

3Q 2009 Earnings Conference Call

November 4, 2009



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

CEO and President

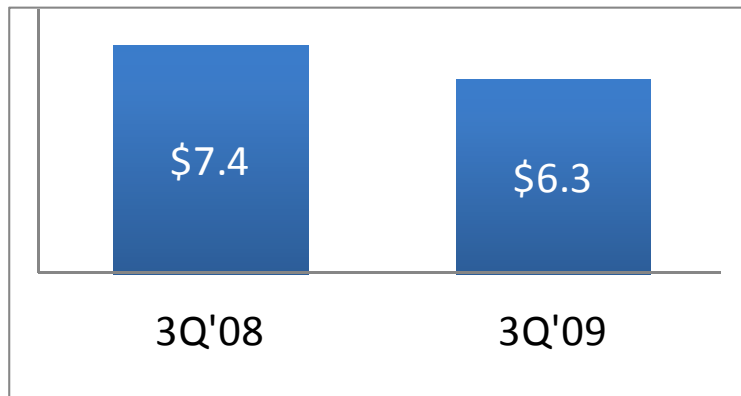


3Q '09 Highlights

Net Income (in millions)



Net Income from Continuing Operations (in millions)

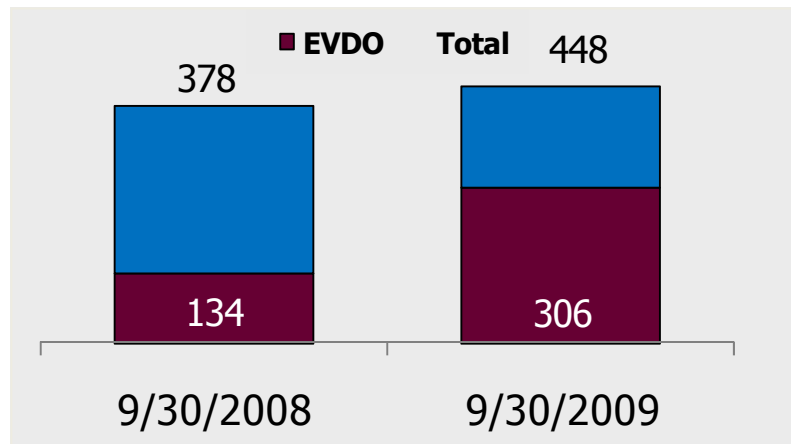


- ❑ **Net Income** - 3Q '09 net income of \$6.3 million
- ❑ **Operating results** - Net income from continuing operations of \$6.3 million
- ❑ **Cable Loss** - Net loss from the acquired cable operations of \$.8 million

3Q '09 & More Recent Highlights

- **Cable Triple Play** - 40% of acquired homes passed upgraded through Nov.1
- **Investment in wireless for sustained growth** – 16 additional cell sites and 28 additional EVDO sites
- **Discontinued Operations** - Converged Services sale in progress
- **Acquisition of Rural Access Lines** – Closed November 1 on acquisition of North River of 1,000 rural access lines for \$600k, upgrade to DSL for \$1.0 m is underway

Number of Cell Sites

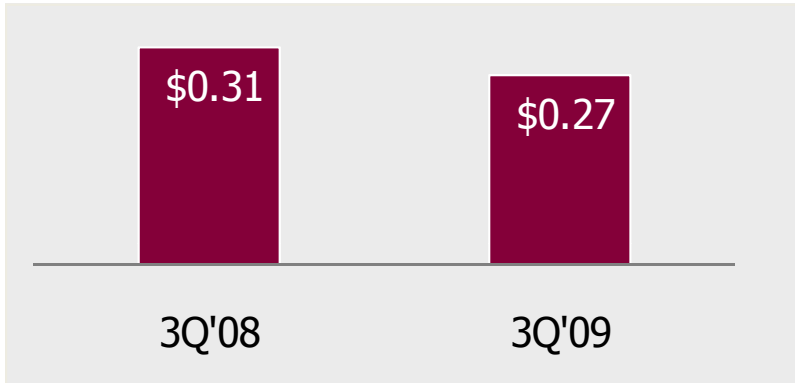


Adele Skolits

CFO and VP of Finance

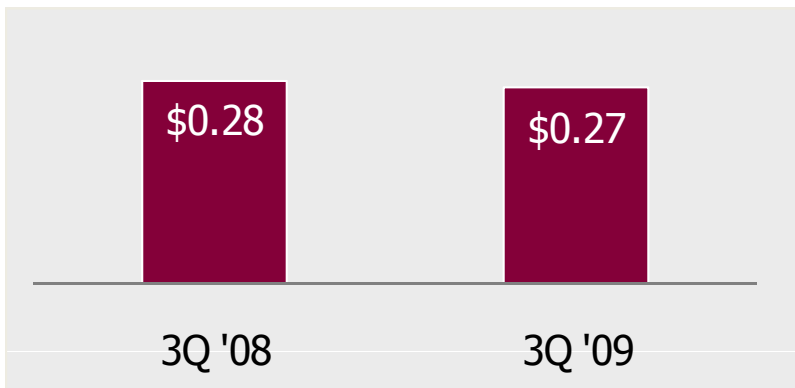
EPS

Earnings per Share from Continuing Operations



- **Solid Earnings**— EPS from continuing operations and in total of \$.27 in 3Q '09

Earnings Per Share





Segment Results – Operating Income

<u>Segment</u>	<u>Quarter Ended</u>		<u>Change</u>
	<u>Sept 30,</u> <u>2008</u>	<u>Sept 30,</u> <u>2009</u>	
Wireless	\$10.1	\$9.8	\$ (0.3)
Wireline	4.1	3.4	(0.7)
Cable TV	(0.2)	(1.6)	(1.4)
Other	(1.5)	(1.0)	0.5
Total Operating Income	\$ 12.5	\$ 10.6	\$ (1.9)

Wireless

- Average customers up 7% and service revenues up 4%
- Operating costs associated with PCS network upgrades up \$1.2 million in cost of goods sold and \$.9 million in depreciation

Wireline

- Non-recurring income – 3Q '08 included adjustment of \$.6 in retroactive access fees

Cable

- The acquired cable operations will continue to impact earnings; it added \$1.3 million to the net operating loss in 3Q '09



Profitability

OIBDA for the Quarter Ended (\$ millions)

	<u>Sept 30,</u> <u>2008</u>	<u>Sept 30,</u> <u>2009</u>	<u>Change</u>
Operating Income	\$12.5	\$10.6	(1.9)
Depreciation and Amortization	6.5	8.1	1.6
OIBDA	\$19.0	\$18.7	(\$0.3)
Access Fee Retroactive Adjustment	(0.6)	0.0	0.6
Normalized OIBDA	\$18.4	\$18.7	\$0.3
Normalized OIBDA Margin	49%	47%	-3%

- **Maintaining profitability while investing in growth –** OIBDA margin of 47% for 3Q'09

Cash Flows

- **Increased operating cash flow**
– Cash generated by operations 3 times Q3'08
- **Capex Well Supported**–
Increased capital expenditures supported more than adequately by operating cash flow and debt facility
- **Positioned to deliver for shareholders** – Ability to be opportunistic or return value to shareholders

Cash Flows (\$ millions)

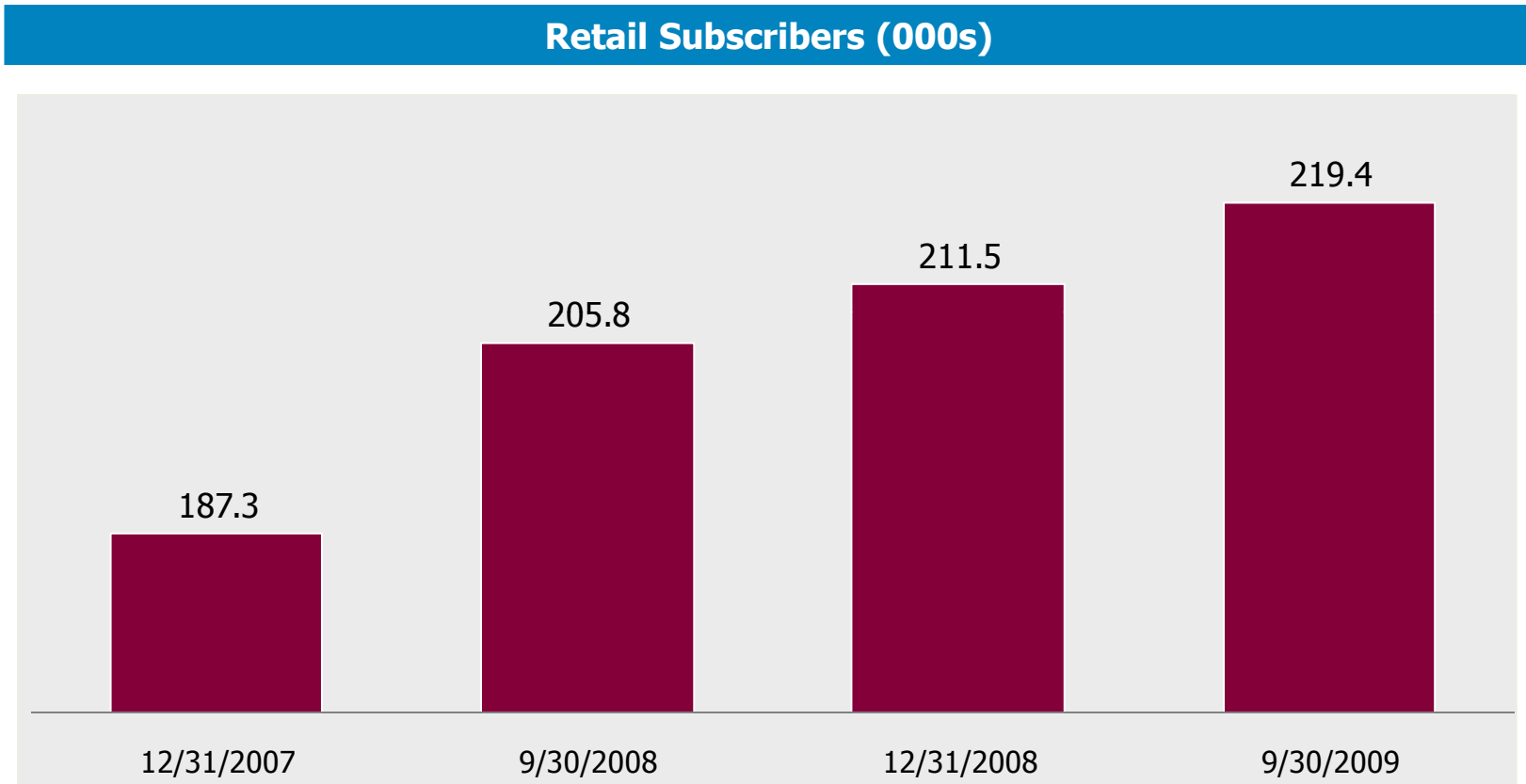
	<u>3Q '08</u>	<u>3Q '09</u>	<u>Change</u>
Net Cash from Operations	\$ 4.7	\$ 14.9	\$ 10.2
Capital Expenditures	(20.2)	(12.1)	8.1
Borrowings	0.0	0.0	0.0
Debt Repayments	(1.1)	(1.1)	(0.0)
Other	<u>0.9</u>	<u>0.0</u>	<u>(0.9)</u>
Net Increase in Cash	<u>\$ (15.7)</u>	<u>\$ 1.7</u>	<u>\$ 17.4</u>

Earle MacKenzie

EVP and COO

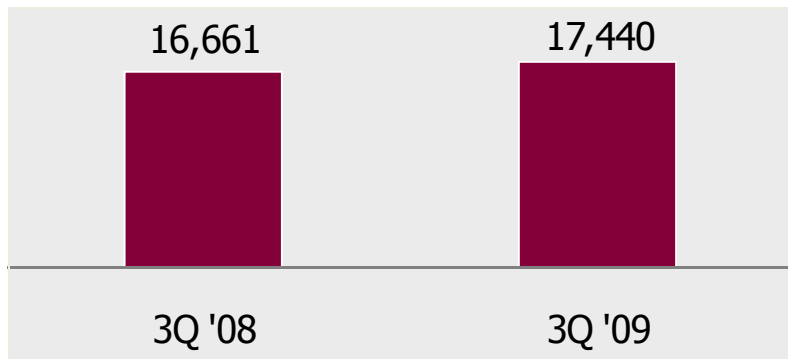


Key Operational Results – PCS

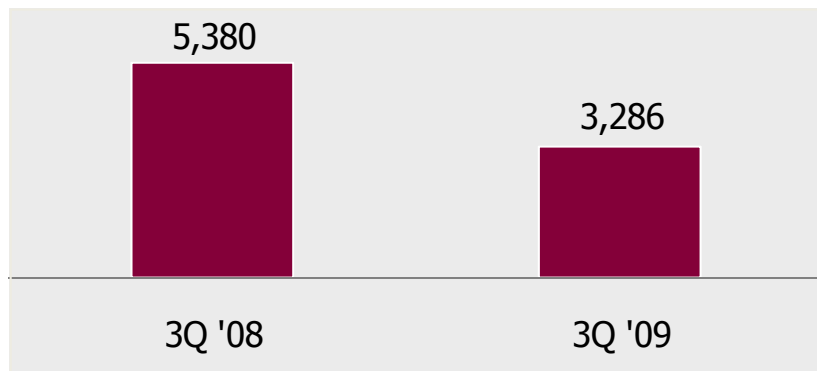


Key Operational Results – PCS

Gross Additions



Net Additions

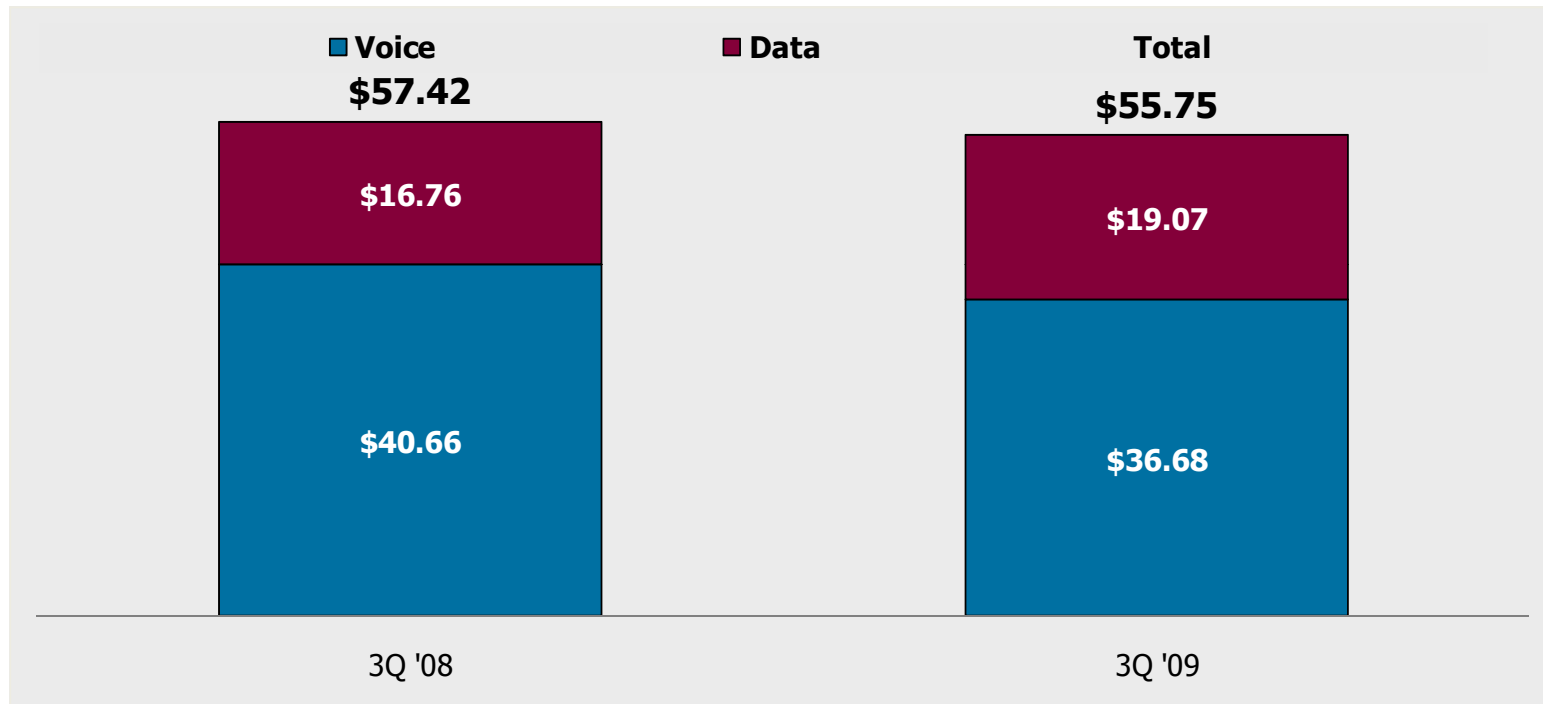


- Modest increase in churn from 2.07% in Q2 '09 to 2.17% in Q3 '09, an increase from 1.85% in Q3 '08
- Bad Debt write-offs in Q3'09 of 5.3% of gross revenues versus 5.5% in Q3'08
- Credits and adjustments down from 11.6% of gross revenues in 3Q'08 to 11.0% in 3Q'09



Key Operational Results – PCS

Gross Billed Revenue per User – Data & Voice ¹

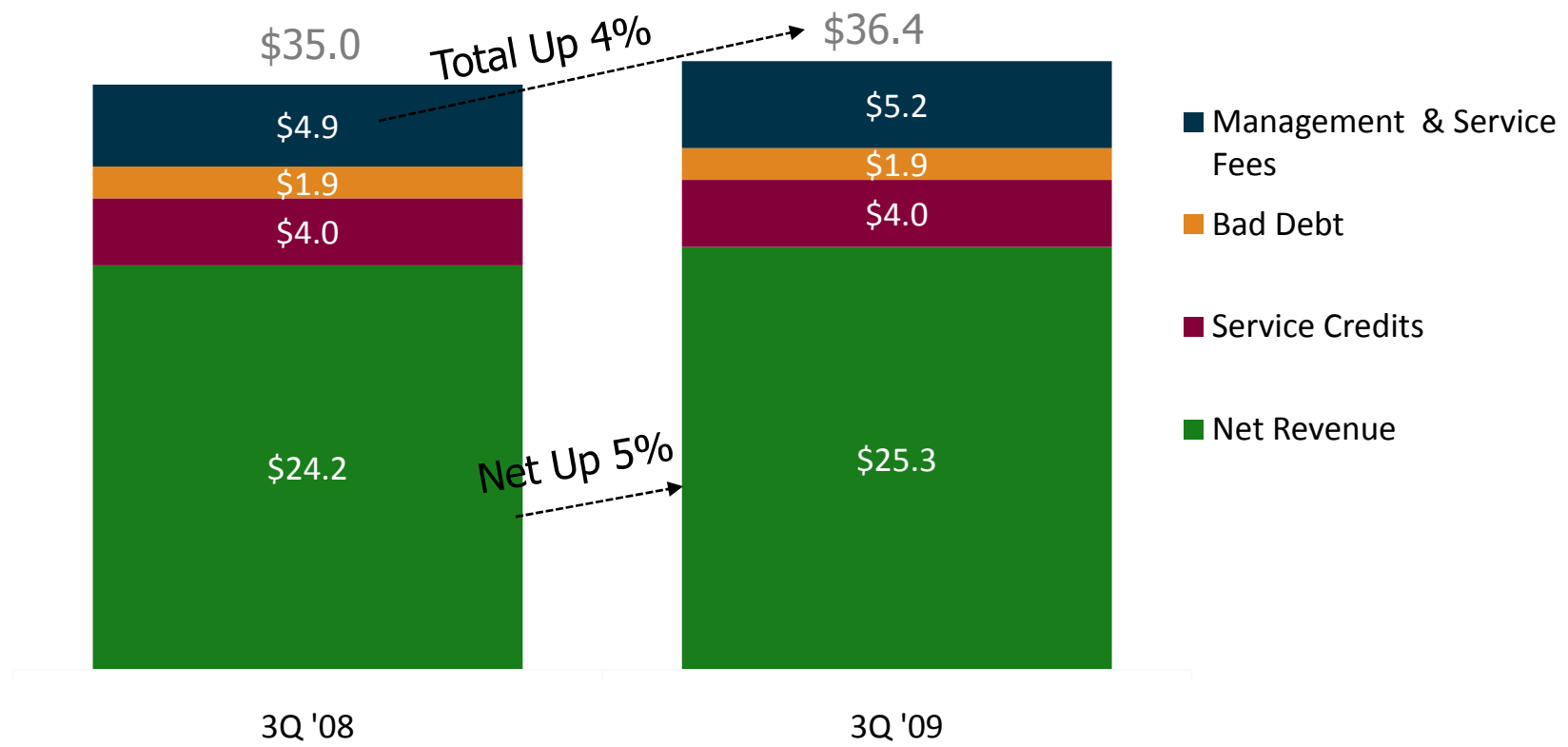


- Data revenues growth continues to grow

¹ – 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 Q3 2009

- Top Service Plans - 49% of Gross Adds

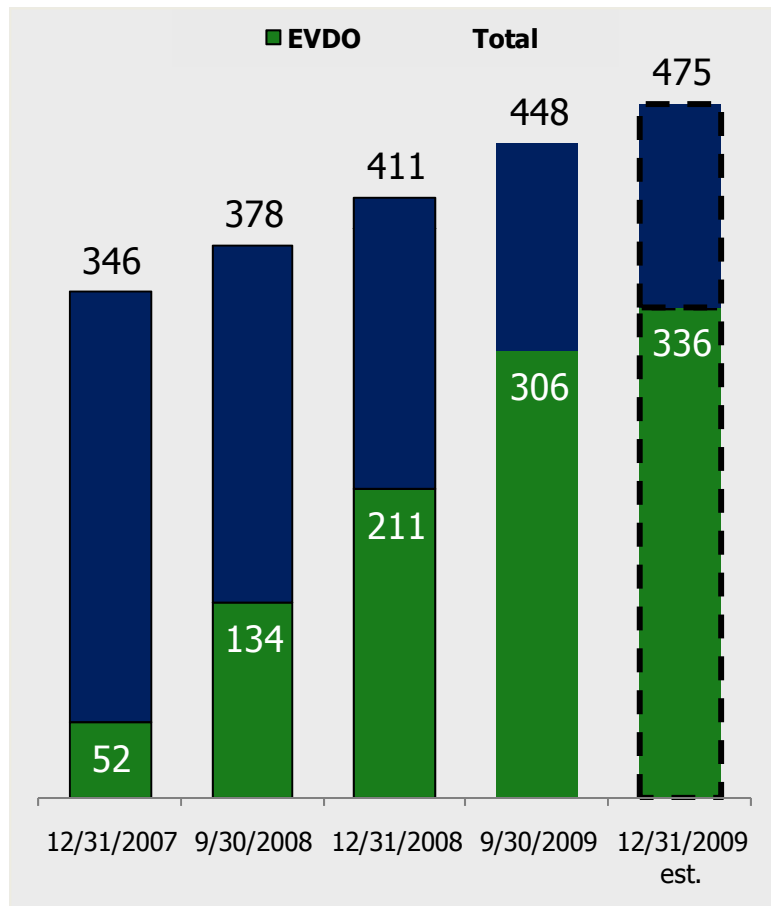
- ▶ Everything Messaging Family 1500
- ▶ Everything Data Family 1500
- ▶ Simply Everything

- Top Devices – Shentel Controlled Channels

- ▶ LG Rumor 2 19%
- ▶ Sanyo 2700 12%
- ▶ Samsung Exclaim 8%
- ▶ Blackberry Curve 6%
- ▶ Sanyo Katana LX 6%
- ▶ Mobile Data Cards 6%
- ▶ Samsung Rant 5%
- ▶ Palm Pre 5%

Meeting PCS Customer Needs

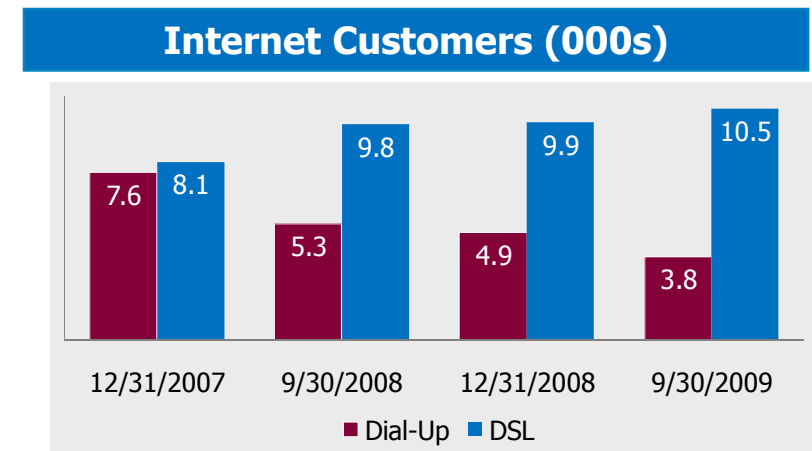
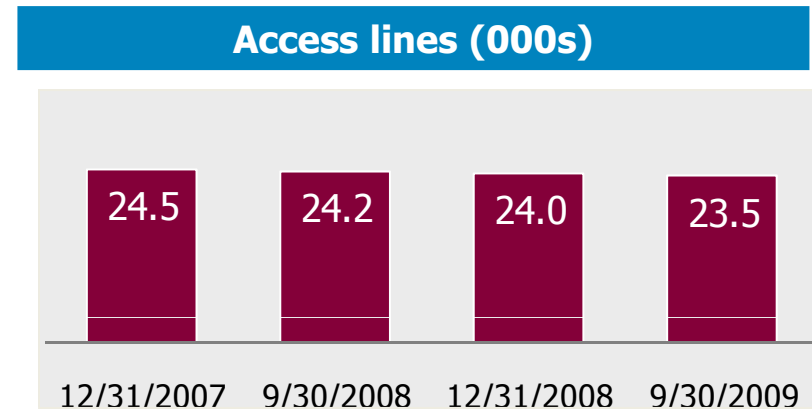
Number of Cell Sites



- On track to complete 2009 construction plans
- Expanded data offering
 - ▶ Over 94% POP's with EVDO coverage
- PA coverage improved
- Capacity increased

Key Operational Results - Wireline

- Modest access line loss
- 45% broadband penetration
- 2009 & 2010 Capex to increase broadband speeds to 10Mbps+

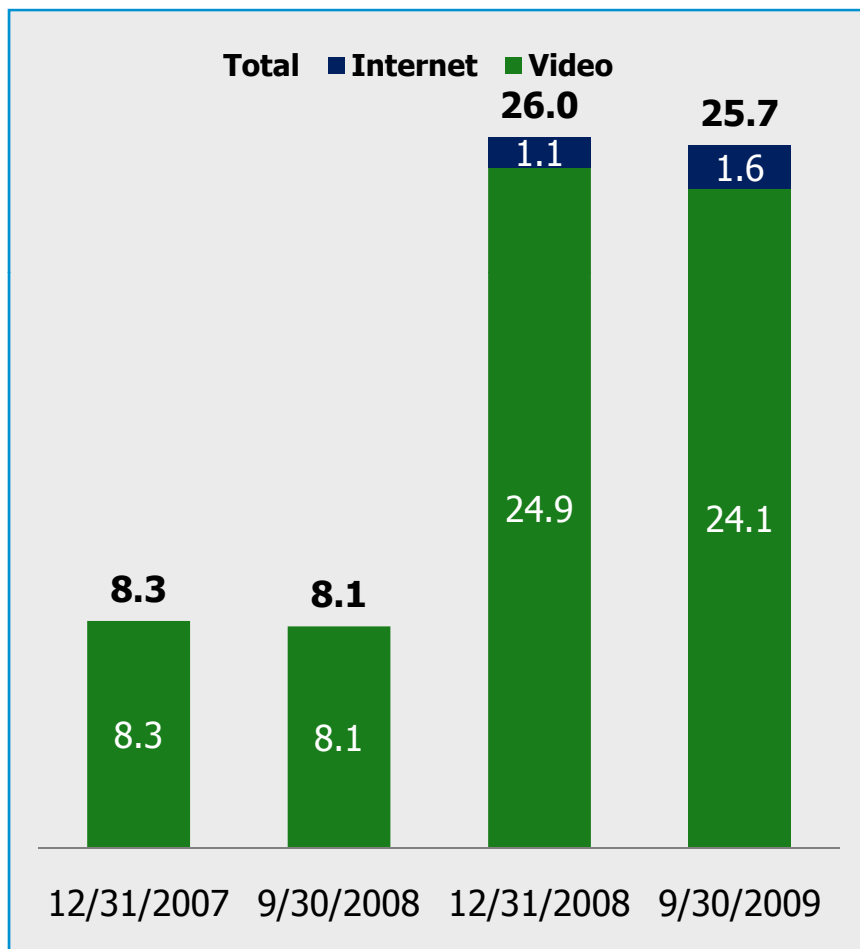


¹ DSL only available within LEC area

² Dial-up offered inside and outside the LEC area

Key Operational Results - Cable

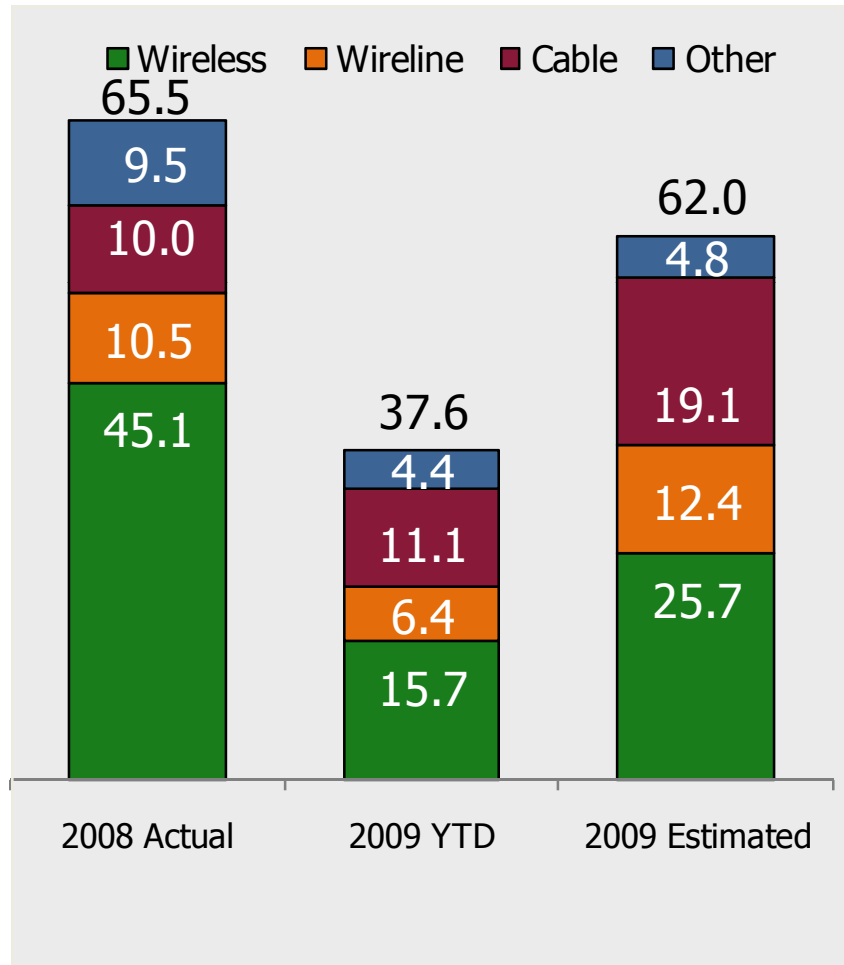
Revenue Generating Units(000's)



- Integrating acquisition of 17,000 new customers
- Converted acquired cable systems to our billing platform
- Re-launch of 40% of the cable systems with 2 way video and internet
- Upgrade underway to enable us to offer triple play to 53% of acquired homes passed by year end 2009

Investing in the Future

Capex Spending



- Expanding wireless coverage & capacity with 64 new cell sites and data with 125 EVDO sites in 2009
- Increasing broadband speeds to 10 MB in LEC area
- Increased miles and capacity of fiber
- Upgrade of cable systems to 2-way to provide triple play of services

Q&A

Appendix



Non-GAAP Financial Measure – Billed Revenue per Subscriber

Dollars in thousands (except subscribers and revenue per subscriber)

	<u>3Q '08</u>	<u>3Q '09</u>
<u>Gross billed revenue</u>		
Wireless segment total operating revenues	\$27,526	\$28,690
Equipment revenue	(1,409)	(1,046)
Other revenue	<u>(1,877)</u>	<u>(2,357)</u>
Wireless service revenue	24,240	25,287
Service credits	4,000	3,987
Write-offs	1,903	1,916
Management fee	2,336	2,484
Service fee	<u>2,570</u>	<u>2,732</u>
Gross billed revenue	<u>35,049</u>	<u>36,406</u>
Average subscribers	203,454	217,659
Billed revenue per subscriber	\$57.42	\$55.75