

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15 (d)
of the Securities Exchange Act of 1934

FEBRUARY 12, 2004
Date of Report
(Date of earliest event reported)

Shenandoah Telecommunications Company
(Exact name of registrant as specified in its charter)

| | | |
|---|--------------------------|--|
| Virginia | 0-9881 | 54-1162807 |
| (State or other jurisdiction of incorporation or organization) | (Commission File Number) | (I.R.S. Employer Identification Number) |

| | |
|---|---------------------|
| P.O. Box 459 Edinburg, VA (Address of principal executive office) | 22824 (Zip code) |
|---|---------------------|

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

Item 9.

The information contained in this report on Form 8-K is being furnished pursuant to Item 12 under Item 9 as directed by the Securities and Exchange Commission in Release No. 34-47583 and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section.

NEWS RELEASE

For further information, please contact Earle A. MacKenzie at 540-984-5192.

SHENANDOAH TELECOMMUNICATIONS COMPANY
REPORTS FOURTH QUARTER AND FULL YEAR 2003 FINANCIAL RESULTS

EDINBURG, VA, (February 12, 2004) - Shenandoah Telecommunications Company announced financial results for the fourth quarter of 2003 and year end results as of December 31, 2003. Continued improvement in the wireless operations resulted in improved results compared to same periods last year. Income from continuing operations for the fourth quarter was \$4.1 million, compared to \$0.3 million for the same period in 2002. Income from continuing operations for the year ended December 31, 2003 was \$9.8 million versus a loss of \$2.9 million for 2002, which included a previously reported net loss on external investments. Total fourth quarter revenues grew by 11.9% from the same quarter the previous year, including a 17.7% increase in wireless revenues. For 2003, revenue grew by 13.9% over the prior year, including a 20.7% increase in wireless revenue.

As previously announced, the Company sold its interest in the Virginia 10 RSA Limited Partnership cellular operation on February 28, 2003, and classified its prior cellular operation as discontinued, as is further discussed below. Net income including discontinued operations for the three months ended December 31, 2003 was \$3.9 million compared to \$2.3 million in 2002 and \$32.1 million versus \$4.5 million for the year ended December 31, 2003 and 2002, respectively.

The Company previously announced a two-for-one stock split to shareholders of record January 30, 2004. Certificates are expected to be mailed on or about February 20, 2004, and it is expected the split will be reflected in quoted prices starting on February 24, 2004. All per share amounts in this news release are stated on a post-split basis.

Fourth Quarter Highlights

For the quarter ended December 31, 2003, income from continuing operations was \$4.1 million, compared to \$0.3 million in fourth quarter 2002. The Company's total revenues for the fourth quarter 2003 were \$28.5 million, compared to \$25.5 million in the same quarter 2002, an increase of \$3.0 million or 11.9%. The Company's revenue growth was driven by increases in its PCS business. Operating income for the quarter was \$7.1 million, an increase of \$5.1 million from fourth quarter 2002. The increase in operating income is primarily due to continued growth in PCS operations, favorable adjustments to management's PCS estimates, additional PCS revenue and expense reductions related to previous periods as a result of settling disputed items with Sprint and other adjustments, all totaling \$2.5 million. In the fourth quarter of 2002, the Company recorded a significant allowance to cover the write-off of non-paying credit challenged PCS customers that qualified for a no-deposit service promotion which is no longer offered by the Company. The performance of the Company's other lines of business was consistent with the same quarter last year.

Annual Highlights

For the year ended December 31, 2003, income from continuing operations was \$9.8 million or \$1.29 per diluted share, compared to a loss of \$2.9 million or (\$0.39) per diluted share in 2002. The Company's total revenues for 2003 were \$105.9 million, compared to \$93.0 million in 2002, an increase of \$12.9 million or 13.9%. The Company's revenue growth was primarily driven by its PCS business. Operating income for 2003 was \$18.6 million, an increase of \$9.3 million or 100% from 2002. The increase is a result of continued growth in PCS

operations, favorable adjustments to management's PCS estimates, additional revenue and expense reductions related to previous periods as a result of settling disputed items with Sprint and the reduction in telephone access charges previously reported in the second quarter of 2003, all totaling \$0.5 million.

President and CEO, Christopher E. French commented, "Our employees have worked diligently to construct and operate our PCS network, and to build our PCS customer base. We are pleased to report a profit in the PCS operation for the quarter. While this is a significant milestone in our wireless operations, we recognize that much work remains to ultimately earn a reasonable return on our wireless investment. Our recently announced signing of an addendum to our management and services agreements with Sprint is expected to lead to cost savings and greater certainty in fees paid to Sprint. These improvements and more will be needed to sustain profitability in the highly competitive wireless telecommunications industry."

PCS Operations

The Company continues to experience strong growth in wireless revenues as a PCS Affiliate of Sprint, increasing its PCS subsidiary revenue by \$2.8 million to a total of \$18.7 million for fourth quarter 2003 and increasing by \$11.5 million to a total of \$67.0 million for 2003 compared to the same periods last year. The Company's Sprint wireless customer count increased during the fourth quarter by 4,100, to approximately 85,100 customers. Although not included in the Company's customer count, wholesale-prepaid customers used 5.0 million minutes on the Company's network during the fourth quarter, compared to 0.4 million minutes in the same quarter in the prior year. The wholesale minutes for 2003 were 10.9 million compared to 0.5 million minutes in 2002. The Company's fourth quarter churn was 2.0%, down from 2.8% in the fourth quarter 2002. The PCS net income was \$1.8 million in the fourth quarter 2003 compared to a net loss of \$1.6 million in the fourth quarter 2002. As stated previously, the improvement in PCS net income during the fourth quarter is primarily the result of improved

operating results and adjustments to prior period estimates. The PCS net income of \$0.3 million for the year ended December 31, 2003, is a \$5.7 million improvement over the same period in 2002. Prior period and settlement adjustments with Sprint totaled \$1.1 million in 2003.

Telephone Operations

The local telephone operations net income for 2003 was \$7.1 million, an increase of \$0.3 million from 2002 when the Company recorded write-offs of more than \$0.5 million related to industry bankruptcy filings. The Company had 24,877 Access Lines at December 31, 2003, a decrease of 54 from the previous year-end.

Other Operations

The ShenTel Service operation had net income of \$0.8 million in 2003, compared to \$0.3 million in 2002. Revenues in 2003 associated with information access services, including Internet access service revenues and contract work on the 511 Virginia Travel Information Project, increased \$0.6 million, to \$7.0 million. The Company ended the year with approximately 19,000 Internet customers of which approximately 1,300 access the service through Digital Subscriber Lines (DSL). This represents a 101% increase in DSL customers and the same overall Internet customers as December 31, 2002. DSL service is available to more than 80% of the subscribers of the Company's local telephone serving area.

External Investments

In the quarter ended December 31, 2003, the Company recorded a loss of \$0.2 million on external investments compared to a loss of \$0.4 million in 2002. A loss of \$0.4 million was recorded for the year 2003, an improvement of \$9.6 million from the year 2002. The loss on investments in 2002 was principally attributed to the \$9.0 million loss recorded during the year in the Company's former investment in VeriSign, Inc., as discussed in previous filings. At the end of the quarter, the Company's external investments totaled \$7.5 million.

Discontinued Operations and Consolidated Results

As previously disclosed, the Company completed the sale of its general partner interest in the Virginia 10 RSA Limited Partnership at the close of business on February 28, 2003. That transaction resulted in a \$21.3 million after-tax gain, and the Company received \$33.7 million in cash and \$5.0 million in escrow, subject to certain post-closing adjustments. The Company has classified its prior cellular operation as discontinued. Net income for discontinued operations in 2003 was \$22.4 million or \$2.95 per diluted share and \$7.4 million net income or \$0.99 per diluted share. Incorporating these results with those of continuing operations as described above in Annual Highlights, 2003 consolidated net income was \$32.1 million or \$4.22 per share on a diluted basis, compared to \$4.5 million or \$0.60 per diluted share in 2002.

The Company's 2003 capital expenditures were \$12.5 million and the Company retired \$12.2 million of debt during 2003. The Company has invested the proceeds from the sale of its cellular operations, less applicable taxes paid, in temporary cash investments. No decision has been made for the use of these remaining proceeds. The Company had cash and cash equivalents of \$28.7 million as of year-end. The Company's debt/equity ratio at December 31, 2003 was .41; and debt as a percent of total assets was 23.4%.

About Shenandoah Telecommunications

Shenandoah Telecommunications Company is a holding company that provides a broad range of telecommunications services through its operating subsidiaries. The Company is traded on the NASDAQ National Market under the symbol "SHEN." The Company's operating subsidiaries provide local telephone, cable television, Internet access, interexchange facilities, and PCS services to the four-state region from Harrisonburg, Virginia to Harrisburg and Altoona, Pennsylvania.

This release contains forward-looking statements that are subject to various risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of unforeseen factors. A discussion of factors that may cause actual results to differ from management's projections, forecasts, estimates and expectations is available in the Company filings with the SEC. Those factors may include changes in general economic conditions, increases in costs and other competitive factors.

SHENANDOAH TELECOMMUNICATIONS COMPANY
SUMMARY FINANCIAL INFORMATION
(In thousands, except per share amounts)

| Condensed Balance Sheets | December 31, 2003 | December 31, 2002 |
|--|----------------------|----------------------|
| | ----- | ----- |
| Total current assets | \$ 40,963 | \$ 20,494 |
| Total securities and investments | 7,467 | 7,423 |
| Property, plant and equipment | 199,692 | 189,278 |
| Less accumulated depreciation | (72,006) | (57,126) |
| | ----- | ----- |
| Net property, plant and equipment | 127,686 | 132,152 |
| Other assets, net | 9,248 | 3,935 |
| | ----- | ----- |
| Total assets | \$ 185,364 | \$ 164,004 |
| | ===== | ===== |
| Current liabilities, exclusive of debt of \$4,230 and \$7,985 | \$ 11,566 | \$ 11,915 |
| Long and short-term debt | 43,346 | 55,546 |
| Total other liabilities | 24,244 | 18,300 |
| Minority interests in discontinued operations | -- | 1,666 |
| Total shareholders' equity | 106,208 | 76,577 |
| | ----- | ----- |
| Total liabilities and shareholders' Equity | \$ 185,364 | \$ 164,004 |
| | ===== | ===== |

Condensed Statements of Income

| | Fourth quarter ended December 31, | | Year ended December 31, | |
|---|--------------------------------------|-----------|-------------------------|-----------|
| | 2003 | 2002 | 2003 | 2002 |
| Operating Revenues-Wireless | \$ 19,461 | \$ 16,528 | \$ 69,872 | \$ 57,867 |
| -Wireline | 7,300 | 7,314 | 29,022 | 28,755 |
| -Other | 1,727 | 1,617 | 6,967 | 6,352 |
| Total operating revenue | 28,488 | 25,459 | 105,861 | 92,974 |
| Cost of goods and services | 3,064 | 3,221 | 10,943 | 10,502 |
| Network operating costs | 8,455 | 8,797 | 33,630 | 32,511 |
| Depreciation | 4,303 | 3,890 | 16,631 | 14,482 |
| Selling, general and administrative | 5,566 | 7,520 | 26,029 | 26,141 |
| Total operating expenses | 21,388 | 23,428 | 87,233 | 83,636 |
| Operating income | 7,100 | 2,031 | 18,628 | 9,338 |
| Interest (expense) | (825) | (1,018) | (3,510) | (4,195) |
| Other income (expense) | (227) | (727) | (53) | (10,145) |
| Income tax (provision) benefit | (1,979) | 52 | (5,304) | 2,109 |
| Income/(loss) from continuing operations | 4,069 | 338 | 9,761 | (2,893) |
| Income from discontinued operations | (216) | 1,915 | 22,389 | 7,412 |
| Cumulative effect of a change in accounting | -- | -- | (76) | -- |
| Net income | \$ 3,853 | \$ 2,253 | \$ 32,074 | \$ 4,519 |
| Income/(loss) per share from continuing operations, diluted | \$ 0.53 | \$ 0.04 | \$ 1.29 | \$ (0.39) |
| Income per share from discontinued operations, diluted | \$ (0.03) | \$ 0.26 | \$ 2.95 | \$ 0.99 |
| Loss per share from cumulative effect of change in accounting, diluted | -- | -- | \$ (0.01) | -- |
| Net earnings per share, diluted | \$ 0.50 | \$ 0.30 | \$ 4.22 | \$ 0.60 |

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SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARY COMPANIES

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)

February 13, 2004 /S/ EARLE A. MACKENZIE

Earle A. MacKenzie
Chief Financial Officer