

2016 SECOND QUARTER EARNINGS CONFERENCE CALL



Reconciliation of Non-GAAP Financial Measure

August 4, 2016

Use of Non-GAAP Financial Measure

Cable One, Inc. (the “Company” or “Cable ONE”) uses certain measures that are not defined by generally accepted accounting principles in the United States (“GAAP”) to evaluate various aspects of its business. Adjusted EBITDA is a non-GAAP financial measure and should be considered in addition to, not as a substitute for, net income reported in accordance with GAAP. This term, as defined by Cable ONE, may not be comparable to similarly titled measures used by other companies. Adjusted EBITDA is reconciled to net income below.

“Adjusted EBITDA” is defined as net income plus net interest expense, provision for income taxes, depreciation and amortization, equity- and pre-spin cash-based incentive compensation expense, (gain) loss on deferred compensation, loss on disposal of fixed assets, other income and other unusual operating expenses, as defined below. As such, it eliminates the significant non-cash depreciation and amortization expense that results from the capital-intensive nature of the Company’s business as well as other non-cash or special items and is unaffected by the Company’s 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 the Company’s cash cost of financing. These costs are evaluated through other financial measures.

The Company uses Adjusted EBITDA to assess its performance. In addition, Adjusted EBITDA generally correlates to the leverage ratio calculation under the Company’s credit facilities and outstanding 5.75% senior unsecured notes due 2022 to determine compliance with the covenants contained in the facilities and notes. For the purpose of calculating compliance with leverage covenants, the Company uses a measure similar to Adjusted EBITDA, as presented. Adjusted EBITDA is also a significant performance measure used by the Company in its annual incentive compensation program.

The Company believes Adjusted EBITDA is an appropriate measure for evaluating the operating performance of the Company. Adjusted EBITDA and similar measures with similar titles are common performance measures used by investors, analysts and peers to compare performance in the Company’s industry, although the Company’s measure of Adjusted EBITDA may not be directly comparable to similar measures reported by other companies.

Reconciliation of Net Income to Adjusted EBITDA

(dollars in thousands)	12 Months Ended June 30,			
	2016	2015	\$ Change	% Change
Net income	\$ 99,167	\$ 139,640	\$ (40,473)	(29.0%)
Plus: Interest expense, net	30,197	997	29,200	NM
Provision for income taxes	59,043	86,363	(27,320)	(31.6%)
Depreciation and amortization	138,202	138,401	(199)	(0.1%)
Equity- and pre-spin cash-based incentive compensation expense	11,395	6,061	5,334	88.0%
Gain on deferred compensation	(677)	(79)	(598)	NM
Other income	(445)	(74,276)	73,831	(99.4%)
Loss on disposal of fixed assets	1,383	1,263	120	9.5%
Billing system implementation costs	1,377	4,888	(3,511)	(71.8%)
Adjusted EBITDA	339,642	303,258	36,384	12.0%

NM Not meaningful.

CABLE **ONE**®

The logo features the word "CABLE" in a blue, sans-serif font. Below it is a stylized graphic element consisting of a red shape on top and a blue shape on the bottom, both tapering to the right. To the right of this graphic is the word "ONE" in a bold, italicized, red sans-serif font, followed by a registered trademark symbol (®).