

FINAL TRANSCRIPT

Thomson StreetEventsSM

CYCL - Q3 2007 Centennial Communications Earnings Conference Call

Event Date/Time: Apr. 05. 2007 / 8:30AM ET

Apr. 05. 2007 / 8:30AM, CYCL - Q3 2007 Centennial Communications Earnings Conference Call

CORPORATE PARTICIPANTS

Steve Kunszabo

Centennial Communications Corp. - Director IR

Michael Small

Centennial Communications Corp. - CEO

Tom Fitzpatrick

Centennial Communications Corp. - CFO, EVP

Tony Wolk

Centennial Communications Corp. - SVP, Secretary, General Counsel

Phil Mayberry

Centennial Communications Corp. - President, US Wireless

CONFERENCE CALL PARTICIPANTS

Brett Feldman

Lehman Brothers - Analyst

Pat Dyson

Credit Suisse - Analyst

James Breen

Thomas Weisel - Analyst

David Sharret

Lehman Brothers - Analyst

Richard Choe

Bear Stearns - Analyst

Rick Prentiss

Raymond James - Analyst

PRESENTATION

Operator

Good day everyone and welcome to the Centennial Communications third quarter 2007 earnings conference call. Today's call is being recorded. At this time I will turn the call over to the Director of Investor Relations, Mr. Steve Kunszabo for opening remarks. Please go ahead sir.

Steve Kunszabo - *Centennial Communications Corp. - Director IR*

Good morning and thanks for joining us. I would like to welcome you to our fiscal third-quarter 2007 earnings call. Joining me on the call this morning our CEO Michael Small and our CFO Tom Fitzpatrick. Today's call will begin with a discussion of the 2007 third-quarter results followed by Q&A. Before I turn things over to Michael I would like to caution all participants that our call this morning may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements which reflects management's beliefs and expectations are subject to risks and uncertainties that may cause actual results to differ materially. Centennial undertakes no obligation to update or revise these forward-looking statements to reflect events, developments or circumstances after the date hereof.

For a discussion of the risks and uncertainties that may affect Centennial's future results please see Centennial's 2006 Form 10-K including the risk factors section contained therein and Centennial's other filings with the SEC. During the call we will also be

Apr. 05. 2007 / 8:30AM, CYCL - Q3 2007 Centennial Communications Earnings Conference Call

referring to certain non-GAAP financial measures. Please refer to the investor relations section of our website for a discussion of these non-GAAP financial measures and a reconciliation to comparable GAAP measures.

With that let me turn things over to Michael.

Michael Small - *Centennial Communications Corp. - CEO*

Thank you Steve. Good morning everyone. Thank you for joining us. We continue to win as a premier regional provider of telecommunication services with nearly 1.1 million wireless subscribers and 400,000 access line equivalents. We added almost 64,000 postpaid customers when compared to last year's third quarter, a 7% year-over-year increase and are just 8% penetrated in our overall footprint. Our robust consolidated ARPU of \$66 is among the best in the industry. Centennial is healthy and strong and we believe we have made the right decisions to support future cash flow growth and create shareholder returns through balanced deleveraging.

We have reached an inflection point where each incremental dollar of organic cash flow makes a real difference in our rate of deleveraging. Our strategy of tailoring the customer experience to each local market creates a sustainable competitive advantage and there is no question that doing the little things right makes a difference to our customers. We have a clear brand message and our blue shirt advisers are well recognized and well regarded in our local communities. We have more company owned retail locations in our serving area than anyone else and we are open later. We are happy to exchange or upgrade a customer's handset whenever they want for a fee that varies based on the age of their phone. Our customers think that is fair and they stick with us as a result.

As I consider how we have transformed our US wireless business during the last two years it is clearly become one of the best growth stories in this rapidly evolving industry. Two years ago our subscriber count was flat and our retail ARPU stalled near \$50 and we were fighting to keep pace with declining roaming revenue. As our results today illustrate we have added more postpaid subscribers in the third quarter than in fiscal 2004 and 2005 combined. Our retail ARPU has grown approximately \$10 to \$60 and we have recorded several periods of double-digit revenue and AOI growth.

Despite a 21% decrease in high-margin roaming revenue this quarter, we grew US revenue and AOI 15% and 26% respectively; no question that we're well-positioned to outgrow a long term decline in roaming revenue and increase cash flow. Much of this growth has come from a few key steps we have taken that have bolstered our customer growth and expanded ARPU. 90% of our customers now have GSM handsets and approximately 75% take our Blue Region rate plan. These customers use more minutes. They are higher monthly recurring charge and provide the highest absolute profit of all our rate plans.

Innovations like our "new when you want it" and phone aid handset programs not only support our trusted advisor brands but have provided the building blocks to support ARPU expansion and retail cash flow growth. Simply put our customers are paying us more for their phones and phone insurance because we give them a fair deal.

We have also started to benefit from strong growth in data revenue which is now nearly 6% of our retail ARPU at \$3.33. We continue to have strong traction with basic data services and expect meaningful contribution from data revenue as we move forward. We have changed the game in US wireless and we continue to compete well where we have a quality footprint, superior network, strong retail distribution presence and clear brand message.

Moving now to our Puerto Rico operation where we have turned the corner and are now on a path for consistent subscriber growth and manageable churn closer to our historical norm in the mid-twos. As I shared with you last quarter an unlimited offering works for Centennial because of our strong competitive position in Puerto Rico. We operate a great wireless network supported by a robust fiber backbone that can easily absorb an increase in minutes of use and our postpaid subscribers are now on average consuming approximately 1600 minutes a month. We have an established price point of \$50 and our customers recognize that doing business with Centennial means receiving the best value for dollars they spend.

Apr. 05. 2007 / 8:30AM, CYCL - Q3 2007 Centennial Communications Earnings Conference Call

Our customers want to discuss data packages and phone care and not when nights and weekends start or which friends should be part of their wireless calling circle. With the full quarter of impact from the launch of our unlimited wireless offering our operating metrics are moving in the right direction. We added 8200 postpaid subscribers, our best effort in almost 2 years, and reported lower postpaid churn of 2.5%. Over 30% of our Puerto Rico wireless customers are on the unlimited plan and we continue to expect improved subscriber retention as our customers migrate to this offering.

A significant benefit from the launch of our unlimited plan has been its contribution to sustaining our robust ARPU. We are selling more individual plans and fewer companions and the majority of the companions we are selling are paying us twice as much as they did one year ago. We are down to just \$1.50 of airtime ARPU and we expect to continue to offset a decline in overage charges by growing data revenue, offering enhanced phone care packages and our companion customers upsizing to our very popular \$30 unlimited companion.

We are growing subscribers, our churn is manageable and ARPU is stable. The success of the unlimited plan has moved many of our operating metrics in the right direction. With this early solid evidence showing we are on the right path, our emphasis for this business will turn to revenue and AOI growth. When you put it all together we have the most compelling offer on the island at an established price point reinforcing a decade-long tradition of bringing value and innovation to our customers. A great network, superior in-store experience and consistent local presence during the last 10 years all support reasserting our market leadership.

Turning now to our Puerto Rico broadband business, where we have doubled our share of business switch lines during the last five years and are generating mid-fifties AOI margins and free cash flow margins over 30%. It is worth sharing with you again why we believe our CLEC stacks up against any peer in the industry. We have an unparalleled terrestrial and undersea fiber network in our market that is close to our customers. 1300 miles of fiber connecting over (technical difficulty) We are the only significant competitor to the local incumbent and the barriers to entry are significant.

Puerto Rico has high business density, approximately one third of the Fortune 500 have a presence on the island. We offer the most comprehensive set of bandwidth and networking solutions supported by a well-trained sales and customer care organization and we have improved our ability to profitably serve medium-sized business and expand our product set with our newly deployed IP-based softswitch. Our vision is to be the premier regional provider of telecommunications services by tailoring the ultimate customer experience in the markets we serve. We continue to reach for this vision by doing the little things right. Our customers are happy, our company has solid organic growth prospects and we expect our balanced deleveraging strategy to work for all our shareholders.

With that I will turn it over to Tom for a more detailed financial review.

Tom Fitzpatrick - Centennial Communications Corp. - CFO, EVP

Thanks Michael and good morning everyone. As Michael discussed we announced third-quarter results this morning characterized by a convincing track record of retail cash flow in our US business, early success improving our operating metrics in our Puerto Rico wireless market, and further proof from our broadband segment that it is among the elite franchises in the CLEC space. For your information please note that Centennial expects to file its 10-Q later today.

We believe we will produce sufficient cash flow to naturally delever by sticking to the fundamentals of our local market strategy. We have a great network in our operating territory. We treat our customers right by being accessible, fair and innovative and we have great people that know how to connect with the local markets they serve.

Our financial results for the third quarter are presented on a continuing operations basis to exclude Centennial Dominicana due to its classification as a discontinued operation. Centennial recorded quarterly consolidated revenue of \$229.1 million and adjusted operating income of \$84.6 million. Excluding a \$5.4 million charge for an adjustment to USF revenue in Puerto Rico

Apr. 05. 2007 / 8:30AM, CYCL - Q3 2007 Centennial Communications Earnings Conference Call

related to calendar year 2004, consolidated revenue was \$234.5 million and consolidated adjusted operating income was \$90 million, representing growth of 10% and 8% respectively from the year ago period. Our consolidated adjusted operating income margin was 38% for the third quarter on the same basis.

We believe 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. We disagree with the U.S. administrator USAC over this charge and intend to file an appeal with the FCC. Third quarter income from continuing operations was \$0.3 million or zero per diluted share. This compares to a loss from continuing operations of \$2.7 million or \$0.03 per diluted share for last year's third quarter.

The fiscal third quarter of 2007 included \$1.9 million of stock-based compensation expense due to the company's adoption of FAS 123(R) expensing for stock options. On an operating segment basis US wireless generated third-quarter revenue of \$126.5 million and adjusted operating income of \$44.7 million, representing an adjusted operating income margin of 35%. In the US our estimated 40% market share of wireless customers in Fort Wayne, Indiana and Alexandria, Louisiana proves that we can get the job done. We have added customers consistently for two years. Our churn continues to be low and stable. Robust ARPU has been supported by strong increases in equipment, feature and data revenue and we posted several quarters of double-digit retail revenue and AOI growth. We expect more of the same from our US retail business in the coming quarters.

We reported roaming revenue of \$14.2 million during the period. A 21% year-over-year decrease as we saw total roaming minutes drop 16%. We still forecast a long-term decline in roaming revenue as voice minutes fall away from our network due to cell site construction by our roaming partners. We continue to benefit from data roaming throughout our operating territories. US wireless ARPU and minutes of use again rose steadily during the third quarter as ARPU increased to \$67 while minutes of use grew 21% year-over-year to approximately 945 minutes.

Moving now to our Puerto Rico operation; USF charge I have already described impacted Puerto Rico wireless revenue and adjusted operating income by \$4.6 million and Puerto Rico broadband revenue and adjusted operating income by \$0.8 million. The following financial statistics exclude the impact of the USF charge. During the fiscal third quarter Puerto Rico wireless posted revenue of \$79.8 million up 5% from the year ago period, and reported adjusted operating income of \$28.2 million, yielding an adjusted operating income margin of 35%.

The early success of our unlimited wireless offering has reasserted our market leadership and it builds on our heritage of simplicity, value and trust. We continue to showcase 10 years of continuity with our brand while our competitors cope with ownership and brand changes. Delivering the message time and again to our customers that Puerto Rico is important to us. We have added over 20,000 postpaid customers in the last year and Puerto Rico postpaid ARPU remained stable at \$68 for the fifth consecutive quarter. We also grew data revenue to \$5.40, a 25% increase from the fiscal second quarter as our instant Internet service and Mundo Boricua local content portal continue to capture this growing revenue opportunity.

Focusing next on Puerto Rico broadband which recorded revenue of \$31.1 million, a 7% increase from the year ago period and produced adjusted operating income of \$17 million representing an adjusted operating income margin of 55%. Switched and dedicated revenue grew at a steady pace during the quarter bolstered by another period of solid growth in total access lines and equivalents and the resulting increase in minutes of use and line charges.

Growing cash flow in this business will continue to come from our significant operating leverage and meaningful cost advantage as we steadily grow our share of access lines, increase our share of wallet with existing commercial customers, add new customers and buildings where we already serve at least one tenant and serve an expanded addressable market with our newly deployed IP-based softswitch.

And finally, a brief update on our capital structure and liquidity position. We closed the quarter pro forma for the Dominican Republic sale with net debt of just under \$2 billion, reducing our net leverage by nearly one half turn since the dividend recapitalization to 5.4 times. We also recently announced the redemption of 80 million aggregate principal amount of our 125 million outstanding 10.75 senior subordinated notes. This redemption is another important step as we renew our commitment

Apr. 05. 2007 / 8:30AM, CYCL - Q3 2007 Centennial Communications Earnings Conference Call

to delivering shareholder value by balancing growth and debt reduction. And when combined with recent capital structure initiatives including our credit agreement amendment and \$20 million 10.75 senior subordinated note redemption completed in December, represent annualized interest savings of over \$12 million.

We had \$234 million of total liquidity at the end of the third quarter consisting of \$84 million in cash and \$150 million available under the revolving credit facility. I would also like to note that in December 2006 we sold our 14% limited partnership interest in Lawrence, Pennsylvania RSA six representing 30,000 POPs for \$7.1 million. Our minority interest in this operating territory did not contribute to consolidated adjusted operating income. When combined with the third quarter USF charge we received a small net benefit to free cash flow from these two one-off items.

With that I will turn things back to Steve for the Q&A portion of this morning's call. Steve?

Steve Kunszabo - Centennial Communications Corp. - Director IR

Thanks Tom. Operator, would you please provide instructions to log in for questions?

QUESTIONS AND ANSWERS

Operator

(OPERATOR INSTRUCTIONS). Brett Feldman, Lehman Brothers.

Brett Feldman - Lehman Brothers - Analyst

First of all, with regard to the one-time charge can you just clarify is it really just the one time issue? There is no further review going on about potential changes in what you did in 2005 for example. And then after that, actually why don't you answer that first, we'll talk about the US business after that.

Michael Small - Centennial Communications Corp. - CEO

We believe that it strictly relates to 2004. We have our General Counsel with us if you want to try and explain very briefly this complex issue that relates to 2004.

Tony Wolk - Centennial Communications Corp. - SVP, Secretary, General Counsel

Sure. I'd say two things. First, it is important to note that we think this is completely independent of kind of the political debate surrounding USF currently in Washington. And second we think the charge was unique because 2004 was a year of transition for the USF program in that one, the support mechanism called LTS was transitioning off and being replaced by a different support mechanism. And when USAC does its normal true-ups we believe that transition caused the calculation to be done improperly. Currently USAC has disagreed with us but we intend to file an appeal on that decision, but we have taken the entire charge of \$5.4 million during this quarter.

Michael Small - Centennial Communications Corp. - CEO

That was Tony Wolk our General Counsel.

Apr. 05. 2007 / 8:30AM, CYCL - Q3 2007 Centennial Communications Earnings Conference Call

Brett Feldman - *Lehman Brothers - Analyst*

Okay. So there is nothing ongoing? It is not like you are still in the middle of this process and you may have to true it up again next quarter?

Tony Wolk - *Centennial Communications Corp. - SVP, Secretary, General Counsel*

No, I think the choices are either we win this or we lose it and we get the \$5.4 million back or it stays the way it is.

Brett Feldman - *Lehman Brothers - Analyst*

Okay.

Tom Fitzpatrick - *Centennial Communications Corp. - CFO, EVP*

Brett, just for clarification, this is Tom Fitzpatrick, there are always small true-ups based on getting access lines right, etc. but they are small and they don't -- they tend to offset, usually. But this one was not small and was really I would call it a sort of a difference of opinion in the application of the rules. That is why we are calling it out.

Brett Feldman - *Lehman Brothers - Analyst*

Okay. So with regards to the U.S. performance in the quarter which is obviously pretty good, can we get a little more color on what is really driving in particular the subscriber additions? Like for example, the investment you had made in the footprint was partially based on your desire to increase penetration around the fringe. Are you starting to actually see more higher penetration levels in parts of your territory where historically you had underperformed?

Also are you getting maybe a benefit from some of the issues at Sprint? And then the last question is how much momentum do you have right now? I am trying to think about seasonal trends that we might expect in the next two quarters for example.

Michael Small - *Centennial Communications Corp. - CEO*

I will start this and Phil Mayberry who runs the US will add to it and first, it is seasonally the strong quarter because it includes December so that happens every year that this is the strongest quarter. Secondly why Grand Rapids, Lansing (indiscernible) has helped our Michigan footprint, this is strength throughout our footprint and we are delivering more minutes here. They are up dramatically. We provide more phones to our customers. We provide more data services to our customers and we are providing better service to our customers. And we are finding fair ways to charge for all that incremental value and the customer is willing to pay more as long as the charge is fair and they are getting real value for it. Phil, do you want to add any color to any of our programs?

Phil Mayberry - *Centennial Communications Corp. - President, US Wireless*

The sub growth was seasonally up but we were up even more, better than what we would normally expect from seasonal adjustment. There were some Sprint issues in it. The new territory and our Michigan territory, Grand Rapids, Lansing and the old Michigan territory because Nextel had built a pretty strong distribution team up there and had built a pretty strong network up there. And they experienced some difficulty with the transition and that helped us a bit. Our momentum is very very good as we go into the next quarter so it was just good all the way around.

Apr. 05. 2007 / 8:30AM, CYCL - Q3 2007 Centennial Communications Earnings Conference Call

Brett Feldman - *Lehman Brothers - Analyst*

Great. And one last point of clarification. Did you say that in Puerto Rico over 30% of the subs are now on unlimited plans?

Michael Small - *Centennial Communications Corp. - CEO*

That is correct.

Brett Feldman - *Lehman Brothers - Analyst*

Okay. Great. Thanks guys.

Operator

Pat Dyson, Credit Suisse.

Pat Dyson - *Credit Suisse - Analyst*

Thanks, good morning. Michael, you talked about Puerto Rico wireless in your opening comments and you commented that that segment is positioned for revenue and EBITDA growth. Maybe if you could just go into that in a little more detail and give us a sense as to when we should start to see the fruits of the growth that you've experienced in the last couple of quarters. I guess that is the first question. I have got a couple additional afterwards.

Michael Small - *Centennial Communications Corp. - CEO*

Well, we did see in this most recent quarter year-over-year revenue growth. We, as we said about a year ago, the first things we had to do was stabilize churn and ARPU. And then secondarily get the subscriber growth and then we thought the financial metrics of revenue and AOI would follow after that. So we are going to start turning our focus there; I think as we have seen already the revenue is going to start improving on the comps first, but AOI shouldn't be too far behind on the year-over-year performance. And we are in significantly stronger competitive position by virtually all metrics. Not only is the "you plan" the unlimited plan working but our network which historically has been a strong network on the island is performing by far the best it ever has for us. And we think we are opening that gap and we now have the luxury of focusing on AOI. For the last year we had to primarily focus on restoring our leadership in the market.

Pat Dyson - *Credit Suisse - Analyst*

And just to make sure I'm clear you talked about consistent growth, so we should expect over the next coming quarters a steady state of growth that you have seen already with the launch of the unlimited plan?

Michael Small - *Centennial Communications Corp. - CEO*

We haven't made a forecast for next year yet and I am not going to at this point; that will be -- our guidance will come after next quarter's results. But clearly we need to turn that trend around and that is where our focus has been and will be in the coming quarters and that is as strong a statement as I am going to make at this time.

Apr. 05. 2007 / 8:30AM, CYCL - Q3 2007 Centennial Communications Earnings Conference Call

Pat Dyson - *Credit Suisse - Analyst*

Okay. Two add additional questions. I guess first to you Michael, can you give us an update on the market competitive response you have seen from the unlimited plan? And any updated thoughts on the market in the context of the transition going on at Verizon and SunCom? And then just I guess to Tom just to make sure I am clear, guidance has been reaffirmed I assume this morning?

Michael Small - *Centennial Communications Corp. - CEO*

Tom you want to --

Tom Fitzpatrick - *Centennial Communications Corp. - CFO, EVP*

Shall I take the easy one first?

Pat Dyson - *Credit Suisse - Analyst*

Yes, go ahead.

Tom Fitzpatrick - *Centennial Communications Corp. - CFO, EVP*

Yes, our guidance is reaffirmed.

Pat Dyson - *Credit Suisse - Analyst*

Thank you Tom.

Michael Small - *Centennial Communications Corp. - CEO*

And on the competitive situation the Puerto Rico Telephone Company transaction was approved by the FCC and movistar process and through the court has happened. And there will be a new owner of that so we are going to see changes in the marketplace. Our challenge is to just keep adding value for our customers and hopefully there is some turmoil and it is an opening for us, but we are ready for whatever happens. It has been an objective of ours to get as many customers as possible onto the unlimited plan so we are not just signing up new customers, we are migrating customers because we want our installed base to be on the best possible plan. I have always had the opinion in a six player market you get to differentiate and you have to keep delivering incremental value and we think we are doing that. And the incremental value is the unlimited plan, great network and a local focus developing programs that are and content that is relevant to a local marketplace. So we are feeling good about our competitive position at the moment.

Pat Dyson - *Credit Suisse - Analyst*

Great, thank you.

Operator

James Breen, Thomas Weisel.

Apr. 05. 2007 / 8:30AM, CYCL - Q3 2007 Centennial Communications Earnings Conference Call

James Breen - *Thomas Weisel - Analyst*

Thanks, good morning guys. I have a question just on the broadband business in Puerto Rico. As I look it seems like switch access lines are up this quarter after being down a little bit last quarter and continued growth on the dedicated site. What are you seeing there in the trends either from your [ez] retail customer base or the business customer base, as well as with the potential with the cable companies there in terms of the voice traffic?

Michael Small - *Centennial Communications Corp. - CEO*

Right now overall we are pleased with the performance of the broadband unit. The growth was a little weaker than historical trends primarily because the dial-up ISP customers are rolling off. We believe the long run opportunity to service broadband's residential access is much larger than the dial-up was but we are going through the transition right now. And the partnership with the cable TV operators -- we had a partnership with one of them and we have added the second one and the one in San Juan, so we now have the two larger and we do have actually some relationships with a third cable operator. So we think that growth opportunity will start swinging back the other way where the broadband growth more than offsets the dial-up fall off.

James Breen - *Thomas Weisel - Analyst*

And with the transition in AMX closing on the acquisition there, the Verizon assets, is there a potential for you to pick up some business from them on the backhaul now that they are not tied to the wireline company?

Michael Small - *Centennial Communications Corp. - CEO*

No, AMX bought both the wireless and wireline operations so they still will be tied.

James Breen - *Thomas Weisel - Analyst*

But on the government side?

Michael Small - *Centennial Communications Corp. - CEO*

Oh, on the government side, correct. That should further our ability to enter the government market. We have been making progress there over the last couple of years but this should only accelerate that.

James Breen - *Thomas Weisel - Analyst*

Great. Thank you.

Operator

David Sharret, Lehman Brothers.

David Sharret - *Lehman Brothers - Analyst*

Good morning. If I can just ask on the Puerto Rico business, I mean in terms of the churn reduction you have seen it has been impressive, gotten back to the target you had before but given -- you'd mentioned before -- but given you have just over 30%

Apr. 05. 2007 / 8:30AM, CYCL - Q3 2007 Centennial Communications Earnings Conference Call

of your subs on the unlimited plan and that number is increasing steadily, but do you have a new goal in mind of where you think you can get postpaid churn down to in Puerto Rico?

Tom Fitzpatrick - *Centennial Communications Corp. - CFO, EVP*

Well first on postpaid churn we think in general it runs a little higher in Puerto Rico than in the US and we kind of view 2.5 as the bogey to be very competitive in the marketplace. We now feel good that we are at that level and have good stability there and we are going to be fighting to bring it down, and I am optimistic that it will be no higher than 2.5 in the coming quarter. But we haven't set a new target. We view every 10th we can get under 2.5 as a real win in Puerto Rico.

David Sharret - *Lehman Brothers - Analyst*

Okay. And then just Tom, if you could, just what was the just housekeeping now -- what was the RP basket at the end of the quarter? And is your thought process in dealing with the remaining 10.75 just based on free cash flow growth?

Tom Fitzpatrick - *Centennial Communications Corp. - CFO, EVP*

Yes, the RP basket pro forma for the call of the 10.75 is \$65 million. And yes the cash flow that as they always say that is the most expensive place in our capital structure, that is a likely target.

David Sharret - *Lehman Brothers - Analyst*

Thanks guys.

Operator

Richard Choe, Bear Stearns.

Richard Choe - *Bear Stearns - Analyst*

Hi, I just wanted to ask about the US business in terms of the CPGA seemed low, very low this quarter and was wondering how long you think that is sustainable? I know it bounces around a lot especially given you are at 90% migration now with the last 10% -- how do you plan on addressing that over the next few quarters and how that might that impact CPGA.

Michael Small - *Centennial Communications Corp. - CEO*

Phil, do you want to take that question?

Phil Mayberry - *Centennial Communications Corp. - President, US Wireless*

Sure. The plan that we have for the last 10% is finally being developed with some end in sight. But we have a significant amount of areas where the adjacent territory that we don't own is not robust enough with GSM. So we are going to keep some TDMA phones and some TDMA network out there in order to continue to do good service for those customers. On the CPGA I am pretty confident that we are trending and will stay in that same area. We have got a good handle on a number of initiatives that we are doing to reduce the amount of calls into our care center by attacking systemic issues. Our billing expense is a constant that is based on a per account basis, so however many subscribers we add to an account the cost on that is the same. And our

Apr. 05. 2007 / 8:30AM, CYCL - Q3 2007 Centennial Communications Earnings Conference Call

support for the in-store care, we have been shifting that from care people to sales reps; a good sales rep can do customer care but a good customer care rep can't necessarily sell a customer. And we believe that every contact that we make with a customer is a selling opportunity to either sell them another service, to sell them an accessory, to sell an upgrade on a rate plan. So we are pretty confident on the CPGA.

Michael Small - Centennial Communications Corp. - CEO

But Phil I think you confused CPGA with CPTU.

Phil Mayberry - Centennial Communications Corp. - President, US Wireless

Oh, I'm sorry.

Michael Small - Centennial Communications Corp. - CEO

So the cost to acquire versus cost per gross add, versus cost -- cash cost per user.

Phil Mayberry - Centennial Communications Corp. - President, US Wireless

Oh, I'm sorry.

Michael Small - Centennial Communications Corp. - CEO

Do you want to talk about cost to acquire?

Phil Mayberry - Centennial Communications Corp. - President, US Wireless

Sure. My acronyms at 8:30 in the morning. The things that we are doing on telephone expense we have upped the retail price on some of the phones. We are driving accessory revenue, cigarette lighter adaptors and other types of accessories for telephones and we make a very nice margin on those. And so the cost to acquire on the equipment side is coming down and we expect to be able to continue to manage that part of it and that is the largest element of it. We are also driving more volume through the gross activation side so the cost per ad for the advertising cost is lower and we are hopeful that we can keep the volume on the sales side of it going through the pipe high enough to continue to lever that and that of course levers the fixed cost on the sales reps as well.

Michael Small - Centennial Communications Corp. - CEO

We also, we are bearing an unusually high cost to acquire with the launch in Grand Rapids, Lansing with its launch and that market is starting to come into line, too. Having said that, this was an exceptionally good quarter for cost to acquire.

Richard Choe - Bear Stearns - Analyst

I guess with that said do you think you could stay under 300 going forward or will it just keep bouncing around a little bit?

Apr. 05. 2007 / 8:30AM, CYCL - Q3 2007 Centennial Communications Earnings Conference Call

Michael Small - Centennial Communications Corp. - CEO

I would say we would have the ability to do that, whether that is the right management decision depending on the marketplace, we would have to make that decision. But we found a lot of ways to skinny cost to acquire and we will make decisions on whether it is worth it to spend more or not. But those are all real savings as Phil described and sustainable savings and then it is a management decision on whether we want to keep it that low or not or try and buy more share.

Richard Choe - Bear Stearns - Analyst

Great, thank you.

Operator

(OPERATOR INSTRUCTIONS). Rick Prentiss, Raymond James.

Rick Prentiss - Raymond James - Analyst

Good morning guys. A couple of questions for you. First, at the CTI conference last week there was a lot of conflicting thoughts on what USF is going to look like in the next year or two in the US. Can you update us on what your feelings out of Washington are? Is the joint board going to step in and what you think is going on there? And the second question is nice progress on the data side. Talk to us about what you are doing explicitly to try and move data revenues up from like the \$3 level to the \$5 to \$10 level. How does that transpire over what period of time?

Michael Small - Centennial Communications Corp. - CEO

Okay, so USF and data. I think Washington has finally come to the realization that a revenue based on interstate -- their inflows are based on interstate revenue is a concept that doesn't make any sense anymore as there is really no such thing as a long-distance company and then they are paying out at an ever escalating rate. They need to somehow cap that. To me it is untenable answer that they say we are going to spend all the money on old technology and none on new technology which is basically what the telephone industry is trying to propose. So there is going to be some technology neutral add to that that will unfortunately probably still overallocate to the old technology. But there has got to be some balance there -- the right answer is not just a it all goes to landline and then goes to wireless. So I think you are going to -- I think Washington is forced to come up with an answer.

I don't think it is going to be real quick in implementation and I don't think it is going to be detrimental to wireless relative to wireline because that is, even by Washington standards would be an extremely irrational conclusion.

On data there is going to be a lot of drivers of data growing faster. The handset changeover that keeps getting more capable, networks keep getting more data friendly as far as bandwidth. The number of applications and content alternatives are continuing to grow daily and the consumer acceptance and learning curve improves every day. So whether you are good at managing this or not good at managing it, it is clearly going in the right direction. In Puerto Rico we happened to supplement our data growth with the instant Internet product. In the US we are doing a lot of cool things to stimulate data growth. So Phil, do you want to talk about a few of those?

Phil Mayberry - Centennial Communications Corp. - President, US Wireless

We are in our distribution for Web access and those kinds of data products. We have built unique display areas with testing equipment and allowing people to surf the web and all kinds of cool things to show them how to do it. We have started slightly

Apr. 05. 2007 / 8:30AM, CYCL - Q3 2007 Centennial Communications Earnings Conference Call

subsidizing computer cards so that people can use it as a freestanding service. And we continue to improve the offering with what access you have as you surf and as you do use the services.

On the messaging side we have priced so that we have several different packages of number of messages that you can send in text messaging and we have a unique offering in that we allow people to receive text messages for free. We only charge for those that are originated by the subscriber. Messaging has a community effect, a kind of a viral effect if you will, that the more people that send you messages the more you reply. So if they are free to come to you people seem to use it more.

On the download side and we are segmenting our customers who do download ring tones, wallpapers, those kinds of things and as they use the service we figure out which genre of music they like. As we add a new title to our songlist we then text them to let them know that maybe you like the Eagles and we have got another band that is in that genre we sent you a message that says we just want to let you know that we have that. And if you would like to download a song from them click on your short message at this point and we will take you right to our website and allow you to download. And we get about a 12% to 15% response of purchases from those messages that we send out, so we are doing that kind of segmentation on that side of the business as well and trying to drive that piece of it.

Rick Prentiss - *Raymond James - Analyst*

Great. One other one, I think you are right, I think it is viral, so I think they just got to have somebody to catch that first data call to get it spreading. Speaking of data, AMPT presented with us at CTIA as well, interesting story, a lot of data, a lot of video. They are hooked up with Verizon for an MVNO concept but they want to move into Latin America, South America, Central America. With Verizon getting off the island in Puerto Rico do you guys have any interest in entertaining a MVNO?

Michael Small - *Centennial Communications Corp. - CEO*

We examine those all the time but really haven't made much -- a lot of the MVNOs want the big platform of nationwide carrier and in Puerto Rico we would probably have that option. I would add in Puerto Rico the local content has been important to getting the data off the ground with the Mundo Boricua where we have the local TV, radio and newspaper content and recording artists available. And interoperability is also a big driver of data among the carriers so people don't want to just send messages to only other customers of ours. They want to send them to any customer.

Rick Prentiss - *Raymond James - Analyst*

Yes, kind of definition of networks and communications. On the island can you update us again as far as what percent is DO? Was it like two-thirds that you had that was DO and what are your thoughts for Rev A?

Michael Small - *Centennial Communications Corp. - CEO*

We now have about 75% of our POPs covered with EVDO and we will continue to increase that number over the next year. And Rev A is soon; technically on the network side we are pretty much ready to go. It is handset availability and we are just not going to spend the -- even though it is not very much capital we are not going to spend it in advance of meaningful handset availability. But that should be coming in the next few months.

Rick Prentiss - *Raymond James - Analyst*

Great. Good luck, guys.

Apr. 05. 2007 / 8:30AM, CYCL - Q3 2007 Centennial Communications Earnings Conference Call

Operator

At this time I will turn the conference back to Steve Kunszabo for any additional remarks.

Steve Kunszabo - *Centennial Communications Corp. - Director IR*

Thanks. That concludes the Q&A portion of our call. Beginning later this morning you can access a replay of the call on Centennial's website. As always if you have additional questions please call our investor relations department at 732-556-2220. Thanks and have a great day.

Operator

That concludes today's conference. We thank you for your participation.

DISCLAIMER

Thomson Financial reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON FINANCIAL OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2007, Thomson Financial. All Rights Reserved.