

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended June 30, 1997

Commission File Number 0-9881

SHENANDOAH TELECOMMUNICATIONS COMPANY  
(Exact name of registrant as specified in its charter)

Virginia  
(State or other jurisdiction  
of incorporation or  
organization)

54-1162806  
(I.R.S. Employer  
Identification  
Number)

P.O. Box 459, Edinburg, Virginia 22824  
(Address of principal executive office and zip code)

Registrant's telephone number,  
including area code: (540) 984-4141

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES      X                      NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the close of the period covered by this report.

Class	Outstanding at August 1, 1997
Common Stock, No Par Value	3,760,760 Shares

SHENANDOAH TELECOMMUNICATIONS COMPANY

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SHENANDOAH TELECOMMUNICATIONS COMPANY  
AND SUBSIDIARY COMPANIES

PART I, FINANCIAL INFORMATION  
ITEM I, FINANCIAL STATEMENTS  
CONSOLIDATED BALANCE SHEETS

ASSETS	(UNAUDITED) June 30, 1997	December 31, 1996
<b>CURRENT ASSETS</b>		
Cash & Cash Equivalents	\$4,979,103	\$3,763,468
Certificates of Deposit	532,312	1,142,181
Investments Held to Maturity Securities	1,161,574	2,148,945
Accounts Receivable	4,826,579	4,208,742
Materials	3,005,595	2,888,709
Prepaid and Other Current Assets	352,782	399,074
<b>TOTAL CURRENT ASSETS</b>	<b>\$14,857,945</b>	<b>\$14,551,119</b>
<b>NON-CURRENT ASSETS</b>		
Investment in available for sale Securities	\$3,491,631	\$2,738,431
Investment in held-to-maturity securities	1,622,433	1,622,433
Other investments	4,289,025	4,112,947
<b>TOTAL NON-CURRENT ASSETS</b>	<b>\$9,403,089</b>	<b>\$8,473,811</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Plant in Service	\$69,949,016	\$65,215,491
Plant Under Construction	5,106,282	5,626,710
Less Accumulated Depreciation	23,544,403	21,648,820
<b>NET PROPERTY, PLANT AND EQUIPMENT</b>	<b>\$51,510,895</b>	<b>\$49,193,381</b>
<b>OTHER ASSETS</b>		
Cost in Excess of net assets of Business		
less Accumulated Amortization	\$ 5,344,840	\$ 5,532,601
Deferred Charges and Other Assets	466,856	523,185
Radio Spectrum License net of Accumulated Amortization	726,481	0
Deposit	0	1,100,000
	\$ 6,538,177	\$ 7,155,786
<b>TOTAL ASSETS</b>	<b>\$82,310,106</b>	<b>\$79,374,097</b>

See accompanying notes to consolidated financial statements.PAGE

SHENANDOAH TELECOMMUNICATIONS COMPANY  
AND SUBSIDIARY COMPANIES

PART I, FINANCIAL INFORMATION  
ITEM I, FINANCIAL STATEMENTS  
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	(UNAUDITED) June 30, 1997	December 31, 1996
<b>CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt	\$ 509,407	\$ 529,405
Accounts Payable	1,384,655	2,097,115
Advance Billings and Payments	352,859	590,336
Customers' Deposits	98,176	89,591
Other Current Liabilities	1,276,961	1,117,795
Income Taxes Payable	513,522	0
Other Taxes Payable	243,547	128,144
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 4,379,127</b>	<b>\$ 4,552,386</b>
<b>LONG TERM DEBT, LESS CURRENT MATURITIES</b>	<b>25,027,560</b>	<b>24,176,834</b>
<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>		
Deferred Investment Tax Credits	\$254,106	\$291,957
Deferred Income Taxes	4,751,243	4,908,170
Pension and Other	798,335	573,363
	5,803,684	5,773,490
<b>MINORITY INTERESTS</b>	<b>\$ 1,996,072</b>	<b>\$ 1,743,465</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock, no par, 8,000,000 shares authorized (3,760,760 shares issued and outstanding)	\$4,740,677	\$4,740,677
Retained Earnings	39,946,602	37,716,654
Unrealized Gain on available-for-sale securities	416,384	670,591
	45,103,663	43,127,922
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$82,310,106</b>	<b>\$79,374,097</b>

See accompanying notes to consolidated financial statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY  
AND SUBSIDIARY COMPANIES

PART I, FINANCIAL INFORMATION  
ITEM I, FINANCIAL STATEMENTS  
CONSOLIDATED STATEMENTS OF INCOME  
(UNAUDITED)

	Three months ended June 30		Six months ended June 30	
	1997	1996	1997	1996
<b>OPERATING REVENUES</b>				
Telephone Revenues				
Local Service	\$882,918	\$811,613	\$1,741,940	\$1,602,425
Access	1,748,830	1,696,340	3,488,512	3,470,128
Toll	7,339	4,412	13,474	8,767
Miscellaneous:				
Directory	292,143	296,408	565,173	580,076
Facility Leases	509,664	451,974	986,370	885,172
Billing & Collection	108,386	108,967	213,422	223,009
Other Miscellaneous	7,941	23,068	56,327	52,228
<b>Total Telephone Revenues</b>	<b>3,557,221</b>	<b>3,392,782</b>	<b>7,065,218</b>	<b>6,821,805</b>
Cable Television Revenues	626,029	221,843	1,241,150	441,977
ShenTel Service Revenues	526,571	380,664	1,000,521	774,226
Leasing Revenues	3,775	5,163	7,397	9,772
Mobile Revenues	2,163,234	1,650,223	3,953,557	3,005,123
PCS Revenues	452,329	23,284	707,872	36,523
Long Distance Revenues	234,254	249,376	476,232	533,728
Network Revenues	153,733	123,842	307,467	247,685
<b>Total Revenues and Sales</b>	<b>7,717,146</b>	<b>6,047,177</b>	<b>14,759,414</b>	<b>11,870,839</b>
<b>OPERATING EXPENSES</b>				
Cost of Products and Services Sold	470,167	249,042	867,375	522,983
Line Costs	97,786	90,860	193,147	225,441
Plant Specific	671,468	502,049	1,293,855	1,026,447
Plant Non-Specific:				
Network & Other	1,069,671	801,581	1,999,666	1,463,517
Depreciation and Amortization	1,151,328	815,439	2,261,817	1,617,960

SHENANDOAH TELECOMMUNICATIONS COMPANY  
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PART I, FINANCIAL INFORMATION  
ITEM I, FINANCIAL STATEMENTS  
CONSOLIDATED STATEMENTS OF INCOME  
(UNAUDITED)

	Three months ended June 30		Six months ended June 30	
	----- 1997	1996	----- 1997	1996
<b>OPERATING EXPENSES (Continued)</b>				
Customer Operations	\$1,035,295	\$ 830,548	\$2,030,962	\$1,594,590
Corporate Operations	619,734	556,244	1,289,355	1,075,888
Other Operating Income & Expense	149,013	47,435	343,927	93,801
Taxes other than income	110,523	101,684	208,700	201,986
 Total Operating Expenses	 5,374,985	 3,994,882	 10,488,804	 7,822,613
 Operating income	 2,342,161	 2,052,295	 4,270,610	 4,048,226
Gain on Sale of Investment	0	0	0	228,250
Non-operating income less expenses	255,417	242,528	484,829	436,531
Interest expense	387,719	128,418	744,168	269,678
 Income before taxes	 2,209,859	 2,166,405	 4,011,271	 4,443,329
Provision for income taxes	697,893	719,871	1,273,714	1,500,806
 Net income before minority interest	 1,511,966	 1,446,534	 2,737,557	 2,942,523
Minority interest	(296,552)	(180,421)	(507,608)	(301,862)
 Net Income	 \$1,215,414	 \$1,266,113	 \$2,229,949	 \$2,640,661
<b>EARNINGS PER SHARE</b>				
Weighted Average Common Shares Outstanding	3,760,760	3,760,760	3,760,760	3,760,760
 Net Earnings per Share	 \$0.32	 \$0.34	 \$0.59	 \$0.70

See accompanying notes to consolidated financial statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY  
AND SUBSIDIARY COMPANIES

PART I, FINANCIAL INFORMATION  
ITEM I, FINANCIAL STATEMENTS  
CONSOLIDATED STATEMENTS OF CASH FLOW  
(UNAUDITED)

	SIX MONTHS ENDED JUNE 30	
	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$2,229,948	\$2,640,661
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and Amortization	\$2,261,815	\$1,617,960
Deferred taxes	443,799	(53,107)
Gain on Sale of Equity investment	0	(228,250)
Investment (Gains)/Losses	(203,582)	(140,082)
Minority Share of Income	252,607	46,862
Other	99,990	143,002
Decrease (increase) in		
Accounts receivable	(617,837)	(92,676)
Materials, Prepaid and Other	(116,886)	(486,680)
Increase (decrease) in		
Accounts Payable	(712,460)	(334,380)
Income taxes payable	54,466	173,199
Deferrals and accruals	316,941	(228,407)
Net cash provided by operating activities	\$4,008,801	\$3,058,102

SHENANDOAH TELECOMMUNICATIONS COMPANY  
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PART I, FINANCIAL INFORMATION  
ITEM I, FINANCIAL STATEMENTS  
CONSOLIDATED STATEMENTS OF CASH FLOW  
(UNAUDITED)

SIX MONTHS ENDED JUNE 30

1997                      1996

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property, Plant and Equipment	(\$4,096,812)	(\$6,941,932)
Purchase of Certificates of Deposit	0	(611,856)
Maturities of Certificates of Deposit	609,869	522,718
Cash flows from Securities	(134,202)	1,849,237
Net cash used in investing activities	(\$3,621,145)	(\$5,181,833)

CASH FLOWS FROM  
FINANCING ACTIVITIES

Proceeds from long term debt	\$1,100,000	\$1,117,000
Principal payments on long term debt	(272,021)	(235,844)
Net cash used by investing activities	827,979	881,156

NET INCREASE/(DECREASE) IN CASH                      \$1,215,635                      (\$1,242,575)

CASH AND CASH EQUIVALENTS:

Beginning	3,763,468	6,106,447
Ending	\$ 4,979,103	\$ 4,863,872

See accompanying notes to consolidated financial statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

1. In the opinion of management, the accompanying consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly Shenandoah Telecommunications Company's financial position as of June 30, 1997 and the results of operations and cash flows for the six month periods ended June 30, 1997 and 1996.

While the Company believes that the disclosures presented are adequate, to make the information not misleading, it is suggested that these financial statements be read in conjunction with the financial statements and notes included in the Company's annual report in Form 10-K.

2. Earnings per share of common stock have been determined by using the weighted average number of shares outstanding during the period.
3. In April the Board approved a \$2 million line of credit with First Union Bank, and in July the Board approved a \$5 million line of credit with CoBank. The First Union line of credit matures in May 1998, with a variable rate of Libor + 1.25%. Interest due is payable monthly with any unpaid principal balance due at maturity. The CoBank line of credit matures in August 1998. There are three interest rate options, a weekly variable rate quoted by CoBank, a fixed rate quoted by CoBank for such periods as may be agreeable to CoBank, or Libor + 1.25%. Interest due is payable monthly with any unpaid principal balance due at maturity. No draws have been made on these lines of credit as of July 31, 1997.

SHENANDOAH TELECOMMUNICATIONS COMPANY  
AND SUBSIDIARY COMPANIES

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Summary

The following tables set forth, for the periods indicated, the percentages which certain items reflected in the financial data bear to total operating revenues and the percentage increase of such items as compared to the indicated prior period:

	RELATIONSHIP TO				PERIOD TO PERIOD			
	TOTAL OPERATING REVENUES				INCREASE OR DECREASE			
	Three months		Six months		Three months		Six months	
	ended June 30	ended June 30	ended June 30	ended June 30	ended June 30	ended June 30	ended June 30	ended June 30
1997	1996	1997	1996	1997-96	1996-95	1997-96	1996-95	
<b>OPERATING REVENUES</b>								
Telephone Revenues								
Local Service	11.44%	13.42%	11.80%	13.50%	8.79%	6.20%	8.71%	5.69%
Access	22.66%	28.05%	23.64%	29.23%	3.09%	5.53%	0.53%	7.65%
Toll	0.10%	0.07%	0.09%	0.07%	66.34%	33.13%	53.69%	29.15%
Miscellaneous:								
Directory	3.79%	4.90%	3.83%	4.89%	-1.44%	9.14%	-2.57%	2.72%
Facility Leases	6.60%	7.47%	6.68%	7.46%	12.76%	6.28%	11.43%	4.91%
Billing & Collection	1.40%	1.80%	1.45%	1.88%	-0.53%	48.71%	-4.30%	24.35%
Other Miscellaneous	0.10%	0.38%	0.38%	0.44%	-65.58%	-26.25%	7.85%	-11.16%
Total Telephone Revenues	46.10%	56.11%	47.87%	57.47%	4.85%	6.81%	3.57%	6.71%
Cable Television Revenues	8.11%	3.67%	8.41%	3.72%	182.19%	2.27%	180.82%	2.41%
ShenTel Service Revenues	6.82%	6.29%	6.78%	6.52%	38.33%	42.87%	29.23%	13.21%
Leasing Revenues	0.05%	0.09%	0.05%	0.08%	-26.88%	-19.80%	-24.30%	-22.02%
Mobile Revenues	28.03%	27.29%	26.79%	25.32%	31.09%	33.12%	31.56%	31.14%
PCS Revenues	5.86%	0.39%	4.80%	0.31%	1842.66%	N/A	1838.15%	N/A
Long Distance Revenues	3.04%	4.12%	3.23%	4.50%	-6.06%	-8.98%	-10.77%	-5.13%
Network Revenues	1.99%	2.05%	2.08%	2.09%	24.14%	0.00%	24.14%	0.00%
	-----	-----	-----	-----	-----	-----	-----	-----
Total Revenues and Sales	100.00%	100.00%	100.00%	100.00%	27.62%	14.02%	24.33%	11.75%

SHENANDOAH TELECOMMUNICATIONS COMPANY  
AND SUBSIDIARY COMPANIES

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

	RELATIONSHIP TO				PERIOD TO PERIOD			
	TOTAL OPERATING REVENUES				INCREASE OR DECREASE			
	Three months ended June 30 1997		Six months ended June 30 1996		Three months ended June 30 1997-96		Six months ended June 30 1996-95	
<b>OPERATING EXPENSES</b>								
Cost of Products and Services Sold	6.09%	4.12%	5.88%	4.41%	88.79%	115.97%	65.85%	59.80%
Line Costs	1.27%	1.50%	1.31%	1.90%	7.62%	-21.50%	-14.32%	-8.73%
Plant Specific	8.70%	8.30%	8.77%	8.65%	33.75%	3.53%	26.05%	11.68%
Plant Non-Specific:								
Network & Other	13.86%	13.26%	13.55%	12.33%	33.45%	65.41%	36.63%	63.49%
Depreciation and Amortization	14.92%	13.48%	15.32%	13.63%	41.19%	15.30%	39.79%	16.34%
Customer Operations	13.42%	13.73%	13.76%	13.43%	24.65%	45.27%	27.37%	41.41%
Corporate Operations	8.03%	9.20%	8.74%	9.06%	11.41%	19.24%	19.84%	15.12%
Other Operating Income & Expenses	1.93%	0.78%	2.33%	0.79%	214.14%	1.87%	266.66%	1.94%
Taxes other than income	1.43%	1.68%	1.41%	1.70%	8.69%	24.25%	3.32%	20.82%
	-----	-----	-----	-----	-----	-----	-----	-----
Total Operating Expenses	69.65%	66.06%	71.07%	65.90%	34.55%	29.24%	34.08%	28.23%
Operating income	30.35%	33.94%	28.93%	34.10%	14.12%	-7.94%	5.49%	-10.48%
Gain on Sale of Investment	0.00%	0.00%	0.00%	1.92%	0.00%	0.00%	-100.00%	-73.83%
Non-operating income less expenses	3.31%	4.01%	3.28%	3.68%	5.31%	-3.70%	11.06%	-0.48%
Interest expense	5.02%	2.12%	5.04%	2.27%	201.92%	-25.19%	175.95%	-23.10%
	-----	-----	-----	-----	-----	-----	-----	-----
Income before taxes	28.64%	35.83%	27.18%	37.43%	2.01%	-6.19%	-9.72%	-18.95%



SHENANDOAH TELECOMMUNICATIONS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Shenandoah Telecommunications Company is a diversified telecommunications holding company providing both regulated and unregulated telecommunications services through its eight wholly-owned subsidiaries.

This industry is in a period of transition from a protected monopoly to a competitive environment as evidenced by the recent passage of the Telecommunications Act of 1996. As a result, Shenandoah Telecommunications has made and plans to continue to make significant investments in the new and emerging technologies.

The most significant revenue contributors are the regulated telephone local exchange company accounting for 46.1% of revenue and the cellular dominated operations of the Mobile subsidiary, accounting for 28.0% of revenue during the most recent quarter. Other significant services provided are paging, personal communications services (PCS), cable television, Internet access, long distance, and fiber facilities and towers leased to other telecommunications carriers. The Company also sells and leases equipment, mainly related to services provided. The Company also participates in emerging technologies by direct investment in non-affiliated companies.

RESULTS OF OPERATIONS

The Company's largest source of revenue continues to be for access to the Company's local exchange network by interexchange carriers. The volume for approximately two-thirds of these access revenues typically tracks with changes in minutes of use. The minutes of use during the first six months and the second quarter of 1997 increased 3.3% and 6.9% respectively from the total minutes of use in comparative periods in 1996. However, a change in the mix of minutes of use between the interstate and intrastate jurisdictions, in combination with regulatory mandates that reduce tariffed charges, limited the revenue increase to .5% year-to-date and 3.1% in the second quarter for the associated revenues.

Second quarter cable television revenues increased 182.2% over the second quarter of 1996. The year-to-date increase 180.8%. The increase was due to the acquisition of the CATV assets owned by FrontierVision Operating Partnership located in our service area on September 30, 1996.

SHENANDOAH TELECOMMUNICATIONS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS (Continued)

The increase in the ShenTel Service revenues category for the second quarter of 1997 compared to 1996 was 38.3%. The year-to-date increase is 29.2%. This was due to increases in Internet Service revenues and sales of equipment. Second quarter 1997 revenues from our Internet Service operations were up \$109,643 or 107.5% compared to the second quarter of 1996. The year-to-date increase in Internet revenues is \$207,283 or 111.3%. The increase is due to the increasing customer base. Equipment sales revenues for the second quarter increased \$40,955 or 30.4% compared to the second quarter of 1996. The year-to-date increase in equipment sales is \$27,211 or 9.1%.

Financing lease revenues are chiefly for leases and rentals of customer premise equipment such as PBXs sold through Company subsidiaries.

The Mobile revenues are mainly comprised of revenues from cellular services. Second quarter 1997 local cellular revenues increased \$158,300 or 21.4% compared to the same period in 1996. The year-to-date increase is \$311,050 or 22.2%. The increase in local cellular revenues was due to an increase in the customer base. Second quarter 1997 outcollect roamer revenues increased \$310,413 or 36.5% compared to the same period 1996. The year-to-date increase in outcollect revenues is \$546,600 or 36.6%. Total revenues from the Cellular operation accounted for 26.7% of total Company revenues in the second quarter and 25.4% year-to-date, compared to 25.8% in the second quarter of 1996 and 24.4% for the first six months of 1996.

PCS revenues increased \$429,045 or 1,842.7% in the second quarter compared to the second quarter of 1996. The year-to-date increase is \$671,349 or 1,838.2%. The PCS network was turned up in the fourth quarter of 1995. Work continues on the expansion of this network.

Total payroll costs (including capitalized costs) in the second quarter of 1997 increased to \$189,491 or 17.8% compared to the same period in 1996. The year-to-date increase is \$70,971 or 2.8%. The first quarter of 1997 payroll costs were less than the first quarter 1996 costs due to high maintenance costs incurred in January of 1996 to repair blizzard and flood damage not being repeated in 1997, as well as, reduced sales commissions in the ShenTel subsidiary. The second quarter increase is primarily due to additions of personnel in the PCS subsidiary as its sales force grows with the opening of new retail stores.

SHENANDOAH TELECOMMUNICATIONS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS (Continued)

Cost of Goods Sold increased 88.8% in the second quarter compared to the same period in 1996. The year-to-date increase is 65.9%. This is due primarily to an increase in the volume of PCS phones sold as network coverage expands.

Plant Specific expenses consist mainly of maintenance to the Company's plant in service. This expense category increased 33.8% in the second quarter compared to the second quarter of 1996. The year-to-date increase is 26.1%. These increases are due primarily to increased maintenance to the CATV assets acquired from FrontierVision, and rents paid for new retail outlets.

The expense category Network and Other consists primarily of network support, engineering, and leased facilities costs. These costs increased 33.5% in the second quarter compared to the second quarter of 1996. The year-to-date increase is 36.6%. These increases are primarily due to increased incollect roaming costs in the cellular operation, and increases in leased facilities costs in the PCS and Internet operations due to network expansion.

Depreciation and Amortization, our largest expense category, was 41.2% higher in the second quarter of 1997 compared to the same period in 1996. The year-to-date increase is 39.8%. Due mainly to the acquisition of the CATV assets of FrontierVision, depreciation and amortization expense for the CATV operation has increased \$131,914 or 216.3% in the second quarter and \$263,760 or 217.2% for the first six months over the same periods in 1996. Continuing plant acquisition for the PCS network added \$136,203 in the second quarter and \$258,784 year-to-date compared to 1996. The percentage increases are 196.1% and 200.7% respectively.

Customer operations increased 24.7% for the quarter and 27.4% year-to-date compared to the same periods in 1996. These costs are for the marketing and sales, billing, and customer service functions. As with the network and other category, increases for the Internet access, cellular, and PCS businesses are primarily responsible for the increase.

Corporate Operations increased 11.4% in the second quarter and 19.8% year-to-date compared to the same periods in 1996. The Corporate Operations category includes expenses for executive and general management, accounting, external relations, human resources, legal, purchasing, insurance, and other general and

SHENANDOAH TELECOMMUNICATIONS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS (Continued)

administrative costs. The PCS subsidiary accounts for 79.2% or \$50,289 of the increase in this category for the second quarter and 61.3% or \$130,807 year-to-date.

The Other Operating Expense category consists of royalty expense paid to programming providers for the Cable Television subsidiary. The increase in these expenses compared with 1996 is due to the acquisition of the Shenandoah County CATV assets of FrontierVision on September 30, 1996.

Interest expense has increased 201.9% in the second quarter compared to the second quarter of 1996 and increased 175.9% year-to-date compared to the first six months of 1996. The Company began drawing funds on the CoBank note (described below) in the third quarter of 1996. Draws on this note at June 30, 1997 equaled \$14,570,588. On June 13, 1997, the Company made an additional draw of \$573,000 on the existing loan agreement with RTB (described below).

LIQUIDITY AND CAPITAL RESOURCES

On August 2, 1996, the Company signed a note with CoBank to borrow up to \$25 million. The term of the loan is for up to 15 years, with multiple interest options. The Company began drawing these funds in the third quarter of 1996. A portion of these funds were used for the acquisition of the Shenandoah County CATV assets of FrontierVision in September of 1996. The new debt is also being used to finance the building of the new network for the PCS operation. The Company budgeted approximately \$12,000,000 for PCS-related plant in 1997, and anticipates additional cash flow requirements for inventory and initial operating losses.

In April the Board approved a \$2 million line of credit with First Union Bank and in July the Board approved a \$5 million line of credit with CoBank. No draws have been made on these lines of credit as of July 31, 1997.

The Company budgeted capital expenditures of approximately \$11,500,000 for our other subsidiaries for 1997. These capital needs will be met through internally generated cash flows and the existing Rural Telephone Bank note. The loan agreement with the RTB allows for additional borrowings of approximately \$2,800,000. Expenditures of these loan funds is limited to capital projects for the regulated local exchange carrier.

SHENANDOAH TELECOMMUNICATIONS COMPANY

PART II

OTHER INFORMATION

ITEM 4. Submission of Matters to a Vote of Security Holders

(a) At the Annual Meeting of Shareholders of the Company held on April 22, 1997, 2,708,463 of the Company's 3,760,760 outstanding shares were present in person or by proxy and entitled to vote, which constituted a quorum.

(b) At the Annual Meeting, the following nominees were elected to serve until the 1997 Annual Meeting:

Douglas C. Arthur  
Noel M. Borden  
Dick D. Bowman  
Ken L. Burch  
Christopher E. French  
Grover M. Holler, Jr.  
Harold Morrison, Jr.  
Zane Neff  
James E. Zerkel II

(c) At the Annual Meeting the following matters were voted upon and received the vote set forth below:

(1) Election of Directors. Provided that a quorum is present, the nominees receiving the greatest number of votes cast are elected as directors and, as a result in tabulating the vote, votes withheld have no effect upon the election of directors. Each nominee for director was elected, having received the following vote:

Nominee	FOR	WITHHELD
Douglas C. Arthur	2,678,420	15,043
Noel M. Borden	2,687,703	5,760
Dick D. Bowman	2,687,295	6,168
Ken L. Burch	2,686,261	7,202
Christopher E. French	2,690,791	2,672
Grover M. Holler, Jr.	2,677,179	16,284
Harold Morrison, Jr.	2,684,144	9,319
Zane Neff	2,677,991	15,472
James E. Zerkel II	2,684,180	9,283

SHENANDOAH TELECOMMUNICATIONS COMPANY

PART II

OTHER INFORMATION

- ITEM 6. Exhibits and Reports on Form 8-K
- A. Exhibit No. 27 - Financial Data Schedule
  - B. No reports on Form 8-K were filed for the period covered by this report.

SHENANDOAH TELECOMMUNICATIONS COMPANY

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SHENANDOAH TELECOMMUNICATIONS COMPANY  
(Registrant)

August 13, 1997

Christopher E. French  
President

August 13, 1997

Laurence F. Paxton  
Vice President - Finance

3-MOS	6-MOS	6-MOS
DEC-31-1997	DEC-31-1997	DEC-31-1997
JUN-30-1997	JUN-30-1997	JUN-30-1997
	4,863,872	4,979,103
	4,511,314	6,275,638
	3,161,055	4,826,579
	0	0
	2,408,770	3,005,595
	13,246,266	14,857,945
	56,769,893	69,949,016
	20,202,536	23,544,403
	62,178,981	82,310,106
2,764,952	4,379,127	
	10,978,182	25,027,560
0	0	0
	0	0
	4,740,677	4,740,677
	37,301,903	40,362,986
62,178,981	82,310,106	
	301,815	520,329
	7,717,146	14,759,414
	470,167	867,375
	5,374,985	10,488,804
	296,552	507,608
	76,866	98,164
	387,719	744,168
	2,209,859	4,011,271
	697,893	1,273,714
2,342,161	4,270,610	
	0	0
	0	0
	0	0
	1,215,414	2,229,949
	.32	.59
	.32	.59