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, 1998
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(b) of the Act:
COMMON STOCK (NO PAR VALUE)
(Title of Class)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports, and (2) has been subject to such filing requirements for the past 90 days.
YES [X] NO [ ]

Aggregate market value of the voting stock held by non-affiliates of the registrant as of March 1, 1999. $72,775,301. (In determining this figure, the registrant has assumed that all of its officers and directors are affiliates. Such assumption shall not be deemed to be conclusive for any other purpose.) The Company's stock is not listed on any national exchange nor NASDAQ; therefore, the value of the Company's stock has been determined based upon the average of the prices of transactions in the Company's stock that were reported to the Company during the year.

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

CLASS	OUTSTANDING AT MARCH 1, 1999
Common Stock, No Par Value	3,755,760

Documents Incorporated by Reference
1998 Annual Report to Security Holders Parts II, IV
Proxy Statement, Dated March 26, 1999 Parts III
EXHIBIT INDEX PAGES 7 -8

SHENANDOAH TELECOMMUNICATIONS COMPANY

PART II

PART III

PART IV

PART I

ITEM 1. BUSINESS

Shenandoah Telecommunications Company is a diversified telecommunications holding company providing both regulated and unregulated telecommunications services through its eight 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 4,778 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 has also submitted an application for authority to offer competitive local exchange services in portions of the state that are outside of our present telephone service area. The Company has approximately 170 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 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). 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 capitalist funds that generally invest in startup telecommunications companies.

Shenandoah Telephone Company

This subsidiary provides both regulated and non-regulated telephone services to approximately 22,000 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 along the Interstate-66 corridor 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. The Company has one customer that accounts for greater than 10% of its revenue, primarily consisting of carrier access charges for long distance service as referenced in Note 8 to the Consolidated Financial Statements.

Shenandoah Cable Television Company

This subsidiary provides coaxial-based cable television service to approximately 8,500 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. In 1997, the rebuild and expansion of this wireline system to a state-of-the art hybrid fiber coaxial network was initiated. 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. 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.

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 Intersate-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 Partnerships, which provide 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.

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 is offered from Chambersburg, Pennsylvania to Harrisonburg, Virginia under an agreement with American Personal Communications (APC) for the western part of the Washington/Baltimore metropolitan trading area. The service is marketed under the Sprint SpectrumSM name to a potential customer base of 750,000. Retail stores are operated in Hagerstown, Maryland; Winchester, Virginia; and Harrisonburg, Virginia.

Additional detail on the operating segments is referenced in Note 2 of the 1998 Annual Report.

The registrant does not engage in operations in foreign countries.

Working capital practices and competitive conditions are discussed in Management 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. 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.

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, 1998.

EXECUTIVE OFFICERS

Name	Title	Age	Date In Position
Christopher E. French	President	41	April 1988
David E. Ferguson	Vice President of Customer Service	52	November 1982
Laurence F. Paxton	Vice President of Finance	46	June 1991
William L. Pirtle	Vice President of PCS	39	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 -

1998 Annual Report to Security Holders
Market Information - Inside Front Cover

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

1998 Annual Report to Security Holders
Five-Year Summary of Selected Financial Data - Page 24

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

1998 Annual Report to Security Holders
Market and Dividend Information - Inside Front Cover

Additionally, the terms of a mortgage agreement require the maintenance of defined amounts of the subsidiary's equity and working capital after payment of dividends. Accordingly, approximately $3,067,000 of retained earnings was available for payment of dividends at December 31, 1998.

For additional information, see Note 4 in the Consolidated Financial Statements of the 1998 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 incorporate by reference -

1998 Annual Report to Security Holders
Five-Year Summary of Selected Financial Data - Page 24

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 -

1998 Annual Report to Security Holders
Management's Discussion and Analysis of Financial
Condition and Results of Operations - Pages 21`-23

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated financial statements included in the 1998 Annual Report to Security Holders are incorporated by reference as identified in Part IV, Item 14, on Pages 6-21

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

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning directors and executive officers is incorporated by reference -

Proxy Statement, Dated March 26, 1999 - Pages 2 - 6

ITEM 11. EXECUTIVE COMPENSATION

by reference -

Proxy Statement, Dated March 26, 1999 - Pages 5 - 6

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, 1999.

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

Proxy Statement, Dated March 26, 1999
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 26, 1999
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.

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 1999 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, 1999 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, 1999
/s/ LAURENCE F. PAXTON Laurence F. Paxton	Principal Financial Accounting Officer	March 30, 1999
/s/ DICK D. BOWMAN Dick D. Bowman	Treasurer & Director	March 30, 1999
/s/ DOUGLAS C. ARTHUR Douglas C. Arthur	Director	March 30, 1999
/s/ KEN L. BURCH Ken L. Burch	Director	March 30, 1999
/s/ HAROLD MORRISON, Jr. Harold Morrison, Jr.	Director	March 30, 1999
/s/ NOEL M. BORDEN Noel M. Borden	Director	March 30, 1999
/s/ JAMES E. ZERKEL II James E. Zerkel II	Director	March 30, 1999

Stockholder Information

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 communications equipment and services; Internet access; financing of purchases of telecommunications facilities and equipment; paging, mobile telephone, 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 network in the four-state region from Chambersburg, Pennsylvania to Harrisonburg, Virginia.

ANNUAL MEETING

The Board of Directors extends an invitation to all stockholders to attend the Annual Meeting of Stockholders. The meeting will be held Tuesday, April 20, 1999, 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 26, 1999.

FORM 10-K

The company's annual report on form 10-k filed with the securities and exchange commission is available to stockholders, without charge, upon request to mr. Laurence f. Paxton, vice president - finance, shenandoah telecommunications company, p. O. Box 459, edinburg, va 22824.

INDEPENDENT AUDITOR

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

CORPORATE HEADQUARTERS

Shenandoah Telecommunications Company
124 South Main Street
Edinburg, VA 22824

MARKET AND DIVIDEND INFORMATION

The stock of Shenandoah Telecommunications Company is not listed on any national exchange or NASDAQ, and the Company is not aware of any broker who maintains a position in the Company's stock. It, however, is aware of unconfirmed transactions of the stock which have been handled privately and by brokers and local auctioneers. Additionally, the stock is traded on the over-the-counter bulletin board system. Some of these prices include commissions and auctioneers' fees. Since some prices are not reported to the Company and family transactions are not applicable, all transactions are not included in the following summary of prices. The Company has maintained a policy of declaring an annual cash dividend.

1997

Quarter	No. Trans.	No. Shares	High	Low
1st	90	7,614	$30.00	$20.00
2nd	221	18,124	25.00	19.00
3rd	223	16,357	25.00	18.00
4th	36	3,380	25.00	17.00

Weighted average price per share -	$20.59
Annual cash dividend per share -	.43

1998

Quarter	No. Trans.	No. Shares	High	Low
1st	58	16,948	$26.50	$18.00
2nd	87	11,779	25.00	18.00
3rd	21	2,591	24.75	18.00
4th	88	14,726	25.00	18.75

Weighted average price per share -	$19.94
Annual cash dividend per share -	.51

STOCKHOLDERS' QUESTIONS AND STOCK TRANSFERS - CALL (540) 984-5200 Transfer Agent
- - Common Stock Shenandoah Telecommunications Company
P.O. Box 459
Edinburg, VA 22824

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.

Letter to the Stockholders
March 26, 1999

Dear Stockholder: [GRAPHIC APPEARS HERE]

Your Company had an excellent year in 1998. Our financial performance was very strong as we achieved net income of $1.49 per share, basic and diluted, compared to $1.19 in 1997, an increase of 25 percent. Net income was $5.6 million, compared to $4.5 million in the previous year. In 1998, our revenues grew to $35.6 million, compared to $31.0 million in 1997, an increase of 14.9 percent. The Board of Directors declared a cash dividend of 51 cents per share, which was paid on December 1, 1998 to stockholders of record as of November 13, 1998. The $1.9 million total dividend was a cash payout to stockholders of 34.2 percent of the Company's net income and represented an 18.6 percent increase over the 1997 dividend.

In addition to the improved financial performance, the quality of service provided to our customers, as measured by our trouble index, improved to 1.41 from 1997's index of 1.59 troubles reported per 100 customers. This improvement is in large part due to the significant investment we have made to upgrade our CATV system; our continued deployment of fiber optic technology in our local network facilities; and, our ongoing efforts to correct any deficiencies in our facilities or services.

Telephone and Mobile Subsidiaries Lead Growth in Net Income

Both our Telephone and Mobile subsidiaries had solid increases in net income. Our PCS, ShenTel, and CATV subsidiaries all reduced their losses from the previous year but have not yet reached profitability. Our PCS operation's loss was reduced by $578,000, from 1997's loss of $2.5 million. While this was a good improvement, much more will be needed before we will have this line of business at breakeven or profitable levels. We are continuing our efforts to reduce our operating costs for this business while maintaining the quality of service that our customers expect from our organization, and that we expect of ourselves.

Internet Business Fastest Growing

ShenTel Service Company's Internet business continued its strong growth, with revenues increasing over 64 percent. Our Internet customer base grew 56 percent, and Internet revenues now represent over 54 percent of this subsidiary's total revenues. We are also finding that in addition to the rapid growth in customers, the usage patterns of our customers are also changing. Our customers are increasingly spending longer periods of time on the "Net", and are connecting more frequently than in the past.

[GRAPHIC APPEARS HERE]
[CAPTION]James Wellard inspects state-of-the-art modem pool used by ShenTel Internet

The Company has continued to invest heavily in this business and the network needed to support this rapidly growing customer base. During 1998, work was completed on upgrading all of our modems to the v.90 standard, the latest available for dial-up access, and the Company continued to add additional modem capacity. Expanding demand for this service has created some growing pains, particularly in our ability to obtain additional trunking capacity from some of the other network providers we must depend on in parts of our Internet service area.

Along with the additions to our modem and trunking capacity, we have recently replaced our mail server with a new redundant system, which has many features to enhance reliability. The server and its associated disk array are specifically designed to be extremely reliable, and to perform well in the most demanding environments.

When we started our Internet business in September of 1994, one of our objectives was to offer a service which approached the levels of reliability that we had achieved with our telephone service, and which we believed our customers would demand. The rate at which we are adding customers, and the rate at which customers are increasing their time on-line, indicates that we are making progress toward this goal.

CATV Service Improved

Our CATV operation had another loss for the year, primarily due to the pressures on expenses from increased programming and royalty fees, as well as increased depreciation and interest expenses to support our ongoing system upgrades.

In 1998 over $2.2 million was spent on a major upgrade to a portion of our cable system. Because of this significant investment, there has been a drastic reduction in the number of customer complaints on picture quality and service outages. By the end of 1999, our plans are to complete this upgrade throughout the entire system. With this upgrade, and through the extensive use of our fiber optic network, we will be able to offer additional enhanced services, such as pay-per-view and multiple music audio channels.

In addition to these investments to provide a state-of-the-art cable television system, we are faced with increased operating costs. In order to provide better service, more channels, more original programming, and keep pace with the cost of doing business, we will again have to adjust our service rates. When compared to the cost of cable service in the surrounding communities and other entertainment options, our offerings are still a great value for our customer's entertainment dollars. To give our customers the option to reduce their cable television cost if they do not wish to take advantage of all of the programming that is available, we have introduced a new Economy Service Plan. The new plan offers 12 channels of programming, including all of the major networks.

[GRAPHIC APPEARS HERE]
[CAPTION]Company Participates in Development of Advanced Traveler Information System

While most of our efforts during 1998 were focused on growing and improving our present businesses, we also began to build the foundation for future expansion and growth. One of these efforts led to our involvement in two projects, valued at over $900,000, to develop and build a comprehensive advanced traveler information system (ATIS) for the Shenandoah Valley region of Virginia, and then to expand that model statewide. In addition to the contributions of ShenTel, funding for this initiative is also being provided by the Virginia Department of Transportation (VDOT), the Virginia Tourism Corporation, and the Virginia Intelligent Transportation Systems Implementation Center.

The Shenandoah ATIS, called "Travel Shenandoah", will be an integrated traveler information service, providing comprehensive, timely, accurate, and useful information on traffic and travel conditions, traveler services, tourist destinations, and emergency services information to travelers, potential travelers and those serving travelers in the I-81 corridor. Additionally, VDOT and the State Police will be able to use Travel Shenandoah to help manage I-81 traffic incidents, including disruptions in traffic flow created by highway construction as I-81 is widened. Potential delivery mechanisms for this information include the world-wide-web, kiosks, cellular phones, PCS/digital wireless phones, pagers, changeable roadside advisory signs, radio, and cable TV. ShenTel's wide array of telecommunications products and services makes the Company an ideal partner to help put this project together.

[GRAPHIC APPEARS HERE]
[CAPTION]Early mockup of "Travel Shenandoah" web page

Application for Authority to Offer Competitive Local Services in Virginia

In November of 1998, the Company filed with the Virginia State Corporation Commission for a certificate to provide competitive local exchange services in portions of the state that are outside of our present telephone service area. A hearing to consider granting this certificate was held by the Commission on March 9, 1999. Having this authority will enable the Company to offer a package of services to our customers that better meets all of their telecommunications needs. Receiving the necessary regulatory authority is just the first step in a lengthy process, which must then be followed with negotiations to interconnect with the incumbent local telephone companies serving the areas we choose to serve. We will closely evaluate each opportunity to expand our service offering to ensure that we can maximize use of our existing infrastructure and economically grow our business.

These competitive services will be provided under a new subsidiary, ShenTel Communications Company.

Employee Efforts Lead System Changes

As covered in management's review later in this report, our Company continued its work preparing for the date change to the year 2000 (Y2K). Many employees have been involved in various aspects of our readiness efforts. When it was recognized that our existing financial accounting software package would not be Y2K compliant, we seized the opportunity to find a system which would not only handle the date changes, but one which would also give us improved accounting capabilities. Our project team handling the implementation of our new financial accounting software package has expended a tremendous amount of effort. Once the project is completed in the second quarter of 1999, we will have a system which allows us to better track our costs and to produce more timely and detailed management reports.

[GRAPHIC APPEARS HERE]
[CAPTION]Members of project team participate in one of many work sessions for implementation of new financial accounting system

Board of Directors Adopts Dividend Reinvestment Plan

Last fall we surveyed your level of interest in the Company offering a Dividend Reinvestment Plan, and the results were overwhelmingly in favor of the Company putting such a plan in place. The Board of Directors has adopted a plan, which has been filed with the Securities and Exchange Commission. A prospectus and enrollment card is expected to be mailed to all stockholders sometime in May of this year. The details of the plan and how it operates will be outlined in the prospectus. Briefly, this optional plan will enable those who elect to participate to have their dividends reinvested in Company stock. It is the

Board's intention that the shares to be purchased by the reinvested dividends will come from open-market purchases. These purchases will be made by Legg Mason Wood Walker, Inc., who will act as the Purchasing Agent for the plan. These dividend dollars will then be reinvested in stock, based on the average market price that the Purchasing Agent paid to obtain the required number of shares. The Company will then transfer to the participating stockholders the number of whole shares that their reinvested dividends are able to purchase; and, any remaining cash balance will then be distributed.

Stock Price Did Not Reflect Improved Financial Performance

While our financial and service performances during the year were excellent, the prices reported for transactions in our Company's stock continued to be a disappointment. While we recognize the decreases in earnings that we had prior to 1998 could have had a negative impact on our stock price, we would expect that our strong growth in earnings and large increase in dividend payout should now have a positive effect. We continue to have very low turnover in our stockholder base; however, the number of shareholders grows steadily each year. Prices reported on the over-the-counter bulletin board system for our stock (which is traded under the symbol SHET) have varied and ranged from $19 to $23 since the beginning of December. This price range equates to a multiple of 12.8 to 15.4 times our 1998 earnings of $1.49 per share. By comparison, the multiple for the S&P 500 and the average of the large telephone companies is over 20 times earnings, possibly indicating there is room for our price to increase. Based on the prices reported to the Company for private and auction sales in January and February of this year, these transactions appear to be approximately 10 percent greater than the same months for 1998. As we have talked with stockholders and worked with our financial advisors, one clear message is that we must continue to show long-term growth and profitability. We believe we are on the right path to this continued, profitable growth, and trust this will ultimately be reflected in the value of your investment in the Company.

For the Board of Directors

/s/ Christopher E. French

Christopher E. French, President

Comparative Highlights

	December 31		Increase (Decrease)	
	1998	1997	Amount	Percent
Operating Revenues	$35,594,025	$30,970,348	$ 4,623,677	14.9
Operating Expenses	$25,089,784	$22,603,314	$ 2,486,470	11.0
Income Taxes	$ 3,598,642	$ 2,593,631	$ 1,005,011	38.7
Interest Expense	$ 1,501,729	$ 1,556,352	$ (54,623)	(3.5)
Net Income	$ 5,603,775	$ 4,479,563	$ 1,124,212	25.1
Net Income from Operations (1)	$ 5,364,242	$ 4,530,642	$ 833,600	18.4
diluted	$ 1.49	$ 1.19	$ .30	25.2
Cash Dividend per share	$ .51	$ .43	$ .08	18.6
Percent Return on Equity	11.2	9.6	1.6	16.7
Common Shares Outstanding	3,755,760	3,760,760	(5,000)	(.1)
No. of Stockholders	3,654	3,567	87	2.4
No. of Employees (full-time equivalent)	170.5	176	(5.5)	(3.1)
Wages & Salaries	$ 6,129,485	$ 5,675,907	$ 453,578	8.0
Investment in Net Plant	$65,034,477	$57,064,176	$ 7,970,301	14.0
Capital Expenditures	$13,664,692	$10,687,958	$ 2,976,734	27.9
Access Lines	22,357	21,541	816	3.8
Long Distance Messages	14,550,514	13,423,706	1,126,808	8.4
CATV Customers	8,428	8,186	242	3.0

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

Officers

Christopher E. French
President

Noel M. Borden
Vice President

Dick D. Bowman
Treasurer

Zane Neff
Assistant Secretary

Harold Morrison, Jr.
Secretary

Laurence F. Paxton
Vice President-Finance

[GRAPHIC APPEARS HERE]
(Seated l to r) Holler, Zerkel, Bowman, Morrison, and Borden. (Standing l to r) Neff, French, Arthur, and Burch.

Board of Directors

Douglas C. Arthur, Attorney-at-Law; Director, First National Corporation
Noel M. Borden, President, H. L. Borden Lumber Co. (a retail building materials firm); Chairman of the Board, First National Corporation
Dick D. Bowman, President, Bowman Brothers, Inc; Director, The Rockingham Group; Director, Old Dominion Electric Cooperative
Ken L. Burch, Farmer
Christopher E. French, President, Shenandoah Telecommunications Co. & its Subsidiaries; Director, First National Corporation
Grover M. Holler, Jr., President, Valley View, Inc. (a real estate developer)
Harold Morrison, Jr., Chairman of the Board, Woodstock Garage, Inc. (auto sales & repair firm); Director, First Virginia Bank-Blue Ridge
Zane Neff, Retired Manager, Hugh Saum Co., Inc. (a hardware and furniture store); Director, Crestar Bank
James E. Zerkel II, Vice President, James E. Zerkel, Inc. (a hardware firm); Director, Shenandoah Valley Electric Cooperative; Member, Shenandoah County Industrial Development Authority

Consolidated Balance Sheets
December 31, 1998, 1997 and 1996

ASSETS (Note 4)	1998	1997	1996
Current Assets			
Cash and cash equivalents	$ 4,891,109	$5,203,521	$ 3,763,468
Certificates of deposit	-	204,122	1,142,181
Held-to-maturity securities (Note 3)	499,581	1,622,433	2,148,945
Accounts receivable, including interest	4,272,016	5,682,798	4,208,742
Materials and supplies	3,488,137	3,968,791	2,888,709
Prepaid expenses and other current assets	777,853	507,165	399,074
Total current assets	13,928,696	17,188,830	14,551,119
Securities and Investments (Note 3)			
Available-for-sale securities	2,677,789	3,597,997	2,738,431
Held-to-maturity securities	-	499,581	1,622,433
Other investments	5,921,206	4,721,517	4,112,947
	8,598,995	8,819,095	8,473,811
Property, Plant and Equipment			
Plant in service	88,427,844	74,144,956	65,215,491
Plant under construction	5,670,371	8,232,517	5,626,710
	94,098,215	82,377,473	70,842,201
Less accumulated depreciation	29,063,738	25,313,297	21,648,820
	65,034,477	57,064,176	49,193,381
Other Assets			
Cost in excess of net assets of business acquired, less accumulated amortization	4,876,215	5,157,078	5,532,601
Deferred charges and other assets	354,216	476,687	523,185
Radio Spectrum License net of accumulated amortization	653,145	702,036	-
Deposit	-	-	1,100,000
	5,883,576	6,335,801	7,155,786
	$ 93,445,744	$ 89,407,902	$79,374,097

See Notes to Consolidated Financial Statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	1998	1997	1996
Current Liabilities			
Current maturities of long-term debt (Note 4)	$ 863,972	$ 544,954	$ 529,405
Accounts payable	1,149,286	3,743,701	2,097,115
Advance billings and payments	712,581	631,815	590,336
Customers' deposits	113,586	98,905	89,591
Accrued compensation	890,443	660,659	478,300
Other current liabilities	1,072,422	1,266,110	639,495
Other taxes payable	214,433	153,678	128,144
Total current liabilities	5,016,723	7,099,822	4,552,386
Long-Term Debt, less current maturities (Note 4)	28,398,374	26,815,706	24,176,834
Other Liabilities and Deferred Credits			
Deferred investment tax credit	145,909	216,256	291,957
Deferred income taxes (Note 5)	6,741,121	5,987,860	4,908,170
Pension and other (Note 6)	1,331,465	883,568	573,363
	8,218,495	7,087,684	5,773,490
Minority Interests	2,265,426	1,894,206	1,743,465
Stockholders' Equity (Note 4)			
Common stock, no par value, authorized 8,000,000 shares; issued 1998-3,755,760 shares, 1997 and 1996-3,760,760 shares	4,734,377	4,740,677	4,740,677
Retained earnings	44,173,730	40,579,090	37,716,654
Accumulated other comprehensive income, Unrealized gain on available-for-sale Securities, net (Note 3)	638,619	1,190,717	670,591
	49,546,726	46,510,484	43,127,922
	$93,445,744	$89,407,902	$79,374,097

Consolidated Statements of Income
Years Ended December 31, 1998, 1997 and 1996

	1998	1997	1996
Operating revenues:			
Telephone:			
Local service	$3,782,026	$3,589,042	$3,319,648
Access and toll service	7,835,509	7,347,703	7,021,504
Directory	1,189,578	1,129,976	1,131,540
Facility leases	2,043,930	1,977,122	1,838,293
Billing, collection and other	680,802	589,443	549,360
Total telephone revenues	15,531,845	14,633,286	13,860,345
Other:			
Cable television	3,098,160	2,513,802	1,277,017
ShenTel Service	2,530,982	2,115,443	1,688,795
Long distance	930,433	902,276	1,042,083
Mobile	9,754,858	8,424,016	6,620,093
Network	614,934	614,934	535,225
PCS	3,131,130	1,751,291	387,446
Other	1,683	15,300	18,850
Total operating revenues	35,594,025	30,970,348	25,429,854
Operating expenses:			
Cost of products sold	1,464,505	2,189,810	1,626,181
Line costs	387,652	382,924	421,064
Plant specific	2,852,691	2,719,811	2,262,224
Plant nonspecific:			
Network and other	5,483,253	4,480,998	3,291,073
Depreciation and amortization	5,429,815	4,681,858	3,529,554
Customer operations	4,925,552	4,312,552	3,347,804
Corporate operations	2,702,029	2,669,743	2,297,308
Taxes other than income	958,681	463,109	367,590
Other	885,606	702,509	342,405
	25,089,784	22,603,314	17,485,203
Operating income	$10,504,241	$ 8,367,034	$ 7,944,651
Other income (expenses):			
Nonoperating income, less expenses	2,054,437	1,396,881	1,115,888
Interest expense	(1,501,729)	(1,556,352)	(803,300)
Gain (loss) on disposal of assets	(718,312)	(48,628)	228,250
	10,338,637	8,158,935	8,485,489
Income taxes (Note 5)	3,598,642	2,593,631	2,821,586
	6,739,995	5,565,304	5,663,903
Minority interests	(1,136,220)	(1,085,741)	(669,314)
Net income	$5,603,775	$4,479,563	$4,994,589
Net earnings per share, basic and diluted	$ 1.49	$ 1.19	$ 1.33
Cash dividends per share	$ 0.51	$ 0.43	$ 0.42
Weighted average shares outstanding	3,756,388	3,760,760	3,760,760

See Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Stockholders' Equity
Years Ended December 31, 1998, 1997 and 1996

	Shares	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, January 1, 1996	3,760,760	4,740,677	$34,301,584	$229,012	$39,271,273
Comprehensive income:					
Net income	-	-	4,994,589	-	4,994,589
Change in unrealized gain on securities available-for-sale, net of tax of $285,198	-	-	-	441,579	441,579
Total comprehensive income					5,436,168
Dividends declared	-	-	(1,579,519)	-	(1,579,519
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 declared	-	-	(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 declared	-	-	(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

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows
Years Ended December 31, 1998, 1997 and 1996

	1998	1997	1996
Cash Flows From Operating Activities			
Net income	$5,603,775	$4,479,563	$4,994,589
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	4,976,079	4,246,049	3,402,794
Amortization	453,736	435,809	126,760
Deferred taxes	1,121,371	733,644	695,921
(Gain) loss on disposal of assets	718,312	48,628	(228,250)
(Gain) loss on equity investments	(1,816,236)	(301,435)	189,389
Minority share of income, net of distributions	371,220	150,741	244,314
Other	(70,347)	(106,665)	75,883
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	1,410,782	(1,474,056)	(1,134,612)
Material and supplies	480,654	(1,080,082)	(952,981)
Increase (decrease) in:			
Accounts payable	(2,594,415)	808,119	1,283,228
Other prepaids, deferrals and accruals	369,507	530,509	43,018
Net cash provided by operating activities	11,024,438	8,470,824	8,740,053
Cash Flows From Investing Activities			
Purchases of property and equipment	(13,664,692)	10,687,958)	(15,217,862)
Acquisition of cable television assets	-	-	(7,617,199)
Deposit (refund) on licenses	-	397,964	(1,100,000)
Purchase of certificates of deposit	-	(2,436,818)	(1,134,528)
Maturities of certificates of deposits	204,122	3,374,877	1,234,575
Cash flows from securities (Note 3)	2,238,980	1,328,857	185,437
Other, net	(1,511)	(16,337)	54,628
Net cash used in investing activities	(11,223,101)	(8,039,415)	(23,594,949)
Cash Flows From Financing Activities			
Dividends paid	$(1,915,435)	$1,617,127)	$1,579,519)
Redemption of common stock	(100,000)	-	-
Proceeds from long-term debt	2,405,500	3,179,500	14,584,839
Principal payments on long-term debt	(503,814)	(553,729)	(493,403)
Net cash provided by (used in) financing activities	(113,749)	1,008,644	12,511,917
Net increase (decrease) in cash and cash equivalents	(312,412)	1,440,053	(2,342,979)
Cash and cash equivalents:			
Beginning	5,203,521	3,763,468	6,106,447
Ending	$ 4,891,109	$5,203,521	$3,763,468
Supplemental Disclosures of Cash Flow Information			
Cash payments for:			
Interest, net of capitalized interest of $422,403 in 1998, $279,398 in 1997, and $210,168 in 1996	$2,116,323	$1,835,750	$ 726,242
Income taxes	$2,760,400	$1,929,172	$2,071,027
Proceeds of long-term debt for stock in Rural Telephone Bank	$ -	$ 28,650	$ 55,850

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See Notes to Consolidated Financial Statements.

Note 1. Summary of Accounting Policies

Shenandoah Telecommunications Company and subsidiaries (the "Company") operates entirely in the telecommunications industry. 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 primarily in the Northern Shenandoah Valley of Virginia and the surrounding areas. 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 Company has investments in debt and equity securities, which consist of shares of common and preferred stock and partnership interests. Debt securities consist primarily of obligations of the U. S. Government.

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.

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, 1998.

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.

Note 1. Summary of Accounting Policies (Continued)

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%, 6.1% and 5.8% of average depreciable assets for the years 1998, 1997 and 1996, respectively.

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.

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: The Company presents both basic and diluted per share amounts. Diluted per share amounts assume the conversion, exercise or issuance of all potential common stock instruments such as options, warrants and convertible securities, unless the effect is to reduce a loss or increase earnings per share. The Company has stock options outstanding which are antidilutive; therefore, basic and diluted earnings per share are equal.

Reporting changes: In 1998, the Company adopted FASB Statements No. 130, Reporting Comprehensive Income and No. 131, Disclosures about Segments of an Enterprise and Related Information.

Statement No. 130, Reporting Comprehensive Income, establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general-purpose financial statements. The Statement requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. The Company has elected to present comprehensive income together with other changes in stockholders' equity in a consolidated statement of changes in stockholders' equity for all years presented.

Statement No. 131, Disclosures about Segments of an Enterprise and Related Information, requires public business enterprises to report certain information about operating segments in complete sets of financial statements of the enterprise and in condensed financial statements of interim periods issued to shareholders. Segments are components of an enterprise about which separate financial information is available and is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The statement also requires public business enterprises to report certain information about their products and services, the geographic areas in which they operate, and their major customers. The Company has defined its operating segments as the parent Company and individual operating subsidiaries and has provided disclosures about these segments elsewhere in the consolidated financial statements.

Note 2. Segment Reporting

The Company has identified nine reporting segments based on the products and services each provide. 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 (Holding)	Holding company which invests in both Company affiliated and non-affiliated companies.
Shenandoah Telephone Company (Telephone)	Provides both regulated and non-regulated telephone services primarily throughout the 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 Northern Shenandoah Valley
Shenandoah Valley Leasing Company (Leasing)	Finances purchases of telecommunications equipment to customers of other segments.
Shenandoah Mobile Company (Mobile)	Provides paging, mobile telephone, 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 region from Chambersburg, 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:

	Holding	Telephone	Mobile	Consolidated Totals
1998	$ 485,542	$ 934,249	$ 396,445	$1,816,236
1997	267,967	191,550	339,562	799,079
1996	95,343	145,489	211,969	452,801

Note 2. Segment Reporting (Continued)

Selected financial data for each segment is as follows:

	Holding	Telephone	CATV	ShenTel	Leasing
Operating revenues - external:					
1998	$ -	$15,531,845	$3,098,160	$2,530,982	$ 1,683
1997	-	14,633,286	2,513,802	2,115,443	15,300
1996	-	13,860,345	1,277,017	1,688,795	18,850
Operating revenues - internal:					
1998	$ -	$ 1,411,023	$ 2,340	$ 224,561	-
1997	-	1,248,694	2,329	222,137	-
1996	-	1,257,076	2,328	170,826	-
Depreciation and amortization:					
1998	$ -	$ 2,735,658	$ 841,452	$300,122	-
1997	-	2,370,817	773,560	260,585	-
1996	-	2,230,135	378,603	151,435	-
Nonoperating income less expenses:					
1998	$1,005,372	$ 2,245,060	$ 537	$ 2,794	$ 5,069
1997	991,413	1,607,327	3,013	1,017	12,980
1996	802,099	743,012	3,149	925	29,549
Interest expense:					
1998	$ 68	$ 1,491,954	$ 685,537	$167,998	$ -
1997	-	1,549,799	654,504	161,397	-
1996	7,985	795,141	234,318	92,566	-
Income tax expense (benefit)					
1998	$ 294,600	$ 3,712,719	$(232,061)	$(197,800)	$ (15,316)
1997	298,368	3,002,628	(224,947)	(204,627)	(8,106)
1996	354,004	2,866,818	(132,479)	(132,751)	(2,358)
Net income					
1998	$ 480,476	$ 5,737,264	$(378,124)	$(326,786)	$ 14,783
1997	562,806	5,497,074	(379,561)	(340,569)	26,257
1996	580,491	5,027,579	(199,913)	(217,668)	36,239
Total assets					
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
1996	22,889,905	53,209,710	10,331,933	3,146,251	476,259

Note 2.   Segment Reporting (Continued)

Mobile	Long Distance	Network	PCS	Combined Totals	Eliminating Entries	Consolidated Totals
$ 9,754,858	$ 930,433	$ 614,934	$3,131,130	$ 35,594,025	$ -	$35,594,025
8,424,016	902,276	614,934	1,751,291	30,970,348	-	30,970,348
6,620,093	1,042,083	535,225	387,446	25,429,854	-	25,429,854
$ 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)	-
189,581	267,909	88,320	-	1,976,040	(1,976,040)	-
$ 636,512	$ -	$ 161,604	$ 754,467	$ 5,429,815	$ -	$ 5,429,815
553,484	-	118,498	604,914	4,681,858	-	4,681,858
411,808	-	83,538	274,035	3,529,554	-	3,529,554
$ 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
276,026	11,993	5,200	3,858	1,875,811	(759,923)	1,115,888
$ 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
248,381	-	2,632	182,200	1,563,223	(759,923)	803,300
$ 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
473,091	121,515	172,511	(898,765)	2,821,586	-	2,821,586
$ 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
759,310	197,487	280,397	(1,469,333)	4,994,589	-	4,994,589
$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
12,710,637	284,197	1,202,415	6,851,836	111,103,143	(31,729,046)	79,374,097

Note 3. Investments

Investments consist of the following:

	1998	1997	1996
Investment in held-to-maturity securities:			
U. S. Treasury securities, current	$499,581	$1,622,433	$2,148,945
U. S. Treasury securities, noncurrent	-	499,581	1,622,433
	$499,581	$2,122,014	$3,771,378

Fair value approximates carrying value for all held-to-maturity investments at December 31, 1998, 1997 and 1996.

	1998	1997	1996
Investment in available-for-sale securities:			
Loral Space and Communications, Ltd, (formerly Orion Network Systems), Common stock (including unrealized gains of $1,041,877 in 1998, $1,962,085 in 1997 and $1,070,007 in 1996)	$2,677,789	$3,597,997	$2,705,926
Comsat Corporation (including unrealized gains of $25,906 in 1996)	-	-	32,505
	$2,677,789	$3,597,997	$2,738,431

No gains were realized in 1998. The Company realized gains of approximately $25,900 and $228,000 in 1997 and 1996, respectively, on the sale of available-for-sale securities.

Changes in the unrealized gain on available-for-sale securities during the years ended December 31, 1998, 1997 and 1996 reported as a separate component of stockholders' equity are as follows:

	1998	1997	1996
Unrealized holding gains, beginning balance	$1,962,085	$1,095,913	$369,136
Unrealized holding gains (losses) during the year	(920,208)	892,072	937,527
Realization of prior year unrealized gains	-	(25,900)	(210,750)
Unrealized holding gains, ending balance	1,041,877	1,962,085	1,095,913
Deferred tax effect related to net unrealized gains	403,258	771,368	425,322
Unrealized gain included in stockholders' equity	$ 638,619	$1,190,717	$670,591

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

	1998	1997	1996
Available-for-sale securities:			
Sales	$ -	$1,226,489	$ 550,000
Purchases	-	(1,196,296)	-
Held-to-maturity securities:			
Maturities	1,622,433	2,148,945	2,488,773
Purchases	-	(499,581)	(1,672,410)
Other investments:			
Sales and distributions	1,468,787	48,412	-
Purchases	(852,240)	(399,112)	(1,180,926)
Total	$2,238,980	$1,328,857	$ 185,437

Note 3. Investments (Continued)

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

	1998	1997	1996
Cost method:			
Illuminet Holdings, Inc.	$ 843,486	$843,486	$843,486
AvData Systems, Inc.	149,860	149,860	149,860
Rural Telephone Bank	653,492	653,492	624,837
Concept Five Technologies	1,304,083	1,000,003	1,000,003
CoBank	227,913	19,380	-
Other	330,601	133,381	163,002
	3,509,435	2,799,602	2,781,188
Equity method (with approximate % owned at December 31, 1998):			
South Atlantic Venture Fund III L.P.(1%)	605,816	765,966	589,632
South Atlantic Venture Fund IV L.P.(1%)	745,122	300,121	-
Dolphin Communications, L.P. (1%)	168,258	-	-
Virginia Independent Telephone Alliance (22%)	299,483	271,509	234,943
Rural Service Area - 6 (11%)	416,148	543,255	474,007
ValleyNet (20%)	176,944	41,064	33,177
	2,411,771	1,921,915	1,331,759
	$5,921,206	$4,721,517	$4,112,947

The Company has committed to invest an additional $500,000 in the South Atlantic Venture Fund IV L.P. during 1999 and approximately $830,000 in Dolphin Communications, L.P.pursuant to capital calls.

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

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

	Interest Rate	1998	1997	1996
Rural Telephone Bank (RTB)	6.04% - 8%	$10,305,886	10,765,742	10,582,040
Rural Utilities Service (RUS)	2% - 5%	476,622	520,580	619,638
CoBank	6.69% - 7.97%	18,279,838	16,074,338	13,467,838
RUS development loan	interest free	200,000	-	-
Other	77.7% of prime	-	-	36,723
		29,262,346	27,360,660	24,706,239
Current maturities		863,972	544,954	529,405
Total long-term debt		$28,398,374	$26,815,706	$24,176,834

The notes payable to RTB are pursuant to an agreement which allows for additional borrowings of approximately $3,000,000.

In July 1996, the Company entered into a financing agreement with CoBank. Pursuant to this agreement, the Company can borrow up to $25,000,000, for a three-year period ending September 1, 1999. During this period only interest is payable. On September 1, 1999, the outstanding principal balance will be amortized and repaid in monthly installments over twelve years, with the final installment due 2011. As borrowings occur, the Company can choose between several fixed and variable rate interest options.

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

The approximate annual debt maturities for the five years subsequent to December 31, 1998 are as follows:

Year	Amount
1999	$ 863,972
2000	1,436,123
2001	1,739,654
2002	2,325,385
2003	2,312,029
Later years	20,585,183
	$ 29,262,346

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 $3,067,000 of retained earnings was available for payment of dividends at December 31, 1998.

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, 1998.

As of December 31, 1998, the Company had no borrowings outstanding on other approved lines of credit totaling $7,000,000.

Note 5. Income 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,		
	1998	1997	1996
Current	$2,477,271	$1,859,987	$2,125,665
Deferred	1,121,371	733,644	695,921
Total provision for income taxes	$3,598,642	$2,593,631	$2,821,586

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,		
	1998	1997	1996
Federal income tax expense at statutory rates	$3,128,822	$2,404,886	$2,657,499
State income taxes, net of federal tax benefit	364,416	220,803	217,614
Amortization of investment tax credit	(70,347)	(75,701)	(75,701)
Other	175,751	43,643	22,174
Provision for income taxes	$3,598,642	$2,593,631	$2,821,586

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

	1998	1997	1996
Deferred tax liabilities:			
Accelerated depreciation	$6,708,551	$5,556,071	$4,776,802
Unrealized gain on securities available-for-sale	403,258	771,368	425,32
Other	53,515	4,701	-

	7,165,324	6,332,140	5,202,124
Deferred tax assets:			
Accrued compensation costs	128,607	115,512	96,292
Accrued pension costs	295,596	228,768	152,684
Equity investments	-	-	44,978
	424,203	344,280	293,954
Net deferred tax liabilities	$6,741,121	$5,987,860	$4,908,170

Note 6. Pension Plan

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

	1998	1997	1996
Change in benefit obligation:			
Benefit obligation, beginning	$5,504,065	$5,112,231	$4,408,161
Service cost	261,595	231,270	170,089
Interest cost	380,726	378,404	326,314
Actuarial (gain) loss	428,028	(86,162)	332,300
Benefits paid	(140,281)	(131,678)	(124,633)
Benefit obligation, ending	6,434,133	5,504,065	5,112,231
Change in plan assets:			
Fair value of plan assets, beginning	5,712,651	5,077,518	4,669,840
Actual return on plan assets	1,302,256	766,811	532,311
Employer contribution	-	-	-
Benefits paid	(140,281)	(131,678)	(124,633)
Fair value of plan assets, ending	6,874,626	5,712,651	5,077,518
Funded status	440,493	208,586	(34,713)
Unrecognized net gain	(1,344,253)	(943,738)	(466,565)
Unrecognized prior service cost	216,398	237,103	257,808
Unrecognized net transition asset	(153,002)	(181,746)	(210,490)
Accrued benefit cost	$(840,364)	$679,795)	$453,960)
Components of net periodic benefit cost:			
Service cost	$ 261,595	$231,270	$170,089
Interest cost	380,726	378,404	326,314
Expected return on plan assets	(451,803)	(375,800)	(345,940)
Amortization of prior service cost	20,705	20,705	20,705
Amortization of net (gain) loss	(21,910)	-	(9,094)
Amortization of net transition asset	(28,744)	(28,744)	(28,744)
Net periodic benefit cost	$ 160,569	$225,835	$133,330

Assumptions used by the Company in the determination of pension plan information consisted of the following at December 31, 1998, 1997 and 1996:

	1998	1997	1996
Discount rate	7.00%	7.00%	7.50%
Rate of increase in compensation levels	5.00%	5.00%	5.50%
Expected long-term rate of return on plan assets	8.00%	7.50%	7.50%

Note 7. Stock Incentive Plan

On April 16, 1996, the stockholders approved a Company Stock Incentive Plan providing for the possible 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 (no options were granted in 1996):

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

Note 7. 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:

	1998	1997
Net income		
As reported	$ 5,603,775	$ 4,479,563
Pro forma	$ 5,539,768	$ 4,445,578
Earnings per share		
As reported	$ 1.49	$ 1.19
Pro forma	$ 1.47	$ 1.18

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

	1998		1997	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	13,375	$ 21.98	-	$ -
Granted	15,565	20.59	14,044	21.98
Exercised	-	-	-	-
Forfeited	(1,158)	21.33	(669)	21.98
Outstanding at end of year	27,782	$ 21.23	13,375	$ 21.98
Exercisable at end of year	6,378		-	
Fair value of options granted during the year	$ 4.11		$ 5.35	

Note 8. Major Customer

The Company has one customer that accounts for greater than 10% of its revenue, primarily consisting of carrier access charges for long distance service provided by the Shenandoah Telephone Company segment, as follows:

Year	Percent of Operating Revenue
1998	11%
1997	12%
1996	19%

Note 9. Stockholder Rights

The Board of Directors has adopted a Stockholder Rights Plan whereby, under certain circumstances, holders of each right will be entitled to purchase the Company's common stock at one-half of the then current market price. As of December 31, 1998, 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.

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, 1998, 1997 and 1996, 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, 1998, 1997 and 1996, 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 29, 1999

Management's Discussion and Analysis of Financial Condition and Results of Operations

Shenandoah Telecommunications Company is a diversified telecommunications holding company providing both regulated and unregulated telecommunications services through its eight wholly-owned subsidiaries.

This industry is in a period of transition from a protected monopoly to a competitive environment as evidenced by the passage of the Telecommunications Act of 1996. As a result, Shenandoah Telecommunications has made, and plans to continue to make, significant investments in the new and emerging technologies.

The most significant revenue contributors are the regulated local exchange telephone company, which accounted for 54.5% of total revenues in 1996, 47.2% in 1997, and 43.6% in 1998, and the cellular dominated operations of the Mobile subsidiary, which accounted for 26.0% of total revenues in 1996, 27.2% in 1997, and 27.4% in 1998. Other significant services provided are paging, personal communications services (PCS), cable television, Internet access, long distance, and fiber facilities and towers leased to other telecommunications carriers. The Company also sells and leases equipment, mainly related to services provided. The Company also participates in emerging technologies by direct investments in non-affiliated companies.

RESULTS OF OPERATIONS

The regulated telephone company's largest source of revenue continues to be for access to the local exchange network by interexchange carriers. These revenues increased 6.6% in 1998 compared to 4.6% in 1997. The change in access revenues generally corresponds with growth in minutes of use and in access lines. The minutes of use increased 9.3% during 1998 compared to an increase of 5.7% in 1997. The number of access lines increased by 3.8% in 1998 and 4.2% in 1997.

Mobile revenues, which are the single largest revenue source outside of the regulated telephone local exchange operations, are mainly derived from wireless communications services. Local cellular service revenues increased $737,243 or 20.1% in 1998, compared to $682,021 or 22.8% in 1997. Outcollect roamer revenues increased $387,668 or 8.9% in 1998, compared to $960,240 or 28.2% in 1997. The increase in local cellular revenues reflects a 21.0% increase in the customer base in 1998 and a 31.8% increase in 1997.

Cable Television revenues increased principally as a result of an increase in rates in early 1998. In 1997, revenues increased significantly due to the September 30, 1996 acquisition of the Shenandoah County cable television assets of FrontierVision Operating Partners, LP, which more than doubled the customer base. Cable Television revenues increased 23.2% in 1998 as compared to 96.8% in 1997.

The increase in ShenTel Service revenues was 19.6% for 1998 compared to a

25.3% increase in 1997. Both increases are due to expansion of our Internet service operation.

Long Distance revenues are principally for toll calls placed to locations outside the regulated telephone service area. These revenues increased by 3.1% in 1998 following a decline of 13.4% in 1997, due principally to market share changes.

PCS revenues increased by 78.8% in 1998 and 352.0% in 1997, due to customer growth. Network revenues are for leasing capacity tointerexchange carriers on the Company's fiber optic facilities in West Virginia and Maryland. This service experienced no revenue increase in 1998, and a 14.9% increase in 1997.

Cost of Products Sold decreased by $725,305 or 33.1% in 1998, following an increase of 563,629 or 34.7% in 1997, due principally to volume changes in handsets sold in the Personal Communications Service operation.

Plant Specific is chiefly comprised of ongoing operating and maintenance expenses for the physical plant. This category increased by 4.9% in 1998 and 20.2% in 1997. The cable television acquisition discussed above is principally responsible for the large increase in 1997.

The largest expense category in 1998 was Network and Other. The increase in this category was due primarily to increases of switching and facility costs attributed to the PCS, Cellular, and Internet service operations. These costs increased $1,002,255 or 22.4% in 1998 compared to $1,189,925 or 36.2% in 1997, primarily due to the rapidly increasing customer base for these operations.

Depreciation and Amortization increased by 16.0% in 1998 compared to 32.6% in 1997. The smaller percentage increase in 1998 is attributed to the longer useful lives of plant placed in service in 1998, as compared to 1997.

The increases in Taxes other than income in 1998 and 1997 were primarily due to property taxes associated with the increased amount of Plant in Service.

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 increase reflected on the income statement is principally due to income recognized in one of the Company's partnership investments.

LIQUIDITY AND CAPITAL RESOURCES

The Company has two principal sources of funds for financing current expansion activities. First, the Company has a loan agreement with the Rural Telephone Bank (RTB) with approximately $3,000,000 remaining 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 is a credit facility 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 September 1, 1999. During this period only interest is payable. On September 1, 1999, the outstanding principal balance will be amortized and repaid in monthly installments over the next twelve years, with the final installment due August 20, 2011. Draws on this loan for 1998 totaled $2,205,500 compared to $2,606,500 in 1997. These draws, on top of 1996's draws of $13,468,000, leave approximately $6,720,000 for future advances.

The Company's Board of Directors has approved a 1999 capital budget of potential projects totaling approximately $17,780,000. This budget includes approximately $8,660,000 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 through internally generated cash flows and additional advances from the RTB note and CoBank agreement. The Company secured lines of credit for $2 million with First Union Bank and for $5 million with CoBank in 1998. No draws were outstanding on these lines of credit as of December 31, 1998.

IMPACT OF THE YEAR 2000 ISSUE

The Year 2000 (Y2K) issue is the result of computer programs using a two-digit format, as opposed to four digits, to indicate the year. Some computer systems may be unable to interpret dates beyond the year 1999, which could cause a system failure or other computer errors, leading to disruptions in operations. Year 2000 readiness means the ability to (a) continue to operate without substantial interruption attributable to the inability of systems to correctly process, provide, store and receive date data in and around the Year 2000 and (b) to mitigate the risks associated with such system limitations to an acceptable level. The Company has developed a four-phase program for Y2K readiness.

Phase I (Inventory and Assessment): In this Phase, an inventory was conducted of all hardware and software that might be at risk, including third-party businesses whose Y2K failures might significantly impact the Company, and an assessment was made on corrective direction. A Y2K Task Force, reporting to senior management, started work on this Phase in 1997. The Company determined that software provided by third parties was its most vulnerable link to the Y2K event. The at-risk software included switching, end user billing, carrier access billing, and financial accounting systems. The Company further identified that it had one mainframe and a local area network consisting of a server and approximately 75 individual microcomputers that may be vulnerable.

Phase II (Strategy): In this Phase, the Company determined whether each at-risk system should be classified as "routine upgrade", "obsolete", or "non-critical." A "routine upgrade" involves the upgrade of hardware or software as part of the normal course of doing business. An "obsolete" designation involves total replacement in that the application no longer meets our business needs. A "non-critical" designation is for those applications that can be addressed through simple work-around solutions, manual updates, or other inexpensive measures. The majority of this classification work was completed mid-1998.

Phase III (Installation and Testing): In this Phase, the selected approach to Y2K remediation is executed. The information that follows reflects the Company's current plans and estimates as of February 1999 and is subject to change. Routine upgrade classification: A performance enhancing upgrade of the mainframe computer, which also made the hardware and operating system Y2K compliant, was performed in the first quarter of 1998. The main telephone switches received new feature upgrades, incorporating Y2K compliance, in the fourth quarter of 1998. The latest releases of end user billing software, which are currently in testing and are expected to be in service in the second quarter of 1999, have been represented by the vendors to be Y2K compliant. The local area network, comprised of the hardware and software on the server and the microcomputers, is scheduled to be Y2K compliant by the end of the second quarter of 1999. Obsolete classification: Approximately 90% of the testing has been completed on new financial software and new carrier access billing software, with both systems scheduled to be placed in service in the second quarter of 1999. Non-critical classification: The measures identified to deal with these low priority systems are expected to be tested by the end of the second quarter of 1999, and implemented as necessary.

Phase IV (Monitoring and Contingency Planning): In this Phase, the implemented changes are monitored and backup plans designed where necessary. With the majority of the required hardware and software changes completed by mid-1999, the Company will be utilizing the changes in a production setting. This approach minimizes disruption to current operations and provides a basis for ongoing testing and monitoring. Contingency plans, if deemed necessary, will be developed in mid-1999.

With this four-phase program, where the normal business practice of weighing replacement against adopting routine upgrades was followed, the Company believes that its non-routine expense in making its core operations Y2K compliant will be minimal. The Company has also reviewed other third party relationships that could affect its operation. Most relationships are with large interexchange carriers and suppliers who state that they are or will be Y2K compliant.

/s/ Laurence F. Paxton

Laurence F. Paxton
Vice President-Finance

[GRAPH APPEARS HERE]

	1993 REVENUES	1998 REVENUES
Telephone	63.30%	43.64%
Cable TV	3.75%	8.70%
ShenTel Service	6.28%	7.11%
Long Distance	6.39%	2.61%
Mobile	17.31%	27.41%
Network	2.09%	1.73%
PCS	0.00%	8.80%
Other	0.89%	0.00%

[CAPTION) Five Year Comparison of Revenue Sources

[GRAPHIC APPEARS HERE]

Members of Shentel Senior Management Team
(Seated l to r) Pirtle, Paxton. (Standing l to r) Fadely, Soltis, French, Ferguson, MacDonald.

Five-Year Summary of Selected Financial Data

	1998	1997	1996	1995	1994
Operating Revenues	$ 35,594,025	$ 30,970,348	$25,429,854	$21,919,150	$20,229,178
Operating Expenses	$ 25,089,784	$ 22,603,314	$17,485,203	$13,027,468	$12,050,713
Income Taxes	$ 3,598,642	$ 2,593,631	$ 2,821,586	$ 3,572,956	$ 2,577,641
Interest Expenses	$ 1,501,729	$ 1,556,352	$ 803,300	$ 685,971	$ 658,908
Gain (loss) on Security Dispositions	$ -	$ (48,628)	$ 228,250	$ 1,141,386	$ -
Net Income	$ 5,603,775	$ 4,479,563	$ 4,994,589	$ 6,230,685	$ 4,851,019
Net Income from Operations (1)	$ 5,364,242	$ 4,530,642	$ 4,790,006	$ 5,522,904	$ 4,851,019
Total Assets	$ 93,445,744	$ 89,407,902	$79,374,097	$59,896,990	$52,464,150
Long-term Obligations	$ 29,262,346	$ 27,360,660	$24,706,239	$10,558,953	$ 9,941,209
Stockholder Information (2)					
Number of Stockholders	3,654	3,567	3,399	3,226	2,979
Shares of Stock	3,755,760	3,760,760	3,760,760	3,760,760	3,760,760
Earnings per Share - basic & diluted	$ 1.49	$ 1.19	$ 1.33	$ 1.66	$ 1.29
Cash Dividend per Share - regular	$ .51	$ .43	$ .42	$ .42	$ .375
- special	$ -	$ -	$ -	$ .06	$ -

(1) Excludes gains and losses on external investments unaffiliated with operations. (2) The information has been restated to reflect a 2-for-1 split to stockholders of record January 23, 1995.

Statistics

	1998	1997	Increase (Decrease)	Percent Increase (Decrease)
TELEPHONE				
Access Lines				
Residential	17,176	16,505	671	4.1
Business Single-Line	3,580	3,473	107	3.1
Paystations	288	273	15	5.5
Business Multi-Line	1,313	1,290	23	1.8
Totals	22,357	21,541	816	3.8
Access Lines by Exchange				
New Market	2,655	2,534	121	4.8
Mt. Jackson	2,432	2,332	100	4.3
Edinburg	2,911	2,904	7	.2
Fort Valley	693	670	23	3.4
Woodstock	5,278	5,067	211	4.2
Toms Brook	1,634	1,552	82	5.3
Strasburg	4,348	4,166	182	4.4
Basye	1,978	1,910	68	3.6
Bergton	428	406	22	5.4
Totals	22,357	21,541	816	3.8
Exchanges	9	9	-	-
Long Distance Calls				
Operator Handled	275,403	393,345	(117,942)	(30.0)
Direct Dialed	14,275,111	13,030,361	1,244,750	9.6
Totals	14,550,514	13,423,706	1,126,808	8.4
Switched Access Minutes	105,465,690	96,474,853	8,990,837	9.3
OTHER SERVICES				
CATV	8,428	8,186	242	3.0
Paging	4,112	3,089	1,023	33.1
VoiceMail	1,843	1,660	183	11.0

PLANT FACILITIES	Telephone	CATV
Route Miles	1,976.2	457.6
Customers Per Route Mile	11.3	18.4
Miles of Distribution Wire	530.3	-
Telephone Poles	7,857	13
Miles of Aerial Copper Cable	359.8	149.2
Miles of Buried Copper Cable	1,310.9	267.3
Miles of Underground Copper Cable	36.8	1.5
Fiber Optic Cable - Fiber Miles	4,778.0	-
Lines of Switching Equipment	30,130	-
Intertoll Circuits to Interexchange Carriers	1,228	-
Special Service Circuits to Interexchange Carriers	197	-

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
- - Shenandoah Long Distance Company
- - Shenandoah Valley Leasing Company
- - Shenandoah Mobile Company
- - Shenandoah Network Company
- - Shenandoah Personal Communications Company

Exhibit 23

CONSENT OF INDEPENDENT AUDITORS

As independent auditors, we hereby consent to the incorporation of our report, dated January 29, 1999, 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. 333-21733 and Form S-3D Registration Statement No.333-74297.

Richmond, Virginia
March 30, 1999

5

YEAR
DEC-31-1998
DEC-31-1998
4,891,109
3,177,370
4,272,016
0
3,488,137
13,928,696
94,098,215
29,063,738
65,034,477
5,016,723
28,398,374
0
0
4,734,377
44,812,349
93,445,744
1,007,363
35,594,025
1,464,505
25,089,784
1,136,220
139,503
1,501,729
9,202,417
3,598,642
5,364,242
0
0
0
5,603,775
1.49
1.49