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**NASDAQ: SHEN**

Shenandoah Telecommunications Company  
to Acquire NTELOS Holdings Corp. and  
Amend Affiliate Agreement with Sprint Corp.

**AUGUST 11, 2015**

# Safe Harbor Statement

This presentation includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, 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,” “potential,” “projects” 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. Shentel cautions readers that any forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement. Such forward-looking statements include, but are not limited to, statements about the benefits of the proposed merger with nTelos Holdings Corp. and the transactions with Sprint, including future financial and operating results, Shentel’s plans, objectives, expectations and intentions, the expected timing of completion of the transactions, and other statements that are not historical facts. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include risks and uncertainties relating to:

- The ability to obtain the NTELOS Holdings Corp. stockholder approval;
- The risk that the parties may be unable to obtain governmental and regulatory approvals required for the transactions, or required governmental and regulatory approvals may delay the transactions or result in the imposition of conditions that could cause the parties to abandon the transactions;
- The risk that a condition to closing of the transactions may not be satisfied;
- The occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement or the agreements with Sprint;
- The timing to consummate the transactions;
- The risk that consents of third-parties may not be obtained;
- The risk that the businesses will not be integrated successfully, including the migration of nTelos Holdings Corp.’s subscribers;
- The risk that the cost savings and any other synergies from the transactions may not be fully realized or may take longer to realize than expected;
- The effect of the announcement of the transactions on the retention of customers, employees or suppliers;
- The diversion of management time on merger-related issues;
- General worldwide economic conditions and related uncertainties, including in the credit markets;
- Increasing competition in the communications industry;
- The complex and uncertain regulatory environment in which the parties operate; and
- Other risks, uncertainties and factors discussed or referred to in the “Risk Factors” section of Shentel’s most recent Annual Report<sup>1</sup>.

All such factors are difficult to predict and are beyond Shentel’s control. All forward-looking statements speak only as of the date made, and Shentel does not undertake any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or developments or otherwise.



1. Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on February 27, 2015, or in Shentel’s subsequent filings with the SEC, which filings are available online at [www.sec.gov](http://www.sec.gov), [www.shentel.com](http://www.shentel.com) or on request to Shentel.

# 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.

# Call Participants

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**Chris French**

President & Chief Executive Officer

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**Earle MacKenzie**

Executive Vice President & Chief Operating Officer

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**Adele Skolits**

Vice President of Finance & Chief Financial Officer

# Transactions Introduction

## nTelos Acquisition

- Strategic acquisition of adjacent operating footprint on attractive terms
  - \$586<sup>1</sup> million enterprise value; all-cash acquisition of NTELOS Holdings Corp. (“nTelos”)
  - \$9.25 per share in cash payable to nTelos shareholders at closing
  - Net consideration is approximately \$330 million, after deducting the net present value of the reduction in future fees due to Sprint (as outlined below) from enterprise value

## Sprint Exchange of Assets

- Exchange of certain assets with Sprint Corp. (“Sprint”) includes:
  - Sprint subscribers and stores in the acquired nTelos markets
  - \$252 million in reduced settlement fees realized over approximately five to six years
  - Approximately \$60 million cash payment over time as collected by Sprint for accounts receivable balances of nTelos customers transferred to Sprint
  - Revised affiliate agreement and extended term by five years to 2029
  - Cancel the Network Wholesale Agreement between Sprint and nTelos

## Timing

- Acquisition of nTelos has been approved unanimously by the Boards of Directors of Shentel and nTelos
- Transaction with Sprint has been approved unanimously by the Boards of Directors of Shentel and Sprint
- Transactions to close concurrently
- Expected to close by early 2016; subject to regulatory approval and other customary closing conditions

# Benefits of the Transactions

## Enhanced Scale and Network

- Expected to have a total licensed population (“POP”) of 5.4 million, a network that covers 4.3 million POPs and total subscribers of over 1 million
- Approximately doubles Shentel’s covered POPs, revenue and OIBDA
- Increases presence in highly complementary Mid-Atlantic footprint
- Expands and upgrades 4G LTE network in the region

## Expanded Relationship with Sprint

- Further solidifies Shentel and Sprint’s strong relationship through an alignment of operating assets as well as extending the term of the Affiliate Agreement

## Attractive Value

- Sprint is contributing significant value to the Transaction, including \$252 million in reduced fees over 5 to 6 years
- Attractive Net Transaction Consideration Value
- Reasonable pro forma leverage and no shareholder dilution

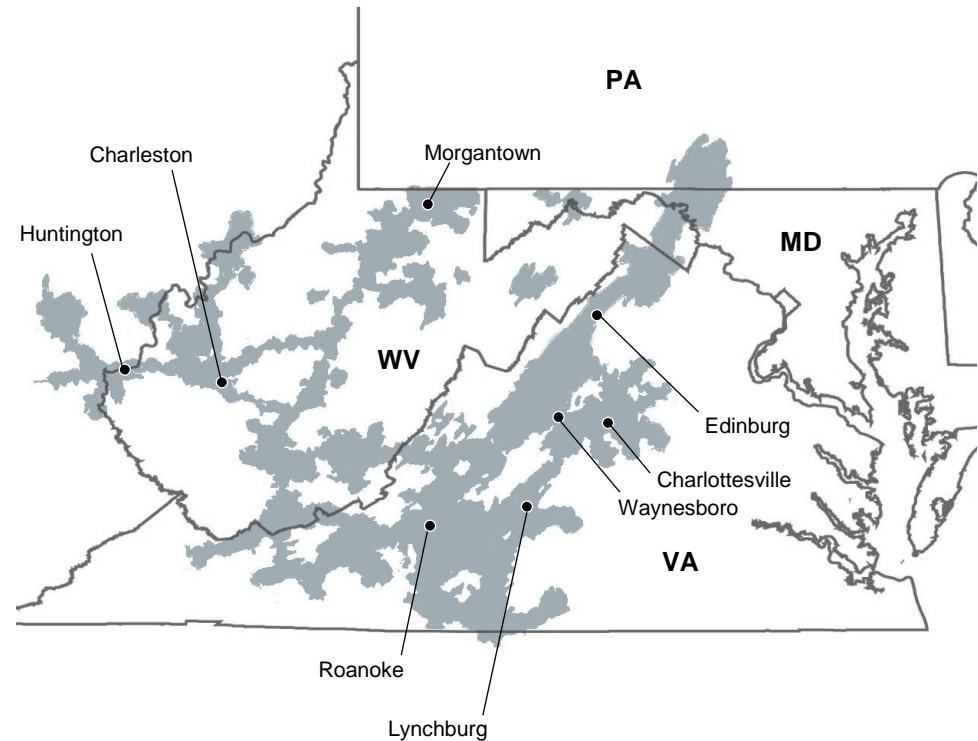
## Meaningful Operating Benefits

- Overlaps with portions of existing Shentel wireless, cable, fiber and wireline networks which will enable Shentel to eliminate redundant cell sites, leverage fiber and tower assets
- Enhanced scale and access to Sprint’s shared services to help drive operating efficiencies
- Local market focus coupled with the Sprint brand should further improve subscriber results

# nTelos Represents a High-Quality Asset in Complementary Markets

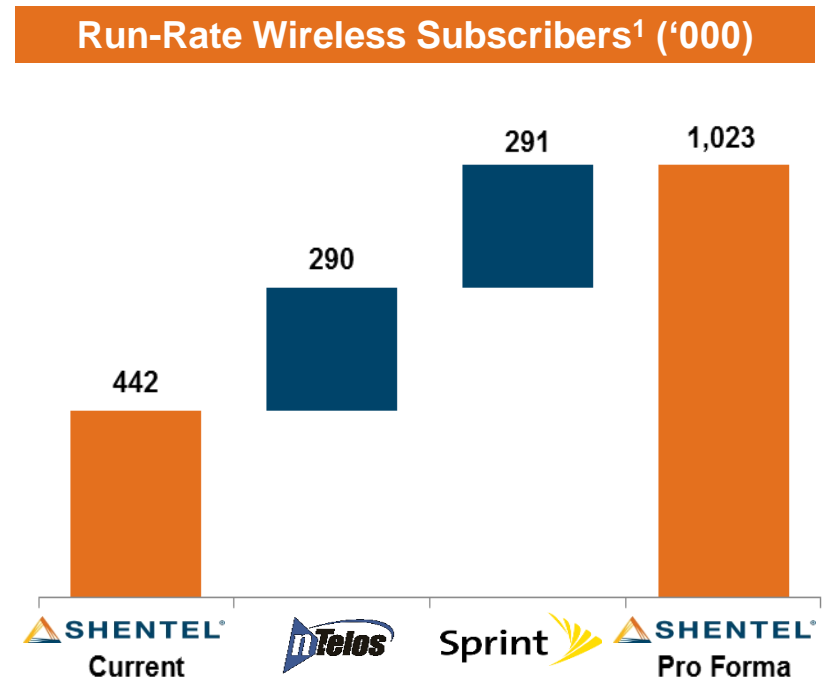
- nTelos is a publicly traded regional wireless carrier providing coverage to customers predominantly in Virginia and West Virginia
  - Branded retail business selling postpaid and prepaid service
  - Exclusive wholesale network provider for Sprint in portions of Western Virginia and West Virginia through 2022
  - Currently building 4G LTE network and enhancing coverage
- nTelos has approximately 223,000 postpaid subscribers and 66,500 prepaid subscribers as of June 30, 2015<sup>(1)</sup>
- Shentel will complete nTelos' plans to build 4G LTE, expand coverage and close down its Eastern Virginia Markets

## nTelos Coverage Footprint



# Meaningfully Increasing Scale and Aligning Long Term Interests with Sprint for a Continued Successful Partnership

- With nTelos and Sprint's subscribers Shentel will:
  - Increase its wireless subscriber base by more than 2.3x
- The combined business is expected to have a wireless customer mix of:
  - 60% Postpaid
  - 40% Prepaid
- The transactions position Shentel as the 6<sup>th</sup> largest public wireless company in the United States





# Transactions Details

## nTelos Transaction

- \$586<sup>1</sup> million enterprise value; all-cash consideration
  - \$9.25 per share in cash for a total equity value of \$208 million
  - Full repayment of nTelos debt
  - Implies 5.6x nTelos 2015E management guidance EBITDA<sup>2</sup>
- Purchase of 100% of nTelos common stock
- Acquiring net operating loss carryforwards from nTelos as part of the acquisition. We intend to utilize all but approximately \$20 million of the \$130 million balance at 6/30/15
- Quadrangle entities, which hold over 18% of nTelos common stock, have executed a Voting Agreement in support of the Transaction

## Sprint Transaction

- Cash settlement to Shentel from Sprint of \$252 million will be realized as offsets to the management fees payable to Sprint by Shentel of up to \$4.2 million per month; anticipated to be satisfied within 5 to 6 years
- nTelos subscribers and Sprint subscribers within the affiliate territory will be governed by a revised Affiliate Agreement between Sprint and Shentel
- The existing Network Wholesale Agreement between nTelos and Sprint will be cancelled
- nTelos operations will be converted to the Sprint brand. The nTelos network will be upgraded to 4G LTE and coverage will be expanded
- nTelos spectrum licenses transferred to Sprint
- Shentel will assume Sprint retail subscribers and stores within the nTelos markets.
- Shentel will receive approximately \$60 million for nTelos accounts receivable. Estimated service receivables of \$33 million will be paid to Shentel as received by Sprint and \$27 million of estimated equipment receivables will be paid in equal monthly installments over a 24 month period, subject to potential adjustments
- Affiliate Agreement's terms will be revised



1. Acquisition value excludes minority interests. Figures as of 6/30/2015.  
2. Assumes nTelos management 2015E EBITDA reaffirmed guidance midpoint of \$104 million, per Q2 2015 earnings release. Total Enterprise Value calculated as implied market value of equity plus total debt less unrestricted cash on balance sheet, all as of 6/30/2015.

# Net Transactions Consideration

<u>Net Transactions Consideration</u>	<u>\$ in Millions</u>
nTelos Equity	\$208
Net Debt <sup>(1)</sup>	<u>378</u>
Total nTelos Enterprise Value	<b>586</b>
Less:	
Reduction in future fees, discounted	225
Accounts Receivable (nTelos), discounted	57
Tax Expense	<u>(26)</u>
Net Payments	<u>256</u>
Net Consideration	<u><b>\$330</b></u>

# Summary of Revised Affiliate Agreement

## Contract Terms

- Initial term through November 2029; extends existing Affiliate Agreement term by 5 years
- Two 10 year renewal periods
- Changes calculation of Shentel's wireless business value upon termination of agreement, from 80% to 90% of EBV

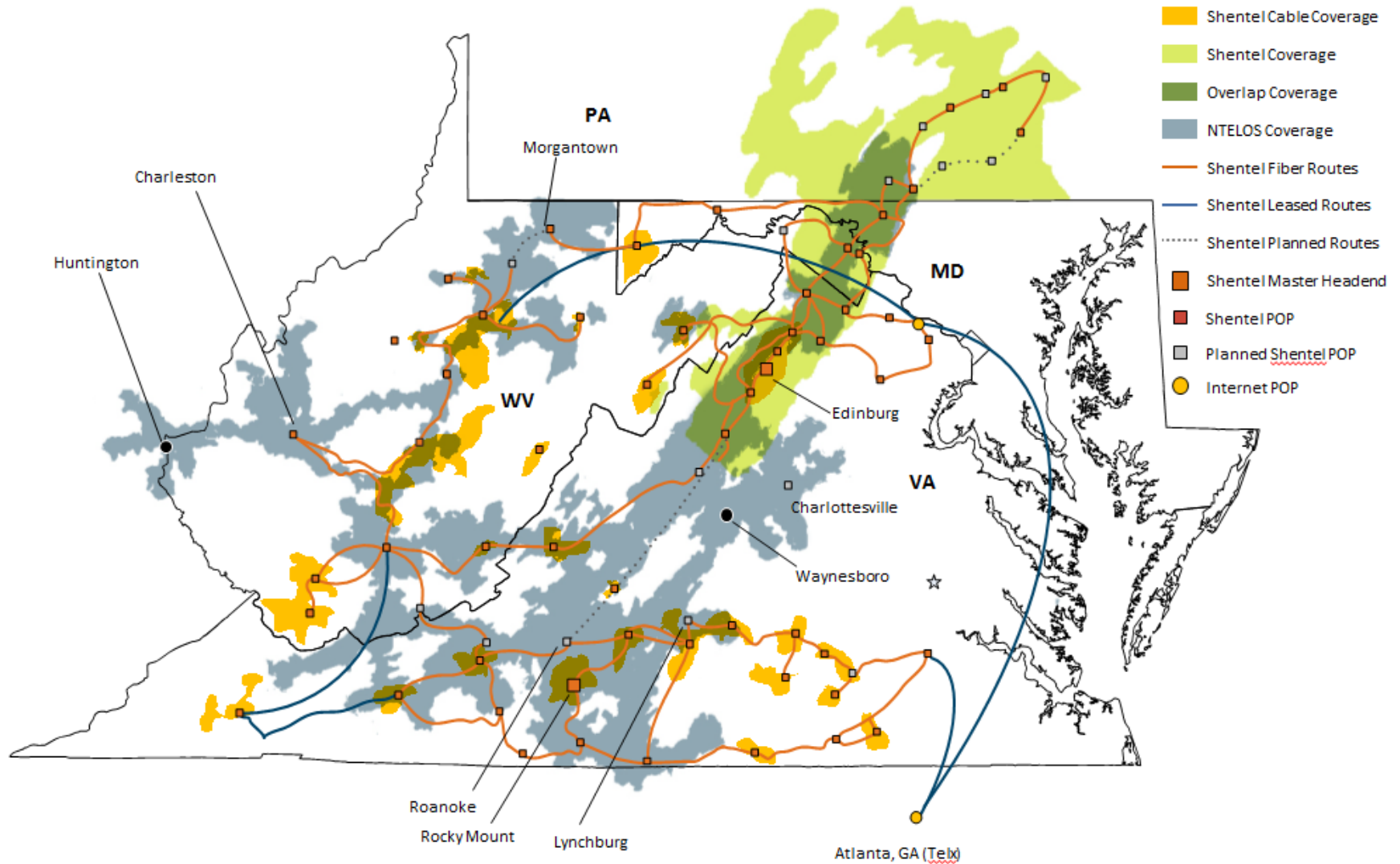
## Net Service Fee

- Net Service Fee set at 8.6%; effective as of January 1, 2016
  - Can be changed one time annually if the underlying change in costs > 1%; subject to an NSF cap of 10%
  - NSF cap may be changed if expenses can be shown to have increased over the 10% cap for a period of 18 months
- Commissions including phone subsidy costs will be borne by Shentel; cash collected by Sprint from customers for subsidized phones will be credited back to Shentel
- Shentel to receive \$1.5 million of net travel revenue per month for 36 months; travel settlement to be reset every three years using each company's network costs and volumes
- Wholesale (MVNO) usage on Shentel's network will pass through to Shentel from Sprint based on actual amounts collected by Sprint (currently estimated at \$5 million per year)

## Spectrum

- Shentel receives access to 2.5 GHz spectrum in its current operating markets immediately and access in the expanded affiliate area at close
- Sprint and Shentel agree to certain operating and development terms related to the 2.5 GHz spectrum

# Pro Forma Footprint



# Planned Operational Initiatives

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## Network

- Complete the wind down of nTelos' Eastern Markets
  - Complete the 4G LTE build-out and deploy 800 MHz spectrum for voice and LTE
  - Remove 148 duplicate sites
  - Add 150 coverage sites
  - Deploy 2.5 GHz spectrum
  - Leverage Shentel fiber network for backhaul
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## Customer Service

- Migrate nTelos subscribers to Sprint's billing and customer service platforms within 90 days of close
- Rebrand 38 nTelos Stores

# Pro Forma Operating Statistics as of 6/30/15

	 SHENTEL®	 nTelos <sup>1</sup>	 Sprint <sup>2</sup>	SHENTEL Pro Forma
Owned Towers	154	8	NA	162
Cell Sites	546	1,010	NA	1,408 <sup>4</sup>
Market POPs	2,421,000	4,388,000 <sup>3</sup>	4,388,000 <sup>3</sup>	5,449,000
Covered POPs	2,213,000	3,100,000 <sup>3</sup>	3,100,000 <sup>3</sup>	4,283,000
% Coverage	91%	68%	68%	79%
Postpaid Subs	296,492	223,000	189,000	708,492
Prepaid Subs	145,431	66,500	102,000	313,931
<b>Total Subs</b>	<b>441,923</b>	<b>289,500</b>	<b>291,000</b>	<b>1,022,423</b>
<i>Penetration %</i>	<i>20.0%</i>	<i>9.3%</i>	<i>9.4%</i>	<i>23.9%</i>



1. Represents Western Markets only.  
 2. Represents Sprint customers within the market governed by the revised Affiliate Agreement.

3. POPs totals include areas that overlap current Shentel markets.  
 4. After the elimination of 148 redundant sites

# Illustrative Transactions Run-Rate Economics

	<u>nTelos</u>	<u>Sprint</u>	<u>Total</u>
Postpaid Subscribers <sup>1</sup>	223,000	189,000	412,000
Prepaid Subscribers <sup>1</sup>	66,500	102,000	168,500
<b>Total Subscribers</b>	<b>289,500</b>	<b>291,000</b>	<b>580,500</b>

<b>(\$MM, except ARPU)</b>			
Blended Postpaid ARPU <sup>(2)</sup>			\$55.10
<b>Gross Postpaid Wireless Service Revenue</b>			<b>\$272</b>
Blended Prepaid ARPU <sup>(2)</sup>			\$29.30
<b>Gross Prepaid Wireless Service Revenue</b>			<b>\$59</b>
<b>Gross Wireless Service Revenue</b>			<b>\$ 332</b>
Less:			
Credits and Write-offs		10.0%	\$ 33
Net Service Fees		14.0%	\$ 46
Management Fees Postpaid		8.0%	\$ 22
Management Fees Prepaid		6.0%	\$ 4
<b>Net Service Revenues of the Acquired Business</b>			<b>\$227</b>
<b>Second Quarter Annualized for Shentel's Existing Wireless Business</b>			<b>\$195</b>
<b>Pro Forma Total Service Revenues<sup>(3)</sup></b>			<b>\$422</b>

**Note:** Excludes non-cash GAAP accounting adjustments to revenue and accounting recognition of revenue from Sprint payments as a result of the Transactions.

# Financing Details

## Financing Structure

- Purchase price fully funded by \$960 million in committed debt financing including:
  - \$485 million five-year Term Loan A-1 with amortization of 5% in year 1, 10% in years 2 to 4 and 15% in the final year
  - \$400 million seven-year Delayed Draw Term Loan A-2 (\$325 million drawn at closing), two years of interest only
  - \$75 million Revolving Credit Facility (undrawn at closing)
  - \$150 million accordion feature
  - Subject to customary closing conditions

## Pricing

	<u>Revolver and Term Loan A-1</u>	<u>Term Loan A-2</u>	<u>Revolver</u>
<u>Total Leverage Ratio</u>	<u>Applicable Margin for LIBOR Rate Loans and Letter of Credit Fee</u>	<u>Applicable Margin for LIBOR Rate Loans</u>	<u>Unused Commitment Fee</u>
< 2.25x	2.25%	2.50%	0.20%
≥ 2.25x and < 2.75x	2.50%	2.75%	0.20%
≥ 2.75x and < 3.25x	2.75%	3.00%	0.25%
≥ 3.25x	3.00%	3.25%	0.38%



# Financing Details (continued)

## Covenants

### PRO FORMA DEBT COVENANTS

(\$MM, except per share data)

	2016	2017	2018	2019	2020
<b><u>Total Leverage Ratio</u></b>					
Covenant Maximum Threshold	3.75x	3.75x	3.25x	3.00x	3.00x
<b><u>Debt Service Coverage Ratio</u></b>					
Covenant Minimum Threshold	2.00x	2.00x	2.00x	2.00x	2.00x
<b><u>Minimum Liquidity Balance</u></b>					
Covenant Minimum Threshold	\$25	\$25	\$25	\$25	\$25
<b><u>Dividend Limitation</u></b>					
Declarable Dividend Limitation				VARIABLE	

#### **Ratio**

Total Leverage Ratio

Debt Service Coverage Ratio

Minimum Liquidity Balance

Dividend Limitation

#### **Calculation**

Total Debt / Total Combined Adjusted EBITDA

Total Combined Adjusted EBITDA Less Cash Taxes / Total Principal Payments plus Cash Interest

Revolver Availability Plus Cash

Beginning balance of \$25 million, plus 60% of Net Income, less Dividends Paid, subject to certain adjustments

# Expected Transaction Sources & Uses - As of 6/30/15

SOURCES (\$MM)		USES (\$MM)	
Cash from Shentel's Balance Sheet	\$32	Purchase of nTelos Equity	\$208
New Revolving Credit Facility <sup>1</sup>	0	Repay nTelos Net Debt	378
New Term Loan A-1	485	Repay Shentel Debt	213
New Delayed Draw Term Loan A-2 <sup>2</sup>	325	Other Transaction Costs	43
<b>Total</b>	<b>\$842</b>	<b>Total</b>	<b>\$842</b>

- Does not include cash from expected Sprint payment for approximately \$60 million of accounts receivable or for additional cash flow related to the \$252 million in value from Sprint to be realized through fee reductions over 5 to 6 years.

## Meaningful Ongoing Cash and Value Contribution from Sprint



1. Transaction Financing includes \$75 million Revolving Credit Facility anticipated to be undrawn at closing.  
 2. Term Loan A-2 structured as a delayed draw. The facility size is \$400 million, with \$325 million anticipated to be drawn at close.

# Pro Forma Capitalization – As of 6/30/15

(\$MM)

		Transaction Adjustments	Pro Forma
Cash / Investments	\$92	(\$32)	\$60
<b>Total Cash</b>	<b>\$92</b>	<b>(\$32)</b>	<b>\$60</b>
Revolving Credit Facility <sup>1</sup>	--	--	--
Existing Term Loan A	\$213	(\$213)	--
Term Loan A-1	--	485	\$485
Delayed Draw Term Loan A-2 <sup>2</sup>	--	325	325
			--
<b>Total Debt</b>	<b>\$213</b>	<b>\$597</b>	<b>\$810</b>

Trailing 12 Months (TTM) Adjusted Operating Income Before Depreciation and Amortization (OIBDA) - see below

\$273

**Total Debt / TTM OIBDA**

**3.0x**

**TTM - Adjusted OIBDA for 6/30/2015:**

Shentel	\$ 140
nTelos	\$ 133
<b>Total</b>	<b>\$ 273</b>

\* - As reported in the 10Q's of both organizations.

**Reasonable Pro Forma Leverage and No Shareholder Dilution**



1. Transaction Financing includes \$75 million Revolving Credit Facility anticipated to be undrawn at closing.
2. Term Loan A-2 structured as a delayed draw. The facility size is \$400 million, with \$325 million anticipated to be drawn at close.

# Transaction Recap

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- nTelos is a highly attractive strategic acquisition and should significantly enhance our scale and regional service offering
- Further solidifies Shentel as a premier wireless provider in the Mid-Atlantic United States
- Expands and strengthens affiliate relationship with Sprint
- Attractive acquisition terms with meaningful cash contribution from Sprint over time as collected
- Reasonable pro forma leverage profile and no shareholder dilution
- Should meaningfully enhance shareholder value

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# Q&A