

**D&E COMMUNICATIONS, INC.**  
**AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**  
**CHARTER**  
**Revised September 25, 2008**

I. PURPOSE

The Audit Committee shall provide assistance to the corporate directors in fulfilling their responsibility to the shareholders, potential shareholders, and investment community relating to corporate accounting, reporting practices of the Corporation, and the quality and integrity of the financial reports of the Corporation. The Audit Committee shall represent and assist the Board with the oversight of:

- (a) the integrity of the Corporation's financial statements and internal controls;
- (b) the Corporation's compliance with legal and regulatory requirements;
- (c) the independent auditor's qualifications and independence; and
- (d) the performance of the Corporation's internal audit function and the independent auditor.

The Audit Committee will fulfill these responsibilities primarily by carrying out the activities enumerated in Section IV of this Charter.

II. COMPOSITION

The Board shall determine the size and composition of the Audit Committee in accordance with the applicable rules of the National Association of Stock Dealers ("NASD"), the Securities and Exchange Commission (the "Commission"), and other applicable regulatory authorities, but the Committee shall have no fewer than three members. All members of the Committee shall be directors independent of management and free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment. Each member shall in the judgment of the Board have the ability to read and understand the Corporation's basic financial statements or shall at the time of appointment undertake training for that purpose. At least one member of the Audit Committee shall in the judgment of the Board be an audit committee financial expert in accordance with the rules and regulations of the Commission, and at least one member (who may also serve as the audit committee financial expert) shall in the judgment of the Board have accounting or related financial management expertise in accordance with Nasdaq listing standards. No member of the Audit Committee shall receive any compensation from the Corporation other than fees for serving as a Director or member or chair of a committee of the Board. No member of the Audit Committee shall have participated in the preparation of the financial statements of the Corporation or any current subsidiary of the Corporation at any time during the past three years.

The members of the Audit Committee shall be appointed by the Board at the annual organizational meeting of the Board or until their successors shall be duly elected and qualified. Unless a Chairperson is elected by the full Board, the members of the Audit Committee may designate a Chairperson by majority vote of the full Audit Committee membership.

### III. MEETINGS

The Audit Committee shall meet at least four times in each fiscal year, or more frequently as circumstances dictate. The Audit Committee shall periodically meet separately, in executive session, with management, the internal auditing function, and the independent auditor. In addition, the Audit Committee or at least its Chairperson should meet with the independent accountants and management quarterly to review the Corporation's financial statements consistent with Section IV, point 3, below. The Audit Committee shall report regularly to the Board with respect to its activities and make recommendations to the Board as appropriate.

### IV. RESPONSIBILITIES AND DUTIES

In performing its responsibilities, the Audit Committee shall:

- have the sole authority to retain and terminate the Corporation's independent auditors (subject to stockholder approval) and any outside firm providing internal audit services. The Audit Committee shall have the sole authority to approve all audit engagement fees and terms and any significant non-audit engagements with the independent auditors. The Audit Committee shall also have the authority to retain attorneys or such other advisors as it may deem appropriate. The Corporation shall provide sufficient funding for the payment of auditors and other advisors retained by the Audit Committee.
- Review and discuss with the independent auditors their annual audit plan, and any changes thereto reported to the Committee.
- Meet with the independent auditors and operating and financial management of the Corporation to review matters relating to the annual audit of the Corporation's financial statements.
- Review the Corporation's annual audited financial statements and quarterly financial statements with management of the Corporation and the independent auditors, including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and discuss with the independent auditors (1) the matters required to be communicated by Statement on Auditing Standards No. 61, Communication with Audit Committees, and (2) the auditor's independence, and based on such review and discussions, recommend to the Board whether the audited financial statements should be included in the Corporation's Annual Report to be filed on Form 10-K with the Commission.
- Review earnings press releases, as well as Corporation policies with respect to earnings press releases, financial information and earnings guidance provided to analysts and rating agencies.
- Discuss policies with respect to risk assessment and risk management.

- Review letters to management of the Corporation prepared by the independent auditors relating to internal control and financial and accounting matters, and any responses thereto prepared by management of the Corporation.
- Review and discuss with the independent auditors and management of the Corporation the information prepared by the independent auditors and included pursuant to applicable professional and regulatory requirements, including Statement on Auditing Standards No. 61, Communication with Audit Committees, and pronouncements of the Independence Standards Board, and consider, after appropriate dialogue, the effect on the independence and objectivity of the independent auditors of any relationships between the Corporation or its management and the independent auditors, and of any other services provided by the independent auditors.
- Review and discuss with the independent auditors and management of the Corporation any reports prepared by the independent auditors relating to other procedures completed by the independent auditors.
- Review and discuss with the independent auditors and management of the Corporation any issues relating to disclosure controls and procedures, certifications under Sections 302 and 306 of the Sarbanes-Oxley Act of 2002, and internal control reports and attestation requirements.
- Meet separately, as needed, with the appropriate representatives of management, the independent auditors and the internal auditors, or any outside firm providing internal audit services, to consider any matters raised by them, including any audit problems or difficulties and management's response.
- Meet separately with the independent auditors to (1) make clear to them that they are accountable to the Audit Committee as a committee of the Board and (2) discuss the independent auditors' judgments about the quality of the Corporation's accounting practices and procedures.
- Periodically review and consider the internal audit long range and annual audit plans.
- Review periodic reports provided by internal audit, or any outside firm providing internal audit services, setting forth its progress toward completion of the annual internal audit plan, any significant deviations from or changes to the annual internal audit plan reported to the Committee, the results of internal audit procedures completed and reported to the Committee, and any other matters brought to the attention of the Committee by the internal auditors, and any responses of management of the Corporation to internal audit reports and recommendations.
- Assess the Corporation's processes regarding compliance with applicable laws, regulations and its Code of Business Conduct and Ethics, including those matters that could have a significant impact on the financial statements, compliance with policies, reports from regulators and the provisions of the Code of Business Conduct and Ethics applicable to the CEO and the Corporation's senior financial officers as defined by the Commission rules.
- Consider other matters and undertake activities, including engagement of outside advisors, from time to time which the Committee believes appropriate to meeting its responsibility to oversee the financial reporting of the Corporation and the related financial and accounting control systems of the Corporation.
- Prepare an annual report of the Committee for inclusion in the Company's annual proxy statement as required by the rules of the Commission.

- Review annual affirmations provided to Nasdaq pursuant to its regulations relating to compliance with rules established by Nasdaq with respect to the composition of the Committee and the qualifications of members of the Committee.
- Consider annually the adequacy of this Charter, and submit to the Board for adoption any changes to the Charter deemed appropriate in the circumstances.
- Establish procedures for (1) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and (2) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- Review disagreements between management and the auditors regarding financial reporting.
- At least annually, obtain and review a report by the independent auditor describing (1) the firms' internal quality control procedures; (2) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm and any steps taken to deal with any such issues; and (3) all relationships between the independent auditor and the Corporation.
- Establish hiring policies for employees or former employees of the independent auditors.
- Undertake an annual review and evaluation of the Committee's performance. The Committee shall conduct such review and evaluation in such manner as it deems appropriate.
- Investigate, make findings and suggest remedies and disciplinary action with respect to conflicts of interest reported to the Audit Committee and then present the same to the Board of Directors for ultimate determination.

## V. COMMUNICATIONS

The Committee shall make clear to the independent auditors, the internal auditors or any outside firm providing internal audit services, and management and employees of the Corporation that, whenever matters come to their attention, which they believe should be urgently communicated to the Committee, such matters should be communicated immediately to the Chair of the Committee. When any member of the Committee learns of information he or she believes should be communicated to the Board, he or she shall promptly notify the Chair of the Committee.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits in accordance with generally accepted auditing standards or to determine that the Corporation's financial statements and disclosures are complete and accurate and are prepared in accordance with generally accepted accounting principles. The independent auditor is responsible for planning and conducting such audits, and management of the Corporation is responsible for preparing the Corporation's financial statements in accordance with generally accepted accounting principles and that disclosures are complete and accurate. It is the duty of management and not of the Committee to assure compliance with laws and regulations and the Corporation's Employee Code of Conduct.