

Form 10-Q

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

For Quarter Ended March 30, 1995 Commission File Number 0-9881

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

Virginia 54-1162807  
(State or other jurisdiction (I.R.S. Employer  
of incorporation or Identification  
organization) Number)

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

Registrant's telephone number,  
including area code: (703) 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 March 1, 1995 |
|----------------------------|------------------------------|
| Common Stock, No Par Value | 3,760,760 Shares             |

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SHENANDOAH TELECOMMUNICATIONS COMPANY  
AND SUBSIDIARY COMPANIES

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

ASSETS

March 31, 1995 December 31, 1994

CURRENT ASSETS

|                                     |             |             |
|-------------------------------------|-------------|-------------|
| Cash & Cash Equivalents             | \$6,772,797 | \$6,270,849 |
| Certificates of Deposit             | 1,136,166   | 930,911     |
| Investments Held to<br>Maturity     | 3,210,865   | 3,254,460   |
| Accounts Receivable                 | 2,288,021   | 2,880,428   |
| Leases Receivable (Net)             | 81,140      | 81,140      |
| Materials                           | 1,444,217   | 1,511,006   |
| Prepaid and Other<br>Current Assets | 263,488     | 236,191     |
|                                     | -----       | -----       |
| Total Current Assets                | 15,196,694  | 15,164,985  |
|                                     | -----       | -----       |

NONCURRENT ASSETS

|                                       |           |           |
|---------------------------------------|-----------|-----------|
| Other Securities and Investments      | 3,977,790 | 4,615,689 |
| Securities Available for Sale         | 1,571,977 | 0         |
| Investments Held to Maturity          | 1,998,175 | 499,687   |
| Investment in Direct Financing Leases | 290,356   | 287,584   |
|                                       | -----     | -----     |
| Total Noncurrent Assets               | 7,838,298 | 5,402,960 |
|                                       | -----     | -----     |

PLANT, PROPERTY AND EQUIPMENT

|                                    |              |              |
|------------------------------------|--------------|--------------|
| Plant in Service                   | 49,535,272   | 49,102,832   |
| Plant Under Construction           | 228,501      | 248,717      |
| Less Accumulated Depreciation      | 17,298,556   | 17,455,344   |
|                                    | -----        | -----        |
| Net Plant, Property, and Equipment | 32,465,217   | 31,896,205   |
|                                    | -----        | -----        |
| TOTAL ASSETS                       | \$55,500,209 | \$52,464,150 |
|                                    | =====        | =====        |

See accompanying notes to consolidated financial statements.

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SHENANDOAH TELECOMMUNICATIONS COMPANY  
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PART I, FINANCIAL INFORMATION  
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CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY  
-----

|   | March 31, 1995      | December 31, 1994   |
|---|---------------------|---------------------|
| <b>CURRENT LIABILITIES</b>  |                     |                     |
| Current Maturities of Long-Term Debt  | \$423,329           | \$423,329           |
| Accounts Payable  | 339,180             | 307,691             |
| Advance Billing   | 480,563             | 526,105             |
| Customer Deposits   | 112,582             | 137,793             |
| Other Current Liabilities   | 730,176             | 910,968             |
| Income Taxes Payable  | 949,008             | 26,618              |
| Other Accrued Taxes   | 138,740             | 53,739              |
|   | -----               | -----               |
| <b>Total Current Liabilities</b>  | <b>3,173,578</b>    | <b>2,386,243</b>    |
|   | -----               | -----               |
| <b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>  |                     |                     |
|   | 9,414,369           | 9,517,880           |
|   | -----               | -----               |
| <b>OTHER LIABILITIES AND DEFERRED CREDITS</b>   |                     |                     |
| Deferred Investment Tax Credits   | 424,434             | 442,844             |
| Deferred Income Taxes   | 3,711,656           | 3,535,014           |
| Pension and Other   | 777,234             | 745,935             |
|   | -----               | -----               |
| <b>Total Other Liabilities and Deferred Credits</b>   | <b>4,913,324</b>    | <b>4,723,793</b>    |
|   | -----               | -----               |
| Minority interests  | 1,329,329           | 1,219,493           |
|   | -----               | -----               |
| <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   | 31,810,497          | 29,876,064          |
| Unrealized Gain on Securities Available for Sale, Net                                       | 118,435             | 0                   |
|   | -----               | -----               |
| <b>Total Stockholders' Equity</b>   | <b>36,669,609</b>   | <b>34,616,741</b>   |
|   | -----               | -----               |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>   | <b>\$55,500,209</b> | <b>\$52,464,150</b> |
|   | =====               | =====               |

See accompanying notes to consolidated financial statements.  
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SHENANDOAH TELECOMMUNICATIONS COMPANY  
AND SUBSIDIARY COMPANIES

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

Three months ended  
March 31

|                                    | -----<br>1995<br>---- | 1994<br>----- |
|------------------------------------|-----------------------|---------------|
| <b>OPERATING REVENUES</b>          |                       |               |
| Telephone Revenues                 | ----                  | ----          |
| Local Service                      | \$751,840             | \$673,038     |
| Access                             | 1,615,985             | 1,723,085     |
| Toll                               | 3,474                 | 2,602         |
| Miscellaneous:                     |                       |               |
| Directory                          | 293,115               | 264,287       |
| Facility Leases                    | 418,503               | 225,832       |
| Billing & Collection               | 106,069               | 113,372       |
| Other Miscellaneous                | 27,511                | 55,755        |
|                                    | -----                 | -----         |
| Total Telephone Revenues           | 3,216,497             | 3,057,971     |
| Cable Television Revenues          | 214,642               | 168,739       |
| ShenTel Service Revenues           | 417,438               | 281,645       |
| Leasing Revenues                   | 6,093                 | 4,055         |
| Mobile Revenues                    | 1,051,865             | 905,827       |
| Long Distance Revenues             | 288,608               | 293,253       |
| Network revenues                   | 123,843               | 80,198        |
|                                    | -----                 | -----         |
| Total Revenues and Sales           | 5,318,986             | 4,791,688     |
|                                    | -----                 | -----         |
| <b>OPERATING EXPENSES</b>          |                       |               |
| Cost of Products and Services Sold | 211,960               | 91,645        |
| Line Costs                         | 131,264               | 131,583       |
| Plant Specific                     | 434,202               | 425,476       |
| Plant Non-Specific:                |                       |               |
| Network & Other                    | 410,550               | 433,723       |
| Depreciation and Amortization      | 683,470               | 654,702       |
| Customer Operations                | 555,888               | 580,251       |
| Corporate Operations               | 468,047               | 444,254       |
| Other Operating Income & Expense   | 45,451                | 35,461        |
| Taxes Other Than Income            | 85,344                | 75,069        |
|                                    | -----                 | -----         |
| Total Operating Expenses           | 3,026,176             | 2,872,164     |
|                                    | -----                 | -----         |
| Operating Income                   | 2,292,810             | 1,919,524     |

See accompanying notes to consolidated financial statements.

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

Three months ended  
March 31

|   | -----<br>1995        | 1994<br>-----        |
|---|----------------------|----------------------|
| OPERATING EXPENSES (Cont'd)                   |                      |                      |
| Gain on Sale of Investment                    | 872,125              | 0                    |
| Non-Operating Income                          |                      |                      |
| less Expenses                                 | 1,058,937            | 6,570                |
| Interest Expense                              | (179,033)            | (172,760)            |
|   | -----                | -----                |
| Income Before Income Taxes                    | 3,172,714            | 1,753,334            |
| Provision for Income Taxes                    | 1,128,444            | 605,014              |
|   | -----                | -----                |
| Net Income Before<br>Minority Interest        | 2,044,270            | 1,148,320            |
| Minority Interest                             | (109,836)            | (58,275)             |
| Net Income                                    | \$1,934,434<br>===== | \$1,090,045<br>===== |
| <br>EARNINGS PER SHARE                        |                      |                      |
| Weighted Average Common<br>Shares Outstanding | 3,760,760<br>=====   | 3,760,760<br>=====   |
| Net Income per share                          | \$0.51<br>=====      | \$0.29<br>=====      |

See accompanying notes to consolidated financial statements.

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

THREE MONTHS ENDED  
MARCH 31

|  | 1995        | 1994        |
|--|-------------|-------------|
| CASH FLOWS FROM OPERATING<br>ACTIVITIES  |             |             |
| Net Income   | \$1,934,434 | \$1,090,045 |
| Adjustments to reconcile<br>net income to net cash<br>provided by operating<br>activities: |             |             |
| Depreciation and<br>Amortization   | 683,470     | 654,702     |
| Deferred taxes   | 166,610     | (18,925)    |
| Gain on Sale of<br>Equity investment   | (872,125)   | 0           |
| Investment (Gains)/Losses  | (38,725)    | 53,889      |
| Minority Share of Income   | 109,836     | 58,275      |
| Other  | 8,379       | 24,794      |
| Decrease (increase) in   |             |             |
| Accounts receivable  | 217,407     | 198,159     |
| Materials and Supplies   | 66,789      | (5,909)     |
| Increase (decrease) in   |             |             |
| Accounts Payable   | (2,954)     | (189,760)   |
| Income taxes payable   | 922,390     | 224,320     |
| Other current liabilities  | (166,544)   | (212,689)   |
| Net cash provided by<br>operating activities   | 3,028,967   | 1,876,901   |

See accompanying notes to consolidated financial statements.

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

|   | THREE MONTHS ENDED |             |
|---|--------------------|-------------|
|   | MARCH 31           |             |
|   | 1995               | 1994        |
| CASH FLOWS FROM INVESTING<br>ACTIVITIES         |                    |             |
| Purchase of Property<br>and Equipment           | (1,227,733)        | (663,599)   |
| Investment in Direct<br>Financing Leases        | (26,378)           | (175,394)   |
| Payments Received on Direct<br>Financing Leases | 23,606             | 18,602      |
| Purchase of Investments<br>Securities           | (1,725,956)        | (25,471)    |
| Sale of Investments Securities                  | 157,954            | 156,375     |
| Proceeds from matured<br>note receivable        | 375,000            | 0           |
| Net cash provided by<br>investing activities    | (2,423,507)        | (689,487)   |
| CASH FLOWS FROM FINANCING<br>ACTIVITIES         |                    |             |
| Proceeds from Notes Payable                     | 0                  | (92,481)    |
| Payment of notes payable                        | (103,512)          | (875,000)   |
| Net cash provided by<br>financing activities    | (103,512)          | (967,481)   |
| NET INCREASE/(DECREASE)<br>IN CASH              | 501,948            | 219,933     |
| CASH AND CASH EQUIVALENTS:                      |                    |             |
| Beginning                                       | 6,270,849          | 5,695,891   |
| Ending  | \$6,772,797        | \$5,915,824 |
|   | =====              | =====       |

See accompanying notes to consolidated financial statements.

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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 March 31, 1995 and the results of operations and cash flows for the three month periods ended March 31, 1994 and 1993.

While the Company believes that the disclosures presented are adequate, to make the information not misleading, it is suggested that these condensed 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. The results of operations for the three-month period ended March 31, 1995 are not necessarily indicative of the results to be expected for the full year.





SHENANDOAH TELECOMMUNICATIONS COMPANY  
AND SUBSIDIARY COMPANIES

ITEM II, 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:

| TO PERIOD<br>OR DECREASE  | RELATIONSHIP TO          |        | PERIOD   |
|---------------------------|--------------------------|--------|----------|
|                           | TOTAL OPERATING REVENUES |        | INCREASE |
|                           | -----                    |        |          |
|                           | Three months ended       |        | Three    |
|                           | March 31                 |        | March    |
|                           | 1995                     | 1994   | 1995-94  |
| -----                     |                          |        |          |
| months ended              |                          |        |          |
| 31                        |                          |        |          |
| 1994-93                   |                          |        |          |
| OPERATING REVENUES        |                          |        |          |
| Telephone Revenues        |                          |        |          |
|                           |                          |        |          |
| Local Service             | 14.1%                    | 14.0%  | 11.7%    |
| 4.6%                      |                          |        |          |
| Access                    | 30.4%                    | 36.0%  | -6.2%    |
| 15.2%                     |                          |        |          |
| Toll                      | 0.1%                     | 0.1%   | 33.5%    |
| -167.6%                   |                          |        |          |
| Miscellaneous:            |                          |        |          |
| Directory                 | 5.5%                     | 5.5%   | 10.9%    |
| 12.0%                     |                          |        |          |
| Facility Leases           | 7.9%                     | 4.7%   | 85.3%    |
| -18.5%                    |                          |        |          |
| Billing & Collection      | 2.0%                     | 2.4%   | -6.4%    |
| 6.6%                      |                          |        |          |
| Other Miscellaneous       | 0.5%                     | 1.2%   | -50.7%   |
| 74.1%                     |                          |        |          |
| Total Telephone Revenues  | 60.5%                    | 63.8%  | 5.2%     |
| 9.7%                      |                          |        |          |
| Cable Television Revenues | 4.0%                     | 3.5%   | 27.2%    |
| 3.8%                      |                          |        |          |
| ShenTel Service Revenues  | 7.8%                     | 5.9%   | 48.2%    |
| 28.2%                     |                          |        |          |
| Leasing Revenues          | 0.1%                     | 0.1%   | 50.3%    |
| -90.8%                    |                          |        |          |
| Mobile Revenues           | 19.9%                    | 18.9%  | 16.1%    |
| 54.2%                     |                          |        |          |
| Long Distance Revenues    | 5.4%                     | 6.1%   | -1.6%    |
| -9.9%                     |                          |        |          |
| Network revenues          | 2.3%                     | 1.7%   | 54.4%    |
| -15.9%                    |                          |        |          |
|                           | -----                    | -----  | -----    |
| Total Revenues and Sales  | 100.0%                   | 100.0% | 11.0%    |
| 13.5%                     |                          |        |          |

SHENANDOAH TELECOMMUNICATIONS COMPANY  
AND SUBSIDIARY COMPANIES

ITEM II, MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

| TO PERIOD<br>OR DECREASE            | RELATIONSHIP TO<br>TOTAL OPERATING REVENUES | PERIOD             |         |
|-------------------------------------|---|--------------------|---------|
|                                     |   | Three months ended | Three   |
| months ended                        |   | March 31           | March   |
| 31                                  |   | 1995               | 1994    |
| 1994-93                             |   |                    | 1995-94 |
| OPERATING EXPENSES                  |   |                    |         |
| Cost of Products and Services Sold  | 4.0%  | 1.9%               | 131.3%  |
| 34.2%                               |   |                    |         |
| Line Costs                          | 2.5%  | 2.7%               | -0.2%   |
| 6.7%                                |   |                    |         |
| Plant Specific                      | 8.2%  | 8.9%               | 2.1%    |
| 2.3%                                |   |                    |         |
| Plant Non-Specific:                 |   |                    |         |
| Network & Other                     | 7.7%  | 9.1%               | -5.3%   |
| 22.6%                               |   |                    |         |
| Depreciation and Amortization       | 12.8%                                       | 13.7%              | 4.4%    |
| 5.4%                                |   |                    |         |
| Customer Operations                 | 10.5%                                       | 12.1%              | -4.2%   |
| 8.9%                                |   |                    |         |
| Corporate Operations                | 8.8%  | 9.3%               | 5.4%    |
| -3.7%                               |   |                    |         |
| Other Operating Income & Expense    | 0.9%  | 0.7%               | 28.2%   |
| 5.7%                                |   |                    |         |
| Taxes Other Than Income             | 1.6%  | 1.6%               | 13.7%   |
| 25.8%                               |   |                    |         |
|                                     |   |                    |         |
| Total Operating Expenses            | 57.0%                                       | 60.0%              | 5.4%    |
| 7.6%                                |   |                    |         |
| Operating Income                    | 43.0%                                       | 40.0%              | 19.4%   |
| 23.7%                               |   |                    |         |
| Gain on Sale of Investment          | 16.4%                                       | 0.0%               | N/A     |
| N/A                                 |   |                    |         |
| Non-Operating Income less Expenses  | 3.5%  | 0.1%               | 2743.4% |
| -83.2%                              |   |                    |         |
| Interest Expense                    | -3.4%                                       | -3.6%              | 3.6%    |
| 14.7%                               |   |                    |         |
| Income Before Income Taxes          | 43.1%                                       | 36.5%              | 81.0%   |
| 21.8%                               |   |                    |         |
| Provision for Income Taxes          | 21.2%                                       | 12.6%              | 86.5%   |
| 19.1%                               |   |                    |         |
| Net Income Before Minority Interest | 21.9%                                       | 23.9%              | 78.0%   |
| 23.2%                               |   |                    |         |
| Minority Interest                   | -2.1%                                       | -1.2%              | 88.5%   |
| -1037.3%                            |   |                    |         |
| Net Income                          | 19.8%                                       | 22.7%              | 77.5%   |
| 16.2%                               |   |                    |         |
|                                     | =====                                       | =====              | =====   |

## SHENANDOAH TELECOMMUNICATIONS

### 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 seven wholly-owned subsidiaries.

The regulated local exchange telephone company is the largest subsidiary, accounting for over 60.0% of revenue and 78.5% of net income (excluding the gain on the sale of equity security).

This industry is in a period of transition from a regulated monopoly to a competitive environment with changing technology.

As a result, Shenandoah Telecommunications has made and plans to continue to make significant investments in new and emerging technologies.

Other significant services provided are cellular, cable television, long distance, and facilities leased to interexchange carriers on a Company owned fiber optic cable network. 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 these access revenues is measured in minutes of use. The minutes of use during the first three months of 1995 increased 2.71% compared to the same period in 1994. Changes in NECA settlement procedures, effective July 1, 1994, offset the increases in minutes of use.

The increase in the ShenTel Service revenues category for the first quarter of 1995, compared to the same period in 1994, is due to an increase in retail equipment sales. The increase equaled \$118,946 or 129.0%.

The increase in Mobile Company revenues was due to growth in our cellular operation. Cellular revenues increased 16.9% in the first quarter of 1995 compared to the same period in 1994. For the first three months of 1995, net additions of customers were approximately the same as net additions for the same period in 1994.

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SHENANDOAH TELECOMMUNICATIONS

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

RESULTS OF OPERATIONS (Continued)

On September 1, 1994, the cable television company restructured its rates by increasing its rates for basic and premium service and decreasing or eliminating its charges for other services such as rental of converters. As a result, total revenue for cable television services for the final four months of 1994 increased 17.3% over the previous four months' total, and 26.0% over the final four months of 1993. The number of Cable subscribers increased 7.8% from March 31, 1994. The Company estimates that our cable rates are within the limits prescribed by the FCC for cable systems of our size. None of the local governments within the Company's cable television serving area have indicated that they will exercise any authority they may have to regulate rates.

The Company also leases capacity on fiber optic facilities in West Virginia and Maryland to interexchange carriers. The revenue for this activity appears as Network revenues on the income statement. This service experienced a revenue increase of 54.4% in 1994. The increase is due to new contracts being added.

For the first quarter of 1995, operating expenses account for 57% of revenues compared to 60% of revenues for the first quarter of 1994. Two categories of expenses show significant decreases compared to the year earlier period.

The first category showing a significant decrease is Network and Other. Over 55% of this category is for facilities costs for the Cellular operations. During the first quarter of 1995, these costs were 8.1% less than the first quarter of 1994 when two software implementations were in progress. The Company's cost for billing operations decreased 22.5% compared to the first quarter of 1994. This is responsible for the decrease in the customer service category.

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SHENANDOAH TELECOMMUNICATIONS

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

RESULTS OF OPERATIONS (Continued)

Another factor was that depreciation, still our largest expense category, increased at a slower rate than the previous year. This is due to putting less equipment in service during the past year than prior years. Management expects this to change during the second half of 1995 due to accelerated network construction plans.

The Company, along with other telecommunications providers, founded an organization that built a fiber optic network in the Richmond, Virginia metropolitan area to provide competitive access to businesses. As a result of a strategic change, it was agreed to sell this business to Metropolitan Fiber Systems. The Company recognized a gain on the sale in January of 1995. The amount of the gain was \$872,125. The Company recognized losses of \$51,191 during the first quarter of 1994 as our portion of the operations of this organization. These losses are included in the Non-Operating Income Less Expenses category.

LIQUIDITY AND CAPITAL RESOURCES

The Company continues to generate a strong cash flow from operations that adequately meets the Company's need for cash.

Other available sources of liquidity are \$4,500,000 unsecured lines of credit with two local banks. No advances have been made from these lines of credit in 1995. The Company has a loan agreement with the Rural Telephone Bank (RTB) in the amount of \$9,240,000. Advances on this note may be taken until February 1996. The Company expects to receive an additional advance during the second or third quarter of 1995. As of December 31, 1994, the Company has received advances in the amount of \$3,386,000. Expenditure of these loan funds is limited to approved capital projects for the regulated local exchange carrier.

The Company has reached an agreement in principle to construct and manage part of a network that will provide Personal Communications Services (PCS). The service will be provided under a license held by an unaffiliated company. This will require significant investment in new plant and equipment. The Company has budgeted approximately \$6,000,000 for new plant in 1995. It is estimated that up to 50.0% of this amount may be financed with loans from external services.

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SHENANDOAH TELECOMMUNICATIONS

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

LIQUIDITY AND CAPITAL RESOURCES (Continued)

Due to the competition coming from new sources, management is unable to predict the potential impact on the Company's cash flow.

The Company has no material contractual commitments for capital expenditures, however, the Company's Board of Directors has approved a construction budget of approximately \$14,000,000 in 1995. This budget includes the expenditures for PCS discussed above. The remaining amounts are primarily for telephone central office equipment and fiber optic cable facilities. The Company expects to finance these expenditures through internally generated cash flows as well as additional advances from the RTB note.

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PART II

OTHER INFORMATION

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

No matters were submitted to a vote of security holders.

ITEM 6. Exhibits and Reports on Form 8-K

Reported memorandum of understanding with American Personal Communications ("APC") pursuant to which the Registrant will act as manager of a portion of APC's personal communications service ("PCS") system in portions of rural northwestern Virginia, West Virginia, Maryland, and south central Pennsylvania.

The Registrant is currently evaluating the possible purchase of cable television systems within its local telephone service area. It is not clear whether the Registrant will be able to reach a definitive agreement.



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)

May 12, 1995

CHRISTOPHER E. FRENCH  
Christopher E. French  
President

May 12, 1995

LAURENCE F. PAXTON  
Laurence F. Paxton  
Vice President - Finance

