

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, 1998

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, 1998
Common Stock, No Par Value	3,755,760 Shares

PAGE

SHENANDOAH TELECOMMUNICATIONS COMPANY

INDEX

	Page Number
PART I. FINANCIAL INFORMATION	
Item I. Financial Statements	
Consolidated Balance Sheets June 30, 1998 and December 31, 1997	1 - 2
Consolidated Statements of Income Three and Six Months Ended June 30, 1998 and 1997	3 - 4
Consolidated Statements of Cash Flow Six Months Ended June 30, 1998 and 1997	5 - 6
Notes To Consolidated Financial Statements	7
Item II. Management's Discussion and Analysis of	

PART II. OTHER INFORMATION

Item 4.	Submission of Matters To a Vote of Security Holders	15
Item 6.	Exhibits and Reports On Form 8-K	16
	Signatures	17
PAGE		

SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARY COMPANIES

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

	ASSETS	(UNAUDITED)	
		June 30, 1998	December 31, 1997
CURRENT ASSETS			
Cash & Cash Equivalents		\$6,386,983	\$5,203,521
Certificates of Deposit		100,000	204,122
Investments Held to Maturity Securities		523,435	1,622,433
Accounts Receivable		6,747,303	5,682,798
Materials		3,846,286	3,968,791
Prepaid and Other Current Assets		331,783	507,165
TOTAL CURRENT ASSETS		\$17,935,790	\$17,188,830
NON-CURRENT ASSETS			
Investment in available for sale Securities		\$ 4,312,663	\$3,597,997
Investment in held-to-maturity securities		499,581	499,581
Other investments		5,562,745	4,721,517
TOTAL NON-CURRENT ASSETS		\$10,374,989	\$8,819,095
PROPERTY, PLANT AND EQUIPMENT			
Plant in Service		\$79,245,406	\$74,144,956
Plant Under Construction		9,713,489	8,232,517
Less Accumulated Depreciation		27,465,077	25,313,297
NET PROPERTY, PLANT AND EQUIPMENT		\$61,493,818	\$57,064,176
OTHER ASSETS			
Cost in Excess of net assets of Business			
less Accumulated Amortization		\$ 4,969,316	\$ 5,157,078
Deferred Charges and Other Assets		526,710	476,687
Radio Spectrum License net of Accumulated Amortization		677,590	702,036
		\$ 6,173,616	\$ 6,335,801
TOTAL ASSETS		\$95,978,213	\$89,407,902

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, 1998	December 31, 1997
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 502,345	\$ 544,954
Accounts Payable	3,654,312	3,743,701
Advance Billings and Payments	427,080	631,815
Customers' Deposits	110,897	98,905
Other Current Liabilities	2,039,758	1,926,769
Income Taxes Payable	553,866	0
Other Taxes Payable	327,239	153,678
TOTAL CURRENT LIABILITIES	\$ 7,615,497	\$ 7,099,822
LONG TERM DEBT, LESS CURRENT MATURITIES	28,895,714	26,815,706
OTHER LIABILITIES AND DEFERRED CREDITS		
Deferred Investment Tax Credit	\$180,702	\$216,256
Deferred Income Taxes	6,258,487	5,987,860
Pension and Other	1,098,751	883,568
	7,537,940	7,087,684
MINORITY INTERESTS	\$ 2,136,211	\$ 1,894,206
STOCKHOLDERS' EQUITY		
Common Stock	\$4,734,377	\$4,740,677
Retained Earnings	43,438,931	40,579,090
Unrealized Gain on available-for-sale securities	1,619,543	1,190,717
	49,792,851	46,510,484
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$95,978,213	\$89,407,902

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	
	----- 1998	1997	----- 1998	1997
OPERATING REVENUES				
Telephone Revenues				
Local Service	\$929,325	\$882,918	\$1,851,355	\$1,741,940
Access	2,022,831	1,748,830	3,947,151	3,488,512
Toll	17,708	7,339	30,341	13,474
Miscellaneous:				
Directory	307,660	292,143	601,147	565,173
Facility Leases	494,319	509,664	996,934	986,370
Billing & Collection	137,710	108,386	256,134	213,422
Other Miscellaneous	39,817	7,941	81,224	56,327
Total Telephone Revenues	3,949,370	3,557,221	7,764,286	7,065,218
Cable Television Revenues	784,233	626,029	1,500,901	1,241,150
ShenTel Service Revenues	573,601	526,571	1,099,968	1,000,521
Leasing Revenues	4,303	3,775	8,888	7,397
Mobile Revenues	2,426,328	2,163,234	4,483,371	3,953,557
PCS Revenues	910,948	452,329	1,577,684	707,872
Long Distance Revenues	216,162	234,254	434,995	476,232
Network Revenues	153,733	153,733	307,467	307,467
Total Revenues and Sales	9,018,678	7,717,146	17,177,560	14,759,414
 OPERATING EXPENSES				
Cost of Products and Services Sold	340,969	470,167	706,227	867,375
Line Costs	108,988	97,786	209,367	193,147
Plant Specific	609,624	671,468	1,309,146	1,293,855
Plant Non-Specific:				
Network & Other	1,443,094	1,069,671	2,683,724	1,999,666
Depreciation	1,312,564	1,151,328	2,594,095	2,261,817

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	
	1998	1997	1998	1997
OPERATING EXPENSES (Continued)				
Customer Operations	\$1,213,359	\$1,035,295	\$2,412,045	\$2,030,962
Corporate Operations	649,256	619,734	1,339,532	1,289,355
Other Operating Income & Expense	210,082	149,013	428,801	343,927
Taxes other than income	134,172	110,523	267,682	208,700
Total Operating Expenses	6,022,108	5,374,985	11,950,619	10,488,804
Operating income	2,996,570	2,342,161	5,226,941	4,270,610
Non-operating income less expenses	413,381	255,417	622,768	484,829
Interest expense	418,422	387,719	731,266	744,168
Income before income taxes	2,991,529	2,209,859	5,118,443	4,011,271
Provision for income taxes	997,104	697,893	1,680,046	1,273,714
Net income before minority interest	1,994,425	1,511,966	3,438,397	2,737,557
Minority interest	(326,397)	(296,552)	(582,006)	(507,608)
Net Income	\$1,668,028	\$1,215,414	\$2,856,391	\$2,229,949
Weighted Average Common Shares Outstanding	3,755,760	3,760,760	3,757,031	3,760,760
Earnings per Share, basic and diluted	\$0.44	\$0.32	\$0.76	\$0.59

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 1998	JUNE 30 1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$2,856,391	\$2,229,948
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and Amortization	\$2,594,095	\$2,261,815
Deferred taxes	270,627	443,799
Gain on Sale of Equity investment	0	0
Investment (Gains)/Losses	(741,692)	(203,582)
Minority Share of Income	242,005	252,607
Other	57,809	99,990
Decrease (increase) in		
Accounts receivable	(1,064,505)	(617,837)
Materials	122,505	(116,886)
Increase (decrease) in		
Accounts Payable	(89,389)	(712,460)
Income taxes payable	553,866	54,466
Deferrals and accruals	424,638	316,941
Net cash provided by operating activities	\$5,226,350	\$4,008,801

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	
	1998	1997
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(\$6,895,181)	(\$4,096,812)
Purchase of Investment Securities	(623,457)	0
Purchase of Certificates of Deposit	104,122	609,869
Maturities of Certificates of Deposit	1,098,998	0
Cash flows from Securities	335,231	(134,202)
Net cash used in investing activities	(\$5,980,287)	(\$3,621,145)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term debt	\$2,166,556	\$1,100,000
Stock Redemption	(100,000)	0
Principal payments on long term debt	(129,157)	(272,021)
Net cash provided by financing activities	1,937,399	827,979
NET INCREASE IN CASH	\$1,183,462	\$1,215,635
CASH AND CASH EQUIVALENTS:		
Beginning	5,203,521	3,763,468
Ending	\$ 6,386,983	\$ 4,979,103

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, 1998 and the results of operations and cash flows for the six month periods ended June 30, 1998 and 1997.

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. The results of operations for the six-month period ended June 30, 1998 and 1997 are not necessarily indicative of the results to be expected for the full year.
3. The earnings per common share were computed on the weighted average number of shares outstanding. The Company has stock options outstanding, which are not dilutive, therefore basic and diluted earnings per share are the same.
4. Comprehensive income includes net income along with losses on the Company's available-for-sale investments.

	Three Months Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
Net Income	\$1,668,028	\$1,215,414	\$2,856,391	\$2,229,949
Net Unrealized Gains and Losses	33,825	167,423)	428,826	(395,877)
	-----	-----	-----	-----
Comprehensive Income	\$1,701,853	\$1,382,837	\$3,285,217	\$1,834,072

5. In April the Board approved renewing a \$2 million line of credit with First Union Bank, and in July 1998 the Board approved renewing a \$5 million line of credit with CoBank. The First Union line of credit matures in May 1999, 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 1999. 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, 1998.

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 ended June 30		Six months ended June 30		Three months ended June 30		Six months ended June 30	
	1998	1997	1998	1997	1998-97	1997-96	1998-97	1997-96
OPERATING REVENUES								
Telephone Revenues								
Local Service	10.3%	11.4%	10.8%	11.8%	5.3%	8.8%	6.3%	8.7%
Access	22.4%	22.7%	23.0%	23.6%	15.7%	3.1%	13.2%	0.5%
Toll	0.2%	0.1%	0.2%	0.1%	141.3%	66.3%	125.2%	53.7%
Miscellaneous:								
Directory	3.4%	3.8%	3.5%	3.8%	5.3%	-1.4%	6.4%	-2.6%
Facility Leases	5.5%	6.6%	5.8%	6.7%	-3.0%	12.8%	1.1%	11.4%
Billing & Collection	1.5%	1.4%	1.5%	1.5%	27.1%	-0.5%	20.0%	-4.3%
Other Miscellaneous	0.4%	0.1%	0.5%	0.4%	401.4%	-65.6%	44.2%	7.9%
Total Telephone Revenues	43.8%	46.1%	45.2%	47.9%	11.0%	4.9%	9.9%	3.6%
Cable Television Revenues	8.7%	8.1%	8.7%	8.4%	25.3%	182.2%	20.9%	180.8%
ShenTel Service Revenues	6.4%	6.8%	6.4%	6.8%	8.9%	38.3%	9.9%	29.2%
Leasing Revenues	0.1%	0.1%	0.1%	0.1%	14.0%	-26.9%	20.2%	-24.3%
Mobile Revenues	26.9%	28.0%	26.1%	26.8%	12.2%	31.1%	13.4%	31.6%
PCS Revenues	10.1%	5.9%	9.2%	4.8%	101.4%	N/A	122.9%	N/A
Long Distance Revenues	2.4%	3.0%	2.5%	3.2%	-7.7%	-6.1%	-8.7%	-10.8%
Network Revenues	1.7%	2.0%	1.8%	2.1%	0.0%	24.1%	0.0%	24.1%
	-----	-----	-----	-----	-----	-----	-----	-----
Total Revenues and Sales	100.0%	100.0%	100.0%	100.0%	16.9%	27.6%	16.4%	24.3%

PAGE

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 June 30		Six months ended June 30		Three months ended June 30		Six months ended June 30	
	1998	1997	1998	1997	1998-97	1997-96	1998-97	1997-96
OPERATING EXPENSES								
Cost of Products and Services Sold	3.8%	6.1%	4.1%	5.9%	-27.5%	88.8%	-18.6%	65.9%
Line Costs	1.2%	1.3%	1.2%	1.3%	11.5%	7.6%	8.4%	-14.3%
Plant Specific	6.8%	8.7%	7.6%	8.8%	-9.2%	33.8%	1.2%	26.1%
Plant Non-Specific:								
Network & Other	16.0%	13.9%	15.6%	13.6%	34.9%	33.5%	34.2%	36.6%
Depreciation	14.6%	14.9%	15.1%	15.3%	14.0%	41.2%	14.7%	39.8%
Customer Operations	13.5%	13.4%	14.0%	13.8%	17.2%	24.7%	18.8%	27.4%
Corporate Operations	7.2%	8.0%	7.8%	8.7%	4.8%	11.4%	3.9%	19.8%
Other Operating Income & Expenses	2.3%	1.9%	2.5%	2.3%	41.0%	214.1%	24.7%	266.7%
Taxes other than income	1.5%	1.4%	1.6%	1.4%	21.4%	8.7%	28.3%	3.3%
	-----	-----	-----	-----	-----	-----	-----	-----
Total Operating Expenses	66.8%	69.7%	69.6%	71.1%	12.0%	34.6%	13.9%	34.1%
Operating income	33.2%	30.4%	30.4%	28.9%	27.9%	14.1%	22.4%	5.5%
Non-operating income less expenses	4.6%	3.3%	3.6%	3.3%	61.9%	5.3%	28.5%	11.1%
Interest expense	4.6%	5.0%	4.3%	5.0%	7.9%	201.9%	-1.7%	176.0%
	-----	-----	-----	-----	-----	-----	-----	-----
Income before income taxes	33.2%	28.6%	29.8%	27.2%	35.4%	2.0%	27.6%	-9.7%

PAGE

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 June 30		Six months ended June 30		Three months ended June 30		Six months ended June 30	
	1998	1997	1998	1997	1998-97	1997-96	1998-97	1997-96
Provision for income taxes	11.1%	9.0%	9.8%	8.6%	42.9%	-3.1%	31.9%	-15.1%
	-----	-----	-----	-----	-----	-----	-----	-----
Net income before minority interest	22.1%	19.6%	20.0%	18.6%	31.9%	4.5%	25.6%	-7.0%
Minority interest	-3.6%	-3.8%	-3.4%	-3.4%	10.1%	64.4%	14.7%	68.2%
Net Income	18.5%	15.8%	16.6%	15.1%	37.2%	-4.0%	28.1%	-15.6%
	=====	=====	=====	=====	=====	=====	=====	=====

/TABLE

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 revenues are from the telephone local exchange company accounting for 43.8% of revenue and the cellular dominated operations of the Mobile subsidiary, accounting for 26.9% 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 correlates with changes in minutes of use. The minutes of use during the first six months and the second quarter of 1998 increased 11.9% and 11.8% respectively from the total minutes of use in comparative periods in 1997. The revenue increased 13.2% year-to-date and 15.7% in the second quarter for the associated revenues.

Second quarter cable television revenues increased 25.3% over the second quarter of 1997. The year-to-date increase 20.9% is attributable to a rate increase effective in the fourth quarter of 1997.

PAGE

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 1998 compared to 1997 was 8.9%. The year-to-date increase is 9.9%. This was due to increases in Internet Service revenues. Second quarter 1998 revenues from our Internet Service operations were up \$150,643 or 71.1% compared to the second quarter of 1997. Equipment sales revenues for the second quarter decreased by \$109,511 or 68.5% compared to the second quarter of 1997.

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 1998 local cellular revenues increased \$210,732 or 10.2% compared to the same period in 1997. The year-to-date increase is \$461,304 or 12.2%. The increase in local cellular revenues was due to an increase in the customer base. Second quarter 1998 outcollect roamer revenues increased \$310,413 or 36.5% compared to the same period 1997. 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 1997 and 24.4% for the first six months of 1997.

PCS revenues increased \$458,329 or 101.4% in the second quarter compared to the second quarter of 1997. The year-to-date increase is \$869,812 or 122.9%. This growth is due to the expanding customer base in our PCS markets.

Total payroll costs (including capitalized costs) in the second quarter of 1998 increased by \$355,743 or 28.5% compared to the same period in 1997. The year-to-date increase is \$532,104 or 20.5%.

PAGE

SHENANDOAH TELECOMMUNICATIONS COMPANY

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

RESULTS OF OPERATIONS (Continued)

Cost of Goods Sold decreased 27.5% in the second quarter compared to the same period in 1997. The year-to-date decrease is 18.6%. This is due primarily to the decrease in Shentel equipment sales.

Plant Specific expenses consist mainly of maintenance to the Company's plant in service. This expense category increased 9.2% in the second quarter compared to the second quarter of 1997. The year-to-date increase is 1.2% over the same period of 1997.

The expense category Network and Other consists primarily of network support, engineering, and leased facilities costs. This was our largest expense category in the second quarter. These costs increased 34.9% in the second quarter compared to the second quarter of 1997. The year-to-date increase is 34.2%. 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, historically our largest expense category, was 14.0% higher in the second quarter of 1998 compared to the same period in 1997. The year-to-date increase is 14.7%, due mainly to the expansion of our fiber network and our Cable TV upgrade.

Customer operations increased 17.2% for the quarter and 18.8% year-to-date compared to the same periods in 1997. These costs are for the marketing and sales, billing, and customer service functions. As with the network and other category, customer growth in the Internet, cellular, and PCS businesses are primarily responsible for the increase.

The Other Operating Expense category consists of royalty expense paid to programming providers for the Cable Television subsidiary.

Interest expense has increased 7.9% in the second quarter compared to the second quarter of 1997.

PAGE

SHENANDOAH TELECOMMUNICATIONS COMPANY

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

LIQUIDITY AND CAPITAL RESOURCES

The Company has 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 has borrowed \$18,279,838 at July 31 against this note.

The Company has a \$2 million line of credit with First Union Bank and a \$5 million line of credit with CoBank. No draws have been made on these lines of credit as of July 31, 1998.

The Company budgeted capital expenditures of approximately \$17,893,350 for our subsidiaries for 1998. 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 \$3,000,000. Expenditures of these loan funds is limited to capital projects for the regulated local exchange carrier.

Based on its initial assessment, the Company has determined that significant portions of its software must be modified or replaced so that its computer systems will properly utilize dates beyond December 31, 1999. The vast majority of this software is provided by third parties. The Company has installed and is now implementing third party financial software that is Year 2000 certified, at an estimated cost of \$900,000. The Company also utilizes third party software for customer care applications. These suppliers have asserted their software is presently Year 2000 compliant or will be in late 1998. The Company estimates its remaining software will be Year 2000 compliant by June 30, 1999.

PAGE

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 21, 1998, 2,743,597 of the Company's 3,755,760 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:

CLASS I DIRECTORS - To serve until the 1999 Annual Meeting
 Douglas C. Arthur
 Harold Morrison, Jr.
 Zane Neff

CLASS II DIRECTORS - To serve until the 2000 Annual Meeting
 Noel M. Borden
 Ken L. Burch
 Grover M. Holler, Jr.

CLASS III DIRECTORS - To serve until the 2001 Annual Meeting
 Dick D. Bowman
 Christopher E. French
 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	2,623,829	119,768
Noel M. Borden	2,625,720	117,877
Dick D. Bowman	2,624,459	119,138
Ken L. Burch	2,625,320	118,277
Christopher E. French	2,626,160	117,437
Grover M. Holler, Jr.	2,623,808	119,789
Harold Morrison, Jr.	2,629,511	114,086
Zane Neff	2,718,840	24,757
James E. Zerkel II	2,617,997	125,600

PART II

OTHER INFORMATION

(2) Adoption of amendment to the Company's Articles of Incorporation effective as of the 1998 Annual Meeting that the Board of Directors shall be divided into three classes designated as Class I, Class II, and Class III. The term of office for one class shall expire at each annual meeting. The initial terms are staggered as indicated in section (b). The amendment was adopted, having received 2,164,644 votes for and 22,297 votes withheld, while 15,844 votes abstained.

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, 1998

CHRISTOPHER E. FRENCH
Christopher E. French
President

August 13, 1998

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

3-MOS		
	DEC-31-1998	
	JUN-30-1998	
		6,386,983
		5,335,679
		6,747,303
		0
		3,846,286
	17,935,790	
		88,958,895
	27,465,077	
	95,978,213	
7,615,497		
		28,895,714
0		
		0
		4,734,377
		43,438,391
95,978,213		
		0
	9,018,678	
		0
		6,022,108
		0
		0
	418,422	
	2,991,529	
		997,104
1,668,028		
		0
		0
		0
		0
	1,668,028	
		.44
		.44