SHENTEL®

2013 ANNUAL REPORT

Shenandoah Telecommunications Company

SHENTEL®

RECORD REVENUES

OPERATING REVENUES $308.9 MILLION

UP $20.9 MILLION

RECORD OPERATING INCOME

OPERATING INCOME $55.4 MILLION

UP $20.7 MILLION

RECORD NET INCOME FROM CONTINUING OPERATIONS

NET INCOME $29.6 MILLION

UP $13.0 MILLION

A YEAR OF SIGNIFICANT ACCOMPLISHMENTS

The drive of technological and competitive change, coupled with ever-increasing consumer demand, has been the wind behind the sails of change at Shentel. Companies must adapt to be successful. 2013 was a year of significant progress for Shentel, driven by the strategic initiatives of enhancing and expanding wireless services, and expanding the size and scope of our cable segment.

The company's largest capital project in its history was completed this past year as Shentel upgraded its wireless system to Network Vision's 4G LTE capabilities. Nearly instant validation of this decision came in the form of significantly improved system operating metrics in the fourth quarter of 2013, adding the most postpaid wireless customers in the history of Shentel's affiliation with Sprint.

As Shentel becomes more involved in the communities it serves, it increasingly plays a positive role. In 2013, Shentel developed Fiber-to-the-Home (FTTH) systems in Rural Retreat, VA, and McDowell County, WV. In both situations, the communities trailed behind others, especially in terms of Internet speed and access. In McDowell County, Shentel played a supporting role in Reconnecting McDowell, a state initiative to help one of the poorest counties in the U.S. connect with the world. Late in 2013, Shentel also took on a system in Ronceverte, WV, where a cable company was unable to continue to serve its customers. This will also become a FTTH network.

2013 was a record year for Shentel in terms of net income from continuing operations—up $13.0 million to $29.6 million in 2013.

AMBITIOUS COMMITMENT TO CUSTOMERS

November 2013 marked the completion of the largest capital project in the 112-year history of Shentel. On time and on budget, Shentel—the largest affiliate of Sprint PCS—completed the 4G LTE network upgrade as part of Sprint's Network Vision project. This project exemplifies Shentel's continued commitment to ensure rural communities have access to the same level of telecommunication services as those found anywhere else in America.

After nearly two years and $115 million, our customers in Virginia, West Virginia, Maryland and Pennsylvania now have access to faster data speeds on their handsets, tablets, computers and wireless hotspots. Wireless customers are also experiencing extended coverage as Shentel utilizes the former Nextel spectrum at 800 MHz. This means more coverage in more places, stronger in-building coverage, and fewer dropped and blocked calls. By the end of the year, network statistics already showed dropped call rates had improved to an all-time low. To spread the word, the company launched a 4G LTE awareness campaign in late 2013.

In addition to being the company's most ambitious capital project, Network Vision required the close teamwork of hundreds of people from all disciplines. The team was responsible for keeping the old network running while accomplishing a complicated upgrade, all with minimal customer impact. A total of 514 base stations were replaced with new multimodal base stations. Shentel installed 159 microwave links and built fiber to 152 tower sites. Shentel created an entirely new 4G LTE network.

The new network gives our customers the power to do even more in less time—from streaming videos to downloading large files—without worrying about the amount of data, voice or text messages used from their mobile phone. 3G customers who haven't yet upgraded to a 4G LTE-enabled device also benefit from the technology upgrades with increased coverage areas, clearer voice quality and improved network reliability.

This important network upgrade positions Shentel to remain the region's leading wireless provider.

ACCOMPLISHING THE MISSION EACH DAY

Shentel Cable's goals in 2013 were to refine and improve. How could we make the customer experience even better? In two Virginia markets, Rustburg and Crewe/Blackstone, the TV systems were relaunched as all-digital systems. This transition was so successful that Shentel plans to convert Bedford and Covington in 2014. All-digital systems enable the addition of even more HD channels and high-speed Internet products.

Going all-digital is the fastest way to answer customer demand for more bandwidth. In 2013, Shentel introduced 50Mbps high-speed Internet residential service in most markets and plans to develop a 100Mbps residential service in 2014. Speed is just one aspect of our broadband service. In 2013, Shentel introduced Maestro, a whole home gateway product. This technology combines high-speed Internet, TV and home phone. A Maestro customer can search and find whatever live or recorded show they want to watch, and watch all content from any room in their home. It also allows them to use their TV screen to see incoming caller ID, and view content from their laptop.

Shentel is moving steadily forward in 2014. Plans include adding back-up generators at all hub sites, and Shentel will be deploying MPEG4 technology to double HD channel capacity. These measures, along with daily efforts by staff, continue to fulfill the Shentel Mission: *Shentel is committed to enriching the lives of the customers we serve with the highest quality telecommunications services by making major investments in technology, using innovative thinking and delivering high quality local customer service that makes using technology easy.*

Christopher French
President

LETTER TO OUR SHAREHOLDERS

March 13, 2014

Dear Shareholder:

I am pleased to report on an outstanding year for Shenandoah Telecommunications Company in 2013. I am very proud of our employees and management team, and what we have collectively been able to accomplish. We achieved excellent financial and operational results as we continued to successfully execute our long-term strategic objectives. We have developed a lot of positive momentum which should enable us to overcome future challenges, continue delivering improved services to our customers, and generate increased value for our shareholders.

We achieved record financial results in 2013, continuing the improvements which began in the prior year. Revenues were $308.9 million, an increase of $20.9 million or 7.2%. Operating expenses only increased $118 thousand from 2012, and operating income jumped 59.9% to $55.4 million. Net income for the year was $29.6 million, an increase of 81.5% over 2012. Earnings per share for 2013 were $1.23, an increase of $0.55 from 2012. As a result of our strong financial performance in 2013, the Board of Directors increased the cash dividend to $0.36 per share, an increase of $0.03 or 9.1% over the dividend paid in 2012.

Our improved financial performance reflects the benefits from completion of our two major, multi-year initiatives as we upgraded our wireless network and our acquired cable systems, as well as from our continued focus on improving our customers' experience. These initiatives have further strengthened our position as a key provider of the broadband services that are increasingly becoming a necessity for our customers and their communities.

This past November, we announced the completion of our 4G LTE network upgrade. This two-year project, called Network Vision, mirrored Sprint's plans for its national network and involved the replacement of all network equipment and antennas at all of our base stations. The $115 million project, the largest capital investment in Shentel's 112-year history, was completed on time and on budget. With its completion, our wireless customers now benefit from more coverage in more places, stronger indoor signals, faster downloads and streaming, fewer data interruptions, fewer dropped calls, and enhanced crystal-clear voice quality. We now have the largest and most advanced 4G LTE and enhanced 3G network in our wireless service area.

Net Income increased
81.5%
over 2012

Our Company and our customers have already noticed very tangible improvements from the completion of the Network Vision project. Two key measures of wireless network quality are the percentage of blocked calls (due to peaks in demand temporarily exceeding available network capacity) and the number of dropped calls (due to wireless users moving out of range of usable signals from our towers). We are now experiencing historically low numbers for both measures, a result of improved network performance and the ongoing efforts of our engineering and operations groups to monitor and adjust our network to further reduce service-affecting issues.

Another improvement has been the increased growth in our number of wireless customers. As our construction efforts started to wind down at the end of 2013, we began to more aggressively promote the new capabilities and advantages of our network. Customers responded by signing up for our service in record numbers during the fourth quarter, giving us our largest ever quarterly increase in post-paid wireless customers. Further evidence that customers are noticing our superior network and service is the improvement in our ratio of wireless services ported-in versus ported-out. Porting allows a customer to retain their current phone number when changing from one provider to another. During the last four months of 2013, we had at least three, and in most cases all four, months where our number of ports-in exceeded the ports-out between each of our five primary competitors, including AT&T and Verizon.

Another major capital investment project completed in 2013 was the upgrade of our cable systems. When we acquired these systems in 2008 and 2010, they had been neglected and were in need of upgrading in order to be able to offer improved video services, high-speed data and voice services. With the completion of the considerable upgrades to our cable infrastructure, we have greatly strengthened our cable offering. Our cable networks are now capable of offering data speeds of 50 megabits per second to over 87% of our homes passed with plans to offer 100 megabits in 2014. Our number of cable segment Revenue Generating Units or "RGUs" increased by 5,384 in 2013, an increase of 4.7% over the year-end 2012 total. Consistent with cable industry trends, we experienced a slight decrease in basic video RGUs, but this was offset by solid increases in digital video, high-speed Internet and voice services. We ended the year with a total of approximately 120,300 RGUs in our cable segment.

The system upgrades were a prerequisite to being able to offer competitive voice, video and data services in our cable markets. Consumer demand continues to grow for high speed broadband services and premium digital TV packages and we believe we are well positioned to meet those demands. Now that the upgrades are complete, we are focused on increasing market awareness of our improved services and on growing our brand recognition in these markets. I am pleased that we are seeing good results for these efforts.

To measure our progress in this area, we perform market research annually to determine our "Net Promoter Score". This score is a measure of how likely it is that a customer will recommend Shentel. When first performed in 2010, our results were, as expected, poor and reinforced the need for improvement. Through the hard work of our employees and managers, we have significantly improved our 2013 score, achieving gains that the research firm deemed "remarkable." We recognize that it is not easy to win the loyalty of our customers, and it is even harder to retain that loyalty long-term. We remain committed to always striving to improve the quality and value of our services.

One of our company's significant assets is our extensive fiber optic network. We currently have a 3,898 route-mile fiber optic network throughout Virginia, West Virginia, and Maryland. Through our fiber facilities we connect our customers to Internet exchange points in Ashburn, Virginia and Atlanta, Georgia, giving our customers diverse and redundant access to two of the largest Internet exchange points in the country.

In 2013, we were one of the country's first regional fiber providers to launch "100 Gig" service across our fiber network, allowing us to transport our customers' data at speeds of 100 gigabits per second. Our fiber network is also used to provide strategic data services to wholesale and business customers throughout our service territory, with a focus on serving major institutions that need high-capacity data connections such as hospitals and schools.

Another area of focus for our fiber business is connecting to tower sites so we can be the preferred network provider transporting data generated by wireless users from their providers' cell sites to their switching networks. We now have fiber connections to a total of 152 tower locations (including 121 of our own cell sites), with the majority of these having been completed in the past three years. Increasing the number of fiber-connected tower locations is one of our priorities for 2014.

The largest capital project in Shentel history was successfully completed on time and on budget.

While pleased with our overall results and progress, our industries continue to face multiple challenges. We are most concerned by the continuing large and unjustified increases in costs for video content and programming. The giant media companies continue to demand cost increases well in excess of inflation and unsupported by viewership or ratings. Sports programmers continue to be most aggressive at raising rates, as they leverage their market power while resisting efforts to offer sports-only packages or to let consumers purchase only the programs they want. Local broadcasters also add to the rising cost of cable TV service by demanding fees for retransmitting their signals which they provide for free over the air.

We continue to negotiate for smaller increases in programming costs and more options for our customers. We are encouraged by the increased interest this consumer problem is beginning to receive at the federal level. Congressman Goodlatte, as chairman of the House Judiciary Committee, has taken an active role in the review of the broken and outdated regulatory framework which allows the continued abuse by programmers.

Our company also continues to deal with uncertainty regarding other federal rules and regulations important to our industry. The wholesale reform of the intercarrier compensation regulations (which govern the manner in which we are compensated for use of our telephone network by other carriers), begun by the Federal Communications Commission in late 2011, continues to reduce traditional sources of Wireline segment revenue. Changes to the Federal Universal Service Fund, also imposed by the FCC in late 2011 through its Connect America Fund, are shifting government support away from support of traditional telephone networks and toward provision of high-speed broadband networks. While such a shift may further reduce Wireline segment revenue, it may provide opportunities for government support of the high-speed broadband network offered by our Cable segment. For instance, the FCC has recently begun a proceeding in which it is considering funding mechanisms for use in rural areas where high-speed broadband access is unavailable. The Company is closely monitoring this proceeding and may participate if it makes sense from a business perspective. Following a court ruling that their previous rules were invalid, the FCC has also indicated that it will adopt a revised "net neutrality" framework, which could affect the way in which companies are allowed to manage and charge for use of their broadband networks.

Stock prices reached a new **all-time high**

Meeting our challenges while continuing to provide excellent service to our customers and generating profitable growth is an ongoing responsibility of our 682 employees and management team. In order to better focus on growing all of our business segments, we realigned our management structure last fall. Our new organizational structure is primarily organized around our Cable, Wireline and Wireless businesses. With this change, Thomas A. Whitaker, as Vice President–Cable, has responsibility for cable marketing, sales, and operations; he previously held the position of Vice President–Operations. Edward H. McKay, as Vice President–Wireline & Engineering, has responsibility for wireline sales, marketing and operations while retaining responsibility for company-wide engineering and planning. William L. Pirtle, as Vice President–Wireless, has responsibility for wireless marketing, sales, network operations, site acquisition, and tower leasing; he previously held the position of Vice President–Sales and Marketing.

Our capital investment programs of the past few years have us well positioned to handle the increasing usage and data needs of our customers. With the completion of these projects, we are now projecting a 27% decrease in our capital budget for 2014 compared to 2013 spending. In 2014, we expect this will enable us to generate significant improvements in free cash flow, which is the cash available from operations after planned capital expenditures. Our first priority will continue to be using these available funds to invest in growing the company; however, if an appropriate opportunity does not materialize, we will consider returning cash to shareholders in the form of increased dividends, or accelerating the repayment of our debt.

After a good increase in our stock price during 2012, we were even more pleased with the performance of our stock during 2013. Our stock closed 2013 at $25.67, after reaching a new all-time high closing price of $28.69 at the end of October, eclipsing the previous all-time high set in early 2009. As shown in the table of data and the chart in our Form 10-K, our stock's total return performance lagged the five-year returns of telecommunications and broader market indexes, but has greatly exceeded those indexes over the past two years.

Since the beginning of the major economic recession in 2008, our company has remained true to its objective of providing excellent service while focusing on providing good, long-term returns to our shareholders. We have made great progress in our strategic initiatives of generating new sources of growth and profits. We have recently completed two major network upgrades while achieving significant improvement in our financial performance. We start 2014 with great momentum and are poised for continued growth. On behalf of our management team and the Board of Directors, I would like to thank our shareholders for your continued support as we continue our efforts to increase the long-term value of your investment.

For the Board of Directors,

Christopher E. French

Christopher E. French
President

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

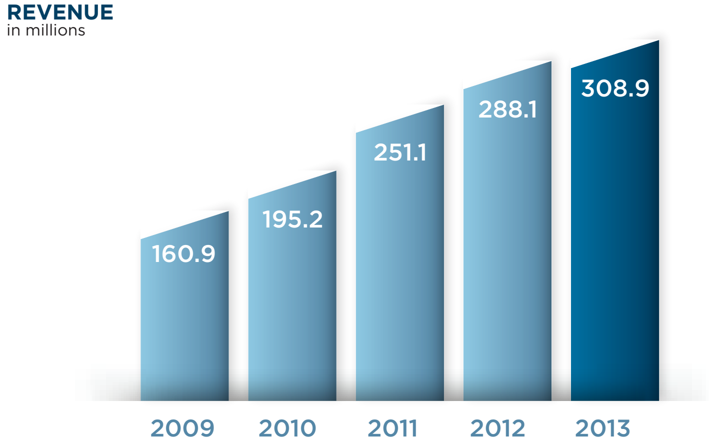
Jonelle St. John
Consultant

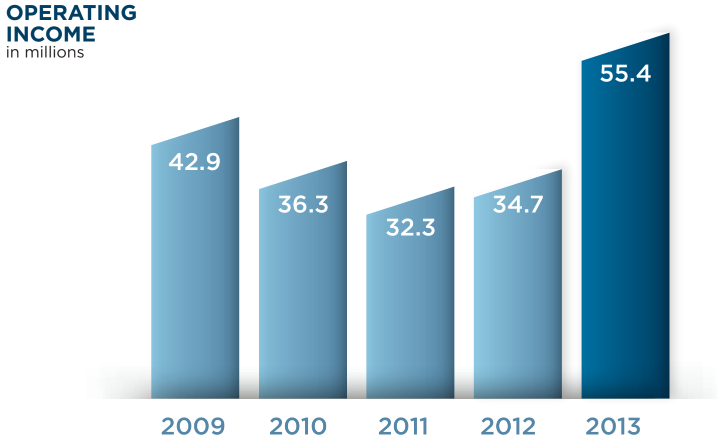
Richard Koontz, Jr.
Vice President & COO
Holtzman Oil Corp

Dale Lam
President
Strategent Financial, LLC

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

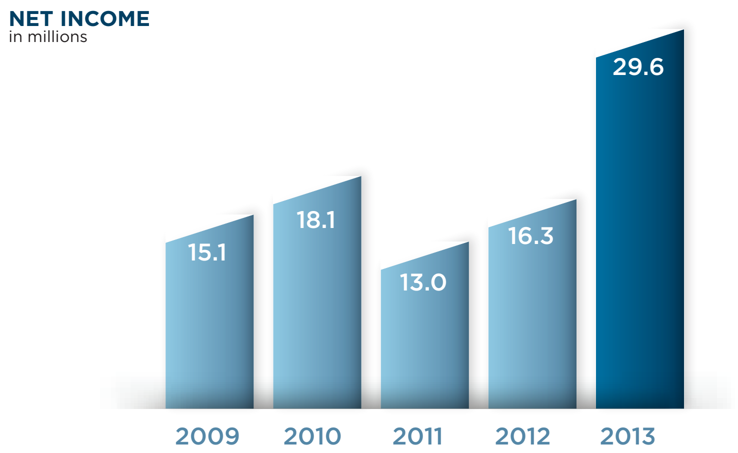
SELECTED STATISTICS (UNAUDITED)

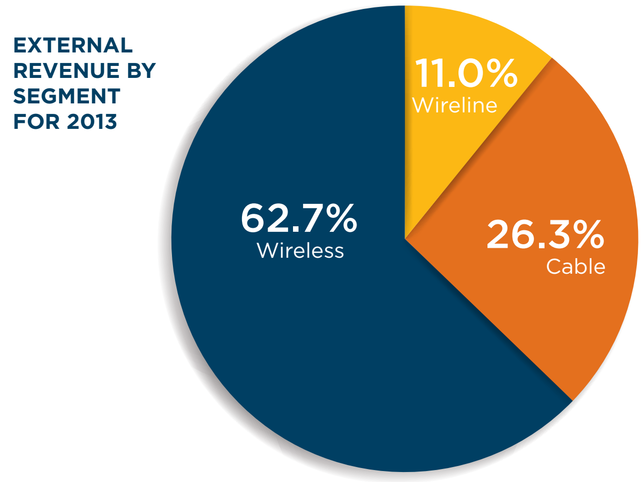




	DEC 31, 2013	DEC 31, 2012	DEC 31, 2011
Retail PCS Subscribers — Postpaid	273,721	262,892	248,620
Retail PCS Subscribers — Prepaid	137,047	128,177	107,100
PCS Market POPS (000) (1)	2,397	2,390	2,388
PCS Covered POPS (000) (1)	2,067	2,057	2,055
Base Stations (sites)	526	516	509
Company-owned Towers	153	150	149
Non-affiliate Leases on Shentel Towers (2)	217	216	219
Net PCS Subscriber Additions — Postpaid	10,829	14,272	13,811
Net PCS Subscriber Additions — Prepaid	8,870	21,077	40,144
PCS Avg Monthly Retail Churn % — Postpaid (3)	1.75%	1.79%	1.78%
PCS Avg Monthly Retail Churn % — Prepaid (3)	4.24%	3.67%	4.33%
Cable Segment RGUs (4)	120,275	114,891	111,881
Fiber Route Miles — Cable (5)	2,446	2,077	1,990
Total Fiber Miles — Cable (5) (6)	69,715	39,418	34,772
Telephone Access Lines	22,060	22,297	23,083
DSL Subscribers	12,585	12,567	12,351
Long Distance Subscribers	9,851	10,157	10,483
Fiber Route Miles — Wireline (5)	1,452	1,420	1,349
Total Fiber Miles — Wireline (5)	85,135	84,107	78,523

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.
2) The Company expects a decline of 24 revenue leases during the first quarter of 2014 due to termination of 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) Cable segment fiber counts were recalculated after a fiber audit and deployment of enhanced mapping software in the fourth quarter of 2013.





	2013	2012	2011	2010	2009
FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA (in thousands of dollars, except share and per share data)					
Operating revenues	308,942	288,075	251,145	195,206	160,935
Operating expenses	253,535	253,417	218,855	162,875	117,995
Operating income	55,407	34,658	32,290	36,331	42,940
Interest expense	8,468	7,850	8,289	4,716	1,361
Income taxes	19,878	12,008	10,667	13,393	17,510
Net income from continuing operations	29,586	16,603	13,538	18,774	25,152
Discontinued operations, net of tax [a]	-	(300)	(545)	(699)	(10,060)
Net income	29,586	16,303	12,993	18,075	15,092
Total assets	597,006	570,740	479,979	466,437	271,725
Total debt — including current maturities	230,000	231,977	180,575	195,112	32,960
SHAREHOLDER INFORMATION:					
Shares outstanding	24,040,277	23,962,110	23,837,528	23,766,873	23,680,843
Income per share from continuing operations-diluted	$1.23	$0.69	$0.57	$0.79	$1.06
Loss per share from discontinued operations-diluted	$0.00	$(0.01)	$(0.02)	$(0.03)	$(0.42)
Net income per share-diluted	$1.23	$0.68	$0.55	$0.76	$0.64
Cash dividends per share	$0.36	$0.33	$0.33	$0.33	$0.32

(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. In 2009, 2010, and 2011, the Company recognized impairment losses of $10.7 million, $1.1 million, and $0.4 million, respectively and in each case, net of taxes, to reduce the carrying value of net assets to their expected estimated fair value. The Company completed the disposition of Converged Services properties during 2013.

We must **serve well** to prosper.
We must **prosper** to serve well.

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.

SHENTEL®

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