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, 1999
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 office, including zip code)

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

Securities Registered Pursuant to Section 12(g) of the Act:
COMMON STOCK (NO PAR VALUE)
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports, and (2) has been subject to such filing requirements for the past 90 days.

YES [X] NO [ ]

Indicate 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]

Aggregate market value of the voting stock held by non-affiliates of the registrant as of March 24, 2000. $159,375,073. (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; but it is traded on the Over-the-Counter (OTC) bulletin board system. The value of the Company's stock has been determined based upon the last OTC trade price as of March 24, 2000.

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 24, 2000
Common Stock, No Par Value	3,756,634

Documents Incorporated by Reference
1999 Annual Report to Security Holders Parts II, IV
Proxy Statement, Dated March 24, 2000 Parts III

EXHIBIT INDEX PAGES 7 -8

SHENANDOAH TELECOMMUNICATIONS COMPANY

PART I

ITEM 1. BUSINESS

Shenandoah Telecommunications Company is a diversified telecommunications holding company providing both regulated and unregulated telecommunications services through its nine wholly-owned subsidiaries. The Company's business strategy is to provide integrated, full service telecommunications products and services in the Northern Shenandoah Valley and surrounding areas. This geographic area includes the four-state region from Harrisonburg, Virginia to Chambersburg, Pennsylvania, and on a limited basis into Northern Virginia. Our fiber network, consisting of 7,468 fiber miles, is a state-of-the-art electronic backbone utilized for many of our services. The main lines of this network cover 146 miles on the Interstate-81 corridor and 62 miles on the Interstate-66 corridor. The Company is certified to offer competitive local exchange services in portions of Virginia that are outside of our present telephone service area. The Company has approximately 180 employees. The Company operates nine reporting segments based on the products and services provided by the parent company and the operating subsidiaries. There are minimal seasonal variations in the Company's operations.

The Company holds licenses for personal communications services, and as managing partner of the VA 10 RSA partnerships controls a cellular license, all in the Northern Shenandoah Valley of Virginia. The Company also holds paging and other radio telecommunications licenses.

Shenandoah Telecommunications Company

The Holding Company invests in both affiliated and non-affiliated companies. The Company's largest investments in non-affiliated companies are Illuminet, ITC^DeltaCom (ITCD), Loral Space and Communications Limited (Loral), Concept Five Technologies, and South Atlantic Venture Fund III (SAVF III), and South Atlantic Private Equity IV LP (SAPE IV). Illuminet is a publicly traded corporation offering Signaling System 7 (S7) services to the telecommunications industry. ITCD is a publicly traded corporation offering telecommunications services in the southeastern United States. Loral is a publicly traded corporation offering satellite communications. Concept Five Technologies is a startup company developing security software for electronic financial transactions. SAVF III and SAPE IV are venture capital funds that generally invest in startup telecommunications companies.

Shenandoah Telephone Company

This subsidiary provides both regulated and non-regulated telephone services to approximately 23,500 customers, primarily in Shenandoah County and small service areas in Rockingham, Frederick, and Warren counties in Virginia. Its largest source of revenue is for access to the local exchange network by interexchange carriers. In addition, this subsidiary offers facility leases of fiber optic capacity in Frederick, Rockingham, and Shenandoah Counties, and into Herndon, Virginia. The Telephone subsidiary has a 20 percent ownership in ValleyNet, which is a partnership offering network facilities in western, central, and northern Virginia, as well as the Interstate 81 corridor through West Virginia, and Maryland, terminating in Carlisle, Pennsylvania. One customer of this subsidiary accounts for greater than 10% of the revenue, primarily consisting of carrier access charges for long distance service as referenced in Note 9 to the Consolidated Financial Statements.

Shenandoah Cable Television Company

This subsidiary provides coaxial-based cable television service to approximately 8,600 customers in Shenandoah County. On September 30, 1996, the Company purchased the Shenandoah County cable television assets of FrontierVision Operating Partners LP, more than doubling the then existing Cable Television customer base. The rebuild and expansion of this wireline system to a state-of-the art hybrid fiber coaxial network, initiated in 1997, was completed in the first quarter of 2000. The upgrade to 750 megahertz provides better signal quality, expands the number of channels, and provides the infrastructure for future offerings of broadband services.

ShenTel Service Company (ShenTel)

ShenTel Service Company sells and services telecommunications equipment and provides Internet access to customers in the Northern Shenandoah Valley and surrounding areas. The Internet service, established in late 1994, now represents over 54% of this subsidiary's total revenues. During 1998, work was completed on upgrading all of our modems to the v.90 standard, the latest available for dial-up access. This subsidiary recently began offering broadband Internet access via ADSL technolgoy and is currently field trialing cable modem access.

Shenandoah Valley Leasing Company

This subsidiary finances purchases of telecommunications equipment to customers of the other subsidiaries, particularly ShenTel Service Company.

Shenandoah Mobile Company

Shenandoah Mobile Company provides paging and mobile telephone service throughout the Virginia portion of the Northern Shenandoah Valley. This subsidiary also provides tower services along the Interstate-81 corridor from Chambersburg, Pennsylvania to Harrisonburg, Virginia, as well as the western most portions of the Interstate-66 corridor in Virginia. The towers are typically located where multiple wireless services can be jointly offered. Shenandoah Mobile Company is the managing partner and 66% owner of the Virginia 10 RSA Limited Partnership, which provides cellular service in the Northern Shenandoah Valley of Virginia. The cellular service is marketed under the Shenandoah Cellular name through retail stores in Winchester and Front Royal, Virginia. One customer of this subsidiary, Bell Atlantic Mobile Systems, accounts for greater than 10 percent of the Company's revenue, primarily consisting of cellular roamer revenue as referenced in Note 9 to the Consolidated Financial Statements.

Shenandoah Long Distance Company

This subsidiary principally offers long distance service for calls placed to locations outside the regulated telephone service area. This operation purchases switching and billing and collection services from the telephone subsidiary.

Shenandoah Network Company

This subsidiary operates the Maryland and West Virginia portions of our fiber optic network in the Interstate-81 corridor. In conjunction with the telephone subsidiary, Shenandoah Network Company is associated with the ValleyNet fiber network.

Shenandoah Personal Communications Company

This subsidiary began offering personal communications services (PCS) the next generation of wireless telephone and data service, in 1996. The service was originally offered from Chambersburg, Pennsylvania to Harrisonburg, Virginia under an agreement with American Personal Communications (APC), using the GSM air interface technology. During the fourth quarter of 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. The additional areas are in the Altoona, Harrisburg and York-Hanover Basic Trading Areas of Pennsylvania.

Additional detail on the operating segments is referenced in Note 12 of the 1999 Annual Report.

The registrant does not engage in operations in foreign countries.

Working capital practices and competitive conditions are discussed in Management's Discussion and Analysis of the Consolidated Financial Statements.

The Company has no research and development expenses.

This Annual 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.

ITEM 2. PROPERTIES

The Company owns a 24,000 square foot building in Edinburg, Virginia that houses the corporate headquarters and the main telecommunications equipment. A separate 10,000 square foot building in Edinburg, Virginia is used for customer services and retail sales. In late 1999, the Company purchased a 60,000 square foot building in Edinburg, Virginia to accommodate our Company's growth. The Company also owns eight telephone exchange buildings that are located in the major towns and some of the rural communities, serving the regulated service area. These buildings contain switching and fiber optic equipment and associated local exchange telecommunications equipment. The Company owns a 6,000 square foot service building outside of the town limits of Edinburg, Virginia. The Company owns a 10,000 square foot retail store in Winchester, Virginia. The Company has fiber optic hubs or points of presence in Hagerstown, Maryland; Harrisonburg, Herndon, Stephens City, Weyers Cave, and Winchester, Virginia; and Martinsburg, West Virginia. The buildings are a mixture of owned on leased land, leased space, and leasehold improvements. The majority of the identified properties are of masonry construction, are suitable to their existing use, and are in adequate condition to meet the foreseeable future needs of the organization. The Company also leases retail space in Harrisonburg and Front Royal, Virginia and Hagerstown, Maryland. The Company plans to lease additional land, equipment space, and retail space in support of the planned PCS expansion.

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, 1999.

EXECUTIVE OFFICERS

Name	Title	Age	Date In Position
Christopher E. French	President	42	April 1988
David E. Ferguson	Vice President of Customer Service	53	November 1982
Laurence F. Paxton	Vice President of Finance	47	June 1991
William L. Pirtle	Vice President of PCS	40	November 1992

PART II

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

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

1999 Annual Report to Security Holders
Market Information - Inside Back Cover

(b) Number of equity security holders are incorporated by reference -
1999 Annual Report to Security Holders
Five-Year Summary of Selected Financial Data - Page 1

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

1999 Annual Report to Security Holders
Market and Dividend Information - Inside Back 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 $3,485,000 of retained earnings was available for payment of dividends at December 31, 1999.

For additional information, see Note 4 in the Consolidated Financial Statements of the 1999 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 -

1999 Annual Report to Security Holders
Five-Year Summary of Selected Financial Data - Page 1

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 -

1999 Annual Report to Security Holders
Management's Discussion and Analysis of Financial
Condition and Results of Operations - Pages 11-14

ITEM 7a. 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 note payable to CoBank of approximately $4.3 million. The rate of this note is based upon the lender's cost of funds. The Company also has variable rate lines of credit totaling $7,000,000, that had no outstanding borrowings at year end. The Company's remaining debt has fixed rates through its maturity. The second component of market risk is excess cash, primarily invested in overnight repurchase agreements and short-term certificates of deposit. Our average balance in those securities over the past year was approximately $5.5 million. Earnings from these cash equivalents totaled approximately $290,000 in 1999. If market interest rates were to increase by 10% from levels at December 31, 1999, our net income and cash flows would decrease an immaterial amount.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated financial statements included in the 1999 Annual Report to Security Holders are incorporated by reference as identified in Part IV, Item 14, on Pages 16-35

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 is incorporated by reference - Proxy Statement, Dated March 24, 2000 - Pages 2 - 6

Information concerning executive officers is included in Part I of this Form 10-K

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation is incorporated by reference -

Proxy Statement, Dated March 24, 2000 - Pages 4 - 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, 2000.

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

Proxy Statement, Dated March 24, 2000
Stock Ownership - Page 3

(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 24, 2000
Directors - Page 3

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.

PART IV (Continued)

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

Page Reference
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.

13. Annual Report to Security Holders - Filed Herewith

20. Proxy Statement, prepared by Registrant for 2000 Annual Stockholders Meeting -

21. List of Subsidiaries - Filed Herewith

23. Consent of McGladrey & Pullen, LLP

27. Financial Data Schedule

B. Reports on Form 8-K

None

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 30, 2000 By /s/ CHRISTOPHER E. FRENCH
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.

/s/ CHRISTOPHER E. FRENCH Christopher E. French	President & Chief Executive Officer	March 30, 2000
/s/ LAURENCE F. PAXTON Laurence F. Paxton	VP-Finance & Principal Financial Accounting Officer	March 30, 2000
/s/ DICK D. BOWMAN Dick D. Bowman	Treasurer & Director	March 30, 2000
/s/ DOUGLAS C. ARTHUR Douglas C. Arthur	Director	March 30, 2000
/s/ KEN L. BURCH Ken L. Burch	Director	March 30, 2000
/s/GROVER M. HOLLER, JR. Grover M. Holler, Jr.	Director	March 30, 2000
/s/ HAROLD MORRISON, Jr. Harold Morrison, Jr.	Director	March 30, 2000
/s/ NOEL M. BORDEN Noel M. Borden	Director	March 30, 2000
/s/ JAMES E. ZERKEL II James E. Zerkel II	Director	March 30, 2000

1999 ANNUAL REPORT

SHENTEL

Comparative Highlights

	December 31		Increase/Decrease)	
	1999	1998	Amount	Percent
Operating Revenues	$ 35,594,025	$ 35,594,025	$ 6,644,775	18.7
Operating Expenses	$ 29,697,817	$ 25,089,784	$ 4,608,033	18.4
Income Taxes	$ 3,796,981	$ 3,598,642	$ 198,339	5.5
Interest Expense	$ 1,933,021	$ 1,501,729	$ 431,292	28.7
Net Income	$ 6,427,999	$ 5,603,775	$ 824,224	14.7
Net Income from Operations(1)	$ 6,082,444	$ 5,364,242	$ 718,202	13.4
Earnings per Share - basic & diluted	$ 1.71	$ 1.49	$ 0.22	14.8
Cash Dividend per share	$ 0.56	$ 0.51	$ 0.05	9.8
Percent Return on Equity	9.1	11.2	(2.1)	(18.8)
Common Shares Outstanding	3,755,760	3,755,760	--	--
No. of Stockholders	3,683	3,654	29	0.8
No. of Employees (full-time equivalent)	181.0	170.5	10.5	6.2
Wages & Salaries	$ 6,636,713	$ 6,129,485	$ 507,228	8.3
Investment in Net Plant	$ 74,548,554	$ 65,034,477	$ 9,514,077	14.6
Capital Expenditures	$ 15,732,857	$ 13,664,692	$ 2,068,165	15.1
Access Lines	23,362	22,357	1,005	4.5
Long Distance Messages	17,700,761	14,550,514	3,150,247	21.7
CATV Customers	8,605	8,428	177	2.1

(1)Excludes gains and losses on external investments unaffiliated with operations.

5 Year Summary of Selected Financial Data

	1999	1998	1997	1996	1995
Operating Revenues	$ 42,238,800	$35,594,025	$30,970,348	$25,429,854	$ 21,919,150
Operating Expenses	$ 29,697,817	$25,089,784	$22,603,314	$17,485,203	$ 13,027,468
Income Taxes	$ 3,796,981	$ 3,598,642	$ 2,593,631	$ 2,821,586	$ 3,572,956
Interest Expenses	$ 1,933,021	$ 1,501,729	$ 1,556,352	$ 803,300	$ 685,971
Gain (loss) on Security Dispositions	$ -	-	$ (48,628)	$ 228,250	$ 1,141,386
Net Income	$ 6,427,999	$ 5,603,775	$ 4,479,563	$ 4,994,589	$ 6,230,685
Net Income from Operations (1)	$ 6,082,444	$ 5,364,242	$ 4,530,642	$ 4,790,006	$ 5,522,904
Total Assets	$133,050,582	$93,445,744	$89,407,902	$79,374,097	$ 59,896,990
Long-term Obligations	$ 33,029,448	$29,262,346	$27,360,660	$24,706,239	$ 10,558,953
Stockholder Information					
Number of Stockholders	3,683	3,654	3,567	3,399	3,226
Shares of Stock	3,755,760	3,755,760	3,760,760	3,760,760	3,760,760
Earnings per Share - basic & diluted	$ 1.71	$ 1.49	$ 1.19	$ 1.33	$ 1.66
Cash Dividend per Share - regular	$ 0.56	$ 0.51	$ 0.43	$ 0.42	$ 0.42
- special	$ -	$ -	$ -	$ -	$ 0.06

(1) Excludes gains and losses on external investments unaffiliated with operations.

LETTER TO THE SHAREHOLDERS

Christopher E. French,
President
March 24, 2000

Dear Shareholders

The year 1999 was one of significant accomplishment for your Company. We made an important strategic change of direction for our wireless communications services; an investment made many years ago became extremely valuable; we purchased additional land and building space to accommodate our future growth; and our long-term efforts finally were recognized with an impressive increase in the value of your Company's stock.

Our financial performance was once again very positive. Total net income reached$6.4 million, up from 1998's total of $5.6 million, or an increase of 14.7 percent. Earnings per share, basic and diluted, were $1.71 as compared to $1.49 for the previous year. Our growth in revenues increased over the previous year's growth, as 1999's total revenue of $42.2 million was an increase of 18.7 percent. 1998's revenues had increased by 14.9 percent over 1997's. Leading the revenue growth for 1999 was our Mobile subsidiary's increase of almost $3.6 million, driven primarily by our cellular operations. Our telephone and Internet businesses also added to our organization's continued growth by each contributing over $1.0 million in revenue growth, which were increases of 6.7 and 40.3 percent, respectively. Recognizing the overall improvement in our financial performance, the Board of Directors declared a cash dividend of 56 cents per share, an increase of 9.8 percent over the previous year and a payout of approximately 33 percent of the year's net income.

When we entered the field of Personal Communications Service (PCS) in 1995, we recognized that this effort, while giving us an important growth opportunity, would come with significant demands on our financial and human resources. To say the least, PCS has been all of that and more. While we have been pleased with the demand for this improved wireless service, our initial years of offering this service generated large operating losses as we built and operated one of the first rural PCS systems in the country. Accumulated losses in our PCS business totaled $8.3 million by the end of 1999. Earlier in the year, we wrestled with what direction to take our PCS business, as it became clear that our system built to the GSM technology standard was not complementary to Sprint PCS's national CDMA network. After many months of negotiations and internal discussions, we expanded our management agreement with Sprint PCS and tripled the size and scope of the service area that would be our responsibility to construct and manage. Our new agreement expands our service area from Harrisonburg, Virginia, to the Harrisburg, York and Altoona markets in Pennsylvania. Sprint PCS is the nation's largest all-digital wireless network, and just recently announced its fifth consecutive record-breaking quarter in customer acquisitions. During the last half of 1999, we completely overbuilt our existing PCS system with a new CDMA system, and converted our customer base to the newer technology. To finance the necessary construction, we have increased our loan facility with CoBank by $35 million, to a total of $60 million.

Another source of capital that may be available for our PCS funding is the recent increase in value of our original $843,486 investment in Illuminet Holdings, Inc. Our Company, along with many other independent telephone companies, uses Illuminet's advanced signaling network to more efficiently operate our switching networks. Illuminet's stock became publicly traded this past fall, and its price ended the year at about $55 per share, making our 463,604 shares worth more than $25 million. As one of the early and large investors in Illuminet, our shares are subject to a lock-up provision which prevents us, as well as other large investors, from selling any of these shares until early April 2000. Our Board of Directors has not yet made a decision to sell any of this stock.

We have finished our CATV system upgrade which we started in 1998. This upgrade increases the use of fiber optics in our CATV network, and will provide further improvements to the quality of service we can deliver. The newly completed system will give our CATV customers access to new digital cable services, including 30 commercial free channels of CD quality music, 24 pay-per-view channels, and multiple premium movie channels.

As our PCS, Internet and other businesses continue to grow, we are taking the necessary steps to support that growth. Our expanding PCS network will require additional switching facilities, which will be added to our Edinburg switching center this spring. We have added employees to support our additional responsibilities and workload. To accommodate our increasing space needs, as well as provide a location to accommodate long-term growth, our

Company purchased the Shenandoah Knitting Mills property on the north side of the town of Edinburg. The property consists of 37 acres and a 60,000 sq. ft. building, and was purchased at a cost of $910,000. We are already using part of the building for storage, as we make space available at our Main Street location for the installation of the new PCS switch. We have also begun discussions with an architect to relocate one of our larger operating departments to this facility, and also to evaluate other long-term uses of this property. We will most likely sell our other buildings in Edinburg that are not adjacent to our main complex on Main Street.

While we have remained committed to building your Company for long-term growth, I know many of you have been as impatient as I have about our poor stock price performance over the past years. I am happy to report that 1999 at last saw a significant improvement in the value of your stock in the Company. Around April of 1999, the prices reported for trades in Shenandoah Telecommunications stock on the Over-the-Counter (OTC) bulletin board system began to increase from around $20.00 per share to $34.50 per share on December 14. The increases didn't stop in 1999, and have since reached as high as $42.00 per share.

While we cannot guarantee that our stock performance will continue these great increases, we remain committed to operating your Company for long-term growth and profitability. We anticipate additional operating losses as we expand our PCS operations; however, based on the success of Sprint PCS and other Sprint affiliates, we believe our efforts will ultimately reward the patient investor.

I thank all of our employees for their efforts and the important role they play in building this Company, and I thank each of you for your continued interest and support.

For the Board of Directors,

Christopher E. French
President

BUILDING FOR LONG-TERM GROWTH

Shenandoah Telecommunications continues to be a growth telecommunications company. Our efforts to expand and improve services for both our existing and prospective customers require an extensive amount of time to be properly implemented. In some cases, years may pass between the time preliminary decisions are made and when projects are finally completed; however, the Company continually strives to improve both the quality of services it offers to customers, as well as its capabilities for future services and growth. The new technologies being deployed by the Company are very capital intensive and have an increasingly short life cycle. These factors, when combined with our increasingly competitive industry, mean that many of our business initiatives are requiring a longer period of time before they can become profitable.

We benefit from competition and new technologies. Both allow us to maximize the use of the skills and expertise of our employees, and let us build upon our existing infrastructure as we take advantage of new business opportunities. Already having in place trained and professional staff and state of the art systems allow us to expand our service area as well as increase the number of services we can effectively provide.

CABLE SYSTEM UPGRADE ADDS ADVANCED FEATURES

Your Company has just recently completed a major upgrade to its CATV system. Our original cable system, which was first built in the early 1980s, as well as the C4 system we purchased from FrontierVision in 1996, had reached their capacity limits and were constraining the programming choices the Company could offer to its customers. Starting in 1997, the Company began upgrading the original cable system which served rural portions of Shenandoah County. Once this phase was completed in the summer of 1998, we then turned our focus to the necessary improvements in the towns. This upgrade would not only increase channel capacity, but would also incorporate many advanced network design features which would greatly improve service and increase the programming options available to customers. Starting with Strasburg in the fall of 1999 and concluding with New Market in the spring of 2000, the Company and its contractors essentially rebuilt the entire cable system. The upgraded system now has the capability to offer digital programming services and has improved the level of service to all customers by deploying fiber optic nodes which deliver video signals closer to the customer's home.

With the implementation of digital capabilities, the Company has added 16 new premium programming channels, 24 pay-per-view channels and 30 commercial-free CD quality channels of musicprogramming. In addition to these new offerings, the Company now has the capacity to add expanded programming in the future and will continually strive to improve the choice of programming available to our customers.

Deploying more fiber optics into the CATV network reduces the susceptibility to service interruptions due to power outages. While still not completely free from the interruptions caused by lightning storms and failures in electric service, outages are now isolated to smaller clusters of customers, as customers are now served shorter distances from the recently deployed fiber nodes. These nodes also provide the foundation upon which additional broadband services can be delivered in the future, such as use of the CATV network for Internet access. The Company has tentatively selected a supplier of cable modems and is currently undergoing trials and testing of this service. Cable modem service will be available to our cable customers later this summer.

INFORMATION TECHNOLOGY APPLIED TO SOLVING TRANSPORTATION PROBLEMS

We announced last year that we were involved in a major project to develop a comprehensive advanced travel information system for the Shenandoah Valley. Your Company, in conjunction with the Virginia Intelligent Transportation Implementation Center, the Virginia Tourism Council, and the Virginia Department of Transportation, began the planning of a pilot project which was envisioned to ultimately encompass the entire state of Virginia. During the year, the participants in this pilot project began to realize they had the opportunity to make enhancements that could make the system much more user friendly for travelers and those interested in all travel-related information.

One of the significant enhancements to the Travel Shenandoah project is to add a voice activated travel information phone system. In addition to the original Internet-based website of information, this system will provide users with information concerning traffic alerts, traffic and weather conditions, and the multitude of information visitors can use to preplan their trips or visits to the Valley. The initial rollout of the project, while delayed to accommodate the additional capabilities and features being added, will still cover the I-81 Corridor from the northern state boundary south to Lexington, Virginia. Although the system is not yet available to the public, interest from tourism and highway officials from other states has grown, and the project is being closely watched as a potential prototype for deployment in other regions.

COMMUNICATINGWITH CUSTOMERS

Although many of our products and services are an integral part of our customers' lives and are used on a daily basis, the primary direct communication between customers and the Company is the monthly bill. As our products and services have changed over the years, the monthly bill has increased in complexity both from mandated changes, such as additional government charges, as well as from the multiple services customers now have available from one source. The culmination of another extensive project by company personnel, the new bill format was introduced in November 1999. While also providing customers with additional information about their Shentel accounts, this information is now presented in an easier to read 8.5" x 11" format and has replaced the smaller multi-page bills that were previously used.

With the use of color shading on the bill, it is now easier for customers to find the amount and due date, along with other important messages from the Company. The new bill saves paper, is less expensive to produce and is easier to handle. There is also a significant cost savings in mailing, due to the reduction in weight and being able to presort by using a new bar coding system. These changes, along with the ability to consolidate multiple products and services onto a single bill, have significantly improved the bill-paying process for both our customers and the Company.

MIX OF PRODUCTS AND SERVICES CONTINUE TO CHANGE

For most of its almost 100 years' existence, your Company was essentially a provider of plain old telephone service. While its diversification efforts started many years before, significant changes in products offered by the Company began in the early 1980s with our entry into cable television service, and then again in 1990, when we began providing cellular telephone service. While the traditional "landline" services of telephone and CATV remain significant and important businesses for our organization, growth in our wireless businesses, as well as our Internet and Information Services, has been phenomenal. Figure 1 (page 7) provides a good graphic representation of how our mix in services has changed. With only three percent of our customer relationships being wireless services in 1993, we ended 1999 with approximately 36 percent of our customer base being wireless, just slightly exceeding the 35 percent from our traditional telephone business. In 1993, the Company had just over 22,000 total customer relationships. By the end of 1999, this number exceeded 67,000, a compound annual growth rate of over 20 percent.

With the recently announced expansion of our PCS service area (Figure 2, page 7) and the rapidly growing demand for both wireless and Internet services, we expect continued rapid growth in these two important segments of our organization. While the number and complexity of services has increased, the Company has continually strived to improve its relationship with customers and to make its products and services more useful in meeting our customers' needs.

Over-the-Counter Bulletin Board System Becomes Primary Market for Company's Stock It has been said that the Company's stock historically was sold by auctioneers at estate sales after the owners passed away. Many more of our shares have been passed down from generation to generation within families. More recently, there has been a marked increase in the amount of trading in Shenandoah Telecommunications Company's stock, traded under the symbol "SHET" on the Over-the-Counter (OTC) bulletin board system. The OTC system reports all trades that brokerage firms handle in your Company's stock. This trading information is available not only from brokerage firms, but can also be accessed by individuals from many websites on the Internet. In addition to current trading activity, some websites also have historical trading and pricing information available, although in some cases this information is limited to only a few recent years.

While the OTC system has become the more active market for your Company stock, stockholders are still free to arrange private sales, place ads in newspapers or use auctioneers to handle sales of their stock. It is advisable for anyone who may be considering buying or selling shares to first obtain as much current information as possible, to be better able to make an informed decision concerning the current market values.

Trading volumes were not the only thing to increase in 1999, as the year at long last saw a significant increase in the price of your Company's stock (Figure 3, page 7). During the year, the price reached a high of $34.50 on December 14, and ended the year at $33.75. During January of 2000, the stock ranged from a low of $31.50 to a high of $42.00. As a company with what is still a relatively small trading volume, there will likely continue to be times when the stock price can fluctuate over a wide range. Additionally, there can at times be a fairly large spread between the quoted price at which investors are willing to buy or sell shares. While it is expected that there can be periods of significant changes in the stock price, stockholders wishing to buy or sell Company shares should take advantage of all available market information.

One other significant stockholder event in 1999 was the implementation of our Dividend Reinvestment Plan (DRIP). There were approximately 1,000 stockholders who enrolled over 384,000 shares in the plan for 1999. During December, the plan purchased 6,355 shares of Shenandoah Telecommunications stock on the open market for an average price of $33.66 per share. Purchasing the shares on the market allowed the plan to operate without increasing the total number of shares outstanding, and therefore did not cause any dilution to stockholders. Participants in the plan were issued statements showing the activity and balances in their new DRIP accounts. Stockholders who wish to change their participation, request certificates for the whole shares in their DRIP account, or terminate or start their participation in the plan, should contact the Company at 540-984-5200.

FUTURE FOCUS

We have many opportunities to expand our business and continue to increase stockholder value. Some of our immediate goals are to focus on the growth opportunities in the I-81 and Pennsylvania Turnpike corridors for both our wireless PCS business and our Internet and Information Services. At the same time, we will continue the growth and improvement of our existing services in our present core area. While we cannot predict the future, we can continue to plan and implement those initiatives that will allow us to take advantage of the many opportunities that are, and will be, available for us to grow.

BOARD OF DIRECTORS
(pictured left to right and top to bottom)

Douglas C. Arthur: Attorney-at-Law; Director, First National Corporation
Noel M. Borden, Vice President: President, H.L. Borden Lumber Co.; Chairman of the Board, First National
Corporation
Dick D. Bowman, Treasurer: President, Bowman Brothers, Inc.; Director, The Rockingham Group; Director, Old Dominion Electric Cooperative Ken L. Burch: Farmer
Christopher E. French, President: President, Shenandoah Telecommunications Co. and its Subsidiaries; Director, First National Corporation Grover M. Holler, Jr.: President, Valley View Inc. Harold Morrison, Jr., Secretary: Chairman of the Board, Woodstock Garage, Inc.; Director, First Virginia Bank-Blue Ridge Zane Neff, Assistant Secretary: Retired Manager, Hugh Saum Co., Inc.; Director, Crestar Bank James E. Zerkel II: Vice President, James E. Zerkel, Inc.; Director, Shenandoah Valley Electric Cooperative; Member, Shenandoah County Industrial Development Authority

SENIOR MANAGEMENT TEAM
Christopher E. French, President (pictured above)
(pictured left to right)
Lewis W. Fadely, Vice President-Operations
David E. Ferguson, Vice President-Customer Service
David K. MacDonald, Vice President-Engineering and Construction
Laurence F. Paxton, Vice President-Finance
William L. Pirtle, Vice President-Personal Communications Services
Cynthia F. Soltis, Personnel Manager

SHENANDOAH TELECOMMUNICATIONS COMPANY
AND SUBSIDIARIES

1999 FINANCIAL STATEMENTS

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 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 $74.5 million at year end 1999. 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.

During this same period we reduced our reliance on telephone subsidiary revenues from 59.6% to 39.2% of total revenues, even though that subsidiary's revenues increased by $3,499,203 or 26.8% during the same time. Growth in other services was most pronounced in the cellular dominated operations of the Mobile subsidiary, with revenue growth of $8,399,344 or almost 270%, driving Mobile's portion of total revenues from 22.6% to 31.6%. Other notable gains were in ShenTel Service Company's Internet operation, with revenues growing from .7% in 1995 to 5.6% of total revenues in 1999; the PCS subsidiary, which had no revenues in 1995 versus 8.7% of total revenues in 1999; and the Cable Television subsidiary, where a 395% increase since 1995 resulted in 8.1% of total revenues for 1999.

The Company's strategy is to continue the expansion of services and the geographic areas served. During the fourth quarter of 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. The additional areas are in the Altoona, Harrisburg and York-Hanover Basic Trading Areas of Pennsylvania. The capital buildout and initial operating losses associated with this expansion, which will require significant capital resources, are a continuation of the strategy to take advantage of new technologies and expand our service areas.

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 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.

RESULTS OF OPERATIONS

The regulated Telephone Company's largest source of revenue is for access to the local exchange network by interexchange carriers. These revenues increased $42,103 or 0.5% in 1999 compared to $487,806 or 6.6% in 1998. The small increase in 1999 was due to reductions in tariffed pricing by the National Exchange Carrier Association (NECA) for interstate traffic. The price reductions negated growth in the traditional main drivers of access revenues, which are minutes of use and access lines. The minutes of use increased 4.4% during 1999 compared to an increase of 9.3% in 1998. The number of access lines increased by 4.5% in 1999 and 3.8% in 1998.

Mobile revenues, which are the single largest revenue source outside of the regulated telephone local exchange operations, are mainly derived from wireless communications services. Outcollect roamer revenues increased $2,843,961 or 60.5% in 1999 compared to $381,526 or 8.8% in 1998. Local cellular service revenues increased $466,553 or 10.6% in 1999 compared to $737,243 or 20.1% in 1998. The increase in local cellular revenues reflects a 12.8% increase in the customer base in 1999 compared to a 21.0% increase in 1998. Additional plant placed in service and overall industry usage growth contributed to this increase.

Cable Television revenues increased $333,696 or 10.8% in 1999 compared to an increase of $584,358 or 23.2% in 1998. Cable Television revenues increased principally as a result of an increase in rates in early 1998 as well as in early 1999. Significant capital investments have been made in the past two years to increase channel capacity and improve service quality.

The increase in ShenTel Service revenues was $1,018,780 or 40.3% in 1999 compared to an increase of $415,539 or 19.6% for 1998. Both increases are due to customer growth in our existing and new Internet service areas.

Long distance revenues are principally for toll calls placed to locations outside the regulated telephone service area. These revenues increased by $119,320 or 12.8% in 1999 compared to an increase of $28,157 or 3.1% in 1998, due principally to market share changes.

Network revenues are for leasing capacity to interexchange carriers on the Company's fiber optic facilities in West Virginia and Maryland. This service experienced a slight decline in revenues in 1999 as compared to no revenue increase in 1998.

PCS revenues increased by $533,604 or 17.0% in 1999 compared to an increase of $1,379,839 or 78.8% in 1998. As discussed above, in the fourth quarter of 1999 the Company became a Sprint PCS network partner and adopted the CDMA air interface technology as the standard for its network. The technology transition impacted customer growth for much of 1999.

Cost of Products Sold increased by $513,989 or 35.1% in 1999 compared to a decrease of $725,305 or 33.1% in 1998. These changes are due principally to volume changes in handsets sold in the PCS operation, particularly during the holiday selling season at year end 1999.

Plant Specific is comprised primarily of ongoing operating and maintenance expenses for the physical plant. This category increased by $641,957 or 22.5% in 1999 and $132,880 or 4.9% in 1998. Increases in Plant in Service, particularly in the Telephone and PCS subsidiaries, are primarily responsible for the large increase in 1999.

The largest expense category in 1999 and 1998 was Network and Other. The increase in this category was primarily due to switching and facility costs associated with the rapidly increasing customer base in the Cellular and Internet service operations and the addition of the CDMA PCS network. Network and Other costs increased $1,585,635 or 28.9% in 1999 compared to $1,002,255 or 22.4% in 1998.

Depreciation and Amortization increased by $1,282,615 or 23.6% in 1999 compared to $747,957 or 16.0% in 1998. Additional Plant in Service and changes in the nature of the Plant in Service contributed to the larger increase in 1999.

The decrease in Taxes Other Than Income in 1999 and increase in 1998 were primarily due to changes in provisions for operating taxes in the PCS subsidiary.

The Non-operating Income Less Expenses category consists mainly of the income or loss from interest bearing instruments and external investments made by the Company. The changes reflected on the income statement are principally due to income recognized in the Company's partnership investments.

INVESTMENTS IN NON-AFFILIATED COMPANIES

During the third quarter of 1999 AvData Systems, Inc. (AvData), in which the Company had a cost basis of $369,860 and a book basis of $149,860 as a result of a $220,000 writedown recorded in 1992, was merged with Interstate FiberNet, Inc., a wholly-owned subsidiary of ITC^DeltaCom, Inc. (ITCD). At the closing, the Company received 36,579 shares of ITCD common stock as the first of three tranches. The remaining two tranches, designated as earn out shares and escrowed shares, may or may not be distributed, based on specific measures. The earn out and escrow shares have not been recognized by the Company at this time. Through the investments in South Atlantic Venture Fund III, LP and South Atlantic Private Equity Fund IV, LP, two non-affiliated companies that were also invested in AvData, the Company received additional initial distributions of 20,117 shares of ITCD common stock with a basis of $565,777. As of December 31, 1999, the shares of ITCD had a market value of $1,562,670.

During the fourth quarter of 1999 another of the Company's non-affiliated investments, Illuminet Holding, Inc., went public through an initial public offering (IPO) of stock. The Company's cost basis and book value was $843,486 in 463,604 shares (post-IPO). There is a six-month restriction on the Company selling these shares from the offering date of October 7, 1999. As of December 31, 1999, the shares of Illuminet had a market value of $25,501,741. The Illuminet IPO is primarily responsible for the changes in Available-for-Sale Securities, Other Investments and Unrealized Gain on Available-for-Sale Securities categories reflected in the consolidated balance sheets. The Board of Directors has not yet made a decision to sell any of this stock.

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 in the event the GSM network is sold. The GSM equipment had a carrying value of approximately $6.4 million at December 31, 1999. The Company is negotiating a potential sale of the GSM equipment with another PCS provider that uses the GSM platform. Management expects that cash flows from the GSM equipment will be sufficient to recover the book value so as not to result in impairment.

LIQUIDITY AND CAPITAL RESOURCES

The Company had two principal sources of funs for financing expansion activities in 1999. First, the Company has a loan agreement with the Rural Telephone Bank (RTB) with approximately $3,000,000 remaining for future advances as of December 31, 1999. A draw of approximately $2,500,000 was received on January 20, 2000, leaving approximately $500,000 for future advances. Expenditure of these loan funds is limited to capital projects for the regulated local exchange carrier subsidiary.

The second principal liquidity source in 1999 was a term loan agreement with CoBank, entered into in July 1996. Pursuant to this agreement, the Company can borrow up to $25,000,000 for a three-year period ending August 31, 1999, amended on May 24, 1999 for advances to be made until August 31, 2000. On September 1, 1999, amortization and repayment of the outstanding principal balance in monthly installments began, with the final installment due August 20, 2011. Draws on this loan for 1999 totaled $4,597,000 compared to $2,205,500 in 1998. The outstanding principal at the end of 1999 was $22,634,000 and $2,366,000 was available for future advances,

On January 12, 2000 the Company entered into an additional $35,000,000 loan agreement with CoBank, principally to finance the PCS buildout in Pennsylvania. The Company and CoBank contemplate replacing the existing $25,000,000 credit facility and this $35,000,000 bridge loan with a single term loan agreement for $60,000,000.

The Company's Board of Directors has approved a 2000 Capital Budget of potential projects totaling approximately $45,000,000. This 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 $6,000,000 for a PCS switch that was ordered in late 1999, and approximately $11,000,000 for CDMA equipment and towers that will be purchased from Sprint PCS as part of the agreement discussed above. Additionally, almost $10,900,000 is budgeted for the telephone local exchange company, primarily for central office equipment and fiber optic and metallic cable facilities. The Company expects to finance these planned additions primarily through internally generated cash flows and additional advances from the CoBank loans.

The Company secured lines of credit for $2 million with First Union Bank and for $5 million with CoBank in 1999. No draws were outstanding on these lines of credit as of December 31, 1999.

IMPACT OF THE YEAR 2000 ISSUE

The Year 2000 (Y2K) issue relates to whether computer systems will continue to properly recognize and process date-sensitive information with the change to the year 2000. Systems that do not properly recognize such information could generate erroneous data or possibly fail. The Company successfully completed its four-phase Y2K readiness program as scheduled. There were no Y2K problems that had an impact on business operations.

Laurence F. Paxton
Vice President - Finance

Independent Auditor's Report

The Board of Directors and Stockholders
Shenandoah Telecommunications Company
Edinburg, Virginia

We have audited the accompanying consolidated balance sheets of Shenandoah Telecommunications Company and Subsidiaries as of December 31, 1999, 1998 and 1997, and the related consolidated statements of income, changes in stockholders' equity, 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 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, 1999, 1998 and 1997, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

/s/ MCGLADREY & PULLEN, LLP

Richmond, Virginia
January 28, 2000

Shenandoah Telecommunications Company and Subsidiaries

Consolidated Balance Sheets
December 31, 1999, 1998 and 1997

ASSETS (Note 4)	1999	1998	1997
Current Assets			
Cash and cash equivalents	$ 7,155,827	$ 4,891,109	$ 5,203,521
Certificates of deposit			204,122
Held-to-maturity securities (Note 2)		499,581	1,622,433
Accounts receivable (Note 2)	4,918,089	4,272,016	5,682,798
Materials and supplies	4,089,605	3,488,137	3,968,791
Prepaid expenses and other current assets	543,735	777,853	507,165
Total current assets	16,707,256	13,928,696	17,188,830
Securities and Investments (Note 2)			
Available-for-sale securities	30,719,358	2,677,789	3,597,997
Held-to-maturity securities			499,581
Other investments	5,094,020	5,921,206	4,721,517
	35,813,378	8,598,995	8,819,095
Property, Plant and Equipment			
Plant in service (Note 3)	99,821,705	8,8427,844	74,144,956
Plant under construction	9,133,665	5670,371	8,232,517
	108,955,370	9,4098,215	82,377,473
Less accumulated depreciation	34,406,816	2,9063,738	25,313,297
	74,548,554	6,5034,477	57,064,176
Other Assets			
Cost in excess of net assets of business acquired acquired	5,630,042	5,630,042	5,630,042
Deferred charges and other assets	590,019	603,936	602,425
Radio Spectrum License	1,340,750	733,000	733,000
	7,560,811	6,966,978	6,965,467
Less accumulated amortization	1,579,417	1,083,402	629,666
	5,981,394	5,883,576	6,335,801
	$133,050,582	$9,3445,744	$89,407,902

See Notes to Consolidated Financial Statements

LIABILITIES AND STOCKHOLDERS' EQUITY	1999	1998	1997
Current Liabilities			
Current maturities of long-term debt (Note 4)	$ 1,340,711	$ 863,972	$ 544,954
Accounts payable	2,195,958	1,149,286	3,743,701
Advance billings and payments	870,717	712,581	631,815
Refundable equipment payment (Note 6)	3,871,365		
Customers' deposits	118,641	113,586	98,905
Accrued compensation	947,401	890,443	660,659
Other current liabilities	781,248	1,072,422	1,266,110
Income and other taxes payable	908,677	214,433	153,678
Total current liabilities	11,034,718	5,016,723	7,099,822
Long-Term Debt, less current maturities (Note 4)	31,688,737	28,398,374	26,815,706
Other Liabilities and Deferred Credits			
Deferred investment tax credit	76,323	145,909	216,256
Deferred income taxes (Note 5)	16,061,709	6,741,121	5,987,860
Pension and other (Note 7)	1,453,724	1,331,465	883,568
	17,591,756	8,218,495	7,087,684
Minority Interests	2,460,412	2,265,426	1,894,206
Commitments and Contingencies (Notes 2, 3, 6 and 11)			
Stockholders' Equity (Notes 4 and 10)			
Common stock, no par value, authorized 8,000,000 shares; issued 1999 and 1998 3,755,760 shares, 1997 3,760,760 shares	4,734,377	4,734,377	4,740,677
Retained earnings	48,498,503	44,173,730	40,579,090
Accumulated other comprehensive income, unrealized gain on available-for-sale securities, net (Note 2)	17,042,079	638,619	1,190,717
	70,274,959	49,546,726	46,510,484
	$ 133,050,582	$93,445,744	$ 89,407,902

Shenandoah Telecommunications Company and Subsidiaries

Consolidated Statements of Income
Years Ended December 31, 1999, 1998 and 1997

	1999	1998	1997
Operating revenues:			
Telephone:			
Local service	$ 4,063,511	$ 3,782,026	$ 3,589,042
Access and toll service	7,877,612	7,835,509	7,347,703
Directory	1,224,069	1,189,578	1,129,976
Facility leases (Note 2)	2,781,319	2,043,930	1,977,122
Billing, collection and other	622,325	680,802	589,443
Total telephone revenues	16,568,836	15,531,845	14,633,286
Other:			
Cable television	3,431,856	3,098,160	2,513,802
ShenTel Service	3,549,762	2,530,982	2,115,443
Long distance	1,049,753	930,433	902,276
Mobile	13,352,311	9,754,858	8,424,016
Network	610,641	614,934	614,934
PCS	3,664,733	3,131,130	1,751,291
Other	10,908	1,683	15,300
Total operating revenues	42,238,800	35,594,025	30,970,348
Operating expenses:			
Cost of products sold	1,978,494	1,464,505	2,189,810
Line costs	476,967	387,652	382,924
Plant specific	3,494,648	2,852,691	2,719,811
Plant nonspecific:			
Network and other	7,068,888	5,483,253	4,480,998
Depreciation and amortization	6,712,430	5,429,815	4,681,858
Customer operations	5,484,894	4,925,552	4,312,552
Corporate operations	2,925,270	2,702,029	2,669,743
Taxes other than income	490,657	958,681	463,109
Other	1,065,569	885,606	702,509
	29,697,817	25,089,784	22,603,314

See Notes to Consolidated Financial Statements.

(Continued)

Shenandoah Telecommunications Company and Subsidiaries

Consolidated Statements of Income (Continued)
Years Ended December 31, 1999, 1998 and 1997

	1999	1998	1997
Operating income	$ 12,540,983	$ 10,504,241	$ 8,367,034
Other income (expenses):			
Nonoperating income, less expenses	1,582,369	2,054,437	1,396,881
Interest expense	(1,933,021)	(1,501,729)	(1,556,352)
Loss on disposal of assets	(2,365)	(718,312)	(48,628)
	12,187,966	10,338,637	8,158,935
Income taxes (Note 5)	3,796,981	3,598,642	2,593,631
	8,390,985	6,739,995	5,565,304
Minority interests	(1,962,986)	(1,136,220)	(1,085,741)
Net income	$ 6,427,999	$ 5,603,775	$ 4,479,563
Net earnings per share, basic and diluted	$ 1.71	$ 1.49	$ 1.19
Cash dividends per share	$ 0.56	$ 0.51	$ 0.43
Weighted average shares outstanding	3,755,760	3,756,388	3,760,760

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

	Shares	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, December 31, 1996	3,760,760	$4,740,677	$37,716,654	$ 670,591	$ 43,127,922
Comprehensive income:					
Net income			4,479,563		4,479,563
Change in unrealized gain on securities available-for-sale, net of tax of $346,046				520,126	520,126
Total comprehensive income					4,999,689
Dividends			(1,617,127)		(1,617,127)
Balance, December 31, 1997	3,760,760	4,740,677	40,579,090	1,190,717	46,510,484
Comprehensive income:					
Net income			5,603,775		5,603,775
Change in unrealized gain on securities available-for-sale, net of tax of ($368,110)				(552,098)	(552,098)
Total comprehensive income					5,051,677
Dividends			(1,915,435)		(1,915,435)
Redemption of common stock	(5,000)	(6,300)	(93,700)		(100,000)
Balance, December 31, 1998	3,755,760	4,734,377	44,173,730	638,619	49,546,726
Comprehensive income:					
Net income			6,427,999		6,427,999
Change in unrealized gain on securities available-for-sale, net of tax of $10,078,972				16,403,460	16,403,460
Total comprehensive income					22,831,459
Dividends			(2,103,226)		(2,103,226)
Balance, December 31, 1999	3,755,760	$4,734,377	$ 48,498,503	$17,042,079	$ 70,274,959

See Notes to Consolidated Financial Statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

Cash Flows From Operating Activities	1999	1998	1997
Net income	$ 6,427,999	$ 5,603,775	$4,479,563
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	6,216,415	4,976,079	4,246,049
Amortization	496,015	453,736	435,809
Deferred tax charges (benefit)	(758,384)	1,121,371	733,644
(Gain) loss on disposal of assets	2,365	718,312	48,628
(Gain) loss on equity investments	(1,153,756)	(1,816,236)	(799,079)
Minority share of income, net of distributions	194,986	371,220	150,741
Other	(69,586)	(70,347)	(106,665)
Changes in assets and liabilities:			
(Increase) decrease in:			

Accounts receivable	(646,073)	1,410,782	(1,474,056)
Material and supplies	(601,468)	480,654	(1,080,082)
Increase (decrease) in:			
Accounts payable	1,046,672	(2,594,415)	808,119
Other prepaids, deferrals and accruals	4,850,961	369,507	1,028,153
Net cash provided by operating activities	16,006,146	11,024,438	8,470,824
Cash Flows From Investing Activities			
Purchases of property and equipment, net of retirements	(15,732,857)	(13,664,692)	(10,687,958)
(Payment) refund of license costs	(607,750)		397,964
Purchase of certificates of deposit			(2,436,818)
Maturities of certificates of deposits		204,122	3,374,877
Cash flows from securities (Note 2)	921,386	2,238,980	1,328,857
Other, net	13,917	(1,511)	(16,337)
Net cash used in investing activities	(15,405,304)	(11,223,101)	(8,039,415)

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997

	1999	1998	1997
Cash Flows From Financing Activities			
Dividends paid	$ (2,103,226	$(1,915,435)	$(1,617,127)
Redemption of common stock		(100,000)	
Proceeds from long-term debt	4,597,674	2,405,500	3,179,500
Principal payments on long-term debt	(830,572)	(503,814)	(553,729)
Net cash provided by (used in) financing activities	1,663,876	(113,749)	1,008,644
Net increase (decrease) in cash and cash equivalents	2,264,718	(312,412)	1,440,053
Cash and cash equivalents:			
Beginning	4,891,109	5,203,521	3,763,468
Ending	$ 7,155,827	$4,891,109	$ 5,203,521
Supplemental Disclosures of Cash Flow Information			
Cash payments for:			
Interest, net of capitalized interest of $229,224 in 1999, $422,403 in 1998, and $279,398 in 1997	$ 2,131,979	$2,116,323	$ 1,835,750
Income taxes	$ 3,519,200	$2,760,400	$ 1,929,172

See Notes to Consolidated Financial Statements.

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Accounting Policies

Shenandoah Telecommunications Company and subsidiaries (the "Company") provides telephone service, cable television service, unregulated communications equipment and services, paging, mobile telephone, cellular telephone, internet access, and personal communications 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 located in the four state region surrounding the Northern Shenandoah Valley of Virginia. The Company grants credit in accordance with standard industry practices. Accounts receivable are concentrated among customers within the Company's geographic service area and large telecommunications companies. 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 other entities 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, these investments may be in excess of the FDIC insurance limit.

Securities and investments: The classification of debt and equity securities is determined by management 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: Debt securities for which 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, are classified as held-to-maturity securities. They are carried at amortized historical cost.

Available-for-sale securities: Debt and equity securities classified as available-for-sale consist of securities which 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 similar criteria. Available-for-sale securities are carried at fair value as determined by quoted market prices. Unrealized gains and losses are reportable as increases and decreases in other comprehensive income net of tax. Realized gains and losses, determined on the basis of the cost of specific securities sold, are included in net income.

Note 1. Summary of Accounting Policies (Continued)

Investments carried at cost: Investments in which the Company does not have significant ownership and for which there is no ready market are carried at cost. Information regarding these and all other investments is reviewed continuously for evidence of impairment in value. No impairment was deemed to have occurred at December 31, 1999.

Equity method investments: Investments in partnerships and investments in unconsolidated corporations where the Company's ownership is 20% or more are reported under the equity method. Under this method, the Company's equity in earnings or losses of investees is reflected in net income. Distributions received reduce the carrying value of these investments.

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 6.1% of average depreciable assets for the years 1999, 1998 and 1997.

Cost in excess of net assets of business acquired: Intangible assets consisting of the cost in excess of identifiable net assets of businesses acquired are amortized on a straight-line basis over 15 years. The Company periodically evaluates the recoverability of intangibles resulting from business acquisitions and measures the amount of impairment, if any, by assessing current and future levels of income and cash flows as well as other factors, such as business trends and prospects, as well as market and economic conditions.

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.

Note 1. Summary of Accounting Policies (Continued)

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.

Revenue recognition: Revenues are recognized when earned, regardless of the period in which they are billed.

Earnings per share: Basic net income per share was computed by dividing net income by the weighted average number of common shares outstanding during the year. Diluted net income per share for 1999 (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 year, of all dilutive stock options. There were no adjustments to net income in the computation of diluted net income per share for 1999. Stock options outstanding for 1998 and 1997 were antidilutive; therefore, basic and diluted earnings per share are equal for those years.

Note 2. Investments

Investments consist of the following:

	1999	1998	1997
Investment in held-to-maturity securities:			
U. S. Treasury securities, current	$	$ 499,581	$1,622,433
U. S. Treasury securities, noncurrent			499,581
	$	$ 499,581	$2,122,014

Note 2. Investments(Continued)

	1999	1998	1997
Investment in available-for-sale securities:			
Loral Space and Communications, Ltd, (formerly Orion Network Systems), common stock (including unrealized gains of $2,019,035 in 1999, $1,041,877 in 1998 and $1,962,085 in 1997)	$ 3,654,947	$ 2,677,789	$ 3,597,997
Illuminet Holdings, Inc., common stock (including unrealized gains of $24,658,255 in 1999)	25,501,741		
ITC - Deltacom (formerly AvData Systems, Inc.), common stock (including unrealized gains of $847,019 in 1999)	1,562,670		
	$ 30,719,358	$ 2,677,789	$ 3,597,997

No gains were realized in 1999 and 1998. The Company realized gains of approximately $25,900 in 1997 on the sale of available-for-sale securities.

The Company held shares of Illuminet Holdings, Inc. (Illuminet) at the time of its initial public offering in October 1999. Under the terms of the offering, the Company is restricted from selling certain shares of Illuminet common stock until six months after the offering.

Changes in the unrealized gain on available-for-sale securities during the years ended December 31, 1999, 1998 and 1997 reported as a separate component of stockholders' equity are as follows:

	1999	1998	1997
Unrealized holding gains, beginning balance	$ 1,041,877	$1,962,085	$1,095,913
Unrealized holding gains (losses) during the year	26,482,432	(920,208)	892,072
Realization of prior year unrealized gains			(25,900)
Unrealized holding gains, ending balance	27,524,309	1,041,877	1,962,085
Deferred tax effect related to net unrealized gains	10,482,230	403,258	771,368
Unrealized gain included in stockholders'equity	$17,042,079	$ 638,619	$1,190,717

Note 2. Investments (Continued)

Cash flows from purchases, sales and maturities of securities consist of the following:

	1999	1998	1997
Available-for-sale securities:			
Sales	$	$	$ 1,226,489
Purchases			(1,196,296)
Held-to-maturity securities:			
Maturities	499,581	1,622,433	2,148,945
Purchases			(499,581)
Other investments:			
Sales and distributions	1,002,534	1,468,787	48,412
Purchases	(580,729)	(852,240)	(399,112)
Total	$ 921,386	$ 2,238,980	$ 1,328,857

During 1999, investments with a carrying value of $1,559,137 under cost and equity method classifications were reclassified as available-for-sale securities upon the inception of public markets for those holdings.

Note 2. Investments (Continued)

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

	1999	1998	1997
Cost method:			
Illuminet Holdings, Inc.	$	$ 843,486	$ 843,486
AvData Systems, Inc.		149,860	149,860
Coriss.net	250,000		
Rural Telephone Bank	653,492	653,492	653,492
Concept Five Technologies	1,335,276	1,304,083	1,000,003
CoBank	201,622	227,913	19,380
Other	317,545	330,601	133,381
	2,757,935	3,509,435	2,799,602
Equity method (with approximate % owned at December 31, 1999):			
South Atlantic Venture Fund III L.P. (1%)	672,393	605,816	765,966
South Atlantic Venture Fund IV L.P. (1%)	821,424	745,122	300,121
Dolphin Communications, L.P. (1%)	171,222	168,258	
Virginia Independent Telephone Alliance (22%)	328,169	299,483	271,509
Rural Service Area - 6 (11%)	317,912	416,148	543,255
ValleyNet (20%)	24,965	176,944	41,064
	2,336,085	2,411,771	1,921,915
	$ 5,094,020	$ 5,921,206	$4,721,517

The Company has committed to invest an additional $400,000 in the South Atlantic Venture Fund IV L.P. during 2000 and approximately $810,000 in Dolphin Communications, L.P. pursuant to capital calls.

The Company leases fiber-optic facilities to ValleyNet under an operating lease agreement. Facility lease revenue from ValleyNet was approximately $1,600,000, $913,000, and $913,000 in 1999, 1998 and 1997, respectively. At December 31, 1999, the Company had accounts receivable from ValleyNet of approximately $770,000.

It is not practical to estimate the fair value of the other investments due to their limited market and the restrictive nature of their transferability.

Note 3. Plant in Service

Plant in service consists of the following:

	1999	1998	1997
Land	$ 577,811	$ 530,258	$ 512,407
Buildings and towers	11,536,460	11,025,512	10,336,173
Cable and wire	41,239,718	35,576,276	29,733,511
Equipment	46,467,716	41,295,798	33,562,865
	$ 99,821,705	$ 88,427,844	$ 74,144,956

In January 2000, the Company purchased approximately 39 acres of improved commercial real estate for approximately $910,000.

Note 4. Long-Term Debt and Lines of Credit
Long-term debt consists of the following:

	Interest Rate	1999	1998	1997
Rural Telephone Bank (RTB)	6.04% - 8%	$ 9,813,155	$10,305,886	$10,765,742
Rural Utilities Service (RUS)	2% - 5%	382,210	476,622	520,580
CoBank	6.69% - 8.06%	22,634,083	18,279,838	16,074,338
RUS development loan	interest free	200,000	200,000	
		33,029,448	29,262,346	27,360,660
Current maturities		1,340,711	863,972	544,954
Total long-term debt		$31,688,737	$28,398,374	$26,815,706

The notes payable to RTB are pursuant to an agreement which allows for additional borrowings of approximately $3,000,000. In January 2000, approximately $2.5 million was borrowed. In addition, the Company entered into a supplemental financing agreement with CoBank in January 2000. Pursuant to this agreement, the Company may incur borrowings up to $35,000,000 under a revolving credit facility expiring January 31, 2001.

RTB loans are payable $47,754 monthly and $154,686 quarterly, including interest. RUS loans are payable $23,708 monthly, including interest. The CoBank facility is payable $60,857 monthly, plus accrued interest until August 2001, at which time payments increase to $178,475 monthly plus accrued interest.

Note 4. Long-Term Debt and Lines of Credit

Approximate annual debt maturities are as follows:

Year	Amount
2000	$ 1,340,711
2001	1,832,952
2002	2,805,717
2003	2,792,367
2004	2,836,201
Later years	21,421,500
	$ 33,029,448

Substantially all of the Company's assets serve as collateral for the long-term debt. 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. Approximately $3,485,000 of retained earnings was available for payment of dividends at December 31, 1999.

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 value at December 31, 1999.

As of December 31, 1999, the Company had no borrowings outstanding on other approved lines of credit totalling $7,000,000.

NoteIncome Taxes

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

	Years Ended December 31, 1999	1998	1997
Current	$4,555,365	$2,477,271	$1,859,987
Deferred	(758,384)	1,121,371	733,644
Total provision for income taxes	$3,796,981	$3,598,642	$ 2,593,631

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, 1999	1998	1997
Federal income tax expense at statutory rates	$3,476,493	$3,128,822	$2,404,886
State income taxes, net of federal tax benefit	404,909	364,416	220,803
Amortization of investment tax credit	(69,586)	(70,347)	(75,701)
Other	(14,835)	175,751	43,643
Provision for income taxes	$3,796,981	$3,598,642	$2,593,631

Net deferred tax liabilities consist of the following at December 31:

	1999	1998	1997
Deferred tax liabilities:			
Plant-in-service	$ 6,063,101	$6,708,551	$5,556,071
Unrealized gain on securities available-for-sale	10,482,230	403,258	771,368
Other	13,281	53,515	4,701
	16,558,612	7,165,324	6,332,140
Deferred tax assets:			
Accrued compensation costs	135,507	128,607	115,512
Accrued pension costs	361,396	295,596	228,768
	496,903	424,203	344,280
Net deferred tax liabilities	$16,061,709	$6,741,121	$5,987,860

Note 6. Reimbursement for PCS Conversion

During the fourth quarter of 1999, the Company executed a Management Agreement with Sprint PCS. The agreement expands the PCS territory from an area serving a population of approximately 680,000 to one of approximately 2 million. With this agreement, the Company is undertaking to construct and operate a PCS network using CDMA air interface technology. It is expected that the capital buildout and operating losses associated with this expansion will require significant capital resources over the next several years.

As part of the execution of this 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 in the event the GSM network is sold. The GSM equipment had a carrying value of approximately $6.4 million at December 31, 1999. The Company is negotiating a potential sale of the GSM equipment with another PCS provider which uses a GSM equipment platform. Management expects that cash flows from the GSM equipment will be sufficient to recover the book value so as not to result in impairment.

Note 7. Retirement Plans

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.

	1999	1998	1997
Change in benefit obligation:			
Benefit obligation, beginning	$ 6,434,133	$ 5,504,065	$ 5,112,231
Service cost	321,202	261,595	231,270
Interest cost	429,286	380,726	378,404
Actuarial (gain) loss	(1,031,820)	428,028	(86,162)
Benefits paid	(148,667)	(140,281)	(131,678)
Benefit obligation, ending	6,004,134	6,434,133	5,504,065
Change in plan assets:			
Fair value of plan assets, beginning	6,874,626	5,712,651	5,077,518
Actual return on plan assets	1,241,114	1,302,256	766,811
Benefits paid	(148,667)	(140,281)	(131,678)
Fair value of plan assets, ending	7,967,073	6,874,626	5,712,651
Funded status	1,962,939	440,493	208,586
Unrecognized net gain	(3,034,529)	(1,344,253)	(943,738)
Unrecognized prior service cost	195,693	216,398	237,103
Unrecognized net transition asset	(124,258)	(153,002)	(181,746)
Accrued benefit cost	$(1,000,155)	$ (840,364)	$ (679,795)

Components of net periodic benefit cost:

	1999	1998	1997
Service cost	$ 321,202	$ 261,595	$ 231,270
Interest cost	429,286	380,726	378,404
Expected return on plan assets	(544,023)	(451,803)	(375,800)
Amortization of prior service cost	20,705	20,705	20,705
Amortization of net (gain) loss	(38,635)	(21,910)	
Amortization of net transition asset	(28,744)	(28,744)	(28,744)
Net periodic benefit cost	$ 159,791)	$ 160,569	$225,835

Note 7. Retirement Plans (Continued)

Assumptions used by the Company in the determination of pension plan information consisted of the following at December 31, 1999, 1998 and 1997:

	1999	1998	1997
Discount rate	6.75	6.75	7.00
Rate of increase in compensation levels	5.00	5.00	5.00
Expected long-term rate of return on plan assets	8.00	8.00	7.50

Note 8. Stock Incentive Plan

The stockholders have approved a Company Stock Incentive Plan providing for the grant of incentive compensation to employees in the form of stock options. The Plan authorizes grants of options to purchase up to 240,000 shares of common stock over a ten-year period. The option price is the market value of the stock at the date of grant. One-half of the options are exercisable on each of the first and second anniversaries of the date of grant and the options expire five years from the date they are granted.

The fair value of each grant is estimated at the grant date using the Black-Scholes option-pricing model with the following assumptions:

	1999	1998	1997
Dividend rate	1.70%	2.48%	1.96%
Risk free interest rate	4.77%	5.44%	6.13%
Expected lives of options	5 years	5 years	5 years
Price volatility	26.20%	17.98%	19.70%

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Stock Incentive Plan (Continued)

Grants of options under the Plan are accounted for following Accounting Principles Board Opinion No. 25 and related interpretations. Accordingly, no compensation cost has been recognized under the Plan. Had compensation cost for the Plan been determined based on fair values of the awards at the grant date (the method described in FASB Statement No. 123), reported net income and earnings per share would have been reduced to the proforma amounts shown below:

	1999	1998	1997
Net income			
As reported	$ 6,427,999	$ 5,603,775	$ 4,479,563
Pro forma	$ 6,280,662	$ 5,539,768	$ 4,445,578
Earnings per share, basic and diluted			
As reported	$ 1.71	$ 1.49	$ 1.19
Pro forma	$ 1.67	$ 1.47	$ 1.18

A summary of the status of the option plan at December 31, 1999, 1998 and 1997 and changes during the years ended on those dates is as follows:

	1999 Shares	1999 Weighted Average Exercise Price	1998 Shares	1998 Weighted Average Exercise Price	1997 Shares	1997 Weighted Average Exercise Price
Outstanding at beginning of year	27,782	$ 21.23	13,375	$ 21.98		$
Granted	17,578	19.94	15,565	20.59	14,044	21.98
Exercised	--	--	--	--	--	--
Forfeited	(1,303)	20.70	(1,158)	21.33	(669)	21.98
Outstanding at end of year	44,057	$ 20.73	27,782	$ 21.23	13,375	$21.98
	======		======		======	
Exercisable at end of year year	19,708	21.47	6,378	21.98		
Fair value of options granted during the year	$ 15.40		$ 4.11		$ 5.35	

Note 8. Stock Incentive Plan (Continued)

The following table summarizes information about stock options outstanding at December 31, 1999:

Exercise Prices	Options Outstanding Number of Shares	Weighted-Average Remaining Contractual Life	Options Exercisable Number of Shares
$ 21.98	12,414	2 years	12,414
$ 20.59	14,588	3 years	7,294
$ 19.94	17,055	4 years	

Note 9. Major Customer

The Company has two major customers, each accounting for 8-12% of revenues in each year for the period 1997 through 1999. Revenue from these customers consists primarily of carrier access charges for long distance service provided by the Telephone segment and roaming charges for cellular service provided by the Mobile segment.

Note 10.Stockholder Rights

The Board of Directors has adopted a Stockholder Rights Plan whereby, under certain circumstances, holders of each right granted in 1998 at one right per share outstanding will be entitled to purchase $80 worth of the Company's common stock at a price of $40. As of December 31, 1999, the rights are neither exercisable nor traded separately from the Company's common stock. The Rights are only exercisable if a person or group becomes or attempts to become the beneficial owner of 15% or more of the Company's common stock. Under the terms of the Plan, such person or group is not entitled to the benefits of the Rights.

Note 11. Lease Commitments

The Company has leased land, towers, and tower space from others under various noncancelable agreements which expire between September 1, 2000 and July 1, 2004 and require various minimum annual rentals.

The total minimum rental commitment at December 31, 1999 is due as follows:

Year Ending	Amount
2000	$ 368,612
2001	299,927
2002	222,403
2003	161,943
2004	72,972
	$ 1,125,857

The Company has leased towers, tower space, and communications equipment to other entities under various noncancelable agreements which require various minimum annual payments.

The total minimum rental receipts at December 31, 1999 are due as follows:

Year Ending	Amount
2000	$ 431,985
2001	400,442
2002	296,780
2003	222,560
2004	90,678
----	------
	$1,442,445

Note 12. Segment Reporting

The Company has identified nine reporting segments based on the products and services each provides. Each segment is managed and evaluated separately because of differing technologies and marketing strategies.

The reporting segments and the nature of their activities are as follows:

Note 12. Segment Reporting

The Company has identified nine reporting segments based on the products and services each provides. Each segment is managed and evaluated separately because of differing technologies and marketing strategies.

The reporting segments and the nature of their activities are as follows:

Shenandoah Telecommunications Company
(Holding) Holding company which invests in both affiliated and non-affiliated companies.

Shenandoah Telephone Company (Telephone) Provides both regulated and non-regulated telephone services primarily throughout the Northern Shenandoah Valley.

Shenandoah Cable Television Company (CATV) Provides cable service in Shenandoah County.

ShenTel Service Company (ShenTel) Sells and services telecommunications equipment and provides internet access to customers in the multistate region surrounding the Northern Shenandoah Valley.

Shenandoah Valley Leasing Company (Leasing) Finances purchases of telecommunications equipment to customers of other segments.

Shenandoah Mobile Company (Mobile) Provides tower rental, paging and cellular services throughout the Northern Shenandoah Valley.

Shenandoah Long Distance Company (Long Distance)
Provides long distance services.

Shenandoah Network Company (Network)
Leases interstate fiber optic facilities.

Shenandoah Personal Communications Company (PCS)
Provides digital wireless service to a four-state area which will cover the region from Harrisburg and Altoona,Pennsylvania, to Harrisonburg, Virginia.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Performance is evaluated based on the net income of each company, less dividend income from other segments. Each segment accounts for intersegment sales and transfers as if the sales or transfers were to outside parties.

Income recognized from equity method nonaffiliated investees by segment is as follows:

Income recognized from equity method nonaffiliated investees by segment is as follows:

	Holding	Telephone	Mobile	Consolidated Totals
1999	$ 540,229	$ 393,846	$ 219,681	$ 1,153,756
1998	485,542	934,249	396,445	1,816,236
1997	267,967	191,550	339,562	799,079

Note 12. Segment Reporting (Continued)

Selected financial data for each segment is as follows:

	Holding	TelCo	CATV	ShenTel	Leasing
Operating revenues - - external:					
1999	$	$ 16,568,836	$ 3,431,856	$ 3,549,762	$ 10,908
1998		15,531,845	3,098,160	2,530,982	1,683
1997		14,633,286	2,513,802	2,115,443	15,300
Operating revenues - internal:					
1999	$	$ 2,004,504	$ 2,400	$ 235,511	$
1998		1,411,023	2,340	224,561	
1997		1,248,694	2,329	222,137	
Depreciation and amortization:					
1999	$	$ 123,423	$ 3,170,415	$ 905,519	$ 354,737
1998			2,735,658	841,452	300,122
1997			2,370,817	773,560	260,585
Nonoperating income less expenses:					
1999	$ 1,189,244	$ 2,011,662	$ 3,094	$ 801	$ 4,076
1998	1,005,372	2,245,060	537	2,794	5,069
1997	991,413	1,607,327	3,013	1,017	12,980
Interest expense:					
1999	$ 339	$ 1,926,144	$ 759,039	$ 195,741	$
1998		68	1,491,954	685,537	167,998
1997			1,549,799	654,504	161,397
Income tax expense (benefit)					
1999	$ 360,585	$ 3,419,530	$ (123,710)	$ (199,129)	$ (12,016)
1998	294,600	3,712,719	(232,061)	(197,800)	(15,316)
1997	298,368	3,002,628	(224,947)	(204,627)	(8,106)
Net income					
1999	$ 585,731	$ 5,751,049	$ (202,530)	$ (294,976)	$ 20,093
1998	480,476	5,737,264	(378,124)	(326,786)	14,783
1997	562,806	5,497,074	(379,561)	(340,569)	26,257
Total assets					
1999	$ 55,234,402	$ 71,551,731	$ 11,414,668	$ 4,128,218	$ 300,990
1998	27,714,953	61,249,082	11,266,265	3,658,486	302,126
1997	24,727,104	60,061,156	10,616,821	3,668,737	386,950

Note 12. Segment Reporting (Continued)

Mobile	Long Distance	Network	PCS	Combined Totals	Eliminatin Entries	Consolidated Totals
$13,352,311	$1,049,753	$ 610,641	$3,664,733	$42,238,800	$	$42,238,800
9,754,858	930,433	614,934	3,131,130	35,594,025		
8,424,016	902,276	614,934	1,751,291	30,970,348		30,970,348
$ 665,991	$ 333,976	$ 132,890	$ 15,879	$3,391,151	$(3,391,151)	$
340,382	206,525	105,836	13,623	2,304,290	(2,304,290)	
318,577	170,143	99,317	6,888	2,068,085	(2,068,085)	
873,392	$	$ 124,199	$1,160,745	$ 6,712,430	$	$ 6,712,430
636,512		161,604	754,467	5,429,815		5,429,815
553,484		118,498	604,914	4,681,858		4,681,858
$ 313,055	$ 3,112	$ 14,405	$ 14,017	$ 3,553,466	$(1,971,097)	$1,582,369
501,061	2,682	15,512	(10,548)	3,767,539	(1,713,102)	2,054,437
428,518	6,256	8,755	2,297	3,061,576	(1,664,695)	1,396,881
$ 183,637	$	$	$ 839,218	$ 3,904,118	$(1,971,097)	$1,933,021
224,600			644,674	3,214,831	(1,713,102)	1,501,729
341,461			513,886	3,221,047	(1,664,695)	1,556,352
$1,596,996	$ 129,300	$ 197,777	$(1,572,352)	$ 3,796,981	$	$3,796,981
924,000	98,400	174,500	(1,160,400)	3,598,642		3,598,642
887,496	97,506	200,972	(1,455,659)	2,593,631		2,593,631
$2,606,321	$ 211,241	$ 324,213	$(2,573,143)	$6,427,999	$	$6,427,999
1,531,128	160,602	284,522	(1,900,090)	5,603,775		5,603,775
1,203,018	160,194	325,215	(2,477,721)	4,576,713	(97,150)	4,479,563
$15,630,863	$ 263,826	$1,144,504	$14,351,405	$174,020,607	$(40,970,025)	$133,050,582
15,100,474	201,735	1,314,393	13,614,839	134,422,353	(40,976,609)	93,445,744
13,029,769	231,165	1,437,188	10,209,395	124,368,285	(34,960,383)	89,407,902

Statistics

	1999	1998	Increase (Decrease)	Percent Increase (Decrease)
TELEPHONE				
Access Lines				
Residential	17,964	17,176	788	4.6
Business Single-Line	3,756	3,580	176	4.9
Paystations	268	288	(20)	(6.9)
Business Multi-Line	1,374	1,313	61	4.6
Totals	23,362	22,357	1,005	4.5
Access Lines by Exchange				
New Market	2,750	2,655	95	3.6
Mt. Jackson	2,533	2,432	101	4.2
Edinburg	2,976	2,911	65	2.2
Fort Valley	745	693	52	7.5
Woodstock	5,607	5,278	329	6.2
Toms Brook	1,721	1,634	87	5.3
Strasburg	4,526	4,348	178	4.1
Basye	2,052	1,978	74	3.7
Bergton	452	428	24	5.6
Totals	23,362	22,357	1,005	4.5
Exchanges	9	9	-	-
Long Distance Calls	-	-	-	-
Operator Handled	229,136	275,403	(46,267)	(16.8)
Direct Dialed	17,471,625	14,275,111	3,1965140	22.4
Totals	17,700,761	14,550,514	3,150,247	21.7
Switched Access Minutes	110,148,314	105,465,691	4,682,623	4.4
OTHER SERVICES				
CATV	8,605	8,428	177	2.1
Paging	4,946	4,112	834	20.3
VoiceMail	2,016	1,843	173	9.4

PLANT FACILITIES	Telephone	CATV
Route Miles	2,028.2	492.0
Customers Per Route Mile	11.5	17.5
Miles of Distribution Wire	540.3	-
Telephone Poles	7,850	17
Miles of Aerial Copper Cable	358.9	152.3
Miles of Buried Copper Cable	1,351.2	291.5
Miles of Underground Copper Cable	37.2	1.9
Fiber Optic Cable - Fiber Miles	7,468.6	-
Lines of Switching Equipment	34,270	-
Intertoll Circuits to Interexchange Carriers	1,204	-
Special Service Circuits to Interexchange Carriers	220	-

OUR BUSINESS

Shenandoah Telecommunications Company is a holding company which provides various telecommunications services through its operating subsidiaries. These services include: telephone service, primarily in Shenandoah County and small service areas in Rockingham, Frederick and Warren counties, all in Virginia; cable television service in Shenandoah County; unregulated telecommunications equipment and services; Internet access provided to the multistate region surrounding the Northern Shenandoah Valley of Virginia; financing of purchases of telecommunications facilities and equipment; paging and cellular telephone services in the Northern Shenandoah Valley; resale of long distance services; operation and maintenance of an interstate fiber optic network; and building and operating a personal communications and tower network in the four-state region from Harrisonburg, Virginia to the York, Altoona and Harrisburg, Pennsylvania markets.

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 18, 2000, 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 24, 2000.

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 Co, PO Box 459,Edinburg, VA 22824

CORPORATE HEADQUARTERS

Shenandoah Telecommunications Company
124 South Main Street

Edinburg, VA 22824

INDEPENDENT AUDITOR

McGladrey & Pullen, LLP
1051 East Cary Street
Richmond, VA 23219

STOCKHOLDERS' QUESTIONS AND STOCK TRANSFERS - CALL 540-984-5200 Transfer Agent - -Common Stock

Shenandoah Telecommunications Company
PO Box 459

Edinburg, VA 22824

MARKET AND DIVIDEND INFORMATION

The Company's stock is not listed on any national exchange or NASDAQ, but it is traded on the Over-the-Counter (OTC) Bulletin Board system under the symbol "SHET." Historically, the Company maintained information on the prices of transactions that were reported to the Company. More recently, information on OTC trading activity has indicated that the volume of trades significantly exceeds the volume of trades reported by stockholders or brokers directly to the Company. Information on OTC trading activity is available from any stockbroker, or from numerous internet websites. The following summary market information relates to the OTC trading activity in the Company's stock for the past three years.

YEAR	VOLUME	LOW	HIGH	CLOSE	DIVIDEND
1997	60,200	$17.62	$22.00	$19.00	$0.43
1998	100,700	$18.50	$26.00	$19.00	$0.51
1999	219,900	$19.00	$34.50	$33.75	$0.56

This Annual Report to Stockholders 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 TELECOMMUNICAITONS COMPANY AND SUBSIDIARIES

SUBSIDIARIES OF THE REGISTRANT

The following are all subsidiaries of Shenandoah Telecommunications Company, and are incorporated in the State of Virginia.

- - Shenandoah Telephone Company

- - Shenandoah Cable Television Company

- - ShenTel Service Company

- - Shenandoah Long Distance Company

- - Shenandoah Valley Leasing Company

- - Shenandoah Mobile Company

- - Shenandoah Network Company

- - Shenandoah Personal Communications Company

- - Shentel Communications Company

EXHIBIT 23. CONSENT OF INDEPENDENT AUDITORS

As independent auditors, wehereby consent to the incorporation of our report, dated January 28,2000, incorporated by reference in this annual report of Shenandoah Telecommunications Company on Form 10-K, into the Company's previously filed Form S-8 Registration Statement, File No. 33-2173 and Form S-3D Registration Statement No. 333-74297.

/s/ MCGLADREY & PULLEN,LLP
McGladrey & Pullen, LLP
Richmond, VA
March 30, 2000

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YEAR
DEC-31-1999
DEC-31-1999
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42,238,800
1,978,494
29,697,817
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1,933
10,224,980
3,796,981
6,082,444
0
0
0
6,427,999
1.71
1.71