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, 1996
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, 1997. $78,149,991. (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, 1997
Common Stock, No Par Value	3,760,760

Documents Incorporated by Reference

1996 Annual Report to Security Holders	Parts I, II, IV
Proxy Statement, Dated March 28, 1997	Parts III

EXHIBIT INDEX PAGES 7 - 8

SHENANDOAH TELECOMMUNICATIONS COMPANY

PART III

PART IV

PAGE

PART I

ITEM 1. BUSINESS

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

1996 Annual Report to Security Holders - Inside Front Cover

(b) Financial information about industry segments -

Not Applicable

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

1996 Annual Report to Security Holders - Pages 4 - 7

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

ITEM 2. PROPERTIES

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

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

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

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

ITEM 2. PROPERTIES (Continued)

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

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

ITEM 3. LEGAL PROCEEDINGS

None

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

No matters were submitted to a vote of security holders for the three months ended December 31, 1996.

PART II

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

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

1996 Annual Report to Security Holders
Market Information - Inside Front Cover

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

1996 Annual Report to Security Holders
Five-Year Summary of Selected Financial Data - Page 3

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

1996 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 $11,200,000 of retained earnings was available for payment of dividends at December 31, 1996.

For additional information, see Note 3 in the Consolidated Financial Statements of the 1996 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 -

1996 Annual Report to Security Holders
Five-Year Summary of Selected Financial Data - Page 3

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 -

1996 Annual Report to Security Holders
Management's Discussion and Analysis of Financial
Condition and Results of Operations - Pages 8-9

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated financial statements included in the 1996 Annual Report to Security Holders are incorporated by reference as identified in Part IV, Item 14, on
Pages 10-17.
and 7.

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

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning directors and executive officers is incorporated by reference -

Proxy Statement, Dated March 28, 1997 - Pages 1 - 5

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation is incorporated by reference -

Proxy Statement, Dated March 28, 1997 - Page 4

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, 1997.

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

Proxy Statement, Dated March 28, 1997
Stock Ownership - Page 4

(c) Contractual arrangements -

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There are no relationships or transactions to disclose other than services provided by Directors which are incorporated by reference -

Proxy Statement, Dated March 28, 1997
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.

	Page Reference Annual Report
1. Financial Statements	
The following consolidated financial statements of Shenandoah Telecommunications are included in Part II, Item 8	
Auditor's Report 1996, 1995, and 1994 Financial Statements	17
Consolidated Balance Sheets at December 31, 1996, 1995, and 1994	10 & 11
Consolidated Statements of Income for the Years Ending December 31, 1996, 1995, and 1994	12
Consolidated Statement of Retained Earnings Years Ended December 31, 1996, 1995, and 1994	12
Consolidated Statements of Cash Flow for the Years Ending December 31, 1996, 1995, and 1994	13
Notes to Consolidated Financial Statements	14-17

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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.

99. Proxy Statement, prepared by Registrant for 1996 Annual Stockholders Meeting - Filed Herewith

13. Annual Report to Security Holders - Filed Herewith

21. List of Subsidiaries - Filed Herewith

27. Financial Data Schedule

B. Reports on Form 8-K

On October 11, 1996, reported the September 30, 1996 acquisition, for cash, of the Shenandoah County, Virginia cable television systems of FrontierVision Operating Partners, L.P., of Denver, Colorado for approximately $7,864,171.

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 28, 1997 By CHRISTOPHER E. FRENCH, PRESIDENT
Christopher E. French, President

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

CHRISTOPHER E. FRENCH Christopher E. French	President & Chief Executive Officer	March 28, 1997
LAURENCE F. PAXTON Laurence F. Paxton	Principal Financial Accounting Officer	March 28, 1997
DICK D. BOWMAN Dick D. Bowman	Treasurer & Director	March 28, 1997
DOUGLAS C. ARTHUR Douglas C. Arthur	Director	March 28, 1997
KEN L. BURCH Ken L. Burch	Director	March 28, 1997
HAROLD MORRISON Harold Morrison	Director	March 28, 1997
NOEL M. BORDEN Noel M. Borden	Director	March 28, 1997
JAMES E. ZERKEL II James E. Zerkel II	Director	March 28, 1997

EXHIBIT 99. PROXY STATEMENT

SHENANDOAH TELECOMMUNICATIONS COMPANY
124 South Main Street
Edinburg, Virginia

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD APRIL 22, 1997

March 28, 1997

TO THE STOCKHOLDERS OF
SHENANDOAH TELECOMMUNICATIONS COMPANY:

The annual meeting of stockholders of Shenandoah Telecommunications Company will be held in the Social Hall of the Edinburg Fire Department, Stoney Creek Boulevard, Edinburg, Virginia, on Tuesday, April 22, 1997, at 11:00 a.m. for the following purposes:

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

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

Only stockholders of record at the close of business March 26, 1997, will be entitled to vote at the meeting.

Lunch will be provided.

By Order of the Board of Directors

Harold Morrison, Jr.
Secretary

IMPORTANT

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

SEE PROXY STATEMENT ON THE FOLLOWING PAGES

PROXY STATEMENT

P. O. Box 459
Edinburg, VA 22824
March 28, 1997

TO THE STOCKHOLDERS OF
SHENANDOAH TELECOMMUNICATIONS COMPANY:

Your proxy in the enclosed form is solicited by the management of the Company for use at the Annual Meeting of Stockholders to be held in the Social Hall of the Edinburg Fire Department, Stoney Creek Boulevard, Edinburg, Virginia, on Tuesday, April 22, 1997, at 11:00 a.m., and any adjournment thereof.

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

The Company has 8,000,000 authorized shares of common stock, of which 3,760,760 shares were outstanding on March 26, 1997. This proxy statement and the Company's annual report, including financial statements for 1996, are being mailed on or about March 28, 1997, to approximately 3,409 stockholders of record on March 26, 1997. Only stockholders of record on that date are entitled to vote. Each outstanding share will entitle the holder to one vote at the Annual Meeting. No director, officer, or other party owns as much as five percent of the outstanding shares of the common stock of the Company. The Company intends to solicit proxies by the use of the mail, in person, and by telephone. The cost of soliciting proxies will be paid by the Company.

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

THE ELECTION OF DIRECTORS

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

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

On February 17, 1997, Douglas C. Arthur was elected by the Board to fill the vacancy created by the death of Philip M. Grabill, Jr.

Nominees for Election of Directors

Name of Director (1)	Elected Director (2)	Age	Principal Occupation and Other Directorships for Past Five Years (3)
Douglas C. Arthur	1997	54	Attorney-at-Law; Dir., 1st National Corp.
Noel M. Borden Vice President	1972	60	Pres., H. L. Borden Lumber Co. (a retail building materials firm); Chairman of the Board, 1st National Corp.
Dick D. Bowman Treasurer of the Co.	1980	68	Pres., Bowman Bros., Inc. (a farm equip. dealer); Dir., Shen. Valley Elec. Coop.; Dir., Rockingham Mutual Ins. Co.; Dir., Old Dominion Electric Coop.
Ken L. Burch	1995	52	Farmer
Christopher E. French President	1996	39	Pres., Shen. Telecommunications Co. & its Subsidiaries; Dir., 1st National Corp.
Grover M. Holler, Jr.	1952	76	Pres., Valley View, Inc. (a real estate developer)
Harold Morrison, Jr. Secretary of the Co.	1979	67	Chairman of the Board, Woodstock Garage, Inc. (auto sales & repair firm); Dir., 1st Virginia Bank-BR
Zane Neff Asst. Secretary of the Co.	1976	68	Retired Manager, Hugh Saum Co., Inc. (a hardware and furniture store); Dir., Crestar Bank
James E. Zerkel II	1985	52	Vice Pres., James E. Zerkel, Inc. (a heating, gas, & hardware firm); Dir., Shenandoah Valley Electric Coop.)

(1) The directors who are not full-time employees of the Company were compensated in 1996 for their services on the Board and one or more of the Boards of the Company's subsidiaries at the rate of $355 per month plus $355 for each Board meeting attended. Additional compensation was paid to the Vice President, Secretary, Assistant Secretary, and Treasurer, for their services in these capacities, in the amounts of $1,300, $2,720, $1,300, and $2,720, respectively.

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

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

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

1. Audit Committee - The Finance Committee of the Board of Directors, consisted of the following directors: Dick D. Bowman (Chairman), Grover M. Holler, Jr., and Noel M. Borden. It performed a function similar to that of an Audit Committee. This committee is responsible for the employment of outside auditors and for receiving and reviewing the auditor's report. During 1996 there were two meetings of the Finance Committee. Additional business of the committee was conducted in connection with the regular Board meetings.

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

3. Compensation Committee - The Personnel Committee of the Board of Directors, consisted of the following directors: Noel M. Borden (Chairman), Harold Morrison, Jr., and Philip M. Grabill, Jr. James E. Zerkel II has been named to this committee to replace Mr. Grabill. This committee performed a function similar to that of a Compensation Committee. It is responsible for the wages, salaries, and benefit programs for all employees. During 1996 there were three meetings of this committee.

   Attendance of Board Members at Board and Committee Meetings

   During 1996, the Board of Directors held 13 meetings. All of the directors attended at least 75 percent of the aggregate of: (1) the total number of meetings of the Board of Directors; and (2) the total number of meetings held by all committees of the Board on which they served.

Certain Transactions

In 1996, the Company received services from Mr. Morrison's company in the amount of $24,239 and from Mr. Zerkel's company in the amount of $20,145. Management believes that each of the companies provides these services to the Company on terms comparable to those available to the Company from other similar companies. No other director is an officer, director, employee, or owner of a significant supplier or customer of the Company.

STOCK OWNERSHIP

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

Name and Address	No. of Shares Owned as of 2-1-97 (1)	Percent of Class (2)
Douglas C. Arthur Strasburg, VA 22657	1,440	*
Noel M. Borden Strasburg, VA 22657	17,896	*
Dick D. Bowman Edinburg, VA 22824	42,944	1.14
Ken L. Burch Quicksburg, VA 22847	45,172	1.20
Christopher E. French Woodstock, VA 22664	129,228	3.44
Grover M. Holler, Jr. Edinburg, VA 22824	70,736	1.88
Harold Morrison, Jr. Woodstock, VA 22664	20,378	*
Zane Neff Edinburg, VA 22824	7,616	*
James E. Zerkel II Mt. Jackson, VA 22842	4,348	*
Total shares beneficially owned by 13 directors and officers as a group	341,714	9.09

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

(2) Asterisk indicates less than 1%.

SUMMARY COMPENSATION TABLE

The following Summary Table is furnished as to the salary and incentive payment paid by the Company and its subsidiaries on an accrual basis during the fiscal years 1994, 1995, and 1996 to, or on behalf of, the chief executive officer and each of the next four most highly compensated executive officers who earn $100,000 or more per year.

Name and Principal Position	Year	Salary	Incentive Payment
Christopher E. French	1996	$130,612	$ 11,013
President	1995	114,684	20,150
	1994	107,816	14,875

/TABLE

RETIREMENT PLAN

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

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

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

Final Average Compensation	Estimated Annual Pension Years of Credited Service 15	20	25	30	35
$20,000	$ 3,420	$ 4,560	$ 5,700	$ 6,840	$ 7,130
35,000	6,540	8,720	10,901	13,081	13,588
50,000	10,568	14,090	17,613	21,136	21,861
75,000	17,280	23,040	28,801	34,561	35,648
100,000	23,993	31,990	39,988	47,986	49,436
125,000	30,705	40,940	51,176	61,411	63,223
150,000	37,418	49,890	62,363	74,836	77,011

Covered Compensation for those retiring in 1997 is $29,304. Final Average Compensation equals an employee's average annual compensation for the five consecutive years of credited service for which compensation was the highest. The amounts shown as estimated annual pensions were calculated on a straight-life basis assuming the employee retires in 1997. The Company did not make a contribution to the Retirement Plan in 1996, as the Plan was adequately funded. Christopher French had 15 years of credited service under the plan as of January 1, 1997.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The members of the Personnel Committee of the Board of Directors of the Company perform the function of a Compensation Committee. The Committee's approach to compensation of the Company's executive officers, including the chief executive officer, is to award a total compensation package consisting of salary, incentive, and fringe benefit components. The compensation package is designed to provide a level of compensation to enable the Company to attract and retain the executive talent necessary for the long-term success of the organization. The incentive plan component of the total compensation package provides an incentive to the officers to meet or exceed certain performance objectives. The plan also places a portion of the officers' total compensation at risk in the event the Company does not achieve its objectives. The objectives include a component measuring the improvement in the level of service provided to the Company's customers and a component measuring the Company's financial performance. In 1996, the Company reached over 57 percent of its combined goals.

Submitted by the Company's Personnel Committee:
Noel Borden, Chairman
Harold Morrison, Jr.
James Zerkel II

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FIVE-YEAR STOCKHOLDER RETURN COMPARISON

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

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

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

	1991	1992	1993	1994	1995	1996
Shenandoah Telecommunications	100.00	105.49	110.47	105.52	113.78	118.35
NASDAQ Market Index	100.00	116.40	133.60	130.60	184.70	227.20
S&P Telephone Index	100.00	109.73	126.73	121,49	183.02	184.85

Assumes $100 invested December 31, 1991 in Shenandoah Telecommunications Company stock, NASDAQ Market Index, and S&P Telephone Index

*Total return assumes reinvestment of dividends

EMPLOYMENT OF AUDITORS

The Board of Directors, on the recommendation of the Audit Committee, has appointed the firm of McGladrey and Pullen as auditors to make an examination of the accounts of the Company for the 1997 fiscal year. It is not expected that representatives of the firm will be present at the annual meeting.

PROPOSALS OF SECURITY HOLDERS

Proposals of security holders to be included in management's proxy statement and form of proxy relating to next year's annual meeting must be received at the Company's principal executive offices not later than November 28, 1997.

OTHER MATTERS

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

FORM 10-K

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

EXHIBIT 13. ANNUAL REPORT
(inside front cover)

STOCKHOLDER INFORMATION

Our Business

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

Annual Meeting

The Board of Directors extends an invitation to all stockholders to attend the Annual Meeting of Stockholders. The meeting will be held Tuesday, April 22, 1997, 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 28, 1997.

Form 10-K

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

(Inside front cover bottom)

Market and Dividend Information

The stock of Shenandoah Telecommunications Company is not listed on any national exchange or NASDAQ, and the Company is not aware of any broker who maintains a position in the Company's stock. It, however, is aware of unconfirmed transactions of the stock which have been handled privately and by brokers and local auctioneers. 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.

	1996				1995			
Qtr.	No. Trans.	No. Shares	High	Low	No. Trans.	No. Shares	High	Low
1st	145	14,045	$28.00	$19.75	69	10,123	$25.00	$18.41
2nd	123	10,368	27.00	20.00	221	22,860	40.00	19.00
3rd	126	12,391	25.50	20.00	167	13,860	31.00	19.00
4th	92	9,339	31.00	20.00	119	10,885	30.00	19.00

	1996	1995
Weighted average price per share -	$21.86	$21.42
Annual cash dividend per share -	.42	.42
Special cash dividend per share -	-	.06

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

Independent Auditors
McGladrey & Pullen, LLP
1051 East Cary Street
Richmond, VA 23218

Stockholders' Questions and Stock Transfers - Call (540) 984-5260
Transfer Agent - Common Stock
Shenandoah Telecommunications Company
P. O. Box 459
Edinburg, VA 22824
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FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

	1996	1995	1994	1993	1992
Operating Revenues	$25,429,854	$21,919,150	$20,229,178	$18,329,886	$17,359,114
Operating Expenses	17,485,203	13,027,468	12,050,713	11,455,136	10,454,448
Income Taxes	2,821,586	3,572,956	2,577,641	2,481,764	2,189,663
Other Income less Other Expenses (1)	446,574	456,544	(90,897)	(154,454)	188,210
Interest Expense	803,300	685,971	658,908	621,944	667,900
Gain (loss) on Security Sales or Writedown	228,250	1,141,386	-	-	(220,000)
Net Income	$ 4,994,589	$ 6,230,685	$ 4,851,019	$ 4,602,619	$ 4,015,313
Net Income from Continuing Operations (2)	$ 4,790,006	$ 5,522,904	$ 4,851,019	$ 4,156,300	$ 4,151,801
Total Assets	$79,374,097	$59,896,990	$52,464,150	$49,652,064	$44,839,501
Long-Term Obligations	$24,706,239	$10,558,953	$ 9,941,209	$ 9,381,813	$ 8,754,524
Stockholder Information					
Number of Stockholders	3,399	3,226	2,979	2,879	2,683
Shares of Stock (3)	3,760,760	3,760,760	3,760,760	3,760,760	3,760,760
Earnings per Share (3)	$ 1.33	$ 1.66	$ 1.29	$ 1.22	$ 1.07
Continuing Operations (3)	$ 1.27	$ 1.47	$ 1.29	$ 1.11	$ 1.10
Regular Cash Dividend per Share (3)	$ .42	$ .42	$ .375	$ .30	$ .275
Special Cash Dividend per Share (3)	$ -	$ .06	$ -	$ -	$ -

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

(2) Excludes gain on sale of investments in MFS Communications Company and South Atlantic Venture Fund III in 1996; gain on sale of investments in Virginia Metrotel and MFS Communications Company in 1995; gain on sale of fiber optic lease asset; write-off of portion of investment in Metrotel Services, Ltd.; share of loss of Virginia Metrotel in 1993; and write-down of AvData in 1992. All items netted for estimated income tax effect.

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

/TABLE

CABLE TELEVISION EXPANSION

On September 30, 1996, Shenandoah Cable Television Company acquired the Shenandoah County CATV systems formerly owned by C4 Media. These systems, which had been purchased in February of 1996 by FrontierVision Operating Partners, L.P. of Denver, Colorado, have become a part of Shenandoah Cable's existing CATV system, increasing its customer base to 7,798 customers. This company now provides cable television service to all the incorporated towns and to a large part of the rural portion of Shenandoah County.

The enactment of the Telecommunications Act of 1996 removed requirements for approval by the Federal Communications Commission, allowing Shenandoah Cable to purchase and build CATV facilities in the same area where its affiliate, Shenandoah Telephone Company, provides local telephone service. Operation of both the CATV and Telephone networks in the same area will allow both services to share common network elements.

Planning is presently under way to integrate and upgrade the technical capabilities of the separate systems. Engineering has been completed to utilize our fiber optic facilities to combine the three existing CATV headends. The Woodstock and New Market headends will be eliminated, and all signals will be gathered and processed from our Edinburg site. This will provide our customers increased service dependability and separate routing of the signal trunking to individual towns. Existing network facilities will also be used to trunk Washington, DC off-air signals from our Berryville mobile tower site to Edinburg. This should greatly improve the picture quality of the six off-air channels presently being carried out of the Washington/Baltimore area.

We have budgeted $800,000 for 1997 to upgrade our existing Edinburg 300 megahertz system to 750 megahertz. The newly acquired 450 megahertz systems of Woodstock and New Market will also be engineered to a 750 megahertz system and will be upgraded in 1998 at a cost of approximately $500,000. This 750 megahertz hybrid fiber coaxial network will allow us to offer all of our CATV customers a broad selection of video programming and supplement the basic services with additional features and functionality in the future. We will have the potential to use the bandwidth capacity of the CATV network for the delivery of new services, such as high-speed Internet access, advanced pay-per-view services, development of a community public access channel, and deployment of interactive programming.

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

PCS MOVING FORWARD

Shenandoah Personal Communications Company had a very busy year in 1996. It reviewed over 100 potential sites for communications towers and attended more than 50 public meetings to obtain the necessary local governmental approvals. Since we were the first PCS provider to ask for communication sites in many jurisdictions, we helped several of the local authorities write or rewrite their zoning ordinances regarding towers and wireless communications facilities. Our efforts were always geared toward using existing structures whenever possible; but, if we had to build a new structure, we made it available to other providers. By the end of the year we had built twelve communication towers, averaging over 250 feet tall. At the same time, fifteen PCS base stations were also installed. By July 31, we had extended PCS south from Martinsburg, West Virginia to Woodstock, Virginia and, by September 30, to Harrisonburg, Virginia.

In the third quarter of 1996 we focused our attention on areas that required additional coverage. We decided to improve service in many of the towns and cities along our coverage area; and we started the zoning, building, and installation process for the additional sites. The results of this work will be seen in the first half of 1997 as we bring additional sites on the air in Hagerstown, Strasburg, Woodstock, Edinburg, and Front Royal. Additional sites will follow later in 1997.

During 1996 we also identified two sites for additional Shentel/Sprint Spectrum retail stores. In the spring of 1997 we will open a PCS store at the Company's retail sales office building at 1923 South Loudoun Street in Winchester. We will then open a third PCS store at 182 Neff Avenue in Harrisonburg.

Our sales efforts were very successful as well, despite the delay of commercial availability of service. During the year our sales staff concentrated on selling our PCS phones through our Sprint Spectrum store in Hagerstown, as well as through our extensive network of independent retailers like Radio Shack, Circuit City, and Sears.

1996 FLOODS IMPACT SERVICE

During 1996, the tranquility of the Shenandoah River was disturbed on two different occasions - first in January and again in September - by floods of massive proportions. Not only did the floods do considerable damage to low-lying areas along the river banks; they also had an impact on the facilities of Shenandoah Telephone Company. Many of our facilities in areas along the river were damaged or destroyed by the force of the flood waters, affecting the service of many of our customers.

The capabilities of our Shenandoah Telephone Company personnel were severely challenged to restore service in a timely manner to our affected customers. In some cases, in order to provide emergency service to some of the people that were isolated because of flood damage, the Company was able to equip the residents of those areas with cellular telephones to use until normal service was restored. Despite the adverse conditions remaining after the flood waters receded, most known service outages were restored within four days. Our personnel worked long hours to restore service to the level of service standards our customers have come to expect.

PERSONNEL

The business growth and expansion of our organization was reflected in the increase in our number of employees. At the end of the year we had 152 full-time equivalent (FTE) employees, as compared to 140 FTE employees at the end of 1995. This growth was partly due to acquiring the Shenandoah County CATV systems, formerly owned by FrontierVision; expanding our PCS operations; and the growth of our Internet business.

Employees hired in 1996 include: Shenandoah Telephone Company - - Larry Drake, Vice President-Network Service; Sandra Crabill and Paula Lam, Data Processing System Operators; Laura Drummond and Stacey Smith, Service Representatives; Melissa Lloyd, Part-time Communications Center Operator; Keith Jones, Central Office Technician; Chris Haynes, Installer-Repairman; Steven Richman, Janitor; John Bauserman, Mark Loving, Bryan Mauck, and Alan Moomaw, Jr., Laborers. Shenandoah Cellular - Anna Shifflett, Service Representative; and Sean Lannoo, Installer-Repairman. Shenandoah Personal Communications Company - (Hagerstown office) - Laurie Nigh, Retail Sales Representative; (Winchester office) - Jon Clatterbuck, Anita Kellam, and Dawn Sager, Retail Sales Representatives; and Edward Budd, Area Manager of the Harrisonburg office.

In addition, the following employees received promotions and transfers: Kelly Clark, Cellular Sales Representative; Lewis Fadely, Vice President-Operations; Dale Jordan, Installer-Repairman; Bobby Lloyd, Cable Splicer; Rhonda Lively, System Technician; Jeff Manning, Central Office Technician; Patricia Marcey-Miller and David Mathias, PCS Assistant Managers; Tracy Miller, Cellular Retail Sales Representative; David Myers II, System Technician; Kerwin Ralls, Cellular Assistant Manager; Dawn Sager, PCS Retail Sales Representative; Sen Soan, Lineman; Gary Strosnider, Construction Foreman; Tamara Weekley, Cellular Sales Representative; Teresa Brock, Accounting Clerk; Jane deCourcy and Lisa Mauck, Service Representatives; Melvin Kibler, Jr., Installer-Repairman; and Jerry Mason, Field Engineer.

Many milestone anniversaries were reached in 1996. We recognized the following 26 employees for a total of 410 years of service: 35 years - Janice Clem; 30 years, James Wellard, Dot Baker, Earnest Moomaw, Jr., and Melvin Kibler, Jr.; 25 years - Ben Myers, Betty Bly, Gary Kronk, and Daniel Burner; 15 years -Jane deCourcy, Susan Foltz, and Christopher French; 10 years - Tom Smith, Ronald Bankert, Joe O'Rear, Christina Price, Ruth Hoffman, Tracy Miller, Gary Shipe, and Sen Soan; 5 years - Donna Justice, Judy Baker, Laurence Paxton, Cynthia Soltis, Kerwin Ralls, and Neil Fadely.

Our summer internship program was again active during 1996. A total of 24 college students assisted our organization during the summer months and holiday vacations.

During the year our employees were once again generous with their time, talents, and money by supporting the American Cancer Society's Relay for Life and assisting Shenandoah County Social Services in providing Christmas gifts for foster children. The employees also participated in community and industry events, including telephone book recycling, parades, Sandy Hook Truck Day, and a wide variety of other charitable and civic organizations.

Warren B. French, Jr., Chairman Emeritus of the Board of Directors of the Company, was honored by Lord Fairfax Community College by having the new Telecommunications Center named after him. The Warren B. French, Jr. Telecommunications Center opened for class in the fall of 1996 and presently offers fully interactive classes in conjunction with the high schools in Shenandoah County.

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

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

The regulated telephone local exchange company is the largest subsidiary, accounting for 54.5% of revenue. 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. In 1994 the Company began providing Internet access and in December of 1995 became the first in the United States to offer Personal Communications Services in a rural location. On September 30, 1996, the Company purchased the Shenandoah County cable television assets of FrontierVision Operating Partners, L.P., more than doubling the cable television customer base.

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

RESULTS OF OPERATIONS

The Company's largest source of revenue continues to be for access to the Company's local exchange network by interexchange carriers. The volume for changes in access revenues generally corresponds with growth in minutes of use and in access lines. The minutes of use during 1996 increased 8.8% compared to an increase of 7.2% in 1995. The number of access lines increased by 3.8% in 1996 and 3.1% in 1995.

Cable Television revenues increased principally as a result of the acquisition mentioned above. Cable Television revenues increased 47.1% in 1996 as compared to 17.1% in 1995. Approximately 95.1% of the 1996 gain is attributed to the acquisition's revenues for the last quarter. The 1995 increase was due to a restructuring of rates charged beginning September 1, 1994.

The increase in the ShenTel Service revenues equaled $309,595 or 22.5% for 1996 compared to a $176,648 decrease in 1995. The 1996 increase in revenues is due to expansion of our Internet Service operation, with a revenue gain of $305,099 or 203.2%. The decrease in 1995 was due to lower retail equipment sales.

The Mobile revenues are mainly comprised of revenues from wireless communications services. Local cellular service revenues increased $776,949 or 35.6% in 1996 compared to $177,761 or 8.9% in 1995. Outcollect roamer revenues increased $819,092 or 31.6% in 1996 compared to $536,772 or 26.1% in 1995. The increase in local cellular revenues was due to a 56.7% increase in the customer base in 1996 and a 27.5% increase in 1995.

Long Distance revenues declined by 7.7% in 1996 and by 1.7% in 1995 due to a loss of market share. The 1996 revenue decrease of $87,471 was more than offset by the $122,809 reduction in underlying line costs stemming from a new contract.

The Company also leases capacity on fiber optic facilities in West Virginia and Maryland to interexchange carriers. The revenue for this activity appears as Network revenues on the income statement. This service experienced a revenue increase of 8.1% in 1996. New contracts added in late 1994 were primarily responsible for the 1995 increase of 42.6%.

Cost of Products Sold increased by $861,917 or 112.8% in 1996. Handset sales in the personal communications and cellular operations were responsible for 94.7% of this change.

Plant Specific is chiefly comprised of ongoing operating and maintenance expense for physical plant. This category increased by 22.3% in 1996 and 6.2% in 1995. Almost half of the 1996 increase is for building, tower, land rentals, and maintenance. The remainder of the increase is primarily attributed to additional plant placed in service during 1996.

The expense category with the largest increase in 1996 was Network and Other. The increases in 1996 and 1995 were due primarily to facilities costs attributed to the PCS, Cellular, and Internet Service operations. These costs increased $1,231,818 or 59.8% in 1996 primarily due to the rapidly increasing customer base for these services.

Depreciation and Amortization, our largest expense category, increased by 23.2% in 1996 compared to 4.9% in 1995. Plant in Service, combined with goodwill and non-compete values appraised for the CATV acquisition, collectively increased the basis for this category by $17,671,554 or 33.3% in 1996. In addition to the CATV acquisition, other significant investments were made in towers and equipment for wireless services and normal telephone network expansion.

Total payroll costs (including capitalized costs) increased 23.4% in 1996 compared to 1995. Total payroll costs in 1995 increased 8.9% from the previous year. The cost increases are primarily due to an increase in the number of employees, principally in the Personal Communications Services operations. Payroll is primarily responsible for the 35.8% increase in customer operations and 15.5% increase in corporate operations expense in 1996.

The increase in Taxes Other Than Income in 1996 was primarily due to 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 funding current expansion activities. First, the Company has a loan agreement with the Rural Telephone Bank with approximately $3,600,000 remaining for future advances. Expenditure of these loan funds is limited to capital projects for the regulated local exchange carrier.

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 1996 totaled $13,467,838.

As discussed above, the Company's new Personal Communications Services (PCS) business requires significant investment in new plant and equipment. The Company's Board of Directors has approved a construction budget of potential projects totaling approximately $25,910,000. This budget includes approximately $13,674,000 for PCS-related new plant in 1997. The remaining amounts are primarily for telephone central office equipment and fiber optic 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.

Independent Auditor's Report

The Board of Directors
Shenandoah Telecommunications Company
Edinburg, Virginia

We have audited the accompanying consolidated balance sheets of Shenandoah Telecommunications Company and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of income, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the 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, 1996 and 1995, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

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

Richmond, Virginia
January 24, 1997
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Shenandoah Telecommunications Company and Subsidiaries
Consolidated Balance Sheets
December 31, 1996, 1995 and 1994

ASSETS	1996	1995	1994
Current Assets			
Cash and cash equivalents	$ 3,763,468	$ 6,106,447	$ 8,574,559
Certificates of deposit	1,142,181	1,242,228	930,911
Held-to-maturity securities (Note 2)	2,148,945	2,488,773	950,750
Accounts receivable, including interest receivable	4,208,742	3,068,379	2,880,428
Materials and supplies	2,888,709	1,922,090	1,511,006
Prepaid expenses and other current assets	399,074	481,003	317,331
Total current assets	14,551,119	15,308,920	15,164,985
Securities and Investments (Note 2)			
Available-for-sale securities	2,738,431	2,333,411	-
Held-to-maturity securities	1,622,433	2,098,968	499,687
Other investments	4,112,947	3,072,728	4,607,845
	8,473,811	7,505,107	5,107,532
Property, Plant and Equipment (Note 3)			
Plant in service	65,215,491	53,076,538	49,039,958
Plant under construction	5,626,710	2,372,750	248,717
	70,842,201	55,449,288	49,288,675
Less accumulated depreciation	21,648,820	18,795,430	17,402,341
	49,193,381	36,653,858	31,886,334

See Notes to Consolidated Financial Statements.
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Shenandoah Telecommunications Company and Subsidiaries
Consolidated Balance Sheets (Continued)
December 31, 1996, 1995 and 1994

	1996	1995	1994
Other Assets			
Cost in excess of net assets of business acquired, less accumulated amortization (Note 6)	5,532,601	-	-
Deferred charges and other assets	523,185	429,105	305,299
Deposit	1,100,000	-	-
	7,155,786	429,105	305,299
	$ 79,374,097	$ 59,896,990	$ 52,464,150

See Notes to Consolidated Financial Statements.
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Shenandoah Telecommunications Company and Subsidiaries
Consolidated Balance Sheets (Continued)
December 31, 1996, 1995 and 1994

LIABILITIES AND STOCKHOLDERS' EQUITY

	1996	1995	1994
Current Liabilities			
Current maturities of long-term debt (Note 3)	$ 529,405	$ 461,927	$ 423,329
Accounts payable	2,097,115	813,887	307,691
Advance billings and payments	590,336	625,559	526,105
Customers' deposits	89,591	107,509	137,793
Other current liabilities	1,117,795	2,164,069	937,586
Other taxes payable	128,144	85,804	53,739
Total current liabilities	4,552,386	4,258,755	2,386,243
Long-Term Debt, less current maturities (Note 3)	24,176,834	10,097,026	9,517,880
Other Liabilities and Deferred Credits			
Deferred investment tax credit	291,957	367,143	442,844
Deferred income taxes (Note 4)	4,908,170	3,965,318	3,535,014
Pension and other (Note 5)	573,363	438,324	745,935
	5,773,490	4,770,785	4,723,793
Minority Interests	1,743,465	1,499,151	1,219,493

See Notes to Consolidated Financial Statements.
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Shenandoah Telecommunications Company and Subsidiaries
Consolidated Balance Sheets (Continued)
December 31, 1996, 1995 and 1994

	1996	1995	1994
Stockholders' Equity (Note 3)			
Common stock, no par value, authorized 8,000,000 shares; issued 3,760,760 shares	4,740,677	4,740,677	4,740,677
Retained earnings	37,716,654	34,301,584	29,876,064
Unrealized gain on available-for-sale securities, net (Note 2)	670,591	229,012	-
	43,127,922	39,271,273	34,616,741
	$ 79,374,097	$ 59,896,990	$ 52,464,150

See Notes to Consolidated Financial Statements.
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Shenandoah Telecommunications Company and Subsidiaries
Consolidated Statements of Income
Years Ended December 31, 1996, 1995 and 1994

	1996	1995	1994
Operating revenues			
Telephone revenues:			
Local service	$ 3,319,648	$ 3,072,097	$ 2,868,656
Access and toll service	7,021,504	6,658,076	6,455,953
Directory	1,131,540	1,119,858	1,024,740
Facility leases	1,838,293	1,699,709	1,291,390
Billing and collection	432,212	409,983	447,008
Other miscellaneous	117,148	109,910	121,538
Total telephone revenues	13,860,345	13,069,633	12,209,285
Cable Television revenues	1,277,017	868,310	741,491
ShenTel Service revenues	1,688,795	1,379,200	1,555,848
Long Distance revenues	1,042,083	1,129,554	1,148,705
Mobile revenues	6,620,093	4,952,967	4,206,736
Network revenues	535,225	495,370	347,317
PCS revenues	387,446	-	-
Other	18,850	24,116	19,796
Total operating revenues	25,429,854	21,919,150	20,229,178
Operating expenses:			
Cost of products sold	1,626,181	764,264	802,904
Line costs	421,064	543,873	543,887
Plant specific	2,262,224	1,850,316	1,742,824
Plant nonspecific:			
Network and other	3,291,073	2,059,255	1,649,329
Depreciation and amortization	3,529,554	2,864,521	2,730,938
Customer operations	3,347,804	2,465,316	2,206,931
Corporate operations	2,297,308	1,988,852	1,903,653
Taxes other than income	367,590	305,938	316,006
Other	342,405	185,133	154,241
	17,485,203	13,027,468	12,050,713

See Notes to Consolidated Financial Statements.PAGE

Shenandoah Telecommunications Company and Subsidiaries
Consolidated Statements of Income (Continued)
Years Ended December 31, 1996, 1995 and 1994

	1996	1995	1994
Operating income	$ 7,944,651	$ 8,891,682	$ 8,178,465
Other income (expenses):			
Nonoperating income, less expenses	1,115,888	991,202	302,420
Interest expense	(803,300)	(685,971)	(658,908)
Gain on sale of assets	228,250	1,141,386	-
	8,485,489	10,338,299	7,821,977
Income taxes (Note 4)	2,821,586	3,572,956	2,577,641
	5,663,903	6,765,343	5,244,336
Minority interests	(669,314)	(534,658)	(393,317)
Net income	$ 4,994,589	$ 6,230,685	$ 4,851,019
Net income per share	$ 1.33	$ 1.66	$ 1.29
Cash dividends per share	$ 0.42	$ 0.48	$ 0.375
Weighted average shares outstanding	3,760,760	3,760,760	3,760,760

See Notes to Consolidated Financial Statements.
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Shenandoah Telecommunications Company and Subsidiaries
Consolidated Statements of Retained Earnings
Years Ended December 31, 1996, 1995 and 1994

	1996	1995	1994
Balance, beginning	$ 34,301,584	$ 29,876,064	$ 26,435,330
Net income	4,994,589	6,230,685	4,851,019
	39,296,173	36,106,749	31,286,349
Cash dividends	1,579,519	1,805,165	1,410,285
Balance, ending	$ 37,716,654	$ 34,301,584	$ 29,876,064

See Notes to Consolidated Financial Statements.
PAGE

Shenandoah Telecommunications Company and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 1996, 1995 and 1994

	1996	1995	1994
Cash Flows From Operating Activities			
Net income	$ 4,994,589	$ 6,230,685	$ 4,851,019
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	3,402,794	2,864,521	2,730,938
Amortization	126,760	-	-
Deferred taxes	695,921	323,680	(53,324)
Gain on sale of assets	(228,250)	(1,141,386)	-
Losses on equity investments	189,389	43,763	207,510
Minority share of income, net of distributions	244,314	279,658	223,317
Other	75,883	(4,551)	224,378
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(1,134,612)	(187,951)	(596,231)
Material and supplies	(952,981)	(411,084)	34,076
Increase (decrease) in:			
Accounts payable	1,283,228	396,307	(209,571)
Other prepaids, deferrals and accruals	43,018	(232,349)	(130,487)
Net cash provided by operating activities	8,740,053	8,161,293	7,281,625
Cash Flows From Investing Activities			
Purchases of property and equipment	(15,217,862)	(6,697,476)	(3,356,079)
Acquisition of FrontierVision System	(7,617,199)	-	-
Deposit	(1,100,000)	-	-
Purchase of certificates of deposit	(1,134,528)	(1,252,016)	(930,911)

(Continued)PAGE

Shenandoah Telecommunications Company and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 1996, 1995 and 1994

	1996	1995	1994
Maturities of certificates of deposits	1,234,575	940,699	106,375
Cash flows from securities (Note 2)	185,437	(2,427,349)	(810,461)
Other	54,628	44,053	(249,861)
Net cash used in investing activities	(23,594,949)	(9,392,089)	(5,240,937)
Cash Flows From Financing Activities			
Dividends paid	(1,579,519)	(1,805,165)	(1,410,285)
Payment on notes payable	-	-	(875,000)
Proceeds from long-term debt	14,584,839	998,000	893,000
Principal payments on long-term debt	(493,403)	(430,151)	(378,259)
Net cash provided by (used in) financing activities	12,511,917	(1,237,316)	(1,770,544)
Net increase (decrease) in cash and cash equivalents	(2,342,979)	(2,468,112)	270,144
Cash and cash equivalents:			
Beginning	6,106,447	8,574,559	8,304,415
Ending	$ 3,763,468	$ 6,106,447	$ 8,574,559

(Continued)

Shenandoah Telecommunications Company and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 1996, 1995 and 1994

	1996	1995	1994
Supplemental Disclosures of Cash Flow Information			
Cash payments for:			
Interest, net of capitalized interest of $210,168 in 1996 and $39,070 in 1995	$ 726,242	$ 683,313	$ 661,029
Income taxes	2,071,027	3,081,596	3,013,201
Supplemental Schedule of Noncash Investing and Financing Activities			
Common stock received in sale of equity investee	-	1,446,942	-
Change in classification of investments from cost method to available-for-sale (Note 2)	-	1,225,858	-
Proceeds of long-term debt for stock in Rural Telephone Bank	55,850	49,900	44,650

See Notes to Consolidated Financial Statements.
/TABLE

SHENANDOAH TELECOMMUNICATIONS COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED 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, business radio, cellular telephone, 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 primarily located in the Northern Shenandoah Valley of Virginia and the surrounding areas. A summary of the Company's significant accounting policies follows:

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

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

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

Securities and investments: 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 Company follows the provisions of Financial Accounting Standards Board Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities. Statement 115 requires that management determine the appropriate classification of debt and equity securities that have readily determinable fair values. Classification is determined at the date 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:

Note 1. Summary of Accounting Policies (Continued)

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

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

Investments carried at cost: These investments are those where the Company does not have significant ownership and for which there is no ready market. Information regarding these and all other investments is reviewed continuously for evidence of impairment in value. No impairment was deemed to have occurred at December 31, 1996.

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

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

Property, plant and equipment: Property, plant and equipment is stated at cost. Accumulated depreciation is charged with the cost of property retired, plus removal cost, less salvage. Depreciation is determined under the remaining life method and straight-line composite rates. Depreciation provisions were approximately 5.8%, 5.7% and 5.7% of average depreciable assets for the years 1996, 1995 and 1994, respectively.

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

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

Note 2. Investments

Investments consist of the following:

Investment in held-to-maturity securities:	1996	1995	1994
U. S. Treasury securities, current	$ 2,148,945	$ 2,488,773	$ 950,750
U. S. Treasury securities, noncurrent (due within three years)	1,622,433	2,098,968	499,687
	$ 3,771,378	$ 4,587,741	$1,450,437

The fair market value approximates the carrying value for all held to maturity investments at December 31, 1996, 1995 and 1994.

	1996	1995	1994
Investment in available-for-sale securities:			
Orion Network Systems, Inc., Common and Preferred (including unrealized gains of $1,070,007 in 1996 and $142,263 in 1995)	$ 2,705,926	$ 1,778,189	$ -
MFS Communications Company, Inc. (including unrealized gain of $210,750 in 1995)	-	532,500	-
Comsat Corporation (including unrealized gains of $25,906 in 1996 and $16,123 in 1995)	32,505	22,722	-
Total securities available for sale	$ 2,738,431	$ 2,333,411	$ -

The Company realized a gain of approximately $228,000 in 1996 and $269,000 in 1995 on the sale of available-for-sale securities. PAGE

Note 2. Investments (Continued)

Changes in the unrealized gain on available-for-sale securities during the years ended December 31, 1996 and 1995 reported as a separate component of stockholders' equity are as follows:

	1996	1995	1994
Unrealized gain, beginning balance	$ 369,136	$ -	$ -
Unrealized holding gains during the year	937,527	369,136	-
Realization of prior year unrealized gains	(210,750)	-	-
Unrealized gains, ending balance	1,095,913	369,136	-
Deferred tax effect related to net unrealized gains	425,322	140,124	-
Unrealized gain included in stockholders' equity	$ 670,591	$ 229,012	$ -

Cash flows from purchases, sales and maturities of securities:	1996	1995	1994
Available-for-sale securities:			
Sales	$ 550,000	$1,392,354	$ -
Purchases	-	(83,335)	-
Held-to-maturity securities:			
Maturities	2,488,773	5,466,558	969,384
Purchases	(1,672,410)	(8,603,862)	(1,450,439)
Other investments:			
Sales	-	63,751	-
Purchases	(1,180,926)	(662,815)	(329,406)
Total	$ 185,437	$(2,427,349)	$ (810,461)

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Note 2. Investments (Continued)

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

	1996	1995	1994
Cost method:			
Orion Network Systems, Inc.	$ -	$ -	$1,552,592
USTN Holdings, Inc.	843,486	-	-
Independent Telecommunications Network, Inc.	-	782,125	782,125
U. S. Intelco Holdings, Inc.	-	38,493	38,493
AvData Systems, Inc.	149,860	149,860	149,860
Rural Telephone Bank	624,837	568,992	519,097
Concept Five Technologies	1,000,003	-	-
Other	163,002	170,165	188,219
	2,781,188	1,709,635	3,230,386
Equity method:			
Virginia MetroTel	-	-	633,627
South Atlantic Venture Fund III L.P.	589,632	369,289	125,000
Virginia Independent Telephone Alliance	234,943	206,138	234,888
Rural Service Area - 6	474,007	378,989	368,554
Other	33,177	408,677	15,390
	1,331,759	1,363,093	1,377,459
	$ 4,112,947	$3,072,728	$4,607,845

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

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

During the year ended December 31, 1996, Independent Telecommunications Network, Inc. and U. S. Intelco Holdings, Inc. merged to form USTN Holdings, Inc.

Note 3. Long-Term Debt

Long-term debt consists of the following:

	Interest Rate	1996	1995	1994
Rural Telephone Bank (RTB)	6.04% - 8%	$10,582,040	$ 9,765,672	$ 9,004,549
Rural Utilities Service (RUS)	2% - 5%	619,638	716,562	819,945
CoBank	6.69% - 7.97%	13,467,838	-	-
Other	77.7% of prime	36,723	76,719	116,715
		24,706,239	10,558,953	9,941,209
Current maturities		529,405	461,927	423,329
Total long-term debt		$24,176,834	$10,097,026	$ 9,517,880

The notes payable are pursuant to an agreement which allows for additional borrowings of approximately $3,600,000.

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 ended 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. As borrowings occur, the Company can choose between several fixed and variable rate interest options.

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Note 3. Long-Term Debt (Continued)

The approximate annual debt maturities for the five years subsequent to December 31, 1996 are as follows:

Year	Amount
1997	$ 529,405
1998	521,947
1999	752,832
2000	1,177,115
2001	1,405,689
Later years	20,319,251
	$ 24,706,239

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. Accordingly, approximately $11,200,000 of retained earnings was available for payment of dividends at December 31, 1996.

Long-term debt carries rates which approximate market rates for similar debt being issued. Therefore the carrying value of long-term debt is not significantly different than fair market value at December 31, 1996.

Note 4. Income Taxes

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

	Years Ended December 31,		
	1996	1995	1994
Current:			
Federal	$ 1,905,945	$ 2,837,187	$ 2,402,840
State	219,720	412,089	228,125
Total	2,125,665	3,249,276	2,630,965
Deferred:			
Federal	585,923	272,529	(72,622)
State	109,998	51,151	19,298
Total	695,921	323,680	(53,324)
Provision for income taxes	$ 2,821,586	$ 3,572,956	$ 2,577,641

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,		
	1996	1995	1994
Federal income tax expense at statutory rates	$ 2,657,499	$ 3,336,620	$ 2,525,744
State income taxes net of federal tax benefit	217,614	305,738	163,299
Amortization of investment tax credit	(75,701)	(75,701)	(75,701)
Other	22,174	6,299	(35,701)
Provision for income taxes	$ 2,821,586	$ 3,572,956	$ 2,577,641

Note 4. Income Taxes (Continued)

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

	1996	1995	1994
Deferred tax liabilities:			
Accelerated depreciation	$ 4,776,802	$ 4,106,119	$ 4,019,391
Unrealized gain on securities available for sale	425,322	140,124	-
	5,202,124	4,246,243	4,019,391
Deferred tax assets:			
Accrued compensation costs	96,292	92,329	76,413
Accrued pension costs	152,684	105,084	139,432
Equity investments	44,978	83,512	268,532
	293,954	280,925	484,377
Net deferred tax liabilities	$ 4,908,170	$ 3,965,318	$ 3,535,014

Note 5. 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.

	1996	1995	1994
Actuarial present value of benefit obligations:			
Vested	$ 2,882,966	$ 2,645,748	$ 2,263,951
Nonvested	82,376	52,826	62,286
Accumulated benefit obligations	$ 2,965,342	$ 2,698,574	$ 2,326,237
Projected benefit obligation for service rendered to date	$ 5,112,231	$ 4,408,161	$ 3,800,239
Plan assets at fair value, common stocks and bonds	5,077,518	4,669,840	3,676,436
Plan assets in excess (deficient) of projected benefit obligation	(34,713)	261,679	(123,803)
Unrecognized prior service cost	257,808	278,513	299,218
Unrecognized transition asset at January 1, 1987, being recognized over 17 years	(210,490)	(239,234)	(267,978)
Unrecognized net gain	(466,565)	(621,588)	(276,453)
Net pension liability	$ (453,960)	$ (320,630)	$ (369,016)

Note 5. Pension Plan (Continued)

Net pension cost included the following components:

	1996	1995	1994
Service costs (benefits earned)	$ 170,089	$ 147,568	$ 143,072
Interest cost on projected benefit obligation	326,314	280,691	263,693
Actual (return) loss on plan assets	(532,311)	(914,207)	46,130
Net amortization and deferral	169,238	634,762	(347,255)
Net periodic pension cost	$ 133,330	$ 148,814	$ 105,640

Assumptions used by the Company in the determination of pension plan information consisted of the following at December 31, 1996, 1995 and 1994:

	1996	1995	1994
Discount rate	7.50%	7.50%	7.50%
Rate of increase in compensation levels	5.50	5.50	5.50
Expected long-term rate of return on plan assets	7.50	7.50	7.50

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Note 6. Acquisition

On September 30, 1996, the Company acquired for cash the Shenandoah County cable television assets of FrontierVision Operating Partners, LP for approximately $7,600,000. These assets were integrated into the Company's existing cable television operations. The excess of the total acquisition cost over the fair value of the net assets acquired of approximately $5,600,000 is being amortized over 15 years by the straight-line method.

The acquisition has been accounted for as a purchase and results of operations since the date of acquisition are included in the 1996 consolidated financial statements.

The unaudited consolidated results of operations on a pro forma basis as though the cable television system had been acquired as of the beginning of each year is as follows:

	1996	1995
Revenue	$ 26,583,913	$ 23,559,774
Net income	4,462,084	5,924,752
Net income per share	1.19	1.58

The above amounts reflect adjustments for amortization of goodwill, additional depreciation on revalued purchased assets, and imputed interest on borrowed funds.

The pro forma financial information is presented for informational purposes only and is not necessarily indicative of the operating results that would have occurred had the acquisition been consummated as of the above dates, nor are they necessarily indicative of future operating results.

Note 7. Stock Incentive Plan

On April 16, 1996, the stockholders approved a Company Stock Incentive Plan providing for the grant of incentive compensation to employees in the form of stock options, stock appreciation rights, and stock awards. The Plan authorized the issuance of up to 240,000 shares of common stock over a ten-year period.

Options granted under the Plan may be incentive stock options or nonqualified stock options. The option price will be fixed at the time the option is granted, but the price cannot be less than the fair market value at the date of the grant.

As of December 31, 1996, no options have been granted under the Plan.

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, as follows:

Year	Percent of Operating Revenue
1996	16%
1995	19
1994	21

Note 9. Reclassification

Certain amounts on the 1995 and 1994 financial statements have been reclassified, with no effect on net income or stockholders' equity, to conform with the classifications adopted in 1996.

EXHIBIT 21. LIST OF SUBSIDIARIES

The following are all subsidiaries of Shenandoah Telecommunications Company:

- Shenandoah Telephone Company
- ShenTel Service Company
- Shenandoah Cable Television Company
- Shenandoah Long Distance Company
- Shenandoah Valley Leasing Company
- Shenandoah Mobile Company
- Shenandoah Network Company
- Shenandoah Personal Communications Company

YEAR	YEAR	YEAR
DEC-31-1996	DEC-31-1995	DEC-31-1994
DEC-31-1996	DEC-31-1995	DEC-31-1994
3763468	6106447	6270849
6509809	6921152	1450437
4208742	3068379	2880428
0	0	0
2888709	1922090	1511006
14551119	15308920	15164985
65215491	53076538	49039958
21648820	18795430	17402341
79374097	59896990	52464150
4552386	4258755	2386243
24176834	10097026	9517880
0	0	0
0	0	0
4740677	4740677	4740677
38387245	34530596	29876064
79374097	59896990	52464150
679920	558031	890675
25429854	21919150	20229178
1626181	764264	802904
17485203	13027468	12050713
669314	536254	452090
129214	29386	47796
803300	685971	658908
7816175	9803641	7428660
2821586	3572956	2577641
4877188	5522904	4851019
0	0	0
0	0	0
0	0	0
4994589	6230685	4851019
1.33	1.66	1.29
1.33	1.66	1.29