, agreements, or representations, including the Original Agreement, the A&R Agreement and the Securityholders Agreement, dated October 2, 2017, by or among the parties hereto, written or oral, which may have related to the subject matter hereof in any way. Immediately upon the execution of this Agreement by holders of the Required Interest, this Agreement shall be binding and enforceable upon each Unitholder, regardless of whether such Unitholder has consented to or executed this Agreement.

**Section 13.19** **Electronic Delivery**. This Agreement, the agreements referred to herein, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent signed and delivered by means of a photographic, photostatic, facsimile, portable document format (.pdf), or similar reproduction of such signed writing using a facsimile machine or electronic mail shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties hereto. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or electronic mail to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or electronic mail as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

**Section 13.20** **Survival**. Section 3.9, Section 6.1, Section 6.2, Section 6.3, Section 6.6, Section 6.9 and Section 7.8 shall survive and continue in full force in accordance with its terms notwithstanding any termination of this Agreement or the dissolution of the Company.

**Section 13.21** **Certain Acknowledgments**. Upon execution and delivery of a counterpart to this Agreement or a joinder to this Agreement, each Unitholder shall be deemed to acknowledge to the GTCR Investors as follows: (a) the determination of such Unitholder to acquire Units in connection with this Agreement or any other agreement has been made by such Unitholder independent of any other Unitholder and independent of any statements or opinions as to the advisability of such purchase or as to the properties, business, prospects or condition (financial or otherwise) of the Company and its Subsidiaries which may have been made or given by any other Unitholder or by any agent or employee of any other Unitholder, (b) no other Unitholder has acted as an agent of such Unitholder in connection with making its investment hereunder and that no other Unitholder shall be acting as an agent of such Unitholder in connection with monitoring its investment hereunder, (c) each of the GTCR Investors and the Company have retained Kirkland & Ellis LLP in connection with the transactions contemplated hereby and expect to retain Kirkland & Ellis LLP as legal counsel in connection with the management and operation of the investment in the Company and its Subsidiaries, (d) Kirkland & Ellis LLP is not representing and will not represent any other Unitholder in connection with the transaction contemplated hereby or any dispute which may arise between the GTCR Investors and/or the Company, on the one hand, and any other Unitholder, on the other hand, (e) such Unitholder will, if it wishes counsel on the transactions contemplated hereby, retain its own independent counsel, and (f) Kirkland & Ellis LLP may represent the GTCR Investors (or any of their Affiliates) and/or the Company in connection with any and all matters contemplated hereby (including any dispute between the GTCR Investors or the Company, on the one hand, and any other Unitholder or the Company, on the other hand) and the Company and such Unitholder waives any conflict of interest in connection with such representation by Kirkland & Ellis LLP. Except as otherwise expressly agreed by Kirkland & Ellis LLP in writing, no subsequent attorney/client or other relationship between Kirkland & Ellis LLP and a Unitholder (other than the GTCR Investors and their Affiliates) shall give such Unitholder a right to object to Kirkland & Ellis LLP's continuing role as counsel to the Company, the GTCR Investors or any of their respective Affiliates, including on the basis that Kirkland has represented the Company. It is intended that Kirkland & Ellis LLP shall be entitled to obtain enforcement of this Section 13.21, and this Section 13.21 shall be treated as a supplement to, and not a substitution or replacement for, any other waiver, consent or other agreement provided to Kirkland & Ellis LLP by any Person.

**Section 13.22** **Legend**. Each certificate issued after the date hereof evidencing Units and each certificate issued in exchange for or upon the Transfer of any Unitholder's Unit shall be stamped or otherwise imprinted with a legend in substantially the following form:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND OTHER PROVISIONS SET FORTH IN A SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (THE "LLC AGREEMENT") DATED AS OF NOVEMBER 12, 2020 AMONG THE ISSUER OF SUCH SECURITIES (THE "COMPANY") AND CERTAIN OF THE COMPANY'S UNITHOLDERS, AS AMENDED. A COPY OF SUCH LLC AGREEMENT WILL BE FURNISHED WITHOUT CHARGE BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST."

The legend set forth above shall be removed from the certificates evidencing any securities which cease to be Units.

* * * * *

IN WITNESS WHEREOF, the undersigned have executed or caused to be executed on their behalf this Second Amended and Restated Limited Liability Company Agreement as of the date first above written.

**MEGA BROADBAND INVESTMENTS HOLDINGS LLC**

By: /s/ Phil Spencer
Name: Phil Spencer
Its: Authorized Signatory

**GTCR FUND XII/B LP**

By: GTCR Partners XII/B LP
Its: General Partner

By: GTCR Investment XII LLC
Its: General Partner

By: /s/ Mark Anderson
Name: Mark Anderson
Title: Authorized Signatory

**MEGA BROADBAND SPLITTER LP**

By: GTCR Partners XII/B LP
Its: General Partner

By: GTCR Investment XII LLC
Its: General Partner

By: /s/ Mark Anderson
Name: Mark Anderson
Title: Authorized Signatory

**GTCR CO-INVEST XII LP**

By: GTCR Investment XII LLC
Its: General Partner

By: /s/ Mark Anderson
Name: Mark Anderson
Title: Authorized Signatory

**MEGA BROADBAND BLOCKER, INC.**

By: /s/ Philip A. Canfield

Name: Philip A. Canfield

Title: Authorized Signatory

CABLE ONE, INC.

By: /s/ Steven S. Cochran
Name: Steven S. Cochran
Its: Senior Vice President and Chief Financial Officer

**Schedule A**
**List of Matters Requiring Investors Consent**

(a) make any acquisition of any entity or business(es) having, immediately prior to such acquisition, in excess of $10,000,000 of EBITDA for the trailing 12-month period for which financial reporting is available immediately prior to such acquisition, individually or in the aggregate with any other acquisitions (whether by a purchase of assets, purchase of securities, merger or otherwise);

(b) sell or dispose of any entity or business, whether by a sale of assets, sale of securities, merger or otherwise (other than sales or dispositions of inventory, assets or systems (i) in the ordinary course of business and consistent with past practice or (ii) producing annualized cash flow not to exceed $50,000 individually or $500,000 in the aggregate);

(c) except in connection with a transaction permitted under clause (a) of this Schedule A above, enter into any merger, reorganization, recapitalization, or reclassification of equity securities or similar transaction involving the Company, including a Sale of the Company (provided that the CABO Investor's consent to a Sale of the Company (and any merger, reorganization, recapitalization, or reclassification of equity securities or similar transaction in connection therewith) shall not be required following the end of the Call Period); *provided*, that the consent of the Investors shall not be required for any merger, reorganization, recapitalization, or reclassification of equity securities or similar transaction solely among the Company and/or its Subsidiaries;

(d) incur indebtedness for borrowed money if after giving pro forma effect thereto and to the use of the proceeds thereof the Total Net Leverage Ratio is greater than 6.25 to 1.0, other than indebtedness under, or permitted by, any existing credit facility of the Company and its Subsidiaries;

(e) waive any non-competition, non-solicitation or non-hire covenant obligations of any member of the executive management of the Company or its Subsidiaries; provided, that the Board shall be permitted to waive all or any portion of any such covenant for areas outside of the Restricted Area;

(f) (i) issue any Equity Securities in consideration for the acquisition by the Company or any of its Subsidiaries of securities or assets or in connection with any joint venture or similar arrangement or (ii) issue to any officers, managers, directors, employees or other service providers of the Company or its Subsidiaries any Equity Securities having a value at the time of issuance of $5,000,000 or more in the aggregate of all such issuances;

(g) repurchase or make distributions on any Equity Securities of the Company (other than (i) the Closing Distribution, any Distribution of CTI Proceeds and any Tax Distributions made in accordance with this Agreement, (ii) repurchases of Equity Securities issued under and in accordance with the terms of any Senior Management Agreement or employee benefit plan, (iii) Distributions in connection with a Sale of the Company, (iv) distributions by Subsidiaries to the Company or another Subsidiary and repurchases between or among the Company and its Subsidiaries and (v) Distributions in accordance with Section 4.1 (i) after the expiration of the Call Period or (ii) of proceeds of any indebtedness incurred in compliance with clause (d) above);

(h) convert the Company into a corporation including in connection with a Public Offering or convert the Company into a limited or general partnership;

(i) conduct a Public Offering;

(j) prior to the expiration of the Put Period, enter in to, renew or otherwise extend any contract containing a Restrictive Covenant (other than (i) Restrictive Covenants that expire prior to April 1, 2023 or (ii) video service, programming and retransmission consent agreements); provided, that CABO may not unreasonably withhold, condition or delay its approval of any matter covered by this clause (j);

(k) change the Company's fiscal year;

(l) make an election for the Company to be taxed in a manner different than how the Company is being taxed as of the date hereof;

(m) enter into or establish any severance, retention, transaction, change in control, or equity or equity-based compensation plan, policy, arrangement or agreement (except in the ordinary course of business consistent with past practice);

(n) establish, sponsor or incur any liability with respect to any "employee pension benefit plan" (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) subject to Title IV of ERISA, Section 302 of ERISA or Section 412 of the Code, (ii) a "multiemployer plan" within the meaning of Section 3(37) of ERISA, (iii) any benefit plan, policy, arrangement or agreement that provides post-termination or retiree medical or other welfare benefits to any person for any reason (other than as required under Part 6 of Subtitle B of Title I of ERISA, Section 4980B of the Code at the sole expense of such person); or

(o) enter into or amend any collective bargaining agreement; provided, that CABO may not unreasonably withhold, condition or delay its approval of any matter covered by this clause (o).

In addition to and not in lieu of the provision of Section 1.1, capitalized terms used but not otherwise defined in this Agreement shall have the following meanings:

"Company Business" means owning and operating cable television, internet and voice systems and revenue-generating business in respect thereof that provide, directly or indirectly through one or more Franchises or Licenses, as applicable, cable television, high speed data, voice over Internet protocol ("VOIP"), High Speed Internet Services, data center, hosting, Wireless Internet Services and other similar services to customers.

"EBITDA" means, with respect to a target business under clause (a) in this Schedule A, earnings before interest, taxes, depreciation and amortization, as determined in accordance with GAAP.

"Restricted Area" means (i) all zip codes currently served by CABO or a CABO Entity (the "Cable One Service Area"), (ii) all counties bordering on the Cable One Services Area and (iii) the geographic areas set forth on Schedule 1 to this Schedule A.

"Restrictive Covenant" shall mean (i) any non-competition covenant restricting the ability of the company to conduct the Company Business in any portion of the Restricted Area, (ii) any material covenant providing "most favored nation" treatment or any similar rights to a third party, (iii) any material covenant providing any third party with a right of first refusal or a right of first offer with respect to any business opportunity of any nature or (iv) any non-solicitation of employees or non-hire covenant, in each case that would apply to any Cable One Entity upon the acquisition by Cable One, directly or indirectly, of a majority of the equity interests of the applicable Company or Subsidiary.

"Total Net Leverage Ratio" shall, for so long as the Credit Agreement is in effect, have the meaning ascribed to such term in the Credit Agreement or any successor credit agreement, and if such term is no longer referenced in the Credit Agreement or any successor credit agreement, or if there is no Credit Agreement or successor credit agreement at such time, shall have the meaning ascribed to such term in the Credit Agreement as of the date hereof.

"Test Period" shall, for so long as the Credit Agreement is in effect, have the meaning ascribed to such term in the Credit Agreement or any successor credit agreement, and if such term is no longer referenced in the Credit Agreement or any successor credit agreement, or if there is no Credit Agreement or successor credit agreement at such time, shall have the meaning ascribed to such term in the Credit Agreement as of the date hereof.

**Schedule 1 to Schedule A**

Hot Springs, AR
Kilgore, TX
Victoria, TX
Payson, AZ
Pine Bluff, AR
Searcy, AR
Vicksburg, MS
Tahlequah, OK
Anna / Melissa, TX
Tyler, TX
Longview, TX

**Schedule B**
**Call Option and Put Right**

Section A. Call Option.

(a) The CABO Investor shall have the right (but not the obligation) (such right, the "Call Option") to purchase from the Unitholders all (but not less than all) of the outstanding Units not already held by the CABO Investor (other than any such Units held by a Blocker Corporation) (such units, the "Non-CABO Investor Units") and all (but not less than all) of the outstanding equity securities of any Blocker Corporation not already held by the CABO Investor (such equity securities, the "Non-CABO Investor Blocker Interests") for an aggregate amount equal to the Call Option Price (with the Call Option Price to be further allocated among the Unitholders and LTIP participants in accordance with the applicable provisions of this Agreement and the Call / Put Merger Agreement and the LTIP) pursuant to this Section A. If the CABO Investor wishes to exercise the Call Option, it shall deliver an irrevocable written notice of such determination (the "Call Exercise Notice") to the Company and the GTCR Investors during the period from and after January 1, 2023 through June 30, 2024 (such period, the "Call Period") and not before or after such period. Each Call Period shall be tolled for each day that the Company fails to deliver the Call Option Price Statement in accordance with clause (b) immediately below.

(b) Within 20 business days prior to the deadline for each Call Period, the Company shall deliver to the CABO Investor a statement (the "Call Option Price Statement") showing the Company's good faith calculations of the Applicable EBITDA Amount, the LTM Corporate Expense Amount, the Call Option Enterprise Value, the Consolidated Total Net Indebtedness and the resulting Call Option Total Equity Value, including in each case reasonable detail with respect to the computation of each element thereof, in each case calculated in accordance with Exhibit A hereof. If the CABO Investor has any objections to the calculations set forth in the Call Option Price Statement, the CABO Investor shall deliver to the Company and the GTCR Investors a statement setting forth such objections (a "Call Option Objections Statement"). If a Call Option Objections Statement is not delivered to the Company and the GTCR Investors within 20 business days after delivery of the Call Option Price Statement, the calculations set forth on the Call Option Price Statement shall be final, binding and non-appealable by the parties hereto, absent manifest computational error. If a Call Option Objections Statement is delivered by the CABO Investor, the Company, the GTCR Investors and the CABO Investor shall negotiate in good faith to resolve any such objections, but if they do not reach a final resolution within 20 business days after the delivery of the Call Option Objections Statement, then the parties shall submit such dispute to a nationally-prominent accounting or valuation firm with experience in the resolution of the type of disputes contemplated by this Section A, which does not have a material conflict of interest with respect to the Company, the GTCR Investors or the CABO Investor and which is reasonably acceptable to the GTCR Investors and the CABO Investor (the "Valuation Firm"). Any further submissions to the Valuation Firm must be written and delivered to each party to the dispute. The Valuation Firm shall make a final determination of the Applicable EBITDA Amount, the LTM Corporate Expense Amount, the Call Option Enterprise Value, the Consolidated Total Net Indebtedness and the resulting Call Option Total Equity Value, calculated with reference to such amounts to the extent such amounts are in dispute, in accordance with the guidelines and procedures set forth in this Agreement and on Exhibit A. The parties will cooperate with the Valuation Firm prior to and during the term of its engagement, including by executing a customary engagement letter, and the Valuation Firm will be instructed to deliver a final resolution in writing to the parties within 20 business days of engagement. The determination of the Applicable EBITDA Amount, the LTM Corporate Expense Amount, the Call Option Enterprise Value, the Consolidated Total Net Indebtedness and the resulting Call Option Total Equity Value calculated with reference thereto, shall become final and binding on the parties on the date the Valuation Firm delivers its final resolution in writing to the parties.

(c) Upon and following delivery of a Call Exercise Notice, the Company and the Investors shall take all actions set forth on Schedule C and shall work in good faith to promptly finalize the Call / Put Merger Agreement in respect of the Call Option in accordance with the terms of this Section A and Schedule C. The closing of the exercise of the Call Option shall occur in accordance with the terms set forth in the Call / Put Merger Agreement and Schedule C. An exercise of the Call Option pursuant to this Section A shall be deemed an "Approved Sale" under this Agreement.

(d) In addition to and not in lieu of the provision of Section 1.1, capitalized terms used but not otherwise defined in this Agreement shall have the following meanings:

"Applicable EBITDA Amount" means:

(i) if the Call Exercise Notice is delivered on or before March 31, 2023, an amount equal to the Company's Consolidated EBITDA Budget for calendar year 2023, as approved by the Board;

(ii) if the Call Exercise Notice is delivered after March 31, 2023, but on or before December 31, 2023, an amount equal to the Company's most-recent Consolidated EBITDA Forecast for calendar year 2023;

(iii) if the Call Exercise Notice is delivered on or after January 1, 2024, but on or before March 31, 2024, an amount equal to the Company's Consolidated EBITDA Forecast for the twelve (12) month period ended March 31, 2024;

(iv) if the Call Exercise Notice is delivered on or after April 1, 2024, but on or before June 30, 2024, an amount equal to the Company's Consolidated EBITDA Forecast for the twelve (12) month period ended June 30, 2024;

(v) if the Put Exercise Notice is delivered in accordance herewith (other than in connection with an exercise of the CABO Change of Control Put Right), an amount equal to the Company's Consolidated EBITDA for the twelve-month period ended June 30, 2025, as approved by the Board; and

(vi) if the Put Exercise Notice is delivered in accordance with the CABO Change of Control Put Right, an amount equal to the Company's Consolidated EBITDA for the twelve-month period as of the end of the immediately preceding complete calendar month.

"Call Option Enterprise Value" means an amount equal to (i) (x) the Applicable EBITDA Amount *plus* (y) the LTM Corporate Expense Amount, *multiplied by* (ii) [***].

"Call Option Total Equity Value" means an amount equal to the excess of (i) the Call Option Enterprise Value over (ii) the Consolidated Total Net Indebtedness.

"Call Option Price" means an amount equal to the aggregate Distributions in cash that would be made to the Non-CABO Investor Units (including for this purpose (i) any Units held by a Blocker Corporation that are not beneficially owned by the CABO Investor and (ii) applicable payments under the LTIP) in accordance with this Agreement if the Company were deemed to have received the Call Option Total Equity Value in cash and then distributed all of the same to the Unitholders and LTIP participants in accordance with Section 4.1(a) of this Agreement (after giving effect to Section 4.1(e) of this Agreement) and the LTIP.

"Call / Put Merger Agreement" means an agreement and plan of merger in substantially the form attached hereto as Exhibit B.

"Consolidated EBITDA" shall, for so long as the Credit Agreement is in effect, have the meaning ascribed to such term in the Credit Agreement or any successor credit agreement, and if such term is no longer referenced in the Credit Agreement or any successor credit agreement, or if there is no Credit Agreement or successor credit agreement at such time, shall have the meaning ascribed to such term in the Credit Agreement as of the date hereof; provided, that Consolidated EBITDA will be subject to adjustment as set forth on Exhibit A.

"Consolidated EBITDA Budget" means Consolidated EBITDA for calendar year 2023 calculated based on the Company's budget for the 2023 calendar year approved by the Board.

"Consolidated EBITDA Forecast" means the Company's forecasted Consolidated EBITDA for the applicable twelve-month period, as approved by the Board following each calendar quarter, taking into account the actual EBITDA of the Company for all completed quarters during the applicable twelve-month period and a reasonable forecast of the EBITDA for the remaining quarter(s) of the applicable twelve-month period based on the most recent relevant information; provided, that the Company may issue a revised Consolidated EBITDA Forecast within 30 days following the closing of the Company's books for any calendar month.

"Consolidated Total Net Indebtedness" shall, for so long as the Credit Agreement is in effect, have the meaning ascribed to such term in the Credit Agreement or any successor credit agreement, and if such term is no longer referenced in the Credit Agreement or any successor credit agreement, or if there is no Credit Agreement or successor credit agreement at such time, shall have the meaning ascribed to such term in the Credit Agreement as of the date hereof.

"Credit Agreement" means that certain Credit Agreement, dated as of November 12, 2020 by and among the Northland Cable Television, Inc. Northland Cable Properties, Inc., Eagle Broadband Investments, LLC, Mega Broadband Investments Intermediate I, LLC, Vyve Broadband Investments, LLC, Mega Broadband Investments LLC, Mega Acquisition Holdings, Inc., the other Guarantors (as defined therein) from time to time party thereto, each Lender (as defined therein) from time to time party thereto, each L/C Issuer (as defined therein) party thereto and Truist Bank, as Administrative Agent (as defined therein) and Collateral Agent (as defined therein), as the same may be amended or modified from time to time in accordance with its terms.

"LTM Corporate Expense Amount" means the lesser of (x) 50% of the Company's and its Subsidiaries' corporate expenses on a consolidated basis for the twelve month period ending on the last day of the calendar quarter ending prior to the delivery of the Call Exercise Notice or Put Exercise Notice and (y) $5,500,000. Corporate expenses shall include (i) salary, benefits and travel costs of the CEO, CFO, COO, General Counsel, SVP Financial Planning, SVP Corporate Controller, SVP Marketing, SVP Human Resources, SVP Engineering, VP Network Planning and corporate Project Manager, (ii) all support staff for finance, accounting, marketing, human resources and legal and (iii) rent and office expenses in New York, (iv) audit, tax, legal and consulting fees, ADP fees, (v) NCTA dues, ACA dues, SCTE dues and other association dues and (vi) software maintenance costs related to general ledger software.

Section B. Put Right.

(a) The GTCR Investors shall have the right (but not the obligation) (such right, the "Put Right") to require the CABO Investor to purchase from all Unitholders (other than the CABO Investor) all (but not less than all) of the Non-CABO Investor Units and Non-CABO Investor Blocker Interests for an aggregate amount equal to the Put Right Price (with the Put Right Price to be further allocated among the Unitholders and LTIP participants in accordance with the applicable provisions of this Agreement and the Call / Put Merger Agreement and the LTIP) in accordance with this Section B. If the GTCR Investors wish to exercise the Put Right, it shall deliver an irrevocable written notice of such determination (the "Put Exercise Notice") to the CABO Investor and the Company between July 1, 2025 and September 30, 2025 (such period, the "Put Period") and not before or after such period.

(b) Within 20 business days of the delivery of the Put Exercise Notice, the Company shall deliver to the CABO Investor a statement (the "Put Right Price Statement") showing the Company's good faith calculations of the Put Right Enterprise Value, the Consolidated Total Net Indebtedness, the Applicable EBITDA Amount, the Put Multiple and the resulting Put Right Total Equity Value, including in each case reasonable detail with respect to the computation of each element thereof. If the CABO Investor has any objections to the calculations set forth in the Put Right Price Statement, the CABO Investor shall deliver to the Company and the GTCR Investors a statement setting forth such objections (a "Put Right Objections Statement"). If a Put Right Objections Statement is not delivered to the Company and the GTCR Investors within 20 business days after delivery of the Put Right Price Statement, the calculations set forth on the Put Right Price Statement shall be final, binding and non-appealable by the parties hereto, absent manifest computational error. If a Put Right Objections Statement is delivered by the CABO Investor, the Company, the GTCR Investors and the CABO Investor shall negotiate in good faith to resolve any such objections, but if they do not reach a final resolution within 20 business days after the delivery of the Put Right Objections Statement, then the parties shall submit such dispute to a Valuation Firm. Any further submissions to the Valuation Firm must be written and delivered to each party to the dispute. The Valuation Firm shall make a final determination of the Put Right Enterprise Value, the Consolidated Total Net Indebtedness, the Applicable EBITDA Amount, the Put Multiple and the resulting Put Right Total Equity Value, calculated with reference to such amounts to the extent such amounts are in dispute, in accordance with the guidelines and procedures set forth in this Agreement and on Exhibit A. The parties will cooperate with the Valuation Firm prior to and during the term of its engagement, including by executing a customary engagement letter, and the Valuation Firm will be instructed to deliver a final resolution in writing to the parties within 20 business days of engagement. The determination of Put Right Enterprise Value, the Consolidated Total Net Indebtedness, the Applicable EBITDA Amount, the Put Multiple and the resulting Put Right Total Equity Value calculated with reference thereto, shall become final and binding on the parties on the date the Valuation Firm delivers its final resolution in writing to the parties.

(c) Upon and following delivery of a Put Exercise Notice, the Company and the Investors shall take all actions set forth on Schedule C and shall work in good faith to promptly finalize the Call / Put Merger Agreement in respect of the Put Right in accordance with the terms of this Section B and Schedule C. The closing of the exercise of the Put Right shall occur in accordance with the terms set forth in the Call / Put Merger Agreement and Schedule C. An exercise of the Put Right pursuant to this Section B shall be deemed an "Approved Sale" under this Agreement.

(d) In connection with the exercise and consummation of the Put Right in this Section B or the Call Option in Section A, each Unitholder irrevocably constitutes and appoints the GTCR Investor Representative as such Unitholder's representative, agent and attorney-in-fact with full power of substitution to act and for any and all things and execute any and all documents on behalf of such Unitholder that may be necessary, convenient or appropriate to facilitate the consummation of the Call Option or Put Right, as applicable, including the power (i) to give and receive all notices and communications to be given or received under the Call / Put Merger Agreement and to receive service of process in connection with any claims under the Call / Put Merger Agreement, including service of process in connection with arbitration; (ii) to make decisions on behalf of the Unitholders with respect to any such transaction, including regarding the determination of the applicable Call Option Price or the Put Right Price, (iii) to receive funds, make payments of funds, and give receipts for funds or to receive funds for the payment of expenses of the Unitholders or to deposit such funds in such accounts as the GTCR Investor Representative deems appropriate and apply such funds in payment for such expenses; (iv) to establish and maintain such reserves as the GTCR Investor Representative deems necessary to satisfy any obligations or expenses of the Unitholders; and (v) to take all actions which under this Agreement may be taken by or required of any Unitholder and to do or refrain from doing any further act or deed, or enforcing any right or remedy, on behalf of the Unitholders which the GTCR Investor Representative deems necessary or appropriate in its sole discretion relating to such transactions as fully and completely as such Unitholder could do if personally present. The relationship created herein is not to be construed as a joint venture or any form of partnership between or among the GTCR Investor Representative or any Unitholder for any purpose of U.S. federal or state law, including federal or state income tax purposes. Neither the GTCR Investor Representative nor any of its Affiliates owes any fiduciary or other duty to any Unitholder. This appointment of the GTCR Investor Representative is coupled with an interest and shall not be revocable by any Unitholder in any manner or for any reason. This power of attorney shall not be affected by the death, illness, dissolution, disability, incapacity or other inability to act of the principal pursuant to any applicable law. The GTCR Investor Representative shall not in its capacity as the GTCR Investor Representative be liable to any Unitholder for any liability of a Unitholder or for any error of judgment made in good faith, or any act done or step taken or omitted by the GTCR Investor Representative in good faith or for any mistake in fact or law, or for anything which the GTCR Investor Representative may do or refrain from doing in connection with the exercise and consummation of the Call Option or Put Right, as applicable. The Unitholders shall severally, but not jointly, pro rata in accordance with their respective proceeds from the exercise and consummation of the Call Option or Put Right, as applicable, indemnify and hold harmless, the GTCR Investor Representative from any and all losses, liabilities and expenses (including the reasonable fees and expenses of counsel) arising out of or related to such Person's service as the GTCR Investor Representative.

(e) The CABO Investor will provide the GTCR Investors with written notice of the execution of a definitive agreement related to a potential CABO Change of Control no later than four business days after the execution of such agreement and four days prior notice of the consummation of any CABO Change of Control. During the 30 days following receipt of either such written notice, the GTCR Investors will have the right to exercise the Put Right, effective no earlier than upon the consummation of such CABO Change of Control (the "CABO Change of Control Put Right"). The CABO Change of Control Put Right will be on the same terms and conditions and subject to the same procedures as the Put Right set forth in this Section B, provided that the CABO Sale Multiple shall be used in determining the Put Right Price in respect of an exercise of any CABO Change of Control Put Right by the GTCR Investors. The Company shall use reasonable best efforts to cooperate with the CABO Investor in connection with the consummation of any CABO Change of Control, including providing diligence materials reasonably requested by the CABO Investor for distribution to a potential buyer.

(f) In addition to and not in lieu of the provision of Section 1.1, capitalized terms used but not otherwise defined in this Agreement shall have the following meanings:

"CABO Change of Control" means any transaction or series of related transactions pursuant to which any Person or group of Persons in the aggregate acquire(s) (i) the common stock or other equity securities of Cable One, Inc. possessing the voting power to elect members of the board of directors which, in the aggregate, control a majority of the votes on the board of directors or (ii) a majority of Cable One, Inc.'s assets determined on a consolidated basis (in each case, whether by merger consolidation, reorganization, combination, sale or transfer of assets, sale or transfer of Cable One, Inc.'s common stock or other equity securities, securityholder or voting agreement, proxy, power of attorney or otherwise).

"CABO Sale Multiple" shall be an amount equal to the multiple of Adjusted EBITDA (as defined in the Form 10-Q filed by Cable One, Inc. for the period ended June 30, 2020) (with enterprise value being calculated net of the equity value of unconsolidated investments) for the most-recently reported twelve-month period preceding the date of execution of the definitive agreement with respect to a CABO Change of Control implied by the purchase price to be paid in connection with the CABO Change of Control.

"CABO Investor Trading Multiple" means a fraction, (i) the numerator of which is the aggregate enterprise value of Cable One, Inc. and its Subsidiaries calculated using 90-day average closing price, calculated net of the equity value of unconsolidated investments and (ii) the denominator of which is Adjusted EBITDA of Cable One, Inc. and its Subsidiaries for the most-recently reported twelve-month period preceding the date of the Put Exercise Notice.

"Put Multiple" other than in connection with an exercise of the CABO Change of Control Put Right, shall be an amount equal to the greater of (i) [***] and (ii) the CABO Investor Trading Multiple less [***], *provided*, if (x) the Company's Consolidated EBITDA for the twelve-month period ended June 30, 2025 is less than $[***] or (y) during the period beginning on the date of the expiration of the Call Option and ending on the consummation of the Put Right in accordance with this Section B, a ☒Company Material Adverse Effect (as defined in the CABO Equity Purchase Agreement) occurs that has not been cured, corrected or remediated, then the Put Multiple shall equal [***]; and *provided*, *further*, that the Put Multiple shall not exceed [***]. In the case of the CABO Change of Control Put Right, the "Put Multiple" shall be an amount equal to the CABO Sale Multiple.

"Put Right Enterprise Value" shall be an amount equal to (i) the Applicable EBITDA Amount*, multiplied by* the Put Multiple.

"Put Right Price" means an amount equal to the aggregate Distributions in cash that would be made to the Non-CABO Investor Units (including for this purpose (i) any Units held by a Blocker Corporation that are not beneficially owned by the CABO Investor and (ii) applicable payments under the LTIP) in accordance with this Agreement if the Company were deemed to have received the Put Right Total Equity Value in cash and then distributed all of the same to the Unitholders and LTIP participants in accordance with Section 4.1(a) of this Agreement (after giving effect to Section 4.1(e) of this Agreement) and the LTIP.

"Put Right Total Equity Value" means an amount equal to the excess of (i) the Put Right Enterprise Value over (ii) the Consolidated Total Net Indebtedness.

Section C. CABO Guarantee. Notwithstanding anything to the contrary in this Agreement or any Transfer by CABO to other CABO Investor entities, CABO shall remain fully liable for the performance all obligations of the CABO Investor under Section 8.7, Section 8.8, this Schedule B and Schedule C and the payment in full of any amounts required to be paid by the CABO Investor hereunder. CABO shall cause all CABO Investor entities to comply with the terms of Section 8.7, Section 8.8, this Schedule B and Schedule C and hereby guarantees the performance and payment of any and all obligations of the CABO Investor under Section 8.7, Section 8.8, this Schedule B and Schedule C.

**Schedule C**
**Call / Put Covenants**

Notwithstanding anything to the contrary set forth in this Schedule C, during the period commencing on the date the Call Exercise Notice or Put Exercise Notice is delivered (the "Date of Notice Delivery") and ending on the earlier of (i) the Closing Date and (ii) such time as the obligation to consummate the Closing (as defined below) are terminated in accordance with Section 2 of this Schedule C. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed under the Put/Call Merger Agreement.

1. **Closing Date**. The consummation of the Call Option or Put Right, as applicable, and the consummation of the transactions (the "Transactions") contemplated hereby and by the Put/Call Merger Agreement (the "Closing" and the date of the Closing, the "Closing Date") shall be the date that is five (5) business days following the satisfaction, deemed satisfaction or waiver (to the extent permitted by applicable Law (as defined in the CABO Equity Purchase Agreement)) by CABO and, except in the case of clause 1(g) below, the Company at the Closing of the conditions set forth below (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction, deemed satisfaction or waiver at the Closing of those conditions), or on or at such other date as is agreed to in writing by CABO and the Company. At the Closing, each of the parties to the Put/Call Merger Agreement shall execute and deliver such agreement to the other parties thereto.

   a. The waiting period applicable to the consummation of the Transactions (and any extension thereof) under the HSR Act shall have expired or been earlier terminated;

   b. the LFA Approvals required to be obtained in connection with the Transactions with respect to (i) Franchises that represent, in aggregate, not less than 85% of Unique Customer Relationships in the Systems and (ii) any Franchise that is one of the Company's top 15 Franchises based on the number of Unique Customer Relationships, (A) shall have been received, (B) shall be deemed to have been received in accordance with the Communications Laws or (C) shall not be required by the Communications Laws (including those areas where the business is lawfully operated without a Franchise) or under any applicable Franchise. Solely for purposes of determining the applicable percentage of Unique Customer Relationships under this Schedule C, the parties shall use the number of Unique Customer Relationships in the Systems as of the last day of the month in which the Call Option or Put Right is exercised, calculated on a basis consistent with Section 2.23 of the CABO Equity Purchase Agreement; provided, that this clause (b) shall be deemed to be satisfied and cease to be a condition to the Closing on the date that is 130 days after the Date of Notice Delivery.

   c. the Regulatory Approvals contemplated by Section 2.3(b) of the Put/Call Merger Agreement; provided, that this clause (c) shall be deemed to be satisfied and cease to be a condition to the Closing on the date that is 130 days after the Date of Notice Delivery;

   d. any non-governmental third party consents contemplated by Section 2.3(b) of the Put/Call Merger Agreement; provided, that this clause (d) shall be deemed to be satisfied and cease to be a condition to the Closing on the date that is 120 days after the Date of Notice Delivery;

e. in relation to an exercise of the Call Right only, the Company shall have delivered to CABO a certificate, dated as of the Closing Date, stating ☒that☒ from and after the Date of Notice Delivery there has not occurred a Company Material Adverse Effect (as defined in the CABO Equity Purchase Agreement) that has not been cured, corrected or remediated;

f. no Restraints (as defined in the CABO Equity Purchase Agreement) shall be in effect enjoining, restraining, preventing or prohibiting consummation of the Closing or making the consummation of the Closing illegal; and

g. resignations of the officers of the Company and its Subsidiaries from their positions as such (but not as employees), to the extent requested by CABO.

2. **Termination**. This Schedule C may be terminated with respect to a Call Exercise Notice or Put Exercise Notice, as applicable, that has been given and such Transactions contemplated by such notice abandoned at any time prior to the Closing by either of the Company or CABO if the Closing shall not have been consummated on or before the date that is (i) 180 days after the Date of Notice Delivery (such date, the "Outside Date"); provided, however, that the right to terminate this Schedule C pursuant to this Section 2(i) shall not be available to a Party if the failure of the Closing to have been consummated on or before the Outside Date was primarily due to the failure of such Party to perform any of its obligations under this Schedule C, or (ii) that is 360 days after the Date of Notice Delivery. In the event of the termination of this Schedule C with respect to a Call Exercise Notice or Put Exercise Notice, as applicable, that has been given, no party shall be relieved or released from any liabilities or damages arising out of any breach of this Schedule C.

3. **Short-Form Purchase Agreement**. On the day immediately following the Date of Notice Delivery, CABO, Merger Sub, the Company, Blocker, Blocker Seller and Equityholder Representative shall execute and deliver the purchase agreement in the form attached as Annex I.

4. **Restructuring Transactions**. The Company and Splitter shall consummate (at least one day prior to the Closing Date) the transactions set forth below (the "Restructuring Transactions"): Mega Broadband Splitter, LP shall liquidate completely and distribute its Company Units to: (i) Blocker, with a value equal to the amount of the cash consideration payable to Blocker Seller pursuant to the Transactions and to (ii) GTCR Partners XII/B LP (the "GP") with a value equal to the amount of the cash consideration, as determined by the GP, that the GP would have been entitled to receive pursuant to the limited partnership agreement of the Splitter if the Splitter had sold an interest in the Company pursuant to the Transactions (without giving effect to the Restructuring Transactions). Notwithstanding the foregoing, if the Restructuring Transactions would be reasonably likely to result in any "Tax" (as defined in the Company's operating agreement) liability imposed on (or otherwise payable by) Blocker or not result in the anticipated Tax benefits (i.e., a "step-up" in the tax basis in assets of the Company) for CABO or any other Unitholder as a result of any change in law between the date of the Agreement and such restructuring, the parties (including, without limitation, the Company, Blocker, Splitter, CABO and the GP) shall work together in good faith to revise or otherwise change the Restructuring Transactions in a manner that avoids such Tax liability or loss of Tax benefits; provided, that that the inability to avoid any such Tax liability or loss of Tax benefits shall not relieve any party of its obligations hereunder or under this Agreement or the Put/Call Merger Agreement.

5. **Transaction Expenses Statement**. Each of Merger Sub, Blocker, Equityholder Representative and Blocker Seller shall deliver to the Company at least three (3) business days prior to the Closing Date, a statement setting forth the aggregate amount of all Seller Transaction Expenses incurred by such Person or any of its or their respective Affiliates, along with invoices for each such Seller Transaction Expense.

6. **Closing Statement**. At least two (2) business days prior to the Closing Date, the Company shall deliver to CABO the Closing Statement and Closing Payment Schedule.

7. **Letter of Transmittal**. Prior to the Closing Date, the Company shall provide the Equityholders with a Letter of Transmittal, in the form attached as Annex II (the "Letter of Transmittal").

8. **Reasonable Best Efforts; Antitrust Laws**.

(a) Subject to the terms and conditions of this Agreement, following the Date of Notice Delivery, each of the Company, Blocker, Blocker Seller, CABO and Merger Sub shall use their respective reasonable best efforts to (i) cause the Transactions to occur as soon as practicable, (ii) make promptly any required submissions and filings under applicable Antitrust Laws with respect to the Transactions, (iii) promptly furnish information required in connection with such submissions and filing under such Antitrust Laws, (iv) keep the other parties reasonably informed with respect to the status of any such submissions and filings under Antitrust Laws (including with respect to the following in connection with Antitrust Laws: (A) the receipt of any non-action, action, clearance, consent, approval or waiver, (B) the expiration of any waiting period, (C) the commencement or proposed or threatened commencement of any investigation, litigation or administrative or judicial action or proceeding under Antitrust Laws and (D) the nature and status of any objections raised or proposed or threatened to be raised under Antitrust Laws with respect to the Transactions) and (v) obtain all actions or non-actions, approvals, consents, waivers, registrations, permits, authorizations and other confirmations from any Governmental Authority necessary, proper or advisable to consummate the Transactions as soon as practicable in connection with Antitrust Laws. For purposes hereof, "Antitrust Laws" means the Sherman Act, the Clayton Act, the HSR Act, the Federal Trade Commission Act and all other applicable Laws issued by a Governmental Authority that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition.

(b) In furtherance and not in limitation of the foregoing: (i) CABO, Merger Sub and the Company agree to (A) make, or cause to be made, appropriate filings of Notification and Report Forms pursuant to the HSR Act and any other required filings under any other Antitrust Laws with respect to the Transactions as soon as practicable (and, with respect to filings under the HSR Act, within ten (10) business days after the Date of Notice Delivery (unless CABO and the Equityholder Representative otherwise agree to a different date)), (B) supply as soon as practicable any additional information and documentary material that may be requested pursuant to the HSR Act or any other Antitrust Law and (C) use its reasonable best efforts to take, or cause to be taken, all other actions consistent with this Section 8 necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act and any other Antitrust Law (including any extensions thereof) as soon as practicable and (ii) each party agrees to, in connection with Antitrust Laws and required filings thereunder, (A) supply as soon as practical any additional information and documentary material that may be required or requested by any Governmental Authority and (B) use its reasonable best efforts to take or cause to be taken all other actions consistent with this Section 8 as necessary to obtain any necessary approvals, consents, waivers, permits, authorizations or other actions or non-actions from each Governmental Authority as soon as practicable. The parties shall cause the filings under the HSR Act to be considered for grant of "early termination," and shall request the equivalent under any other Antitrust Laws.

(c) Each party hereto shall, in connection with Antitrust Laws and required filings thereunder: (i) promptly notify the other parties hereto of, and if in writing, furnish the others with copies of (or, in the case of oral communications, advise the others of the contents of) any material communication to such Person from a Governmental Authority and permit the others to review and discuss in advance (and to consider in good faith any comments made by the others in relation to) any proposed written communication to a Governmental Authority, (ii) keep the others reasonably informed of any developments, meetings or discussions with any Governmental Authority in respect of any filings, investigation, or inquiry concerning the Transactions and (iii) not independently participate in any meeting or discussions with a Governmental Authority in respect of any filings, investigation or inquiry concerning the Transactions without giving the other party prior notice of such meeting or discussions and, unless prohibited by such Governmental Authority, the opportunity to attend or participate. However, each of CABO and the Company may designate any non-public information provided to any Governmental Authority as restricted to "Outside Antitrust Counsel" only and any such information shall not be shared with employees, officers, managers or directors or their equivalents of the other party without approval of the party providing the non-public information.

(d) In furtherance and not in limitation of the foregoing, but subject to Section 8(f) of this Schedule C, CABO and Merger Sub agree to take, and to cause their respective Subsidiaries to take, promptly any and all steps necessary to avoid, eliminate or resolve each and every impediment and obtain all clearances, consents, approvals and waivers under Antitrust Laws that may be required by any Governmental Authority so as to enable the parties to close the Transactions as soon as practicable, including committing to and effecting, by consent decree, hold separate orders, trust, or otherwise, (i) the sale, license, holding separate or other disposition of assets or businesses of CABO, the Company or any of their respective Subsidiaries, (ii) terminating, relinquishing, modifying or waiving existing relationships, ventures, contractual rights, obligations or other arrangements of CABO, the Company or their respective Subsidiaries, (iii) creating any relationships, ventures, contractual rights, obligations or other arrangements of CABO, the Company or their respective Subsidiaries and (iv) any other action, including agreeing to future behavioral remedies, requested by a Governmental Authority in order to achieve clearance under any Antitrust Law (each, a "Remedial Action"); provided, however, that any Remedial Action involving the Company or any of its Subsidiaries (or any of their respective assets or businesses) shall, unless otherwise consented to by the Company in its sole discretion, be conditioned upon consummation of the Transactions. CABO's obligation to take Remedial Actions shall be unconditional and shall not be qualified by reasonable best efforts.

(e) In furtherance and not in limitation of the foregoing, but subject to Section 8(f) of this Schedule C, in the event that any litigation or other administrative or judicial action or proceeding is commenced, threatened or is foreseeable challenging any of the Transactions and such litigation, action or proceeding seeks, or would reasonably be expected to seek, to prevent, materially impede or materially delay the consummation of the Transactions, CABO shall use its reasonable best efforts, including a Remedial Action, to avoid or resolve any such litigation, action or proceeding and each of the parties hereto shall cooperate with each other and use its respective reasonable best efforts to contest and resist any such litigation, action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the Transactions as promptly as practicable.

(f) Notwithstanding anything to the contrary herein, nothing in this Agreement, including this Section 8 and the "reasonable best efforts" standard, shall require or be construed to require CABO or any of its Subsidiaries or other Affiliates to take any Remedial Action in connection with Antitrust Laws with respect to or involving CABO or any of its Subsidiaries or assets, in each case solely to the extent owned by CABO or its Subsidiaries as of the date of the CABO Equity Purchase Agreement, to the extent that such action, individually or in the aggregate, would reasonably be expected to be material to CABO and its Subsidiaries, taken as a whole (a "Burdensome Condition"). Without the prior written consent of CABO (which may be withheld for any reason or no reason at all), Blocker, the Company and its Subsidiaries or other Affiliates will not take or agree to take any Remedial Action in connection with Antitrust Laws regardless of whether such action would constitute a Burdensome Condition.

(g) CABO shall not, nor shall it permit its Affiliates to, acquire or agree to acquire any rights, assets, business, Person or division thereof (through acquisition, license, joint venture, collaboration or otherwise), if such acquisition could reasonably be expected to increase the risk of not obtaining or delaying any applicable clearance, consent, approval or waiver under Antitrust Law with respect to the Transactions.

(h) For purposes of this Section 8 (other than Section 8(e)) the "reasonable best efforts" of the Company and its Subsidiaries and/or the CABO will not require CABO, the Company or any of their Subsidiaries or Affiliates to expend any money to remedy any breach of any representation or warranty hereunder, to commence any litigation or arbitration proceeding, to waive or surrender any right, to modify any agreement, to offer or grant any accommodation or concession (financial or otherwise) to any third party or to otherwise suffer any detriment, to obtain any consent required for the consummation of the Transactions, to waive or forego any right, remedy or condition hereunder; provided, that the Company, its Subsidiaries and CABO will be permitted to grant accommodations or concessions regarding any of the foregoing in its sole discretion so long as such accommodations or concessions are paid prior to the Closing Date.

(i) Without limiting any other provision in this Section 8, CABO and the Company (for purposes of this Section 8(i) only, the "Parties") desire to preemptively agree regarding the scope of their respective obligations in certain potential scenarios that involve a requirement by a Governmental Entity that assets owned by either of the Parties must be divested in order to receive clearance from such Governmental Entity under Antitrust Laws. The Parties do not currently anticipate that any divestiture of any assets would be required by any Governmental Entity with respect to Antitrust Laws in order to receive clearance therefrom (a "Required Divesture"). Nevertheless, in light of the possibility of changes in circumstances during the period between the execution date of the CABO Equity Purchase Agreement (the "Effective Date") and the Closing Date (such period, the "Interim Period"), the Parties agree as follows:

(i) If a Required Divestiture of assets of the Company or any of its Subsidiaries ("MBI Assets") is primarily caused by any provider of cable television, telecommunications services, or broadband Internet access service that either of the Parties owns, directly or indirectly, or has a minority investment in as of the Effective Date, and the nature of such ownership or investment has not changed in a material manner during the Interim Period (for avoidance of doubt, the purchase of a controlling interest in the entity that owns the applicable provider of cable television, telecommunications services, or broadband Internet access service would be a material change, while the purchase of additional equity interests in such entity that do not trigger a change of control would not, on its own, be a material change), (A) CABO and the owners of the Non-CABO Investor Units (the "Selling Unitholders") shall split the proceeds of such Required Divestiture ("Proceeds") pro rata in relation to their ownership of the Company prior to the consummation of the Transactions ("Pro Rata"), (B) CABO and the Selling Unitholders shall split any expenses incurred in relation thereto ("Sale Expenses") Pro Rata, and (C) the Applicable EBITDA Amount for purposes of determining the Sale Option Price or the Put Right Price shall be reduced by the amount of such Applicable EBITDA Amount that was generated by the divested assets.

(ii) If a Required Divestiture of MBI Assets is primarily caused by any provider of cable television, telecommunications services, or broadband Internet access service purchased or otherwise acquired by CABO during the Interim Period, minority investments made by CABO during the Interim Period or organic growth of CABO during the Interim Period, (A) CABO shall receive the Proceeds, (B) CABO shall pay the Sale Expenses and (C) the Applicable EBITDA Amount for purposes of determining the Sale Option Price or the Put Right Price shall include the amount of such Applicable EBITDA Amount that was generated by the divested assets.

(iii) If a Required Divestiture of MBI Assets is primarily caused by any provider of cable television, telecommunications services, or broadband Internet access service purchased or otherwise acquired by the Company or any of its Subsidiaries (each a "Company Entity") during the Interim Period, minority investments made by a Company Entity during the Interim Period or organic growth of a Company Entity during the Interim Period, (A) the Selling Unitholders shall receive the Proceeds, (B) the Selling Unitholders shall pay the Sale Expenses and (C) the Applicable EBITDA Amount for purposes of determining the Sale Option Price or the Put Right Price shall be reduced by the amount of such Applicable EBITDA Amount that was generated by the divested assets.

(iv) If a Required Divestiture of MBI Assets is primarily caused by provider of cable television, telecommunications services, or broadband Internet access service purchased by both CABO and one or more Company Entities during the Interim Period, minority investments made by both CABO and one or more Company Entities during the Interim Period, organic growth of both CABO and one or more Company Entities during the Interim Period or any combination of any of the foregoing (for example the purchase of a cable system by CABO and organic growth by the Company), the Parties shall engage Duff & Phelps, LLC (or, if such Person shall decline or be unable to act, then another reputable arbitrator mutually acceptable to CABO and the Company) (the "Arbitrator") to arbitrate any dispute between the Parties regarding the (A) the fair and equitable allocation of the Proceeds, (B) the fair and equitable allocation of the Sale Expenses and (C) any adjustment to the Sale Option Price or the Put Right Price (if any) that is a fair and equitable in light of the circumstances of such Required Divestiture. In such event, (1) neither such arbitration nor the outcome thereof will be a condition to the Closing and (2) the Parties will cooperate in good faith with the Arbitrator and use their reasonable best efforts to ensure that the arbitration process is completed prior to the Closing.

(v) If a Required Divestiture of MBI Assets is primarily caused by events during the Interim Period that are not captured by the scenarios set forth in subsections (i) – (iv) above, the Parties shall engage the Arbitrator to arbitrate any dispute between the Parties regarding the Proceeds, the Sale Expenses, the Sale Option Price or the Put Right Price applying the principles set forth in this Section 8(i).

(vi) If a Required Divestiture of CABO assets is triggered, then (A) CABO shall receive the Proceeds, (B) CABO shall pay the Sale Expenses and (C) in the event such Required Divestiture is primarily caused by any provider of cable television, telecommunications services, or broadband Internet access service purchased or otherwise acquired by a Company Entity during the Interim Period, minority investments made by a Company Entity during the Interim Period or organic growth of a Company Entity during the Interim Period, the Parties shall engage the Arbitrator to arbitrate any dispute between the Parties regarding any adjustment to the Sale Option Price or the Put Right Price (if any) that is a fair and equitable in light of the circumstances of such Required Divestiture.

(vii) Without limiting subsections (i) – (vi) above, if a Required Divestiture is triggered but the Governmental Entity affords the Parties the opportunity to decide whether MBI Assets or assets of CABO will be divested, or the Parties are otherwise able to obtain clearance by divesting either MBI Assets or assets of CABO, the Parties agree that MBI Assets, not CABO's, will be divested unless otherwise agreed in writing and the treatment of Proceeds, Sale Expenses and the Sale Option Price or the Put Right Price shall be determined in accordance with subsections (i) – (vi) above without regard to the provisions of this clause (vii).

9. **LFA and Regulatory Approvals**. Within 10 days of the Date of Notice Delivery, CABO shall promptly file or cause to be filed, with appropriate cooperation from Merger Sub and the Company, all requests for actions or non-actions, approvals, consents, waivers, registrations, permits, authorizations or other confirmations required to obtain the LFA Approvals and the Regulatory Approvals.

10. **Tail Policy**. The Company may negotiate and purchase, and after the consummation of the transactions contemplated by the Put/Call Merger Agreement, CABO shall, or shall cause the Surviving Company to, maintain in effect, "tail" insurance coverage ("Tail Coverage") with an insurer with the same or better credit rating as the current carrier of the Company as of the Date of Notice Delivery that provides coverage for a period of six (6) years from the Closing with respect to the policies of directors' (or managers') and officers' liability insurance and fiduciary liability insurance in effect as of the Date of Notice Delivery maintained by the Company and its Subsidiaries covering matters arising on or before the Closing; provided that if the Company does not negotiate and purchase such Tail Coverage prior to the Closing, CABO shall negotiate and purchase such Tail Coverage upon Closing and provide reasonably satisfactory evidence to the Equityholder Representative of the purchase and funding of such Tail Coverage in connection with the Closing. Such Tail Coverage shall be on terms with respect to coverage and in amounts no less favorable than those of the policies of directors' (or managers') and officers' liability insurance and fiduciary liability insurance in effect as of the Date of Notice Delivery; provided that the premium for such Tail Coverage shall not exceed 250% of the annual premium currently paid by the Company and its Subsidiaries for such insurance in effect as of the Date of Notice Delivery.

11. **280G Cooperation**. In the event CABO or the Company determines that any amount could be subject to the excise tax pursuant to Section 280G of the Code, the Company shall, unless otherwise agreed by CABO and the Company, solicit a shareholder vote intended to satisfy the requirements of Section 280G(b)(5) of the Code, such that no portion of the payments could constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code, and CABO shall reasonably cooperate in providing information on any CABO payments that, as of the date of the relevant vote, CABO has determined to make and that may also be considered "parachute payments" under Section 280G of the Code on account of the Transactions.

12. **Merger Sub and the Surviving Company**. CABO shall form Merger Sub and shall take all actions necessary to (a) cause Merger Sub and the Surviving Company to perform promptly their respective obligations under this Agreement and (b) cause Merger Sub to enter into the Short Form Merger Agreement and Put/Call Merger Agreement and consummate the Merger on the terms and conditions set forth herein and in the Put/Call Merger Agreement. CABO unconditionally guarantees the full and prompt performance by Merger Sub and the Surviving Company, as applicable, of their respective obligations under this Agreement and the Put/Call Merger Agreement.

13. **Disclosure Schedules**. The Company, Blocker Seller and Blocker shall deliver disclosure schedules required pursuant to the Put/Call Merger Agreement to CABO and Merger Sub not less than 5 business days prior to the Closing for CABO's approval, which cannot be unreasonably withheld, conditioned or delayed.

Exhibit 21.1

**Subsidiaries of Cable One, Inc.**

| Name of Subsidiary | State of Incorporation / Organization |
|---|---|
| Cable One VoIP LLC | Delaware |
| CoBridge Broadband, LLC | Delaware |
| CoBridge Communications LLC | Delaware |
| Delta Communications, L.L.C. | Illinois |
| Fidelity Cablevision, LLC | Missouri |
| Fidelity Telephone LLC | Missouri |
| Valu-Net LLC | Delaware |

**Exhibit 23.1**

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-205428) of Cable One, Inc. of our report dated February 25, 2021 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Phoenix, Arizona
February 25, 2021

**Exhibit 31.1**

**CERTIFICATION**

I, Julia M. Laulis, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cable One, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2021

/s/ Julia M. Laulis
Julia M. Laulis
President and Chief Executive Officer
(Principal Executive Officer)

**Exhibit 31.2**

**CERTIFICATION**

I, Steven S. Cochran, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cable One, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2021

/s/ Steven S. Cochran
Steven. S. Cochran
Chief Financial Officer
(Principal Financial Officer)

**Exhibit 32**

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Cable One, Inc. (the "Company"), for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, Julia M. Laulis, principal executive officer of the Company, and Steven S. Cochran, principal financial officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his or her knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Julia M. Laulis
Julia M. Laulis
President and Chief Executive Officer
(Principal Executive Officer)

Dated: February 25, 2021

By: /s/ Steven S. Cochran
Steven S. Cochran
Chief Financial Officer
(Principal Financial Officer)

Dated: February 25, 2021