SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: December 31, 1995
Commission File No.: 0-9881

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

VIRGINIA	54-1162807
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
124 South Main Street, Edinburg, VA	22824
(Address of Principal Executive Offices)	(Zip Code)

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

Securities Registered Pursuant to Section 12(b) of the Act:

COMMON STOCK (NO PAR VALUE)
(Title of Class)

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

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

Aggregate market value of the voting stock held by non-affiliates of the registrant as of March 1, 1996. $73,471,688. (In determining this figure, the registrant has assumed that all of its officers and directors are affiliates. Such assumption shall not be deemed to be conclusive for any other purpose.) The Company's stock is not listed on any national exchange nor NASDAQ; therefore, the value of the Company's stock has been determined based upon the average of the prices of transactions in the Company's stock that were reported to the Company during the year.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS	OUTSTANDING AT MARCH 1, 1996
Common Stock, No Par Value	3,760,760

Documents Incorporated by Reference

1995 Annual Report to Security Holders	Parts I, II, IV
Proxy Statement, Dated March 22, 1996	Parts III

EXHIBIT INDEX PAGES 7 - 8

SHENANDOAH TELECOMMUNICATIONS COMPANY

PART II

PART III

PART IV

PART I

ITEM 1. BUSINESS

(a) General development of business is incorporated by reference -

1995 Annual Report to Security Holders - Inside Front Cover

(b) Financial information about industry segments -

Not Applicable

(c) Narrative description of business is incorporated by reference -

1995 Annual Report to Security Holders - Pages 4 - 7

(d) The registrant does not engage in operations in foreign countries.

ITEM 2. PROPERTIES

The properties of the Company consist of land, structures, plant and equipment required in providing telephone, CATV, wireless communications and related telecommunications services. The Company's main office and corporate headquarters is in Edinburg, VA and a service building is located outside the town limits of Edinburg, VA. Additionally, the Company owns and operates nine local telephone exchanges (switching units) housed in brick/concrete buildings. One of these is the main attended central office co-located with the main office in Edinburg, Virginia. The unattended central offices and outside plant are located at:

(a) Basye, VA
(b) Bergton, VA
(c) Fort Valley, VA
(d) Mount Jackson, VA
(e) New Market, VA
(f) Strasburg, VA
(g) Toms Brook, VA
(h) Woodstock, VA

The Company owns long distance facilities outside of its local franchised area as follows:

(a) Hagerstown, MD
(b) Harrisonburg, VA
(c) Martinsburg, WV

ITEM 2. PROPERTIES (Continued)

(d) Stephens City, VA
(e) Weyers Cave, VA
(f) Winchester, VA

CATV reception equipment is located at the service building, outside the town limits of Edinburg, Virginia and at Basye, Virginia.

ITEM 3. LEGAL PROCEEDINGS

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders for the three months ended December 31, 1995.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

(a) Common stock price ranges are incorporated by reference -

1995 Annual Report to Security Holders
Market Information - Inside Front Cover

(b) Number of equity security holders are incorporated by reference -

1995 Annual Report to Security Holders
Five-Year Summary of Selected Financial Data - Page 3

(c) Frequency and amount of cash dividends are incorporated by reference -

1995 Annual Report to Security Holders
Market and Dividend Information - Inside Front Cover

Additionally, the terms of a mortgage agreement require the maintenance of defined amounts of the subsidiary's equity and working capital after payment of dividends. Accordingly, approximately $18,309,000 of retained earnings was available for payment of dividends at December 31, 1995.

For additional information, see Note 4 in the Consolidated Financial Statements of the 1995 Annual Report to Security Holders, which is incorporated as a part of this report.

ITEM 6. SELECTED FINANCIAL DATA

Five-Year Summary of Selected Financial Data is incorporated by reference -

1995 Annual Report to Security Holders
Five-Year Summary of Selected Financial Data - Page 3

PART II (Continued)

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of operations, liquidity, and capital resources are incorporated by reference -

1995 Annual Report to Security Holders
Management's Discussion and Analysis of Financial Condition and Results of Operations - Pages 8-9

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated financial statements included in the 1995 Annual Report to Security Holders are incorporated by reference as identified in Part IV, Item 14, on Pages 6 and 7.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning directors and executive officers is incorporated by reference -

Proxy Statement, Dated March 22, 1996 - Pages 1 - 5

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation is incorporated by reference -

Proxy Statement, Dated March 22, 1996 - Page 5

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) No person, director or officer owned over 5 percent of the common stock as of March 1, 1996.

(b) Security ownership by management is incorporated by reference -

Proxy Statement, Dated March 22, 1996
Stock Ownership - Page 4

(c) Contractual arrangements -

The Company knows of no contractual arrangements which may, at a subsequent date, result in change of control of the Company.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There are no relationships or transactions to disclose other than services provided by Directors which are incorporated by reference -
Proxy Statement, Dated March 22, 1996
Directors - Page 2

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

A. Document List

The following documents are filed as part of this Form 10-K. Financial statements are incorporated by reference and are found on the pages noted.

	Page Reference	
	Form 10-K	Annual Report
1. Financial Statements		
The following consolidated financial statements of Shenandoah Telecommunications are included in Part II, Item 8		
Auditor's Report 1995 and 1994 Financial Statements		17
Auditor's Report 1993 Financial Statements	9	
Consolidated Balance Sheets at December 31, 1995, 1994, and 1993		10 & 11
Consolidated Statements of Income for the Years Ending December 31, 1995, 1994, and 1993		12
Consolidated Statement of Retained Earnings Years Ended December 31, 1995, 1994, and 1993		12
Consolidated Statements of Cash Flow for the Years Ending December 31, 1995, 1994, and 1993		13
Notes to Consolidated Financial Statements		14-17

PART IV (Continued)

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K (Continued)

	Page Reference	
	Form 10-K	Annual Report

2. Financial Statement Schedules

All other schedules are omitted because they are not applicable, or not required, or because the required information is included in the accompanying financial statements or notes thereto.

3. Exhibits

Exhibit No.

99. Proxy Statement, prepared by Registrant for 1995 Annual Stockholders Meeting - Filed Herewith

13. Annual Report to Security Holders - Filed Herewith

21. List of Subsidiaries - Filed Herewith

B. Reports on Form 8-K

Reported the signing of a Letter of Intent to acquire the Shenandoah County, Virginia cable television systems of FrontierVision Operating Partners, L.P., of Denver, Colorado. The acquisition is subject to execution of a definitive agreement and approval by the local governing bodies for the transfer of the existing franchises.

PART IV (Continued)

SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) 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

March 29, 1996 By CHRISTOPHER E. FRENCH, PRESIDENT
Christopher E. French, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

CHRISTOPHER E. FRENCH Christopher E. French	President & Chief Executive Officer	March 29, 1996
LAURENCE F. PAXTON Laurence F. Paxton	Principal Financial Accounting Officer	March 29, 1996
DICK D. BOWMAN Dick D. Bowman	Treasurer & Director	March 29, 1996
KEN L. BURCH Ken L. Burch	Director	March 29, 1996
PHILIP M. GRABILL, JR. Philip M. Grabill, Jr.	Director	March 29, 1996
HAROLD MORRISON Harold Morrison	Director	March 29, 1996
NOEL M. BORDEN Noel M. Borden	Director	March 29, 1996
JAMES E. ZERKEL II James E. Zerkel II	Director	March 29, 1996

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and the Stockholders of Shenandoah Telecommunications Company

We have audited the accompanying consolidated balance sheets of Shenandoah Telecommunications Company and subsidiaries, as of December 31, 1993, and the related consolidated statements of income, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Shenandoah Telecommunications Company and subsidiaries as of December 31, 1993, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

S.B. HOOVER & COMPANY, LLP

Harrisonburg, VA 22801
January 21, 1994

EXHIBIT 99. PROXY STATEMENT

SHENANDOAH TELECOMMUNICATIONS COMPANY
124 South Main Street
Edinburg, Virginia

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD APRIL 16, 1996

March 22, 1996

TO THE STOCKHOLDERS OF
SHENANDOAH TELECOMMUNICATIONS COMPANY:

The annual meeting of stockholders of Shenandoah Telecommunications Company will be held in the Social Hall of the Edinburg Fire Department, Stoney Creek Boulevard, Edinburg, Virginia, on Tuesday, April 16, 1996, at 11:00 a.m. for the following purposes:

1. To elect nine directors to serve for the ensuing year;

2. To approve the Shenandoah Telecommunications Company Stock Incentive Plan; and

3. To transact such other business as may properly come before the meeting or any adjournment thereof.

Only stockholders of record at the close of business March 20, 1996, will be entitled to vote at the meeting.

Lunch will be provided.

By Order of the Board of Directors
Harold Morrison, Jr.
Secretary

IMPORTANT

YOU ARE URGED TO COMPLETE, SIGN, AND RETURN THE ENCLOSED PROXY CARD IN THE SELF-ADDRESSED STAMPED (FOR U. S. MAILING) ENVELOPE PROVIDED AS PROMPTLY AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON. IF YOU DO ATTEND THE MEETING IN PERSON, YOU MAY THEN WITHDRAW YOUR PROXY AND VOTE YOUR OWN SHARES.

SEE PROXY STATEMENT ON THE FOLLOWING PAGES

PROXY STATEMENT

P. O. Box 459
Edinburg, VA 22824
March 22, 1996

TO THE STOCKHOLDERS OF
SHENANDOAH TELECOMMUNICATIONS COMPANY:

Your proxy in the enclosed form is solicited by the management of the Company for use at the Annual Meeting of Stockholders to be held in the Social Hall of the Edinburg Fire Department, Stoney Creek Boulevard, Edinburg, Virginia, on Tuesday, April 16, 1996, at 11:00 a.m., and any adjournment thereof.

The mailing address of the Company's executive offices is P. O. Box 459, Edinburg, Virginia 22824.

The Company has 8,000,000 authorized shares of common stock, of which 3,760,760 shares were outstanding on March 20, 1996. This proxy statement and the Company's annual report, including financial statements for 1995, are being mailed on or about March 22, 1996, to approximately 3,270 stockholders of record on March 20, 1996. Only stockholders of record on that date are entitled to vote. Each outstanding share will entitle the holder to one vote at the Annual Meeting. No director, officer, or other party owns as much as five percent of the outstanding shares of the common stock of the Company. The Company intends to solicit proxies by the use of the mail, in person, and by telephone. The cost of soliciting proxies will be paid by the Company.

Executed proxies may be revoked at any time prior to exercise. Proxies will be voted as indicated by the stockholders.

THE ELECTION OF DIRECTORS

At the meeting, nine directors (constituting the entire Board of Directors of the Company) are to be elected for the ensuing year.

The proxy holders will vote the proxies received by them (unless contrary instructions are noted on the proxies) for the election as directors of the following nominees, all of whom are now members of and constitute the Company's Board of Directors. If any such nominees should be unavailable, the proxy holders will vote for substitute nominees in their discretion. Stockholders may withhold the authority to vote for the election of directors or one or more of the nominees. Directors will be elected by a plurality of the votes cast. Abstentions and shares held in street name that are not voted in the election of directors will not be included in determining the number of votes cast.

THE ELECTION OF DIRECTORS (Continued)

Warren B. French, Jr. retired as Chairman and Director December 31, 1995 in accordance with the age requirements of the Bylaws of the Company; and effective January 1, 1996, President Christopher French replaced him as Director. I. Clinton Miller, who resigned as Director February 14, 1996, because of his appointment to the Virginia State Corporation Commission, was replaced effective February 15 by Philip M. Grabill, Jr.

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Nominees for Election of Directors

Name of Director (1)	Elected Director (2)	Age	Principal Occupation and Other Directorships for Past Five Years (3)

~~(1) The directors who are not full time employees of the Company were compensated in 1995 for their services on the Board and one or more of the Boards of the Company's subsidiaries at the rate of $340 per month plus $340 for each Board meeting attended. Additional compensation was paid to the Vice President, Secretary, Assistant Secretary, and Treasurer, for their services in these capacities, in the amounts of $1,240, $2,600, $1,240, and $2,600, respectively.~~

~~(2) Years shown are when first elected to the Board of the Company or the Company's predecessor, Shenandoah Telephone Company. Each nominee has served continuously since the year he joined the Board.~~

~~(3) Each director also serves as a director of one or more of the Company's subsidiaries.~~

~~/TABLE~~

~~Standing Audit, Nominating, and Compensation Committees of the Board of Directors~~

1. ~~Audit Committee - The Finance Committee of the Board of Directors, consisted of the following directors: Dick D. Bowman (Chairman), Grover M. Holler, Jr., and Noel M. Borden. It performed a function similar to that of an Audit Committee. This committee is responsible for the employment of outside auditors and for receiving and reviewing the auditor's report. During 1995 there were three meetings of the Finance Committee. Additional business of the committee was conducted in connection with the regular Board meetings.~~

2. ~~Nominating Committee - The Board of Directors does not have a standing Nominating Committee.~~

3. ~~Compensation Committee - The Personnel Committee of the Board of Directors, consisted of the following directors: Noel M. Borden (Chairman), Harold Morrison, Jr., and I. Clinton Miller. It performed a function similar to that of a Compensation Committee. This committee is responsible for the wages, salaries, and benefit programs for all employees. During 1995 there were three meetings of this committee.~~

~~Attendance of Board Members at Board and Committee Meetings~~

~~During 1995, the Board of Directors held 14 meetings. All of the directors attended at least 75 percent of the aggregate of: (1) the total number of meetings of the Board of Directors; and (2) the total number of meetings held by all committees of the Board on which they served.~~

~~Certain Transactions~~

~~In 1995, the Company received services from Mr. Morrison's company in the amount of $10,827 and from Mr. Zerkel's company in the amount of $9,390. Management believes that each of the companies provides these services to the Company on terms comparable to those available to the Company from other similar companies. No other director is an officer, director, employee, or owner of a significant supplier or customer of the Company.~~

~~PAGE~~

STOCK OWNERSHIP

The following table presents information relating to the beneficial ownership of the Company's outstanding shares of common stock by all directors, the president, and all directors and officers as a group.

Name and Address	No. of Shares Owned as of 2-1-96 (1)	Percent of Class (2)
Noel M. Borden Strasburg, VA 22657	17,456	*
Dick D. Bowman Edinburg, VA 22824	42,744	1.14
Ken L. Burch Quicksburg, VA 22847	45,172	1.20
Christopher E. French Woodstock, VA 22664	127,486	3.39
Philip M. Grabill, Jr. Woodstock, VA 22664	3,840	*
Grover M. Holler, Jr. Edinburg, VA 22824	70,736	1.88
Harold Morrison, Jr. Woodstock, VA 22664	20,378	*
Zane Neff Edinburg, VA 22824	7,616	*
James E. Zerkel II Mt. Jackson, VA 22842	4,298	*
Total shares beneficially owned by 12 directors and officers as a group	341,882	9.09

(1) Includes shares held by relatives and in certain trust relationships, which may be deemed to be beneficially owned by the nominees under the rules and regulations of the Securities and Exchange Commission; however, the inclusion of such shares does not constitute an admission of beneficial ownership.

(2) Asterisk indicates less than 1%.

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~~A report of beneficial ownership to the S.E.C. for the purchase of 300 shares by Dick D. Bowman, Treasurer, was filed late due to a broker's delay in delivery for transfer. A report of beneficial ownership to the S.E.C. for the purchase of 100 shares for an IRA and 30 shares for a Keogh Plan by Christopher E. French, President, was filed late due to a clerical error.~~

~~SUMMARY COMPENSATION TABLE~~

~~The following Summary Table is furnished as to the salary and incentive payment paid by the Company and its subsidiaries on an accrual basis during the fiscal years 1993, 1994, and 1995 to, or on behalf of, the chief executive officer and each of the next four most highly compensated executive officers who earn $100,000 or more per year.~~

~~Name and Principal Position~~	~~Year~~	~~Salary~~	~~Incentive Payment~~
~~Christopher E. French~~	~~1995~~	~~$114,684~~	~~$ 20,150~~
~~President~~	~~1994~~	~~107,816~~	~~14,875~~
	~~1993~~	~~100,904~~	~~14,159~~

~~/TABLE~~

RETIREMENT PLAN

The Company maintains a noncontributory defined benefit Retirement Plan for its employees. The following table illustrates normal retirement benefits based upon Final Average Compensation and years of credited service. The normal retirement benefit is equal to the sum of:

(1) 1.14% times Final Average Compensation plus 0.65% times Final Average Compensation in excess of Covered Compensation (average annual compensation with respect to which Social Security benefits would be provided at Social Security retirement age) times years of service (not greater than 30); and

(2) 0.29% times Final Average Compensation times years of service in excess of 30 years (such excess service not to exceed 15 years).

	Estimated Annual Pension				
	Years of Credited Service				
Final Average Compensation	15	20	25	30	35
$ 20,000	$ 3,420	$ 4,560	$ 5,700	$ 6,840	$ 7,130
35,000	6,709	8,945	11,181	13,418	13,925
50,000	10,736	14,315	17,894	21,473	22,198
75,000	17,449	23,265	29,081	34,898	35,985
100,000	24,161	32,215	40,269	48,323	49,773
120,000	29,531	39,375	49,219	59,063	60,803

Covered Compensation for those retiring in 1996 is $27,576. Final Average Compensation equals an employee's average annual compensation for the five consecutive years of credited service for which compensation was the highest. The amounts shown as estimated annual pensions were calculated on a straight life basis assuming the employee retires in 1996. The Company made contributions totaling $197,200 to the Retirement Plan in 1995. Christopher French has 14 years of credited service under the plan as of January 1, 1996.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The members of the Personnel Committee of the Board of Directors of the Company perform the function of a Compensation Committee. The Committee's approach to compensation of the Company's executive officers, including the chief executive officer, is to award a total compensation package consisting of salary, incentive, and fringe benefit components. The compensation package is designed to provide a level of compensation to enable the Company to attract and retain the executive talent necessary for the long-term success of the organization.

The incentive plan component of the total compensation package provides an incentive to the officers to meet or exceed certain performance objectives. The plan also places a portion of the officers' compensation at risk in the event the Company does not achieve its objectives. The objectives include a component measuring the improvement in the level of service provided to the Company's customers and a component measuring the increase in the Company's net income. In 1995, the Company reached over 123 percent of its combined goals.

Submitted by the Company's Personnel Committee:
Noel Borden, Chairman, Harold Morrison, Jr.,
Clinton Miller

FIVE YEAR STOCKHOLDER RETURN COMPARISON

The Securities and Exchange Commission requires that the Company include in its Proxy Statement a line graph presentation comparing cumulative, five-year stockholder returns on an indexed basis with a performance indicator of the overall stock market and either a nationally recognized industry standard or an index of peer companies selected by the Company. The broad market index used in the graph is the NASDAQ Market Index. The S&P Telephone Index consists of the seven regional Bell Operating Companies and GTE.

The Company's stock is not listed on any national exchange nor NASDAQ; therefore, for purposes of the following graph, the value of the Company's stock, including the price at which dividends are assumed to have been reinvested, has been determined based upon the average of the prices of transactions in the Company's stock that were reported to the Company in each fiscal year.

Comparison of Five Year Cumulative Total Return* among Shenandoah Telecommunications Company, NASDAQ Market Index, and S&P Telephone Index

	1990	1991	1992	1993	1994	1995
Shenandoah Telecommunications	100.00	177.11	186.83	195.65	186.88	201.52
NASDAQ Market Index	100.00	160.00	186.90	214.50	209.70	296.30
S&P Telephone Index	100.00	107.54	118.01	136.29	130.66	196.82

Assumes $100 invested December 31, 1990 in Shenandoah Telecommunications Company stock, NASDAQ Market Index, and S&P Telephone Index

*Total return assumes reinvestment of dividends

~~APPROVAL OF THE SHENANDOAH TELECOMMUNICATIONS COMPANY STOCK INCENTIVE PLAN~~

~~The Board proposes that the shareholders approve the Shenandoah Telecommunications Company Stock Incentive Plan (the "Plan"), adopted by the Board on January 8, 1996, subject to the approval of the Company's shareholders. The approval of the Plan requires the affirmative vote of the holders of a majority of the shares of Common Stock present or represented by properly executed and delivered proxies at the meeting. Abstentions and Broker Shares voted as to any matter at the meeting will be included in determining the number of votes present or represented at the meeting with respect to determining the vote on the Plan. Broker Shares that are not voted on any matter at the meeting will not be included in determining the number of shares present or represented at the meeting with respect to determining the vote on the Plan.~~

~~The following paragraphs summarize the principal features of the Plan. This summary is subject, in all respects, to the terms of the Plan. The Company will provide promptly, upon request and without charge, a copy of the full text of the Plan to each person to whom a copy of this proxy statement is delivered. Requests should be directed to: Laurence F. Paxton, Vice President Finance, Shenandoah Telecommunications Company, P. O. Box 459, Edinburg, Virginia 22824 (Telephone (540) 984 5222).~~

~~Summary of the Plan~~

~~The Board believes that the Plan will benefit the Company by (i) assisting it in recruiting and retaining employees with ability and initiative, (ii) providing greater incentive for employees of the Company or its affiliates and (iii) associating the interests of employees with those of the Company, its affiliates, and its shareholders through opportunities for increased stock ownership. A maximum of 240,000 shares of Common Stock may be issued under the Plan.~~

~~The Personnel Committee of the Board (the "Committee") will administer the Plan. The Committee may delegate its authority to administer the Plan to one or more officers of the Company. The Committee, however, may not delegate its authority with respect to individuals who are subject to Section 16 of the Securities Exchange Act of 1934 ("Section 16"). As used in this summary, the term "Administrator" means the Committee and any delegate, as appropriate.~~

~~Each employee of the Company or an affiliate is eligible to participate in the Plan. The Administrator will select the individuals who will participate in the Plan ("Participants") but no person may participate in the Plan while he is a member of the Committee. The Administrator may, from time to time, grant stock options, stock appreciation rights ("SARs"), or stock awards to Participants.~~

~~Options granted under the Plan may be incentive stock options ("ISOs") or nonqualified stock options. A stock option entitles the Participant to purchase shares of Common Stock from the Company at the option price. The option price will be fixed by the Administrator at the time the option is granted, but the price cannot be less than the shares' Fair Market Value on the date of grant. The option price may be paid in cash, with shares of Common Stock, or with a combination of cash and Common Stock. "Fair Market Value" means, on any given date, the fair market value of a share of Common Stock as determined by the Committee using any reasonable method in good faith.~~

~~SARs entitle the Participant to receive with respect to each share of Common Stock encompassed by the exercise of such SAR, an amount determined by the Committee. If the Committee does not make such a determination, the Participant will be entitled to receive the excess of the Fair Market Value of a share of Common Stock on the date of exercise over the initial value of the SAR. The initial value of the SAR is the Fair Market Value of a share of Common Stock on the date of grant. The amount payable upon the exercise of an SAR may be paid in cash, Common Stock, or a combination of the two.~~

~~SARs may be granted in relation to option grants ("Corresponding SARs") or independently of option grants. The difference between these two types of SARs is that to exercise a Corresponding SAR, the Participant must surrender unexercised that portion of the stock option to which the Corresponding SAR relates.~~

~~Participants may also be awarded shares of Common Stock pursuant to a stock award. The Administrator, in its discretion, may prescribe that a Participant's rights in a stock award shall be nontransferable or forfeitable or both unless certain conditions are satisfied. These conditions may include, for example, a requirement that the Participant continue employment with the Company or an affiliate for a specified period or that the Company, an affiliate, or the Participant achieve stated objectives.~~

~~All awards made under the Plan will be evidenced by written agreements between the Company and the Participant. A maximum of 240,000 shares of Common Stock may be issued under the Plan. The share limitation and the terms of outstanding awards shall be adjusted, as the Committee deems appropriate, in the event of a stock dividend, stock split, combination, reclassification, recapitalization, or other similar events.~~

~~No option, SAR or stock award may be granted under the Plan after January 7, 2006. The Board may sooner terminate the Plan without further action by shareholders. The Board also may amend the Plan except that no amendment that increases the number of shares of Common Stock that may be issued under the Plan, changes~~

~~the class of individuals who may be selected to participate in the Plan, or materially increases the benefits that may be provided under the Plan will become effective until it is approved by shareholders.~~

~~Neither the number of individuals who will be selected to participate in the Plan nor the type or size of awards that will be approved by the Administrator can be determined. The Company is also unable to determine the number of individuals who would have participated in the Plan or the type or size of awards that would have been made under the Plan had it been in effect in 1995.~~

~~Federal Income Tax Consequences~~

~~The Company has been advised by counsel regarding the federal income tax consequences of the Plan. No income is recognized by a Participant at the time an option is granted. If the option is an ISO, no income will be recognized upon the Participant's exercise of the option. Income is recognized by a Participant when he disposes of shares acquired under an ISO. The exercise of a nonqualified stock option generally is a taxable event that requires the Participant to recognize, as ordinary income, the difference between the shares' fair market value and the option price.~~

~~No income is recognized upon the grant of an SAR. The exercise of an SAR generally is a taxable event. The Participant generally must recognize income equal to any cash that is paid and the fair market value of Common Stock that is received in settlement of an SAR.~~

~~The Participant will recognize income on account of a stock award on the first day that the shares are either transferable or not subject to a substantial risk of forfeiture. The amount of income recognized by the Participant is equal to the fair market value of the Common Stock received on that date.~~

~~The employer (either the Company or an affiliate) will be entitled to claim a federal income tax deduction on account of the exercise of a nonqualified option or SAR and the vesting of a stock award. The amount of the deduction is equal to the ordinary income recognized by the Participant. The employer will not be entitled to a federal income tax deduction on account of the grant or the exercise of an ISO. The employer may claim a federal income tax deduction on account of certain dispositions of Common Stock acquired upon the exercise of an ISO.~~

~~THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" APPROVAL OF THE SHENANDOAH TELECOMMUNICATIONS COMPANY INCENTIVE PLAN.~~
~~PAGE~~

~~EMPLOYMENT OF AUDITORS~~

~~The Board of Directors, on the recommendation of the Audit Committee, has appointed the firm of McGladrey and Pullen as auditors to make an examination of the accounts of the Company for the 1996 fiscal year. It is not expected that representatives of the firm will be present at the annual meeting.~~

~~PROPOSALS OF SECURITY HOLDERS~~

~~Proposals of security holders to be included in management's proxy statement and form of proxy relating to next year's annual meeting must be received at the Company's principal executive offices not later than November 22, 1996.~~

~~OTHER MATTERS~~

~~Management does not intend to bring before the meeting any matters other than those specifically described above and knows of no matters other than the foregoing to come before the meeting. If any other matters properly come before the meeting, it is the intention of the persons named in the accompanying form of proxy to vote such proxy in accordance with their judgment on such matters, including any matters dealing with the conduct of the meeting.~~

~~FORM 10 K~~

~~The Company's Annual Report on Form 10 K filed with the Securities and Exchange Commission is available to stockholders, without charge, upon request to Mr. Laurence F. Paxton, Vice President Finance, Shenandoah Telecommunications Company, P. O. Box 459, Edinburg, VA 22824.~~

~~PAGE~~

EXHIBIT 13. ANNUAL REPORT
(inside front cover)

STOCKHOLDER INFORMATION

Our Business

Shenandoah Telecommunications Company is a holding company which provides telephone service through its subsidiary, Shenandoah Telephone Company, primarily in Shenandoah County and small service areas in Rockingham, Frederick, and Warren counties, all in Virginia. The Company provides cable television service through its subsidiary, Shenandoah Cable Television Company, at Edinburg and in rural areas in the vicinity of Edinburg, Woodstock, and Bryce Mountain. The Company provides unregulated communications equipment and services through its subsidiary, ShenTel Service Company, which sells and maintains PBXs, key systems, computers, and security systems. The Company finances purchases of telecommunications facilities and equipment through its subsidiary, Shenandoah Valley Leasing Company. Shenandoah Mobile Company furnishes paging, mobile telephone, business radio, and cellular telephone services in the northern Shenandoah Valley. Shenandoah Mobile Company is the managing general partner of a partnership providing cellular services in Virginia RSA 10 covering the northwestern portion of Virginia. The Company resells long distance services through Shenandoah Long Distance Company. Shenandoah Network Company operates and maintains the Company's interstate fiber optic network. Under an agreement with American Personal Communications, Shenandoah Personal Communications Company is building and operating a personal communications network in the four state region from Chambersburg, Pennsylvania to Harrisonburg, Virginia.

Annual Meeting

The Board of Directors extends an invitation to all stockholders to attend the Annual Meeting of Stockholders. The meeting will be held Tuesday, April 16, 1996, at 11:00 a.m. in the Social Hall of the Edinburg Fire Department, Stoney Creek Boulevard, Edinburg, Virginia. Notice of the Annual Meeting, Proxy Statement, and Proxy were mailed to each stockholder on or about March 22, 1996.

Form 10-K

The Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission is available to stockholders, without charge, upon request to Mr. Laurence F. Paxton, Vice President - Finance, Shenandoah Telecommunications Company, P. O. Box 459, Edinburg, VA 22824.

(Inside front cover bottom)

Market and Dividend Information

The stock of Shenandoah Telecommunications Company is not listed on any national exchange or NASDAQ, and the Company is not aware of any broker who maintains a position in the Company's stock. It, however, is aware of unconfirmed transactions of the stock which have been handled privately and by brokers and local auctioneers. Some of these prices include commissions and auctioneers' fees. Since some prices are not reported to the Company and family transactions are not applicable, all transactions are not included in the following summary of prices. The shares, prices, and cash dividends for 1994 have been adjusted to reflect a 2-for-1 stock split which was paid to stockholders of record January 23, 1995. The Company has maintained a policy of declaring an annual cash dividend.

	1995				1994			
Qtr.	No. Trans.	No. Shares	High	Low	No. Trans.	No. Shares	High	Low
1st	69	10,123	$25.00	$18.41	59	11,348	$25.00	$20.00
2nd	221	22,860	40.00	19.00	45	9,086	25.00	14.41
3rd	167	13,860	31.00	19.00	112	13,870	25.00	17.50
4th	119	10,885	30.00	19.00	57	6,600	25.00	19.00

	1995	1994
Average price per share	$21.42	$20.31
Annual cash dividend per share	.42	.375
Special cash dividend per share	.06	

Corporate Headquarters
Shenandoah Telecommunications Company
124 South Main Street
Edinburg, VA 22824

Independent Auditors
McGladrey & Pullen, LLP
1051 East Cary Street
Richmond, VA 23210

Stockholders' Questions and Stock Transfers Call (540) 984 5260
Transfer Agent Common Stock
Shenandoah Telecommunications Company
P. O. Box 459
Edinburg, VA 22824

FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA

	1995	1994	1993	1992	1991
Operating Revenues	$21,919,150	$20,229,178	$18,329,886	$17,359,114	$15,180,205
Operating Expenses	13,027,468	12,050,713	11,455,136	10,454,448	9,535,090
Income Taxes	3,572,956	2,577,641	2,481,764	2,189,663	1,792,022
Other Income less Other Expenses (1)	456,544	(90,897)	(154,454)	188,210	307,259
Interest Expense	685,971	658,908	621,944	667,900	771,285
Gain (loss) on Security Sales or Writedown	1,141,386	-	-	(220,000)	-
Consolidated Net Income	$ 6,230,685	$ 4,851,019	$ 4,602,619	$ 4,015,313	$ 3,389,067
Consolidated Net Income from Operations (2)	$ 5,522,904	$ 4,851,019	$ 4,156,300	$ 4,151,801	$ 3,389,067
Total Assets	$59,896,990	$52,464,150	$49,652,064	$44,839,501	$42,206,407
Long Term Obligations	$10,558,953	$ 9,941,209	$ 9,381,813	$ 8,754,524	$ 9,033,561
Stockholder Information					
Number of Stockholders	3,226	2,979	2,879	2,683	2,519
Shares of Stock (3)	3,760,760	3,760,760	3,760,760	3,760,760	3,760,760
Earnings per Share (3)	$ 1.66	$ 1.29	$ 1.22	$ 1.07	$ .90
- Continuing Operations (3)	$ 1.47	$ 1.29	$ 1.11	$ 1.10	$ .90
Cash Dividend per Share (3)	$ .42	$ .375	$ .30	$ .275	$ .25
Special Cash Dividend per Share (3)	$ .06	$	$	$	$

(1) Includes non operating income less expenses and minority interest in net income of consolidated subsidiaries.

(2) Excludes gain on sale of investments in Virginia Metrotel and MFS Communications Company in 1995; gain on sale of fiber optic lease asset; write off of portion of investment in Metrotel Services, Ltd.; share of loss of Virginia Metrotel in 1994 and 1993; and write down of AvData in 1992.

(3) The information has been restated to reflect a 2 for 1 split to stockholders of record January 23, 1995. /TABLE

~~PCS STARTED IN RURAL AREAS~~

~~Shenandoah Personal Communications Company, the newest subsidiary of Shenandoah Telecommunications, has initiated service for the first rural PCS (Personal Communications Services) system in the United States. PCS is the next generation of wireless telephone and data service. The PCS technology was developed more than a decade ago in order to create a common mobile telephone system for Europe. PCS has been the European standard for wireless communications since 1982. Our involvement with PCS began in 1994 when Shenandoah Personal Communications Company agreed to build the western part of the PCS network for American Personal Communications (APC). APC built the first PCS network in the United States, covering the Washington/Baltimore metropolitan trading area (MTA). Mirroring the historic first phone call ever placed (from Baltimore to Washington), Vice President Al Gore made the first PCS call from Washington to Baltimore. The Mayor of Baltimore, with whom the Vice President spoke, joked that it was about time Washington returned their call. Based in Bethesda, Maryland, APC is an affiliate of the Sprint Telecommunications Venture, the company that will offer PCS nationwide under the brand name Sprint Spectrum. Shenandoah Personal Communications Company will also be marketing PCS under the Sprint Spectrum name to a potential customer base of 750,000 in rural Virginia, West Virginia, and Maryland.~~

~~PCS uses digital technology to provide high quality voice communications, alpha numeric paging, and VoiceMail in one handset, for totally mobile wireless communications. The handsets are also capable of fax and data transmission, so portable computer users will soon have the ability to be "on-line" anywhere in the network from their PCS handset without the need for a separate modem. The brain of a PCS handset is a computer chip called a Smart Card. Because a user's serial number does not transmit over the air, where it could potentially be fraudulently intercepted, this technology eliminates unauthorized use of your number.~~

~~Shenandoah Personal Communications Company has been extremely busy building our PCS network. In the past year we have built nine towers in the Hagerstown/Chambersburg area and are on track to extend the service area north and south along the I-81 corridor. As of December 1995, we had coverage in the Greater Hagerstown area (Maryland), north to Greencastle, Pennsylvania, south to Nipetown, West Virginia, and east on I-70 to Myersville, Maryland. We will have continuous coverage from Hagerstown, Maryland to Harrisonburg, Virginia by December 1996. Our PCS network will eventually extend along the I-81 corridor from Rockingham County, Virginia to Franklin County, Pennsylvania. The grand opening of our store in Hagerstown is scheduled for March 1996; however, we have already been open for business, and there is a tremendous amount of excitement about our products and services.~~

~~With its PCS venture, Shenandoah Telecommunications Company is remaining in the forefront of technology, which is part of our continuing commitment to bring the technologies of the future to our customers today.~~

~~SHENANDOAH CABLE TELEVISION TO ACQUIRE C4 MEDIA CABLE PROPERTIES IN SHENANDOAH COUNTY~~

~~On February 21, 1996 Shenandoah Cable Television Company signed a letter of intent to acquire the Shenandoah County CATV systems formerly owned by C4 Media Cable. The systems, which were recently acquired by FrontierVision Operating Partners, L.P. of Denver, Colorado, will become part of Shentel's existing CATV system, which presently serves the town of Edinburg, Basye and surrounding areas of Shenandoah County.~~

~~This acquisition will allow us to offer the residents of Shenandoah County the benefits of local ownership and operation of their CATV services. At the same time it will enable us to continue expanding our broadband network services in order to provide the services needed by our customers, both today and in the future.~~

~~Our Company had previously expressed interest in acquiring the former C4 properties as we felt the acquisition would be in the best long term interests of the residents of Shenandoah County. The recent enactment of the Telecommunications Act of 1996 removes the requirement of approval by the Federal Communications Commission, and now allows the Company to purchase or build CATV facilities within the same areas as it provides local telephone services. Operation of CATV and telephone networks in the same area will allow both services to share common network elements, such as the Company's state of the art fiber optics facilities.~~

~~Owning and operating a combined CATV system will allow us to offer all of our CATV customers a broad selection of video programming, and to supplement the basic services with additional features and functionality in the future. Of particular interest is the potential to use the bandwidth capacity of the CATV network for the delivery of new services such as high speed Internet access, development of a community public access channel, and possible integration with educational efforts such as the Shenandoah County School's Interactive Classroom system. Work will initially be focused on bringing the systems up to the quality standards expected by residents of the area, and then to explore ways to enhance the range of services available to our customers. The acquisition is subject to finalization of a definitive agreement, and approval by the local governing bodies for the transfer of the existing franchises.~~

~~INTERNET SERVICE CONTINUES RAPID GROWTH~~

~~In September 1994, ShenTel Service Company became the first provider in the Northern Shenandoah Valley to offer local access to the Internet. Local access has now been expanded to include Shenandoah, Rockingham, Frederick, Clarke, Warren, and Page counties. Usage of our Internet service has continued to grow, due in part to our continued investment in providing high quality service. While the Internet has received much publicity and hype, we have focused on providing the necessary network capacity and overall service quality in order to remain the premier provider of service.~~

~~During 1995, ShenTel offered free access to the Internet to all public schools and public libraries in ShenTel's Internet service area. The offer reflects the organization's view that this is a valuable tool for educational purposes and reinforces our commitment and support for the education of our youth. We believe that by making the Internet more readily accessible, all members of our community will be able to broaden their horizons, educational opportunities, and be part of the global information society.~~

~~The Internet continues to evolve and grow, both in popularity and available services. ShenTel remains committed to providing our customers with state of the art technology to meet and surpass their telecommunications needs.~~

~~DBS SERVICE NOW AVAILABLE FROM SHENTEL~~

~~ShenTel Service Company is now offering DIRECTV, an all-digital satellite television service. DIRECTV is a relatively new technology which uses high powered communications satellites to broadcast digital TV signals to a small receiving dish located at the customer's premises. DIRECTV provides our customers with an additional choice on how they receive their video programming services. The equipment includes an 18" satellite dish which captures signals from a communications satellite. The signal is then passed on to a VCR sized digital receiving box that works with a remote control. A wide range of programming choices is available, along with a unique "video store in the home" capability which allows customers to order on demand recent box office hits and classic movies.~~

~~ShenTel currently markets and services the larger C-band dishes, and our cable operation provides conventional cable television services to a large portion of Shenandoah County. The addition of this product offering allows us to bring the leading edge information and entertainment technology to all of our customers and earn revenues from the sale of equipment and programming.~~

~~PERSONNEL~~

~~The business growth and expansion of our organization was reflected in the increase in our number of employees. At the end of the year we had 140 full time equivalent (FTE) employees, as compared to 122 FTE employees at the end of 1994. These additions were primarily due to the start up of our PCS operations, growth of our Internet business, and the additions to our Accounting Department.~~

~~Employees hired in 1995 include: Shenandoah Telephone Company - - Teresa Edmonds, Part-time Communications Center Operator; Shelly Bowman, Junior Staff Accountant; Sandra Nelson, Rhonda Rau, and Deborah Smoot, Accounting Clerks; Robin Miller, Facility Clerk; Betty Ayers and Lisa Shillingburg, Service Representatives; Angela Talley, Office Assistant; and Edward Williams, Laborer. ShenTel Service Company Internet Department - Richard Church, Product Manager; Beth Venditti, Sales Assistant; and Donna Miller, Office Assistant. Shenandoah Cellular - Gayle Morris, Sales Manager; William Hunt, Installer-Repairman; and Tamara Weekley and Kelly Clark, Service Representatives. Shenandoah Personal Communications Company (Edinburg office) - David MacDonald, Construction Manager; Leonard Greisz, Project Manager; and Zoe Forrester and Lynda Hoffman, Office Assistants; (Hagerstown office) - William Young, Local Manager; David Dillard, Sales and Marketing Director; and David Mathias and Timothy Klick, Retail Sales Representatives; and (Winchester office) - Brian Brooks, Sales Manager.~~

~~In addition, the following seven employees received promotions during the year: Steven Heltzel and Chris Herbaugh, Installer-Repairmen; Jeffrey Manning, Field Engineer; Rhonda Rau, Junior Staff Accountant; Curtis Sawyer, Accounting Clerk; Freddie Wellard, Construction Coordinator; and Lorrie Wood, Cellular Sales Representative.~~

~~Many milestone anniversaries were reached in 1995. We recognized the following 17 employees for a total of 250 years of service: 35 years - Ray Hawkins and Lewis Fadely; 30 years - Roger Baker and Larry Richard; 20 years- Kenneth Fadely and William Sibert, Jr.; 15 years - Eugene Miller; 10 years - Richard Keller, Charles MacLeod, and Dwayne Ryman; and 5 years - Susan France, Chris Herbaugh, Dale Jordan, Ronnie Judd, Adora Kipps, David Myers, and Phillip Speicher.~~

~~Our summer internship program was again active during 1995. A total of 19 college students assisted our organization during the summer months and holiday vacations.~~

~~During the year our employees supported many charitable organizations, including Shenandoah County Hospice, the local food pantries, Response, and a toy drive in conjunction with the Sheriff's Department. The employees also participated in community and industry events, including telephone book~~

~~recycling, parades and National Small Independent Telephone Company week.~~

~~On February 14, 1996, Clinton Miller resigned as a Director of our organization in order to accept his appointment as a Commissioner of the Virginia State Corporation Commission (VSCC). Mr. Miller will fill the unexpired term of Preston Shannon, who retired after 24 years of service. The VSCC oversees the insurance, banking, transportation, telecommunications, and utility industries in the Commonwealth of Virginia. Mr. Miller's appointment came after serving the Shenandoah Valley area for over 23 years as a member of the Virginia House of Delegates.~~

~~On December 31, 1995, Warren B. French, Jr. retired as Chairman of the Board of Shenandoah Telecommunications Company in accordance with the Company's Bylaws. Mr. French's association with the forerunner companies of Shenandoah Telecommunications has been a long one, beginning in 1954 when he was hired as General Manager of Farmers Mutual Telephone System of Shenandoah County. In addition to other positions, Mr. French became President and Director of Shenandoah Telephone Company in 1973, positions which he held until his retirement as President in 1988, at which time he was appointed as Chairman of the Board of Shenandoah Telecommunications Company. During the past four decades Mr. French has also been active at the state and national levels, holding positions with the National Exchange Carrier Association, the FCC Network Reliability Council, the U. S. Telephone Association, the Virginia Telephone Association, and the Organization for the Protection and Advancement of Small Telephone Companies. Mr. French has had a profound impact on our organization and the telecommunications industry through his vision and leadership.~~

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.

The regulated telephone local exchange company is the largest subsidiary, accounting for over 59.0% of revenue and 79.0% of consolidated net income from operations. 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. In 1994 the Company began providing Internet access and in December of 1995 became the first in the United States to offer Personal Communications Services in a rural location.

Other significant services provided are cellular phone, cable television, long distance, and facilities leased to interexchange carriers on a Company owned fiber optic cable network. The Company also sells and leases equipment, mainly related to services provided. The Company also participates in emerging technologies by direct investment in non affiliated companies.

RESULTS OF OPERATIONS

The Company's largest source of revenue continues to be for access to the Company's local exchange network by interexchange carriers. The volume for these access revenues are measured in minutes of use. The minutes of use during 1995 increased 7.2% compared to an increase of 6.8% in 1994. The revenue increase was not as large as the minutes of use increase, principally due to a change in the mix of interstate and intrastate minutes of use.

The decrease in the ShenTel Service revenues category for 1995 compared to 1994, is due to a decrease in retail equipment sales. The decrease equaled $262,603 or 32.0% for 1995 compared to a $405,311 increase in 1994. Offsetting this decrease is an increase in revenues from our Internet Service operation of $149,608. The Company began offering access to the Internet in 1994 and revenues were insignificant in that year.

The Mobile revenues are mainly comprised of revenues from wireless communications services. Local cellular service revenues increased $177,761 or 8.9% in 1995 compared to $529,635 or 36.0% in 1994. Outcollect roamer revenues increased $536,772 or 26.1% in 1995 compared to $561,514 or 37.6% in 1994. The increase in local cellular revenues was due to a 27.5% increase in the customer base, compared to an 18.6% increase in 1994.

~~Financing lease revenues are chiefly for leases and rentals of a few large telecommunications systems, small systems sold by Company subsidiaries, and customer premise equipment. One lease for fiber optic facilities between Charlottesville and Richmond which accounted for $143,683 of 1993 revenue, expired at the end of 1993. The lessee exercised the fair market buy out provision, resulting in a one time after tax gain of $611,734 in 1993. The remaining lease revenues are derived from smaller leases for equipment such as PBXs and home satellite dishes sold through Company subsidiaries.~~

~~On September 1, 1994, the cable television company restructured its rates by increasing its rates for basic and premium service and decreasing or eliminating its charges for other services such as rental of converters. This was primarily responsible for the 17.1% increase in cable television revenues compared to the 7.9% increase in 1994.~~

~~The Company also leases capacity on fiber optic facilities in West Virginia and Maryland to interexchange carriers. The revenue for this activity appears as Network revenues on the income statement. This service experienced a revenue decrease of 9.5% in 1994. The decrease was due to contracts expiring and being renewed at lower rates. New contracts added in late 1994 were primarily responsible for the 1995 increase of 42.6%.~~

~~Total payroll costs (including capitalized costs) increased 8.9% in 1995 compared to 1994. Total payroll costs in 1994 decreased 2.5% from the previous year. The increase in 1995 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.~~

~~Depreciation, our largest expense category, increased at a slower rate than the previous year. Over 40% of our additions to Property, Plant, and Equipment during 1995 were placed in service during the fourth quarter, reducing their effect on the increase in depreciation.~~

~~The expense category with the largest increase in 1995 was Network and Other. The increase in 1995 was due primarily to facilities costs attributed to our Internet Service operation. These costs increased $164,945 or 780.0% due to the rapidly increasing customer base.~~

~~The increase in Taxes Other Than Income in 1994 was primarily due to a rate increase in the real estate tax for the local jurisdiction in which a majority of our regulated Telephone plant is located.~~

~~The Non-operating Income Less Expenses category consists mainly of the income or loss from investments made by the Company. The increase reflected on the income statement is due~~

to an increase in the amount of interest bearing investments compared to a year earlier. Investments accounted for by the equity method that are also included in this category, had an increase in income of $359,909 due mainly to the sale of Virginia MetroTel discussed below. The Company recorded a loss of $221,477 on this investment in 1994 compared to none in 1995.

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.

LIQUIDITY AND CAPITAL RESOURCES

The Company continued to generate a cash flow from operations that adequately met the Company's need for cash in 1995. Other available sources of liquidity are $4,500,000 in unsecured lines of credit with two local banks. No advances were made from these lines of credit in 1995. The Company has a loan agreement with the Rural Telephone Bank in the amount of $9,240,000. The Company received an advance of $1,047,900 in August of this year. As of December 31, 1995, the Company has received advances in the amount of $4,433,900. Expenditure of these loan funds is limited to capital projects for the regulated local exchange carrier.

As discussed above, the Company recently began participating in the new Personal Communications Services (PCS) business. This will require significant investment in new plant and equipment. The Company has budgeted approximately $6,000,000 for PCS related new plant in 1996, and anticipates additional cash flow requirements for inventory and initial operating losses.

The Company has a material contractual commitment for capital expenditures, requiring the build out of our PCS network by certain time periods. The Company's Board of Directors has approved a construction budget of approximately $14,000,000. This budget includes the expenditures for PCS discussed above. The remaining amounts are primarily for telephone central office equipment and fiber optic cable facilities.

The Company signed a letter of intent in February 1996 to acquire the Shenandoah County cable television assets of FrontierVision Operating Partners, L.P. The Company expects to finance this planned transaction, as well as the expenditures discussed above, through internally generated cash flows, additional advances from the RTB note, and loans from external sources.

~~Independent Auditor's Report~~

~~The Board of Directors~~
~~Shenandoah Telecommunications Company~~
~~Edinburg, Virginia~~

~~We have audited the accompanying consolidated balance sheets of Shenandoah Telecommunications Company and subsidiaries as of December 31, 1995 and 1994, and the related consolidated statements of income, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of Shenandoah Telecommunications Company and subsidiaries for the year ended December 31, 1993 were audited by other auditors whose report, dated January 21, 1994, expressed an unqualified opinion on those statements.~~

~~We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.~~

~~In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Shenandoah Telecommunications Company and subsidiaries as of December 31, 1995 and 1994, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.~~

~~Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position and results of operations of the individual companies. The consolidating information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.~~

~~Richmond, Virginia~~
~~January 26, 1996~~

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
December 31, 1995, 1994 and 1993

ASSETS	1995	1994	1993
Current Assets			
Cash and cash equivalents	$ 6,106,447	$ 8,574,559	$ 8,304,415
Certificates of deposit	1,242,228	930,911	106,375
Short-term investments (Note 2)	-	-	969,382
Investment in held-to-maturity securities (Note 2)	2,488,773	950,750	-
Accounts receivable	3,068,379	2,880,428	2,284,197
Direct financing leases, current portion (Note 3)	74,350	81,140	63,243
Materials and supplies	1,922,090	1,511,006	1,545,082
Prepaid and other current assets	406,653	236,191	356,678
Total current assets	15,308,920	15,164,985	13,629,372
Investments and Other Assets			
Investment in available-for-sale securities (Note 2)	2,000,077	-	-
Investment in held to maturity securities (Note 2)	2,098,968	499,687	
Other investments (Note 2)	3,412,464	4,615,689	4,463,221
Direct financing leases, long term portion (Note 3)	250,321	287,584	55,620
	7,761,830	5,402,960	4,518,841
Property, Plant and Equipment (Note 4)			
Plant in service	53,316,016	49,102,832	47,290,763
Plant under construction	2,372,750	248,717	476,378
	55,688,766	49,351,549	47,767,141
Less accumulated depreciation	18,862,526	17,455,344	16,263,290
	36,826,240	31,896,205	31,503,851
	$ 59,896,990	$ 52,464,150	$ 49,652,064

See Notes to Consolidated Financial Statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 1995, 1994 and 1993

LIABILITIES AND STOCKHOLDERS' EQUITY	1995	1994	1993
Current Liabilities			
Notes payable, bank (Note 4)	$	$	$ 875,000
Current maturities of long term debt (Note 4)	461,927	423,329	329,891
Accounts payable	813,887	307,691	537,884
Advance billings and payments	625,559	526,105	550,413
Customers' deposits	107,509	137,793	147,952
Accrued construction costs	1,097,844	-	-
Other current liabilities	1,066,225	910,968	907,867
Income taxes payable	-	26,618	462,325
Other taxes payable	85,804	53,739	43,294
Total current liabilities	4,258,755	2,386,243	3,854,626
Long Term Debt, less current maturities (Note 4)	10,097,026	9,517,880	9,051,922
Other Liabilities and Deferred Credits			
Deferred investment tax credit	367,143	442,844	518,545
Deferred income taxes (Note 5)	3,965,318	3,535,014	3,512,637
Pension and other (Note 6)	438,324	745,935	542,151
	4,770,785	4,723,793	4,573,333
Minority Interests	1,499,151	1,219,493	996,176
Stockholders' Equity (Note 4)			
Common stock, no par value, authorized 8,000,000 shares; issued 3,760,760 shares	4,740,677	4,740,677	4,740,677
Retained earnings	34,301,584	29,876,064	26,435,330
Unrealized gain on available for sale securities, net (Note 2)	229,012		
	39,271,273	34,616,741	31,176,007
	$ 59,896,990	$ 52,464,150	$ 49.652.064

See Notes to Consolidated Financial Statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 31, 1995, 1994 and 1993

	1995	1994	1993
Operating revenues			
Telephone revenues:			
Local service	$ 3,072,097	$ 2,868,656	$ 2,665,975
Access service	6,648,495	6,447,067	6,396,425
Toll service	9,581	8,886	11,154
Miscellaneous:			
Directory	1,119,858	1,024,740	993,053
Facility leases	1,699,709	1,291,390	994,344
Billing and collection	409,983	447,008	440,836
Other miscellaneous	109,910	121,538	101,590
Total telephone revenues	13,069,633	12,209,285	11,603,377
Cable Television revenues	868,310	741,491	686,951
ShenTel Service revenues	1,379,200	1,555,848	1,150,537
Leasing revenues	24,116	19,796	162,577
Shenandoah Long Distance revenues	1,129,554	1,148,705	1,170,713
Mobile revenues	4,952,967	4,206,736	3,172,041
Network revenues	495,370	347,317	383,690
Total operating revenues	21,919,150	20,229,178	18,329,886
Operating expenses:			
Cost of products sold	764,264	802,904	579,015
Line costs	543,873	543,887	523,212
Plant specific	1,850,316	1,742,824	1,726,444
Plant nonspecific:			
Network and other	2,059,255	1,649,329	1,571,935
Depreciation	2,864,521	2,730,938	2,536,920
Customer operations	2,465,316	2,206,931	2,264,622
Corporate operations	1,988,852	1,903,653	1,847,065
Other operating expense	185,133	154,241	135,955
Taxes other than income	305,938	316,006	269,968
	$ 13,027,468	$ 12,050,713	$ 11,455,136

(Continued)

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (Continued)
Years Ended December 31, 1995, 1994 and 1993

	1995	1994	1993
Operating income	$ 8,891,682	$ 8,178,465	$ 6,874,750
Other income (expenses):			
Nonoperating income, less expenses	991,202	302,420	(84,918)
Interest expense	(685,971)	(658,908)	(621,944)
Gain on sale of assets	1,141,386		986,031
	10,338,299	7,821,977	7,153,919
Income taxes (Note 5)	3,572,956	2,577,641	2,481,764
	6,765,343	5,244,336	4,672,155
Minority interests	(534,658)	(393,317)	(69,536)
Net income	$ 6,230,685	$ 4,851,019	$ 4,602,619
Net income per share	$ 1.66	$ 1.29	$ 1.22
Cash dividends per share	$ 0.480	$ 0.375	$ 0.300
Weighted average shares outstanding	3,760,760	3,760,760	3,760,760

See Notes to Consolidated Financial Statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
Years Ended December 31, 1995, 1994 and 1993

		1995		1994		1993
Balance, beginning	$	29,876,064	$	26,435,330	$	22,960,939
Net income		6,230,685		4,851,019		4,602,619
		36,106,749		31,286,349		27,563,558
Cash dividends		1,805,165		1,410,285		1,128,228
Balance, ending	$	34,301,584	$	29,876,064	$	26,435,330

See Notes to Consolidated Financial Statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 1995, 1994 and 1993

	1995	1994	1993
Cash Flows From Operating Activities			
Net income	$ 6,230,685	$ 4,851,019	$ 4,602,619
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,864,521	2,730,938	2,536,920
Deferred taxes	323,680	(53,324)	(518,360)
Gain on sale of assets	(1,141,386)	-	(986,031)
Investment losses	43,763	207,510	276,205
Minority share of income	279,658	223,317	69,536
Other	(4,551)	224,378	253,858
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(187,951)	(596,231)	(154,233)
Material and supplies	(411,084)	34,076	37,269
Increase (decrease) in:			
Accounts payable	396,307	(209,571)	172,802
Income taxes payable	(26,618)	(435,707)	176,989
Other prepaids, deferrals and accruals	(205,731)	305,220	166,554
Net cash provided by operating activities	8,161,293	7,281,625	6,634,128

(Continued)

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS(Continued)
Years Ended December 31, 1995, 1994 and 1993

	1995	1994	1993
Cash Flows From Investing Activities			
Purchases of property and equipment	$ (6,697,476)	$ (3,356,079)	$ (3,762,267)
Investment in direct financing leases	(39,038)	(332,213)	(74,733)
Payments received on direct financing leases	83,091	82,352	315,323
Sale of lease residual	-	-	1,892,931
Purchase of certificates of deposit	(1,252,016)	(930,911)	
Maturities of certificates of deposits	940,699	106,375	
Cash flows from securities (Note 2)	(2,427,349)	(810,461)	
Sale of investment securities	-	-	782,897
Purchase of investment securities	-	-	(2,676,419)
Net cash used in investing activities	(9,393,089)	(5,240,937)	(3,522,268)
Cash Flows From Financing Activities			
Dividends paid	$ (1,805,165)	$ (1,410,285)	$ (1,128,228)
Proceeds from notes payable	-	-	875,000
Payment on notes payable		(875,000)	
Proceeds from long term debt	998,000	893,000	929,000
Principal payments on long term debt	(430,151)	(378,259)	(348,160)
Net cash provided by (used in) financing activities	(1,237,316)	(1,770,544)	327,612
Net increase (decrease) in cash and cash equivalents	(2,468,112)	270,144	3,439,472
Cash and cash equivalents:			
Beginning	8,574,559	8,304,415	4,864,943
Ending	$ 6,106,447	$ 8,574,559	$ 8,304,415

(Continued)

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
Years Ended December 31, 1995, 1994 and 1993

	1995	1994	1993
Supplemental Disclosures of Cash Flow Information			
Cash payments for:			
Interest, net of capitalized interest of $39,070 in 1995	$ 683,313	$ 661,029	$ 623,715
Income taxes	$ 3,081,596	$ 3,013,201	$ 2,820,772
Supplemental Schedule of Noncash Investing and Financing Activities			
Notes receivable exchanged for investment in stock	$ -	$ -	$ 103,000
Common stock received in sale of equity investee	$ 1,446,942	$ -	$ -
Change in classification of investments from cost method to available for sale (Note 2)	$ 1,225,858	$	$
Proceeds of long term debt for stock in Rural Telephone Bank	$ 49,900	$ 44,650	$ 46,450

See Notes to Consolidated Financial Statements.
/TABLE

~~SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES~~

~~NOTES TO CONSOLIDATED FINANCIAL STATEMENTS~~

~~Note 1.   Summary of Accounting Policies~~

~~The Company operates entirely in the telecommunications industry. The Company is a holding company which, through its subsidiaries, provides telephone service, cable television service, unregulated communications equipment and services, paging, mobile telephone, business radio, and cellular telephone services. In addition, through its subsidiaries, the Company finances purchases of telecommunications facilities and equipment and operates and maintains an interstate fiber optic network. The Company's operations are primarily located in the Northern Shenandoah Valley and the surrounding areas. A summary of the Company's significant accounting policies follows:~~

~~Principles of consolidation: The consolidated financial statements include the accounts of all wholly owned subsidiaries and those partnerships where effective control is exercised. All significant intercompany accounts and transactions have been eliminated.~~

~~Accounting estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.~~

~~Cash and cash equivalents: The Company considers all temporary cash investments with a purchased maturity of three months or less to be cash equivalents. The Company places its temporary cash investments with high credit quality financial institutions. At times such investments may be in excess of the FDIC insurance limit.~~

~~Securities and investments and accounting change: The Company has investments in debt and equity securities, which consist of shares of common and preferred stock and partnerships. Debt securities consist primarily of obligations of the U. S. Government.~~

~~Note 1.   Summary of Accounting Policies (Continued)~~

~~The Company adopted the provisions of FASB Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities, as of January 1, 1994. Statement 115 requires that management determine the appropriate classification of debt and equity securities that have readily determinable fair values. Classification is determined at the date of adoption, and thereafter at the date individual investment securities are acquired. The appropriateness of such classification is reassessed continually. The classification of those securities and the related accounting policies are as follows:~~

~~Held-to-maturity securities: These consist entirely of debt securities which are obligations of the U. S. Government. The Company has both the intent and ability to hold to maturity regardless of changes in market conditions, liquidity needs or changes in general economic conditions. These securities are valued at amortized cost.~~

~~Available for sale securities: Securities classified as available for sale are those securities that the Company intends to hold for an indefinite period of time but not necessarily to maturity. Any decision to sell a security classified as available for sale would be based on various factors, including changes in market conditions, liquidity needs and other similar factors. Securities available for sale are carried at fair value. Unrealized gains and losses are reportable as increases and decreases in stockholders' equity net of tax. Realized gains and losses, are determined on the basis of the cost of specific securities sold, are included in earnings.~~

~~Investments carried at cost: These investments are those where the Company does not have significant ownership and for which there is no ready market. Information regarding these and all other investments is reviewed continuously for evidence for impairment in value. No impairment was deemed to have occurred at December 31, 1995.~~

~~Equity method investments: These investments consist of partnership and corporate investments where the Company's ownership is 20% or more, except where such investments meet the requirements for consolidation. Under the equity method, the Company's equity in earnings or losses of these companies is reflected in the earnings.~~

~~SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES~~

~~NOTES TO CONSOLIDATED FINANCIAL STATEMENTS~~

~~Note 1. Summary of Accounting Policies~~

~~Prior to the adoption of Statement 115, the Company stated its debt securities at the lower of amortized cost or fair value. Under both the newly adopted accounting standard and the Company's former accounting practices, premiums and discounts on investments in debt securities are amortized over their contractual lives. The method of amortization results in a constant yield on those securities (the interest method). Interest on debt securities is recognized in income as accrued. Realized gains and losses, including losses from declines in value of specific securities determined by management to be other-than-temporary, are included in income. Realized gains and losses are determined on the basis of specific securities sold.~~

~~Materials and supplies: New and reusable materials are carried in inventory principally at average original cost. Specific costs are used in the case of large individual items. Nonreusable material is carried at estimated salvage value.~~

~~Property, plant and equipment: Property, plant and equipment is stated at cost. Accumulated depreciation is charged with the cost of property retired, plus removal cost, less salvage. Depreciation is determined under the remaining life method and straight line composite rates. Depreciation provisions were approximately 5.7%, 5.7%, and 5.6% of average depreciable assets for the years 1995, 1994 and 1993, respectively.~~

~~Pension plan: The Company maintains a noncontributory defined benefit retirement plan covering substantially all employees. Pension benefits are based primarily on the employee's compensation and years of service. The Company's policy is to fund the maximum allowable contribution calculated under federal income tax regulations.~~

~~Income taxes: Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates on the date of enactment. Investment tax credits have been deferred and are amortized over the estimated life of the related assets.~~

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Accounting Policies (Continued)

Revenue recognition: Local, access, toll and cellular revenues are recognized when earned regardless of the period in which they are billed. The Company has a telephone subsidiary which participates in the telephone revenue pooling and settlements process of the National Exchange Carriers Association.

Earnings per common share: Earnings per common share is computed by dividing net income by the weighted average number of common shares outstanding. All per share amounts have been restated to give effect to stock splits.

Note 2. Investments

As of January 1, 1994, the Company changed its method of accounting for equity securities having readily determinable fair values and all debt securities in accordance with FASB Statement No. 115. As provided by this statement, the 1993 comparative financial statements have not been restated for the change in accounting principle. Investments consist of the following:

Investment in held to maturity securities:

	1995	1994	1993
U. S. Treasury securities, current	$2,488,773	$ 950,750	$
U. S. Treasury securities, noncurrent (due within three years)	2,098,968	499,687	
	$4,587,741	$1,450,437	$

The fair market value approximates the carrying value for all held to maturity investments at December 31, 1995 and 1994. At December 31, 1993, investments in debt securities were classified on the accompanying balance sheets as short term investments and were recorded at amortized cost, which approximates market value.

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Investments (Continued)

	1995	1994	1993
Investment in available-for-sale securities:			
Orion Network Systems, Inc., Common (including unrealized gain of $142,263 in 1995)	$1,444,855	$ -	$ -
MFS Communications Company, Inc. (including unrealized gain of $210,750 in 1995)	532,500	-	-
Comsat Corporation (including unrealized gain of $16,123 in 1995)	22,722	-	-
Total securities available for sale	$2,000,077	$ -	$ -

In 1995, the Company realized a gain of approximately $269,000 on the sale of available for sale securities.

Changes in the unrealized gain on available for sale securities:

Unrealized gain at January 1, 1995	$ -
Unrealized gains during the year	369,136
Unrealized gains at December 31, 1995	369,136
Related deferred tax effect	140,124
Unrealized gain included in stockholders' equity	$ 229,012

~~Note 2. Investments (Continued)~~

~~Cash flows from purchases, sales, and maturities of securities:~~

	1995	1994
Available for sale securities:		
Sales	$ 1,392,354	$ -
Purchases	(83,335)	-
Held-to-maturity securities:		
Maturities	5,466,558	969,384
Purchases	(8,603,862)	(1,450,439)
Other investments:		
Sales	63,751	-
Purchases	(662,815)	(329,406)
Total	$(2,427,349)	$ (810,461)

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Investments (Continued)

Other investments comprised of equity securities which do not have readily determinable fair values consist of the following:

	1995	1994	1993
Cost method:			
Orion Network Systems, Inc.	$	$ 1,552,592	$ 1,352,592
Independent Telecommunications Network, Inc.	773,600	773,600	773,600
AvData Systems, Inc.	149,860	149,860	149,860
Rural Telephone Bank	568,992	519,097	474,442
Other	556,919	368,081	252,550
	2,049,371	3,363,230	3,003,044
Equity method:			
Virginia MetroTel	-	633,627	855,104
South Atlantic Venture Fund III L.P.	369,289	-	-
Virginia Independent Telephone Alliance	206,138	234,888	269,266
Rural Service Area 6	378,989	368,554	329,207
Other	408,677	15,390	6,600
	1,363,093	1,252,459	1,460,177
Total other securities and investments	$ 3,412,464	$ 4,615,689	$ 4,463,221

During the year ended December 31, 1995 Onion Network Systems,Inc. became publicly traded and was therefore reclassified from cost method to available for sale.

In January 1995, Virginia MetroTel was sold in exchange for stock of the acquiring company, MFS Communications Company, Inc. and approximately $59,000 in cash. A gain of approximately $872,000 resulted from the sale.

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Direct Financing Leases

The Company is the lessor of various telecommunications equipment under direct financing leases. The typical lease agreement is for a period of 2 to 10 years. The payments below are net of unearned lease income as of December 31, 1995.

Minimum Future Lease Payments	Amount
1996	$ 74,350
1997	70,841
1998	79,667
1999	20,718
2000	14,000
During the remaining term of the leases	65,095
Total minimum future lease payments	$ 324,671

Investment in direct financing leases consists of the following:

	December 31,		
	1995	1994	1993
Minimum lease payments receivable	$ 482,559	$ 596,407	$ 137,440
Unearned lease income	(157,888)	(227,683)	(18,577)
	$ 324,671	$ 368,724	$ 118,863

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Long Term Debt and Lines of Credit

Long term debt is comprised of notes payable to the Rural Utilities Service (RUS) and the Rural Telephone Bank (RTB) which are secured by assets, with a book value of approximately $36,000,000 and Industrial Development Bonds (IDB) which bear interest at a floating rate based upon the bank's prime rate.

	Interest Rate	1995	1994	1993
RTB	6.04% - 8%	$ 9,765,672	$ 9,004,549	$ 8,300,813
RUS	2% - 5%	716,562	819,945	924,289
IDB	77.7% of prime	76,719	116,715	156,711
		10,558,953	9,941,209	9,381,813
Current maturities		461,927	423,329	329,891
Total long term debt		$ 10,097,026	$ 9,5177.880	$ 9,051,922

The approximate annual debt maturities for the five years subsequent to December 31, 1995 are as follows:

Year	Amount
1996	$ 461,927
1997	483,928
1998	474,585
1999	499,013
2000	512,817
Later years	8,126,683
	$10,558,953

The long term debt agreements contain restrictions on the payment of dividends and redemption of capital stock. The terms of the agreements require the maintenance of defined amounts of equity and working capital after payment of dividends. Accordingly, approximately $18,309,000 of retained earnings was available for payment of dividends at December 31, 1995.

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Long Term Debt and Lines of Credit (Continued)

As of December 31, 1995, the Company had no borrowings outstanding on other approved lines of credit for $4,500,000.

Long term debt carries rates which approximate market rates for similar debt being issued. Therefore the carrying value of long-term debt is not significantly different than fair market value at December 31, 1995.

Note 5. Income Taxes

The Company and its subsidiaries file consolidated tax returns. The provision for income taxes included in the consolidated statements of income consists of the following components:

	Years Ended December 31,		
	1995	1994	1993
Current:			
Federal	$ 2,837,187	$ 2,402,840	$ 2,642,516
State	412,089	228,125	356,353
Total	3,249,276	2,630,965	2,998,869
Deferred:			
Federal	272,529	(72,622)	(452,481)
State	51,151	19,298	(64,624)
Total	$ 323,680	$ (53,324)	$ (517,105)
Provision for income taxes	$ 3,572,956	$2,577,641	$2,481,764

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Income Taxes (Continued)

A reconciliation of income taxes determined using the statutory federal income tax rates to actual income taxes provided is as follows:

	Years Ended December 31,		
	1995	1994	1993
Federal income tax expense at statutory rates	$ 3,336,620	$ 2,525,744	$ 2,408,690
State income taxes net of federal tax benefit	305,738	163,299	190,515
Amortization of investment tax credit	(75,701)	(75,701)	(75,701)
Other	6,299	(35,701)	(41,740)
Provision for income taxes	$ 3,572,956	$ 2,577,641	$ 2,481,764

Net deferred tax liabilities consist of the following at December 31, 1995 and 1994:

	1995	1994	1993
Deferred tax liabilities:			
Accelerated depreciation	$ 4,106,119	$ 4,019,391	$ 3,877,476
Unrealized gain on securities available for sale	140,124		
	4,246,243	4,019,391	3,877,476
Deferred tax assets:			
Accrued compensation costs	92,329	76,413	86,815
Accrued pension costs	105,084	139,432	92,396
Equity investments	83,512	268,532	184,460
Other			1,168
	280,925	484,377	364,839
Net deferred tax liabilities	$ 3,965,318	$ 3,535,014	$ 3,512,637

Note 6. Pension Plan

The Company maintains a noncontributory defined benefit pension plan. The following table presents the plan's funded status and amounts recognized in the Company's consolidated balance sheets.

	1995	1994	1993
Actuarial present value of benefit obligations:			
Vested	$ 2,645,748	$ 2,263,951	$ 2,091,910
Nonvested	52,826	62,286	63,968
Accumulated benefit obligations	$ 2,698,574	$ 2,326,237	$ 2,155,878
Projected benefit obligation for service rendered to date	$ 4,408,161	$ 3,800,239	$ 3,573,241
Plan assets at fair value, common stocks and bonds	4,449,840	3,676,436	3,839,827
Plan assets in excess (deficient) of projected benefit obligation	$ 261,679	$ (123,803)	$ 266,586
Unrecognized prior service cost	278,513	299,218	319,923
Unrecognized transition asset at January 1, 1987, being recognized over 17 years	(239,234)	(267,978)	(296,722)
Unrecognized net gain	(621,588)	(276,453)	(553,163)
Net pension liability	$ (320,630)	$ (369,016)	$ (263,376)

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Pension Plan (Continued)

Net pension cost included the following components:

		1995		1994		1993
Service costs (benefits earned)	$	147,568	$	143,072	$	123,592
Interest cost on projected benefit obligation		280,691		263,693		246,235
Actual (return) loss on plan assets		(914,207)		46,130		(455,124)
Net amortization and deferral		634,762		(347,255)		183,789
Net periodic pension cost	$	148,814	$	105,640	$	98,492

Note 6. Pension Plan (Continued)

Assumptions used by the Company in the determination of pension plan information consisted of the following at December 31, 1995, 1994 and 1993:

	1995	1994	1993
Discount rate	7.50%	7.50%	7.50%
Rate of increase in compensation levels	5.50	5.50	5.50
Expected long-term rate of return on plan assets	7.50	7.50	7.50

Note 7. Reclassification

Certain amounts on the 1994 and 1993 financial statements have been reclassified, with no effect on net income, to conform with the classifications adopted in 1995.

Note 8. Proposed Stock Incentive Plan

On January 8, 1996, the Board of Directors adopted a Company Stock Incentive Plan to be proposed for stockholders' approval at the Annual Meeting to be held April 16, 1996. A maximum of 240,000 shares of common stock may be awarded for a period of 10 years under the proposed Plan. Subject to certain restrictions, it is expected that full time employees of the Company will be eligible to participate in the Plan.
/TABLE

~~EXHIBIT 21. LIST OF SUBSIDIARIES~~

~~The following are all subsidiaries of Shenandoah Telecommunications Company:~~

~~Shenandoah Telephone Company~~

~~ShenTel Service Company~~

~~Shenandoah Cable Television Company~~

~~- Shenandoah Long Distance Company~~

~~- Shenandoah Valley Leasing Company~~

~~- Shenandoah Mobile Company~~

~~- Shenandoah Network Company~~

~~- Shenandoah Personal Communications Company~~

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YEAR	YEAR	YEAR
DEC-31-1995	DEC-31-1994	DEC-31-1993
DEC-31-1995	DEC-31-1994	DEC-31-1993
6106447	6270849	5695891
4099045	6600	6600
3068379	2880428	2284197
0	0	0
1922090	1511006	1545082
15308920	15164985	13629372
53316016	49102832	47290763
18862526	17455344	16263290
59896990	52464150	49652064
4258755	2386243	3854626
10097026	9517880	9051922
0	0	0
0	0	0
4740677	4740677	4740677
34530596	29876064	26435330
59896990	52464150	49652064
558031	890675	441195
21919150	20229178	18329886
764264	802904	579015
13027468	12050713	11455136
536254	452090	349421
29386	47796	18488
685971	658908	621944
9803641	7428660	7084383
3572956	2577641	2481764
5522904	4851019	4156300
0	0	0
0	0	0
0	0	0
6230685	4851019	4602619
1.66	1.29	1.22
1.66	1.29	1.22