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## Cbeyond, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Robert Dezege – Suntrust Robinson Humphrey.

#### Robert Dezege – Suntrust Robinson Humphrey

I just had two quick questions for you, the first is can you talk a little bit and I know you talked a lot about your customer trends but I'd like to hear what you're seeing from the customers that are potentially shrinking in size. These are customers that are laying off people and maybe they're 20% to 30% the size they use to be. I'd like to know what these customers are asking for from you and are you seeing any ARPU pressure as they simply just have smaller businesses than they might have when they started?

The follow up to that would be the Small Business Association put out a press release last week expressing a lot of pleasure with the stimulus bill. While, it's still pretty early and we're not there yet I'm wondering if some of the tax incentives and credit availability for small businesses if you had any comment on how you think the stimulus package could help some of your customers out, that would be helpful.

#### James F. Geiger

We do see customers shrinking in size and for Cbeyond we don't see that pressure necessarily manifesting itself in ARPU. You see that in our churn number because we've got a really tight range, we've got a minimum \$495 product and an average of \$750 so the shrinkage of customers is occurring and its manifesting it in our churn rates.

I guess we also do see some pressure that comes from customers who are having difficulty that do stay with us. But, what we try and do there primarily is try and make sure we take other things they are using, other things like mobile services, other things like storage and security products and we try and keep that customer on our service and we do a pretty good job of that. The stimulus package, boy I just simply don't know how that may affect our small business customers, that may be part of what they see as an increase in their confidence in this economy but I just simply can't answer that one. Bob, do you want to take a whack at that or not?

#### J. Robert Fugate

No, other than that it can't hurt.

**Operator**

Your next question comes from George Sutton – Craig-Hallum Capital.

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