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

ASSETS	June 30, 2000 (Unaudited)	December 31, 1999
	-----	-----
Current Assets		
Cash and cash equivalents	\$ 4,996,482	\$ 7,155,827
Accounts receivable, including interest	4,474,612	4,918,089
Materials and supplies	3,671,965	4,089,605
Prepaid expenses and other current assets	484,382	543,735
	-----	-----
Total current assets	13,627,441	16,707,256
Securities and Investments		
Available-for-sale securities	26,240,100	30,719,358
Other Investments	5,758,191	5,094,020
	-----	-----
	31,998,291	35,813,378
Property, Plant and Equipment		
Plant in service	112,135,270	99,821,705
Plant under construction	15,579,981	9,133,665
	-----	-----
	127,715,251	108,955,370
Less accumulated depreciation	37,285,375	34,406,816
	-----	-----
	90,429,876	74,548,554
Other assets		
Cost in excess of net assets of business acquired	5,630,042	5,630,042
Deferred charges and other assets	531,646	590,019
Radio spectrum license	1,340,750	1,340,750
	-----	-----
	7,502,438	7,560,811
Less accumulated amortization	1,668,039	1,579,417
	-----	-----
	5,834,399	5,981,394
Total Assets	\$141,890,007	\$133,050,582
	=====	=====

See accompanying notes to the condensed consolidated financial statements.

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

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, 2000 (Unaudited)	December 31, 1999
	-----	-----
Current Liabilities		
Current maturities of long-term debt	\$ 1,444,473	\$ 1,340,711
Accounts payable	3,444,453	2,195,958
Advance billings and payments	524,169	870,717
Refundable equipment deposit	3,871,365	3,871,365
Customers' deposits	122,948	118,641
Accrued compensation	722,241	947,401
Other current liabilities	1,275,458	781,248
Other taxes payable	1,052,133	908,677
	-----	-----
Total current liabilities	12,457,240	11,034,718
Long-Term Debt, less current maturities	35,663,213	31,688,737
Other Liabilities and Deferred Credits		
Deferred investment tax credit	41,542	76,323
Deferred income taxes	14,352,627	16,061,709
Pension and other	1,488,382	1,453,724
	-----	-----
	15,882,551	17,591,756
Minority Interests	2,063,653	2,460,412
Stockholders' Equity		
Common stock	4,769,206	4,734,377
Retained earnings	56,898,698	48,498,503
Accumulated other comprehensive income, unrealized gain on available-for-sale securities, net	14,155,446	17,042,079
	-----	-----
	75,823,350	70,274,959
Total Liabilities and Stockholders' Equity	\$141,890,007	\$133,050,582
	=====	=====

See accompanying notes to the condensed consolidated financial statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY  
AND SUBSIDIARY COMPANIES  
PART I. FINANCIAL INFORMATION  
ITEM I. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(Unaudited)

	Three Months Ended June 30, 2000	1999	Six Months Ended June 30, 2000	1999
Operating Revenues				
<hr style="border-top: 1px dashed black;"/>				
Telephone:				
Local service	\$1,138,100	\$1,008,967	\$2,222,008	\$1,969,071
Access	1,985,833	1,948,981	3,909,170	3,839,932
Directory	324,863	299,334	648,466	613,480
Facility leases	1,288,673	621,502	2,183,574	1,123,884
Billing, collection, tolls and other	127,533	163,635	320,678	331,376
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Total telephone revenues	4,865,002	4,042,419	9,283,896	7,877,743
Cable television	897,648	876,520	1,785,598	1,662,261
ShenTel service	1,246,605	796,859	2,611,137	1,729,603
Long distance	256,814	241,523	530,368	521,782
Mobile	4,367,770	3,158,602	8,125,749	5,580,036
Network	143,857	169,310	289,681	323,043
PCS	3,442,841	937,822	5,966,692	1,640,300
Other	2,490	2,733	4,942	6,028
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Total operating revenues	15,223,027	10,225,788	28,598,063	19,340,796
Operating Expense				
Cost of products and services sold	968,123	292,469	2,180,448	754,583
Plant specific	1,223,195	814,223	2,307,525	1,566,315
Plant non-specific:				
Network and other	3,007,008	1,756,004	5,431,937	3,361,502
Depreciation and amortization	1,933,657	1,617,700	3,774,259	3,175,636
Customer operations	1,768,316	1,285,139	3,441,892	2,498,287
Corporate operations	681,262	687,227	1,348,951	1,355,497
Other operating expenses	962,595	261,717	1,255,305	526,234
Taxes other than income	203,142	160,106	387,197	199,474
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	10,747,298	6,874,585	20,127,514	13,437,528
<hr style="border-top: 1px dashed black;"/>				
Operating Income	\$ 4,475,729	\$3,351,203	\$ 8,470,549	\$5,903,268
Non-operating income (expense), net	76,978	641,490	607,097	874,020
Gain on sale of investments	6,885,180	0	6,885,180	0
Interest expense	(492,431)	(441,565)	(1,000,321)	(910,126)
<hr style="border-top: 1px dashed black;"/>				
Income before income taxes	10,945,456	3,551,128	14,962,505	5,867,162
Provision for income taxes	3,839,465	1,170,464	5,106,069	1,955,103
<hr style="border-top: 1px dashed black;"/>				
Net income before minority interest	7,105,991	2,380,664	9,856,436	3,912,059
Minority interest	(795,719)	(439,220)	(1,456,241)	(657,718)
<hr style="border-top: 1px dashed black;"/>				
Net income	\$ 6,310,272	\$1,941,444	\$ 8,400,195	\$3,254,341
<hr style="border-top: 3px double black;"/>				
Net earnings per share, basic and diluted	\$1.68	\$0.52	\$2.24	\$0.87
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Weighted average shares outstanding	3,757,300	3,755,760	3,756,766	3,755,760
<hr style="border-top: 3px double black;"/>				

See accompanying notes to the condensed consolidated financial statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY  
AND SUBSIDIARY COMPANIES  
PART I. FINANCIAL INFORMATION  
ITEM I. FINANCIAL STATEMENTS  
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
SIX MONTHS ENDED JUNE 30, 2000 AND 1999  
(Unaudited)

	Shares	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, December 31, 1998		\$4,734,377		\$ 638,619	
	3,755,760		\$44,173,730		\$49,546,726
Comprehensive income					
Net income			3,254,341		3,254,341
Change in unrealized gain on securities available-for-sale net of tax (\$2,165)				3,247	3,247
Total comprehensive income					3,257,588
Balance, June 30, 1999					
	3,755,760	\$4,734,377	\$47,428,071	\$641,866	\$52,804,314
Balance, December 31, 1999					
	3,755,760	4,734,377	48,498,503	17,042,079	70,274,959
Comprehensive income					
Net income			8,400,195		8,400,195
Change in unrealized gain on securities available-for-sale net of tax (\$1,766,223)				(2,886,633)	(2,886,633)
Total comprehensive income					5,513,562
Issue shares of common stock					34,829
	1,642	34,829			
Balance, June 30, 2000					
	3,757,402	\$4,769,206	\$56,898,698	\$ 14,155,446	\$75,823,350

See accompanying notes to the condensed consolidated financial statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY  
AND SUBSIDIARY COMPANIES  
PART I. FINANCIAL INFORMATION  
ITEM I. FINANCIAL STATEMENTS  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW  
(Unaudited)

	Six Months Ended June 30,	
	2000	1999
<hr style="border-top: 1px dashed black;"/>		
Cash Flows from Operating Activities		
Net income	\$ 8,400,195	\$ 3,254,340
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,541,783	2,951,768
Amortization	232,476	223,868
Deferred tax charges (benefits)	57,141	(59,460)
(Gain) on equity investments	(6,915,180)	0
Equity in earnings of investees	(577,839)	(742,776)
Loss on impairment of equipment	673,420	0
Minority share of income, net of distributions	(396,759)	(90,282)
Other, net	(156,602)	66,967
Decrease/(increase) in		
Accounts receivable	443,477	(176,014)
Materials	417,640	150,261
Increase/(decrease) in		
Accounts payable	1,248,495	355,947
Other prepaids, deferrals and accruals	115,486	(2,804)
	<hr style="border-top: 1px dashed black;"/>	
Net cash provided by operating activities	7,083,733	5,931,815
Cash Flows From Investing Activities		
Purchase of property and equipment	(20,096,525)	(4,666,121)
Purchase of intangible assets	0	(486,214)
Net cash flows from investments	6,740,380	1,259,239
	<hr style="border-top: 1px dashed black;"/>	
Net cash used in investing activities	(13,356,145)	(3,893,096)
Cash Flows From Financing Activities		
Proceeds from long-term debt	4,801,717	0
Proceeds from issuance of common stock	34,829	0
Principal payments on long-term debt	(723,479)	(273,936)
	<hr style="border-top: 1px dashed black;"/>	
Net cash provided by (used in) financing activities	4,113,067	(273,936)
	<hr style="border-top: 1px dashed black;"/>	
Net increase (decrease) in cash and cash equivalents	(2,159,345)	1,764,783
Cash and cash equivalents:		
Beginning	7,155,827	4,891,109
	<hr style="border-top: 1px dashed black;"/>	
Ending	\$ 4,996,482	\$ 6,655,892
	<hr style="border-top: 3px double black;"/>	

See accompanying notes to the condensed consolidated financial statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
(Unaudited)

1. In the opinion of management, the accompanying condensed financial statements contain all adjustments necessary to present fairly Shenandoah Telecommunications Company's financial position as of June 30, 2000 and the results of operations and cash flows for the three and six month periods ended June 30, 2000 and 1999.

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 on Form 10-K.

2. The results of operations for the three-month and six month periods ended June 30, 2000 and 1999 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. Diluted net income per share for the three month and six months ended June 30, 2000 (which was not materially different from basic net income per share) was computed under the treasury stock method, assuming the conversion, as of the beginning of the respective period, for all dilutive stock options. There were no adjustments to net income in the computation of diluted net income per share for 1999.
4. The Company has identified nine reporting segments based on the products and services each provide. Each segment is managed and evaluated separately because of diverse technologies and marketing strategies. A summary of external operating revenues, internal operating revenues and net income of each segment is as follows:

	For the six months ended June 30, 2000		June 30, 2000	
	External Operating Revenues	Internal Operating Revenues	Net Income	Total Assets
Holding	\$ 0	\$ 0	\$ 277,861	\$60,838,642
Telephone	9,283,896	1,119,575	3,007,057	75,312,992
Cable TV	1,785,598	1,200	(68,063)	12,029,463
ShenTel	2,611,137	114,111	58,867	5,428,399
Leasing	4,942	0	9,131	290,856
Mobile	8,125,749	523,590	6,285,510	16,937,093
PCS	5,966,692	11,562	(1,431,802)	23,455,182
Long Distance	530,368	195,025	167,382	174,991
Network	289,681	94,774	94,774	1,087,740
Combined Totals	\$28,598,063	\$ 2,059,837	\$8,400,195	\$195,555,358
Inter-segment eliminations	0	(2,059,837)	0	(53,665,351)
Consolidated Totals	\$28,598,063	\$ 0	\$8,400,195	\$141,890,007



SHENANDOAH TELECOMMUNICATIONS COMPANY

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
(Unaudited)

	For the six months ended June 30, 2000		June 30, 2000	
	External Operating Revenues	Internal Operating Revenues	Net Income	Total Assets
-----	-----	-----	-----	-----
Holding	\$ 0	\$ 0	\$ 252,759	\$ 28,215,912
Telephone	7,877,743	877,017	2,903,950	65,599,517
Cable TV	1,662,261	1,200	(134,971)	10,994,841
ShenTel	1,729,603	120,913	(37,562)	3,677,349
Leasing	6,028	0	10,725	284,768
Mobile	5,580,036	265,676	842,762	15,461,655
PCS	1,640,300	8,208	(834,114)	8,502,522
Long Distance	521,782	135,205	102,386	265,394
Network	323,043	50,034	148,406	1,484,762
-----	-----	-----	-----	-----
Combined Totals	\$ 19,340,796	\$1,458,253	\$ 3,254,341	\$134,486,720
Inter-segment eliminations	0	(1,458,253)	0	(37,979,196)
-----	-----	-----	-----	-----
Consolidated Totals	\$ 19,340,796	\$ 0	\$ 3,254,340	\$ 96,507,524

Inter-segment eliminated assets represent amounts invested in and notes payable between the reporting segments.

5. Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

SHENANDOAH TELECOMMUNICATIONS COMPANY

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

This report contains forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. Factors that might cause such a difference include, but are not limited to changes in the interest rate environment; management's business strategy; national, regional, and local market conditions; and legislative and regulatory conditions. Readers should not place undue reliance on forward-looking statements, which reflect management's view only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Shenandoah Telecommunications Company is a diversified telecommunications holding company providing both regulated and unregulated telecommunications services through its nine wholly-owned subsidiaries. These subsidiaries provide local exchange telephone services as well as cable television, cellular, paging, personal communications services (PCS), Internet access, long distance, and leased fiber and tower facilities. Competitive local exchange carrier (CLEC) services are also being planned. Additionally, the Company sells and leases equipment, mainly related to services provided, and also participates in emerging technologies by direct investment in non-affiliated companies.

In recent years, the Company has made significant investments to take advantage of new technologies and the increasingly competitive telecommunications industry. Net Plant in Service increased from \$36.8 million at the end of 1995 to \$90.4 million at June 30, 2000. This increase incorporates continued expansion of our operations from Virginia's northern Shenandoah Valley to other surrounding areas. In conjunction with growing our PCS and Internet services, we expanded our presence north along the Interstate-81 corridor in West Virginia, Maryland, and southern Pennsylvania.

The Company's strategy is to continue the expansion of services as well as the geographic areas served. In late 1999, our PCS subsidiary executed an affiliate agreement with Sprint PCS, finished constructing and activated a CDMA network where our GSM network existed, and converted our PCS customer base from GSM to CDMA service. The agreement expands our existing PCS territory from an area serving a population of 679,000 to one of 2,048,000 people. The additional areas are in the Altoona, Harrisburg, and York-Hanover Basic Trading Areas of Pennsylvania. The capital build out and initial operating losses associated with this expansion, which will require significant capital resources, are consistent with the strategy to take advantage of new technologies and expand our service areas. Losses in the PCS subsidiary are expected to increase, particularly in the fourth quarter of 2000, when the additional network facilities are scheduled to commence operations.

SHENANDOAH TELECOMMUNICATIONS COMPANY

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

RESULTS OF OPERATIONS SECOND QUARTER 2000 COMPARED TO SECOND QUARTER 1999

Total revenue increased \$4,997,000 or 48.9% compared to the same period last year. The increase is due primarily to a significant growth in wireless revenues, both in the cellular and PCS operations. Operating income increased \$1,125,000 to \$4,476,000 or 33.6% over 1999 second quarter results. The major contributors to improved operations are: a growing customer base, increased travel revenues in the PCS operation and increased roamer revenue in the cellular operation. Other notable improvements occurred in the ShenTel Service equipment sales and Internet operations. Net income is up \$4,369,000 due to improved operating results and the impact of the gain on the sale of a partnership interest during the period.

Revenues

Total telephone revenues increased 20.3% or \$820,000 over the second quarter of 1999. This increase is primarily the result of a \$667,000 or 107.3% increase in facility lease revenue. The majority of this growth is attributable to increased customer demand. Local Service revenues increased \$129,000 or 12.8%. The change is due to increased demand for interconnection to wireless carriers and for enhanced telephone services, as well as a 4.1% increase in access lines. The total number of telephone customers, measured in access lines, at June 30, 2000 was approaching 24,000. The Company recently introduced digital subscriber loop (DSL) service, which provides a much faster communications path over existing copper facilities. This is expected to boost Local Service revenues in the future. The telephone subsidiary's largest revenue source is for access to the local exchange network by interexchange carriers. Despite a 5.9% increase in minutes of use over the second quarter of 1999, these revenues increased only 1.8% or \$37,000 as a result of reductions in tariffed prices. Access rates are expected to continue declining, but the impact cannot reasonably be estimated at this time.

Cable Television revenues increased \$21,000 or 2.4% over the same period last year. Subscriptions increased 1% over last year, with a customer count of 8,600 as of June 30, 2000. The remainder of the increase is attributed to the introduction of new services and programming options.

ShenTel Service revenues increased \$450,000 or 56.4% compared to the second quarter of last year. The growth in revenue was mainly generated from equipment sales, which increased \$291,000 and new subscriptions from Internet customers, which contributed \$136,000 of additional revenue for the quarter. Equipment sales revenue is expected to decrease during the second half of 2000 due to fewer customer projects outstanding. The total number of Internet subscribers at the end of June 2000 was 12,900.

Mobile revenues are up \$1,209,000 to \$4,368,000 or 38.3% compared to second quarter 1999. Cellular revenue is the major source of the revenue growth for the second quarter. The Company experienced a 65.7% increase in roamer usage on the analog cellular network. Additional facilities will be placed in service in the second half of the year to handle anticipated increased demand. Future revenue patterns are uncertain due to the increasingly competitive wireless market. Cellular customer count at June 30 was 11,700, up 1.5% from June 1999, but down 1.5% from December 1999.

For the second quarter of 2000, PCS revenue increased \$2,505,000 or 22.6% to \$3,443,000 or 22.6% of total revenue. Travel revenues, which are charges for use of the Company's network by customers of Sprint PCS or other Sprint PCS affiliates, are responsible for \$1,448,000 or 57.8% of the increase for the quarter. The remainder of the increase is primarily attributed to increased service revenues and equipment sales from the expanding customer base. The Company's customer base continued to grow with 15,000 customers at the end of June 2000, compared to 7,600 at December, 1999. Comparative numbers as of June 1999 are not meaningful due to the change to CDMA technology. PCS revenue growth is expected to accelerate as the Company opens new retail sales locations and expands the network in several central Pennsylvania markets later this year.

Operating Expenses

Operating expenses increased \$3,873,000 to \$10,747,000, or 56.3% compared to the second quarter last year. The increase is due primarily to additional network usage in the cellular operation, a combination of customer growth and increased network usage in the PCS operation, increased maintenance expenses in the telephone operation and a one time \$673,000 impairment to the Company's wireless

assets.

Cost of Goods Sold increased \$676,000 from \$292,000 to \$968,000 over the second quarter of 1999, due principally to increased equipment sales associated with the ShenTel Service and PCS operations. Plant Specific expenses increased \$409,000 or 50.2%. Significant items were additional site rents associated with the PCS network expansion, expenditures for rights-of-way clearing for wireline facilities, and increased annual maintenance fees associated with computer upgrades completed in 1999. Network and Other expenses were up \$1,251,000 or 71.2% due principally to higher volumes of calls associated with the cellular and PCS operations. Customer support operations increased \$483,000 or 37.6%, with a majority of the increase attributed to billing and customer care costs for the PCS operation. Depreciation costs are up \$316,000 or 19.5% due to the expanding infrastructure of our operations. Other Operating expenses increased of \$701,000 from \$262,000 to \$963,000 due primarily to the impairment of wireless assets. Operating expense growth is expected to continue at an accelerated pace as the Company's PCS operation continues to expand.

#### Other Income

Non-operating income increased \$6,321,000 due to a one-time gain of \$6,915,000 on the sale of the company's interest in a cellular operation. This gain was partially offset by reduced income from the Company's equity investments.

Interest expense is up \$51,000 due to increased amounts of money borrowed compared to the same period last year.

Income taxes are up due to the one-time gain recorded in the quarter and improved operating results.

Minority Interest increased \$356,000 due to improved results of the cellular operation, which is not wholly owned.

#### RESULTS OF OPERATIONS

##### FIRST SIX MONTHS 2000 VS FIRST SIX MONTHS 1999

The Company's total revenue increased \$9,257,000 or 47.9%, for the six months ended June 30, 2000, compared to the same period last year. The change is the result of an increase in PCS revenue of \$4,326,000 from \$1,640,000 to \$5,966,000, a \$2,546,000 or 45.6% increase in Mobile revenue, a \$1,406,000 or 17.8% increase in Telephone revenue, a \$882,000 or 51.0% increase in ShenTel service revenue, and a \$97,000 or 3.9% increase in other revenues. Operating income is up \$2,567,000 or 43.5% compared to the six months of 1999, due principally to the same factors as discussed above for quarterly results. Net income is up \$5,146,000, the result of higher operating income and the impact of the after tax gain on the sale of the partnership interest of the Virginia RSA 6 cellular operation.

#### Revenues

Telephone revenues increased \$1,406,000 to \$9,284,000 or 17.8% for the six months ended June 30, 2000, compared to the same period last year. Facility Lease revenue increased \$1,060,000 or 94.3% due to the factors discussed above under quarterly results. Local Service revenue increased \$253,000 or 12.8% to \$2,222,000, as the number of access lines increased 4.1% and there was increased demand for enhanced services.

Cable Television revenue increased \$123,000 or 6.9% due to a 1% increase in the customer base and the sale of new digital pay-per-view services in late spring 2000. As discussed above, the Company's cable TV system upgrade has provided customers with additional service and programming options, and offers new revenue sources to the Company.

ShenTel Service revenues increased \$882,000 or 51.0% for the first six months of 2000. Equipment sales are up \$615,000 compared to the same period last year. Internet subscriber revenue is up \$260,000. The Internet customer base increased 53.0% over the same period last year.

Mobile revenues have increased \$2,546,000 to \$8,126,000 for the six months ended June 30, 2000. This 45.6% increase is the result of a \$2,491,000 increase in roaming revenue earned from other providers' customers roaming on our network. The balance of the increase is due to more tower lease revenue as the number of towers in the wireless network increases, and other users lease space on the towers. The Company had approximately 40 towers in service as of June 30, 2000.

PCS revenues grew \$4,326,000 or 263.8% over the same period last year, the result of changing to the CDMA technology and becoming an affiliate of Sprint PCS. Service revenue (revenue generated by our PCS customers) increased \$1,965,000 or 141.2% while travel roaming revenue (Sprint PCS and other affiliates' customers traveling through our territory) increased \$2,043,000. Equipment sales revenue increased \$287,000, the result of our retail stores

selling PCS telephones backed by the Sprint PCS marketing support and brand name.

#### Operating Expenses

Operating expenses are up \$6,690,000 to \$20,128,000 or 43.5% compared to the first half of 1999. Cost of products and services sold increased \$1,425,000. This increase was due to more PCS handsets sold and the impact of higher sales of equipment in the ShenTel Service subsidiary. Plant Specific expenses increased \$741,000, due to the factors discussed above under quarterly results. Network and Other expenses increased \$2,070,000 due to increased cellular and PCS traffic. Customer operations grew by \$944,000 due principally to increased customer growth in the PCS operation. Depreciation increased by \$599,000 due to additional equipment placed in service. Other Operating expenses are up \$730,000 primarily the of a write down on wireless assets. Operating expense growth is expected to continue at an elevated pace as the Company's PCS operation opens new retail sales locations and expands the network in several central Pennsylvania markets later this year.

The change in non-operating income reflects the one-time gain on the sale of the Virginia RSA 6 limited partnership interest, somewhat offset by the write down of the wireless assets and results of investment income generated in the first six months of 2000.

Interest expense increased \$90,000 primarily, due to higher amounts borrowed for the PCS expansion.

Income before taxes is up \$9,095,000 and reflects increased income from operations and the gain on the sale of the partnership interest. Provisions for income taxes are up \$3,151,000 based on applying statutory rates

Minority interest is up \$799,000 due to increased earnings attributable to the minority owners of the cellular operation.

SHENANDOAH TELECOMMUNICATIONS COMPANY

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

SALE OF PARTNERSHIP INTEREST

On May 1, 2000, the Company sold its limited interest in the Virginia RSA 6 cellular partnership, which serves Augusta and Rockingham counties in Virginia, for \$7.4 million in cash. The Company recorded a one time pre-tax gain of approximately \$6.9 million on the sale.

INVESTMENTS IN NON-AFFILIATED COMPANIES

The Company participates in emerging technologies by investments in start-up companies. This includes indirect participation through capital venture funds such as South Atlantic Venture Fund III, South Atlantic Private Equity IV, and Dolphin Communications Parallel Fund. The Company's remaining commitments to these investments is approximately \$576,000. It also includes direct participation in start-up companies such as Concept Five and Coriss.Net. For those investments that eventually go public, it is the intent of the Company to evaluate whether to hold or sell part or all of each investment on an individual basis. In the second quarter the Company agreed to participate in Dolphin Communications Fund II, which is expected to be funded over several years, for an amount not to exceed \$5,000,000.

AVAILABLE FOR SALE SECURITIES

The Company currently holds shares of four companies with NASDAQ or NYSE listings. As of June 30, 2000, the market values of the Company's holdings were \$23,586,000 in Illuminet (ILUM), \$1,390,000 in ITC^Delta Com (ITCD), \$1,052,000 in Loral Communications (LOR) and \$211,000 in NetIQ (NTIQ). Unrealized Gains on Securities Available for Sale, adjusted for income tax effect, decreased \$409,000 to \$14,155,000 during the second quarter of 2000, with a year-to-date decrease of \$2,887,000, both of which reflect the stock price movements of these technology securities.

LIQUIDITY AND CAPITAL RESOURCES

The Company's two principal sources of funds for financing expansion activities are internally generated funds and loan arrangements with CoBank. On January 12, 2000 the Company entered into a \$35,000,000 bridge loan agreement with CoBank, principally to finance the PCS build-out in Pennsylvania. Outstanding draws on this facility as of June 30, 2000 is \$400,000. The Company and CoBank contemplate replacing this \$35,000,000 bridge loan and a previously existing \$25,000,000 CoBank credit facility with a single term loan agreement for \$60,000,000 at terms similar to the existing facilities. The existing \$25,000,000 credit facility is almost fully drawn, with monthly repayment requirements through August 2011.

Additionally, the Company has a \$9,200,000 loan agreement with the Rural Telephone Bank (RTB) with approximately \$500,000 remaining as of June 30, 2000 for future advances. Expenditure of these loan funds is limited to capital projects for the regulated local exchange carrier subsidiary.

The Company maintains an unsecured line of credit for \$2 million with a local bank. No draws were made on this line during the first half of 2000 and no amounts are outstanding as of June 30, 2000.

At its option, the Company may also liquidate portions of the securities available for sale portfolio, to provide for its expansion needs. These securities had a market value of \$26,240,000 as of June 30, 2000.

Year-to-date capital spending was \$20,097,000, compared to a total capital budget of \$45,000,000. The budget includes approximately \$26,800,000 for equipment and towers associated with the PCS expansion, principally in Pennsylvania. Included in the \$26,800,000 amount is \$11,000,000 for CDMA equipment and towers that will be purchased from Sprint, of which \$9,500,000 has been purchased as of June 30, 2000. The remaining \$1,500,000 of equipment purchases from Sprint should occur by the end of the third quarter. The remaining PCS equipment purchases and installations, which are in progress, should occur by the end of 2000. Spending to date on this equipment is approximately \$1,200,000. The Telephone subsidiary capital budget is \$10,900,000, primarily for central office equipment and fiber optic and metallic cable facilities with year-to date spending at approximately \$3,629,000. Thus far in 2000 the Company has funded its capital projects through internally generated funds, proceeds from the sale of the partnership noted above, and debt.

#### REIMBURSEMENT FOR PCS CONVERSION

As part of the execution of the Sprint PCS affiliate agreement, the Company received approximately \$3.9 million as partial reimbursement for the Company's expenditures in building the CDMA network, which replaces the Company's earlier PCS network constructed using GSM technology. Under the terms of the agreement, all or a portion of this amount is to be reimbursed to the grantor, in the event the GSM network is sold. The Company is continuing to explore a potential sale of its GSM equipment and has reflected the \$3.9 million as a current liability.

#### NASDAQ APPLICATION

During the second quarter, the Company filed an application for NASDAQ listing of the Company's stock on the NASDAQ National Market exchange.

SHENANDOAH TELECOMMUNICATIONS COMPANY

PART II

OTHER INFORMATION

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Our market risks relate primarily to changes in interest rates, on instruments held for other than trading purposes. Our interest rate risk involves two components. The first component is outstanding debt with variable rates. This consists of a two notes payable to CoBank totaling \$2.3 million. The rates of these notes are based upon the lender's cost of funds. The Company also has variable rate lines of credit totaling \$2 million, with no outstanding borrowings at June 30, 2000. The Company's remaining debt has fixed rates through its maturity. The second component of market risk is temporary excess cash, primarily invested in overnight repurchase agreements and short-term certificates of deposit. As the Company continues to expand its operations, temporary excess cash is expected to be minimal. Available cash will be used for existing and anticipated new debt obligations, maintaining and upgrading capital equipment, ongoing operations, and investment opportunities in new and emerging technologies.

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

(a) At the Annual Meeting of Shareholders of the Company held on April 18, 2000, 2,508,608 of the Company's 3,756,634 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 2003 Annual Meeting

Noel M. Borden  
Ken L. Burch  
Grover M. Holler, Jr.

(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
Noel M. Borden	2,498,609	9,999
Ken L. Burch	2,494,132	14,476
Grover M. Holler, Jr.	2,499,616	8,992

ITEM 6. Exhibits and Reports on Form 8-K

A. Exhibit 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 11, 2000

/s/ CHRISTOPHER E. FRENCH

-----  
Christopher E. French  
President

August 11, 2000

/s/ LAURENCE F. PAXTON

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Laurence F. Paxton  
Vice President - Finance

6-MOS

	DEC-31-2000	JAN-01-2000	JUN-30-2000
	4,996,482		
	31,998,291		
	4,474,612		
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	3,671,965		
	13,627,441		
	127,715,251		
	37,285,375		
	141,890,007		
12,457,240			
	35,663,213		
0			
	0		
	4,769,206		
141,890,007			
	14,155,446		
	0		
	28,598,063		
		2,180,448	
	20,127,514		
	0		
	0		
	1,000,321		
	14,962,505		
	5,106,069		
8,400,195			
	0		
	0		
			0
	8,400,195		
	2.24		
	2.24		