

FINAL TRANSCRIPT

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PRESENTATION

Operator

Good day everyone and welcome to the Centennial Communications fourth quarter 2007 earnings conference call. Today's call is being recorded. At this time, I would like to turn the call over to the Director of Investor Relations, Mr. Steve Kunszabo. 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 fourth quarter 2007 earnings call. Joining me on the call this morning are our CEO, Michael Small; our CFO, Tom Fitzpatrick; and our President of U.S. Wireless Operations, Phil Mayberry. Today's call will begin with a discussion of the 2007 fourth quarter and full year 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 reflect management's beliefs and expectations, are subject to risks 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.

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For a discussion of the risks and uncertainties that may affect Centennial's future results, please see Centennial's 2007 Form 10-K, which will be filed later today, including the risk factors section contained therein and Centennial's other filings with the SEC. During the call, we will also be 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*

Thanks, Steve. Good morning everyone. Thank you for joining us. I would like to take a moment to welcome Centennial's many new public shareholders. Since last February, our private equity owners have sold or distributed approximately 43 million shares in seven separate transactions. Centennial is now majority owned by public investors and has roughly tripled its float during this period.

This morning, Centennial announced fourth quarter and full year results highlighted by record cash flow and customer retention in our U.S. business and a two-year low -- for post date customer churn in our Puerto Rico wireless segment. We now have over 1.1 million high value wireless customers and 400,000 access line equivalents in our broadband business.

Two fundamental trends characterize the progress we have made during the last nine at Centennial. The telecom industry becomes more competitive and it falls faster every year and our success in this environment has been sustained by the connection we make with our local markets. When you peel everything else away, it comes down to the high quality interaction that our associates have with our customers.

We invest in the success of these critical interactions in three key ways. One, our associates participate in many hours of hands-on training at Centennial University to become blue shirt trusted advisors. Two, we sell almost entirely through Company-operated stores to provide a direct and consistent customer experience. And three, we have developed a brand that is rooted in serving our local communities better than anyone else.

I am most proud of the brand we have built because it's one of the toughest initiatives that a Company undertakes. Brand building happens customer by customer and associate by associate, millions of interactions between people and our local teams get better at it every day. We bring our trusted advisor in -- trusted advisors in for training when we launch a new offering, while many of our competitors may just send an email to accomplish the same. That's what it takes to build a brand into a meaningful competitive advantage.

In the U.S., we ended our fiscal year with one of the strongest quarters we have recorded in the Company's history. For the first time, we generated quarterly adjusted operating income above \$50 million, while also posting record low postpaid churn of 1.6%. It's worth emphasizing that we achieved these results despite a \$4 million year-over-year decline in higher margin roaming revenue. The important steps we have taken to transform this business are really paying off, and as I shared last quarter, we believe we are one of the best growth stories in this rapidly evolving industry.

We continue to put up cell sites to ensure we have the superior network where we do business, we have added more Company operated retail locations across our footprint and some of these stores are in towns where our competitors do business exclusively through dealers. And we continue to give our customers the best value for the dollars they spend with us.

Most recently, we launched our Blue Nation rate plans throughout our territory, expanding on the success of our popular Blue Region offering. With a nation-wide calling area, free incoming calls and texts, and compelling phone care innovations, we have once again brought meaningful incremental value to our customers. Simply put, our customers are willing to pay more for these high ARPU plans because we give them more.

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Two years ago, when our subscriber count was flat, our retail ARPU stalled near \$50 and we are fighting to keep pace with declining roaming revenues, we outlined the important steps we were taking to help this business grow again. We have now delivered several quarters of double digit revenue and AOI growth and expect more good things from our U.S. wireless franchise.

Turning now to our Puerto Rico operations, where we matched a two-year best for postpaid churn during the fourth quarter and continue to move down a path of renewed revenue and AOI growth in our wireless business. We have grown our customer count meaningfully since launching our unlimited plan, adding nearly as many postpaid subscribers in the last two quarters as we did in the previous six quarters. At 2.3%, our postpaid churn is as low as it's been since the end of fiscal 2005, supported by an aggressive migration of our customer base to the unlimited offering.

Today, over half of our subscribers are now in this plan with many extending their relationship with Centennial through new two year and 30-month contracts in the last several months. We expect this improved customer retention to be a key component of our growth as we move forward.

Our strong competitive position and outstanding collection of assets provide power to our unlimited offering in Puerto Rico. We operate a superior wireless network, which has leading statistics for blocked and dropped calls, supported by a state of the art fiber backbone that is unmatched on the island. Our postpaid customers now consume over 1700 minutes a month, an increase -- a 11% increase since we introduced our unlimited plan last November and a high bar to reach for our competitors. With a half year of evidence that shows our operating metrics moving in the right direction, we are now squarely focused on increasing AOI again in this business. And as Tom will share in a moment, our fiscal 2008 outlook anticipates steady growth in this segment.

Moving now to Puerto Rico broadband, where we are now reaching our business customers through nearly 2000 fiber connected buildings with an increasingly IP centric portfolio of connectivity in networking solutions. We continue to build shares with our customers -- biggest customers, Fortune 500 in telecommunication carriers by delivering high capacity pipes and comprehensive services supported by the most experienced sales and service organization in the region.

Our partnership with the cable TV industry allows us to compete in the residential market as we provide the backhaul and IP component of their data and telephony offerings, and win share from the wireline incumbent. This collaboration is beginning to show real progress, adding to our growth in access line equivalents and revenue during the fourth quarter.

In May, we announced a definitive agreement to acquire Islanet Communications, a provider of data and voice communications to business and residential customers in Puerto Rico. This transaction, along with the versatility of our IP based soft switch, immediately expands the addressable market for our broadband business by providing more efficient last mile access to reach small and medium sized business customers. We will pick up 2.5 gigahertz spectrum on the island as part of this deal and will continue to evaluate an expanded deployment of WiMAX as the technology evolves. We are now beginning to attack Puerto Rico's \$3 billion telecom market from all sides, large enterprise, small and medium business and residential, and see this comprehensive approach as a key to our future growth.

Balanced deleveraging remains a right course of action to increase value for Centennial shareholders. In fiscal 2007, we grew AOI, sold our Dominican Republic business and paid down debt, all of which contributed to a reduction in our net leverage during the year. Tom will illustrate how our organic cash flow growth will keep us on pace with steady deleveraging in fiscal 2008.

Connecting people is how you win in our industry today. Our associates connect our great networks and they connect with our customers in our local markets. That is how we will continue to build a brand that provides a meaningful competitive advantage. I want to thank our associates for their loyalty, dedication, and hard work in making fiscal 2007 a year of renewed growth and look forward to strong execution and continued momentum in fiscal 2008.

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

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Tom Fitzpatrick - Centennial Communications Corp. - EVP and CFO

Thanks, Michael, and good morning everyone. As Michael noted, Centennial announced fourth quarter and full year financial results that were in line with our updated financial outlook, showing strong execution and industry leading growth in our U.S. wireless franchise, and the achievement of key benchmarks in our Puerto Rico wireless business for improved customer retention. We also provide financial targets for our 2008 fiscal year, which I will review with you in a moment.

Centennial is healthy and strong, and we believe we have made the right decision to support future cash flow growth and create shareholders returns through balanced deleveraging. We have reached an inflection point where each incremental dollar of organic cash flow makes the real difference in our rate of leveraging.

Centennial reported quarterly consolidated revenue of \$228.2 million and adjusted operating income of \$89.1 million. Excluding a \$9 million charge for an adjustment to USF revenue in Puerto Rico related to prior periods, consolidated revenue was \$237.2 million and consolidated adjusted operating income was \$98.1 million, representing growth of 8% and 10% respectively from the adjusted year ago period. For comparisons, our fiscal 2006 financial results have been adjusted to reflect the portion of the USF charge that relates to fiscal 2006. Please refer to the table included in this morning's press release, which shows the USF charge in the historical reporting period to which it relates. Our consolidated adjusted operating income margin was 41% for the fourth quarter on the same basis.

In summary, our USF support is based on projections filed by the incumbent phone company. The USF administrator, USAC, conducts a semi-annual reconciliation of the incumbent phone company's projections against their actual results and makes adjustments accordingly. In Centennial's case, USAC completed reconciliations during fiscal 2007 for our USF support in Puerto Rico based on the Puerto Rico telephone company's actual results in past years. We disagree with and have disputed some of these charges with the USF administrator. Nevertheless, we reported all adjustments proposed by the USF administrator and established a reserve for all periods through the end of fiscal 2007 to cover future potential adjustments. Similarly, our outlook for fiscal 2008 considers our best estimate of the impact of future potential USF true-ups.

For the 2007 fiscal year, we recorded consolidated revenue of \$911.9 million and adjusted operating income of \$354.1 million. Excluding the full year USF charge relating to prior periods of \$11 million, consolidated revenue was \$922.9 million and consolidated adjusted operating income was \$365.1 million, representing adjusted growth of 7% and 6% respectively from the year-ago periods. Our consolidated adjusted operating income margin was 40% for the year on the same basis.

On an operating segment level, U.S. wireless recorded fourth quarter revenue of \$130 million and adjusted operating income of \$54.2 million, yielding an adjusted operating income margin of 42%. We have achieved critical mass in our U.S. retail business and will continue to compete well where we have a quality footprint, superior network, strong retail distribution presence, and clear grand message. We have visibility to sustain sales momentum, low and stable churn, robust ARPU and strong retail revenue and AOI growth in this segment.

We generated roaming revenue of \$15 million during the period, as we saw total roaming minutes [fall] 11% from the year ago quarter. We continue to believe that roaming revenue will drop over the long term with only some benefit from increased data roaming traffic and forecast a \$15 million to \$20 million decline in roaming revenue during fiscal 2008. U.S. wireless ARPU and minutes of use again rose steadily during the fourth quarter, as ARPU grew 5% year-over-year to \$68 while minutes of use rose 21% to approximately 990 minutes.

Turning now to our Puerto Rico operation, the fourth quarter USF charge I have already described impacted Puerto Rico wireless revenue and adjusted operating income by \$7.8 million and Puerto Rico broadband revenue and adjusted operating income by \$1.3 million. The following financial statistics reflect the impact of the USF charge in the period to which it relates. During the fiscal fourth quarter, Puerto Rico wireless generated revenue of \$78.3 million, up 2% from the year ago quarter, and posted adjusted operating income of \$26 million, representing an adjusted operating income margin of 33%.

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As Michael discussed, the aggressive migration of approximately half of our subscribers to our unlimited offering has protected our high value customer base, pushing postpaid churn to its lowest mark in two years. Over 90% of our customers are now under contract. We will continue to monitor customer retention closely and expect it to remain at a healthy level throughout fiscal 2008.

Postpaid ARPU slipped to \$65 during the fourth quarter as we saw pressure on equipment revenue related to handset promotions. Despite this modest drop in ARPU, we continue to believe that our unlimited offering has dramatically improved the quality of our net customer additions. We are selling more individual plans and fewer companions and the companions we are selling have approximately twice the monthly recurring charge they had one year ago. Data revenue again grew at a solid rate and will continue to be a contributor to overall ARPU reaching \$5.88, a 77% increase from the year-ago period in the fourth quarter. These benefits will help sustain robust subscriber revenue as we move forward.

Focusing next on Puerto Rico broadband, which produced revenue of \$31.6 million, a 4% increase from the year ago period and reported adjusted operating income of \$18 million, representing an adjusted operating income margin of 57%. Switched and dedicated revenue rose 7% during the quarter, supported by strong growth in total access lines and equivalents, and the resulting increase in minutes of use and line charges.

We have recently taken a number of steps to widen our target market beyond the large, commercial and telecommunications carriers' customers we traditionally serve and expect to enter the small and medium business and residential markets in a more meaningful way through our cable partnership and Islandet acquisition. As Michael illustrated, we believe WiMAX technology will provide us with an efficient last mile solution to reach important customer segments in a profitable way.

Moving now to our financial and operating outlook for our 2008 fiscal year. We expect consolidated adjusted operating income between \$385 million and \$405 million for fiscal 2008. It's worth emphasizing that this projection considers AOI growth in our Puerto Rico wireless segment while also reflecting our best estimate of potential future USF true-ups. We anticipate that some of our consolidated capital expenditures and spectrum acquisition costs will be approximately \$140 million for our current fiscal year. Taken together, these targets reflect our ability to execute our operating plan and grow cash flow defined as adjusted operating income less capital expenditures, again, in fiscal 2008.

Now, I would like to review the impact cash taxes will have on our results going forward. For the 2007 fiscal year, we paid cash taxes of approximately \$7 million on a consolidated basis. In the U.S., our updated estimate continues to reflect negligible cash taxes for a number of years, while on Puerto Rico, we expect cash taxes to move higher in future periods. As a result, we project cash taxes to be approximately \$20 million for our current fiscal year.

And finally, an update on our deleveraging progress and liquidity position. We closed the fourth quarter with net debt of \$1.95 billion, and excluding the impact on adjusted operating income of the prior period USF charge, reduced net leverage by approximately one half turn since our dividend recapitalization to 5.3 times. The capital structure initiatives we completed in fiscal 2007 represent annualized interest savings of over \$12 million. We expect roughly \$190 million of cash interest expense in fiscal 2008. We had \$244.7 million of total liquidity at the end of the fourth quarter consisted of \$94.7 million in cash and \$150 million available under the revolving credit facility.

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

Steve Kunszabo - Centennial Communications Corp. - Director, IR

Thanks, Tom. Operator, will you please provide instructions for logging in questions?

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QUESTIONS AND ANSWERS

Operator

Yes, sir. (OPERATOR INSTRUCTIONS) We will Ric Prentiss with Raymond James.

Ric Prentiss - Raymond James - Analyst

Hi, good morning guys.

Tom Fitzpatrick - Centennial Communications Corp. - EVP and CFO

Hey, Ric.

Michael Small - Centennial Communications Corp. - CEO

Hi, Ric.

Ric Prentiss - Raymond James - Analyst

Couple of questions for you. First, Tom, on the CapEx and spectrum guidance of \$140 million, can you break out the CapEx versus the spectrum and is the spectrum 700 megahertz auctions [prep] or exactly what would the spectrum be?

Tom Fitzpatrick - Centennial Communications Corp. - EVP and CFO

We are not going to provide a breakout, Ric. The spectrum I would just characterize as small and could be 700, but not limited to that.

Ric Prentiss - Raymond James - Analyst

Okay. And then second question, on the revenue side, you mentioned the equipment revenues were down a little bit in Puerto Rico. Have you guys thought about splitting out the ARPU so we can see ARPU absent the equipment revenue?

Tom Fitzpatrick - Centennial Communications Corp. - EVP and CFO

Yes, we do split out service ARPU, service revenues.

Michael Small - Centennial Communications Corp. - CEO

Yes.

Ric Prentiss - Raymond James - Analyst

And do you have that handy, it's been a long earnings season?

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Tom Fitzpatrick - Centennial Communications Corp. - EVP and CFO

Let us go work on that and come back to you, Ric.

Ric Prentiss - Raymond James - Analyst

Okay. And then, in Puerto Rico, you guys -- can you update us as far as Rev A availability timeframe there and your thoughts about what you might do with Rev A in Puerto Rico? And in Puerto Rico, the WiMAX that you discussed, are you going to be proceeding along the path of Sprint and Clearwire using the standards and the ecosystem they are developing?

Michael Small - Centennial Communications Corp. - CEO

Hi, Ric. It's Michael. First on Rev A, we deployed it in about a third of our cell sites at this point. And we are in the testing stage and expect to make devices available to our customers shortly principally for that instant Internet home access and the main advantage of Rev A is to significantly increase the upstream speeds. And then, we have made no firm decisions on WiMAX technology other than we will be able to use it for the broadband business to gain last mile access to smaller locations. For example, Islandnet, some of their larger customers are like the Burger Kings and Taco Bells where -- lots of locations, low bandwidth requirements at each. Beyond that, we are still in the exploratory stage.

Ric Prentiss - Raymond James - Analyst

Okay. And can you just comment a little bit on the M&A environment that you are seeing out there? Obviously, it's been pretty busy period with Dobson getting bought out, Rural getting bought out, Verizon announcing this morning they are going to buy Ramcell in Kentucky and Oregon in advance of their 700 megahertz auctions. What are you guys seeing out there as far as buying and selling opportunities in the M&A environment?

Michael Small - Centennial Communications Corp. - CEO

Well, right now, we are trying to grow, deleverage and grow organically and that's working well and we think will produce high returns for shareholders. If we find M&A alternatives that are superior to that case, of course, we will consider them. But, we are pretty comfortable that our game plan is working pretty well and deleveraging is what we are about.

Ric Prentiss - Raymond James - Analyst

Okay. Yes, it looks like good guidance too and if you do get that ARPU number, you can just slip it back in later in the call.

Tom Fitzpatrick - Centennial Communications Corp. - EVP and CFO

Ric, well, I can just direct you to the K, where we break out in Puerto Rico wireless operations, service revenue from roaming revenue and equipment sales. It is in the K, which we will file later today.

Ric Prentiss - Raymond James - Analyst

Okay. I couldn't find it this morning. So, --

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Tom Fitzpatrick - Centennial Communications Corp. - EVP and CFO

No, we will file it later here today.

Ric Prentiss - Raymond James - Analyst

Okay, thanks guys.

Operator

We will go next to Phil Cusick with Bear Stearns.

Richard Choe - Bear Stearns - Analyst

Hi, it's actually Richard Choe for Phil. I have two questions. One to clarify the USF charges, I think you had like \$5 million last quarter, \$9 million this quarter, but you are saying \$11 million for the -- for the year. And then, also wanted to know how much you are estimating for your guidance. I think you said it's your best estimate, but wanted to get a sense of the size first.

Tom Fitzpatrick - Centennial Communications Corp. - EVP and CFO

Right. Let me just take the second part. On a trued up basis, after giving effect to all charges, let me just give the background. As a wireless carrier, we received USF support based on projections that are filed by the ILEC, in this case the Puerto Rico Telephone Company. One to two years after the wireless carriers receive the USF support, we actually have received the cash, the ILEC turns around and files its actual data with the SEC and the USF administrators compare the actual to the projected and the true-up is what results. That is what happens when the USAC administrator trued up for calendar year 2005 and that is what has given rise to this charge. We have taken -- we have disputed a portion of that -- of that true-up on what I will call, for technical reasons but nevertheless reported the whole charge in respect to the 2005 calendar period and then, we have taken our estimate for all periods they are after through May of 2007 based on the 2005 true-up and basically roll that forward and said, okay, the USAC administrator has not yet trued that up, but there is a potential charge coming, let's reserve for that. And that is fully reflected in our results through the May 31st of 2007. Similarly, as we look forward into fiscal 2008, we have used those same trued up cost estimates in formulating our guidance. It's our expectation that we will actually receive more in cash in fiscal 2008 than we will actually put on our books because we are establishing a reserve in light of these most recent true-ups. And in terms of the number in Puerto Rico, on a trued up basis, it was about 16 million trued up for fiscal 2007 and it will be a comparable amount in fiscal 2008. Is that fair enough, Richard?

Richard Choe - Bear Stearns - Analyst

Yes. That's great. Thank you. And I guess the second question is for Puerto Rico, it was 50% on the unlimited plan. Can you give us a sense of where that might go in terms of what are your kind of gross adds coming in at and how should we think about the Puerto Rico service ARPU? Do you think it's going to kind of just be steady, go up, go down a little bit and I assume it's not going to be as -- bounce around this much given kind of the low turn and the amount that are on this unlimited plan?

Michael Small - Centennial Communications Corp. - CEO

Yes, it's Michael, Richard. We are -- well, first, we sell virtually exclusively the unlimited plan and we still are seeing steady migrations, but we halted at the end of April our aggressive outbound efforts to do the migration. So, the number is going to continue up but the percentage of people on U-plan, but at a declining rate. And as far as ARPU goes, it should be stable going forward. We have been very pleased with the way U-plans worked out for us. We thought we would lose the airtime, but we

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made that up in monthly recurring charges due to a lower percentage of companions being sold and those companions that were sold were sold at a higher price to a \$30 unlimited companion. And in addition, we increased the feature sales per customer with our phone care and data packages. So, that's all working well, data revenue continues to grow nicely, as you see, in the metrics and that should offset any further loss of airtime. But, airtime is now just a little over \$1 a month, so it's not a big component. So, bottom line, we think stable ARPU from here.

Richard Choe - *Bear Stearns - Analyst*

Great, thank you.

Operator

We will take our next question from Pat Dyson with Credit Suisse.

Pat Dyson - *Credit Suisse - Analyst*

Thanks, good morning.

Michael Small - *Centennial Communications Corp. - CEO*

Hi, Pat.

Pat Dyson - *Credit Suisse - Analyst*

I guess just, Michael, to follow-up on the ARPU question there, can you give us just a little bit more color as far as what pressures you saw competitively this quarter that led to the falloff in equipment revenue, and I guess what should be our expectations to how ARPU should track over the balance of fiscal year '08? That's the first question.

Michael Small - *Centennial Communications Corp. - CEO*

So, as we I think explained over the last couple of quarters, the basic competitive reaction to our unlimited plan was to increase phone subsidies. And I think some of that may have happened anyway, the Razor basically became free and that just seemed to become table stakes in the Puerto Rico market, and I think it's not that uncommon through a lot of the industry. And we are roughly seeing more in the neighborhood of \$400 million cost to acquire and at this stage, we expect that to continue. Some of our competition now has launched unlimited plans, but they maintain other plans in most cases and do not seem to be pushing a majority of their customer base there. And again, for the reasons I think we predicted upfront, which is -- we are given 1700 minutes a months and growing and I think that puts a real challenge on other people's networks, and to the extent other people are selling at \$40 MRC versus our \$50. For them to go a \$50 unlimited is hard for them to generate a lot of sales or if they go to \$40, then the cannibalization of airtime is far more severe than what we faced. So, we think it's a difficult box for the competition that really, as aggressively pushing unlimited plan as Centennial has.

Pat Dyson - *Credit Suisse - Analyst*

Okay. And so, but just as far as getting back to your expectation on ARPU, you mentioned stable, so stable from 65 this quarter or --

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Michael Small - Centennial Communications Corp. - CEO

Correct.

Pat Dyson - Credit Suisse - Analyst

Okay.

Michael Small - Centennial Communications Corp. - CEO

Because the 65 basically reflects that we aren't getting as much equipment revenue as we used to is the biggest impact there.

Pat Dyson - Credit Suisse - Analyst

Okay. And then, additional question on Puerto Rico wireless, you talked about how you are now positioned for EBITDA growth. Is that common, does that relate to looking at EBITDA on a full year basis or should we start to see EBITDA growth commencing in the fiscal year first quarter?

Michael Small - Centennial Communications Corp. - CEO

Tom, you want to --

Tom Fitzpatrick - Centennial Communications Corp. - EVP and CFO

I mean, we are not going to get into quarterly guidance. Our full year guidance is underpinned by growth in EBITDA in Puerto Rico wireless.

Pat Dyson - Credit Suisse - Analyst

Okay. But, is there -- I guess is there any change in how you guys see, the marketing is going to slow down a little bit so some of the cost, the acquisition cost that you highlighted, should those abate a little bit, and then you start to see some scale on that? How should we think about?

Michael Small - Centennial Communications Corp. - CEO

Well, I think you can think about it in two ways. The quality of the new addition, the gross additions, are -- in terms of revenue are superior to the terminations. That's been true since U-plan. I know it wasn't as true prior to that. So, we are gaining incremental revenue and we will see some of that fall to the bottom line. We also went through a period of -- in U-plan a lot of activity in the marketplace, a lot of which was generated by our outbound migration efforts. That's coming to an end. So, just generally on expense side, we should start being able to get better efficiencies. So, high quality net adds and lower cost structure, and it's not going to be dramatic on the cost structure but the trends towards improved efficiency should be there.

Pat Dyson - Credit Suisse - Analyst

Okay. And then, final question on the U.S. business, obviously a very good quarter this quarter, a very good year. On roaming, you highlighted that you expect roaming to decline \$15 million to \$20 million, but roaming in fiscal year '07 actually outperformed

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your initial guidance. Maybe just give us a little bit of color around how you came up with the \$15 million to \$20 million number, and just give us a sense as to how that should track throughout the year?

Michael Small - *Centennial Communications Corp. - CEO*

We are at, I guess, just outside our guidance of the \$15 million to \$20 million, I believe it's around \$14 million to decline this year. And that was on data roaming, we knew it's possible, it hadn't kicked in at the start of the year and then did pick up pretty dramatically during the course of the year. The reason for the decline projected in '08 is the same one we have been giving all along as we are not as rural as some others, where we are between major metropolitan areas and places where naturally over time our roaming partners would build their network and we have seen that. The unpredictable part is when they choose to turn off their roaming in a particular area actually (inaudible) this particular area, there will be no more roaming for a customer who rely exclusively on our own network, and we cannot predict when our roaming partners will make that last decision. And that is where the uncertainty lies, but we can predict with a lot of confidence that eventually they will make that decision in more and more areas. We have few portions of our area that are likely to always be roaming revenue for us because we have the 850 and they just relatively roam. We are the only ones still there, but many of the main corridors, sooner or later, our roaming partners will throw that switch.

Pat Dyson - *Credit Suisse - Analyst*

Okay, thank you.

Operator

We will go next to Brett Feldman with Lehman Brothers.

Brett Feldman - *Lehman Brothers - Analyst*

Thanks for taking the question. I thought we could talk a little bit about the competitive environment in Puerto Rico on the wireline side. Obviously, PR Telecom was just acquired by America Movil. Have you seen any change in the behavior of the wireline incumbent, now that they have new owners?

Michael Small - *Centennial Communications Corp. - CEO*

Brett, I think they -- when [Mexican] bought that company, they promised to make investments and I think we are seeing some -- we just upgraded there DSL offerings, and Puerto Rico put more money into it I think from the electronics side, they can do that quickly as far as improving with copper will take some more time. But, we expect continued investment on the island by the incumbent, but we also believe that we are making our network IP centric, and that since our network is less than 10 years old, where theirs are many decades old. We will be able to make those upgrades faster. So, they will get better, but my prediction is we will be able to get better faster.

Brett Feldman - *Lehman Brothers - Analyst*

Does your fiscal '08 CapEx guidance assume a higher level of capital investment in your wireline asset than we saw in '07?

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Michael Small - *Centennial Communications Corp. - CEO*

Not materially different, and increasingly it is being spent on IT architecture, which has the benefit of being dramatically more efficient. Once you are there, there are huge step functions that we need to take along the way. But, the trend is, for the dollar, you get a lot more bandwidth than you ever used to. So, I think the biggest trend we are going to see is people are going to demand huge amounts of bandwidth going forward and we will give our customers a lot more value for their dollar. That is just a function of the new technology, it is what drove Cisco's results in their most recent quarter of this. But, the video is coming to the Internet as an inflection point here on volumes, and we, by already having the fiber network and being farther down the IP path, we will be able to accommodate that need for bandwidth much more efficiently we believe than the incumbent [work].

Brett Feldman - *Lehman Brothers - Analyst*

Okay. And then, in the U.S., in terms of the type of ARPU trends you are going to be looking for in fiscal '08, you are obviously seeing continued growth in your data ARPU, I was hoping that you'll give us a little color about what is going on with the voice component, especially in light of your Blue Nation plan? Do you think that consolidated overall services ARPU when you back out the equipment component, should it grow or should be stable, or there is going to be a little bit of pressure there?

Michael Small - *Centennial Communications Corp. - CEO*

Phil, do you want to take this question? I mean, right now, we think we have started -- we have given a bigger -- we have given more value by giving the Nation. So, I think the trends are going to be positive for ARPU, but Phil will give some color.

Phil Mayberry - *Centennial Communications Corp. - President - U.S. Wireless Operations*

Voice side is going to be okay, where we re-priced with the nationwide plans and exchanged variable revenue on [billable] their time for guaranteed revenue on the access and we are seeing good results on that. And we do really, really well on aftermarket sales and for calling features, we run a program every month that attacks the existing customer base trying to sell them one more thing, and everybody from the collectors through customer care to the sales reps in the store are incented to sell add-on features, short message packages, voice mail, caller ID. Every month, we have a feature of the month, then the entire team gets behind it, and we show great results out of that. So, on the voice side, we are going to be okay.

Brett Feldman - *Lehman Brothers - Analyst*

All right. So, it sounds like overall that the voice ARPU or did the total ARPU and you actually be stable and maybe even up a little depending on how some of the key initiatives you have there work out, is that the right way to thinking about it?

Phil Mayberry - *Centennial Communications Corp. - President - U.S. Wireless Operations*

Yes, I think that is the correct way to look at it.

Brett Feldman - *Lehman Brothers - Analyst*

Okay. And then, just one last question about the U.S., you have been seeing your roaming footprint overbill for several years now, that is nothing new. I am just curious, do you find that as your roaming partners overbilled you in some of the key corridors, they also begin to edge out into the actual communities and become competitive on the retail side or is it really just an over-building it for roaming purposes?

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Michael Small - Centennial Communications Corp. - CEO

Phil, go ahead.

Phil Mayberry - Centennial Communications Corp. - President - U.S. Wireless Operations

It is some of each, as they go in kind of concentric circles away from major metro area, let us use Detroit as an example, they have built the I-94 corridor through -- all the way through to Chicago to support their customers, and as they go into Jackson and Kalamazoo, Battle Creek area, they begin the cell sites there. We still maintain a roaming relationship with them because they are not building as many cell sites as they need in order to provide a ubiquitous coverage area, and we have to adjust our areas in which we allow them to roam accordingly, and we continue to make those adjustments to give them the service they want and still get the roaming revenue that we would like to have.

Brett Feldman - Lehman Brothers - Analyst

Okay, great. Thank you.

Phil Mayberry - Centennial Communications Corp. - President - U.S. Wireless Operations

You are welcome.

Operator

We will go next to James Breen with Thomas Weisel.

James Breen - Thomas Weisel - Analyst

Great, thanks guys. Just a couple of questions, one, in the U.S. on the quarter and EBITDA, you obviously had a good quarter and the margins were up considerably. Do you feel as though the margin is sustainable over the long term, or we will see a little bit of fluctuation as we get throughout the year next year? That's my first question.

Michael Small - Centennial Communications Corp. - CEO

A couple of comments on that, one is, it's a seasonally strong quarter. I mean clearly, you have the incremental expenses with the holiday selling season in the previous quarter and you also see stronger airtime, particularly in the Midwest in this year, and we also had very, very low equipment cost that may be a little lower than we will be able to sustain, but having -- because it was an extraordinarily strong quarter that we just reported. But, having said that, it is a very healthy business at the moment. Bill or Tom, you want to add anything?

Tom Fitzpatrick - Centennial Communications Corp. - EVP and CFO

I am all good.

James Breen - Thomas Weisel - Analyst

And then the second question is, on the Caribbean broadband business, it seemed as though access lines -- switch access lines were up considerably this quarter. I am just wondering, have you changed anything there in terms of how you are selling the

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product and if you can just comment on the products that you have taken and also, maybe an update on some of the joint venture with the cable guys? Thanks.

Michael Small - Centennial Communications Corp. - CEO

Yes. Well, actually, you kind of answered the question with the last comment there that the acceleration of the lines is beginning to happen with our partners, OneLink and San Juan in the cable partnership, and they are starting to sell more and more VoIP lines, and they are like our old dial-up lines used to be on the Internet lower revenue lines, but they are starting to grow rapidly and we expect that uptake to continue. So, that is the main reason that the switched access lines are growing, the dedicated is primarily that customers want bigger and bigger pipes. So, it's just more access lines equivalence in each of those connections that we have.

James Breen - Thomas Weisel - Analyst

And have you been cross selling the wireless product with the cable companies?

Michael Small - Centennial Communications Corp. - CEO

We are just beginning to experiment with that. Nothing has happened at a meaningful level yet, and we will keep looking at that. But, I don't expect that to contribute meaningfully to customer wireless lines added in fiscal '08.

James Breen - Thomas Weisel - Analyst

Great, thank you.

Operator

We will take our next question from David Sharret with Lehman Brothers.

David Sharret - Lehman Brothers - Analyst

Good morning. I have a follow-up on the CapEx for spectrum next year, just fair enough if you can just touch on where you think you have spectrum needs or is it in existing markets or is it expansion that you are talking about there?

Michael Small - Centennial Communications Corp. - CEO

We feel like we can use spectrum when it's economical. So, I think we're going to be price sensitive shopper for spectrum and it can be for a wide variety of needs, possibly edge out to defend our existing costs better, but primarily to find the lowest cost way to get to next generation wireless data speed. And we have very few pressing needs for spectrum, but we may conclude that spectrum has got enough value that will provide us more economical path to next generation technology.

David Sharret - Lehman Brothers - Analyst

Okay

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Michael Small - Centennial Communications Corp. - CEO

I don't expect us to spend a lot of money on spectrum. But if it is better, the good value, we may pick up a little.

David Sharret - Lehman Brothers - Analyst

And it's focused on 700 or potentially other?

Michael Small - Centennial Communications Corp. - CEO

It's focused on all spectrums. And 700 is great but don't forget we are 850 in most of the U.S. right now and so, it's not going to have a material, different impact there. And in Puerto Rico, it's so densely populated, 700 is nice but it's again not that big a differentiator even from 1900. And so, it will be what spectrum is the best value whether it's 1900 or 700 megahertz or 1700. And also one advantage, 1900 as it's immediately available where it's February of '09 before the 700 can be cleared.

David Sharret - Lehman Brothers - Analyst

Right. If I could just also just follow up just on a bigger picture, strategic question was sort of following up on an M&A point earlier and if I think back to the strategic review that you guys conducted in the end of 2005 and what's your shareholder profile look like then and that was potentially driving that process to [make] shareholders that have been involved with the Company for a long time and that was may be part of the drivers there versus now, as you said you are majority publicly owned, there is obviously a lot less breakage cost of the capital structure next year and that was potentially something that could've been considered. Again, I guess do you view strategic opportunities in the M&A outlook differently now, given maybe with less urgency given the different shareholder profile.

Michael Small - Centennial Communications Corp. - CEO

We like to think we make the best judgment for shareholders regardless of who they are at any point in time. So I don't think it's going to be a major change in thinking to the extent we have more flexibility after June of '08 to make decisions, it's less costly. I means that's helpful, but that would be independent of who the shareholders are, in June of '08 meeting the breakage costs trend down fairly rapidly between now and June of 2008.

David Sharret - Lehman Brothers - Analyst

Right, okay. Alright, thank you.

Operator

We'll take our next question from Kevin Coyne with Goldman Sachs.

Kevin Coyne - Goldman Sachs - Analyst

I just had a question just about M&A as well. Obviously, there's been an acceleration of M&A both on the wireless and the wireline side in the U.S. And I would imagine you are getting an increase on that front. But I was just curious as to the pace of M&A increase related to the Caribbean side of the business. Obviously, there are a lot of players down there and I was just wondering would you say the pace of increase is the same as the U.S. or is it at a slower level. And, if at a slower level, what do you think about consolidation in terms of that firm? Is it needed as much as it seems to be?

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Michael Small - *Centennial Communications Corp. - CEO*

We can't comment on M&A activity, but I can say that the Puerto Rico operation, we are essentially the national operator there in a lot of ways and we cover the whole island. So, I think people will readily conclude we have a more long run strategic outlook in Puerto Rico. Having said that, the U.S., we found a way to trade a brand and trade a local market presence that works, and we're growing at extraordinary rates by industry standards right now. And so, we believe our business model works on both sides and for the foreseeable future. Bottom line is, I can comment on M&A activity and think we can hold our own in both operations for a long period of time.

Kevin Coyne - *Goldman Sachs - Analyst*

Thank you.

Operator

And we have a follow-up question from Ric Prentiss with Raymond James.

Ric Prentiss - *Raymond James - Analyst*

Hey guys. We will talk about the data ARPU in the U.S. You've seen nice growth, but it's still below \$4. Dobson is going to (inaudible) right after the sunset with AT&T was closer to \$6. Can you talk a little bit about the selling efforts? I think you talked a little bit about the SMS promotions you might have but talk a little bit about what you think, the promotions and the take rates might be over the next one or two years on data in the U.S. And then, the final question would be, Brett asked a question on competitive landscape in Puerto Rico on the fixed side. Can you update us on the competitive landscape, just what you're seeing down there on the wireless side with America Movil coming in still being part of a co-strategic review, etc.

Michael Small - *Centennial Communications Corp. - CEO*

Okay. Phil, do you want to talk data in the U.S.?

Phil Mayberry - *Centennial Communications Corp. - President - U.S. Wireless Operations*

Sure. We have taken a kind of go-slow approach as we have deployed out edge and we are beginning to accelerate our AirCard sales in both for computer access, for card that goes in the computer, we're beginning to pick up steam on access for phone web browsing kinds of products and we're beginning to really push on it. So, we expect it to continue to grow. We focused real hard on SMS because of its profitability. All of the service provision is none in the overhead and doesn't cost a lot to produce a short message and we really try to drive that part of it with multiple packages with re-pricing of the packages. We're pushing the sales force to sell that, but we're all beginning to pick up some steam as we've got an edge fully deployed and we expect it to continue to grow. I don't know how everybody else categorizes their data revenue. We're kind of conservative in the way we put -- where we put the revenue and there might be some categorization difference but we expect it to continue to grow.

Michael Small - *Centennial Communications Corp. - CEO*

Going slow relative to the handset issue, we always weigh profitability. And if you roll out new services that mostly installed base can't use, you're just asking for people to come to the door for a new phone. So, emphasizing SMS which has no content cost and it works on all phones -- virtually all phones is where we think the money is. The Puerto Rico landscapes on the wireless side, it was the other half of the question and it's been a six player market for a long time and I'm not sure there's been really

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huge changes in the last few months. I think that the biggest kind of, on paper was movistar which is now Open Mobile and got re-launched with the new network. And I think they did improve their network substantially and announced unlimited plans, but we haven't seen a big impact on our business or really not much impact at all as a result of that re-launch. And we thought a few months ago when America Movil came in. They advertised an unlimited plan at the same price point that we have but haven't pushed it nearly -- as aggressively or relied on it exclusively as we do. And we again haven't seen substantial impact in our results as a result of them introducing the new plan. Any other significant changes that I'm forgetting, Tom?

Tom Fitzpatrick - Centennial Communications Corp. - EVP and CFO

No, that's a good overview, Michael.

Ric Prentiss - Raymond James - Analyst

Great, thanks.

Operator

And that is the final question we had today. At this time, I will turn the call back over to Mr. Kunszabo. Please go ahead.

Steve Kunszabo - Centennial Communications Corp. - Director, IR

Thanks for your participation. Beginning later this morning, you can access a replay of the call on Centennial's Web site. Take care.

Operator

This does conclude today's conference call. We appreciate your participation. You may disconnect at this time.

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