



3Q 2012 Earnings Conference Call

November 2, 2012

Safe Harbor Statement

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 SEC filings which are available online at www.sec.gov, 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

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 effects 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 businesses and for budget planning purposes.



Chris French

President and CEO

Recent Events

■ **SoftBank to Acquire 70% Stake in Sprint**

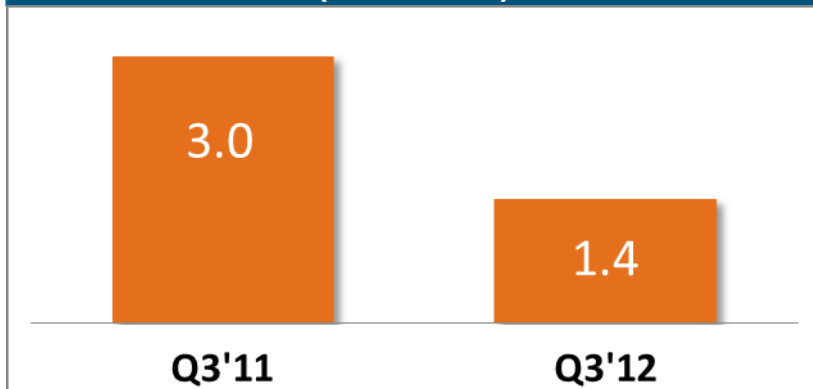
- Shentel affiliate agreement survives Sprint change in control
- Affiliate agreement initial term to 2024

■ **Annual Dividend**

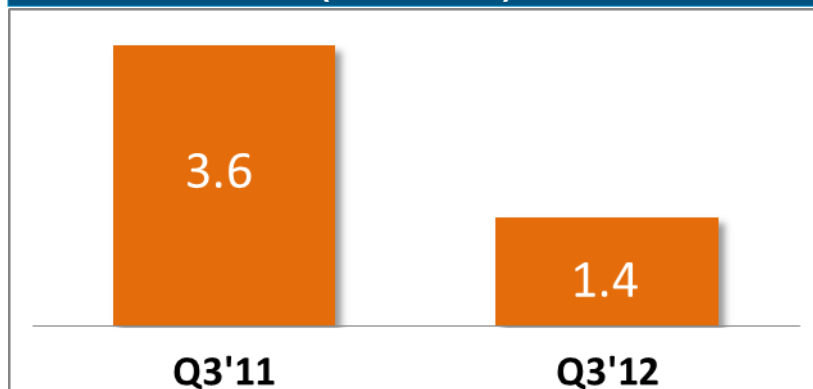
- Declared a cash dividend of \$0.33 per share
- Payable November 30, 2012
- 53rd consecutive year of annual dividends
- Total payout to shareholders will be approximately \$7.9 million

2012 Financial Highlights

Net Income
(\$ millions)



Net Income from Continuing Operations
(\$ millions)



- ❑ Depreciation
Up \$3.0 million from 3Q 2011
- ❑ PCS Equipment Trade-in
3Q 2011 gain of \$1.4 million
- ❑ Unamortized Loan Costs
3Q 2012 write-off \$0.8 million of costs remaining from 2010 loan
- ❑ Income Taxes
3Q 2012 effective tax rate of 59% due to one-time adjustment of 2011 tax expense estimates
- ❑ Major Storm Repairs
3Q 2012 repair costs of \$0.5 million
- ❑ **Revenue Growth** - 16% increase over 3Q 2011 to \$72.9 million

Wireless Highlights

☐ **Steady Postpaid growth**

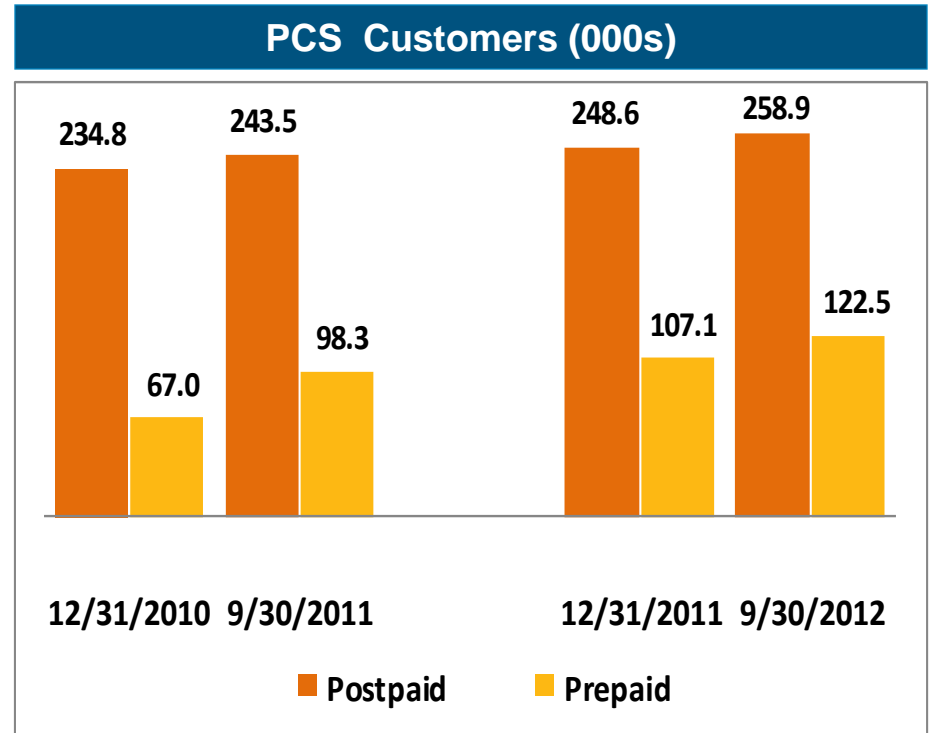
Postpaid customers up 6.3% in the last year

☐ **Rapid Prepaid Growth Q3'12**

net additions of 5,384; 122k prepaid subs at 9/30

☐ **Prepaid Churn improves**

Q3'12 churn of 3.73% compared to 4.43% for Q3'11



Cable Highlights

■ RGU Growth

- Year-over-year RGU growth of 2.7% at 9/30/2012
- 139,399 RGUs at 9/30/2012

■ Cable Upgrades

- Started the final planned upgrade to markets acquired in mid-2010.
- End of 2012 completion target now delayed due to weather



Adele Skolits

VP of Finance and CFO

Restructured Credit Facility

- Term loan of \$232 million fully drawn
- Incremental proceeds of \$60 million used primarily to fund 4G
- \$120.75 million unamortized due at maturity on 9/30/2019
- The \$230 million variable portion bears LIBOR + 2.75% interest
- 75% of the variable portion hedged at 3.88%
- Most of the remainder covered by existing swap at 4% fixed
- \$50 million undrawn revolver
- \$100 million undrawn accordion
- Covenants revised based on 4G expectations

Profitability

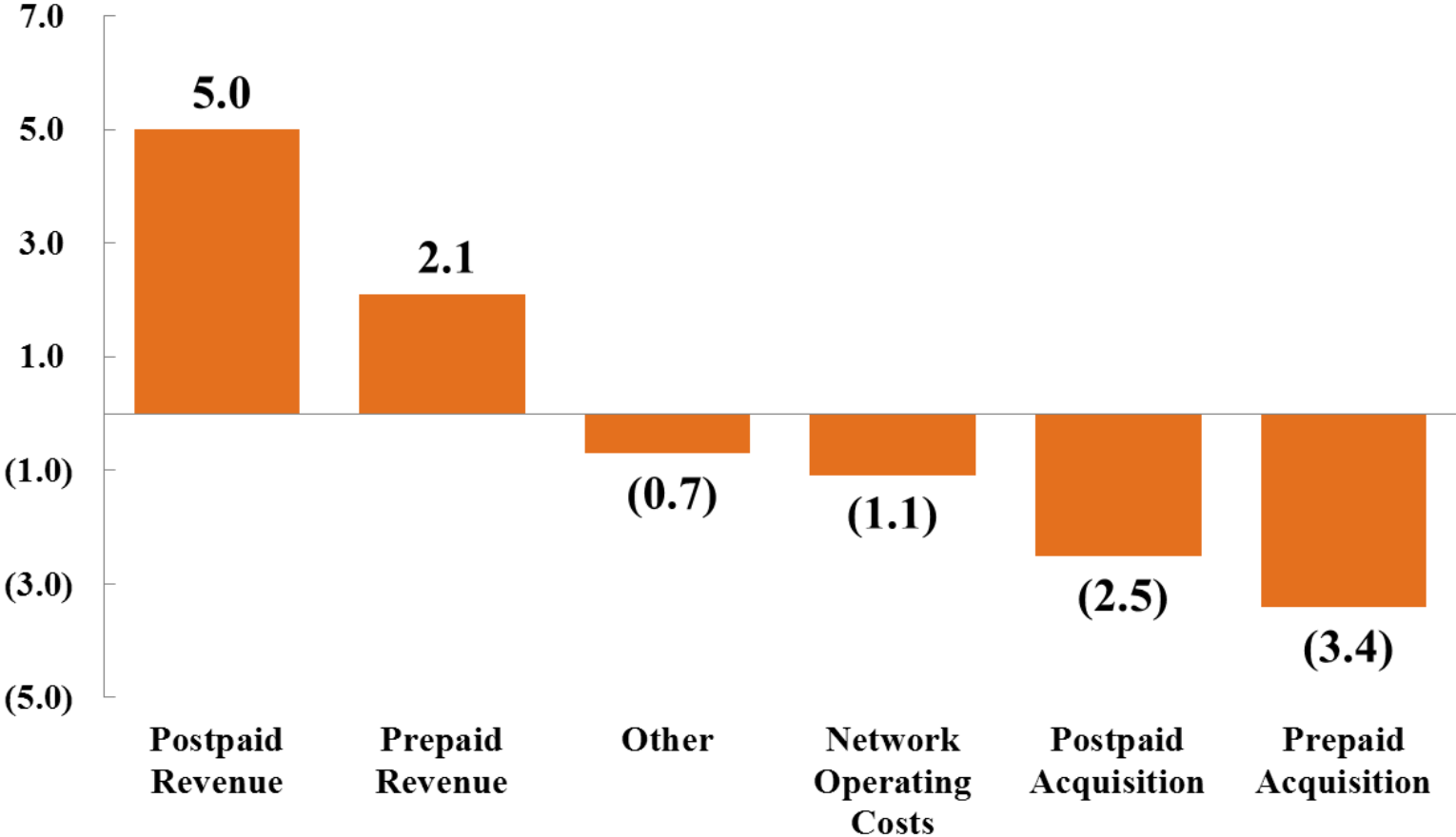
Adjusted OIBDA (\$ thousands)

	For the Quarter Ended:		
	9/30/11	9/30/12	Change
Operating Income	9,170	5,407	(3,763)
Depreciation and Amortization	13,774	16,794	3,020
OIBDA	22,944	22,201	(743)
Plus (gain) loss on asset sales	(1,146)	56	1202
Share Based Compensation	433	379	(54)
Adjusted OIBDA	22,231	22,636	405

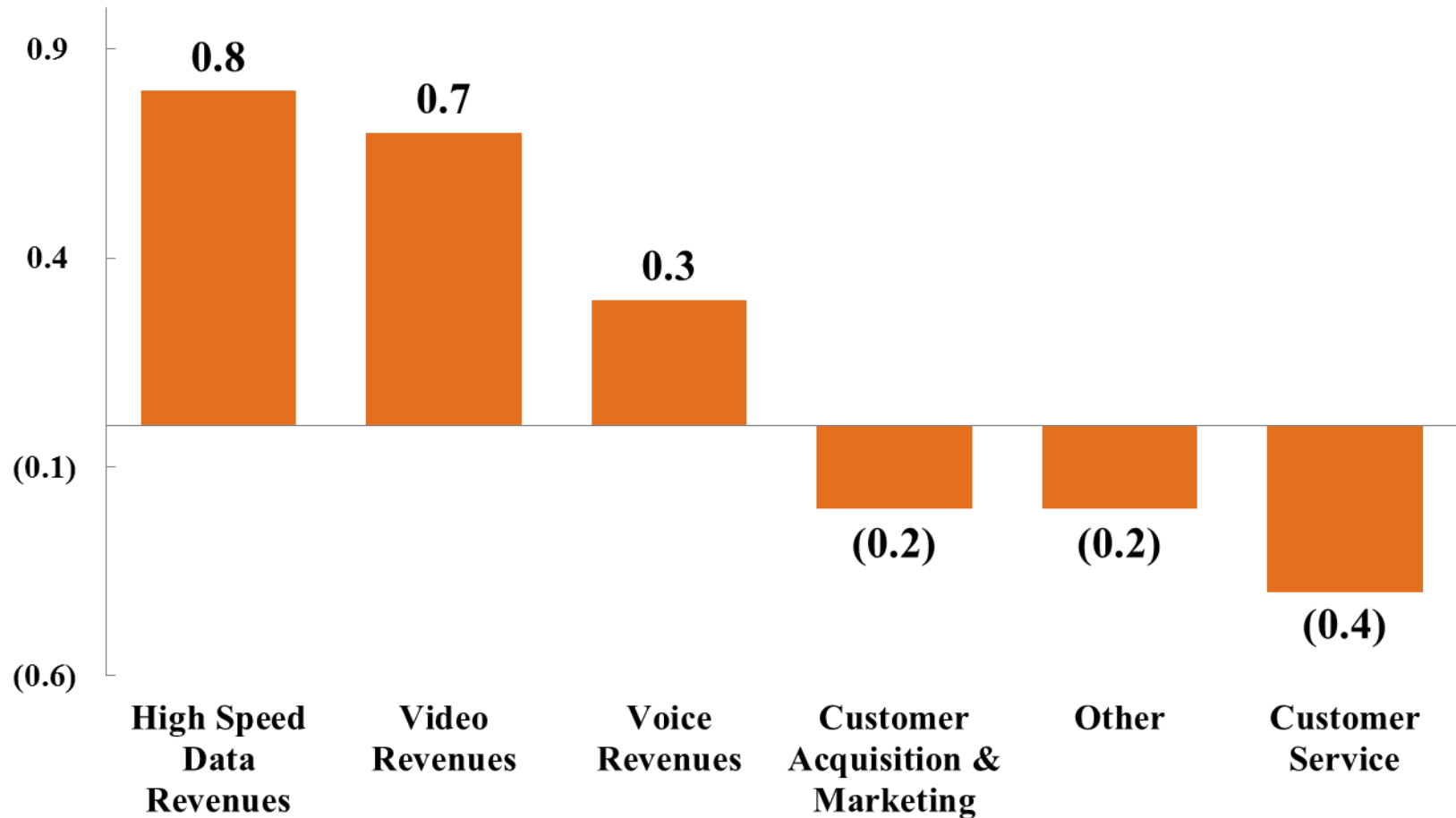
Adjusted OIBDA by Segment (\$millions)

<i>(in thousands)</i>	<u>Wireless</u>		<u>Cable</u>		<u>Wireline</u>	
	<u>Q3'11</u>	<u>Q3'12</u>	<u>Q3'11</u>	<u>Q3'12</u>	<u>Q3'11</u>	<u>Q3'12</u>
Operating Income	\$ 12.9	\$ 8.2	\$ (6.4)	\$ (5.6)	\$ 3.5	\$ 3.5
Depreciation and Amortization	5.9	8.7	5.7	5.9	2.2	2.2
OIBDA	18.8	16.9	(0.7)	0.3	5.7	5.7
Less (gain) loss on asset sales	(1.3)	-	-	-	0.1	-
Share Based Compensation	0.1	0.1	0.1	0.2	0.1	0.1
Adjusted OIBDA	\$ 17.6	\$ 17.0	\$(0.6)	\$ 0.5	\$ 5.9	\$ 5.8

Wireless Segment – Change in Adjusted OIBDA Q3'12 vs. Q3'11 (\$ millions)



Cable Segment – Change in Adjusted OIBDA Q3'12 vs. Q3'11 (\$ millions)

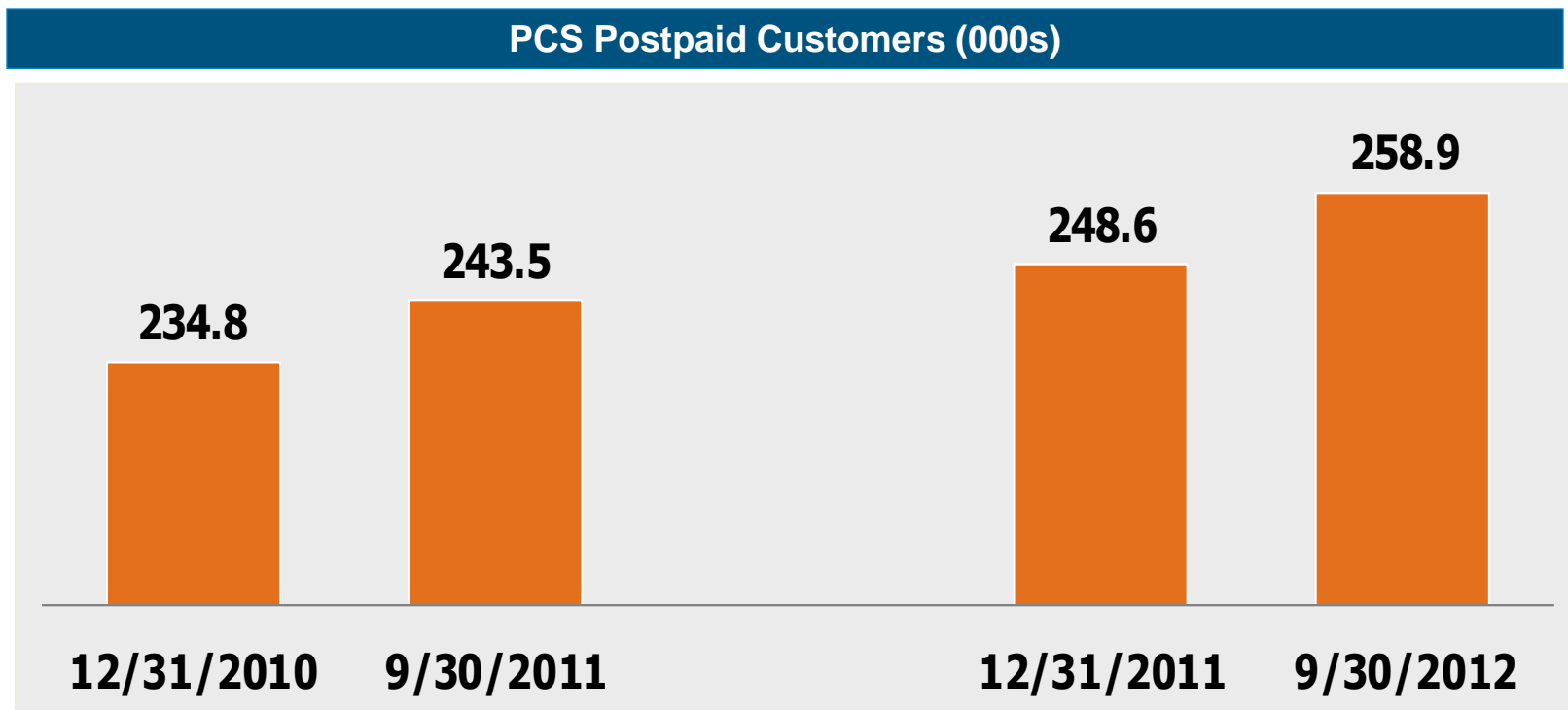




Earle MacKenzie

EVP and COO

Key Operational Results – Wireless



Key Operational Results – Wireless

Gross Additions - Postpaid

16,126

18,427

Q3'11

Q3'12

Net Additions - Postpaid

2,686

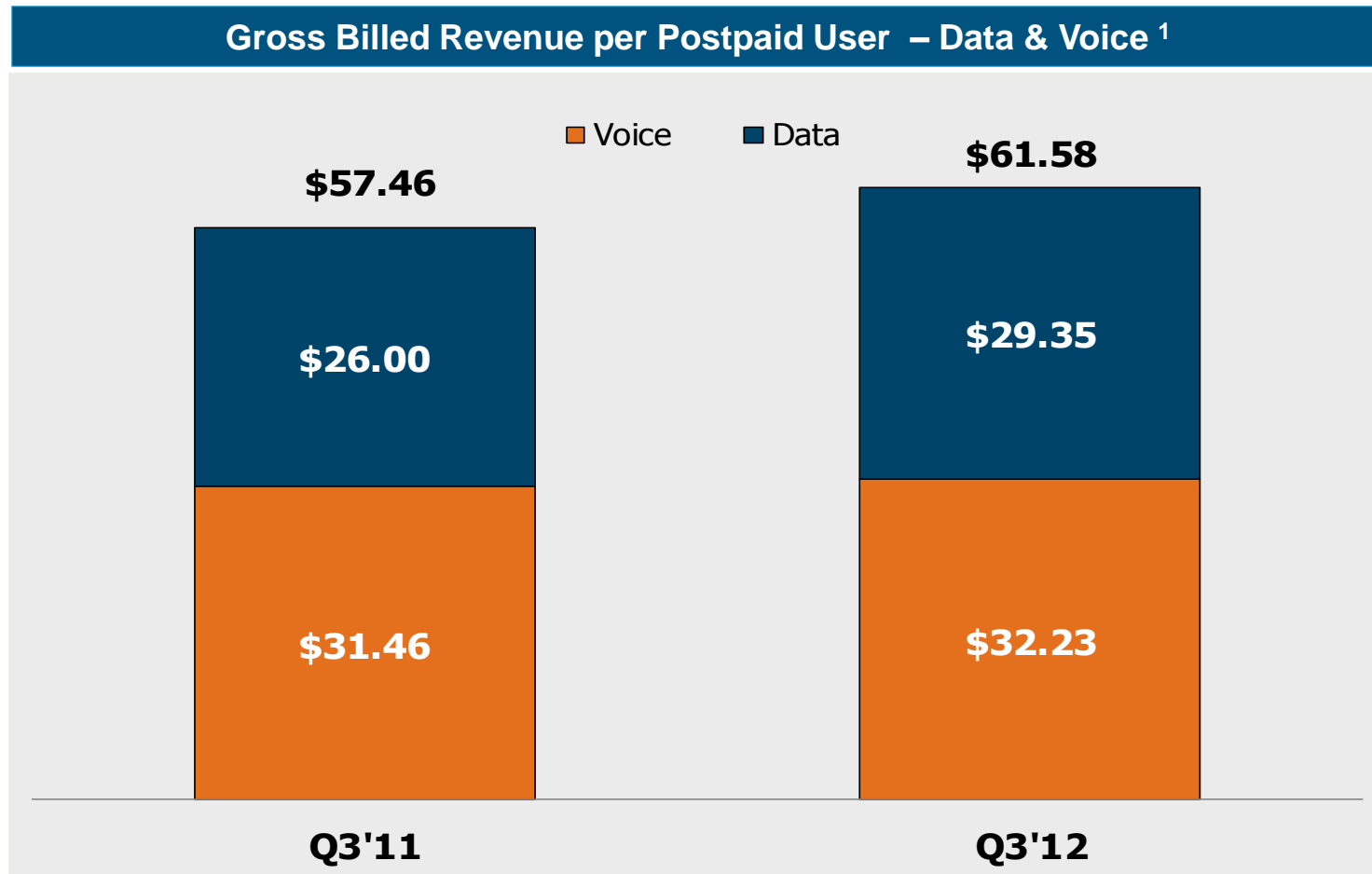
3,842

Q3'11

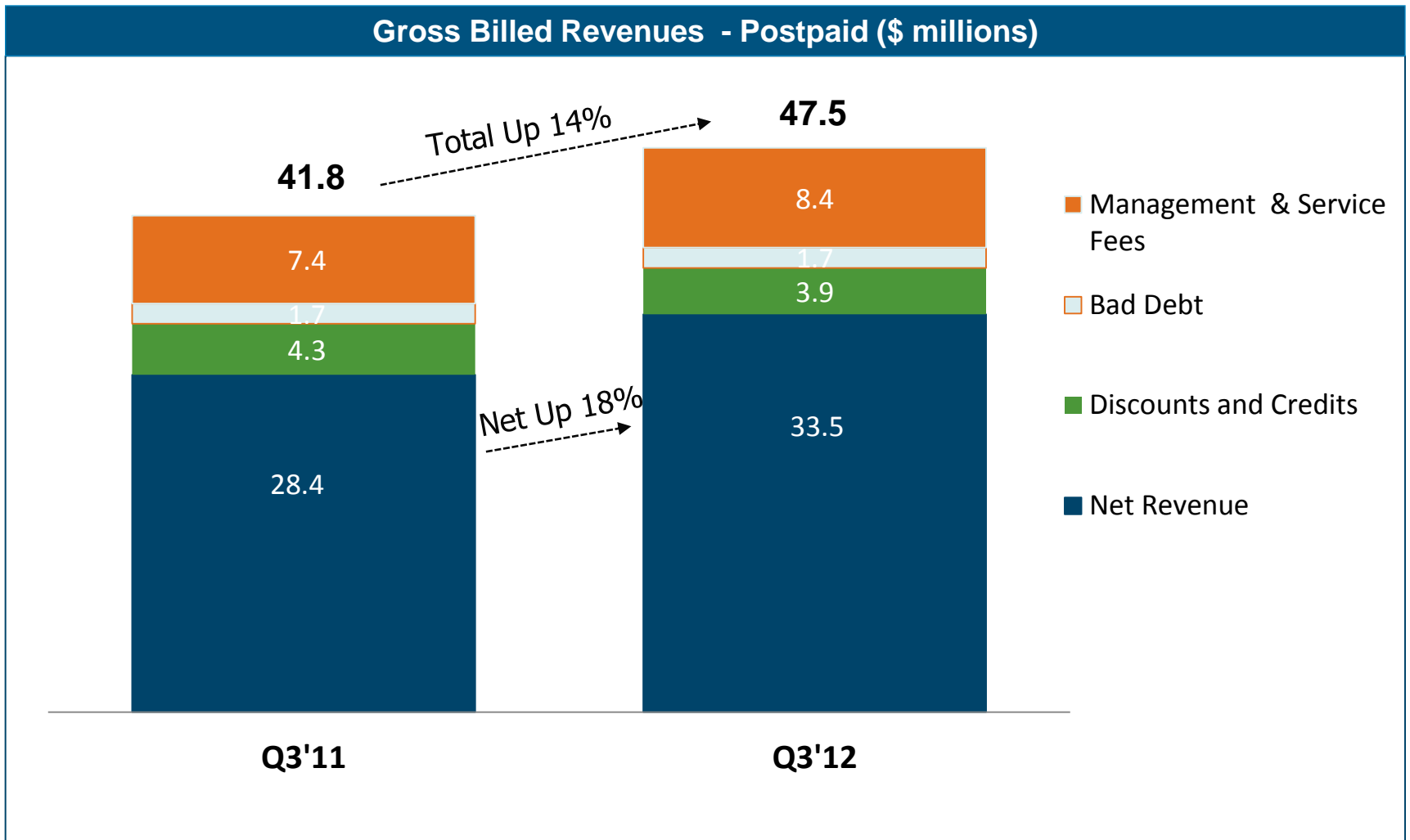
Q3'12

- Net adds of 3,842 in Q3 2012 versus 2,686 in Q3 2011
- Q3 2012 churn of 1.89% up from 1.85% in Q3 2011
- Shentel-controlled channels produced 47% of gross adds in Q3 2012 and 50% in Q3 2011

Key Operational Results – PCS



PCS Revenues



Postpaid PCS Customers Top Picks Q3 2012

- Top Service Plans – 67% of Gross Adds

- ▶ Everything Data 1500 – 48%
- ▶ Everything Data 450 – 15%
- ▶ Business Essentials– 4%

- Top Devices – New Activations – All Channels

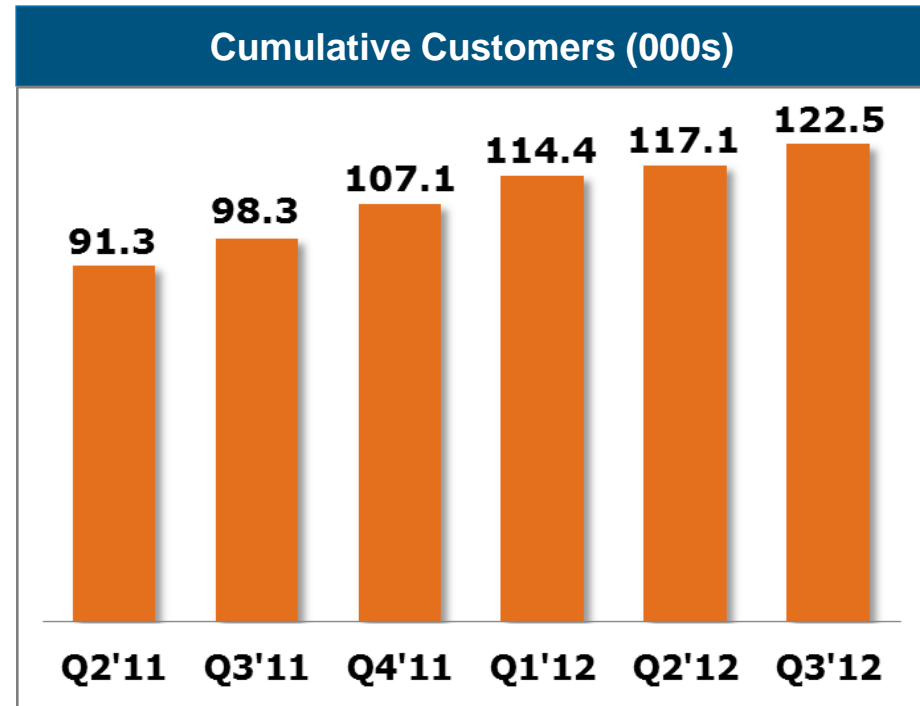
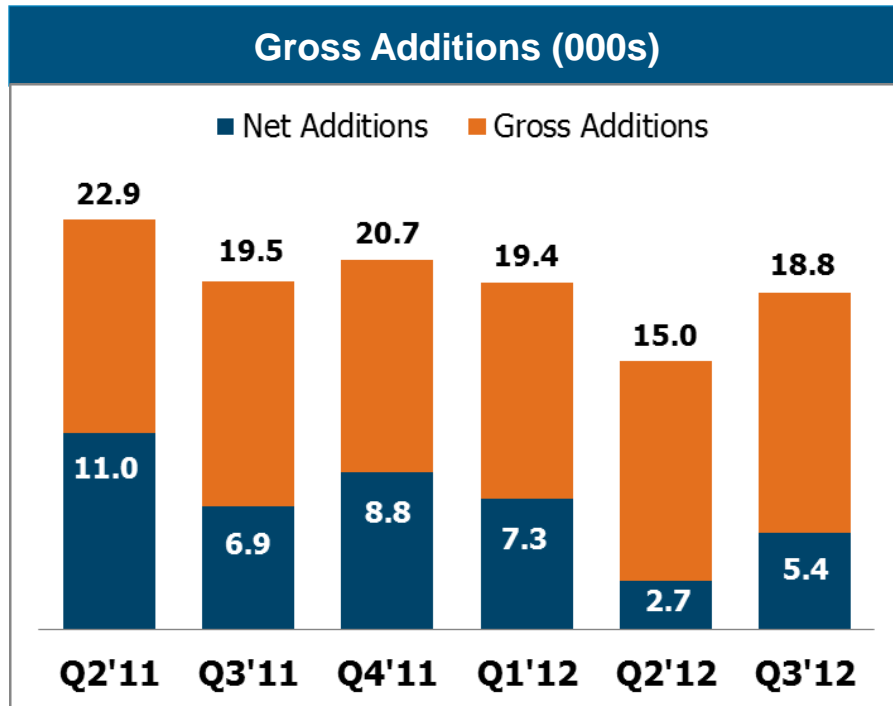
- ▶ iPhone 21%
- ▶ Kyocera DuraXT 10%
- ▶ LG Optimus Elite 9%

- Smartphones made up 61% of the Postpaid base in Q3 2012, up from 53% in Q4 2011 and 48% in Q3 2011

iPhone Statistics – Q3'12

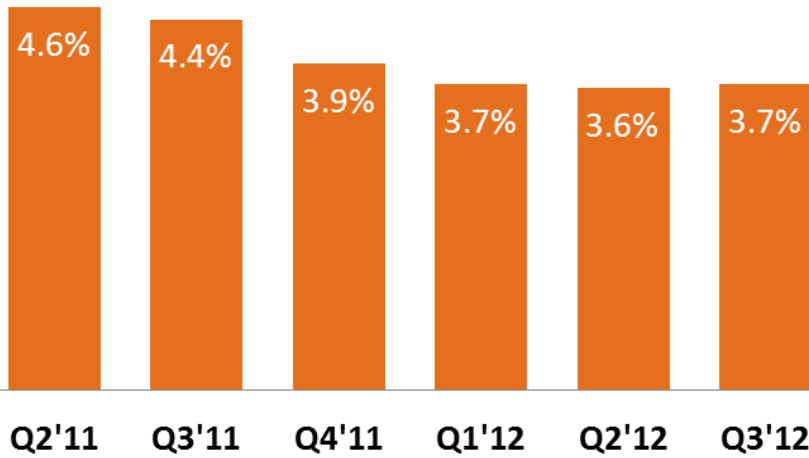
- 21% of Q3 Gross Adds
- 41% of iPhones were sold or upgraded in Shentel-controlled channels
- 13.2% of 9/30/2012 Postpaid customers had the iPhone, up from 9.8% at 6/30/12
 - 58% iPhone 4S
 - 39% iPhone 4
 - 3% iPhone 5

PCS Prepaid Statistics

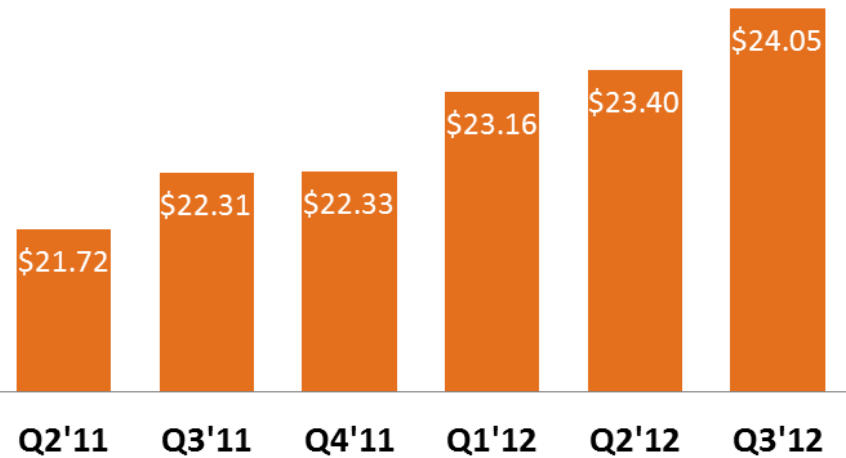


PCS Prepaid Statistics

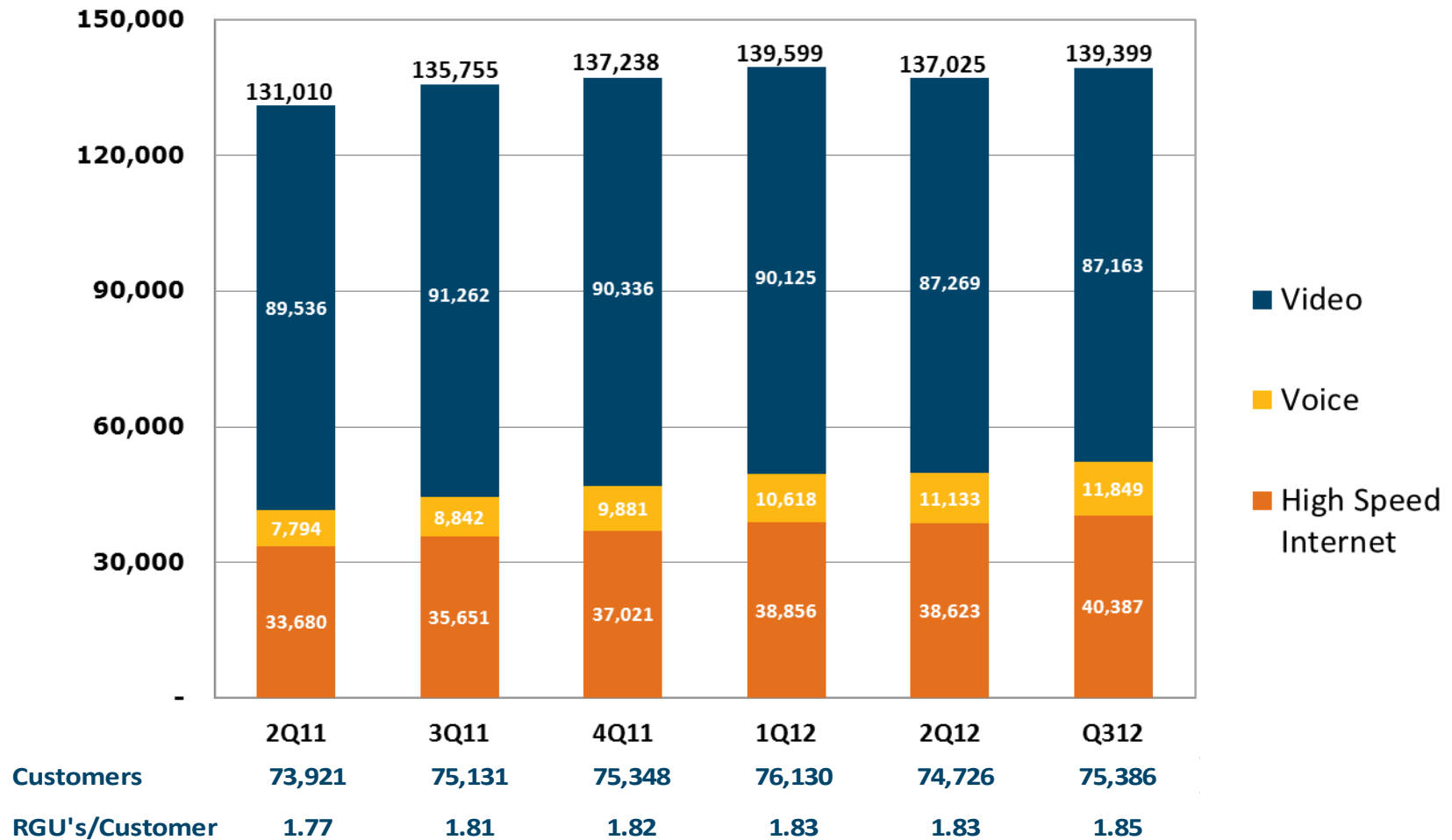
Churn %



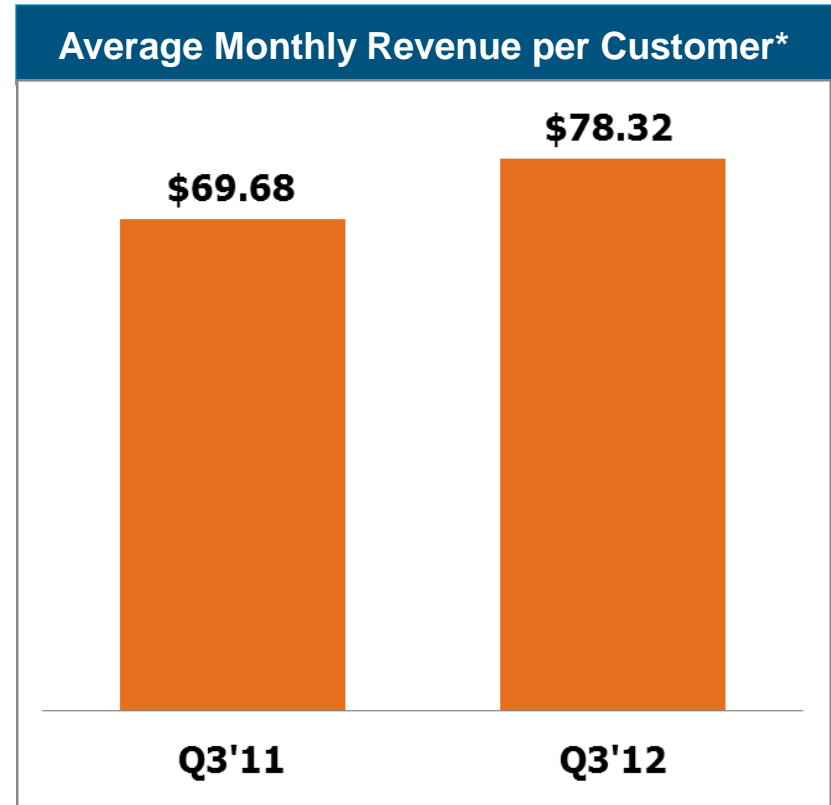
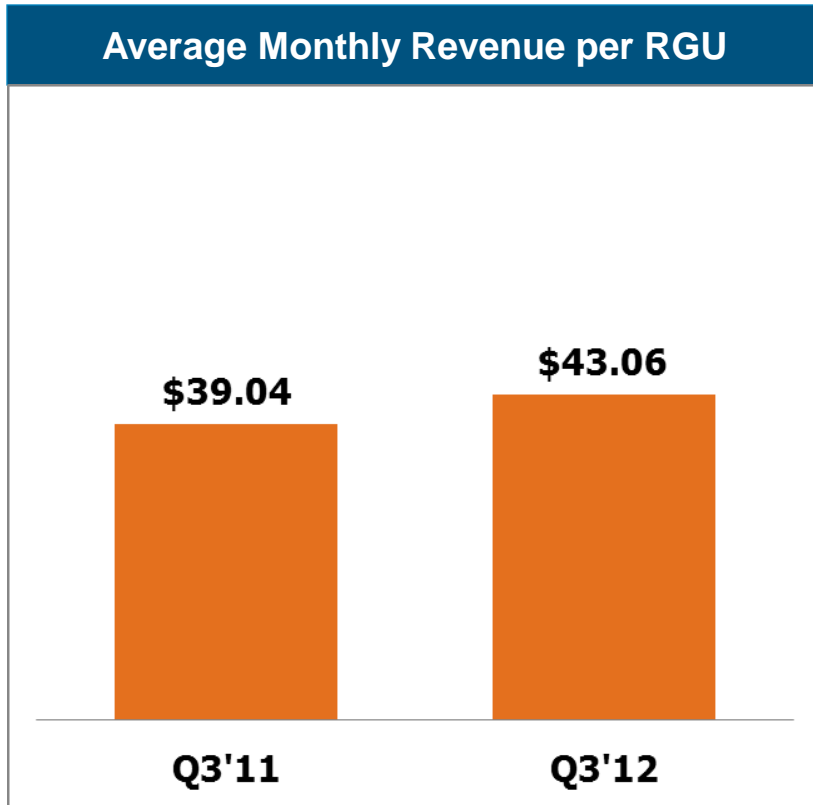
Average Gross Billed Revenue



Cable - RGU Growth by Quarter



Cable Statistics



*Average monthly revenue per video subscriber was \$78.71 and \$94.92 for Q3 2011 and Q3 2012, respectively.

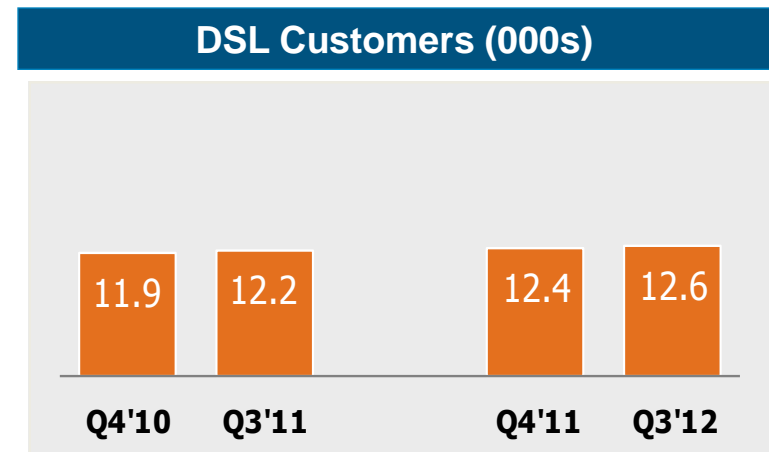
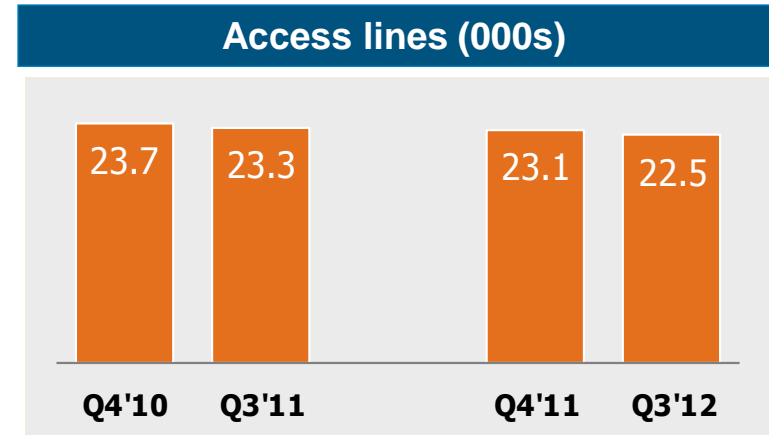
Key Operational Results – Cable

	<u>9/30/2011</u>	<u>9/30/2012</u>
Homes Passed	181,351	183,375
Basic Video		
Revenue generating units	66,179	62,526
Penetration	36.5%	34.1%
Digital video revenue generating units	25,083	24,637
Digital video penetration	37.9%	39.4%
High-speed Internet		
Available Homes	155,120	157,338
Revenue generating units	35,651	40,387
Penetration	23.0%	25.7%
Voice		
Available Homes	142,236	150,944
Revenue generating units	8,842	11,849
Penetration	6.2%	7.8%
Total Revenue Generating Units	135,755	139,399

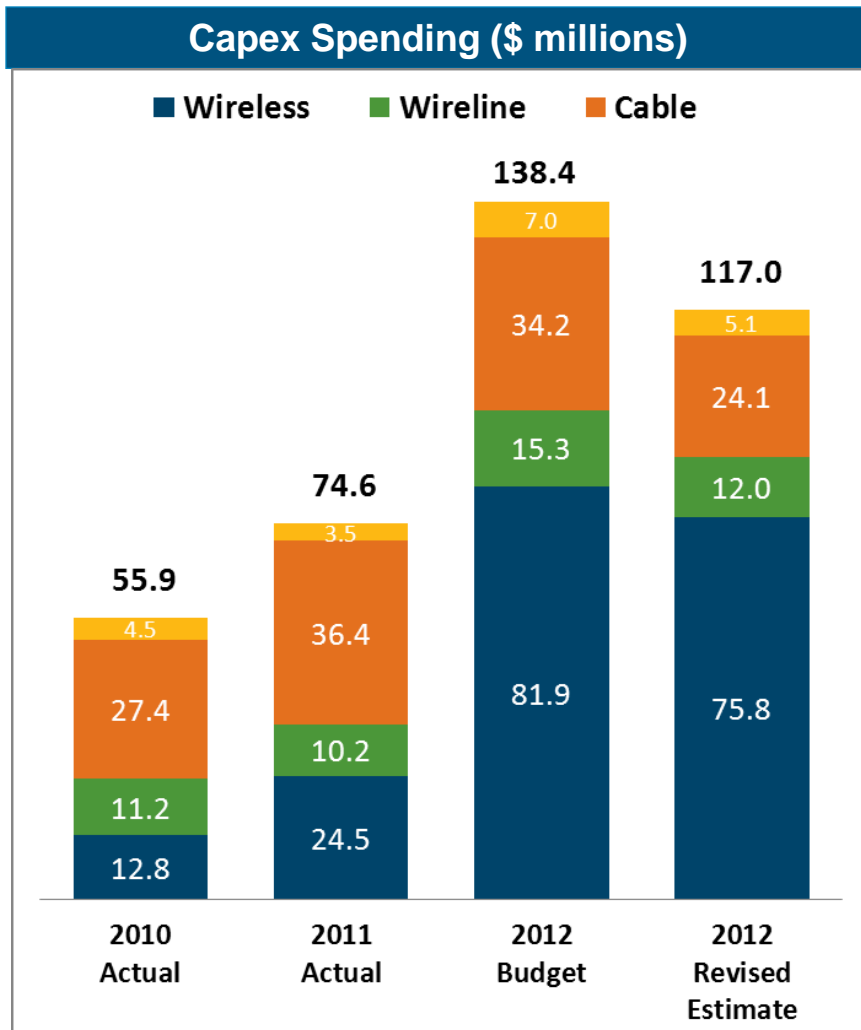
Note: Video homes passed includes 16K homes located in Shenandoah County, VA, where internet and voice services are provided by the Wireline segment.

Key Operational Results - Wireline

- Access line loss of 3.4% in past 12 months
- Broadband penetration in LEC area at 56%
- 2.5% growth in DSL customers since 09/30/2011. Total connections at 9/30/12 of 35.1 thousand



Investing in the Future



- Last Cable upgrade of 10,000 homes passed is underway and expected to be complete in 2013.
- Network Vision now expected at \$55M in 2012 and \$60M in 2013.

Q&A

Appendix

Non-GAAP Financial Measure – Billed Revenue per Postpaid Subscriber

Dollars in thousands (except subscribers and revenue per subscriber)

<u>Gross billed revenue</u>	<u>3Q 2011</u>	<u>3Q 2012</u>
Wireless segment total operating revenues	\$ 38,489	\$ 45,661
Equipment revenue	(1,107)	(1,436)
Tower Lease Revenue	(2,302)	(2,286)
Prepaid Net Service Revenues	(5,963)	(8,065)
Other revenue	(677)	(422)
Wireless service revenue – postpaid	<u>28,440</u>	<u>33,452</u>
Discounts and Credits	4,279	3,863
Write-offs	1,672	1,702
Management fee	2,946	3,381
Service fee	4,419	5,071
Gross billed revenue – postpaid	<u>\$ 41,756</u>	<u>\$ 47,469</u>
Average postpaid subscribers	242,234	256,965
Billed revenue per postpaid subscriber	\$57.46	\$61.58