March 23, 2017

Dear Shareholder:

I am pleased to report on the continued growth and evolution of our Company during 2016. The acquisition of nTelos, completed on May 6, 2016, was a significant event, not only for our wireless segment, but for our entire organization as we added employees, retail stores and service areas. We are happy to welcome the more than 300 former nTelos employees who joined the Shentel organization as a result of the acquisition. We are also grateful for the efforts of the hundreds of employees who assisted on a temporary basis as we integrated the nTelos operations with our legacy wireless business. And, of course, we could not have accomplished this transformative merger without the careful planning and diligent efforts of so many of our legacy Shentel employees. It was truly a team effort of all involved, and their efforts are greatly appreciated by our Board of Directors and management team.

Overall Company financial results reflect the growth in revenues and expenses following the nTelos acquisition. Revenues for 2016 were $535.3 million, an increase of $192.8 million or 56.3 percent over 2015. Operating expenses were $512.8 million, an increase of $244.4 million, resulting in a $51.6 million decrease in operating income. We incurred a net loss of $895 thousand for 2016. The expected increase in operating expenses and the decreases in operating income and net income resulted from increased costs to operate the acquired wireless networks, and from integration and acquisition costs associated with the acquisition and the exchange transaction with Sprint. These integration and acquisition costs, which totaled $42.2 million during 2016, will continue to be incurred through 2017 as we convert nTelos from a standalone regional wireless company to a much more profitable Sprint affiliate.

While our wireless segment became an even larger proportion of our business, our cable and wireline segments also experienced strong growth in 2016, delivering improved financial results as we continued to meet our customers' increasing needs for reliable high-speed broadband internet services. Cable segment revenues grew 11.4 percent to $108.7 million, and its operating income increased significantly to just under $7.0 million from only $502 thousand in the prior year. Wireline segment revenues had a similar percentage increase, growing 11.2 percent to $75.0 million, with operating income reaching $20.5 million compared to $16.4 million in 2015. Carrier access and fiber lease revenue made up a significant portion of that growth, reflecting increased sales to business and institutional customers, as well as other telecommunications providers in our footprint.

Beyond our financial measures, growth in customers served and services delivered also reflected dramatic increases in 2016. We ended the year with a total of 958,700 wireless subscribers, more than double the 455,352 subscribers at year-end 2015. Our cable network now passes 184,710 homes. Cable revenue generating units (the sum of video, voice and high-speed internet customers) reached 132,465 by the end of 2016, including more than 21,350 voice service customers, more than 50,600 video customers, and almost 60,500 customers of high-speed internet service. Reflecting the continued growth in demand, 32.9 percent of cable segment customers who have access to our high-speed internet service are now subscribing to it. While the number of local telephone customers continues to decline, we ended the year serving almost 18,500 local telephone lines in our legacy telephone business.

The nTelos acquisition greatly transforms the size and scope of our wireless business, and also requires our commitment to a significant investment upgrading and expanding coverage in the acquired markets. Our plans call for continuing the upgrade of the former nTelos network that began during 2016, and constructing additional sites for improved coverage in 2017 and

2018. We estimate the total investment required for the upgrade and expansion will be approximately $240 million. We exceeded our operational goals for upgrades in 2016, and are well on the way toward our objectives for 2017. As we found during the upgrade of our legacy wireless network to 4G LTE capability back in 2012 and 2013, the upgrade process temporarily impacts network quality while the new capabilities are brought online and optimized. This results in temporarily elevated churn levels for the affected areas, but we expect dramatic improvements in the quality of our new areas once the upgrade and optimization is completed, likely by the end of the third quarter 2017.

We are confident that these enhancements will allow us to increase our customer base, as we did when we made the significant investments to upgrade our existing wireless markets to 4G LTE and upgraded the acquired cable markets to offer a fully robust triple play of voice, video and data services. Our success in achieving customer growth following investment in our networks allows us to deliver value to our shareholders, as our enhanced service capabilities and product offerings position us well as the provider of choice in our markets.

Following the large increase in our stock price after the acquisition announcement in 2015, the stock price further increased during 2016, ending the year at $27.30 per share, an increase of $5.775 or 26.8 percent over the split-adjusted 2015 year-end close of $21.525. Compared to the closing price immediately preceding the August 10, 2015 announcement of the acquisition, the 2016 year-end closing price reflects an increase of 51.4 percent. Longer-term performance of our stock price has also been very impressive. As shown in our Form 10-K filed with the Securities and Exchange Commission, our cumulative total shareholder return assuming reinvestment of dividends reflects a compounded annual rate of increase of more than 41 percent for the five-year period ending December 31, 2016. This increase greatly exceeded the comparison indexes for the NASDAQ US Index and the NASDAQ Telecommunications Index over the same period. Institutional investors continue to express interest and confidence in our stock, collectively increasing the number of shares owned, and providing increased trading volume and liquidity for all shareholders.

This June will mark the 115th anniversary of our Company's founding, when a group of local farmers joined together to bring telephone service to the rural parts of Shenandoah County. Much has changed since those humble beginnings. Our Company has evolved from a small local provider of basic telephone service, to a multi-state provider of voice, video and high-speed internet services with a current market capitalization of more than $1.3 billion and an enterprise value of more than $2 billion. As it has been throughout our history, our Company's success will continue to depend on our dedicated employees meeting our customers' needs, and changing and adapting as those needs evolve. It will also require continuing to make the right long-term investments to ensure we have a robust network able to serve customers' growing demand; and, as importantly, will require a continued commitment to delivering good service at reasonable prices reflective of the cost and value of service in our rural markets. Just as it has for many decades, "We must serve well to prosper – We must prosper to serve well" remains an appropriate motto for our Company today. As our Company further adapts and evolves, we will continue working to increase the long-term value of our shareholders' investment. Our Board of Directors and our management team appreciates the support of our shareholders as we continue these efforts.

For the Board of Directors,

Christopher E. French

President