MAKING DEEPER

CONNECTIONS

SHENTEL®
Always connected to you

SHENANDOAH TELECOMMUNICATIONS COMPANY
2014 ANNUAL REPORT

SHENANDOAH TELECOMMUNICATIONS

Subsidiaries

Shenandoah Personal Communications, LLC
Shenandoah Mobile, LLC
Shenandoah Telephone Company
Shentel Communications, LLC
Shenandoah Cable Television, LLC
Shentel Management Company
Shentel Cable of Shenandoah County, LLC

This list contains all significant subsidiaries of Shenandoah Telecommunications Company, and all are organized in the Commonwealth of Virginia.

CONTENTS

A MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

Christopher French

March 12, 2015

Dear Shareholder:

Your Company had another year of outstanding growth and accomplishment in 2014. We achieved record financial results as we continued to profitably grow our wireless business and further improved the results of our cable segment. This growth is a direct result of our employees and managers continuing to focus on providing quality service, and helping our customers and their communities have access to and the benefits of advanced voice, video and data services.

Net income increased **14.5%** over 2013

Our record financial results in 2014 continued the momentum that began in early 2013 as we completed our major network upgrade projects in our wireless and cable segments. Revenues for 2014 were $326.9 million, an increase of $18.0 million or 5.8 percent over 2013. Revenue growth outpaced the $11.5 increase in operating expenses, resulting in a $6.5 million, or 11.8 percent increase in operating income. Net income for the year was $33.9 million, an increase of 14.5 percent over 2013. Diluted earnings per share for 2014 were $1.39, an increase of $0.16 from 2013. As a result of our strong financial performance in 2014, the Board of Directors increased the cash dividend to $0.47 per share, an increase of $0.11 or 30.6 percent over the dividend paid in 2013. This dividend represents the fifty-fifth year of continuous dividend payments since the Company paid its first dividend in 1960.

Being able to consistently pay a cash dividend to shareholders results from being able to generate long-term growth in earnings, and from having a solid balance sheet. In the five years since 2009, our diluted earnings per share increased from $0.64 per share to $1.39, a compound annual growth rate of 16.8 percent. Our balance sheet now reflects total assets of $619.2 million with total debt of $224.3 million, which is conservative for the capital-intensive telecommunications industry.

Increases in our stock price reflect our improving operating results, with the price ending the year at $31.25 per share, up 21.7 percent from the prior year end. We were pleased to see our stock reach a new all-time high closing price during the year, closing at $33.45 in March 2014. This improvement in stock price is even more impressive when compared to the low closing price of $9.11 in November 2011, when we were in the midst of investing heavily in upgrades to our wireless and cable networks, and the economy was still recovering from a major recession.

Making the long-term decisions to proceed with our network upgrades has positioned us well for meeting the growing demand for both mobile and fixed broadband. As customers connect to our networks with a growing number and variety of broadband enabled devices, data usage continues to surge. During 2014, data utilization on our cable networks increased over 70 percent. Wireless data growth was even more dramatic, with utilization more than doubling during the year. Without the network upgrades, our ability to support this growth would have been limited, and would have resulted in unacceptable service quality and a likely loss, rather than growth, in customers. We are planning to further increase our wireless data capabilities to allow peak speeds of 50 to 60 megabits per second by adding Sprint Spark capabilities to approximately 50 cell sites in 2015.

In our Wireless business, we experienced solid growth with increases in both post-paid and pre-paid customers. This growth was a result of our upgraded network, strong local sales distribution leveraged with Sprint's national marketing, and our focus on providing high-quality local customer service. Our wireless network quality remains excellent as the number of blocked and dropped calls was extremely low while overall data utilization greatly increased. Average data speeds on our wireless LTE network are approximately six megabits per second. We ended the year with more than 433,000 wireless users, of which 287,867 were postpaid and 145,162 were prepaid, and a total penetration rate of approximately 20 percent of our covered market population.

As customers connect to our networks with a growing number and variety of devices, data usage continues to surge.

While our number of wireless customers continues to grow, we are adding those customers in an increasingly competitive environment. Aggressive pricing and promotion plans which discount the rates for wireless service, coupled with an increasing percentage of customers leasing or buying their phones, have impacted our gross billed service revenue per user. In the fourth quarter of 2014, average monthly gross billed revenue per user was $62.74, a reduction from $64.47 in the fourth quarter of 2013. Offsetting this revenue decline is a reduction in the cost for handset subsidies as a result of customers paying the full price of the phone under installment or leasing plans. Under our agreement with Sprint, both the revenue and cost of goods sold related to installment sales and leases are recorded on the books of Sprint, whereas we continue to record on our books the sales revenue and the cost of the subsidized phones.

Our Cable segment experienced a solid increase in Revenue Generating Units (RGUs). We again saw an expected decline in the number of video RGUs, which is consistent with cable industry trends, but this was more than offset by the increases in broadband and voice RGUs. We ended 2014 with 121,716 total cable RGUs, up 7,876 or 6.9 percent from the year-end 2013 total. Total RGU growth was a result of a 2.5 percent increase in Cable segment customers, and average RGUs per customer increasing to 1.71 at the end of 2014, compared to 1.64 at the end of 2013. A key to continued improvements in Cable operating results is selling multiple services to existing and new customers. During this period, video RGUs declined by 981, while broadband and voice RGUs increased by 5,583 and 3,274 respectively. As we anticipated when we made the new investments in cable systems in 2008 and 2010, we will cross over to having more broadband RGUs than video RGUs in early 2015.

The decline in video RGUs will continue as we are forced to pass on to our customers the outsized rate increases that programmers and broadcasters demand for their content. At the same time, consumers have an increasing number of choices to receive content online, and more frequently are turning to these alternatives from traditional cable video service. Online video consumption from providers such as Netflix and YouTube continues to increase, with online video being the primary driver of the increase in broadband utilization on both our cable and wireless networks. Our wireless and cable high speed data services support customers' growing demand for online video content, and provide a level of service and reliability typically only available in metropolitan areas.

As with our wireless network, we continue to focus on ways to further improve the capacity and reliability, as well as the services offered over, our cable networks. In addition to the major network upgrades completed in recent years, we have deployed redundant and diverse fiber routes between our service areas and the major Internet exchange points in Northern Virginia and Atlanta, increasing our data capacity and improving reliability in the event of fiber cuts or outages. We continue to add more diversity and capacity within our local distribution networks, ensuring customers' data speeds are not slowed due to congestion from lack of bandwidth. In addition to investing in our networks, we invest in the training of our technicians and customer service personnel to better prepare them to meet and exceed our customers' expectations.

Our traditional local telephone business continues to experience a gradual loss of local access lines and access revenue as customers replace traditional landline services with wireless services. Offsetting the loss of this traditional revenue source has been the increase in revenue from leasing capacity on our expanding fiber optic network. Lease revenue from both affiliates and non-affiliates increased to $32.6 million in 2014, an increase of 18.1 percent from 2013. The total value of new fiber lease contracts signed in 2014 was $19.9 million, primarily from contracts to provide fiber connections to other wireless carriers' tower sites. At the end of 2014, our fiber network comprised 4,390 route-miles, an increase of 302 or 7.4 percent from the prior year end. In addition to providing a source of revenue and profits, this network is a critical component of our own Wireless and Cable operations, providing us greater reliability and lower operating costs.

While we strive to always offer highly reliable and quality services, the economics and cost structure of serving small rural markets makes delivering service more costly than in densely populated metropolitan areas. To serve rural areas with fewer customers per route mile or fewer customers within range of our cell sites requires a larger investment per customer. Our technicians have to travel longer distances between customers, and we have fewer customers over which to distribute our fixed costs of towers, base stations, headends, routers and other basic network components. As a small rural provider, we also do not have the buying power of a large national provider, and are forced to buy programming and content at a much higher cost per customer than would be paid by companies like Comcast or Dish, while still facing the industry-wide issue of rampant increases in content and programing costs. Incurring unreasonable costs for access to video content lessens our ability to provide video services at an economical price, or at a level the majority of potential customers can afford. Despite these cost disadvantages, we strive to offer services that are a good value for our customers while earning a fair return on our shareholders' investment.

There are additional industry challenges facing small telecommunications providers, including the uncertainty of the impact from federal initiatives regarding what is commonly called "net neutrality," and changes being made to the national Universal Service Fund program. While our industry works with our regulators and legislators in an attempt to reach workable solutions to these issues, the current uncertainty hampers our ability to enhance and expand our service offerings, and could affect our ability to economically operate our networks. Most of the investments we make in our capital-intensive industry require many years to recover our costs and provide an adequate return to our investors. Not knowing the impact from, and lacking the certainty of, regulation makes it more difficult to make these large capital investments and, like the unreasonable costs for access to video content mentioned previously, limits the geographic areas to which we can economically expand our network.

In late February 2015, on a three to two vote, the Federal Communications Commission (FCC) adopted a proposal to apply railroad regulation laws from the early 1900s to today's robust and competitive Internet, which has become a dynamic network without such burdensome regulation and red tape. While we support the basic principles of an open Internet, we are very concerned that the federal government may not be able to effectively regulate such an innovative and vibrant industry. The questions surrounding the ultimate details of how the FCC will impose regulation, and the prospect of drawn-out litigation over the rules, only add further uncertainty regarding our ability to earn an adequate return on the investment needed to expand our broadband networks.

The FCC has also undertaken, through the Connect America Fund, to increase the availability of access to broadband services, and has compared this admirable social goal to the goal of "universal service" that was applied to the local telephone industry in decades past. Universal service was an admirable goal because the more people that had access to the telephone network, the more valuable the whole network became to all of its users. But universal service was only achievable because highly profitable long distance service was used to subsidize the high cost of providing local service. This implicit subsidy arrangement is now being dismantled to make way for a broadband market based on competition. Time will tell what the ultimate impact of this shift will be on the more rural parts of our country, and whether we will collectively find a way to balance the benefits of competition with the benefits of universal broadband service. Finding this balance will be critical if we are to prevent our society from being split into the "haves" located in the low-cost-to-serve metropolitan areas and the "have-nots" located in the higher-cost-to-serve rural areas.

Our vision is to ensure that rural communities have access to the same level of telecommunications services as those found anywhere else in the United States. Since our founding in 1902 by a group of farmers who wanted to bring local phone service to the rural parts of Shenandoah County, our organization has focused on providing service to areas where larger companies chose not to. Our long-term success depends on the success of the customers and communities that we serve. While we face many challenges in fulfilling our vision, we take great pride in the ability of our employees to overcome them. Our employees have deep roots in the communities we serve, and have a keen desire to help make their communities vibrant and thriving places to live. The stories that follow in this report give a few examples of our employees' efforts to help make our communities a better place through their group volunteer efforts. On an individual basis, our employees also contribute to their communities in countless ways as volunteers and members of the many service organizations and institutions which serve as the backbone of our communities. Their efforts are to be commended.

Our vision is to ensure that rural communities have access to the same level of telecommunications services as those found anywhere else in the United States.

I remain confident in the ability of our employees, management, and Board of Directors to successfully meet the challenges we face. We remain focused on providing quality services to our communities while earning a fair return on our shareholders' investment. Our long-time motto "We must serve well to prosper – we must prosper to serve well" remains as relevant today as it was in our earlier days of being just a local telephone company. Whether our customers are using our voice, video or broadband services, either through landlines, cable connections or wirelessly, they expect and demand quality services. It is only by continuing to invest in our networks and delivering quality service that we will be able to continue increasing long-term value for our shareholders. I appreciate the support of our shareholders as we continue working towards these goals.

For the Board of Directors,
Christopher E. French

Christopher E. French

President

LEADERSHIP

BACK ROW, L TO R: Thomas Whitaker, Edward McKay, William Pirtle, Kevin Folk, Christopher Kyle
FRONT ROW, L TO R: Richard Baughman, Earle MacKenzie, Adele Skolits, Christopher French, Raymond Ostroski

MANAGEMENT TEAM

Christopher French
President &
Chief Executive Officer

Earle MacKenzie
Executive Vice President
& Chief Operating
Officer

Adele Skolits
Vice President of Finance &
Chief Financial Officer

Richard Baughman
Vice President of Information
Technology

Kevin Folk
Vice President of
Customer Service

Christopher Kyle
Vice President of
Industry Affairs & Regulatory

Edward McKay
Vice President
of Wireline &
Engineering

Raymond Ostroski
Vice President of
Legal & General Counsel

William Pirtle
Vice President
of Wireless

Thomas Whitaker
Vice President
of Cable

BOARD OF DIRECTORS

Douglas Arthur
Board Vice Chairman,
Lead Independent Director
Attorney-At-Law

Ken Burch
Farmer

Tracy Fitzsimmons
President
Shenandoah University

John Flora
Attorney-At-Law and Senior
Partner
Lenhart Pettit

Christopher French
Board Chairman
President & CEO
Shentel

Jonelle St. John
Consultant

Richard Koontz, Jr.
Vice President & COO
Holtzman Oil Corp

Dale Lam
President
Strategent Financial, LLC

James Zerkel II
Vice President
James E. Zerkel, Inc.

A DEEPER CONNECTION TO THE COMMUNITIES WE SERVE

Employee volunteers scour US 11 in Edinburg as part of the VDOT Adopt-a-Highway program.

Throughout the Shentel footprint there are hundreds of towns, cities, communities and neighborhoods - each distinct and diverse, shaped by history, geography and local economies.

Each day, in more than 50 counties in four states, Shentel quietly supports its customers as they make their connections using Shentel or the services of Shentel as a Sprint PCS Affiliate. We support the phone calls, the Internet chats, the photo exchanges and game challenges. We bring entertainment to the home and enable families to share experiences around the world. We are in dorm rooms, offices, municipal buildings, schools, libraries, hotels, churches, community centers and, mostly, we are in homes.

Our employees are natural connectors. For years, many have been making deep and significant individual contributions to their communities as volunteer firefighters and rescue squad members. They serve on library boards, town councils and chambers of commerce. They volunteer at local nursing homes and physical rehabilitation centers and serve as coaches and support personnel for dozens of youth teams. They are Rotarians, Ruritans, Lions and members of the VFW and 4-H.

The Shentel Community Connections Committee, formed in 2014 to deepen our connections, tapped into that spirit of volunteerism and charity and came up with two company-wide initiatives, **The Summer Backpack Program** and **The Big Give**. We wanted to do something that would let our customers know that Shentel's involvement in their community does not end when the envelope is mailed or the door is shut.

In a world where commerce can be done on a tablet and delivered to the door without actual human interaction, the art of creating relationships is more valuable than ever before.

Food drives are a big part of the way we reach out to our communities.

THE SUMMER BACKPACK PROGRAM

Radford staff pose with food they collected as part of the Shentel Summer Backpack program.

For two weeks in June, Shentel employees participated in the Summer Backpack Program – a special drive for food-challenged children who typically receive important meals at their schools. In the summer, that resource is no longer available, so Shentel employees worked together to help meet those needs.

Nearly 1,500 pounds of food were turned in at the Lord Fairfax and Lynchburg branches of the Blue Ridge Area Food Bank. Shentel also delivered 400 pounds of food to the Mountaineer Area Food Bank in Gassaway, WV, 370 pounds to the Feed America Food Bank Southwest in Salem, VA, and the Central Penn Food Bank in Williamsport, Pennsylvania. Employees from some of the smaller markets served by Shentel contributed their collections directly to established local food pantries and churches. All told, more than 4,000 items of food were collected in the two-week blitz.

Sprint staff in the York, PA area collected donations and food to contribute to a local food pantry.

The Big Give allowed volunteers to develop a very personal connection with the families they helped.

THE BIG GIVE

For the previous two years, Shentel employees did December food drives. In December 2014, the giving became more personal. All employees were invited to join teams to “adopt” people as part of the BIG GIVE, an initiative that paired Shentel staff with families and individuals. Working with the help of social services and other charitable organizations, 52 teams of Shentel employees in four states went to work.

All told, 143 children and 51 adults in the Shentel footprint were adopted. More than $25,000 was donated by individual Shentel employees to purchase toys, food, clothing, shoes, gift cards and other necessities on the wish lists of the adoptees. Gifts were wrapped, boxed and delivered by employees to our adopted familes.

Weston, WV, staff collected gifts, food and money for their adopted families in the Big Give.

TEAM SHENTEL

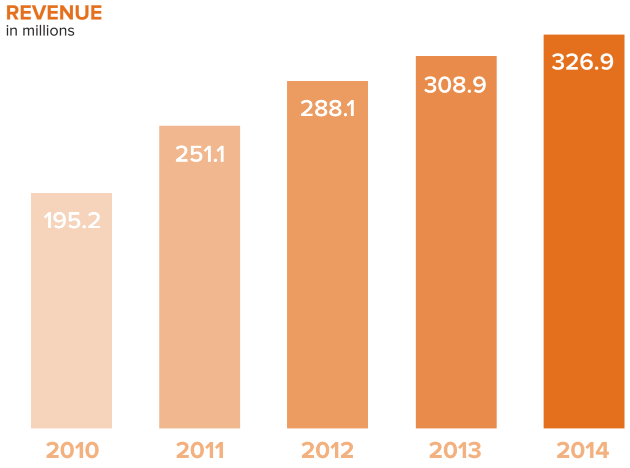
Volunteer group TEAM SHENTEL was created in 2014, and its first project was to participate in the Virginia and West Virginia Departments of Transportation Adopt-A-Highway programs. Shentel adopted two miles of US 11 in front of all of the offices in Edinburg, as well as a section of the highway that fronts the Weston Call Center in Lewis County, W.Va.

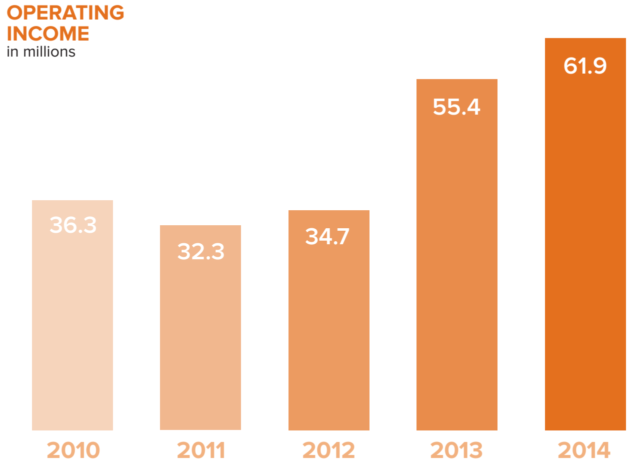
Members of Team Shentel in Edinburg pose after the litter pick-up in September.

Nearly 100 employees wore the bright orange TEAM SHENTEL T-shirts on fall days as they scoured the roadsides for trash. Divided into teams, employees not only had an opportunity to do something tangible for the community, they deepened relationships with co-workers fueled by the shared spirit of volunteerism.

As the Shentel footprint continues to grow, maintaining a corporate identity becomes more challenging. Geography and jobs divide us, so it becomes more important than ever to recognize and embrace the core values we share as Shentel in our communities, while we continue to build deeper connections every day.

SELECTED STATISTICS (UNAUDITED)





	DEC 31, 2014	DEC 31, 2013	DEC 31, 2011
Retail PCS Subscribers — Postpaid	287,867	273,721	262,892
Retail PCS Subscribers — Prepaid	145,162	137,047	128,177
PCS Market POPS (000) (1)	2,415	2,397	2,390
PCS Covered POPS (000) (1)	2,207	2,067	2,057
Base Stations (sites)	537	526	516
Company-owned Towers	154	153	150
Non-affiliate Leases on Shentel Towers (2)	198	217	216
Net PCS Subscriber Additions — Postpaid	14,146	10,829	14,272
Net PCS Subscriber Additions — Prepaid	8,115	8,870	21,077
PCS Avg Monthly Retail Churn % — Postpaid (3)	1.76%	1.75%	1.79%
PCS Avg Monthly Retail Churn % — Prepaid (3)	4.00%	4.24%	3.67%
Cable Segment RGUs (4)	121,716	113,840	108,083
Fiber Route Miles — Cable (5)	2,834	2,636	2,155
Total Fiber Miles — Cable (5) (6)	72,694	69,296	56,030
Telephone Access Lines — Wireline	21,612	22,106	22,342
DSL Subscribers — Wireline	12,742	12,632	12,611
Video Customers — Wireline	5,692	6,342	6,719
Long Distance Subscribers — Wireline	9,571	9,851	10,157
Fiber Route Miles — Wireline (5)	1,556	1,452	1,420
Total Fiber Miles — Wireline (5)	86,801	84,600	83,642

1) POPS refers to the estimated population of a given geographic area and is based on information purchased from third party sources. Market POPS are those within a market area which the Company is authorized to serve under its Sprint PCS affiliate agreements, and Covered POPS are those covered by the Company's network. Covered POPS increased in 2014 primarily as a result of the Company's deployment of the 800 megahertz spectrum at existing cell sites.

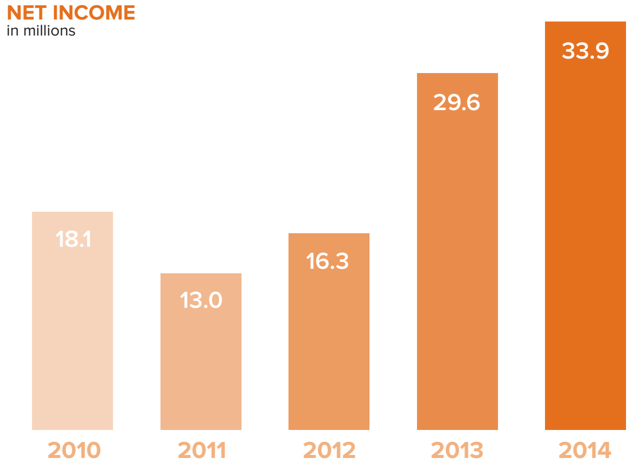
2) The decrease from December 31, 2013 is primarily a result of termination of Sprint iDEN leases associated with the former Nextel network.

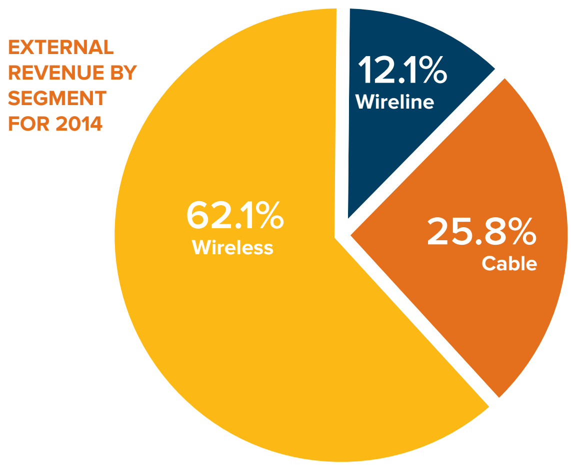
3) PCS Average Monthly Retail Churn is the average of the monthly subscriber turnover, or churn, calculations for the period. It is the average for the twelve months shown.

4) Revenue generating units are the sum of video, voice and high-speed internet services.

5) Fiber miles are measured by taking the number of fiber strands in a cable and multiplying that number by the route distance. For example, a 10 mile route with 144 fiber strands would equal 1,440 fiber miles.

6) Fiber counts were revised following a review of fiber records in the fourth quarter of 2014.





	2014	2013	2012	2011	2010
FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA (in thousands of dollars, except share and per share data)					
Operating revenues	326,946	308,942	288,075	251,145	195,206
Operating expenses	265,003	253,535	253,417	218,855	162,875
Operating income	61,943	55,407	34,658	32,290	36,331
Interest expense	8,148	8,468	7,850	8,289	4,716
Income taxes	22,151	19,878	12,008	10,667	13,393
Net income from continuing operations	33,883	29,586	16,603	13,538	18,774
Discontinued operations, net of tax [a]	-	-	(300)	(545)	(699)
Net income	33,883	29,586	16,303	12,993	18,075
Total assets	619,242	597,006	570,740	479,979	466,437
Total debt — including current maturities	224,250	230,000	231,977	180,575	195,112
SHAREHOLDER INFORMATION:					
Shares outstanding	24,132,497	24,040,277	23,962,110	23,837,528	23,766,873
Income per share from continuing operations-diluted	\$1.39	\$1.23	\$0.69	\$0.57	\$0.79
Loss per share from discontinued operations-diluted	\$0.00	\$0.00	\$(0.01)	\$(0.02)	\$(0.03)
Net income per share-diluted	\$1.39	\$1.23	\$0.68	\$0.55	\$0.76
Cash dividends per share	\$0.47	\$0.36	\$0.33	\$0.33	\$0.33

(a) Discontinued operations include the operating results of Converged Services. The Company announced its intention to dispose of Converged Services in September 2008, and reclassified its operating results as discontinued operations. The Company completed the disposition of Converged Services properties during 2013.

WE MUST SERVE WELL TO PROSPER. WE MUST PROSPER TO SERVE WELL.

500 SHENTEL WAY
PO BOX 459
EDINBURG, VIRGINIA 22824
INVESTOR RELATIONS: 540.984.5200
WWW.SHENTEL.COM