SECURITIES AND EXCHANGE COMMISSION

# FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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## FILER

**CENTENNIAL COMMUNICATIONS CORP /DE**

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

# Form 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**

**For the quarterly period ended November 30, 2005**

**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission file number 0-19603**

# CENTENNIAL COMMUNICATIONS CORP.

*(Exact name of registrant as specified in its charter)*

| **Delaware** | **06-1242753** |
|---|---|
| *(State or other jurisdiction of incorporation or organization)* | *(IRS Employer Identification No.)* |

**3349 Route 138**
**Wall, NJ 07719**
*(Address of principal executive offices, including zip code)*

**(732) 556-2200**
*(Registrants telephone number, including area code)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☑ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer” and “large accelerated filer’ ’ in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer ☐ Accelerated filer ☑ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☑

Indicate the number of shares outstanding of each of the issuer’ s classes of common stock, as of the latest practical date.

Common Stock − 104,776,740 outstanding shares as of January 3, 2006

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## PART I – FINANCIAL INFORMATION

### ITEM 1. *FINANCIAL STATEMENTS*

### CENTENNIAL COMMUNICATIONS CORP. AND SUBSIDIARIES

### CONDENSED CONSOLIDATED BALANCE SHEETS

**(Dollar amounts in thousands, except share data)**

| | November 30, 2005 (Unaudited) | May 31, 2005 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $183,636 | $132,820 |
| Accounts receivable, less allowance for doubtful accounts of $6,382 and $6,874, respectively | 110,319 | 103,309 |
| Inventory – phones and accessories, net | 23,507 | 24,713 |
| Prepaid expenses and other current assets | 32,169 | 32,530 |
| Total Current Assets | 349,631 | 293,372 |
| Property, plant and equipment, net | 626,688 | 618,947 |
| Equity investments in wireless systems, net | 2,930 | 2,500 |
| Debt issuance costs, less accumulated amortization of $17,695 and $14,418, respectively | 41,195 | 44,471 |
| U.S. wireless licenses | 383,858 | 383,858 |
| Caribbean wireless licenses, net | 68,992 | 69,492 |
| Goodwill | 26,704 | 26,704 |
| Transmission and connecting rights, net | 709 | 752 |
| Cable facility, net | 3,850 | 3,970 |
| Other assets, net | 6,759 | 2,674 |
| TOTAL ASSETS | $1,511,316 | $1,446,740 |
| **LIABILITIES AND STOCKHOLDERS' DEFICIT** | | |
| CURRENT LIABILITIES: | | |
| Current portion of long-term debt | $39,260 | $5,738 |
| Accounts payable | 35,448 | 36,653 |
| Accrued expenses and other current liabilities | 205,834 | 192,503 |
| Payable to affiliates | 125 | 125 |
| Total Current Liabilities | 280,667 | 235,019 |
| Long-term debt | 1,580,862 | 1,613,371 |
| Deferred federal income taxes | 123,364 | 99,719 |
| Other liabilities | 14,401 | 14,612 |
| Minority interest in subsidiaries | 2,890 | 2,451 |
| Commitments and contingencies (see Note 7) | | |
| STOCKHOLDERS' DEFICIT: | | |
| Preferred stock, $0.01 par value per share, 10,000,000 authorized, no shares issued or outstanding | – | – |
| Common stock $0.01 par value per share, 240,000,000 shares authorized; issued 104,641,273 and 104,097,923 shares, respectively; and outstanding 104,570,770 and 104,027,420 shares, respectively | 1,046 | 1,041 |
| Additional paid-in capital | 483,092 | 480,276 |
| Accumulated deficit | (974,975) | (997,893) |
| Accumulated other comprehensive income (loss) | 1,046 | (779) |
| | (489,791) | (517,355) |
| Less: cost of 70,503 common shares in treasury | (1,077) | (1,077) |
| Total Stockholders' Deficit | (490,868) | (518,432) |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT | $1,511,316 | $1,446,740 |

See notes to condensed consolidated financial statements.

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**CENTENNIAL COMMUNICATIONS CORP. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Unaudited)**
**(Dollar amounts in thousands, except per share data)**

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | November 30, 2005 | November 30, 2004 | November 30, 2005 | November 30, 2004 |
| Revenue: | | | | |
| Service revenue | $226,490 | $206,697 | $454,713 | $417,053 |
| Equipment sales | 9,090 | 7,412 | 18,110 | 13,838 |
| | 235,580 | 214,109 | 472,823 | 430,891 |
| Costs and Expenses: | | | | |
| Cost of services (exclusive of depreciation and amortization shown below) | 50,483 | 40,594 | 99,663 | 82,084 |
| Cost of equipment sold | 26,709 | 22,915 | 51,891 | 44,241 |
| Sales and marketing | 26,484 | 22,003 | 52,034 | 46,627 |
| General and administrative | 40,689 | 38,843 | 83,837 | 76,584 |
| Depreciation and amortization | 32,019 | 29,607 | 64,770 | 58,765 |
| Loss (gain) on disposition of assets | 473 | (15,364) | 388 | (14,932) |
| | 176,857 | 138,598 | 352,583 | 293,369 |
| Operating income | 58,723 | 75,511 | 120,240 | 137,522 |
| Interest expense, net | (34,485) | (36,938) | (68,480) | (73,417) |
| Other expense | (839) | (1,204) | (845) | (2,082) |
| Income from continuing operations before income tax expense, minority interest in income of subsidiaries and income from equity investments | 23,399 | 37,369 | 50,915 | 62,023 |
| Income tax expense | (15,266) | (18,709) | (28,068) | (32,819) |
| Income from continuing operations before minority interest in income of subsidiaries and income from equity investments | 8,133 | 18,660 | 22,847 | 29,204 |
| Minority interest in income of subsidiaries | (227) | (225) | (439) | (451) |
| Income from equity investments | 337 | 145 | 445 | 290 |
| Income from continuing operations | 8,243 | 18,580 | 22,853 | 29,043 |
| Discontinued operations: | | | | |
| Income | – | 3,912 | – | 1,487 |
| Gain on disposition | – | – | 100 | – |
| Tax expense | – | (1,148) | (35) | (719) |
| Net income from discontinued operations | – | 2,764 | 65 | 768 |
| Net income | $8,243 | $21,344 | $22,918 | $29,811 |
| Earnings per share: | | | | |
| Basic | | | | |
| Earnings per share from continuing operations | $0.08 | $0.18 | $0.22 | $0.28 |
| Earnings per share from discontinued operations | – | 0.03 | 0.00 | 0.01 |
| Net income per share | $0.08 | $0.21 | $0.22 | $0.29 |
| Diluted | | | | |
| Earnings per share from continuing operations | $0.08 | $0.18 | $0.21 | $0.28 |
| Earnings per share from discontinued operations | – | 0.02 | 0.00 | 0.01 |
| Net income per share | $0.08 | $0.20 | $0.21 | $0.29 |
| Weighted-average number of shares outstanding: | | | | |
| Basic | 104,435 | 103,314 | 104,271 | 103,263 |
| Diluted | 107,083 | 104,366 | 106,979 | 104,313 |

See notes to condensed consolidated financial statements.



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**CENTENNIAL COMMUNICATIONS CORP. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited)**
**(Dollar amounts in thousands)**

| | Six Months Ended | |
|---|---|---|
| | November 30, 2005 | November 30, 2004 |
| OPERATING ACTIVITIES: | | |
| Net income | $22,918 | $29,811 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 64,770 | 64,570 |
| Minority interest in income of subsidiaries | 439 | 451 |
| Income from equity investments | (445) | (290) |
| Distributions received from equity investments | 15 | 650 |
| Loss (gain) on disposition of assets | 288 | (14,446) |
| Changes in assets and liabilities | 28,996 | 17,872 |
| Total adjustments | 94,063 | 68,807 |
| Net cash provided by operating activities | 116,981 | 98,618 |
| INVESTING ACTIVITIES: | | |
| Proceeds from disposition of assets, net of cash expenses | 9 | 84 |
| Capital expenditures | (65,736) | (68,427) |
| Proceeds from sale of wireless spectrum | – | 24,000 |
| Payments for purchase of wireless spectrum | – | (19,495) |
| Net cash used in investing activities | (65,727) | (63,838) |
| FINANCING ACTIVITIES: | | |
| Repayment of debt | (3,259) | (3,536) |
| Proceeds from the exercise of stock options | 2,437 | 499 |
| Proceeds from issuance of common stock under employee stock purchase plan | 384 | 425 |
| Net cash used in financing activities | (438) | (2,612) |
| Net increase in cash and cash equivalents | 50,816 | 32,168 |
| Cash and cash equivalents, beginning of period | 132,820 | 112,104 |
| Cash and cash equivalents, end of period | $183,636 | $144,272 |
| SUPPLEMENTAL CASH FLOW DISCLOSURE: | | |
| Cash paid during the period for: | | |
| Interest | $66,600 | $69,827 |
| Income taxes | $3,837 | $3,607 |
| NON-CASH TRANSACTION: | | |
| Fixed assets acquired under capital leases | $3,705 | $3,115 |

See notes to condensed consolidated financial statements.



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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(UNAUDITED)**
**(Dollar amounts in thousands, except per share amounts)**

## NOTE 1. INTERIM FINANCIAL STATEMENTS

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for interim financial statements. Accordingly, these condensed consolidated financial statements do not include all disclosures required by GAAP. The results for the interim periods are not necessarily indicative of results for the full year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company' s May 31, 2005 Annual Report on Form 10-K/A, filed on December 12, 2005, which includes a summary of significant accounting policies and other disclosures. As disclosed in such Annual Report, as well as the Company' s Quarterly Report on Form 10-Q/A, also filed on December 12, 2005, the Company restated its consolidated financial statements to correct the Company' s accounting for the sale of its previously owned cable television subsidiary, Centennial Puerto Rico Cable TV Corp. ("Centennial Cable"), to provide a full valuation allowance against certain deferred tax assets that may not be realizable as a result of the sale. See Note 16 to the consolidated financial statements included in the Company' s Form 10-K/A filed on December 12, 2005 for additional information related to the restatement. Consequently, the May 31, 2005 balance sheet contained herein is consistent with that included in the Annual Report on Form 10-K/A. In the opinion of management, the accompanying interim unaudited condensed consolidated financial statements contain all adjustments (consisting only of normal recurring items) necessary to present fairly the consolidated financial position of Centennial Communications Corp. and Subsidiaries (the "Company") as of November 30, 2005 and the results of its consolidated operations and consolidated cash flows for the three and six-month periods ended November 30, 2005 and 2004.

***Income Taxes:***

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes," Accounting Principles Board ("APB") Opinion No. 28, "Interim Financial Reporting," and Financial Accounting Standards Board ("FASB") Interpretation No. 18, "Accounting for Income Taxes in Interim Periods − An Interpretation of APB Opinion No. 28," the Company has recorded its tax provision from continuing operations for the quarter ended November 30, 2005 based on its projected annual worldwide effective tax rate (the "effective tax rate") of 57.5%. The tax provision for the six months ended November 30, 2005 was affected by a benefit of approximately $1,600 for state tax refunds received during the first quarter.

The Company' s effective tax rate of 57.5% is primarily due to U.S. federal taxes, state taxes net of federal tax benefit, foreign taxes for which the Company cannot claim a foreign tax credit and book losses generated in the Dominican Republic for which, in the Company' s judgment, it is more likely than not that a tax benefit will not be realized. The effective tax rate reflects the impact of the transactions discussed in Note 10, which reduces pre-tax income without a corresponding reduction in certain state, local and foreign taxes, thereby increasing the Company' s effective tax rate from previous projections. See Item 2 − Management' s Discussion and Analysis of Financial Condition and Results of Operations.

The Company establishes reserves for tax contingencies when, despite the belief that the Company' s tax return positions are fully supported, it is probable that certain positions may be challenged and may not be fully sustained. The tax contingency reserves are analyzed on a quarterly basis and adjusted based upon changes in facts and circumstances, such as the conclusion of federal and state audits, expiration of the statute of limitations for the assessment of tax, case law and emerging legislation. The Company' s effective tax rate includes the effect of tax contingency reserves and changes to the reserves as considered appropriate by management. The tax contingency reserve was decreased for the three and six months ended November 30, 2005 by $3,870, reflecting a reduction in certain state and local income tax exposures.



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***Stock-Based Compensation:***

Stock-based compensation issued to employees and directors is valued using the intrinsic value method under APB No. 25 “Accounting for Stock Issued to Employees” (“APB 25”). Under this method, compensation expense is recorded on the date of grant only if the current price of the underlying stock exceeds the exercise price. SFAS No. 123, “Accounting for Stock-Based Compensation” (“SFAS 123”), established accounting and disclosure requirements using a fair value based method of accounting for stock-based employee compensation plans. As allowed by SFAS 123, the Company has elected to continue to apply APB 25 and follow the disclosure only provisions of SFAS 123.

In December 2002, the FASB issued SFAS No. 148, “Accounting for Stock-Based Compensation − Transition and Disclosure” (“SFAS 148”). SFAS 148 serves as an amendment to SFAS 123 and provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based compensation. SFAS 148 also amends the disclosure requirements of SFAS 123 to require prominent disclosure in both annual and interim consolidated financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results.

For disclosure purposes, pro forma net income and earnings per share as if the Company had applied SFAS 123 are shown below:

| | Three Months Ended November 30, | | Six Months Ended November 30, | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| Net income as reported | $8,243 | $21,344 | $22,918 | $29,811 |
| Deduct: total stock-based compensation expense determined under fair-value based method for all awards, net of related tax effects | (1,610) | (810) | (3,104) | (1,573) |
| Pro forma net income | $6,633 | $20,534 | $19,814 | $28,238 |
| Earnings per share: | | | | |
| Basic: | | | | |
| As reported | $0.08 | $0.21 | $0.22 | $0.29 |
| Pro forma | $0.06 | $0.20 | $0.19 | $0.27 |
| Diluted: | | | | |
| As reported | $0.08 | $0.20 | $0.21 | $0.29 |
| Pro forma | $0.06 | $0.20 | $0.19 | $0.27 |

The fair value of options granted under the Company’ s stock option plans was estimated on the dates of grant using the Black-Scholes options-pricing model with the following weighted-average assumptions used:

| | Three Months Ended November 30, | | Six Months Ended November 30, | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| Expected volatility | 74.3 % | 120.8 % | 77.3 % | 121.2 % |
| Risk-free interest rate | 4.9 % | 3.9 % | 4.4 % | 3.5 % |
| Expected lives of option grants | 4 years | 4 years | 4 years | 4 years |
| Expected dividend yield | 0.00 % | 0.00 % | 0.00 % | 0.00 % |

***Reclassification:***

Certain prior period information, primarily related to the presentation of the Company’ s previously sold cable television properties, Centennial Cable, as a discontinued operation (see Note 4 below), has been reclassified to conform to the current period presentation.



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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS − (Continued)

## NOTE 2. GOODWILL AND OTHER INTANGIBLE ASSETS

The following table presents the intangible assets not subject to amortization:

| | As of November 30, 2005 | As of May 31, 2005 |
|---|---|---|
| U.S. wireless licenses | $383,858 | $383,858 |
| Caribbean wireless licenses − Puerto Rico(1) | 54,159 | 54,159 |
| Total | $438,017 | $438,017 |

(1) Included in Caribbean wireless licenses on the consolidated balance sheet which also includes finite lived wireless assets for the Dominican Republic (see table below).

On September 29, 2004, the SEC issued a Staff Announcement titled "Use of the Residual Method to Value Acquired Assets other than Goodwill." The Staff Announcement requires adoption of a direct value method of assigning value to intangible assets acquired in a business combination under SFAS No. 141, "Business Combinations," effective for all business combinations completed after September 29, 2004. Further, all intangible assets valued under the residual method prior to this adoption are required to be tested for impairment using a direct value method no later than the beginning of fiscal year 2006. The Company determined that its U.S. and Caribbean wireless licenses are required to be tested using this method. The Company has evaluated its wireless licenses for potential impairment using a direct value methodology effective June 1, 2005 in accordance with the Staff Announcement. The valuation and analyses prepared in connection with the adoption of a direct value method resulted in no adjustment to the carrying value of the Company' s wireless licenses and, accordingly, had no effect on the Company' s consolidated results of operations and consolidated financial position. Future tests for impairment of wireless licenses will be performed at least annually and more often if events or circumstances warrant.

The Company currently tests goodwill for impairment using a residual value approach on an annual basis as of January 31 or on an interim basis if an event occurs or circumstances change that would reduce the fair value of a reporting unit below its carrying value. A residual value approach consists of measuring the fair value of each reporting unit' s goodwill by deducting the aggregate fair value of its net assets, including customer relationships, other than the goodwill, from the reporting unit' s fair value, which is determined using a discounted cash flow analysis. The analysis is based on the Company' s long-term cash flow projections with an assumed terminal value, discounted at the Company' s weighted-average cost of capital. If the carrying value of the goodwill of a reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to the excess.

The following table presents other intangible assets subject to amortization:

| | | As of November 30, 2005 | | As of May 31, 2005 | |
|---|---|---|---|---|---|
| | Useful Life | Gross Carrying Amount | Accumulated Amortization | Gross Carrying Amount | Accumulated Amortization |
| Caribbean wireless licenses − Dominican Republic | 20 years | $20,000 | $5,167 | $20,000 | $4,667 |
| Transmission and connecting rights | 25 years | 2,192 | 1,483 | 2,192 | 1,440 |
| Cable facility | 25 years | 6,000 | 2,150 | 6,000 | 2,030 |
| Total | | $28,192 | $8,800 | $28,192 | $8,137 |

Other intangible assets amortization expense was $332 and $663 for the three and six months ended November 30, 2005, respectively. Based solely on the finite lived intangible assets existing at November 30, 2005, amortization expense is estimated to be $665 for the remainder of fiscal 2006 and $1,328 for each of the next five fiscal years.



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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS − (Continued)**

***Goodwill***

The goodwill balance in the Caribbean wireless segment was $22,517 at November 30, 2005 and May 31, 2005. The goodwill balance in the Caribbean broadband segment was $4,187 at November 30, 2005 and May 31, 2005.

**NOTE 3. DEBT**

Long-term debt consisted of the following:

| | As of November 30, 2005 | As of May 31, 2005 |
|---|---|---|
| Senior Secured Credit Facility − Term Loans | $589,500 | $592,500 |
| 8 1/8% Senior Unsecured Notes due 2014 (The “2014 Senior Notes”) | 325,000 | 325,000 |
| 10 1/8% Senior Unsecured Notes due 2013 (The “2013 Senior Notes”) | 500,000 | 500,000 |
| 10 3/4% Senior Subordinated Notes due 2008 (The “2008 Senior Subordinated Notes”) | 145,000 | 145,000 |
| Capital Lease Obligations | 47,852 | 43,693 |
| Financing Obligation − Tower Sale | 12,770 | 12,916 |
| Total Long-Term Debt | 1,620,122 | 1,619,109 |
| Current Portion of Long-Term Debt | (39,260) | (5,738) |
| Net Long-Term Debt | $1,580,862 | $1,613,371 |

See Note 10 for a discussion of certain events that occurred subsequent to November 30, 2005, including the issuance by the Company of additional senior notes aggregating $550,000 in principal amount, prepayment of $39,500 of term loans under the Senior Secured Credit Facility, an amendment to the Senior Secured Credit Facility and an interest rate swap agreement.

On March 1, 2005, the Company, through its wholly-owned subsidiary, Centennial Puerto Rico Operations Corp. (“CPROC”), entered into an interest rate swap agreement (the “CPROC Swap”) to hedge variable interest rate risk on $250,000 of the Company’ s $589,500 of variable interest rate term loans. The swap became effective as of March 31, 2005 and expires March 31, 2007, and the fixed interest rate on the swap is 6.29%. The swap was designated a cash flow hedge. At November 30, 2005, the fair value of the swap was approximately $2,228. The Company recorded an asset, which is included in other assets in the condensed consolidated balance sheet, for the fair value of the swap. For the six months ended November 30, 2005, the Company recorded $1,046, net of tax, in accumulated other comprehensive income attributable to the fair value adjustments of the swap.

On February 10, 2005, the Company amended its $750,000 Senior Secured Credit Facility (the “Senior Secured Credit Facility”) to, among other things, lower the interest rate on term loan borrowings by 0.50% through a reduction in the London Inter-Bank Offering Rate (“LIBOR”) spread from 2.75% to 2.25%. Under the terms of the Senior Secured Credit Facility, as amended, term and revolving loan borrowings will bear interest at LIBOR (weighted average rate of 4.05% as of November 30, 2005) plus 2.25% and LIBOR plus 3.25%, respectively. The Company’ s obligations under the Senior Secured Credit Facility are collateralized by liens on substantially all of the Company’ s assets.

Under certain of the agreements relating to long-term debt, the Company is required to maintain certain financial and operating covenants, and is limited in its ability to, among other things, incur additional indebtedness and enter into transactions with affiliates. Under certain circumstances, the Company is prohibited from paying cash dividends on its common stock under certain of such agreements. The Company was in compliance with all covenants of its debt agreements at November 30, 2005.



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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS − (Continued)**

The aggregate annual scheduled principal payments, net of accretion related to certain capital lease obligations, for the next five years and thereafter related to the Company' s long-term debt at November 30, 2005 are summarized as follows:

| | |
|---|---|
| November 30, 2006 | $39,260 |
| November 30, 2007 | (175) |
| November 30, 2008 | 31 |
| November 30, 2009 | 145,228 |
| November 30, 2010 | 268,320 |
| November 30, 2011 and thereafter | 1,167,458 |
| | $1,620,122 |

Interest expense, as reflected in the condensed consolidated financial statements, has been partially offset by interest income. The gross interest expense for the three and six months ended November 30, 2005 was $35,800 and $70,654, respectively, and $37,336 and $74,037 for the three and six months ended November 30, 2004, respectively.

## NOTE 4. DISCONTINUED OPERATIONS

On December 28, 2004, the Company sold its wholly-owned subsidiary, Centennial Cable, to an affiliate of Hicks, Muse, Tate & Furst Incorporated for $157,432 in cash, which consisted of a purchase price of $155,000 and a working capital adjustment of $2,432. The disposition has been accounted for by the Company as a discontinued operation in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

Summarized financial information for the discontinued operations of Centennial Cable is as follows:

| | Three Months Ended November 30, | | Six Months Ended November 30, | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| Revenue | $ − | $ 13,543 | $− | $26,321 |
| Income from discontinued operations | − | 3,912 | − | 1,487 |
| Gain on disposition | − | − | 100 | − |
| Income tax expense | − | (1,148) | (35) | (719) |
| Net income from discontinued operations | $ − | $ 2,764 | $65 | $768 |

## NOTE 5. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections − a Replacement of APB Opinion No. 20 and FASB Statement No. 3" ("SFAS 154"). SFAS 154 requires retrospective application to prior period financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS 154 also redefines "restatement" as the revising of previously issued financial statements to reflect the correction of an error. This statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not believe that the adoption of SFAS 154 will have a material effect on its consolidated results of operations, consolidated financial position or consolidated cash flows.

In March 2005, the SEC issued Staff Accounting Bulletin No. 107, "Share-Based Payment" ("SAB 107"), which provides interpretive guidance related to the interaction between SFAS No. 123R (revised 2004), "Share-Based Payment" ("SFAS 123R") (discussed below), and certain SEC rules and regulations, as well as provides the SEC staff' s views regarding the valuation of share-based payment arrangements. The Company is currently assessing the effect of SAB 107 on its implementation and adoption of SFAS 123R.



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In December 2004, the FASB issued SFAS 123R, which addresses the accounting for share-based payment transactions in which a company receives employee services in exchange for either equity instruments of the company or liabilities that are based on the fair value of the company' s equity instruments or that may be settled by the issuance of such equity instruments. SFAS 123R eliminates the ability to account for share-based compensation transactions using the intrinsic method that the Company currently uses and requires that such transactions be accounted for using a fair-value-based method and recognized as expense in the consolidated statement of operations. The effective date of SFAS 123R is for annual reporting periods beginning after June 15, 2005. The Company has not yet adopted this pronouncement and is currently evaluating the expected effect that the adoption of SFAS 123R will have on its consolidated results of operations, consolidated financial position and consolidated cash flows.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets − An Amendment of APB Opinion No. 29" ("SFAS 153"). SFAS 153 amends APB Opinion No. 29, "Accounting for Nonmonetary Transactions" ("APB 29"). The amendments made by SFAS 153 are based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. Further, the amendments eliminate the narrow exception for nonmonetary exchanges of similar productive assets, which requires that the accounting for the exchange be based on the recorded amount of the asset relinquished, and replaced it with a broader exception for exchanges of nonmonetary assets that do not have "commercial substance." The provisions in SFAS 153 were effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The adoption of SFAS 153 did not have a material effect on the Company' s consolidated results of operations, consolidated financial position or consolidated cash flows.

## NOTE 6. ACQUISITIONS AND DISPOSITIONS

On December 28, 2004, the Company sold its wholly owned subsidiary, Centennial Cable (see Note 4 above).

## NOTE 7. COMMITMENTS AND CONTINGENCIES

***Legal Proceedings:***

The Company is party to several lawsuits in which plaintiffs have alleged, depending on the case, breach of contract, misrepresentation or unfair practice claims relating to its billing practices, including rounding up of partial minutes of use to full-minute increments, billing send to end, and billing for unanswered and dropped calls. The plaintiffs in these cases have not alleged any specific monetary damages and are seeking certification as a class action. A hearing on class certification in one of these cases was held on September 2, 2003 in a state court in Louisiana. Subsequent to such hearing, a new judge was assigned to the case and the plaintiff renewed its motion seeking class action status in December 2004. The decision of the court with respect to class certification is still pending. Damages payable by the Company could be significant, although the Company does not believe that any damage payments would have a material adverse effect on its consolidated results of operations, consolidated financial position or consolidated cash flows.

In April 2002, WHTV Broadcasting Corp. and Sala Foundation Inc., operators of a wireless cable system in Puerto Rico, filed an action against the Company in the United States District Court for the District of Puerto Rico. The complaint alleges that the Company breached the terms of a November 2000 letter of intent to purchase the wireless cable system for $30,000. The complaint seeks specific performance of the letter of intent or not less than $15,000 in damages. The Company does not believe that any damage payments would have a material adverse effect on the Company' s consolidated results of operations, consolidated financial position or consolidated cash flows.

The Company is subject to other claims and legal actions that arise in the ordinary course of business. The Company does not believe that any of these other pending claims or legal actions will have a material adverse effect on its consolidated results of operations, consolidated financial position or consolidated cash flows.



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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS − (Continued)

***Guarantees:***

The Company currently does not guarantee the debt of any entity outside of its consolidated group. In the ordinary course of its business, the Company enters into agreements with third parties that provide for indemnification of counter parties. Examples of these types of agreements are underwriting agreements entered into in connection with securities offerings and agreements relating to the sale or purchase of assets. The duration, triggering events, maximum exposure and other terms under these indemnification provisions vary from agreement to agreement. In general, the indemnification provisions require the Company to indemnify the other party to the agreement against losses it may suffer as a result of the Company' s breach of its representations and warranties contained in the underlying agreement or for misleading information contained in a securities offering document. The Company is unable to estimate the maximum potential liability for these types of indemnifications as the agreements generally do not specify a maximum amount, and the actual amounts are dependant on future events, the nature and likelihood of which cannot be determined at this time. Historically, the Company has never incurred any material costs relating to these indemnification agreements. Accordingly, the Company believes the estimated fair value of these agreements is minimal.

***Lease Commitments:***

The Company leases facilities and equipment under noncancelable operating and capital leases. Terms of the leases, including renewal options and escalation clauses, vary by lease. When determining the term of a lease, the Company includes renewal options that are reasonably assured. Rent expense is recorded on a straight-line basis over the initial lease term and those renewal periods that are reasonably assured. The difference between rent expense and rent paid is recorded as deferred rent. Leasehold improvements are depreciated over the shorter of their economic lives, which begins once the assets are ready for their intended use, or the lease term.

***Other Commitments and Contingencies:***

The Company has contracted with third parties to construct a new undersea cable between Puerto Rico and St. Croix, Virgin Islands. This new cable is expected to be operational by mid-2006 and will interconnect with the Company' s existing undersea capacity and terminate in the United States. As part of the agreements, the Company has committed to spend $5,290. As of November 30, 2005, the Company has paid $1,643 under these agreements.

In June 2004, the Company signed an amendment to its billing services agreement with Convergys Information Management Group, Inc. ("Convergys"). The agreement has a term of seven years and Convergys agreed to provide billing services, facilitate network fault detection, correction and management performance and usage monitoring and security for the Company' s wireless operations. Subject to the terms of the agreement, which include a requirement to meet certain performance standards, the Company has committed to purchase a total of approximately $74,642 of services through 2011 under this agreement. As of November 30, 2005, the Company has paid approximately $14,496 in connection with this agreement.

During the fiscal years ended May 31, 2003 and 2002, an affiliate of Welsh, Carson, Anderson & Stowe ("Welsh Carson"), the Company' s principal stockholder, purchased in open market transactions approximately $189,000 principal amount of the 2008 Senior Subordinated Notes. On September 24, 2002, the Company entered into an indemnification agreement with the Welsh Carson affiliate pursuant to which the Welsh Carson affiliate agreed to indemnify the Company in respect of taxes which may become payable by the Company as a result of these purchases. In connection with these transactions, the Company recorded a $15,925 income tax payable included in accrued expenses and other current liabilities, and a corresponding amount due from the Welsh Carson affiliate that is included in prepaid expenses and other current assets.



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## NOTE 8. SEGMENT INFORMATION

The Company' s condensed consolidated financial statements include three reportable segments: U.S. wireless, Caribbean wireless, and Caribbean broadband. The Company determines its reportable segments based on the aggregation criteria of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" (e.g., types of services offered and geographic location). U.S. wireless represents the Company' s wireless systems in the United States that it owns and manages. Caribbean wireless represents the Company' s wireless operations in Puerto Rico, the Dominican Republic and the U.S. Virgin Islands. Caribbean broadband represents the Company' s offering of broadband services including switched voice, dedicated (private line) and other services in Puerto Rico and the Dominican Republic. The Company measures the operating performance of each segment based on adjusted operating income. Adjusted operating income is defined as net income before income (loss) from discontinued operations, income from equity investments, minority interest in income of subsidiaries, income tax expense, other expense, interest expense, net, (loss) gain on disposition of assets and depreciation and amortization.



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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS − (Continued)**

The results of operations presented below exclude Centennial Cable due to its classification as a discontinued operation (see Note 4). Prior to its classification as a discontinued operation, the results of operations of Centennial Cable were included in the Caribbean Broadband Segment.

Information about the Company' s operations in its three business segments as of, and for the three and six months ended, November 30, 2005 and 2004 is as follows:

| | Three Months Ended November 30, | | Six Months Ended November 30, | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| U.S. WIRELESS | | | | |
| Service revenue | $83,157 | $79,935 | $164,060 | $165,853 |
| Roaming revenue | 21,465 | 13,044 | 42,690 | 26,352 |
| Equipment sales | 6,335 | 4,983 | 12,033 | 8,824 |
| Total revenue | 110,957 | 97,962 | 218,783 | 201,029 |
| Adjusted operating income | 40,188 | 41,517 | 80,841 | 89,470 |
| Total assets | 1,896,951 | 2,033,668 | 1,896,951 | 2,033,668 |
| Capital expenditures | 16,073 | 16,181 | 25,624 | 25,532 |
| CARIBBEAN WIRELESS | | | | |
| Service revenue | $89,074 | $82,798 | $181,206 | $162,760 |
| Roaming revenue | 343 | 542 | 689 | 1,000 |
| Equipment sales | 2,755 | 2,429 | 6,077 | 5,014 |
| Total revenue | 92,172 | 85,769 | 187,972 | 168,774 |
| Adjusted operating income | 34,228 | 33,943 | 71,061 | 66,181 |
| Total assets | 505,242 | 519,442 | 505,242 | 519,442 |
| Capital expenditures | 18,704 | 12,866 | 29,011 | 25,805 |
| CARIBBEAN BROADBAND | | | | |
| Switched revenue | $12,709 | $11,767 | $25,424 | $23,146 |
| Dedicated revenue | 14,307 | 13,357 | 28,589 | 25,891 |
| Wholesale termination revenue | 5,533 | 5,587 | 12,109 | 13,155 |
| Other revenue | 2,871 | 2,411 | 5,967 | 4,439 |
| Total revenue | 35,420 | 33,122 | 72,089 | 66,631 |
| Adjusted operating income | 16,799 | 14,294 | 33,496 | 25,704 |
| Total assets | 699,369 | 817,473 | 699,369 | 817,473 |
| Capital expenditures | 4,294 | 7,790 | 11,101 | 12,946 |
| ELIMINATIONS | | | | |
| Total revenue(1) | $(2,969) | $(2,744) | $(6,021) | $(5,543) |
| Total assets(2) | (1,590,246) | (1,763,079) | (1,590,246) | (1,763,079) |
| CONSOLIDATED | | | | |
| Total revenue | $235,580 | $214,109 | $472,823 | $430,891 |
| Adjusted operating income | 91,215 | 89,754 | 185,398 | 181,355 |
| Total assets | 1,511,316 | 1,607,504 | 1,511,316 | 1,607,504 |
| Capital expenditures | 39,071 | 36,837 | 65,736 | 64,283 |

(1) Elimination of intercompany revenue, primarily from Caribbean broadband to Caribbean wireless.

(2) Elimination of intercompany investments.



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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS − (Continued)

Reconciliation of adjusted operating income to net income:

| | Three Months Ended November 30, | | Six Months Ended November 30, | |
|---|---|---|---|---|
| | 2005 | 2004 | 2005 | 2004 |
| Adjusted operating income | $91,215 | $89,754 | $185,398 | $181,355 |
| Less: depreciation and amortization | (32,019) | (29,607) | (64,770) | (58,765) |
| (Loss) gain on disposition of assets | (473) | 15,364 | (388) | 14,932 |
| Operating income | 58,723 | 75,511 | 120,240 | 137,522 |
| Income from equity investments | 337 | 145 | 445 | 290 |
| Interest expense, net | (34,485) | (36,938) | (68,480) | (73,417) |
| Other expense | (839) | (1,204) | (845) | (2,082) |
| Income tax expense | (15,266) | (18,709) | (28,068) | (32,819) |
| Minority interest in income of subsidiaries | (227) | (225) | (439) | (451) |
| Income from discontinued operations | − | 2,764 | 65 | 768 |
| Net income | $8,243 | $21,344 | $22,918 | $29,811 |

## NOTE 9. CONDENSED CONSOLIDATING FINANCIAL DATA

Centennial Cellular Operating Co., LLC (“CCOC”) and CPROC are wholly-owned subsidiaries of the Company. CCOC is a joint and several co-issuer on both the 2008 Senior Subordinated Notes and the 2013 Senior Notes issued by the Company, and CPROC has unconditionally guaranteed both the 2008 Senior Subordinated Notes and the 2013 Senior Notes. The Company, CCOC and CPROC are joint and several co-issuers of the 2014 Senior Notes. Separate financial statements and other disclosures concerning CCOC and CPROC are not presented because they are not material to investors.



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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS − (Continued)

## CONDENSED CONSOLIDATING BALANCE SHEET FINANCIAL DATA
### As of November 30, 2005

| | Centennial Puerto Rico Operations Corp. | Centennial Cellular Operating Co. LLC | Non-Guarantors | Centennial Communications Corp. | Eliminations | Centennial Communications Corp. and Subsidiaries |
|---|---|---|---|---|---|---|
| | | | (Amounts in thousands) | | | |
| **ASSETS** | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | $ 110,323 | $ − | $ 73,313 | $ − | $ − | $ 183,636 |
| Accounts receivable, net | 42,577 | − | 67,742 | − | − | 110,319 |
| Inventory − phones and accessories, net | 10,998 | − | 12,509 | − | − | 23,507 |
| Prepaid expenses and other current assets | 6,237 | − | 25,932 | − | − | 32,169 |
| Total current assets | 170,135 | − | 179,496 | − | − | 349,631 |
| Property, plant & equipment, net | 233,692 | − | 392,996 | − | − | 626,688 |
| Equity investments in wireless systems, net | − | − | 2,930 | − | − | 2,930 |
| Debt issuance costs | 19,936 | − | 21,259 | − | − | 41,195 |
| U.S. wireless licenses | − | − | 383,858 | − | − | 383,858 |
| Caribbean wireless licenses, net | − | − | 68,992 | − | − | 68,992 |
| Goodwill | 4,186 | − | 22,518 | − | − | 26,704 |
| Intercompany | − | (139,366) | − | 259,866 | (120,500) | − |
| Investment in subsidiaries | − | 1,133,489 | 513,197 | (751,780) | (894,906) | − |
| Other assets, net | 5,771 | − | 5,547 | − | − | 11,318 |
| Total | $ 433,720 | $ 994,123 | $ 1,590,793 | $ (491,914) | $ (1,015,406) | $ 1,511,316 |
| **LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY** | | | | | | |
| Current liabilities: | | | | | | |
| Current portion of long-term debt | $ (48) | $ 39,258 | $ 50 | $ − | $ − | $ 39,260 |
| Accounts payable | 13,808 | − | 21,640 | − | − | 35,448 |
| Accrued expenses and other current liabilities | 593,253 | − | 395,115 | − | (782,534) | 205,834 |
| Payable to affiliates | − | − | 125 | − | − | 125 |
| Total current liabilities | 607,013 | 39,258 | 416,930 | − | (782,534) | 280,667 |
| Long-term debt | 830,655 | 744,167 | 6,040 | − | − | 1,580,862 |
| Deferred federal income taxes | 6,865 | − | 116,499 | − | − | 123,364 |
| Other liabilities | 1,889 | − | 12,512 | − | − | 14,401 |
| Intercompany | 17,290 | 920,500 | 920,500 | − | (1,858,290) | − |
| Minority interest in subsidiaries | − | − | 2,890 | − | − | 2,890 |
| Stockholders' (deficit) equity: | | | | | | |
| Common stock | − | − | − | 1,046 | − | 1,046 |
| Additional paid-in capital | (818,497) | − | 818,497 | 483,092 | | 483,092 |
| Accumulated deficit | (212,541) | (709,802) | (703,075) | (974,975) | 1,625,418 | (974,975) |
| Accumulated other comprehensive income | 1,046 | − | − | − | − | 1,046 |
| | (1,029,992) | (709,802) | 115,422 | (490,837) | 1,625,418 | (489,791) |
| Less: treasury shares | − | − | − | (1,077) | − | (1,077) |
| Total stockholders' (deficit) equity | (1,029,992) | (709,802) | 115,422 | (491,914) | 1,625,418 | (490,868) |
| Total | $ 433,720 | $ 994,123 | $ 1,590,793 | $ (491,914) | $ (1,015,406) | $ 1,511,316 |



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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS − (Continued)

### CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS FINANCIAL DATA
### For the Six Months Ended November 30, 2005

| | Centennial Puerto Rico Operations Corp. | Centennial Cellular Operating Co. LLC | Non-Guarantors | Centennial Communications Corp. | Eliminations | Centennial Communications Corp. and Subsidiaries |
|---|---|---|---|---|---|---|
| | | | (Amounts in thousands) | | | |
| Revenue | $ 200,720 | $ − | $ 274,583 | $ − | $ (2,480) | $ 472,823 |
| Costs and expenses: | | | | | | |
| Cost of services | 34,591 | − | 67,028 | − | (1,956) | 99,663 |
| Cost of equipment sold | 13,934 | − | 37,957 | − | − | 51,891 |
| Sales and marketing | 17,875 | − | 34,159 | − | − | 52,034 |
| General and administrative | 42,660 | − | 41,701 | − | (524) | 83,837 |
| Depreciation and amortization | 30,228 | − | 34,542 | − | − | 64,770 |
| Loss (gain) on disposition of assets | 565 | − | (177) | − | − | 388 |
| | 139,853 | − | 215,210 | − | (2,480) | 352,583 |
| Operating income | 60,867 | − | 59,373 | − | − | 120,240 |
| Income (loss) from investments in subsidiaries | − | 22,918 | (1,943) | 22,918 | (43,893) | − |
| Interest expense, net | (51,871) | (68,480) | 51,871 | − | − | (68,480) |
| Other expenses | (836) | − | (9) | − | − | (845) |
| Intercompany interest allocation | − | 68,480 | (68,480) | − | − | − |
| Income (loss) from continuing operations before income tax expense, minority interest in income of subsidiaries and income from equity investments | 8,160 | 22,918 | 40,812 | 22,918 | (43,893) | 50,915 |
| Income tax expense | (10,103) | − | (17,965) | − | − | (28,068) |
| (Loss) income from continuing operations before minority interest in income of subsidiaries and income from equity investments | (1,943) | 22,918 | 22,847 | 22,918 | (43,893) | 22,847 |
| Minority interest in income of subsidiaries | − | − | (439) | − | − | (439) |
| Income from equity investments | − | − | 445 | − | − | 445 |
| (Loss) income from continuing operations | (1,943) | 22,918 | 22,853 | 22,918 | (43,893) | 22,853 |
| Income from discontinued operations | − | − | 65 | − | − | 65 |
| Net (loss) income | $ (1,943) | $ 22,918 | $ 22,918 | $ 22,918 | $ (43,893) | $ 22,918 |



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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS − (Continued)

### CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS FINANCIAL DATA
### For the Six Months Ended November 30, 2005

| | Centennial Puerto Rico Operations Corp. | Centennial Cellular Operating Co. LLC | Non-Guarantors | Centennial Communications Corp. | Eliminations | Centennial Communications Corp. and Subsidiaries |
|---|---|---|---|---|---|---|
| | (Amounts in thousands) | | | | | |
| OPERATING ACTIVITIES: | | | | | | |
| Net (loss) income | $ (1,943) | $ 22,918 | $ 22,918 | $ 22,918 | $ (43,893) | $ 22,918 |
| Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities: | | | | | | |
| Depreciation and amortization | 30,228 | − | 34,542 | − | − | 64,770 |
| Minority interest in loss of subsidiaries | − | − | 439 | − | − | 439 |
| Income from equity investments | − | − | (445) | − | − | (445) |
| Equity in undistributed earnings of subsidiaries | − | (22,918) | 1,943 | (22,918) | 43,893 | − |
| Distributions received from equity investments | − | − | 15 | − | − | 15 |
| Loss (gain) on disposition of assets | 565 | − | (277) | − | − | 288 |
| Changes in assets and liabilities, net of effects of acquisitions and dispositions and other | 39,487 | (165,102) | 150,995 | 25,734 | (22,118) | 28,996 |
| Total adjustments | 70,280 | (188,020) | 187,212 | 2,816 | 21,775 | 94,063 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | 68,337 | (165,102) | 210,130 | 25,734 | (22,118) | 116,981 |
| INVESTING ACTIVITIES: | | | | | | |
| Proceeds from disposition of assets, net of cash expenses | − | − | 9 | − | − | 9 |
| Capital expenditures | (34,659) | − | (31,077) | − | − | (65,736) |
| NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES | (34,659) | − | (31,068) | − | − | (65,727) |
| FINANCING ACTIVITIES: | | | | | | |
| Repayment of debt | − | (3,000) | (259) | − | − | (3,259) |
| Proceeds from the exercise of employee stock options | − | − | − | 2,437 | − | 2,437 |
| Proceeds from issuance of common stock under employee stock purchase plan | − | − | − | 384 | − | 384 |
| Cash (paid to) received from affiliates | 13,774 | 168,102 | (175,439) | (28,555) | 22,118 | − |
| NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES | 13,774 | 165,102 | (175,698) | (25,734) | 22,118 | (438) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 47,452 | − | 3,364 | − | − | 50,816 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 62,871 | − | 69,949 | − | − | 132,820 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | $ 110,323 | $ − | $ 73,313 | $ − | $ − | $ 183,636 |



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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS − (Continued)

### CONDENSED CONSOLIDATING BALANCE SHEET FINANCIAL DATA
### As of May 31, 2005

| | Centennial Puerto Rico Operations Corp. | Centennial Cellular Operating Co. LLC | Non-Guarantors | Centennial Communications Corp. | Eliminations | Centennial Communications Corp. and Subsidiaries |
|---|---|---|---|---|---|---|
| | (Amounts in thousands) | | | | | |
| **ASSETS** | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | $ 62,871 | $ − | $ 69,949 | $ − | $ − | $ 132,820 |
| Accounts receivable, net | 49,233 | − | 54,076 | − | − | 103,309 |
| Inventory − phones and accessories, net | 15,757 | − | 8,956 | − | − | 24,713 |
| Prepaid expenses and other current assets | 5,291 | − | 27,239 | − | − | 32,530 |
| Total current assets | 133,152 | − | 160,220 | − | − | 293,372 |
| Property, plant & equipment, net | 232,830 | − | 386,117 | − | − | 618,947 |
| Equity investments in wireless systems, net | − | − | 2,500 | − | − | 2,500 |
| Debt issuance costs | 21,390 | − | 23,081 | − | − | 44,471 |
| U.S. wireless licenses | − | − | 383,858 | − | − | 383,858 |
| Caribbean wireless licenses, net | − | − | 69,492 | − | − | 69,492 |
| Goodwill | 4,186 | − | 22,518 | − | − | 26,704 |
| Intercompany | − | 31,368 | − | 270,604 | (301,972 ) | − |
| Investment in subsidiaries | − | 945,859 | 653,009 | (751,780 ) | (847,088 ) | − |
| Other assets, net | 6,075 | − | 1,321 | − | − | 7,396 |
| Total | $ 397,633 | $ 977,227 | $ 1,702,116 | $ (481,176 ) | $ (1,149,060) | $ 1,446,740 |
| **LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY** | | | | | | |
| Current liabilities: | | | | | | |
| Current portion of long-term debt | 16 | 5,727 | (5 ) | − | − | 5,738 |
| Accounts payable | 21,398 | − | 15,255 | − | − | 36,653 |
| Accrued expenses and other current liabilities | 568,471 | − | 378,677 | − | (754,645 ) | 192,503 |
| Payable to affiliates | − | − | 125 | − | − | 125 |
| Total current liabilities | 589,885 | 5,727 | 394,052 | − | (754,645 ) | 235,019 |
| Long-term debt | 829,329 | 783,720 | 322 | − | − | 1,613,371 |
| Deferred federal income taxes | − | − | 99,719 | − | − | 99,719 |
| Other liabilities | 4,904 | − | 9,708 | − | − | 14,612 |
| Intercompany | (5,202 ) | 920,500 | 1,101,971 | − | (2,017,269) | − |
| Minority interest in subsidiaries | − | − | 2,451 | − | − | 2,451 |
| Stockholders' (deficit) equity: | | | | | | |
| Common stock | − | − | − | 1,041 | − | 1,041 |
| Additional paid-in capital | (819,886 ) | − | 819,886 | 480,276 | | 480,276 |
| Accumulated deficit | (200,618 ) | (732,720) | (725,993 ) | (961,416 ) | 1,622,854 | (997,893 ) |
| Accumulated other comprehensive loss | (779 ) | − | − | − | − | (779 ) |
| | (1,021,283) | (732,720) | 93,893 | (480,099 ) | 1,622,854 | (517,355 ) |
| Less: treasury shares | − | − | − | (1,077 ) | − | (1,077 ) |
| Total stockholders' (deficit) equity | (1,021,283) | (732,720) | 93,893 | (481,176 ) | 1,622,854 | (518,432 ) |
| Total | $ 397,633 | $ 977,227 | $ 1,702,116 | $ (481,176 ) | $ (1,149,060) | $ 1,446,740 |



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## CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS FINANCIAL DATA
## For the Six Months Ended November 30, 2004

| | Centennial Puerto Rico Operations Corp. | Centennial Cellular Operating Co. LLC | Non-Guarantors | Centennial Communications Corp. | Eliminations | Centennial Communications Corp. and Subsidiaries |
|---|---|---|---|---|---|---|
| | | | (Amounts in thousands) | | | |
| Revenue | $ 187,491 | $ − | $ 249,191 | $ − | $ (5,791) | $ 430,891 |
| Costs and expenses: | | | | | | |
| Cost of services | 26,751 | − | 59,415 | − | (4,082) | 82,084 |
| Cost of equipment sold | 14,520 | − | 29,721 | − | − | 44,241 |
| Sales and marketing | 18,192 | − | 28,435 | − | − | 46,627 |
| General and administrative | 38,169 | − | 40,124 | − | (1,709) | 76,584 |
| Depreciation and amortization | 33,536 | − | 25,229 | − | − | 58,765 |
| Loss (gain) on disposition of assets | 896 | − | (15,828) | − | − | (14,932) |
| | 132,064 | − | 167,096 | − | (5,791) | 293,369 |
| Operating income | 55,427 | − | 82,095 | − | − | 137,522 |
| Income (loss) from investments in subsidiaries | − | 29,811 | 5,184 | 29,811 | (64,806) | − |
| Interest expense, net | (49,133) | (9,328) | (14,956) | − | − | (73,417) |
| Other expenses | (809) | − | (1,273) | − | − | (2,082) |
| Intercompany interest allocation | − | 9,328 | (9,328) | − | − | − |
| Income (loss) from continuing operations before income tax expense, minority interest in income of subsidiaries and income from equity investments | 5,485 | 29,811 | 61,722 | 29,811 | (64,806) | 62,023 |
| Income tax expense | (301) | − | (32,518) | − | − | (32,819) |
| Income (loss) from continuing operations before minority interest in income of subsidiaries and income from equity investments | 5,184 | 29,811 | 29,204 | 29,811 | (64,806) | 29,204 |
| Minority interest in income of subsidiaries | − | − | (451) | − | − | (451) |
| Income from equity investments | − | − | 290 | − | − | 290 |
| Income (loss) from continuing operations | 5,184 | 29,811 | 29,043 | 29,811 | (64,806) | 29,043 |
| Income from discontinued operations | − | − | 768 | − | − | 768 |
| Net income (loss) | $ 5,184 | $ 29,811 | $ 29,811 | $ 29,811 | $ (64,806) | $ 29,811 |



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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS − (Continued)

## CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS FINANCIAL DATA
### For the Six Months Ended November 30, 2004

| | Centennial Puerto Rico Operations Corp. | Centennial Cellular Operating Co. LLC | Non-Guarantors | Centennial Communications Corp. | Eliminations | Centennial Communications Corp. and Subsidiaries |
|---|---|---|---|---|---|---|
| | | | (Amounts in thousands) | | | |
| OPERATING ACTIVITIES: | | | | | | |
| Net income (loss) | $ 5,184 | $ 29,811 | $ 29,811 | $ 29,811 | $ (64,806 ) | $ 29,811 |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Depreciation and amortization | 33,536 | − | 31,034 | − | − | 64,570 |
| Minority interest in loss of subsidiaries | − | − | 451 | − | − | 451 |
| Income from equity investments | − | − | (290 ) | − | − | (290 ) |
| Equity in undistributed earnings of subsidiaries | − | (29,811 ) | (5,184 ) | (29,811 ) | 64,806 | − |
| Loss (gain) on disposition of assets | 896 | − | (15,342 ) | − | − | (14,446 ) |
| Changes in assets and liabilities, net of effects of acquisitions and dispositions and other | 15,865 | (17,659 ) | 702,576 | (142,527 ) | (540,385 ) | 17,870 |
| Total adjustments | 50,297 | (47,470 ) | 713,245 | (172,338 ) | (475,579 ) | 68,155 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | 55,481 | (17,659 ) | 743,056 | (142,527 ) | (540,385 ) | 97,966 |
| INVESTING ACTIVITIES: | | | | | | |
| Proceeds from disposition of assets, net of cash expenses | − | − | 84 | − | − | 84 |
| Capital expenditures | (33,109 ) | − | (35,316 ) | − | − | (68,425 ) |
| Proceeds from sale of wireless spectrum | − | − | 24,000 | − | − | 24,000 |
| Payments for purchase of wireless spectrum | − | − | (19,495 ) | − | − | (19,495 ) |
| Distribution received from equity investment | − | − | 650 | − | − | 650 |
| NET CASH USED IN INVESTING ACTIVITIES | (33,109 ) | − | (30,077 ) | − | − | (63,186 ) |
| FINANCING ACTIVITIES: | | | | | | |
| Repayment of debt | (43 ) | (3,230 ) | (263 ) | − | − | (3,536 ) |
| Proceeds from the exercise of employee stock options | − | − | − | 499 | − | 499 |
| Proceeds from issuance of common stock under employee stock purchase plan | − | − | − | 425 | − | 425 |
| Cash (paid to) received from affiliates | (5,464 ) | 20,889 | (697,413) | 141,603 | 540,385 | − |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | (5,507 ) | 17,659 | (697,676) | 142,527 | 540,385 | (2,612 ) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 16,865 | − | 15,303 | − | − | 32,168 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 42,484 | − | 69,620 | − | − | 112,104 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | $ 59,349 | $ − | $ 84,923 | $ − | $ − | $ 144,272 |



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## NOTE 10. SUBSEQUENT EVENTS

On December 21, 2005, the Company issued $550,000 in aggregate principal amount of senior notes due 2013 (the "2013 Senior Holdco Notes") in a private placement transaction. The 2013 Senior Holdco Notes were issued in two series consisting of (i) $350,000 of floating rate notes that bear interest at three-month LIBOR plus 5.75% and mature in January 2013 and (ii) $200,000 of fixed rate notes that bear interest at 10% and mature in January 2013. The Company will use the net proceeds from the offering, together with a portion of its available cash, to pay a special cash dividend of $5.52 per share to the Company' s common stockholders and prepay $39,500 of term loans under the Senior Secured Credit Facility. As a result of this prepayment, $39,500 of term loans under the Senior Secured Credit Facility have been classified as a current liability in the condensed consolidated balance sheet. The Company' s board of directors has approved and declared the special cash dividend of $5.52 per share to the Company' s common stockholders of record as of the close of business on December 30, 2005. The payment date for the special cash dividend is expected to be on January 5, 2006. In connection with the completion of the 2013 Senior Holdco Notes offering, the Company received an amendment to the Senior Secured Credit Facility to permit, among other things, the issuance of the 2013 Senior Holdco Notes and payment of the special cash dividend.

In addition, on December 22, 2005, the Company, through its wholly-owned subsidiary, CCOC, entered into an interest rate swap agreement (the "CCOC Swap") to hedge variable interest rate risk on $200,000 of the Company' s then outstanding $550,000 of variable interest rate term loans under the Senior Secured Credit Facility. The CCOC Swap will become effective on March 31, 2006, and will expire on December 31, 2007. The fixed interest rate on the CCOC Swap is 7.09%. The CCOC Swap was designated as a cash flow hedge. The $200,000 CCOC Swap, together with the $250,000 CPROC Swap, hedge variable interest rate risk on $450,000 of the Company' s $900,000 of variable interest rate debt.



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## ITEM 2. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

### EXECUTIVE OVERVIEW

***Company Overview***

We are a leading regional wireless and broadband telecommunications service provider serving more than 1.3 million wireless customers and approximately 326,400 access line equivalents as of November 30, 2005. We operate in markets that cover approximately 19.8 million Net Pops in the United States and the neighboring Caribbean. In the United States, we are a regional wireless service provider in small cities and rural areas in two geographic clusters covering parts of six states in the Midwest and Southeast. In our Puerto Rico-based Caribbean service area, which also includes operations in the Dominican Republic and the U.S. Virgin Islands, we are a facilities-based, fully integrated communications service provider offering both wireless and, in Puerto Rico and the Dominican Republic, broadband communications services to business and residential customers.

As discussed in Note 4 to the Condensed Consolidated Financial Statements, the results of operations presented below exclude Centennial Puerto Rico Cable TV Corp. ("Centennial Cable") due to its classification as a discontinued operation.

The information contained in this Part I, Item 2, updates, and should be read in conjunction with, information set forth in Part II, Items 7 and 8, in the Company's Annual Report on Form 10-K/A for the fiscal year ended May 31, 2005, filed on December 12, 2005, in addition to the unaudited interim Condensed Consolidated Financial Statements and accompanying notes presented in Part 1, Item 1 of this Quarterly Report on Form 10-Q. As disclosed in such Annual Report, as well as our Quarterly Report on Form 10-Q/A, also filed on December 12, 2005, we restated our consolidated financial statements to correct our accounting for the sale of our previously owned cable television subsidiary, Centennial Cable, to provide a full valuation allowance against certain deferred tax assets that may not be realizable as a result of the sale. See Note 16 to the consolidated financial statements included in our Form 10-K/A filed on December 12, 2005 for additional information related to the restatement. Consequently, the May 31, 2005 balance sheet contained herein is consistent with that included in the Annual Report on Form 10-K/A. Those statements in the following discussion that are not historical in nature should be considered to be forward-looking statements that are inherently uncertain. Please see "Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995" and the "Risk Factors" section of our 2005 Annual Report on Form 10-K/A.

***Management's Summary***

Our vision is to be the premier regional provider of telecommunications services, by tailoring the ultimate customer experience, in the markets we serve. We create a sustainable competitive advantage in wireless and broadband telecommunications services by tailoring the customer experience to each of our local markets.

In the United States, we provide digital wireless service in two geographic clusters, covering approximately 8.6 million Net Pops. Our Midwest cluster includes parts of Indiana, Michigan and Ohio, and our Southeast cluster includes parts of Louisiana, Mississippi and Texas. Our clusters are comprised of small cities and rural areas.

In the Caribbean region, we offer wireless and broadband communications services in Puerto Rico and the Dominican Republic and wireless services in the U.S. Virgin Islands. For both the three and six months ended November 30, 2005, we derived approximately 84% of our Caribbean operations' revenue from our Puerto Rico operations. Puerto Rico is a U.S. dollar-denominated and Federal Communications Commission ("FCC") regulated commonwealth of the United States. San Juan, the capital of Puerto Rico, is currently one of the 25 largest and 5 most dense U.S. wireless markets in terms of population.

We focus on attractive and growing local markets and customizing our sales, marketing and customer support functions to customer needs in each of these markets. For both the three and six months ended November 30, 2005, approximately 94% of our postpaid wireless sales in the United States and Puerto Rico and substantially all of our broadband sales were made through our own employees, which allows us to have a high degree of control over the customer experience. Further, through our tailored approach, we target high quality (high revenue per average



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wireless customer, including roaming revenue, or "ARPU") postpaid wireless customers in our U.S. and Puerto Rico operations. We rely more heavily on a dealer network for prepaid wireless sales in the Dominican Republic.

Our business strategy also entails ensuring that our networks are of the highest quality in all our locations. For the three and six months ended November 30, 2005, we spent $16.1 million and $25.6 million, respectively, on capital expenditures in our U.S. wireless operations. This included $8.0 million and $12.8 million for the three and six months ended November 30, 2005, respectively, to continue to build out our spectrum in Grand Rapids and Lansing, Michigan. We spent $18.7 million and $4.3 million on capital expenditures in our Caribbean wireless and broadband operations, respectively, for the three month period ended November 30, 2005 and $29.0 million and $11.1 million on capital expenditures in our Caribbean wireless and broadband operations, respectively, for the six month period ended November 30, 2005. The Caribbean wireless capital expenditures included $5.9 million and $11.8 million of capitalized phones in Puerto Rico we loaned to our customers for the three and six months ended November 30, 2005, respectively. These investments were to add capacity and services, to continue the development and expansion of our Caribbean wireless systems, to complete the replacement and upgrade of our Puerto Rico Wireless and U.S. Virgin Islands wireless network and to continue the expansion of our Caribbean Broadband network infrastructure.

We believe that the success of our business is a function of our performance relative to a number of key drivers. The drivers can be summarized in our ability to attract and retain customers by profitably providing superior service at competitive rates. We continually monitor our performance against these key drivers by evaluating several metrics. In addition to adjusted operating income (adjusted operating income represents the profitability measure of our segments − see Note 8 to the Condensed Consolidated Financial Statements for reconciliation to the appropriate accounting principles generally accepted in the United States of America, or GAAP measure), the following key metrics, among other factors, are monitored by management in assessing the performance of our business:

Gross postpaid and prepaid wireless additions

Net gain (loss) − wireless subscribers

Revenue per average wireless customer (including roaming revenue), or ARPU

Roaming revenue

Penetration − total wireless

Postpaid churn − wireless

Prepaid churn − Caribbean wireless

Average monthly minutes of use per wireless customer

Fiber route miles − Caribbean broadband

Switched access lines − Caribbean broadband

Dedicated access line equivalents − Caribbean broadband

On-net buildings − Caribbean broadband

Capital expenditures

Gross postpaid and prepaid wireless additions represent the number of new subscribers we are able to add during the period. Growing our subscriber base by adding new subscribers is a fundamental element of our long-term growth strategy. We must maintain a competitive offering of products and services to sustain our subscriber growth. We focus on postpaid customers in our U.S. and Puerto Rico operations and prepaid in the Dominican Republic.

Net gain (loss) − wireless subscribers represents the number of subscribers we were able to add to our service during the period after deducting the number of disconnected or terminated subscribers. By monitoring our growth against our forecast, we believe we are better able to anticipate our future operating performance.



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ARPU represents the average monthly subscriber revenue generated by a typical subscriber (determined as subscriber revenues divided by average number of retail subscribers). We monitor trends in ARPU to ensure that our rate plans and promotional offerings are attractive to customers and profitable. The majority of our revenues are derived from subscriber revenues. Subscriber revenues include, among other things: monthly access charges; charges for airtime used in excess of plan minutes; Universal Service Fund ("USF") support payment revenues; long distance revenues derived from calls placed by our customers; international interconnect revenues; roaming revenue; and other charges such as activation, voice mail, call waiting, call forwarding and regulatory charges.

Roaming revenues represent the amount of revenue we receive from other wireless carriers for providing service to their subscribers who "roam" into our markets and use our systems to carry their calls. The per minute rate paid by a roamer is established by an agreement between the roamer's wireless provider and us. The amount of roaming revenue we generate is often dependent upon usage patterns of our roaming partners' subscribers and the rate plan mix and technology mix of our roaming partners. We closely monitor trends in roaming revenues because usage patterns by our roaming partners' subscribers can be difficult to predict.

Penetration − total wireless represents a percentage, which is calculated by dividing the number of our retail subscribers by the total population of potential subscribers available in the markets that we serve.

Postpaid and prepaid churn represent the number of subscribers that disconnect or are terminated from our service or where there is a lack of usage by prepaid customers for a prescribed period of time. Churn is calculated by dividing the aggregate number of wireless subscribers who cancel service during each month in a period by the total number of wireless retail subscribers as of the beginning of the month. Churn is stated as the average monthly churn rate for the applicable period. We monitor and seek to control churn so that we can grow our business without incurring significant sales and marketing cost needed to replace disconnected subscribers. We must continue to ensure that we offer excellent network quality and customer service so that our churn rates remain low.

Average monthly minutes of use per wireless customer represents the average number of minutes ("MOU's") used by our customers during a period. We monitor growth in MOU's to ensure that the access and overage charges we are collecting are consistent with that growth. In addition, growth in subscriber usage may indicate a need to invest in additional network capacity.

Fiber route miles are the number of miles of fiber cable that we have laid. Fiber is installed to connect our equipment to our customer premises equipment. As a facilities based carrier, the number of fiber route miles is an indicator of the strength of our network, our coverage and our potential market opportunity.

Switched access lines represent the amount of lines connected to our switching center and serving customers for incoming and outgoing calls. Growing our switched access lines is a fundamental element of our strategy. We monitor the trends in our switched access line growth against our forecast to be able to anticipate future operating performance. In addition, this measurement allows us to compute our current market penetration in the markets we serve.

Dedicated access line equivalents represents the amount of Voice Grade Equivalent ("VGE") lines used to connect two end points. We monitor the trends in our dedicated service using VGE against our forecast to anticipate future operating performance, network capacity requirements and overall growth of our business.

On-net buildings is a location where we have established a point of presence to serve one or more customers. Tracking the number of on-net buildings allows us to size our addressable market and determine the appropriate level of capital expenditures. As a facilities based competitive local exchange carrier, it is a critical performance measurement of our growth and a clear indication of our increased footprint.

Capital expenditures represent the amount spent on upgrades, additions and improvements to our telecommunications network and back office infrastructure. We monitor our capital expenditures as part of our overall financing plan and to ensure that we receive an appropriate rate of return on our capital investments. This statistic is also used to ensure that capital investments are in line with network usage trends and consistent with our objective of offering a high quality network to our customers.



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## CRITICAL ACCOUNTING ESTIMATES

The preparation of our Condensed Consolidated Financial Statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities as of the date of the financial statements and revenues and expenses during the periods reported. We base our estimates on historical experience, where applicable, and other assumptions that we believe are reasonable under the circumstances. Actual results may differ from our estimates under different assumptions or conditions.

There are certain critical estimates that we believe require significant judgment in the preparation of our Condensed Consolidated Financial Statements. We consider an accounting estimate to be critical if:

it requires us to make assumptions because information was not available at the time or it included matters that were highly uncertain at the time we were making the estimate, and

changes in the estimate or different estimates that we could have selected may have had a material effect on our consolidated financial condition or consolidated results of operations.

### *Allowance for Doubtful Accounts*

We maintain an allowance for doubtful accounts for estimated losses, which result from our customers not making required payments. We base our allowance on the likelihood of recoverability of our subscriber accounts receivable based on past experience and by reviewing current collection trends. A worsening of economic or industry trends beyond our estimates could result in an increase of our allowance for doubtful accounts by recording additional expense.

### *Property, Plant and Equipment − Depreciation*

The telecommunications industry is capital intensive. Depreciation of property, plant and equipment constitutes a substantial operating cost for us. The cost of our property, plant and equipment, principally telecommunications equipment, is charged to depreciation expense over estimated useful lives. We depreciate our telecommunications equipment using the straight-line method over its estimated useful lives. We periodically review changes in our technology and industry conditions, asset retirement activity and salvage values to determine adjustments to the estimated remaining useful lives and depreciation rates. Actual economic lives may differ from our estimated useful lives as a result of changes in technology, market conditions and other factors. Such changes could result in a change in our depreciable lives and therefore our depreciation expense in future periods.

In our Puerto Rico wireless operations, we sell and loan phones to our customers. When we sell a phone to a customer, the cost of the phone sold is charged to cost of equipment sold whereas the cost of a phone which is loaned to a customer is charged to depreciation expense over the life of the phone. Phones loaned to customers are required to be returned upon contract cancellation.

### *Valuation of Long-Lived Assets*

Long-lived assets such as property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In our estimation of fair value, we consider current market values of properties similar to our own, competition, prevailing economic conditions, government policy, including taxation, and the historical and current growth patterns of both our business and the industry. We also consider the recoverability of the cost of our long-lived assets based on a comparison of estimated undiscounted operating cash flows for the related businesses with the carrying value of the long-lived assets. Considerable management judgment is required to estimate the fair value of and impairment, if any, of our assets. These estimates are very subjective in nature; we believe that our estimates are consistent with assumptions that marketplace participants would use in their estimates of fair value. Estimates related to recoverability of assets are critical accounting policies as management must make assumptions about future revenue and related expenses over the life of an asset, and the effect of recognizing impairment could be material to our consolidated financial position as well as our consolidated results of operations. Actual revenue and costs could vary significantly from such estimates.



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***Goodwill and Wireless Licenses − Valuation of Goodwill and Indefinite-Lived Intangible Assets***

We review goodwill and wireless licenses for impairment based on the requirements of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). In accordance with SFAS 142, goodwill is tested for impairment at the reporting unit level on an annual basis as of January 31st or on an interim basis if an event occurs or circumstances change that would reduce the fair value of a reporting unit below its carrying value. These events or circumstances would include a significant change in the business climate, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of the business or other factors. We have determined that our reporting units for SFAS 142 are our operating segments determined under SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." In analyzing goodwill for potential impairment, we use projections of future cash flows from each reporting unit to determine whether its estimated value exceeds its carrying value. These projections of cash flows are based on our views of growth rates, time horizons of cash flow forecasts, assumed terminal value, estimates of our future cost structures and anticipated future economic conditions and the appropriate discount rates relative to risk and estimates of residual values. These projections are very subjective in nature. We believe that our estimates are consistent with assumptions that marketplace participants would use in their estimates of fair value. The use of different estimates or assumptions within our discounted cash flow model (e.g., growth rates, future economic conditions or discount rates and estimates of terminal values) when determining the fair value of the reporting unit are subjective and could result in different values and may affect any related goodwill or wireless licenses impairment charge.

**RESULTS OF OPERATIONS**

We had approximately 1,338,200 wireless subscribers, including approximately 48,200 wholesale subscribers, at November 30, 2005, as compared to 1,108,300, including approximately 20,000 wholesale subscribers, at November 30, 2004, an increase of 21%. Income from continuing operations for the three and six months ended November 30, 2005 was $8.2 million and $22.9 million, respectively, as compared to $18.6 million and $29.0 million for the three and six months ended November 30, 2004. Basic earnings per share from continuing operations for the three and six months ended November 30, 2005 were $0.08 and $0.22 respectively, as compared to $0.18 and $0.28 for the three and six months ended November 30, 2004, respectively. Diluted earnings per share from continuing operations for the three and six months ended November 30, 2005 were $0.08 and $0.21, respectively, as compared to $0.18 and $0.28 for the three and six months ended November 30, 2004, respectively. The fiscal second quarter of 2005 included an after-tax gain of approximately $0.09 per diluted share related to the Company' s sale of spectrum in the Midwest.

In accordance with SFAS No. 109, "Accounting for Income Taxes," Accounting Principles Board ("APB") Opinion No. 28, "Interim Financial Reporting," and Financial Accounting Standards Board ("FASB") Interpretation No. 18, "Accounting for Income Taxes in Interim Periods − An Interpretation of APB Opinion No. 28," we have recorded our tax provision from continuing operations for the quarter ended November 30, 2005 based on our projected annual worldwide effective tax rate (the "effective tax rate") of 57.5%, which is primarily due to U.S. federal taxes, state taxes, net of federal tax benefits, foreign taxes for which the Company cannot claim a foreign tax credit and book losses generated in the Dominican Republic for which it is more likely than not that a tax benefit will not be realized. The effective tax rate reflects the impact of the transactions discussed in Note 10 of the condensed consolidated financial statements, which reduces pre-tax income without a corresponding reduction in certain state, local and foreign taxes, thereby increasing the Company' s effective tax rate from previous projections. The tax provision for the six months ended November 30, 2005 was affected for a benefit of approximately $1.6 million for state tax refunds received.

We establish reserves for tax contingencies when, despite the belief that our tax return positions are fully supported, it is probable that certain positions may be challenged and may not be fully sustained. The tax contingency reserves are analyzed on a quarterly basis and adjusted based upon changes in facts and circumstances, such as the progress of federal and state audits, expiration of the statute of limitations for the assessment of tax, case law and emerging legislation. Our effective tax rate includes the impact of tax contingency reserves and changes to the reserves, including related interest, as considered appropriate by management. The tax contingency reserve was



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decreased for the three and six months ended November 30, 2005 by $3.9 million, reflecting a reduction in certain state and local income tax exposures.

**Consolidated Operations**

| | Three Months Ended November 30, 2005 | Three Months Ended November 30, 2004 | $ Change | % Change | Six Months Ended November 30, 2005 | Six Months Ended November 30, 2004 | $ Change | % Change |
|---|---|---|---|---|---|---|---|---|
| | (In thousands, except per share data) | | | | | | | |
| Operating income | $58,723 | $75,511 | $(16,788) | (22 )% | $120,240 | $137,522 | $(17,282) | (13 )% |
| Income from continuing operations | 8,243 | 18,580 | (10,337) | (56 )% | 22,853 | 29,043 | (6,190 ) | (21 )% |
| Earnings per share from continuing operations: | | | | | | | | |
| Basic | 0.08 | 0.18 | (0.10 ) | (56 )% | 0.22 | 0.28 | (0.06 ) | (21 )% |
| Diluted | 0.08 | 0.18 | (0.10 ) | (56 )% | 0.21 | 0.28 | (0.07 ) | (25 )% |

**U.S. Wireless Operations**

| | Three Months Ended November 30, 2005 | Three Months Ended November 30, 2004 | $ Change | % Change | Six Months Ended November 30, 2005 | Six Months Ended November 30, 2004 | $ Change | % Change |
|---|---|---|---|---|---|---|---|---|
| | (In thousands) | | | | | | | |
| Revenue: | | | | | | | | |
| Service revenue | $83,157 | $79,935 | $3,222 | 4 % | $164,060 | $165,853 | $(1,793 ) | (1 )% |
| Roaming revenue | 21,465 | 13,044 | 8,421 | 65 | 42,690 | 26,352 | 16,338 | 62 |
| Equipment sales | 6,335 | 4,983 | 1,352 | 27 | 12,033 | 8,824 | 3,209 | 36 |
| Total revenue | 110,957 | 97,962 | 12,995 | 13 | 218,783 | 201,029 | 17,754 | 9 |
| Costs and expenses: | | | | | | | | |
| Cost of services | 24,766 | 18,267 | 6,499 | 36 | 47,650 | 35,059 | 12,591 | 36 |
| Cost of equipment sold | 13,691 | 11,775 | 1,916 | 16 | 28,273 | 23,198 | 5,075 | 22 |
| Sales and marketing | 15,386 | 10,715 | 4,671 | 44 | 27,991 | 23,322 | 4,669 | 20 |
| General and administrative | 16,926 | 15,688 | 1,238 | 8 | 34,028 | 29,980 | 4,048 | 14 |
| Total costs and expenses | 70,769 | 56,445 | 14,324 | 25 | 137,942 | 111,559 | 26,383 | 24 |
| Adjusted operating income(1) | $40,188 | $41,517 | $(1,329 ) | (3 )% | $80,841 | $89,470 | $(8,629 ) | (10 )% |

(1) Adjusted operating income represents the profitability measure of the segment − see Note 8 to the condensed consolidated financial statements for a reconciliation of consolidated adjusted operating income to the appropriate GAAP measure.

*Revenue.* U.S. wireless service revenue increased in the three months ended November 30, 2005 as compared to the three months ended November 30, 2004. The increase was primarily due to an increase in the monthly recurring fees charged to subscribers due to an increase in the number of subscribers and higher fees for our value-added features. U.S. wireless service revenue decreased in the six months ended November 30, 2005 as compared to the six months ended November 30, 2004. The decrease was primarily due to a decrease in USF revenue, which in the prior year included $5.5 million that related to prior periods.

U.S. wireless roaming revenue increased for the three and six months ended November 30, 2005. The increase was due to increased roaming minutes, partially offset by a lower rate per minute. Despite this strong performance, we do not expect long-term growth in roaming revenue and anticipate that roaming revenue will remain a small percentage of consolidated revenue in future periods.

Our U.S. wireless operations had approximately 614,100 and 564,900 subscribers at November 30, 2005 and 2004, respectively, including approximately 48,200 and 20,000 wholesale subscribers, respectively. Postpaid



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subscribers account for 97% of total U.S. retail wireless subscribers as of November 30, 2005. During the twelve months ended November 30, 2005, increases in retail subscribers from new activations of 176,700 were offset by subscriber cancellations of 155,700. The monthly postpaid churn rate was 2.0% and 2.1% for the three and six months ended November 30, 2005, respectively, as compared to 2.1% for both the three and six months ended November 30, 2004. The cancellations experienced by our U.S. wireless operations were primarily due to competition and nonpayment.

Equipment sales increased during the three and six months ended November 30, 2005, as compared to the three and six months ended November 30, 2004 due primarily to increased activations.

U.S. wireless ARPU was $66 for the three and six months ended November 30, 2005, as compared to $60 and $61 for the same periods a year ago, respectively. ARPU for the six months ended November 30, 2004 included $5.5 million of USF revenue related to prior periods. ARPU excluding this $5.5 million of USF revenue was $59 for the six months ended November 30, 2004. U.S. wireless ARPU increased primarily due to the aforementioned increase in roaming revenue and, to a lesser extent, increases in retail service revenue per subscriber. Average minutes of use ("MOU' s") per subscriber were 745 and 716 per month for the three and six months ended November 30, 2005, respectively, as compared to 552 and 535 for the same periods last year, respectively.

*Costs and expenses.* Cost of services increased during the three and six months ended November 30, 2005, as compared to the same period last year, due to increased costs associated with an approximate 35% increase in MOU, including incollect roaming and telephone service costs, such as interconnection costs. Additionally, cost of services increased due to higher phone repair expense and increased tower site rent as a result of additional cell sites in the newly launched markets in Grand Rapids and Lansing, Michigan.

Cost of equipment sold increased for the three and six months ended November 30, 2005, as compared to the same period last year, primarily due to an increase in phones used for customer retention and GSM handset upgrades, the increase in customer activations and higher cost per phone.

Sales and marketing expense increased during the three and six months ended November 30, 2005 primarily due to increased advertising associated with attracting new customers in Grand Rapids and Lansing, Michigan and adjacent markets, as well as increased commissions relating to our higher customer activations.

General and administrative expenses increased for the three and six months ended November 30, 2005 as compared to the same period in the prior year, primarily due to an increase in costs associated with intercarrier roaming settlements due to increased minutes.

Adjusted operating income for the U.S. wireless operations decreased for the three and six months ended November 30, 2005 as compared to the same period last year primarily due to increases in phone, telephone service, advertising and commission costs as well as other costs associated with the launch and continued build out of new markets in Grand Rapids and Lansing, Michigan, partially offset by increased roaming revenue and retail subscriber service revenue.



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**Caribbean Wireless Operations**

| | Three Months Ended November 30, | | | | Six Months Ended November 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2005 | 2004 | $ Change | % Change | 2005 | 2004 | $ Change | % Change |
| | (In thousands) | | | | | | | |
| Revenue: | | | | | | | | |
| Service revenue | $89,074 | $82,798 | $6,276 | 8 % | $181,206 | $162,760 | $18,446 | 11 % |
| Roaming revenue | 343 | 542 | (199) | (37) | 689 | 1,000 | (311) | (31) |
| Equipment sales | 2,755 | 2,429 | 326 | 13 | 6,077 | 5,014 | 1,063 | 21 |
| Total revenue | 92,172 | 85,769 | 6,403 | 7 | 187,972 | 168,774 | 19,198 | 11 |
| Costs and expenses: | | | | | | | | |
| Cost of services | 16,201 | 13,509 | 2,692 | 20 | 32,331 | 26,195 | 6,136 | 23 |
| Cost of equipment sold | 12,858 | 10,810 | 2,048 | 19 | 23,317 | 20,495 | 2,822 | 14 |
| Sales and marketing | 9,339 | 9,528 | (189) | (2) | 20,511 | 19,773 | 738 | 4 |
| General and administrative | 19,546 | 17,979 | 1,567 | 9 | 40,752 | 36,130 | 4,622 | 13 |
| Total costs and expenses | 57,944 | 51,826 | 6,118 | 12 | 116,911 | 102,593 | 14,318 | 14 |
| Adjusted operating income(1) | $34,228 | $33,943 | $285 | 1 % | $71,061 | $66,181 | $4,880 | 7 % |

(1) Adjusted operating income represents the profitability measure of the segment − see Note 8 to the condensed consolidated financial statements for a reconciliation of consolidated adjusted operating income to the appropriate GAAP measure.

*Revenue.* Caribbean wireless service revenue increased for the three and six months ended November 30, 2005, as compared to the three and six months ended November 30, 2004. The increase in Caribbean wireless service revenue was primarily due to a significant increase in the number of subscribers, offset by a lower ARPU in the three and six months ended November 30, 2005, as compared to the same periods last year. The growth rate in service revenue was less than the growth rate in subscribers due to a larger proportionate increase in prepaid subscribers in the Dominican Republic, which generally have a lower ARPU than our postpaid subscribers in Puerto Rico. Our Caribbean wireless operations had approximately 724,100 subscribers at November 30, 2005, an increase of 33% from 543,400 subscribers at November 30, 2004. During the twelve months ended November 30, 2005, increases from new activations of 504,800 were offset by subscriber cancellations of 324,100. The cancellations experienced by our Caribbean wireless operations were primarily the result of a lack of usage by our prepaid customers, competition and non-payment.

The monthly postpaid churn rate increased to 3.2% for the three months ended November 30, 2005, from 2.2% for the same period last year. The monthly postpaid churn rate was 3.2% for the six months ended November 30, 2005 as compared to 2.3% for the six months ended November 30, 2004. The increase in postpaid churn is due to higher voluntary and involuntary churn in both Puerto Rico and the Dominican Republic. We believe that the Company' s shift in emphasis to prepaid plans and "hybrid" plans (having attributes of prepaid and postpaid plans, which we characterize as "prepaid" in our subscriber statistics) contributed to the increase in postpaid churn in the Dominican Republic. Our postpaid subscribers represented approximately 57% of our total Caribbean wireless subscribers for the three and six months ended November 30, 2005, down from approximately 73% for the three and six months ended November 30, 2004. The decrease in the percentage of postpaid customers is due to continued growth in our Dominican Republic operations, which has a higher percentage of prepaid customers.

Caribbean wireless ARPU was $42 for the three months ended November 30, 2005 and $44 for the six months ended November 30, 2005, as compared to $54 for each of the same periods last year. The decrease in ARPU was primarily due to a change in the subscriber mix as the percentage of total Caribbean subscribers from the Dominican Republic has continued to increase. The majority of the subscribers in the Dominican Republic are prepaid subscribers, who generally have a lower ARPU than postpaid subscribers.



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Our subscribers used an average of 825 and 834 minutes of airtime per month during the three and six months ended November 30, 2005, respectively, compared to 978 and 962 minutes per month during the three and six months ended November 30, 2004, respectively. The decrease in minutes of airtime per month was primarily due to the change in the subscriber mix described above, as prepaid subscribers generally consume less airtime than our postpaid subscribers. Our postpaid subscribers used an average of 1,400 and 1,378 minutes of airtime per month during the three and six months ended November 30, 2005, respectively, as compared to 1,288 and 1,274 minutes of use per month during the three and six months ended November 30, 2004, respectively.

Equipment sales increased during the three and six months ended November 30, 2005, as compared to the three and six months ended November 30, 2004 due primarily to an increase in the number of phones sold as well as the sale of more expensive phones as we continue to sell more technologically advanced handsets capable of supplying advanced wireless data services.

*Costs and expenses.* Cost of services increased during the three and six months ended November 30, 2005 as compared to the three and six months ended November 30, 2004. The increase was primarily due to costs associated with a larger subscriber base, including higher interconnection, data access and content, tower site, utilities, compensation and property tax expenses.

Cost of equipment sold increased during the three and six months ended November 30, 2005 as compared to the same period last year. The increase was primarily due to an increase in the number of phones used for upgrades and customer retention purposes.

Sales and marketing expenses decreased during the three months ended November 30, 2005 as compared to the same period last year. The decrease was primarily due to decreases in direct commissions and compensation costs, partially offset by an increase in agent commissions resulting from increased prepaid activations in the Dominican Republic. Sales and marketing expenses increased during the six months ended November 30, 2005 as compared to the same period last year due to an increase in agent commissions, partially offset by decreases in direct commissions and compensation costs.

General and administrative expenses increased during the three and six months ended November 30, 2005 as compared to the same period in fiscal 2005. The increase was primarily due to increases in bad debt expense due to the increase in involuntary churn, as well as an increase in subscriber billing services and compensation costs due to an increased subscriber base.

Adjusted operating income for the Caribbean wireless operations increased for the three and six months ended November 30, 2005, as compared to the three and six months ended November 30, 2004, primarily as a result of an increase in subscribers, partially offset by a decrease in ARPU and an increase in bad debt expense.



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**Caribbean Broadband Operations**

| | Three Months Ended November 30, | | | | Six Months Ended November 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2005 | 2004 | $ Change | % Change | 2005 | 2004 | $ Change | % Change |
| | (In thousands) | | | | | | | |
| Revenue: | | | | | | | | |
| Switched revenue | $12,709 | $11,767 | $942 | 8 % | $25,424 | $23,146 | $2,278 | 10 % |
| Dedicated revenue | 14,307 | 13,357 | 950 | 7 | 28,589 | 25,891 | 2,698 | 10 |
| Wholesale termination revenue | 5,533 | 5,587 | (54) | (1) | 12,109 | 13,155 | (1,046) | (8) |
| Other revenue | 2,871 | 2,411 | 460 | 19 | 5,967 | 4,439 | 1,528 | 34 |
| Total revenue | 35,420 | 33,122 | 2,298 | 7 | 72,089 | 66,631 | 5,458 | 8 |
| Costs and expenses: | | | | | | | | |
| Cost of services | 12,328 | 11,415 | 913 | 8 | 25,393 | 26,082 | (689) | (3) |
| Cost of equipment sold | 160 | 330 | (170) | (52) | 301 | 548 | (247) | (45) |
| Sales and marketing | 1,759 | 1,760 | (1) | − | 3,532 | 3,532 | − | − |
| General and administrative | 4,374 | 5,323 | (949) | (18) | 9,367 | 10,765 | (1,398) | (13) |
| Total costs and expenses | 18,621 | 18,828 | (207) | (1) | 38,593 | 40,927 | (2,334) | (6) |
| Adjusted operating income(1) | $16,799 | $14,294 | $2,505 | 18 % | $33,496 | $25,704 | $7,792 | 30 % |

(1) Adjusted operating income represents the profitability measure of the segment − see Note 8 to the condensed consolidated financial statements for a reconciliation of consolidated adjusted operating income to the appropriate GAAP measure.

*Revenue.* Caribbean broadband revenue increased for the three and six months ended November 30, 2005, as compared to the three and six months ended November 30, 2004. This increase was primarily due to a 14% increase in total access lines and equivalents to 326,400.

Switched revenue increased for the three and six months ended November 30, 2005, as compared to the same period last year. The increase was primarily due to an 18% increase in switched access lines to 66,700 as of the end of November 30, 2005, partially offset by a decrease in recurring revenue per line.

Dedicated revenue increased for the three and six months ended November 30, 2005, as compared to the same period last year. The increase was primarily the result of a 13% growth in voice grade equivalent dedicated lines to 259,700.

Wholesale termination revenue decreased for the three and six months ended November 30, 2005, as compared to the same period last year. The decrease in the three months ended November 30, 2005 as compared to the same period last year, was primarily the result of a decrease in the rate per minute, partially offset by an increase in southbound terminating minutes to the Dominican Republic. The decrease in the six months ended November 30, 2005 as compared to the same period last year was primarily the result of a decrease in southbound terminating minutes to the Dominican Republic. The Dominican Republic termination revenue generally has lower margins than switched and dedicated revenue.

Other revenue increased for the three and six months ended November 30, 2005 from the same period last year. The increase was primarily due to an increase in inter-carrier compensation revenue as well as an increase in installation and new construction charges.

*Costs and expenses.* Cost of services increased during the three months ended November 30, 2005, as compared to the same period last year. The increase was due to an increase in termination expense in Puerto Rico, primarily due to credits received during the prior-year quarter for interconnection expense that related to prior periods. Cost of services decreased during the six months ended November 30, 2005 as compared to the same period last year. The decrease was primarily due to a decrease in access charges in the Dominican Republic, resulting from a decrease in the number of international long distance minutes to the Dominican Republic that we terminate, partially offset by increases in long distance, telephone service costs, and installation and new construction costs.



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General and administrative expenses decreased during the three and six months ended November 30, 2005, as compared to the same periods last year. The decrease was primarily due to the recovery of a previously reserved account receivable.

Adjusted operating income for the Caribbean broadband operations increased during for the three and six months ended November 30, 2005, as compared to the three and six months ended November 30, 2004 primarily as a result of a 14% increase in access lines and equivalents, an increase in inter-carrier compensation revenue and the recovery of a previously reserved account receivable. Additionally, switched and dedicated revenue, which increased during the period, have higher margins than wholesale termination revenue, which decreased during the period.

## LIQUIDITY AND CAPITAL RESOURCES

### Weighted Average Debt Outstanding and Interest Expense

| | Three Months Ended November 30, | | | Six Months Ended November 30, | | |
|---|---|---|---|---|---|---|
| | 2005 | 2004 | Change | 2005 | 2004 | Change |
| | | | (In millions) | | | |
| Weighted Average Debt Outstanding | $1,618.6 | $1,767.8 | $(149.2) | $1,618.7 | $1,768.2 | $(149.5) |
| Weighted Average Gross Interest Rate(1) | 8.8 % | 8.4 % | 0.4 % | 8.7 % | 8.4 % | 0.3 % |
| Weighted Average Gross Interest Rate(2) | 8.4 % | 8.0 % | 0.4 % | 8.3 % | 8.0 % | 0.3 % |
| Gross Interest Expense(1) | $35.800 | $37.336 | $(1.536) | $70.654 | $74.037 | $(3.383) |
| Interest Income | $1.315 | $0.398 | $0.917 | $2.174 | $0.620 | $1.554 |
| Net Interest Expense | $34.485 | $36.938 | $(2.453) | $68.480 | $73.417 | $(4.937) |

(1) Including amortization of debt issuance costs

(2) Excluding amortization of debt issuance costs

On December 21, 2005 we issued $550.0 million in aggregate principal amount of senior notes due 2013 (the "2013 Senior Holdco Notes") in a private placement transaction. The 2013 Senior Holdco Notes were issued in two series consisting of (i) $350.0 million of floating rate notes that bear interest at three-month London Inter-Bank Offering Rate ("LIBOR") plus 5.75% and mature in January 2013 and (ii) $200.0 million of fixed rate notes that bear interest at 10% and mature in January 2013. We will use the net proceeds from the offering, together with a portion of our available cash, to pay a special cash dividend of $5.52 per share to our common stockholders and prepay $39.5 million of term loans under the Senior Secured Credit Facility (the "Senior Secured Credit Facility"). As a result of this prepayment, $39.5 million of term loans under the Senior Secured Credit Facility have been classified as a current liability in the condensed consolidated balance sheet. Our board of directors has approved and declared the special cash dividend of $5.52 per share to our common stockholders of record as of the close of business on December 30, 2005. The payment date for the special cash dividend is expected to be on January 5, 2006. In connection with the completion of the 2013 Senior Holdco Notes offering, we amended our Senior Secured Credit Facility to permit, among other things, the issuance of the 2013 Senior Holdco Notes and payment of the special cash dividend.

In addition, on December 22, 2005 we entered into an interest rate swap agreement (the "CCOC Swap") through our wholly-owned subsidiary, CCOC, to hedge variable interest rate risk on $200.0 million of our then outstanding $550.0 million of variable interest rate term loans under the Senior Secured Credit Facility. The CCOC Swap will become effective on March 31, 2006, and will expire on December 31, 2007. The fixed interest rate on the CCOC Swap is 7.09%. The CCOC Swap was designated as a cash flow hedge. The $200.0 million CCOC Swap, together with the $250.0 million CPROC Swap, described below, hedge variable interest rate risk on $450.0 million of our $900.0 million of variable interest rate debt.



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The $2.5 million decrease in net interest expense resulted primarily from a decrease in the weighted average debt outstanding.

At November 30, 2005, we had total liquidity of $333.6 million, consisting of cash and cash equivalents totaling $183.6 million and approximately $150.0 million available under our revolving credit facility.

On March 1, 2005, we entered into an interest rate swap agreement, through our wholly-owned subsidiary, Centennial Puerto Rico Operations Corp. ("CPROC"), (the "CPROC Swap") to hedge variable interest rate risk on $250.0 million of our $589.5 million of variable interest rate term loans. The swap became effective as of March 31, 2005 and expires March 31, 2007, and the fixed interest rate on the swap is 6.29%. The swap was designated a cash flow hedge. At November 30, 2005, the fair value of the swap was approximately $2.2 million. We recorded an asset, which is included in other assets in the condensed consolidated balance sheet, for the fair value of the swap. For the six months ended November 30, 2005, we recorded $1.0 million, net of tax, in accumulated other comprehensive income attributable to the fair value adjustments of the swap.

On February 10, 2005, we amended our $750.0 million Senior Secured Credit Facility to, among other things, lower the interest rate on term loan borrowings by 0.50% through a reduction in the LIBOR spread from 2.75% to 2.25%. Under the terms of the Senior Secured Credit Facility, as amended, term and revolving loan borrowings will bear interest at LIBOR (weighted average rate of 4.05% as of November 30, 2005) plus 2.25% and LIBOR plus 3.25%, respectively. Our obligations under the Senior Secured Credit Facility are collateralized by liens on substantially all of our assets.

On February 9, 2004, we issued the 8 1/8% Senior Unsecured Notes due 2014 ("2014 Senior Notes"). Concurrent with the issuance of the 2014 Senior Notes, we entered into the Senior Secured Credit Facility. Centennial Communications Corp. and each of its direct and indirect domestic subsidiaries are guarantors under the Senior Secured Credit Facility.

The Senior Secured Credit Facility consists of a seven-year term loan with an aggregate principal amount of $595.5 million, as amended, of which $589.5 million remained outstanding at November 30, 2005. The Senior Secured Credit Facility also includes a six-year revolving credit facility, maturing in February 2010, with an aggregate principal amount of up to $150.0 million. At November 30, 2005, approximately $150.0 million was available under the revolving credit facility. If the remaining 10 3/4% Senior Subordinated Notes due 2008 ("2008 Senior Subordinated Notes") are not refinanced by June 15, 2008, the aggregate amount outstanding under the Senior Secured Credit Facility will become immediately due and payable.

On June 20, 2003, we sold $500.0 million aggregate principal amount of our 2013 Senior Notes. CPROC is a guarantor of the 2013 Senior Notes. We used the net proceeds from the 2013 Senior Notes offering to make repayments of $470.0 million under our prior senior secured credit facility.

In December 1998, we issued $370.0 million of 2008 Senior Subordinated Notes. CPROC is a guarantor of the 2008 Senior Subordinated Notes. As of November 30, 2005, we have repurchased or redeemed $225.0 million aggregate principal amount of such notes. An affiliate of Welsh, Carson, Anderson & Stowe ("Welsh Carson"), our principal stockholder, owned approximately $189.0 million principal amount of the 2008 Senior Subordinated Notes. Approximately $114.5 million, or 50.9%, of the $225.0 million of the 2008 Senior Subordinated Notes redeemed and repurchased were owned by the affiliate of Welsh Carson.

Under certain of the agreements relating to long-term debt, we are required to maintain certain financial and operating covenants, and are limited in our ability to, among other things, incur additional indebtedness and enter into transactions with affiliates. Under certain circumstances, we are prohibited from paying cash dividends on our common stock under certain of such agreements. We were in compliance with all covenants of our debt agreements at November 30, 2005.

For the three and six months ended November 30, 2005, the ratio of earnings to fixed charges was 1.61 and 1.67, respectively. Fixed charges consist of interest expense, including amortization of debt issuance costs, loss on extinguishment of debt, and the portion of rents deemed representative of the interest portion of leases.

As of November 30, 2005, we had $626.7 million of property, plant and equipment, net, placed in service. Capital expenditures were $39.1 million and $65.7 million for the three and six months ended November 30, 2005,



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respectively. Capital expenditures for the U.S. wireless operations were $16.1 million and $25.6 million, representing 41.1% and 39.0% of total capital expenditures, for the three and six month periods ended November 30, 2005, respectively. These expenditures were to expand the coverage areas and upgrade our cell sites and our call switching equipment of existing wireless properties and continue to build out our newly acquired spectrum in Grand Rapids and Lansing, Michigan. Capital expenditures for the Caribbean wireless operations were $18.7 million and $29.0 million, representing 47.9% and 44.1% of total capital expenditures for the three and six months ended November 30, 2005, respectively. These expenditures were to add capacity and services, to continue the development and expansion of our Caribbean wireless systems and to complete the replacement and upgrade our Puerto Rico Wireless and U.S. Virgin Islands network. These expenditures included $5.9 million and $11.8 million of capitalized phones in Puerto Rico we loaned to our customers for the three and six month period ended November 30, 2005, respectively. Capital expenditures for the Caribbean broadband operations were $4.3 million and $11.1 million, representing 11.0% and 16.9% of total capital expenditures for the three and six months ended November 30, 2005, respectively. These expenditures were to continue the expansion of our Caribbean broadband network infrastructure.

We expect to finance our capital expenditures primarily from cash flow generated from operations, borrowings under our existing credit facilities and proceeds from the sale of assets. We may also seek various other sources of external financing, including additional bank financing, joint ventures, partnerships and issuance of debt or equity securities.

To meet our obligations with respect to our operating needs, capital expenditures and debt service obligations, it is important that we continue to improve operating cash flow. Increases in revenue will be dependent upon, among other things, continued growth in the number of customers and maximizing revenue per subscriber. We have continued the construction and upgrade of wireless and broadband systems in our markets to achieve these objectives. There is no assurance that growth in customers or revenue will occur.

Based upon existing market conditions and our present capital structure, we believe that cash flows from operations and funds from currently available credit facilities will be sufficient to enable us to meet required cash commitments through the next twelve-month period.

Centennial, its subsidiaries, affiliates and controlling stockholders (including Welsh Carson and The Blackstone Group and their respective affiliates) may from time to time, depending upon market conditions, seek to purchase certain of Centennial' s or its subsidiaries' securities in the open market or by other means, in each case to the extent permitted by existing covenant restrictions.

**ACQUISITIONS AND DISPOSITIONS**

Our primary acquisition strategy is to obtain controlling ownership interests in communications systems serving markets that are proximate to or share a community of interest with our current markets. We may pursue acquisitions of communications businesses that we believe will enhance our scope and scale. Our strategy of clustering our operations in proximate geographic areas enables us to achieve operating and cost efficiencies, as well as joint marketing benefits, and also allows us to offer our subscribers more areas of uninterrupted service as they travel. In addition to expanding our existing clusters, we also may seek to acquire interests in communications businesses in other geographic areas. The consideration for such acquisitions may consist of shares of stock, cash, assumption of liabilities, a combination thereof or other forms of consideration.

On December 28, 2004 we sold our wholly owned subsidiary, Centennial Cable, to an affiliate of Hicks, Muse, Tate & Furst Incorporated for $157.4 million in cash, which consisted of a purchase price of $155.0 million and a working capital adjustment of $2.4 million. We accounted for the disposition as a discontinued operation in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

**COMMITMENTS AND CONTINGENCIES**

We have contracted with third parties to construct a new undersea cable between Puerto Rico and St. Croix, Virgin Islands. This new cable is expected to be operational by mid-2006 and will interconnect with our existing



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undersea capacity and terminate in the United States. As part of the agreements, we have committed to spend approximately $5.3 million. As of November 30, 2005, we have paid $1.6 million under these agreements.

In June 2004, we signed an amendment to our billing services agreement with Convergys Information Management Group, Inc. ("Convergys"). The agreement has a term of seven years and Convergys agreed to provide billing services, facilitate network fault detection, correction and management performance and usage monitoring and security for our wireless operations throughout the Company. Subject to the terms of the agreement, which include a requirement to meet certain performance standards, we have committed to purchase a total of approximately $74.6 million of services through 2011 under this agreement. These commitments are classified as purchase obligations in the Contractual Obligations table below. As of November 30, 2005, we have paid approximately $14.5 million in connection with this agreement.

We have filed a shelf registration statement with the SEC for the sale of up to 72,000,000 shares of our common stock that may be offered from time to time in connection with acquisitions. The SEC declared the registration statement effective on July 14, 1994. As of November 30, 2005, 37,613,079 shares remain available for issuance under the shelf.

On July 7, 2000, the SEC declared effective our universal shelf registration statement, which registered our sale of up to an aggregate of $750.0 million of securities (debt, common stock, preferred stock and warrants), as well as the resale of up to 20,000,000 shares of our common stock out of approximately 87,000,000 shares owned by certain of our stockholders including Welsh Carson and an affiliate of The Blackstone Group. As of November 30, 2005, we have sold $38.5 million of securities under the shelf and our controlling stockholders have sold 3,000,000 shares. As a result, $711.5 million of our securities for future issuance and the resale of 17,000,000 shares of common stock owned by our controlling stockholders remain available.

During the fiscal years ended May 31, 2003 and 2002, an affiliate of Welsh Carson purchased in open market transactions approximately $189.0 million principal amount of the 2008 Senior Subordinated Notes. On September 24, 2002, we entered into an indemnification agreement with the Welsh Carson affiliate pursuant to which the Welsh Carson affiliate agreed to indemnify us in respect of taxes which may become payable by us as a result of these purchases. In connection with these transactions, we recorded a $15.9 million income tax payable included in accrued expenses and other current liabilities, and a corresponding amount due from the Welsh Carson affiliate that is included in prepaid expenses and other current assets. We have redeemed $225.0 million in aggregate principal amount of the 2008 Senior Subordinated Notes, which included approximately $114.5 million principal amount of 2008 Senior Subordinated Notes held by the Welsh Carson affiliate.

The following table summarizes our scheduled contractual cash obligations and commercial commitments at November 30, 2005 (unless otherwise noted), and the effect that such obligations are expected to have on liquidity and cash flow in future periods.

| Contractual Obligations | Total | Less Than 1 Year | 1 - 3 Years | 4 - 5 Years | After 5 Years |
|---|---|---|---|---|---|
| Long-term debt obligations | $1,620,122 | $39,260 | $(144) | $413,548 | $1,167,458 |
| Operating leases obligations | 192,772 | 18,625 | 33,390 | 26,983 | 113,774 |
| Purchase obligations | 63,793 | 9,596 | 21,021 | 21,879 | 11,297 |
| Total contractual cash obligations | 1,876,687 | 67,481 | 54,267 | 462,410 | 1,292,529 |
| Sublessor agreements(1) | (3,162) | (1,073) | (1,446) | (566) | (77) |
| Net | $1,873,525 | $66,408 | $52,821 | $461,844 | $1,292,452 |

(1) Represents our commitments associated with our sublessor agreements as of May 31, 2005.



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## CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR"

## PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Statements in this report that are not historical facts are hereby identified as "forward-looking statements." Where, in any forward-looking statement, we or our management expresses an expectation or belief as to future results or actions, there can be no assurance that the statement of expectation or belief will result or be achieved or accomplished. Our actual results may differ materially from our expectations, plans or projections. Forward-looking statements can be identified by the use of the words "believe," "expect," "estimate," "anticipate," "project," "intend," "may," "will" and similar expressions, or by discussion of competitive strengths or strategy that involve risks and uncertainties. We warn you that these forward-looking statements are only predictions and estimates, which are inherently subject to risks and uncertainties.

Important factors that could cause actual results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, us include, but are not limited to:

the effects of vigorous competition in our markets, which may make it difficult for us to attract and retain customers and to grow our customer base and revenue and which may increase churn, which could reduce our revenue and increase our costs;

the fact that many of our competitors are larger than we are, have greater financial resources than we do, are less leveraged than we are, have more extensive coverage areas than we do, and may offer less expensive and more technologically advanced products and services than we do;

changes and developments in technology, including our ability to upgrade our networks to remain competitive and our ability to anticipate and react to frequent and significant technological changes which may render certain technologies used by us obsolete;

our substantial debt obligations, including restrictive covenants, which place limitations on how we conduct business;

our ability to attract subscribers in our newly launched markets in Grand Rapids and Lansing, Michigan;

market prices for the products and services we offer may continue to decline in the future;

the effect of changes in the level of support provided to us by the Universal Service Fund;

the effects of consolidation in the telecommunications industry;

general economic, business, political and social conditions in the areas in which we operate, including the effects of world events, terrorism, hurricanes, tornadoes, wind storms and other natural disasters;

our access to the latest technology handsets in a timeframe and at a cost similar to our competitors;

the effect on our business of wireless local number portability, which allows customers to keep their wireless phone numbers when switching between service providers;

our ability to successfully deploy and deliver wireless data services to our customers, including next generation 3G technology;

our ability to generate cash and the availability and cost of additional capital to fund our operations and our significant planned capital expenditures, including the need to refinance or amend existing indebtedness;

our dependence on roaming agreements for a significant portion of our wireless revenue and the expected decline in roaming revenue over the long term;

our dependence on roaming agreements for our ability to offer our wireless customers competitively priced regional and nationwide rate plans that include areas for which we do not own wireless licenses;

our ability to attract and retain qualified personnel;



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- the effects of governmental regulation of the telecommunications industry;
- fluctuations in currency values related to our Dominican Republic operations;
- our ability to acquire, and the cost of acquiring, additional spectrum in our markets to support growth and advanced technologies;
- our ability to manage, implement and monitor billing and operational support systems;
- the results of litigation filed or which may be filed against us, including litigation relating to wireless billing, using wireless telephones while operating an automobile or possible health effects of radio frequency transmission;
- the relative liquidity and corresponding volatility of our common stock and our ability to raise future equity capital; and
- the control of us retained by some of our stockholders and anti-takeover provisions.

We undertake no obligation, other than as may be required under the federal securities laws, to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We do not assume responsibility for the accuracy and completeness of the forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, any or all of the forward-looking statements contained in this report and in any other public statements that are made may prove to be incorrect. This may occur as a result of inaccurate assumptions as a consequence of known or unknown risks and uncertainties. All of the forward-looking statements are qualified in their entirety by reference to the factors discussed under the caption “Risk Factors” of our 2005 Annual Report on Form 10-K/A filed on December 12, 2005. We caution that these risk factors may not be exhaustive. We operate in a continually changing business environment, and new risk factors emerge from time to time. We cannot predict these new risk factors, nor can we assess the impact, if any, of the new risk factors on our business or the extent to which any factor or combination of factors may cause actual results to differ materially from those expressed or implied by any forward-looking statement. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this report might not occur. You should carefully read this report in its entirety. It contains information that you should consider in making any investment decision in any of our securities.

## ITEM 3. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

We are subject to market risks due to fluctuations in interest rates. Approximately $589.5 million of our long-term debt has variable interest rates. We utilize an interest rate swap agreement to hedge variable interest rate risk on $250.0 million of our variable interest rate debt as part of our interest rate risk management program.

See Note 10 for a discussion of certain events that occurred subsequent to November 30, 2005, including the issuance by the Company of additional senior notes aggregating $550,000 in principal amount, prepayment of $39,500 of term loans under the Senior Secured Credit Facility, an amendment to the Senior Secured Credit Facility and an interest rate swap agreement.



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The table below presents principal amounts and related average interest rate by year of maturity for our long-term debt. Weighted average variable rates are based on implied forward rates in the yield curve as of November 30, 2005:

| | Fiscal Year Ended November 30, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | Thereafter | Total | Fair Value |
| | | | | | (In thousands) | | | |
| Long-term debt: | | | | | | | | |
| Fixed rate | $(240) | $(175) | $31 | $145,228 | $320 | $885,458 | $1,030,622 | $1,113,022 |
| Average fixed Interest rate | 10.5% | 10.0% | 10.0% | 10.8% | 10.0% | 9.4% | 9.6% | – |
| Variable rate | $39,500 | $– | $– | $– | $268,000 | 282,000 | $589,500 | $589,500 |
| Average variable Interest rate(1) | 4.9% | 4.9% | 5.1% | 5.2% | 5.3% | 5.4% | 5.3% | – |
| Interest rate swap (pay fixed, receive variable): | | | | | | | | |
| Notional amount | $250,000 | $250,000 | | | | | | $(2,228) |
| Average pay rate | 6.29% | 6.29% | | | | | | |
| Average receive rate | 7.13% | 7.18% | | | | | | |

(1) Represents the average interest rate before applicable margin on the Senior Secured Credit Facility debt.

We have variable rate debt that at November 30, 2005 and 2004 had outstanding balances of $589.5 million and $595.5 million, respectively. The fair value of such debt approximates the carrying value at November 30, 2005 and 2004. Of the variable rate debt, $250.0 million was hedged at November 30, 2005, using an interest rate swap agreement. The swap was designated a cash flow hedge. The fixed interest rate on the interest rate swap was 6.29% at November 30, 2005 and the swap expires on March 31, 2007. Based on our unhedged variable rate obligations outstanding at November 30, 2005, a hypothetical increase or decrease of 10% in the weighted average variable interest rate would have increased or decreased our annual interest expense by approximately $1.4 million.

## ITEM 4. *CONTROLS AND PROCEDURES*

We carried out an evaluation, under the supervision and with the participation of our management including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective as of November 30, 2005.

There was no change in our internal control over financial reporting during the quarter ended November 30, 2005 that has materially affected, or is reasonably likely to materially affect, the Company' s internal control over financial reporting.



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## PART II − OTHER INFORMATION

### ITEM 1. *LEGAL PROCEEDINGS*

We are party to several lawsuits in which plaintiffs have alleged, depending on the case, breach of contract, misrepresentation or unfair practice claims relating to our billing practices, including rounding up of partial minutes of use to full-minute increments, billing send to end, and billing for unanswered and dropped calls. The plaintiffs in these cases have not alleged any specific monetary damages and are seeking certification as a class action. A hearing on class certification in one of these cases was held on September 2, 2003, in state court in Louisiana. Subsequent to such hearing, a new judge was assigned to the case and the plaintiff renewed its motion seeking class action status in December 2004. The decision of the court with respect to certification is still pending. Damages payable by us could be significant, although we do not believe that any damage payments would have a material adverse effect on our consolidated results of operations, consolidated financial position or consolidated cash flows.

In April 2002, WHTV Broadcasting Corp. and Sala Foundation Inc., operators of a wireless cable system in Puerto Rico, filed an action against us in the United States District Court for the District of Puerto Rico. The complaint alleges that we breached the terms of a November 2000 letter of intent to purchase the wireless cable system for $30.0 million. The complaint seeks specific performance of the letter of intent or not less than $15.0 million in damages. We do not believe that any damage payments would have a material adverse effect on our consolidated results of operations, consolidated financial position or consolidated cash flows.

We are subject to other claims and legal actions that arise in the ordinary course of business. We do not believe that any of these other pending claims or legal actions will have a material adverse effect on our consolidated results of operations, consolidated financial position or consolidated cash flows.

### ITEM 2. *UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS*

None

### ITEM 3. *DEFAULTS UPON SENIOR SECURITIES*

None

### ITEM 4. *SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS*

a) The Company' s annual meeting of stockholders was held on September 27, 2005.

b) The following persons were elected as directors at the Company' s annual meeting pursuant to the following votes:

| Directors | Number of Votes | |
|---|---|---|
| | For | Withhold |
| Anthony J. de Nicola | 93,671,784 | 7,039,046 |
| James R. Matthews | 96,419,406 | 4,291,424 |
| Thomas E. McInerney | 95,808,228 | 4,902,602 |
| James P. Pellow | 99,697,175 | 1,013,655 |
| Raymond A. Ranelli | 99,697,200 | 1,013,630 |
| Robert D. Reid | 99,919,212 | 791,618 |
| Scott N. Schneider | 98,471,168 | 2,239,662 |
| Michael J. Small | 96,174,988 | 4,535,842 |
| J. Stephen Vanderwoude | 99,697,200 | 1,013,630 |



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c) The stockholders approved a proposal at the annual meeting to ratify the appointment of Deloitte & Touche LLP as independent auditors for the Company for the fiscal year ending May 31, 2006. The following sets forth the number of votes on this proposal:

| For | Against | Abstain |
|---|---|---|
| 100,654,933 | 49,707 | 6,190 |

**ITEM 5. *OTHER INFORMATION***

None

**ITEM 6. *EXHIBITS***

Each exhibit identified below is filed as a part of this report.

| Exhibit No. | Description |
|---|---|
| 31.1 | Certification of Michael J. Small, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Thomas J. Fitzpatrick, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of Michael J. Small, Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of Thomas J. Fitzpatrick, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |



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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

January 5, 2006

CENTENNIAL COMMUNICATIONS CORP.

/s/ Thomas J. Fitzpatrick

Thomas J. Fitzpatrick
Executive Vice President,
Chief Financial Officer
(Chief Financial Officer)

/s/ Francis P. Hunt

Francis P. Hunt
Sr. Vice President − Controller
(Chief Accounting Officer)



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Exhibit 31.1

CERTIFICATION

I, Michael J. Small, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Centennial Communications Corp;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: January 5, 2006

By: /s/ Michael J. Small
Name: Michael J. Small
Title: Chief Executive Officer

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Exhibit 31.2

CERTIFICATION

I, Thomas J. Fitzpatrick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Centennial Communications Corp;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: January 5, 2006

By: /s/ Thomas J. Fitzpatrick
Name: Thomas J. Fitzpatrick
Title: Chief Financial Officer

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Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Centennial Communications Corp. (the "Company") for the quarter ended November 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer' s knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 5, 2006

/s/ Michael J. Small

Michael J. Small
Chief Executive Officer and Director

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Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Centennial Communications Corp. (the “Company”) for the quarter ended November 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer’ s knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 5, 2006

/s/ Thomas J. Fitzpatrick

Thomas J. Fitzpatrick
Executive Vice President,
Chief Financial Officer

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