

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 September 30, 1996

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 September 30, 1996
Common Stock, No Par Value	3,760,760 Shares

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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

	September 30, 1996	December 31, 1995
CURRENT ASSETS		
Cash & Cash Equivalents	\$4,256,393	\$6,106,447
Certificates of Deposit	1,142,181	1,242,228
Investments Held to Maturity	1,148,974	2,488,773
Accounts Receivable	3,326,364	3,068,379
Leases Receivable (Net)	74,350	74,350
Materials	2,571,799	1,922,090
Prepaid and Other Current Assets	233,857	406,653
Total Current Assets	\$12,753,918	\$15,308,920
NONCURRENT ASSETS		
Investment in available for sale Securities	\$1,691,239	\$2,000,077
Investment in held-to-maturity securities	2,622,404	2,098,968
Other investments	4,685,535	3,412,464
Investment in Direct Financing Leases	209,936	250,321
	-----	-----
Total Noncurrent Assets	\$9,209,114	\$7,761,830
	-----	-----
PLANT, PROPERTY AND EQUIPMENT		
Plant in Service	\$63,642,286	\$53,076,538
Plant Under Construction	4,748,418	2,372,750
Less Accumulated Depreciation	20,849,787	18,795,430
	-----	-----
Net Plant, Property, and Equipment	\$47,540,917	\$36,653,858
	-----	-----
GOODWILL AND OTHER INTANGIBLES, NET	\$ 6,036,562	\$ 172,382
	-----	-----
TOTAL ASSETS	\$75,540,511	\$59,896,990

See accompanying notes to consolidated financial statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES
PART I, FINANCIAL INFORMATION
ITEM I, FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

September 30, 1996 December 31, 1995

CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$461,927	\$461,927
Accounts Payable	994,302	813,887
Advance Billing	318,116	625,559
Customer Deposits	89,613	107,509
Accrued construction costs	906,499	1,097,844
Other Current Liabilities	963,164	1,066,225
Income Taxes Payable	280,541	0
Other Accrued Taxes	354,976	85,804
	-----	-----
Total Current Liabilities	\$4,369,138	\$4,258,755
	-----	-----
LONG TERM DEBT, LESS CURRENT MATURITIES	\$21,468,564	\$10,097,026
	-----	-----
OTHER LIABILITIES AND DEFERRED CREDITS		
Deferred Investment Tax Credits	\$310,882	\$367,143
Deferred Income Taxes	3,947,256	3,965,318
Pension and Other	532,997	438,324
	-----	-----
Total Other Liabilities and Deferred Credits	\$4,791,135	\$4,770,785
	-----	-----
Minority interests	\$1,734,396	\$1,499,151
	-----	-----

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

September 30, 1996 December 31, 1995

STOCKHOLDERS' EQUITY		
Common Stock, no par, 8,000,000 shares authorized (3,760,760 shares issued and outstanding)	\$4,740,677	\$4,740,677
Retained Earnings	38,199,500	34,301,584
Unrealized Gain on available-for-sale securities	237,101	229,012
Total Stockholders' Equity	----- \$43,177,278	----- \$39,271,273
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	----- \$75,540,511 =====	----- \$59,896,990 =====

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
Sept 30

Nine months ended
Sept 30

	----- 1996	1995 -----	----- 1996	1995 -----
OPERATING REVENUES	----	----	----	----
Telephone Revenues				
Local Service	\$825,715	\$777,591	\$2,428,140	\$2,293,684
Access	1,783,876	1,599,319	5,254,004	4,822,769
Toll	8,800	1,146	17,567	7,934
Miscellaneous:				
Directory	283,377	273,033	863,452	837,743
Facility Leases	462,707	418,896	1,347,879	1,262,661
Billing & Collection	108,116	119,105	331,125	298,449
Other Miscellaneous	24,330	30,374	76,558	89,165
	-----	-----	-----	-----
Total Telephone Revenues	3,496,921	3,219,464	10,318,725	9,612,405
Cable Television Revenues	221,407	216,789	663,384	648,353
ShenTel Service Revenues	511,462	312,698	1,285,688	996,579
Leasing Revenues	4,673	6,017	14,445	18,548
Mobile Revenues	1,889,133	1,323,502	4,930,779	3,614,977
Long Distance Revenues	262,815	287,433	796,543	850,022
Network Revenues	133,806	123,843	381,491	371,528
	-----	-----	-----	-----
Total Revenues and Sales	6,520,217	5,489,746	18,391,055	16,112,412
	-----	-----	-----	-----

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 Sept 30		Nine months ended Sept 30	
	1996	1995	1996	1995
OPERATING EXPENSES				
Cost of Products and Services Sold	471,648	144,813	994,632	472,088
Line Costs	95,316	141,625	320,757	408,916
Plant Specific	633,204	427,922	1,659,650	1,347,039
Plant Non-Specific:				
Network & Other	901,708	492,220	2,365,225	1,367,096
Depreciation and Amortization	861,454	728,177	2,479,414	2,118,858
Customer Operations	842,222	627,798	2,436,812	1,755,428
Corporate Operations	588,437	503,054	1,664,325	1,437,597
Other Operating Income & Expense	49,897	44,860	143,698	136,876
Taxes other than income	93,263	80,199	295,249	247,378
	-----	-----	-----	-----
Total Operating Expenses	4,537,149	3,190,668	12,359,762	9,291,276
	-----	-----	-----	-----

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
Sept 30

Nine months ended
Sept 30

	----- 1996	1995 -----	----- 1996	1995 -----
Operating income	1,983,068	2,299,078	6,031,293	6,821,136
Gain on Sale of Investment	0	268,722	228,250	1,140,847
Non-operating income less expenses	367,883	287,103	804,416	725,760
Interest expense	170,181	174,027	439,859	524,719
	-----	-----	-----	-----
Income before taxes	2,180,770	2,680,876	6,624,100	8,163,024
Provision for income taxes	735,133	910,728	2,235,939	2,819,170
	-----	-----	-----	-----
Net income before minority interest	1,445,637	1,770,148	4,388,161	5,343,854
Minority interest	(188,383)	(179,463)	(490,245)	(434,443)
Net Income	\$1,257,254	\$1,590,685	\$3,897,916	\$4,909,411
	=====	=====	=====	=====
EARNINGS PER SHARE				
Weighted Average Common Shares Outstanding	3,760,760	3,760,760	3,760,760	3,760,760
	=====	=====	=====	=====
Net Earnings per Share	\$0.33	\$0.42	\$1.04	\$1.31
	=====	=====	=====	=====

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 CASH FLOW
(UNAUDITED)

	NINE MONTHS ENDED SEPTEMBER 30	
	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$3,897,916	\$4,909,411
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and Amortization	2,479,414	2,118,858
Deferred taxes	(79,661)	185,020
Gain on Sale of Equity investment	(228,250)	(1,140,848)
Investment (Gains)/Losses	(276,487)	(214,357)
Minority Share of Income	235,245	434,443
Payment to Pension Fund	0	(176,186)
Other	162,481	259,966
Decrease (increase) in		
Accounts receivable	(257,985)	(474,907)
Materials and Supplies	(649,709)	(158,131)
Increase (decrease) in		
Accounts Payable	180,415	236,105
Income taxes payable	443,401	(30,499)
Other prepaids, deferrals, and accruals	(48,435)	(178,983)
Net cash provided by operating activities	5,858,345	5,769,892

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)

NINE MONTHS ENDED SEPTEMBER 30

	1996	1995
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(13,697,225)	(4,324,329)
Purchase of Intangible assets	(5,886,171)	(60,000)
Investment in Direct Financing Leases	(21,854)	(36,729)
Payments Received on Direct Financing Leases	62,239	64,639
Purchase of Certificates of Deposit	(1,134,527)	(1,084,965)
Sale of Certificates of Deposit	1,234,574	441,564
Purchase of Investments Securities	(3,057,549)	(8,431,580)
Sales of Investments Securities	3,399,434	4,967,411
Cash flows from Securities	171,902	261,433
Proceeds from matured note receivable	0	375,000
	-----	-----
Net cash provided by investing activities	(18,929,177)	(7,827,556)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term debt	11,525,322	998,000
Principal payments on long term debt	(304,544)	(316,206)
	-----	-----
Net cash provided by financing activities	11,220,778	681,794
	-----	-----
NET INCREASE / (DECREASE) IN CASH	(1,850,054)	(1,375,870)
	-----	-----
CASH AND CASH EQUIVALENTS:		
Beginning	6,106,447	6,270,849
	-----	-----
Ending	\$4,256,393	\$4,894,979
	=====	=====

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 September 30, 1996 and the results of operations and cash flows for the three and nine month periods ended September 30, 1996 and 1995.

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. The results of operations for the three-month and nine-month periods ended September 30, 1996 and 1995 are not necessarily indicative of the results to be expected for the full year.
4. On September 30, 1996, the Company acquired for cash the Shenandoah County cable television assets of FrontierVision Operating Partners, LP for approximately \$7.8 million. This was funded with the CoBank loan described in Note 5. These assets will be integrated into the Company's current CATV operations. The excess of the total acquisition cost over the fair value of the net assets acquired of approximately \$5.8 million is being amortized over a period of 15 years.

The acquisition has been accounted for as a purchase and the transaction is included in the September 30, 1996 balance sheet.

5. 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 this year. A portion of these funds were used for the acquisition of the Shenandoah County CATV assets of FrontierVision discussed above. The new debt is also being used to finance the building of the new network for the PCS operation discussed above. As of September 30, 1996, \$10,444,171 has been drawn.

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 TOTAL OPERATING REVENUES				PERIOD TO PERIOD INCREASE OR DECREASE			
	Three months ended Sept 30		Nine months ended Sept 30		Three months ended Sept 30		Nine months ended Sept 30	
	1996	1995	1996	1995	1996-95	1995-94	1996-95	1995-94
OPERATING REVENUES								
Telephone Revenues								
Local Service	12.6%	14.2%	13.2%	14.3%	6.2%	6.4%	5.9%	7.9%
Access	27.4%	29.1%	28.6%	29.9%	11.5%	0.3%	8.9%	-1.0%
Toll	0.1%	0.0%	0.1%	0.0%	667.9%	-108.1%	121.4%	-125.0%
Miscellaneous:								
Directory	4.3%	5.0%	4.7%	5.2%	3.8%	9.5%	3.1%	9.6%
Facility Leases	7.1%	7.6%	7.3%	7.8%	10.5%	34.0%	6.7%	37.9%
Billing & Collection	1.7%	2.2%	1.8%	1.9%	-9.2%	-1.2%	10.9%	-12.9%
Other Miscellaneous	0.4%	0.6%	0.4%	0.6%	-19.9%	105.6%	-14.1%	-27.0%
Total Telephone Revenues	53.6%	58.7%	56.1%	59.7%	8.6%	7.0%	7.3%	5.5%
Cable Television Revenues	3.4%	3.9%	3.6%	4.0%	2.1%	13.8%	2.3%	21.5%
ShenTel Service Revenues	7.8%	5.7%	7.0%	6.2%	63.6%	-27.6%	29.0%	-15.8%
Leasing Revenues	0.1%	0.1%	0.1%	0.1%	-22.3%	18.6%	-22.1%	27.2%
Mobile Revenues	29.0%	24.1%	26.8%	22.4%	42.7%	17.7%	36.4%	17.4%
Long Distance Revenues	4.0%	5.2%	4.3%	5.3%	-8.6%	-2.9%	-6.3%	-1.6%
Network Revenues	2.1%	2.3%	2.1%	2.3%	8.0%	54.4%	2.7%	54.4%
Total Revenues and Sales	100.0%	100.0%	100.0%	100.0%	18.8%	6.9%	14.1%	7.2%

SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES

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

	RELATIONSHIP TO TOTAL OPERATING REVENUES				PERIOD TO PERIOD INCREASE OR DECREASE			
	Three months ended Sept 30 1996		Nine months ended Sept 30 1996		Three months ended Sept 30 1996-95		Nine months ended Sept 30 1996-95	
OPERATING EXPENSES								
Cost of Products and Services Sold	7.2%	2.6%	5.4%	2.9%	225.7%	-28.0%	110.7%	-11.8%
Line Costs	1.5%	2.6%	1.7%	2.5%	-32.7%	2.6%	-21.6%	3.4%
Plant Specific	9.7%	7.8%	9.0%	8.4%	48.0%	-0.9%	23.2%	10.5%
Plant Non-Specific:								
Network & Other	13.8%	9.0%	12.9%	8.5%	83.2%	20.8%	73.0%	10.6%
Depreciation and Amortization	13.2%	13.3%	13.5%	13.2%	18.3%	2.5%	17.0%	4.0%
Customer Operations	12.9%	11.4%	13.2%	10.9%	34.2%	2.7%	38.8%	0.9%
Corporate Operations	9.0%	9.2%	9.0%	8.9%	17.0%	-4.1%	15.8%	0.5%
Other Operating Income & Expense	0.8%	0.8%	0.8%	0.8%	11.2%	12.5%	5.0%	21.0%
Taxes other than income	1.4%	1.5%	1.6%	1.5%	16.3%	-2.6%	19.4%	0.2%
Total Operating Expenses	69.5%	58.2%	67.1%	57.6%	42.2%	1.4%	33.0%	3.8%

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SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES

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

	RELATIONSHIP TO TOTAL OPERATING REVENUES				PERIOD TO PERIOD INCREASE OR DECREASE			
	Three months ended Sept 30 1996		Nine months ended Sept 30 1996		Three months ended Sept 30 1996-95		Nine months ended Sept 30 1996-95	
Operating income	30.4%	41.9%	32.8%	42.3%	-13.7%	15.5%	-11.6%	12.3%
Gain on Sale of Investment	0.0%	4.9%	1.2%	7.1%	N/A	N/A	N/A	N/A
Non-operating income less expenses	5.6%	5.2%	4.4%	4.5%	28.1%	-290.7%	10.8%	-510.4%
Interest expense	2.6%	3.2%	2.4%	3.3%	-2.2%	1.6%	-16.2%	6.3%
Income before taxes	33.4%	48.8%	36.0%	50.7%	-18.7%	41.7%	-18.9%	43.2%
Provision for income taxes	11.3%	16.6%	12.2%	17.5%	19.3%	62.1%	-20.7%	51.0%
Net income before minority interest	22.2%	32.2%	23.9%	33.2%	-18.3%	33.0%	-17.9%	39.5%
Minority interest	-2.9%	-3.3%	-2.7%	-2.7%	5.0%	62.3%	12.8%	59.8%
Net Income	19.3%	29.0%	21.2%	30.5%	-21.0%	30.4%	-20.6%	37.9%
	=====	=====	=====	=====	=====	=====	=====	=====

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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 regulated telephone local exchange company accounting for 53.6% of revenue and the cellular dominated operations of the Mobile subsidiary, accounting for 29.0% of revenue during the most recent quarter. Other significant services provided are paging, newly emerging 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 generally tracks with changes in minutes of use. The minutes of use during the first nine months and the third quarter of 1996 increased 10.7% and 10.8% respectively over the total minutes of use in comparative periods of 1995, leading to an 8.9% year-to-date and 11.5% third quarter increase in the associated revenues.

Third quarter cable television revenues increased 2.1% over the third quarter of 1995. The year-to-date increase is 2.3%. The increase was due to an increase in the customer base. The Company acquired the CATV assets owned by FrontierVision Operating Partnership located in our service area on September 30, 1996. The transaction is included in the financial statements, but had no immediate effect on revenues.

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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 1996 compared to 1995, is due to increases in Internet Service revenues. Third quarter 1996 revenues from our Internet Service operations were up \$73,939 or 159.1% compared to the third quarter of 1995. On a year-to-date basis, these revenues increased \$223,177 or 259.1% compared to the first nine months of 1995. This increase is due to the increasing customer base. The Company began offering local access to the Internet in 1994. Equipment sales increased \$115,608 or 102.1% during the third quarter of 1996 compared to the same period in 1995. On a year-to-date basis, sales have increased \$89,982 or 22.0%. Equipment rentals for the second quarter and year-to-date decreased \$6,285 and \$27,656 respectively compared to a year earlier.

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 wireless communications services. Third quarter 1996 local cellular revenues increased \$232,075 or 41.9% compared to the same period in 1995. Year-to-date local cellular revenues have increased \$568,463 or 35.8% compared to the first nine months of 1995. Included in local cellular revenues are revenues for the sale of phones. These revenues were down 12.7% and 27.9% respectively in the third quarter and year-to-date, compared to the same periods in 1995. This was due to promotional discounts given on the sale of phones in 1996. The promotional pricing began in the fourth quarter of 1995. The increase in local cellular revenues was due to an increase in the customer base. Third quarter 1996 outcollect roamer revenues increased \$234,262 or 32.5% compared to the same period in 1995. The increase in outcollect roamers year-to-date is \$582,931 or 31.2%.

Total payroll costs (including capitalized costs) in the first nine months of 1996 increased \$600,834 or 19.4% compared to the same period in 1995. Payroll costs in the third quarter of 1996 were \$287,690 or 24.3% higher than the third quarter of 1995. The increase is due to an increase in full-time equivalent employees, primarily due to the start-up of the Internet Service and Personal Communications Services operations.

SHENANDOAH TELECOMMUNICATIONS COMPANY

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

RESULTS OF OPERATIONS (Continued)

Cost of goods sold have increased 110.7% year-to-date and increased 225.7% in the third quarter compared to the same period in 1995. This is due to an increase in the volume of cellular phones sold due to the promotional pricing discussed above. In addition, the volume of PCS handsets being sold has begun to increase and accounted for 50.2% of the increase year-to-date, and 54.8% of the quarter-to-quarter increase.

The expense category Network and Other consists primarily of network support, engineering, and leased facilities costs. For the quarter ended September 30, 1996 it was the Company's largest expense category, although depreciation is the largest year to date. Of the 83.2% or \$409,489 increase for the third quarter over the third quarter of 1995, 48.4% is due to increases from our cellular operation, 21.4% from the new PCS operation, and 19.4% from the Internet access operation. These three operations account for 80.7% of the year-to-date increase of \$998,129 or 73.01%.

Depreciation and amortization, our largest expense category year-to-date, was 18.3% higher in the third quarter of 1996 compared to the same period in 1995. This is due to the increased pace of plant acquisition. Expenditures for construction and purchases of property and equipment for the first nine months of 1996 equaled \$13,697,225. Comparable expenditures during the nine month period ended September 30, 1995 equaled \$4,324,329.

Customer operations increased 34.2% for the quarter and 38.8% year-to-date compared to the same periods in 1995. 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.

The increase in Taxes Other Than Income, comprised primarily of property taxes, was due to the increase in capital expenditures discussed above.

The Non-operating Income Less Expenses category consists mainly of the income or loss from investments made by the Company. This category showed an increase of 28.1% in the third quarter compared to the same period in 1995. Income from

SHENANDOAH TELECOMMUNICATIONS COMPANY

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

RESULTS OF OPERATIONS (Continued)

investments accounted for by the equity method increased \$41,582 or 43.9%, accounting for 51.5% of the total increase. Interest income increased \$37,546 or 20.1% in the same period.

The Company, along with other telecommunications providers, founded Virginia Metrotel to construct and operate a fiber optic network in the Richmond, Virginia metropolitan area. The fiber network would provide competitive access to businesses in the area. As a result of a strategic change, it was agreed to sell this business to MFS Communications Company. The Company recognized a gain on the sale in January 1995. The amount of the gain was \$872,125. The Company recognized further gains of \$269,261 on subsequent sales of MFS stock in 1995. In January of 1996 the Company completed the sale of the remaining MFS stock, resulting in a gain on the sale of \$228,250.

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 this year. A portion of these funds were used for the acquisition of the Shenandoah County CATV assets of FrontierVision discussed above. The new debt is also being used to finance the building of the new network for the PCS operation discussed above. The Company has a material contractual commitment for these capital expenditures, requiring the build out of the network within a certain time period. The Company budgeted approximately \$6,000,000 for PCS-related plant in 1996, and anticipates additional cash flow requirements for inventory and initial operating losses.

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SHENANDOAH TELECOMMUNICATIONS COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS
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LIQUIDITY AND CAPITAL RESOURCES (Continued)

The Company budgeted capital expenditures of approximately \$8,000,000 for our other subsidiaries for 1996. These capital needs will be met through internally generated cash flows and the existing Rural Telephone Bank note. The loan agreement with the RTB is in the amount of \$9,240,000. The Company received an advance of \$1,172,850 in June 1996. As of October 31, 1996, the Company has received advances in the amount of \$5,606,750. Expenditure of these loan funds is limited to capital projects for the regulated local exchange carrier.

Through August of this year, the Company maintained a \$2,500,000 unsecured line of credit with a local bank. An advance of \$1,100,000 was made from this line of credit on August 8, 1996. The advance was repaid when the first draw was made from the new CoBank loan, and the line of credit was terminated.

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 the July 30, 1996 signing of a Definitive Agreement on to acquire the Shenandoah County, Virginia cable television systems of FrontierVision Operating Partners, L.P., of Denver, Colorado. The acquisition is subject to approval by the local governing bodies for the transfer of the existing franchises.

Reported the September 30, 1996 acquisition of Shenandoah County, Virginia cable television systems of FrontierVision Operating Partners, L.P., of Denver, Colorado.

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)

November 13, 1996

CHRISTOPHER E. FRENCH
Christopher E. French
President

November 13, 1996

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

3-MOS	9-MOS	9-MOS
	DEC-31-1996	DEC-31-1996
	SEP-30-1996	SEP-30-1996
	4,256,393	4,256,393
	5,462,617	5,462,617
	3,326,364	3,326,364
	0	0
	2,571,799	2,571,799
	12,753,918	12,753,918
	63,642,286	63,642,286
	20,849,787	20,849,787
	75,540,511	75,540,511
4,369,138	4,369,138	4,369,138
	21,468,564	21,468,564
	0	0
	0	0
	4,740,677	4,740,677
	38,436,601	38,436,601
75,540,511	75,540,511	75,540,511
	306,348	670,019
	6,520,217	18,391,055
	470,054	988,237
	4,537,149	12,359,762
	188,383	490,245
	49,110	76,651
	170,181	439,859
	1,992,387	6,133,855
	735,133	2,235,939
1,257,254	3,897,916	3,897,916
	0	0
	0	0
	0	0
	1,257,254	3,897,916
	.33	1.04
	.33	1.04