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RECEIPT

FCC/MELLON

DEC 27 2001

RIYADH (AFFILIATE)

December 27, 2001

02-11

VIA COURIER

Federal Communications Commission
Common Carrier Domestic Services
P.O. Box 358145
Pittsburgh, PA 15151-5145

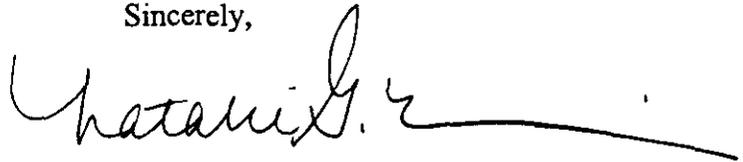
Re: Conestoga Enterprises, Inc. and D&E Acquisition Corp.
Application for Consent to Transfer Control of Domestic Operations
Section 214 Blanket Authority

Dear Sir or Madam:

Enclosed for filing on behalf of Conestoga Enterprises, Inc. ("CEI") and D&E Acquisition Corp. ("D&E Acquisition"), are an original and five copies of an application seeking Federal Communications Commission ("Commission") consent to transfer control of the domestic operations of CEI Networks, Inc. ("CEI Networks"), a wholly-owned subsidiary of CEI, from CEI to D&E Acquisition. CEI Networks currently operates pursuant to blanket authority under Section 214 of the Communications Act of 1934, as amended, and Section 63.01 of the Commission's rules, 47 C.F.R. § 63.01. Also enclosed is a check in the amount of the required filing fee of \$815.00 and an original completed FCC Form 159.

Please address any inquiries regarding this matter to the undersigned.

Sincerely,



Marjorie K. Conner, Esq.
Natalie G. Roisman, Esq.

Enclosures

READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE

Approved by OMB
3060-0589
Page No 1 of

(1) LOCKBOX # 358145

SPECIAL USE

FCC USE ONLY

SECTION A - PAYER INFORMATION

(2) PAYER NAME (if paying by credit card, enter name exactly as it appears on your card)
Akin, Gump, Strauss, Hauer & Feld, L.L.P.

(3) TOTAL AMOUNT PAID (U.S. Dollars and cents)
\$815.00

(4) STREET ADDRESS LINE NO. 1
1676 International Drive

(5) STREET ADDRESS LINE NO. 2
Penthouse

(6) CITY
McLean

(7) STATE
VA

(8) ZIP CODE
22102

(9) DAYTIME TELEPHONE NUMBER (include area code)
703-891-7519

(10) COUNTRY CODE (if not in U.S.A.)

FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED

(11) PAYER (FRN)
0005-0944-36

(12) PAYER (TIN)
[REDACTED]

IF PAYER NAME AND THE APPLICANT NAME ARE DIFFERENT, COMPLETE SECTION B
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)

(13) APPLICANT NAME
D&E Acquisition Corp.

(14) STREET ADDRESS LINE NO. 1
124 East Main Street

(15) STREET ADDRESS LINE NO. 2
PO Box 458

(16) CITY
Ephrata

(17) STATE
PA

(18) ZIP CODE
17522

(19) DAYTIME TELEPHONE NUMBER (include area code)
717-738-8430

(20) COUNTRY CODE (if not in U.S.A.)

FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED

(21) APPLICANT (FRN)
0005-9208-97

(22) APPLICANT (TIN)
23-3102620

COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET

(23A) CALL SIGN/OTHER ID

(24A) PAYMENT TYPE CODE
CUT

(25A) QUANTITY
1

(26A) FEE DUE FOR (PTC)
\$815.00

(27A) TOTAL FEE
\$815.00

FCC USE ONLY

(28A) FCC CODE 1

(29A) FCC CODE 2

(23B) CALL SIGN/OTHER ID

(24B) PAYMENT TYPE CODE

(25B) QUANTITY

(26B) FEE DUE FOR (PTC)

(27B) TOTAL FEE

FCC USE ONLY

(28B) FCC CODE 1

(29B) FCC CODE 2

SECTION D - CERTIFICATION

(30) CERTIFICATION STATEMENT
I, Natalie Koisman, certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief. SIGNATURE Natalie Koisman DATE 12/27/01

SECTION E - CREDIT CARD PAYMENT INFORMATION

(31) MASTERCARD

MASTERCARD/VISA ACCOUNT NUMBER:

EXPIRATION DATE:

VISA

I hereby authorize the FCC to charge my VISA or MASTERCARD for the service(s)/authorization herein described.

SIGNATURE _____ DATE _____

1110

AKIN, GUMP, STRAUSS, HAUER, FELD, LLP
NORTHERN VIRGINIA OFFICE

DATE Dec 26 2015 15-7011-2540

PAY
TO THE
ORDER OF

FEDERAL COMMUNICATIONS COMMISSION

\$ 815.00

Eight hundred & fifteen

00/100 DOLLARS

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P.O. BOX 18967
WASHINGTON, DC 20038-0967

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Margaret Smitt

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⑈1506 2848⑈

RECEIPT

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
)
CONESTOGA ENTERPRISES, INC.)
)
and)
)
D&E ACQUISITION CORP.)
)
Application for Authority Under)
Section 214 of the Communications Act of 1934,)
as Amended, for Consent to Transfer)
of Corporate Control of a Common Carrier)
Providing Domestic Interstate Service)
)

File No. _____

APPLICATION

Conestoga Enterprises, Inc. ("CEI" or "Transferor"), pursuant to Section 214 of the Communications Act of 1934, as amended (the "Act"), 47 U.S.C. § 214, hereby seeks the consent of the Federal Communications Commission ("Commission") to transfer corporate control of its wholly-owned subsidiary, CEI Networks, Inc. ("CEI Networks") to D&E Acquisition Corp. ("D&E Acquisition" or "Transferee"). This application ("Application") is required to be filed because CEI Networks provides domestic interstate service under the blanket Section 214 authorization granted by Section 63.01 of the Commission's rules, 47 C.F.R. § 63.01.

Pursuant to the guidelines set out in the Commission's public notice released July 20, 2001,¹ Transferee and Transferor set forth the following information in support of this Application:

I. THE PARTIES

Conestoga Enterprises, Inc. CEI is the parent corporation to a rural incumbent telephone company and a competitive local telephone company that serve 84,000 and 14,000 local access

¹ Common Carrier Bureau Announces Procedures for Applicants Requiring Section 214 Authorization for Acquisitions of Corporate Control, DA 01-1654 (rel. July 20, 2001).

lines, respectively, throughout southeastern and central Pennsylvania. Additionally, CEI subsidiaries serve over 38,000 long-distance customers, over 1,000 high-speed Internet customers, and 5,000 paging subscribers. Through its wholly-owned subsidiaries, CEI also provides PCS services, cable television services, and communications equipment solutions. CEI is a publicly traded corporation on the NASDAQ National Market under the symbol "CENI."

D&E Acquisition Corp. D&E Acquisition is a subsidiary of D&E Communications, Inc. ("D&E"). D&E, through its subsidiaries, is an integrated telecommunications services provider in south central Pennsylvania. D&E originated as a rural incumbent telephone company in 1911 and since has expanded its local services to include long distance, competitive local service, Internet access, web design services, video conferencing, wireless services, and technology and e-business solutions. D&E's rural incumbent telephone company and competitive local telephone company serve 61,000 and 7,000 local access lines, respectively. In addition, D&E subsidiaries hold over 23,100 long-distance customers, nearly 1,800 high-speed Internet customers, and approximately 184 paging subscribers. D&E is a publicly traded corporation which is listed on the NASDAQ National Market under the symbol "DECC."

II. DESCRIPTION OF THE TRANSACTION

The proposed transfer of control of CEI Networks will occur upon the merger of CEI with D&E Acquisition, a wholly-owned subsidiary of D&E.² Upon consummation of the merger, CEI Networks and the other wholly-owned subsidiaries of CEI will become wholly-owned subsidiaries of D&E Acquisition, and thus indirect wholly-owned subsidiaries of D&E.

Specifically, the merger is structured as a "cash election" merger, in which each CEI shareholder will have the option to receive cash and/or D&E common stock for his or her CEI shares. In particular, each CEI shareholder will be able to choose from one of three options for merger consideration in exchange for his or her shares of CEI common stock: (a) 55% in cash and 45% in D&E Communications, Inc. common stock; (b) 100% in D&E common stock; or (c) 100% in cash, provided that, in certain circumstances, pro ration may be applied to the calculation of consideration and D&E has guaranteed that those shareholders electing to receive cash will receive a minimum of 55% of their consideration in cash. Finally, D&E will assume approximately \$73 million of CEI debt. Following consummation of the proposed transaction, D&E will continue to control D&E Acquisition, the surviving entity, and will assume control of the entities, including CEI Networks, that currently are CEI subsidiaries.

² Pursuant to the Agreement and Plan of Merger by and among D&E Communications, Inc., D&E Acquisition Corp., and Conestoga Enterprises, Inc. dated November 21, 2001 (the "Agreement"), CEI is to be merged into and with D&E Acquisition, such that D&E Acquisition will be the surviving entity and CEI will cease to exist. However, if certain conditions occur, which are described in the Agreement as the "Reverse Merger Circumstances," the merger shall automatically become a merger of D&E Acquisition into and with CEI and the separate existence of D&E Acquisition shall cease. In either circumstance, as a result of the transaction, the current subsidiaries of CEI will become indirect wholly-owned subsidiaries of D&E.

The Parties are filing contemporaneously with the instant application the following applications:

- (i) applications for Commission consent to transfer control of CTT, licensee of five (5) paging licenses and two (2) Part 90 licenses, from CEI to D&E Acquisition;
- (ii) application for Commission consent to transfer control of Conestoga Wireless, licensee of nine (9) broadband personal communications service ("PCS") licenses, from CEI to D&E Acquisition;
- (iii) application for Commission consent to transfer control of CMSI, licensee of eleven (11) paging licenses, from CEI to D&E Acquisition;
- (iv) applications for Commission consent to transfer control of CEI Networks, licensee of four (4) Part 90 licenses, from CEI to D&E Acquisition;
- (v) application to transfer control of BVTC, licensee of one (1) Part 90 license, from CEI to D&E Acquisition;
- (vi) application for Commission consent to transfer control of an international 214 authorization (FCC File No. ITC-214-19970707-00382) from CEI to D&E Acquisition.

III. PUBLIC INTEREST STATEMENT

The proposed transaction will be in the public interest. The merger involves two small rural telephone companies whose continued local success and growth represents a public interest benefit. First, the merger will promote the deployment of new services and technologies and will bring expanded telecommunications services to a wider segment of the population in southern and central Pennsylvania. Second, the proposed transaction will increase competition in the provision of telecommunications services throughout Pennsylvania.

As described above, D&E, the parent of D&E Acquisition, also is the parent of a rural telephone company which operates as an incumbent local exchange carrier ("ILEC") in Lancaster County, Pennsylvania, and portions of Lebanon and Berks Counties, Pennsylvania. D&E, through its subsidiaries, also is authorized to operate as a competitive local exchange carrier ("CLEC") in areas throughout southeastern and central Pennsylvania. The Commission previously has approved D&E's qualifications to hold Commission licenses and authorizations. Specifically, D&E currently owns 50% of D&E/Omnipoint Wireless Joint Venture, L.P. d/b/a PCSOne ("PCSOne"), a joint venture with VoiceStream Wireless Corporation ("VoiceStream"). PCSOne holds broadband PCS licenses serving the Harrisburg, York-Hanover, Lancaster, and Reading, Pennsylvania Basic Trading Areas ("BTAs").³

³ D&E intends to divest its interest in PCSOne prior to the consummation of the proposed transaction with CEI. On November 7, 2001, D&E and VoiceStream filed applications seeking Commission consent to the pro forma transfer of control of PCSOne to VoiceStream, pursuant to

CEI also is the parent of a rural telephone company that operates as both an ILEC and a CLEC, as described above. CEI, through its subsidiaries, provides local and competitive local telephone services to 84,000 and 14,000 access lines, respectively, throughout central Pennsylvania. Additionally, CEI has over 38,000 long distance customers, over 1,000 high-speed Internet customers and 5,000 paging subscribers.

For several reasons, the proposed merger will promote the deployment of new services and technologies and provide advanced telecommunications services to populations throughout southeastern and central Pennsylvania. First, the increased size of the combined entity will improve its access to capital markets. Better access to funding, the combined entity will be able to accelerate network deployment and introduction of new advanced services to customers. Second, the combination of the two companies will create economies of scale that will increase the combined entity's ability to provide services efficiently and effectively. These economies of scale are greatly enhanced by virtue of the fact that the D&E and CEI service areas are located in close proximity to each other. As a result of the efficiencies achieved, the combined entity will be able to focus its resources on expanding its network into new areas and compete more effectively to serve customers throughout a greater geographic scope.

The proposed transaction also will increase competition in the provision of telecommunications services in southeastern and central Pennsylvania. D&E is not authorized to operate as a CLEC within CEI's ILEC territory, nor is CEI authorized to operate as a CLEC within D&E's ILEC territory. Therefore, the combination of the two operations will not reduce any competition within these two ILEC territories. Both CEI and D&E are authorized to provide CLEC service in areas served by Verizon Pennsylvania, Inc. The proposed merger will increase competition because the increased size of the combined CLEC operations will enable the combined entity to better compete against large incumbents throughout Pennsylvania. The proposed merger will not significantly decrease competition in Verizon Pennsylvania territory because CEI and D&E are two out of more than 200 companies authorized to provide CLEC service in areas served by Verizon Pennsylvania.⁴ Therefore, even with the combination of the two CLEC operations, consumers in Verizon Pennsylvania ILEC territory will continue to have a vast range of CLEC alternatives.

Based on the foregoing, the Commission should promptly find that a grant of these applications will serve the public interest, convenience and necessity.

a proposed sale of D&E's entire partnership interest in PCSOne to VoiceStream. (See FCC File Nos. 0000652750 and 0000652917). Nevertheless, even if D&E does not divest its interest in PCSOne prior to consummating the proposed merger with CEI, grant of the applications associated with the proposed transaction will not cause D&E to violate the Commission's current spectrum ownership limits.

⁴ See Pennsylvania Public Utility Commission homepage, <http://puc.paonline.gov>, visited Dec. 26, 2001.

IV. DRUG ABUSE CERTIFICATION

No party to this Application is subject to a denial of federal benefits pursuant to Section 5301 of the Ant-Drug Abuse Act of 1988.

V. RELEVANT AGREEMENTS

All agreements relevant to the instant transaction are attached hereto as Exhibit A.

VI. CORRESPONDENCE

Correspondence regarding this Application should be sent to:

For CEI:

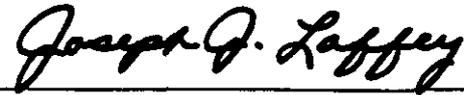
Gerard J. Duffy
Blooston, Mordkofsky, Dickens, Duffy & Prendergast
2120 L Street, NW
Suite 300
Washington, D.C. 20037
(202) 659-0830

For D&E:

Marjorie Conner
Akin, Gump, Strauss, Hauer & Feld, L.L.P.
1676 International Drive, Penthouse
McLean, Virginia 22102
(703) 891-7565

Respectfully submitted,

The Shareholders of Conestoga Enterprises, Inc.

A handwritten signature in black ink that reads "Joseph J. Laffey". The signature is written in a cursive style with a large initial 'J' and 'L'.

Joseph J. Laffey
Sr. Vice President of Administration

D&E Acquisition Corp.

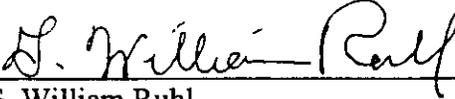
December 21, 2001

Respectfully Submitted,

The Shareholders of Conestoga Enterprises, Inc.

Joseph J. Laffey
Sr. Vice President of Administration

D&E Acquisition Corp.



G. William Ruhl
President

December 24, 2001

AFFIDAVIT

I hereby affirm, on behalf of the Transferor, that the information set forth in the foregoing application for transfer of control of domestic Section 214 authority is true and correct to the best of my knowledge and belief.

Conestoga Enterprises, Inc.

By: Joseph J. Laffey
Joseph J. Laffey
Sr. Vice President of Administration

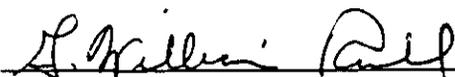
Dated: December 21, 2001

Transfer of Control of Domestic Section 214 Authority
CEI Networks, Inc., Transferor
D&E Acquisition Corp., Transferee
Transferee Affidavit

AFFIDAVIT

I hereby affirm, on behalf of the Transferee, that the information set forth in the foregoing application for transfer of control of domestic Section 214 authority is true and correct to the best of my knowledge and belief.

D&E Acquisition Corp.

By: 
G. William Ruhl
President

Dated: December ____, 2001

Transfer of Control of Domestic Section 214 Authority
Conestoga Enterprises, Inc., Transferor
D&E Acquisition Corp., Transferee
Item 4
Exhibit A

EXHIBIT A

**Agreement and Plan of Merger by and among D&E Communications, Inc., D&E
Acquisition Corp., and Conestoga Enterprises, Inc.**

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

D&E COMMUNICATIONS, INC.

D&E ACQUISITION CORP.

and

CONESTOGA ENTERPRISES, INC.

November 21, 2001

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Exhibit D	Form of Affiliate Letter
Exhibit E	Form of Tax Opinion
Exhibit F	Form of Company Tax Representation Letter
Exhibit G	Form of Parent Tax Representation Letter

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (this "Agreement"), dated as of November 21, 2001, by and among D&E COMMUNICATIONS, Inc., a Pennsylvania corporation ("Parent"), D&E Acquisition Corp., a Pennsylvania corporation and wholly owned subsidiary of Parent ("Newco"), and CONESTOGA ENTERPRISES, INC., a Pennsylvania corporation (the "Company").

RECITALS

WHEREAS, the Board of Directors of the Company (the "Board of Directors") has, subject to the conditions of this Agreement, determined that the Merger (as defined in Section 1.1 below) is in the best interests of the shareholders of the Company and approved and adopted this Agreement and the transactions contemplated hereby in accordance with the Pennsylvania Business Corporation Law of 1988, as amended (the "PBCL"); and

WHEREAS, Parent, Newco and the Company desire to make certain representations, warranties, covenants and agreements in connection with the Merger; and

WHEREAS, for federal income tax purposes, it is intended that the Merger shall qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, the Company and Parent have each obtained voting agreements in the form of Exhibit A attached hereto, from the directors, executive officers and shareholders listed on Exhibit A, who have agreed to vote shares of voting capital stock owned by them in the Company and Parent, respectively, in favor of this Agreement, the Merger and, to the extent required, all transactions incident thereto (collectively, the "Voting Agreements");

WHEREAS, Parent has entered into an agreement dated as of October 17, 2001 as amended, (the "VoiceStream Wireless Agreement") with VoiceStream Communications, Inc. ("VoiceStream") providing for the sale of certain wireless partnership interests of Parent to VoiceStream. The VoiceStream Wireless Agreement is described in a Current Report on Form 8-K (the "Wireless 8-K") filed with the Securities and Exchange Commission (the "SEC") dated October 17, 2001;

WHEREAS, Parent has received a commitment letter dated October 15, 2001 from Co-Bank in the form of Exhibit C (the "Co-Bank Commitment Letter") to assist it in funding the Cash Consideration portion of the Merger Consideration (as such terms are defined in Section 3.1 herein);

WHEREAS, the Company is currently a party to an Agreement and Plan of Merger dated July 21, 2001 (the "NTELOS Merger Agreement") with NTELOS, Inc. ("NTELOS") and NTELOS Acquisition Corp.;

WHEREAS, the Company's Board of Directors has determined that the transaction described in this Agreement constitutes a "Superior Competing Transaction" under the NTELOS Merger Agreement; and

WHEREAS, the effectiveness of this Agreement is conditioned upon compliance by the Company with the provisions of Section 8.4(iii) in the NTELOS Merger Agreement, as more fully set forth in Section 1.5 herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements set forth herein, and intending to be legally bound, Parent, Newco and the Company hereby agree as follows:

ARTICLE I -- THE MERGER; EFFECTIVE TIME; CLOSING

1.1 The Merger. Subject to the terms and conditions of this Agreement, at the Effective Time (as defined in Section 1.2 below), the Company and Newco shall, in accordance with the PBCL, consummate a merger (the "Merger") in which the Company shall be merged with and into Newco and the separate corporate existence of the Company shall thereupon cease. In lieu of the Company being merged with and into Newco, if all of the conditions set forth in Article VII (excluding the condition set forth in Section 7.1(h) and any conditions that, by their terms, cannot be satisfied until the Closing Date (as hereinafter defined)) have been satisfied or waived, and if, based on a reasonable good faith determination, the combination of (a) the trading price of Parent Common Stock immediately prior to the Effective Time (by taking into account the Reorganization Assumption) and (b) the aggregate amount of Cash Consideration (plus the aggregate amount of cash paid in lieu of issuing fractional shares of Parent Stock pursuant to Section 3.1(e) hereof) received by holders of Company Shares in the Merger could result in the cash payable to or for the benefit of the holders of Company Shares as a result of the Merger exceeding 60% of the total fair market value of the aggregate consideration payable and deliverable to the holders of Company Stock as a result of the Merger (such circumstance described above being referred to herein as a "Reverse Merger Circumstance"), then the "Merger" shall automatically be a merger of Newco with and into the Company at the Effective Time, in which case, as a consequence of the Merger, the separate corporate existence of Newco shall thereupon cease. The corporation surviving the Merger shall be governed by the laws of the Commonwealth of Pennsylvania and is sometimes hereinafter referred to as the "Surviving Corporation." In accordance with Section 1929 of the PBCL, all of the rights, privileges, powers, immunities, purposes and franchises of Newco and the Company shall vest in the Surviving Corporation and all of the debts, liabilities, obligations and duties of Newco and the Company shall become the debts, liabilities, obligations and duties of the Surviving Corporation. The parties acknowledge and agree that in the event of a Reverse Merger Circumstance, the Merger is not intended to qualify as a reorganization under Section 368(a) of the Code.

1.2 Effective Time. As soon as practicable after the satisfaction or waiver of the conditions set forth in Article VII hereof, the appropriate parties hereto shall execute in the manner required by the PBCL and file with the Pennsylvania Department of State articles of merger relating to the Merger, and the parties shall take such other and further actions as may be required by Law (as defined in Section 4.13 below) to make the Merger effective. The time the Merger becomes effective in accordance with applicable Law is hereinafter referred to as the "Effective Time."

1.3 Effects of the Merger. The Merger shall have the effects set forth in Section 1929 of the PBCL.

1.4 Closing. The closing of the Merger (the "Closing") shall take place (a) at the offices of Barley, Snyder, Senft & Cohen, LLC, 501 Washington Street, Reading, Pennsylvania 19603, at 10:00 a.m. on the first business day following the date on which the last of the conditions set forth in Article VII hereof shall be fulfilled or waived in accordance with this Agreement or (b) at such other place, time and date as Parent and the Company may agree.

1.5 Effectiveness of Agreement.

(a) This Agreement, other than the covenants set forth in this Section 1.5 which shall be binding on the parties, shall not otherwise be effective until the NTELOS Merger Agreement has been terminated (whether or not such termination is effected pursuant to Section 8.4(iii) thereof or otherwise); provided, however, (i) pending effectiveness of this Agreement, the Company and Parent shall comply with the covenants set forth in Sections 6.1 and 6.2, respectively, of this Agreement and (ii) upon effectiveness of this Agreement, the representations and warranties of the Company and Parent under Articles IV and V, respectively, shall relate back to the date of this Agreement. Immediately upon such termination the other provisions of this Agreement shall be automatically effective without further act by any party hereto, unless this Agreement has previously been terminated pursuant to Section 1.5(c). It is hereby agreed as follows:

(i) In accordance with Sections 8.4(iii) and 9.7 of the NTELOS Merger Agreement, immediately upon execution and delivery of this Agreement, the Company shall provide NTELOS with written notice (with a copy to Parent) that it has withdrawn its the recommendation of the NTELOS Merger Agreement and if, upon the expiration of the ten (10) business day waiting period in Section 8.4(iii) of the NTELOS Merger Agreement, this Agreement continues to be a Superior Competing Transaction, the Board of Directors of the Company it intends to terminate the NTELOS Merger Agreement pursuant to Section 8.4(iii) thereof;

(ii) During the ten (10) business days following delivery of the notice under (i) above, the Company fully perform its obligations under Section 8.4(iii) of the NTELOS Merger Agreement to give NTELOS reasonable opportunity to discuss with the Company the transaction contemplated by this Agreement and any amendments to the NTELOS Merger Agreement proposed by NTELOS, and shall keep Parent fully apprised of such discussions during such period (subject to the Company's relevant legal obligations including, without limitation, under the NTELOS Merger Agreement and the confidentiality agreement between the Company and NTELOS, the fiduciary duties of the Company's Board of Directors and the Company's disclosure obligations under relevant securities laws);

(iii) On or before the fourth business day after such ten (10) business day period, the Company's Board of Directors shall make a determination, after consultation with its counsel and its independent financial advisor, whether or not the transaction contemplated by this Agreement continues to be a Superior Competing Transaction (taking into consideration any modifications to the terms of the NTELOS Merger Agreement proposed by NTELOS), and the Company shall give immediate written notice of such determination to Parent; and

(iv) If the Company's Board of Directors so determines that the transaction contemplated by this Agreement continues to be a Superior Competing Transaction, the Board of Directors of the Company shall immediately (A) confirm to NTELOS such determination and withdrawal of its recommendation of the NTELOS Merger Agreement, (B) give notice to NTELOS (with a copy to Parent) that the Company has terminated the NTELOS Merger Agreement in accordance with Section 8.4(iii) thereof, and (C) pay to NTELOS the fee (the "NTELOS Break-Up Fee") required by Section 8.5(b) of the NTELOS Merger Agreement, and, immediately upon such confirmation, notice and payment, this Agreement shall be automatically effective without further act by any party hereto.

(b) In the event the NTELOS Merger Agreement is not terminated on or before December 12, 2001, or if the Company's Board of Directors determines (in accordance with Section 1.5(a)(iii)) that the transaction contemplated by this Agreement does not continue to be a Superior Competing Transaction, either Parent or the Company may terminate this Agreement by written notice to the other party.

ARTICLE II -- SURVIVING CORPORATION

2.1 Articles of Incorporation. In the absence of a Reverse Merger Circumstance, from and after the Effective Time, the Articles of Incorporation of Newco as in effect immediately prior to the Effective Time shall be the Articles of Incorporation of the Surviving Corporation until thereafter amended in accordance with the PBCL; provided, however, that Article I of such Articles of Incorporation shall be amended to read in its entirety as follows: "The name of this Corporation is "Conestoga Enterprises, Inc." In the event of a Reverse Merger Circumstance, the Articles of Incorporation of the Company shall be the Articles of Incorporation of the Surviving Corporation until thereafter changed or amended as provided therein or by the PBCL.

2.2 Bylaws. From and after the Effective Time, the By-Laws of Newco in effect immediately prior to the Effective Time shall be the By-Laws of the Surviving Corporation until thereafter amended in accordance with the PBCL, provided that in the event of a Reverse Merger Circumstance, the By-Laws of the Company in effect immediately prior to the Effective Time shall be the By-Laws of the Surviving Corporation until thereafter amended in accordance with PBCL.

2.3 Directors. The directors of Newco at the Effective Time shall, from and after the Effective Time, be the initial directors of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation's Articles of Incorporation and Bylaws.

2.4 Officers. The officers of the Company at the Effective Time shall, from and after the Effective Time, be the initial officers of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation's Articles of Incorporation and Bylaws.

ARTICLE III -- MERGER CONSIDERATION; CONVERSION OR CANCELLATION OF COMPANY IN THE MERGER

3.1 Merger Consideration; Conversion or Cancellation of Company Shares in the Merger.

(a) At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Newco, the Company, the Surviving Corporation or the holders of any outstanding shares of capital stock of the Company (together with any associated Company Rights (as defined below), the "Company Shares") or capital stock of Newco:

(i) Each Company Share, together with any associated right to purchase one common share (a "Company Right"), issued pursuant to the Rights Agreement, dated as of March 1, 2000, by and between the Company and First Union National Bank, as Rights Agent (the "Company Rights Agreement"), issued and outstanding immediately prior to the Effective Time (other than, (A) Company Shares owned by Parent, Newco or any direct or indirect wholly owned subsidiary of Parent (collectively, "Parent Companies") and (B) Company Shares owned by any of the Company's direct or indirect wholly owned subsidiaries or held in the treasury of the Company ("Treasury Shares")) shall, by virtue of the Merger, be cancelled and extinguished and converted into the right to receive, the Parent Stock Consideration, Cash Consideration, without any interest thereon, or the combination of Parent Stock Consideration and Cash Consideration, without any interest thereon, as specified in Section 3.3 hereof (the "Merger Consideration").

(ii) For purposes hereof, the following terms have the following respective meanings:

"Cash Consideration" means a per Company Share amount in cash equal to \$33.00.

"Cash Consideration Cap" means product of (i) the Maximum Cash Percentage, (ii) the number of Outstanding Shares and (iii) \$33.00.

"Ceiling Market Price" means \$ 23.00.

"Closing Market Price" shall be the volume weighted average of the per share sales price (excluding after-market trading) for Parent Stock, calculated to two decimal places, for the twenty (20) consecutive trading days during which trading in Parent Stock occurs immediately preceding the date which is two (2) business days before the Effective Time, as reported on the National Market System of the National Association of Securities Dealers Automated Quotation System ("Nasdaq"), the foregoing period of twenty (20) trading days being hereinafter sometimes referred to as the "Price Determination Period" (For example, if March 31, 2002 were to be the Effective Date and Parent Stock trades on each trading day during the Price Determination Period, then the Price Determination Period would be February 28, March 1, 4, 5, 6, 7, 8, 11, 12, 13, 14, 15, 18, 19, 20, 21, 22, 25, 26 and 27, 2002.

“Conversion Ratio” means (calculated to the nearest 0.0001):

- (b) 2.5385 if the Closing Market Price is less than the Floor Market Price;
- (c) the quotient determined by dividing \$33.00 (the numerator) by the Closing Market Price (the denominator), if the Closing Market Price is equal to or greater than the Floor Market Price and equal to or less than the Ceiling Market Price; or
- (d) 1.4348, if the Closing Market Price is greater than the Ceiling Market Price.

“Fixed Price Parent Stock Range” means the range of Closing Market Prices from and including the Floor Market Price to the Ceiling Market Price.

“Floor Market Price” means \$ 13.00.

“Outstanding Shares” means the aggregate number of Company Shares outstanding immediately prior to the Effective Time, but excluding Company Shares to be cancelled pursuant to Section 3.1(g) which number will not be greater than the number of shares of Company Common Stock outstanding on the date of this Agreement (except for shares issuable upon exercise of stock options or on conversion of Company Preferred Stock outstanding on the date of this Agreement).

“Parent Stock” means the common stock, par value \$0.16 per share, of Parent.

“Parent Stock Consideration” means a per Company Share number of shares of Parent Stock equal to one share multiplied by the Conversion Ratio. In the event that between the date of this Agreement and the Effective Time, the issued and outstanding shares of Parent Stock shall have been affected or changed into a different number of shares or a different class of shares as a result of a stock split, reverse stock split, stock dividend, spin-off, extraordinary dividend, recapitalization, reclassification, subdivision, combination of shares or other similar transaction, or there shall have been a record date declared for any such matter, the Parent Stock Consideration shall be proportionately adjusted.

“Parent Stock Consideration Cap” equals 9,467,068 shares of Parent Stock.

(e) No certificates or scrip representing fractional shares of Parent Stock shall be issued in respect of Company Shares that are to be converted in the Merger into Parent Stock, no dividend or distribution with respect to shares shall be payable on or with respect to any fractional share and such fractional share interests shall not entitle the owner thereof to vote or to any other rights of a shareholder of Parent. In lieu of any such fractional share of Parent Stock, Parent shall pay to each former shareholder of the Company who otherwise would be entitled to receive a fractional share of Parent Stock in respect of Company Shares that are to be converted in the Merger into Parent Stock an amount in cash (without interest) rounded to the nearest