

D&E Communications, Inc.

Reconciliation of EBITDA and Adjusted EBITDA non-GAAP measures to Net Income (Loss)

(dollars in thousands)

(Unaudited)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Wireline Adjusted EBITDA	\$16,005	\$16,129	\$32,251	\$31,967
Systems Integration Adjusted EBITDA	50	(398)	(66)	(1,181)
Corp, Other & Elim Adjusted EBITDA	(176)	5	(336)	(36)
D&E Communications Adjusted EBITDA	<u>15,879</u>	<u>15,736</u>	<u>31,849</u>	<u>30,750</u>
Depreciation & amortization	(7,768)	(9,210)	(15,616)	(18,718)
Intangible asset impairment	(26,200)	-	(26,200)	-
Interest expense, net of interest capitalized	(2,951)	(3,718)	(6,300)	(7,454)
Other income/(expense), net	115	400	3,533	2,116
Income taxes	9,000	(905)	5,957	(1,765)
Dividend on utility preferred stock	(17)	(17)	(33)	(33)
Net income (loss)	<u>(\$11,942)</u>	<u>\$2,286</u>	<u>(\$6,810)</u>	<u>\$4,896</u>