

CENTENNIAL COMMUNICATIONS CORP.
NON-GAAP FINANCIAL MEASURES
APRIL 2007

Regulation G, "Conditions for Use of Non-GAAP Financial Measures," and other provisions of the Securities Exchange Act of 1934, as amended, define and prescribe the conditions for use of certain non-GAAP financial information. In our public filings with the SEC, press releases, investor presentations and other disclosures (collectively, the "Public Disclosures"), we present certain financial measures that are not calculated and presented in accordance with Generally Accepted Accounting Principles ("GAAP"), including "adjusted operating income," "adjusted operating income margin" and "retail adjusted operating income." Collectively, we refer to these non-GAAP financial measures as the "Non-GAAP Financial Measures."

We view adjusted operating income, adjusted operating income margin and retail adjusted operating income as operating performance measures, and as such we believe that the GAAP financial measures most directly comparable to them are net income or net loss, net income margin or net loss margin, operating income or operating income margin, respectively.

In calculating adjusted operating income, we exclude from net income or net loss the financial items that we believe have less significance to the day-to-day operation of our business. We have outlined below the type and scope of these exclusions and the limitations on the use of these Non-GAAP Financial Measures as a result of these exclusions. These Non-GAAP Financial Measures are not an alternative to net income, operating income, net income margin, operating income margin, or cash flows from operating activities as calculated and presented in accordance with GAAP. Investors and potential investors in our securities should not rely on the use of these Non-GAAP Financial Measures as a substitute for any GAAP financial measure. In addition, our calculation of these Non-GAAP Financial Measures may or may not be consistent with that of other companies. We strongly urge investors and potential investors in our securities to review the reconciliations to the comparable GAAP financial measures that are included herein and not to rely on any single financial measure to evaluate our business.

These Non-GAAP Financial Measures are used by our management as supplemental financial measures to evaluate the performance of our business that, when viewed with our GAAP results and the accompanying reconciliations, we believe provides a more complete understanding of factors and trends affecting our business than the GAAP results alone. Management also uses adjusted operating income as one of several criteria to determine the achievement of performance-based cash bonuses. We also regularly communicate our adjusted operating income to the public through our earnings releases because it is a financial measure commonly used by analysts that cover our industry and our investor base to evaluate our performance. We understand that analysts and investors regularly rely on non-GAAP financial measures, such as adjusted operating income, to provide a financial measure by which to compare a company's assessment of its operating performance against that of other companies in the same industry. Adjusted operating income is helpful in more clearly reflecting the sales of our products and services, as well as highlighting trends in our core businesses that may not otherwise be apparent when relying solely on GAAP financial measures, because this non-GAAP financial measure eliminates from earnings financial items that have less bearing on our performance.

The term "adjusted operating income" refers to, for any period, net (loss) income before loss from discontinued operations, income from equity investments, minority interest in income of subsidiaries, income tax (expense) benefit, gain on sale of equity investments, interest expense, net, gain (loss) on disposition of assets, strategic alternatives/recapitalization costs, stock-based compensation expense and depreciation and amortization.

During the fiscal third quarter of 2007, we recorded a \$5.4 million charge for an adjustment to universal service fund ("USF") revenue in Puerto Rico related to calendar year 2004 (the "USF Charge"). In our Public Disclosures, we will be reporting certain financial results that exclude the USF Charge. Centennial believes that the USF Charge was the result of a unique and complex change to the administration of the USF program that occurred during calendar year 2004. While the USF Charge will reduce the amount of cash otherwise available for use in our business and, therefore, is important for investors to consider, management does not believe the charge is indicative of the Company's core operating performance. Please refer to the Company's Form 10-Q for the quarter ended February 28, 2007 for additional information regarding the USF Charge.

The term "adjusted operating income margin" refers to the ratio of adjusted operating income to consolidated total revenue or total revenue of one of our business segments, as the case may be.

Set forth below are descriptions of the financial items that have been excluded from our net income to calculate adjusted operating income and the material limitations associated with using this non-GAAP financial measure as compared to the use of the most directly comparable GAAP financial measure:

- Income from equity investments relates to our proportionate share of income or loss from the entity in which we hold a minority interest. We do not control this entity and, as such, do not believe the income we receive from it is indicative of our core operating performance.
- Minority interest in income of subsidiaries relates to our minority investors' proportionate share of income in our non-wholly owned subsidiaries, which generates non-cash charges to our operating results. Operating results attributable to these minority investors' investments do not necessarily result in any direct, immediate benefit or detriment to us and, therefore, we believe it would be helpful for an investor to exclude such items to better reflect our core operating performance.
- Management does not consider income tax expense or benefit at the reportable segment level when considering the profitability of our core operations. Nevertheless, the amount of taxes we are required to pay reduces the amount of funds otherwise available for use in our business and thus may be useful for an investor to consider.
- Gain on sale of equity investment relates to the disposition of our interest in an entity in which we held a minority interest. We believe such gains recorded on the disposition of an equity investment do not reflect the core operating performance of our business.
- The amount of interest expense, net we incur is significant and reduces the amount of funds otherwise available to use in our business and, therefore, is important for investors to consider. However, management does not consider the amount of interest expense, net when evaluating our core operating performance.
- (Loss) gain on disposition of assets may increase or decrease the cash available to us and thus may be important for an investor to consider. We are not in the business of acquiring or disposing of assets and, therefore, the effect of the disposition of assets may not be comparable from year-to-year. We believe such gains or losses recorded on the disposition of an asset do not reflect the core operating performance of our business.
- Strategic alternatives/recapitalization costs relate to costs incurred while the Company completed a review of strategic and financial alternatives during the fiscal year ended May 31, 2006. While these costs reduce the cash available to us and therefore may be important for an investor to consider, we do not believe these costs are relevant to an understanding of our core operating performance.
- Management believes that stock-based compensation expense is important for investors to consider, even though it is a non-cash charge, because it represents compensation granted to employees in the form of options to purchase the Company's common stock or under our employee stock purchase plan. However, since the charge is non-cash in nature and awarded purely at the discretion of the Company and the Compensation Committee of the Company's Board of Directors, the Company does not believe the charge is indicative of its core operating performance.
- Depreciation and amortization are important for investors to consider, even though they are non-cash charges, because they represent generally the wear and tear on our property, plant and equipment, which produce our revenue. We do not believe these charges are indicative of our core operating performance.

Management compensates for the above-described limitations of using a non-GAAP financial measure by using this non-GAAP financial measure only to supplement our GAAP results to provide a more complete understanding of the factors and trends affecting our business.

The following table sets forth a reconciliation of net (loss) income to adjusted operating income for our consolidated results.

RECONCILIATION OF ADJUSTED OPERATING INCOME TO CONSOLIDATED NET (LOSS) INCOME

	Three Months Ended February 28,		Nine Months Ended February 28,	
	2007	2006	2007	2006
Adjusted operating income	\$ 84,599	\$ 82,968	\$ 264,987	\$ 260,694
Depreciation and amortization	(32,624)	(30,671)	(97,537)	(88,749)
Stock-based compensation expense	(1,851)	—	(6,669)	—
Strategic alternatives/recapitalization costs	-	(18,576)	(285)	(18,576)
Gain (loss) on disposition of assets	265	45	(28)	(343)
Operating income	50,389	33,766	160,468	153,026
Interest expense, net	(50,540)	(45,662)	(152,943)	(114,154)
Gain on sale of equity investments	4,730	652	4,730	652
Income tax (expense) benefit	(4,252)	8,274	(11,285)	(17,993)
Minority interest in income of subsidiaries	(264)	(129)	(705)	(568)
Income from equity investments	258	400	804	845
Loss from discontinued operations	(1,669)	(3,361)	(37,928)	(4,950)
Net (loss) income	<u>\$ (1,348)</u>	<u>\$ (6,060)</u>	<u>\$ (36,859)</u>	<u>\$16,858</u>

RECONCILIATION OF ADJUSTED OPERATING INCOME TO ADJUSTED OPERATING INCOME EXCLUSIVE OF USF CHARGE

	THREE MONTHS ENDED FEBRUARY 28,		NINE MONTHS ENDED FEBRUARY 28,	
	2007	2006	2007	2006
<u>(In thousands)</u>			Unaudited	
ADJUSTED OPERATING INCOME	\$ 84,599	\$ 82,968	\$ 264,987	\$ 260,964
USF Charge	5,381	-	5,381	-
ADJUSTED OPERATING INCOME EXCLUSIVE OF USF CHARGE	<u>\$ 89,980</u>	<u>\$ 82,968</u>	<u>\$ 270,368</u>	<u>\$ 260,964</u>

RECONCILIATION OF REVENUE TO REVENUE EXCLUSIVE OF USF CHARGE

	THREE MONTHS ENDED FEBRUARY 28,		NINE MONTHS ENDED FEBRUARY 28,	
	2007	2006	2007	2006
<u>(In thousands)</u>			Unaudited	
Total Revenue	\$ 229,112	\$ 212,699	\$ 683,715	\$ 643,847
USF Charge	5,381	-	5,381	-
REVENUE EXCLUSIVE OF USF CHARGE	<u>\$ 234,493</u>	<u>\$ 212,699</u>	<u>\$ 689,096</u>	<u>\$ 643,847</u>

Our business segments were determined in accordance with GAAP. Our management measures the operating performance of each of our business segments based on adjusted operating income. Adjusted operating income is the measure of profit or loss reviewed by the chief operating decision maker when assessing the performance of each segment and making decisions about the resources to allocate to each segment. Under SEC rules for non-GAAP financial measures, adjusted operating income as used with respect to our business segments is not required to be reconciled to a GAAP financial measure. We have, however, also provided in the following tables a reconciliation of operating income to adjusted operating income for each of our business segments.

Set forth below are descriptions of the financial terms that have been excluded from each segment's operating income to calculate adjusted operating income.

- Management fees relate to expense allocations from the Company's corporate headquarters to the operating segments. Management does not consider the amount of management fees when evaluating the segment's core operating performance.
- (Gain) loss on disposition of assets – See explanation above.
- Strategic alternatives/recapitalization costs – See explanation above.
- Stock-based compensation expense – See explanation above.

- Depreciation and amortization – See explanation above.

U.S. WIRELESS

RECONCILIATION OF OPERATING INCOME TO ADJUSTED OPERATING INCOME

<u>(In thousands)</u>	THREE MONTHS ENDED		NINE MONTHS ENDED	
	FEBRUARY 28, 2007	FEBRUARY 28, 2006	FEBRUARY 28, 2007	FEBRUARY 28, 2006
			<u>Unaudited</u>	
Operating income	\$ 33,874	\$ 16,233	\$ 89,418	\$ 72,558
Management fees	(347)	(1,599)	(1,051)	(2,222)
Gain on disposition of assets	(4,819)	(660)	(5,193)	(837)
Strategic alternatives/recapitalization costs	-	8,263	148	8,263
Stock-based compensation expense	792	-	2,871	-
Depreciation and amortization	15,213	13,188	44,260	38,504
ADJUSTED OPERATING INCOME	<u>\$ 44,713</u>	<u>\$ 35,425</u>	<u>\$ 130,453</u>	<u>\$ 116,266</u>

PUERTO RICO WIRELESS

RECONCILIATION OF OPERATING INCOME TO ADJUSTED OPERATING INCOME

<u>(In thousands)</u>	THREE MONTHS ENDED		NINE MONTHS ENDED	
	FEBRUARY 28, 2007	FEBRUARY 28, 2006	FEBRUARY 28, 2007	FEBRUARY 28, 2006
			<u>Unaudited</u>	
Operating income	\$ 12,187	\$ 11,987	\$ 46,958	\$ 56,425
Management fees	218	1,258	650	1,663
Loss (gain) on disposition of assets	75	(72)	742	493
Strategic alternatives/recapitalization costs	-	7,668	117	7,668
Stock-based compensation expense	677	-	2,412	-
Depreciation and amortization	10,443	11,113	32,583	31,823
ADJUSTED OPERATING INCOME	<u>\$ 23,600</u>	<u>\$ 31,954</u>	<u>\$ 83,462</u>	<u>\$ 98,072</u>
USF Charge	4,628	-	4,628	-
ADJUSTED OPERATING INCOME EXCLUSIVE OF USF CHARGE	<u>\$ 28,228</u>	<u>\$ 31,954</u>	<u>\$ 88,090</u>	<u>\$ 98,072</u>

RECONCILIATION OF REVENUE TO REVENUE EXCLUSIVE OF USF CHARGE

<u>(In thousands)</u>	THREE MONTHS ENDED		NINE MONTHS ENDED	
	FEBRUARY 28, 2007	FEBRUARY 28, 2006	FEBRUARY 28, 2007	FEBRUARY 28, 2006
			<u>Unaudited</u>	
Total Revenue	\$ 75,209	\$ 76,295	\$ 231,642	\$ 236,418
USF Charge	4,628	-	4,628	-
REVENUE EXCLUSIVE OF USF CHARGE	<u>\$ 79,837</u>	<u>\$ 76,295</u>	<u>\$ 236,270</u>	<u>\$ 236,418</u>

PUERTO RICO BROADBAND

RECONCILIATION OF OPERATING INCOME TO ADJUSTED OPERATING INCOME

<u>(In thousands)</u>	THREE MONTHS ENDED		NINE MONTHS ENDED	
	FEBRUARY 28, 2007	FEBRUARY 28, 2006	FEBRUARY 28, 2007	FEBRUARY 28, 2006
			<u>Unaudited</u>	
Operating income	\$ 9,059	\$ 6,198	\$ 28,823	\$ 24,695
Management fees	129	341	401	559

(Gain) loss on disposition of assets	(250)	34	(250)	34
Strategic alternatives/recapitalization costs	-	2,646	20	2,646
Stock-based compensation expense	380	-	1,384	-
Depreciation and amortization	6,968	6,370	20,694	18,422
ADJUSTED OPERATING INCOME	<u>\$ 16,286</u>	<u>\$ 15,589</u>	<u>\$ 51,072</u>	<u>\$ 46,356</u>
USF Charge	753	-	753	-
ADJUSTED OPERATING INCOME EXCLUSIVE OF USF CHARGE	<u>\$ 17,039</u>	<u>\$ 15,589</u>	<u>\$ 51,825</u>	<u>\$ 46,356</u>

RECONCILIATION OF REVENUE TO REVENUE EXCLUSIVE OF USF CHARGE

(In thousands)	THREE MONTHS ENDED		NINE MONTHS ENDED	
	FEBRUARY 28, 2007	FEBRUARY 28, 2006	FEBRUARY 28, 2007	FEBRUARY 28, 2006
Total Revenue	\$ 30,336	\$ 29,106	\$ 92,478	\$ 86,474
USF Charge	753	-	753	-
REVENUE EXCLUSIVE OF USF CHARGE	<u>\$ 31,089</u>	<u>\$ 29,106</u>	<u>\$ 93,231</u>	<u>\$ 86,474</u>

The following table sets forth a reconciliation of operating income to retail adjusted operating income for our U.S. Wireless Segment.

RECONCILIATION OF U.S. WIRELESS OPERATING INCOME TO RETAIL ADJUSTED OPERATING INCOME

(In thousands)	THREE MONTHS ENDED		NINE MONTHS ENDED	
	FEBRUARY 28, 2007	FEBRUARY 28, 2006	FEBRUARY 28, 2007	FEBRUARY 28, 2006
Operating income	\$ 33,874	\$ 16,233	\$ 89,418	\$ 72,558
Roaming operating income (1)	(12,573)	(15,613)	(44,799)	(52,737)
Retail operating income	21,301	620	44,619	19,821
Management fees	(347)	(1,599)	(1,051)	(2,222)
Gain on disposition of assets	(4,819)	(660)	(5,193)	(837)
Strategic alternatives/recapitalization costs	-	8,263	148	8,263
Stock-based compensation expense	792	-	2,871	-
Depreciation and amortization	15,213	13,188	44,260	38,504
RETAIL ADJUSTED OPERATING INCOME	<u>\$ 32,140</u>	<u>\$ 19,812</u>	<u>\$ 85,654</u>	<u>\$ 63,529</u>

(1) Roaming operating income is also roaming adjusted operating income.