

# FBR Capital Markets

## 2009 Fall Investor Conference



December 1, 2009

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# Safe Harbor Statement

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This presentation includes "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, regarding, among other things, our business strategy, our prospects and our financial position. These statements can be identified by the use of forward-looking terminology such as "believes," "estimates," "expects," "intends," "may," "will," "should," "could," or "anticipates" or the negative or other variation of these similar words, or by discussions of strategy or risks and uncertainties. These statements are based on current expectations of future events. If underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results could vary materially from the Company's expectations and projections. Important factors that could cause actual results to differ materially from such forward-looking statements include, without limitation, risks related to the following:

- Increasing competition in the communications industry; and
- A complex and uncertain regulatory environment.

A further list and description of these risks, uncertainties and other factors can be found in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008. Copies of this Form 10-K, as well as subsequent filings, are available online at [www.sec.gov](http://www.sec.gov), [www.shentel.com](http://www.shentel.com) or on request from the Company. The Company does not undertake to update any forward-looking statements as a result of new information or future events or developments.



## Use of Non-GAAP Financial Measures

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Included in this presentation are certain non-GAAP financial measures that are not determined in accordance with US generally accepted accounting principles. These financial performance measures are not indicative of cash provided or used by operating activities and exclude the effectors of certain operating, capital and financing costs and may differ from comparable information provided by other companies, and they should not be considered in isolation, as an alternative to, or more meaningful than measures of financial performance determined in accordance with US generally accepted accounting principles. These financial performance measures are commonly used in the industry and are presented because Shentel believes they provide relevant and useful information to investors. Shentel utilizes these financial performance measures to assess its ability to meet future capital expenditure and working capital requirements, to incur indebtedness if necessary, return investment to shareholders and to fund continued growth. Shentel also uses these financial performance measures to evaluate the performance of its business and for budget planning purposes.



# Agenda

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Introduction and Shentel Overview - Earle MacKenzie - EVP/COO

Overview of Wireless

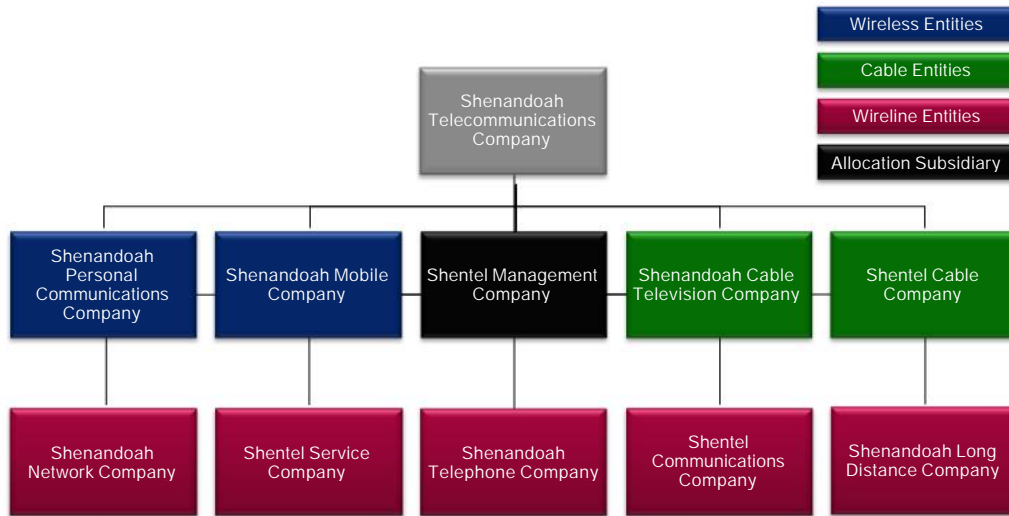
Overview of Wireline

Overview of Cable

Financials - Adele Skolits - CFO

# Shenandoah Telecommunications Company

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- Reporting Segments: Wireless, Wireline and Cable
- Shentel Management Company: Allocation subsidiary for all employees and shared expenses



## Business Overview

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- Public company with 4,400+ shareholders
  - ▶ ≈ 70% individual / 30% institutional
- Sprint PCS Affiliate of Sprint Nextel
- Profitable
- Strong growth
- Healthy balance sheet
- Continuity of ownership & management
- Focused business plan

## Growth Strategy - Capitalize on Core Competencies

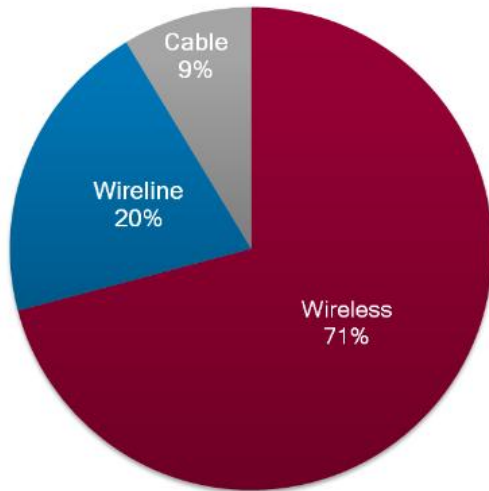
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- Wireless
  - ▶ Increase penetration in existing PCS footprint
  - ▶ Look for new wireless opportunities in surrounding geographic areas
- Cable
  - ▶ Focus on smaller less competitive markets
  - ▶ Build clusters to gain operating efficiencies
  - ▶ Upgrade networks to offer "Triple Play"
- Wireline
  - ▶ Attractive markets at reasonable prices

# Segment Overview

12 Months Ending September 30, 2009

## Revenue by Segment



Total External Revenues = \$157.5 million

## Operating Income Before Depreciation & Amortization (OIBDA) by Segment

Segment	OIBDA	% Margin	% of Total
Wireless	\$59.4	53%	79%
Wireline	21.1	65%	28%
Cable	(1.3)	-10%	-2%
Other	(3.8)	N/A	-5%
Total	\$75.4	48%	



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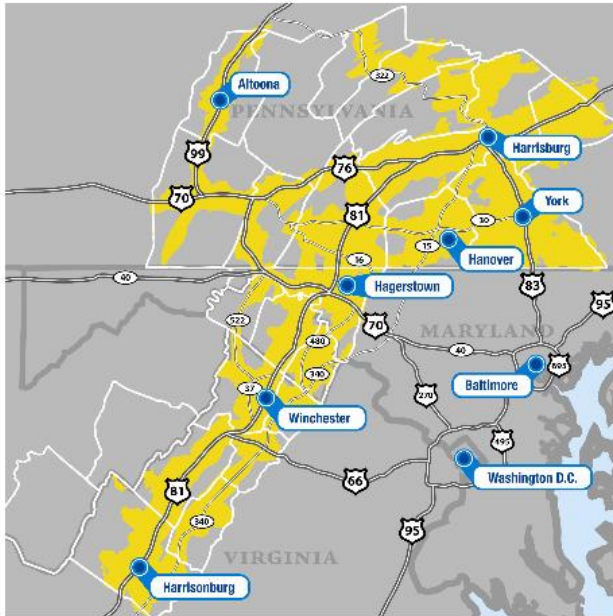
Overview of Wireline

Overview of Cable

Financials

# PCS Overview

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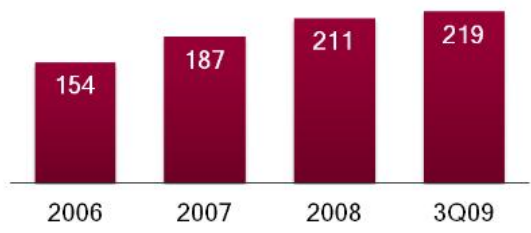


- One of 2 remaining Sprint Nextel affiliates
- 2.3 million licensed POPs
- 2.0 million covered POPs
- 219k total subscribers
  - ▶ 11.0% penetration of covered POPs
- 448 CDMA base stations
- 306 EVDO enabled cell sites
  - ▶ 94% EVDO covered POPs
- \$41,000 Estimated Average household income

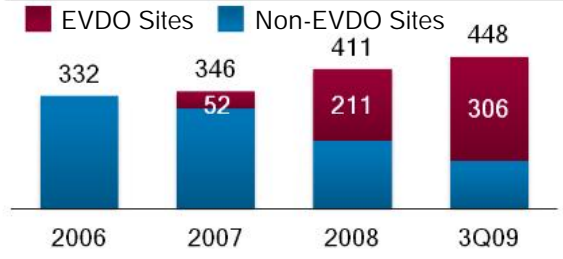
# Key Operational Metrics - PCS

Period Ending

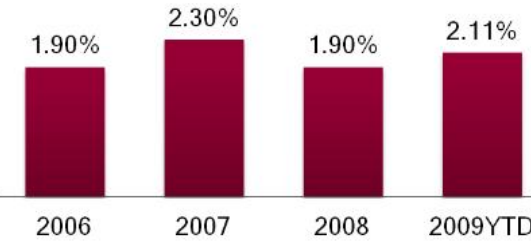
**Retail Subscribers (000s)**



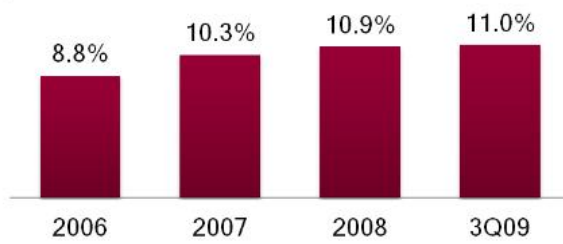
**Number of Cell Sites**



**Churn (%)**



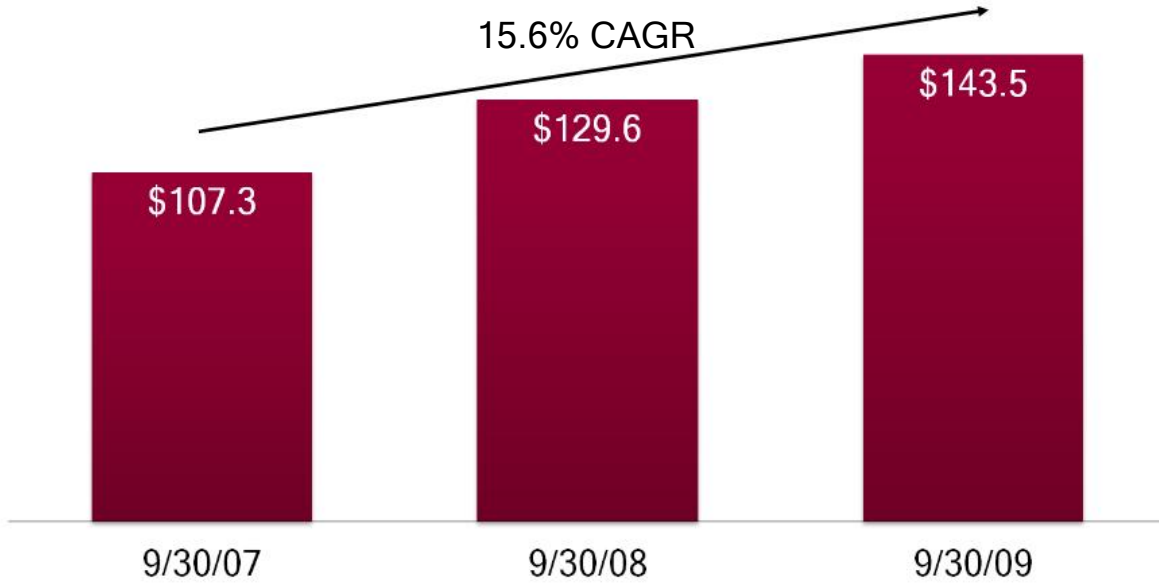
**Penetration(%)**



# Attractive Service Revenue Growth - PCS

12 Months Ending

Gross Billed PCS Revenue (\$ millions)<sup>1</sup>

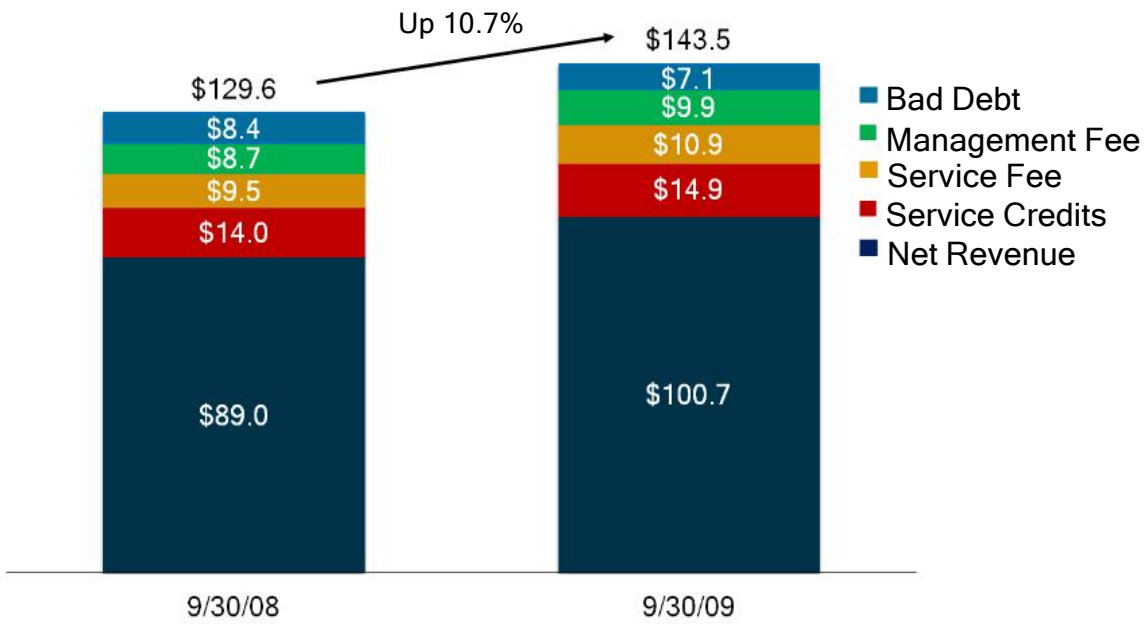


<sup>1</sup> Before credits and fees

# PCS Revenues

12 Months Ending

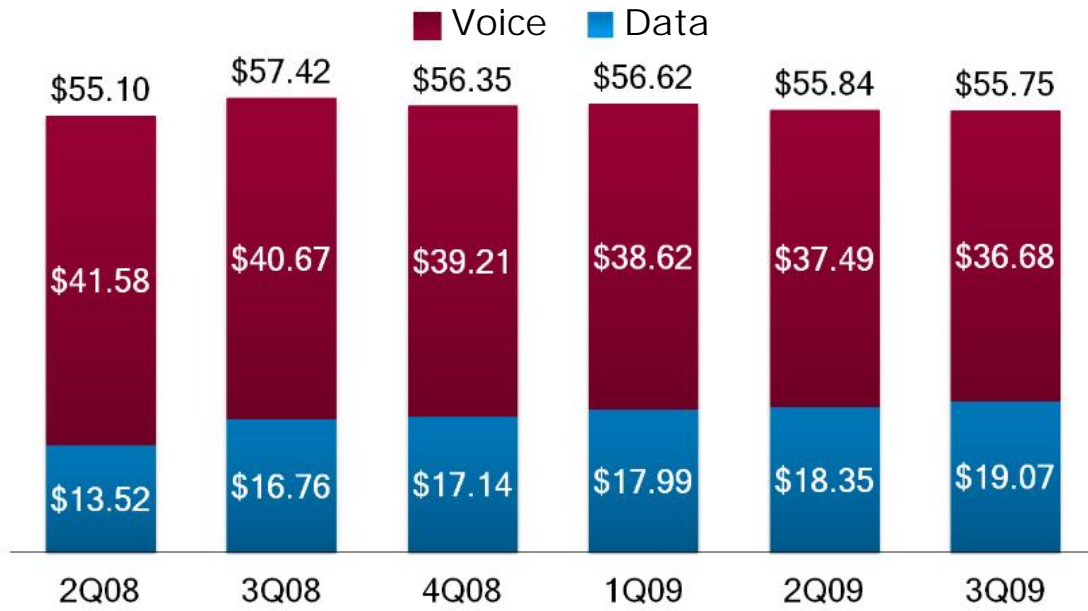
Billed Revenue (\$ millions)



# PCS Revenue per Subscriber

Period Ending

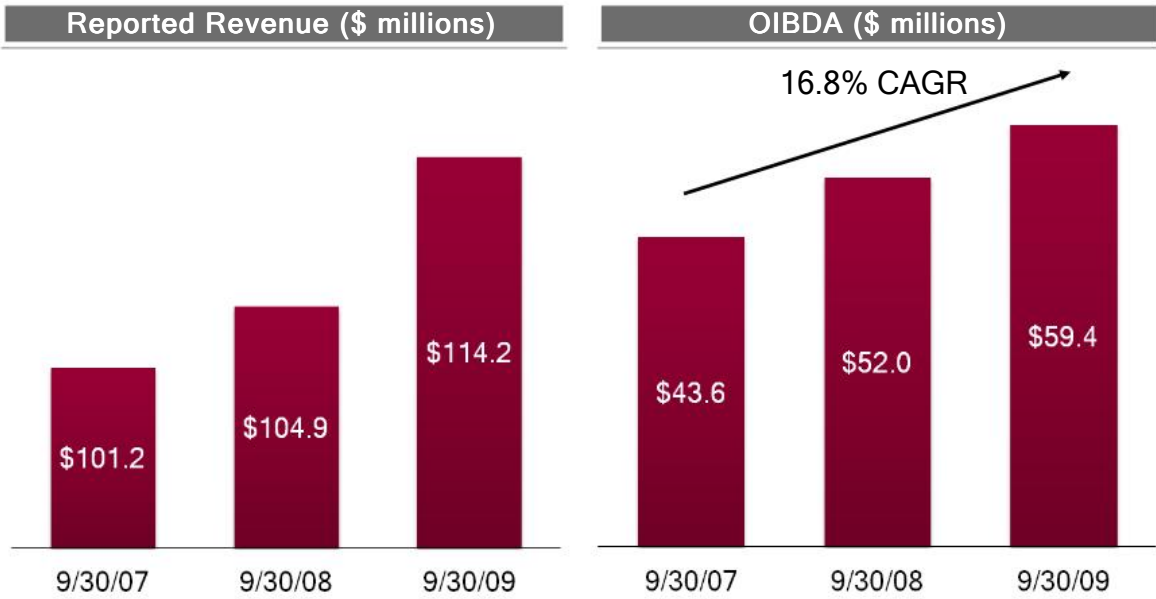
Gross Billed Revenue per Subscriber<sup>1</sup>



<sup>1</sup> Before credits and fees

# Wireless Segment

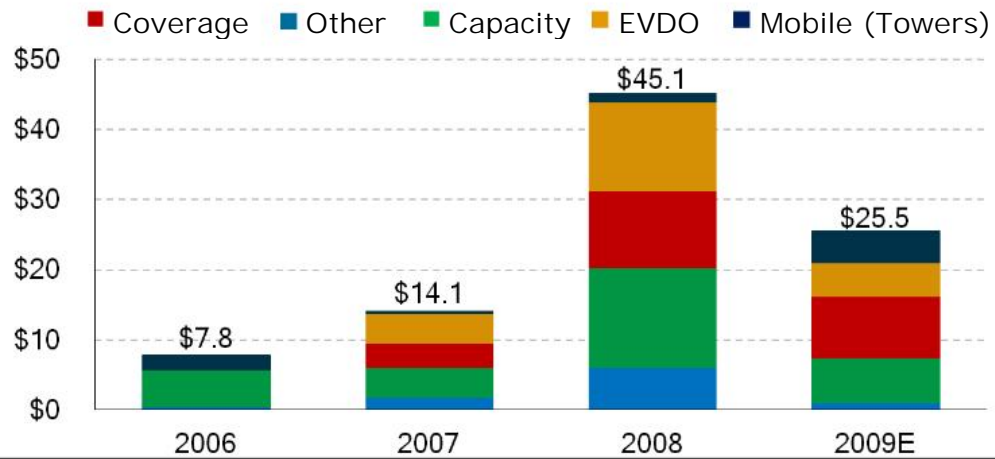
12 Months Ending



# Capital Expenditures - Wireless

12 Months Ending

Capital Expenditures by Category (\$ millions)



# Cell Sites	332	346	411	475
% Covered POPs	77%	79%	85%	88%
# EVDO Sites	0	52	211	336
% POPs Covered	N/A	27%	86%	94%



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## Wireline Customers

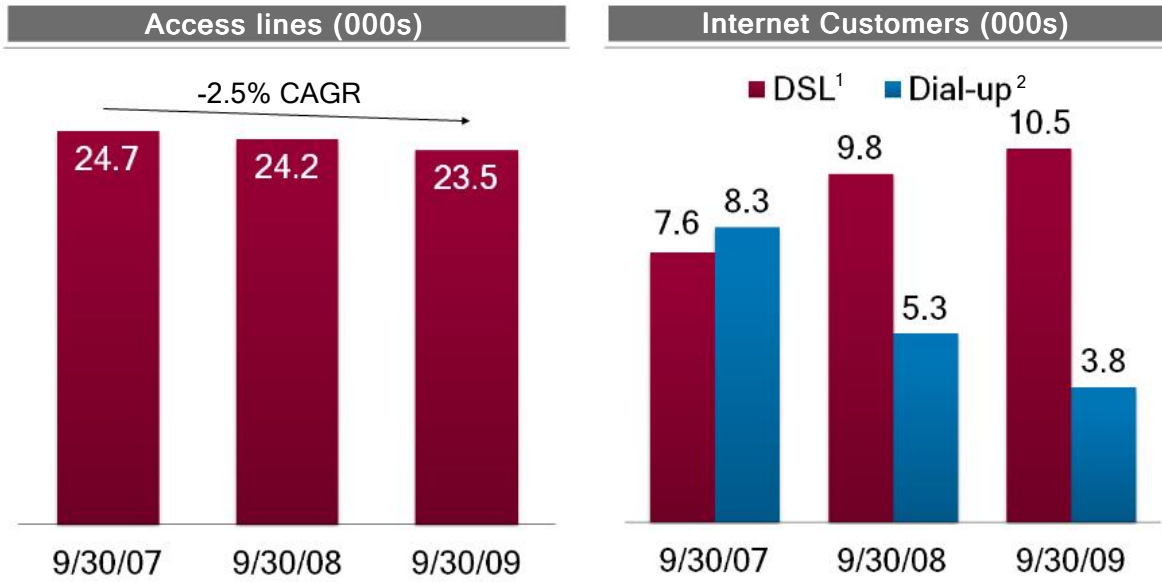
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12 Months Ending September 30, 2009

- 23.5k LEC access lines
- Acquisition of North River Telephone closed November 2nd
  - ▶ 1.0k access lines
- 10.5k DSL subscribers
- 3.8k dial-up Internet subscribers
- 10.8k long distance subscribers
- One FTTH community in service outside of LEC area
- Fiber Network
  - ▶ Route miles: 784

# Wireline Customers

12 Months Ending

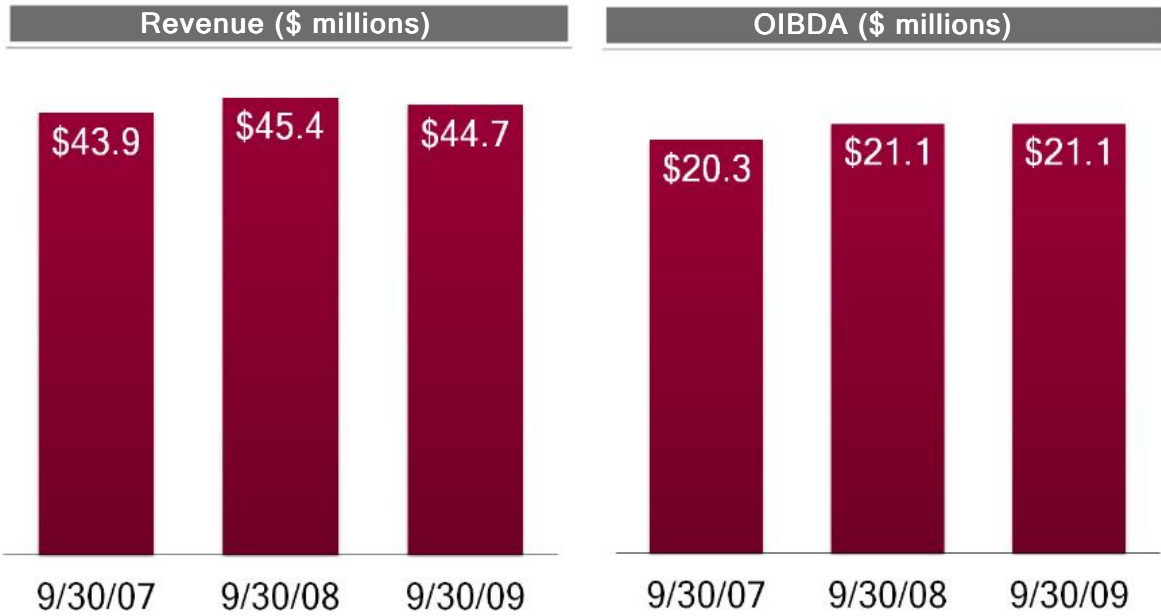


<sup>1</sup> DSL only available within LEC area  
<sup>2</sup> Dial-up offered inside and outside the LEC area



# Wireline Overview

12 Months Ending





# Agenda

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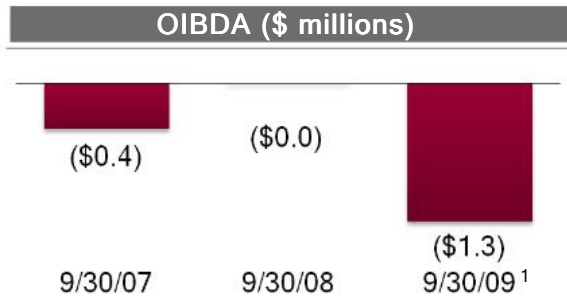
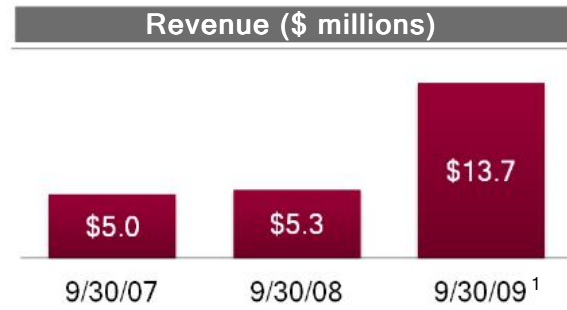
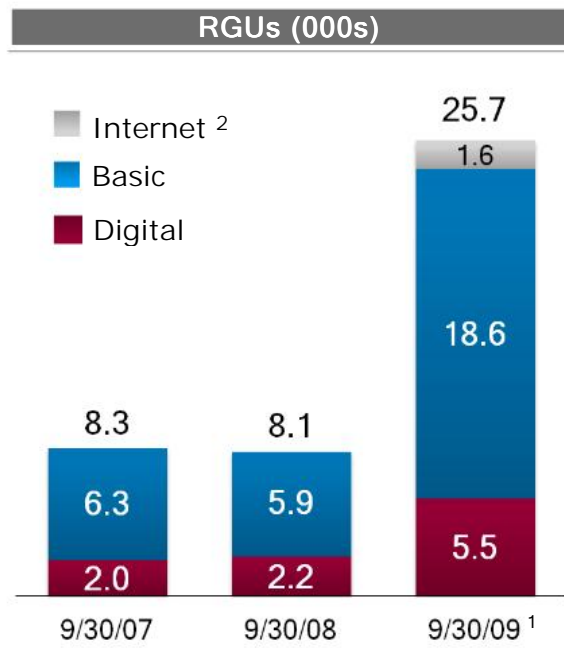
## Cable TV Overview

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- Complimentary (with LEC business)
  - ▶ 15k Homes Passed
  - ▶ 7.9k Video Subscribers
- Offensive positioning (Outside ILEC)
  - ▶ 44k Homes Passed
  - ▶ 16.2k Video and 1.6k Internet Subscribers
- All two-way by mid 2010

# Cable TV

12 Months Ending



<sup>1</sup> Includes Rapid Communications acquisition - December 2008  
<sup>2</sup> Only includes internet for areas outside ILEC service area



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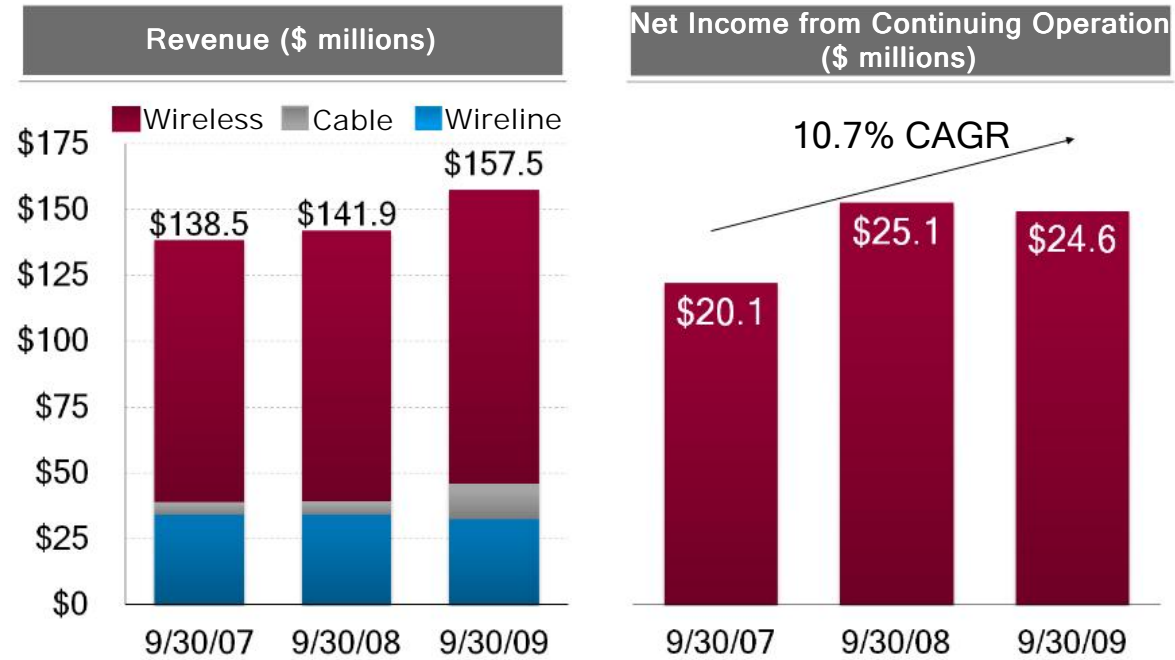
Overview of Cable

**Financials - Adele Skolits - CFO**



# Key Financial Results - Continuing Operations<sup>1</sup>

12 Months Ending

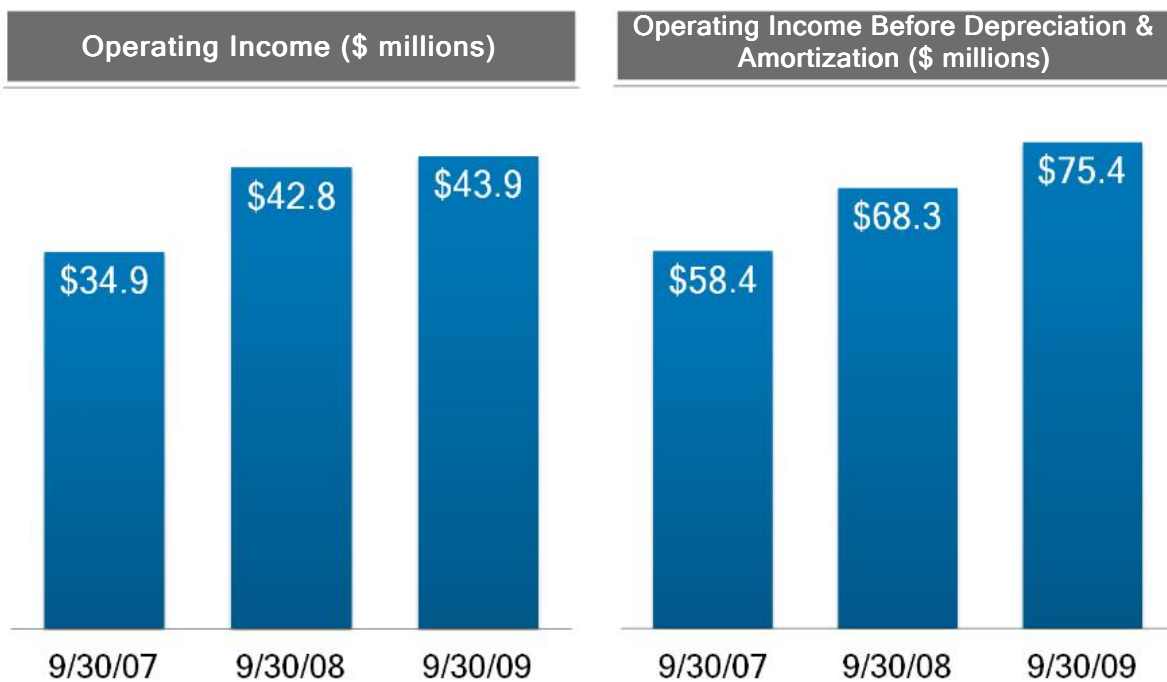


<sup>1</sup> Shentel Converged Services has been reclassified as discontinued operations. All results have been restated.



# Key Financial Results - Continuing Operations<sup>1</sup>

12 Months Ending

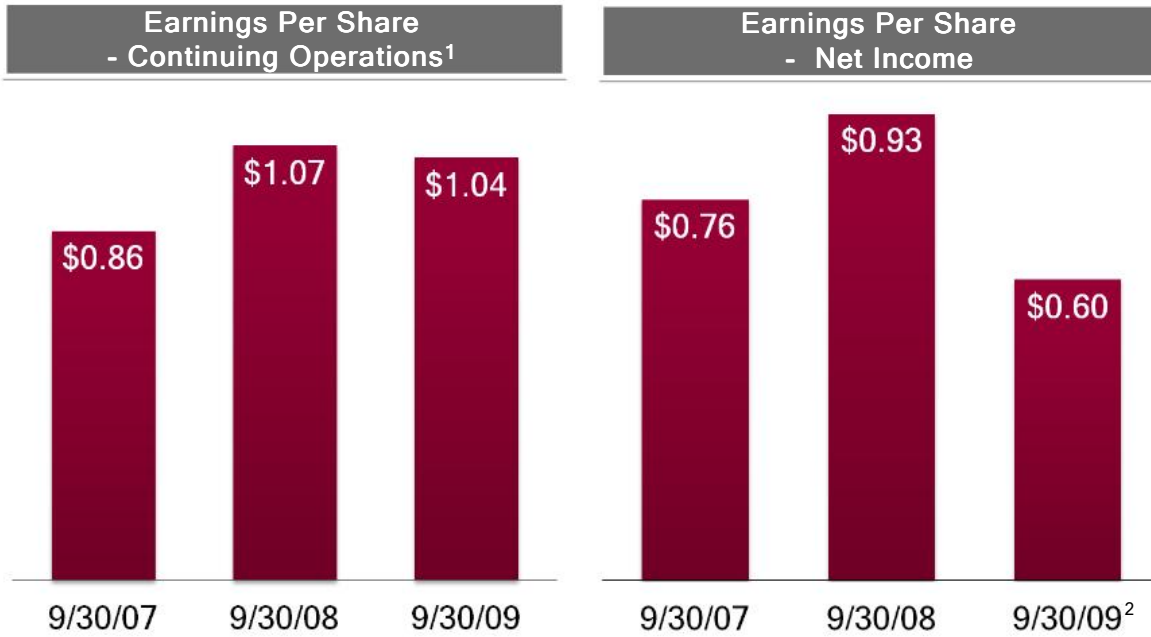


<sup>1</sup> Shentel Converged Services has been reclassified as discontinued operations. All results have been restated.



# Key Financial Results - Consolidated

12 Months Ending



<sup>1</sup> Shentel Converged Services has been reclassified as discontinued operations. All results have been restated.  
<sup>2</sup> Includes \$10.7 million write down of Converged Service Business Unit (\$0.45 per share) in Q1 2009

# Total Capex

12 Months Ending

Capital Expenditures by Segment (\$ millions)



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# Q&A

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# Appendix



## Non-GAAP Financial Measure - Billed Revenue per Subscriber

### Period Ending

*Dollars in thousands (except subscribers and revenue per subscriber)*

<u>Gross billed revenue</u>	<u>2Q08</u>	<u>3Q08</u>	<u>4Q08</u>	<u>1Q09</u>	<u>2Q09</u>	<u>3Q09</u>
Wireless segment total operating revenues	\$27,341	\$27,526	\$27,611	\$28,804	\$29,060	\$28,690
Equipment revenue	(1,511)	(1,410)	(994)	(1,270)	(1,169)	(1,046)
Other revenue	(3,320)	(1,876)	(2,270)	(2,174)	(2,190)	(2,357)
Wireless service revenue	<u>22,510</u>	<u>24,240</u>	<u>24,347</u>	<u>25,360</u>	<u>25,701</u>	<u>25,287</u>
Service credits	3,683	4,000	3,836	3,764	3,310	3,987
Write-offs	1,750	1,903	1,914	1,705	1,564	1,916
Management fee	2,203	2,336	2,404	2,482	2,529	2,484
Service fee	2,423	2,570	2,644	2,730	2,782	2,732
Gross billed revenue	<u>\$32,571</u>	<u>\$35,049</u>	<u>\$35,115</u>	<u>\$36,041</u>	<u>\$35,886</u>	<u>\$36,406</u>
Average subscribers	197,055	203,454	207,882	212,196	214,208	217,659
Voice Gross Revenue per Subscriber	\$41.58	\$40.67	\$39.21	\$38.62	\$37.49	\$36.68
Data Gross Revenue per Subscriber	13.52	16.76	17.14	17.99	18.35	19.07
Total Gross Billed Revenue per Subscriber	<u>\$55.10</u>	<u>\$57.42</u>	<u>\$56.35</u>	<u>\$56.62</u>	<u>\$55.84</u>	<u>\$55.75</u>



## Non-GAAP Financial Measure - OIBDA

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12 Months Ended 9/30/2009

*Dollars in thousands*

	<u>Wireless</u>	<u>Wireline</u>	<u>Cable</u>	<u>Other</u>	<u>Consolidated</u>
Operating Income	\$39,724	\$12,758	(\$4,296)	(\$4,130)	\$43,876
Depreciation and amortization	19,669	8,502	2,979	332	31,482
OIBDA	\$59,393	\$21,080	(\$1,317)	(\$3,798)	\$75,358



## Non-GAAP Financial Measure - OIBDA

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12 Months Ended 9/30/2008

*Dollars in thousands*

	<u>Wireless</u>	<u>Wireline</u>	<u>Cable</u>	<u>Other</u>	<u>Consolidated</u>
Operating Income	\$34,834	\$14,121	(\$1,045)	(\$5,130)	\$42,780
Depreciation and amortization	17,184	6,988	1,042	299	25,513
OIBDA	\$52,018	\$21,109	(\$3)	(\$4,831)	\$68,293



## Non-GAAP Financial Measure - OIBDA

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12 Months Ended 9/30/2007

*Dollars in thousands*

	<u>Wireless</u>	<u>Wireline</u>	<u>Cable</u>	<u>Other</u>	<u>Consolidated</u>
Operating Income	\$27,384	\$14,291	(\$1,497)	(\$5,247)	\$34,931
Depreciation and amortization	16,188	6,030	1,060	240	23,518
OIBDA	\$43,572	\$20,321	(\$437)	(\$5,007)	\$58,449

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