



# 1Q 2010 Earnings Conference Call

May 6, 2010



## 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 SEC filings which 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 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.

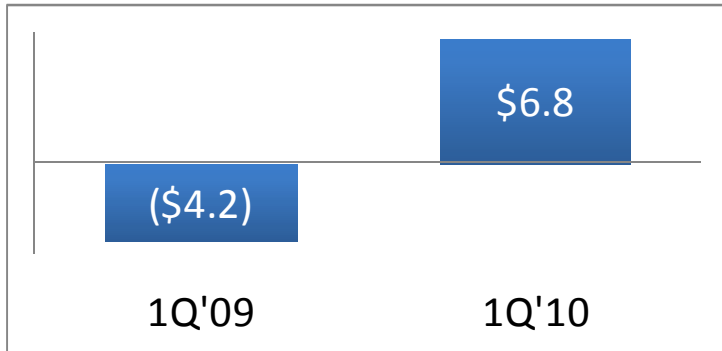
# Chris French

CEO and President

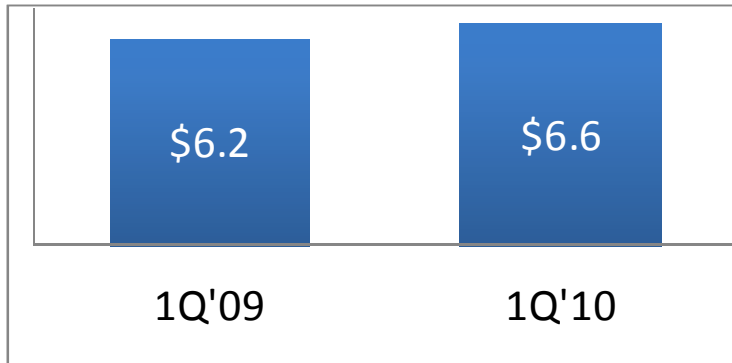


## 1Q '10 Highlights

### Net Income (in millions)



### Net Income from Continuing Operations (in millions)

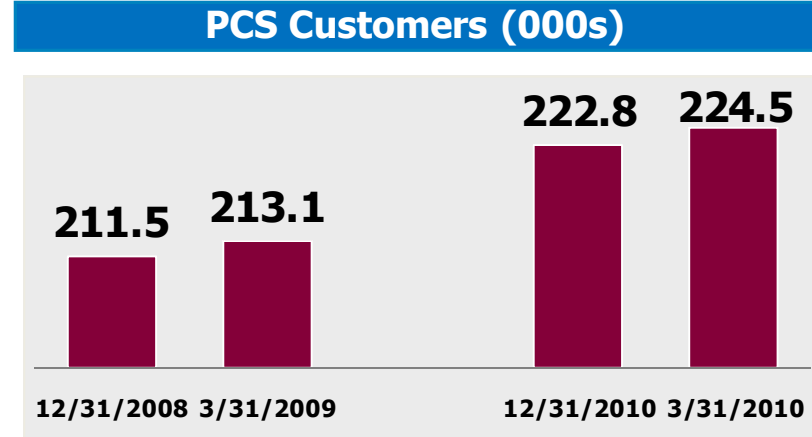


- ❑ **Net Income** - 1Q 2010 net income of \$6.8 million
- ❑ **Operating results** - Net income from continuing operations of \$6.6 million up 7%, with wireless up 4%
- ❑ **Cable Loss** - Net loss from the cable segment of \$1.3 million



# 1Q '10 Wireless Highlights

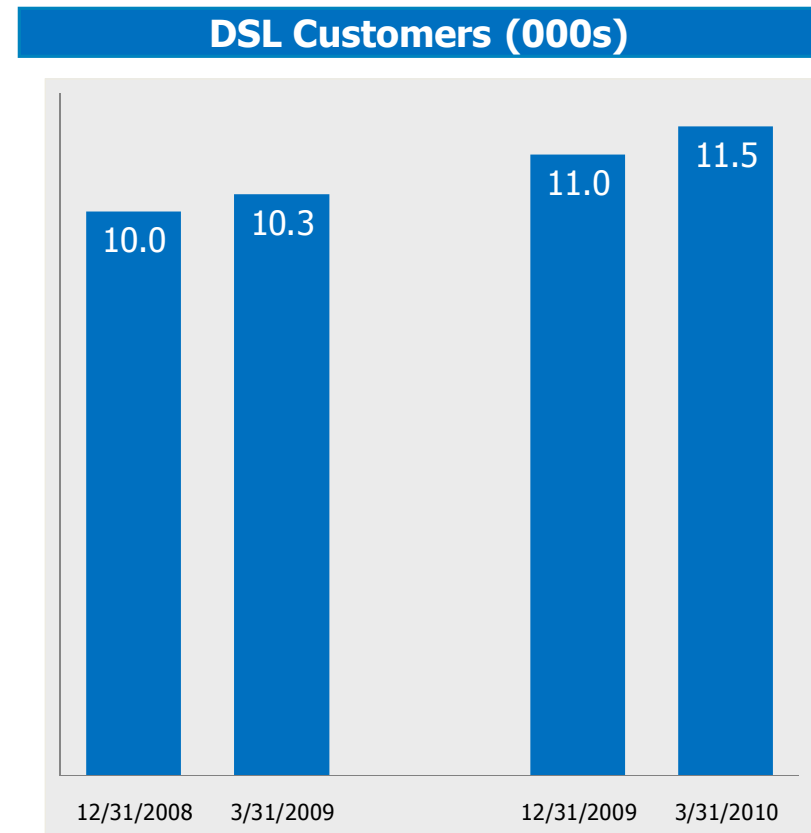
- **Steady Wireless growth –**  
customers up 5% in the last year, net adds up 7% this quarter
- **Quarterly churn improves –**  
Q1 '10 churn of 1.91% compared to 1.99% for Q4 '09 and 2.15% for Q1 '09
- **Wireless upgrades completed –**  
Capital Spending reduced as wireless high speed data upgrade and coverage improvement programs are completed





## 1Q '10 Other Highlights

- **Cable Triple Play** – 68% of acquired homes passed upgraded through March 31
- **North River commitments delivered** – DSL service available to 100% of North River customers, up from 50% at year end
- **Substantial DSL growth** – DSL subs up 5% in Q1 2010
- **Discontinued Operations** – Converged Services sale process continues



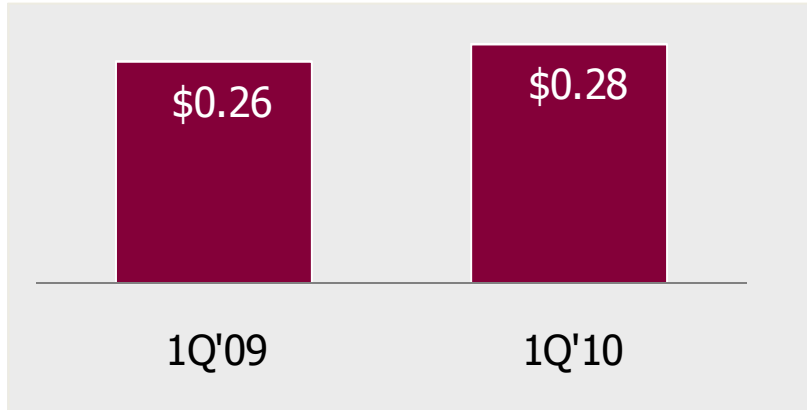
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# **Adele Skolits**

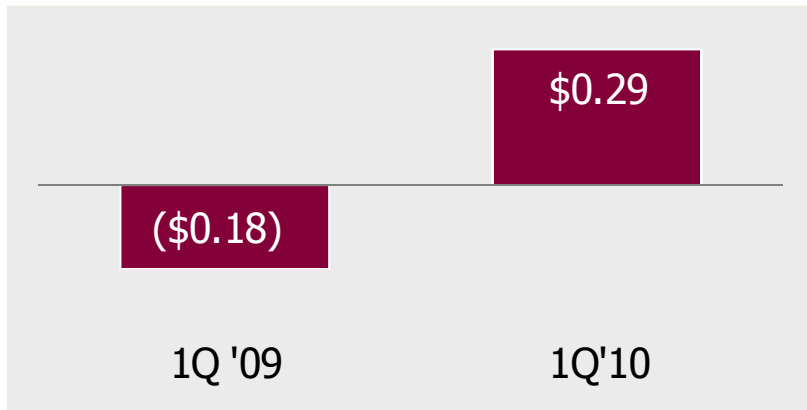
CFO and VP of Finance

## EPS

### Earnings per Share from Continuing Operations



### Earnings Per Share



- **Solid Earnings**— EPS from continuing operations of \$.28 in 1Q '10, up 8%



## Profitability

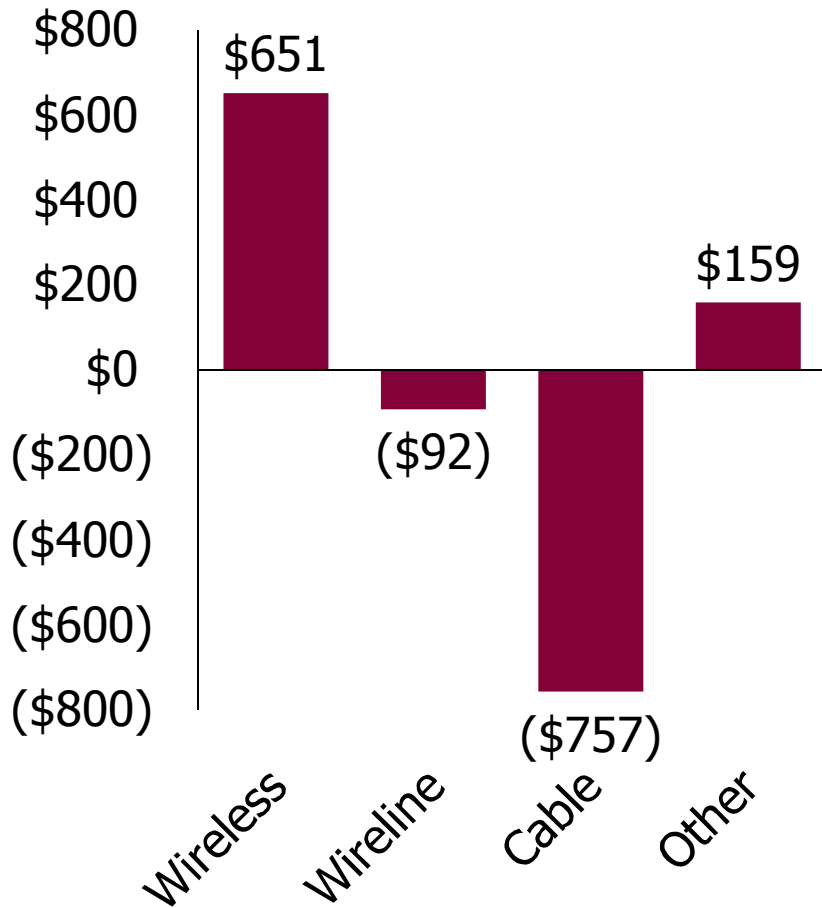
### OIBDA for the Quarter Ended (\$ millions)

	<u>Quarter Ended</u>		<u>Change</u>
	<u>3/31/09</u>	<u>3/31/10</u>	
Operating Income	\$12.0	\$11.5	(0.5)
Depreciation and Amortization	7.9	8.3	0.4
<b>OIBDA</b>	<b>\$19.9</b>	<b>\$19.8</b>	<b>(\$0.1)</b>

# OIBDA

Change between 1Q'09 and 1Q'10

*in thousands*



## Wireless

- Average customers and service revenues up 5%
- Operating costs associated with PCS network upgrades

## Wireline

- Service revenues up 3%

## Cable

- Revenues up despite having sold 7% of the RGU's
- Increased costs associated with network upgrades and adding 1,172 net adds in Q1'10 vs. loss of 69 in Q1'09

## Cash Flows

- **Operating cash flow** – Lower due to timing of payments vendor, tax and Sprint payments
- **Capex** – Expenditures flat with Q1'09 and lower than previous quarters as Wireless network improvements slow
- **Cost of Capital will drop** – The balance sheet will enable us to use leverage to acquire JetBB, shifting the fundamental capital structure and dropping capital costs

### Cash Flows (\$ millions)

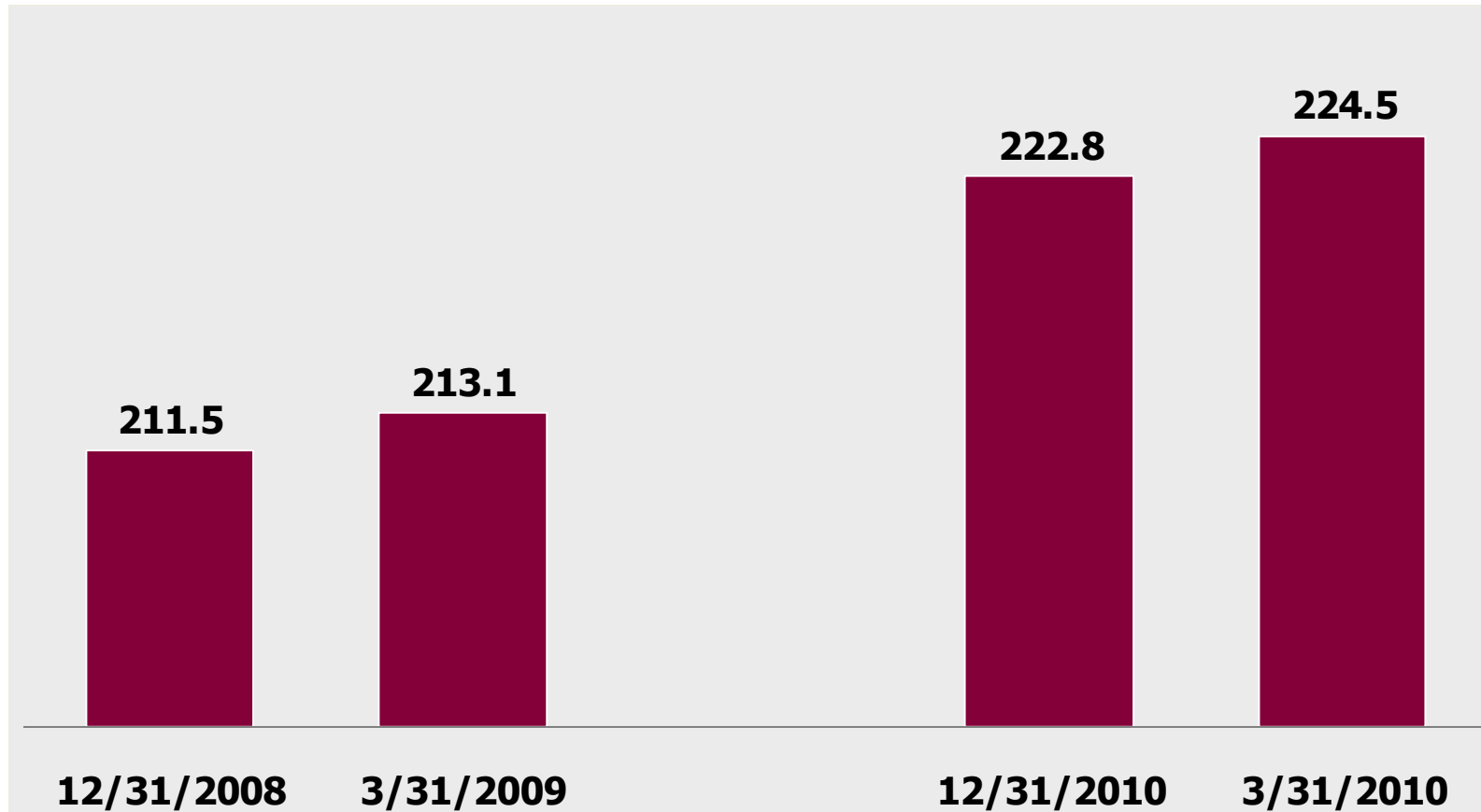
	<u>1Q'09</u>	<u>1Q'10</u>	<u>Change</u>
Net Cash from Operations	\$ 21.2	\$ 16.0	\$ (5.2)
Capital Expenditures	(9.1)	(9.6)	(0.5)
Borrowings	2.0	0.0	(2.0)
Debt Repayments	(1.1)	(1.1)	0.0
Other	<u>0.4</u>	<u>0.8</u>	<u>0.4</u>
Net Increase in Cash	<u>\$ 13.4</u>	<u>\$ 6.1</u>	<u>\$ (7.3)</u>

# **Earle MacKenzie**

**EVP and COO**

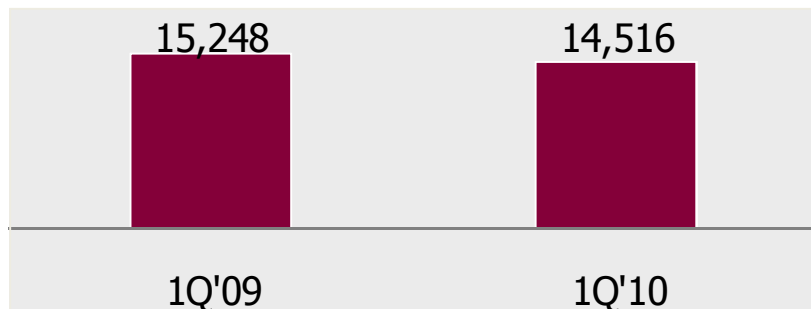
## Key Operational Results – Wireless

### PCS Customers (000s)

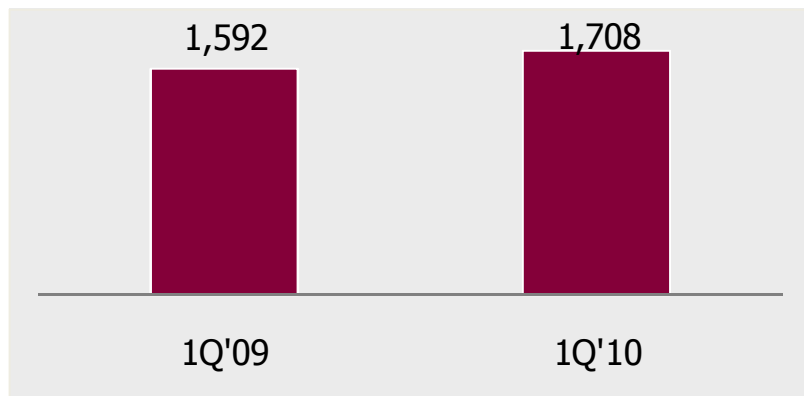


## Key Operational Results – Wireless

### Gross Additions



### Net Additions

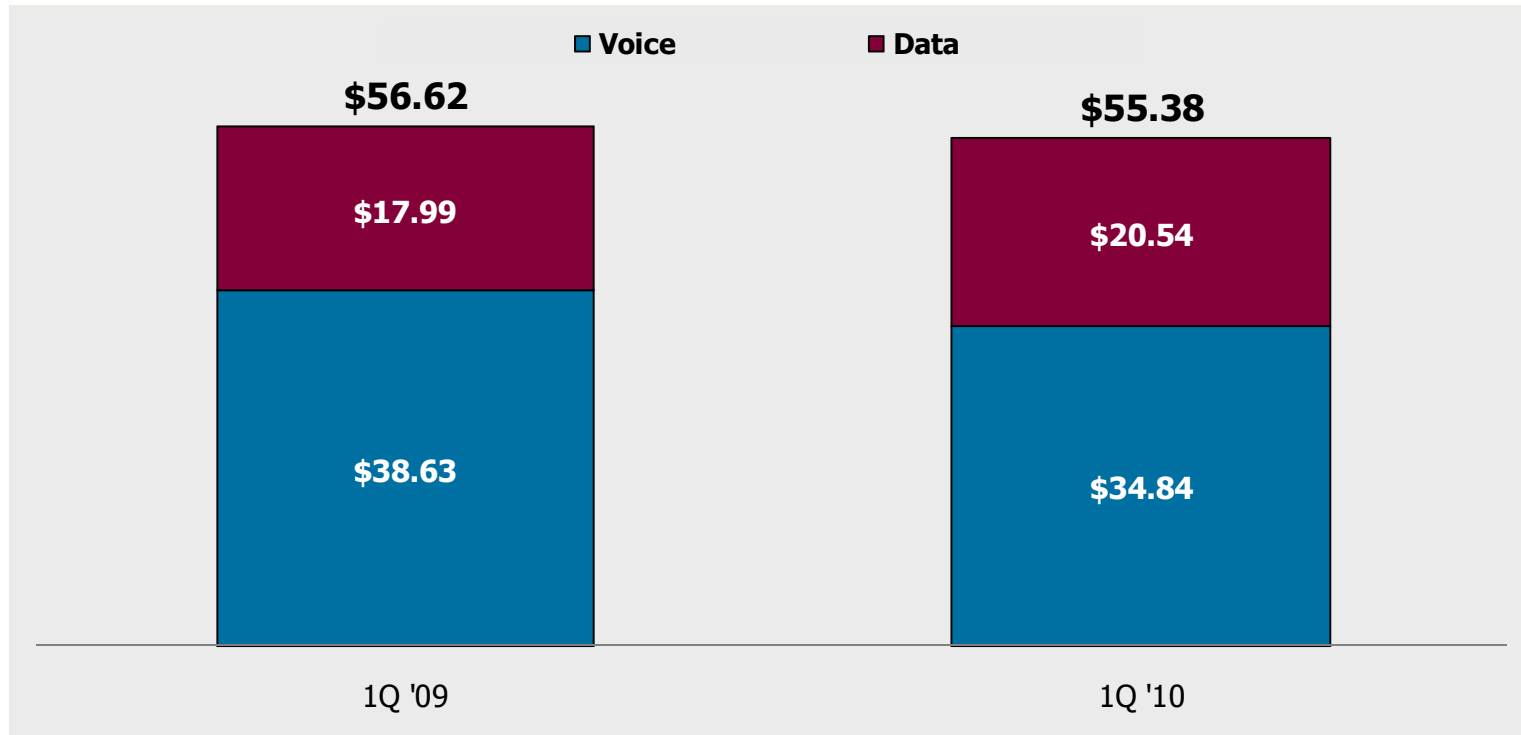


- Decrease in churn from 2.15% in Q1 '09 and 1.99% in Q4 '09 to 1.91% in Q1 '10
- Improvements in retention lead to a 7% increase in net adds
- Bad Debt write-offs and credits are down 5% Q1'10 over Q1'09



# Key Operational Results – PCS

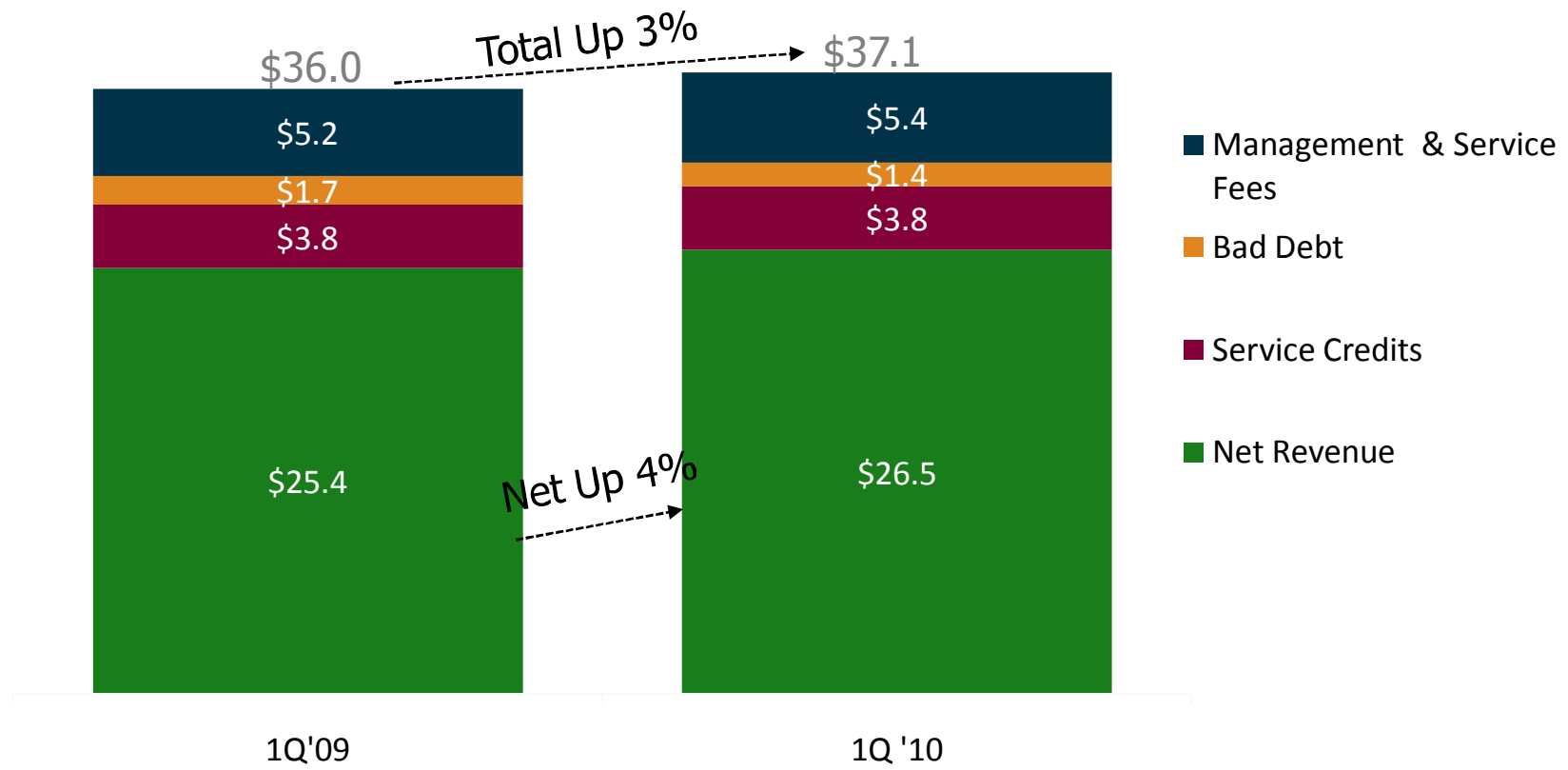
## Gross Billed Revenue per User – Data & Voice <sup>1</sup>



<sup>1</sup> – Before Service credits, bad debt, Sprint Nextel fees. See reconciliation of Non-GAAP financial measures on slide 24

# PCS Revenues

## Gross Billed Revenues (\$ millions)





## PCS Customers Top Picks Q1 2010

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- Top Service Plans - 49% of Gross Adds

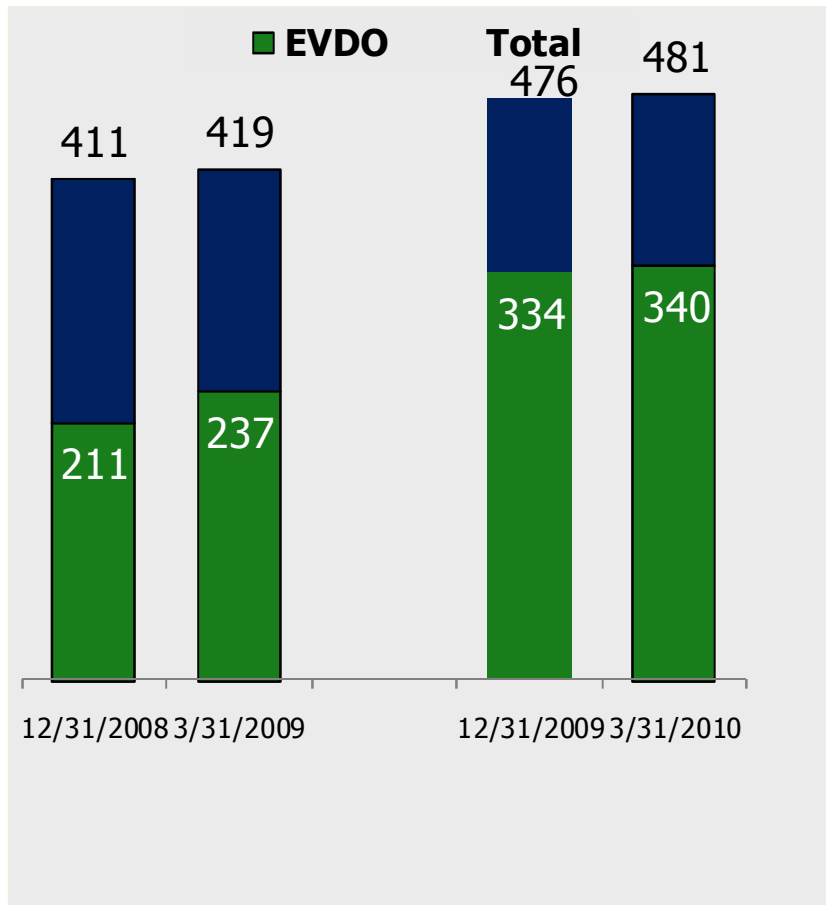
- ▶ Everything Data Family 1500
- ▶ Everything Messaging Family 1500
- ▶ Everything 450

- Top Devices – Shentel Controlled Channels

- ▶ Sanyo 3810 12%
- ▶ Sanyo 2700 11%
- ▶ Blackberry Curve 9%
- ▶ Samsung Exclaim 9%
- ▶ LG Rumor 2 9%
- ▶ Mobile Data Cards 7%

# Meeting PCS Customer Needs

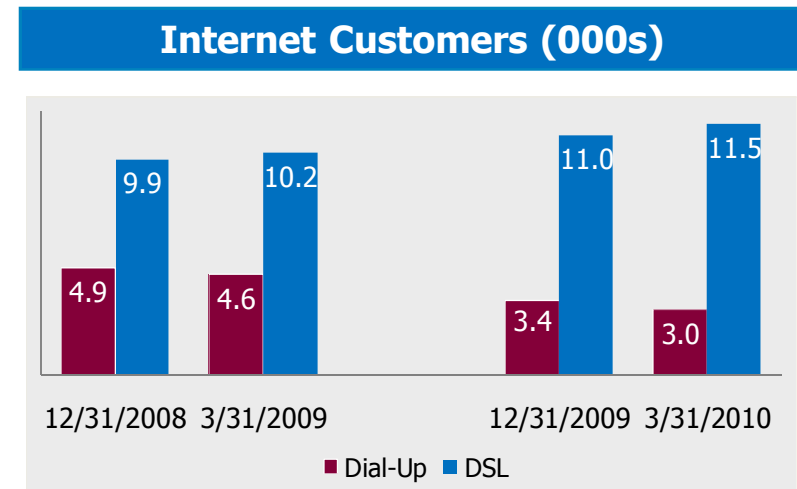
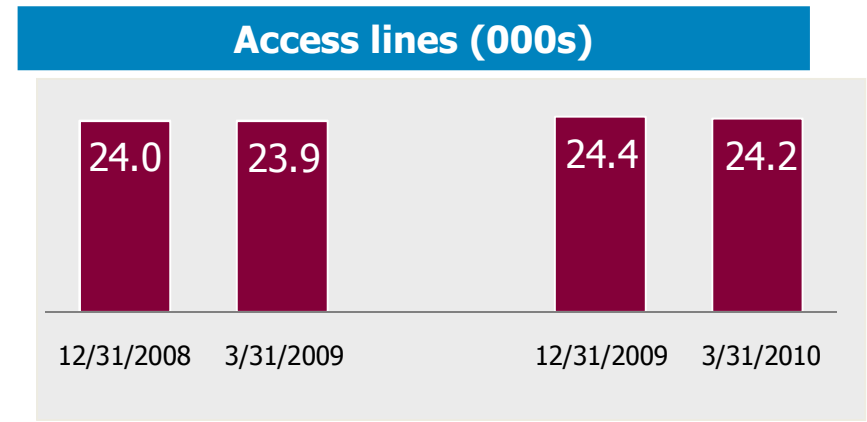
## Number of Cell Sites



- Growth in sites and EVDO coverage has slowed
- Expanded data offering
  - ▶ Over 95% POP's with EVDO coverage
- Future investments success based or maintenance related

## Key Operational Results - Wireline

- Modest access line loss
- 46% overall broadband penetration
- 12% growth in DSL customers since 3/31/09

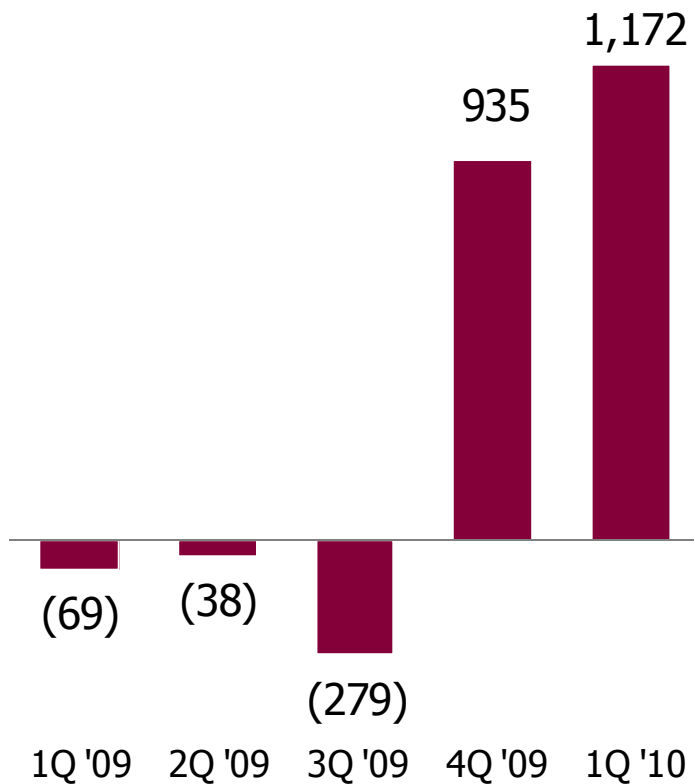


<sup>1</sup> DSL only available within LEC area

<sup>2</sup> Dial-up offered inside and outside the LEC area

## Key Operational Results - Cable

### Cable Segment Net RGU Growth



- Upgrades continue to result in substantial RGU growth
- 68% of homes passed upgraded in acquired markets
- Voice service launched



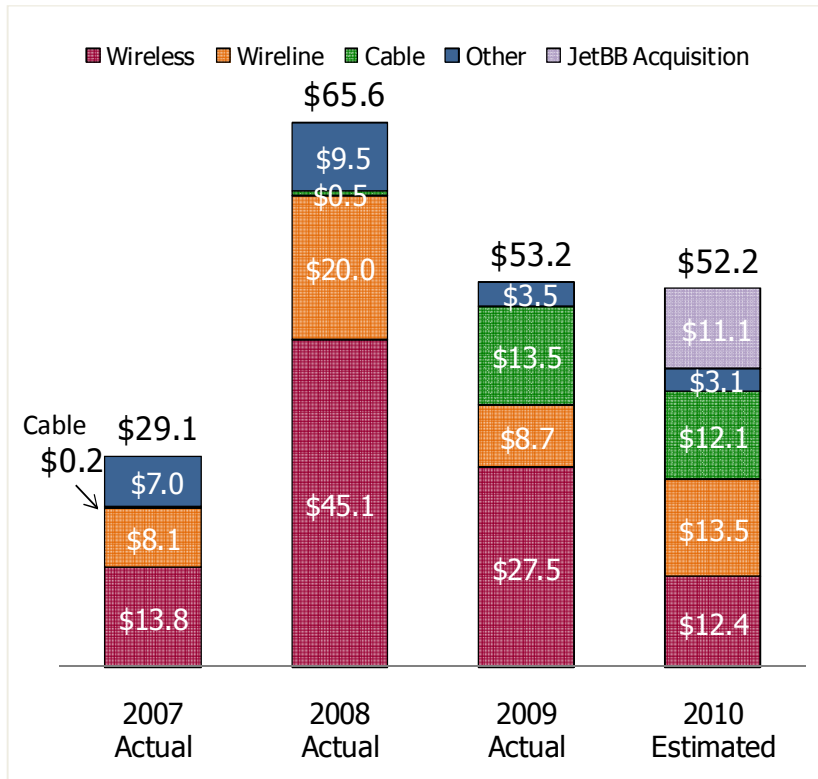
## Key Operational Results - Cable

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	<u>12/31/08</u>	<u>3/31/09</u>	<u>12/31/09</u>	<u>3/31/10</u>
<u>Video</u>				
Homes Passed	64,365	64,365	56,268	56,268
Penetration	38.70%	38.50%	40.50%	41.30%
<u>High-speed Internet</u>				
Available Homes	19,405	19,405	25,748	27,522
Penetration	5.80%	6.20%	8.10%	10.10%
<u>Voice</u>				
Available Homes	-	-	-	6,355
Penetration	n/a	n/a	n/a	0.60%

# Investing in the Future

## Capex Spending



- Wireless expansion slows to success-based coverage & capacity adds in 2010
- Complete program to increase broadband speeds to 10 MB+ in LEC area
- Increased miles and capacity of fiber
- Complete upgrade of existing cable systems to 2-way to provide triple play of services
- Initial JetBB upgrades

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# Q&A

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# Appendix



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

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

	<u>1Q '09</u>	<u>1Q '10</u>
<u>Gross billed revenue</u>		
Wireless segment total operating revenues	\$28,804	\$30,233
Equipment revenue	-1,270	-1,218
Other revenue	<u>-2,174</u>	<u>-2,488</u>
Wireless service revenue	25,360	26,527
Service credits	3,764	3,756
Write-offs	1,705	1,422
Management fee	2,482	2,592
Service fee	<u>2,730</u>	<u>2,851</u>
Gross billed revenue	<u>36,041</u>	<u>37,148</u>
Average subscribers	212,176	223,591
Billed revenue per subscriber	\$56.62	\$55.38