

D&E Communications, Inc.

Reconciliation of Adjusted EBITDA (a non-GAAP measure) to Net Income/(Loss)
(dollars in thousands)

	Year Ended December 31,		
	2008	2007	2006
Wireline Adjusted EBITDA	\$ 64,863	\$ 66,079	\$ 66,015
Systems Integration Adjusted EBITDA	31	(1,955)	(3,651)
Corp, Other & Elim Adjusted EBITDA	(503)	(119)	281
D&E Communications Adjusted EBITDA	64,391	64,005	62,645
Depreciation & amortization	(29,442)	(34,208)	(38,241)
Goodwill and intangible asset impairments	(45,800)	(5,158)	(1,892)
Equity in net losses of affiliates	0	(3)	(180)
Interest expense	(12,312)	(14,928)	(15,274)
Loss on early extinguishment of debt	0	0	(1,103)
Gain on investments	0	0	1,035
Other income/(expense), net	2,944	8,245	4,790
Income (taxes) benefit	9,330	(7,249)	(3,465)
Dividend on utility preferred stock	(65)	(65)	(65)
Loss from operations of Voice Systems business net of income tax benefits of (\$253)	0	0	(488)
Loss on sale of Voice Systems business, net of income tax of \$164	0	0	(1,020)
Net income/(loss)	\$ (10,954)	\$ 10,639	\$ 6,742

D&E Communications, Inc.

Reconciliation of Adjusted EBITDA (a non-GAAP measure) to Net Income/(Loss)
(dollars in thousands)

	<u>Three Months Ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Wireline Adjusted EBITDA	\$ 17,119	\$ 17,470
Systems Integration Adjusted EBITDA	72	(362)
Corp, Other & Elim Adjusted EBITDA	(151)	(77)
D&E Communications Adjusted EBITDA	<u>17,040</u>	<u>17,031</u>
Depreciation & amortization	(6,961)	(7,812)
Goodwill and intangible asset impairments	(19,600)	(5,158)
Interest expense	(3,059)	(3,729)
Other income/(expense), net	(681)	5,164
Income (taxes) benefit	5,442	(3,492)
Dividend on utility preferred stock	(16)	(16)
Net income/(loss)	<u>\$ (7,835)</u>	<u>\$ 1,988</u>

D&E Communications, Inc.
 Reconciliation of Adjusted EBITDA (a non-GAAP measure) to Operating Income/(Loss)
 (dollars in thousands)

	<u>Year Ended December 31, 2008</u>			
	<u>Wireline</u>	<u>Systems Integration</u>	<u>Corporate & Other</u>	<u>Consolidated</u>
Adjusted EBITDA	\$ 64,863	\$ 31	\$ (503)	\$ 64,391
Depreciation & amortization	(28,483)	(155)	(804)	(29,442)
Intangible asset impairments	(45,800)	0	0	(45,800)
Operating income/(loss)	<u>\$ (9,420)</u>	<u>\$ (124)</u>	<u>\$ (1,307)</u>	<u>\$ (10,851)</u>

	<u>Year Ended December 31, 2007</u>			
	<u>Wireline</u>	<u>Systems Integration</u>	<u>Corporate & Other</u>	<u>Consolidated</u>
Adjusted EBITDA	\$ 66,079	\$ (1,955)	\$ (119)	\$ 64,005
Depreciation & amortization	(33,206)	(272)	(730)	(34,208)
Goodwill impairment	0	(5,158)	0	(5,158)
Operating income/(loss)	<u>\$ 32,873</u>	<u>\$ (7,385)</u>	<u>\$ (849)</u>	<u>\$ 24,639</u>