



We know your
network.

But we also know
your name.

***Supplemental Earnings Information
Third Quarter 2009***



Supplemental Notes

Forward Looking Statements Caution

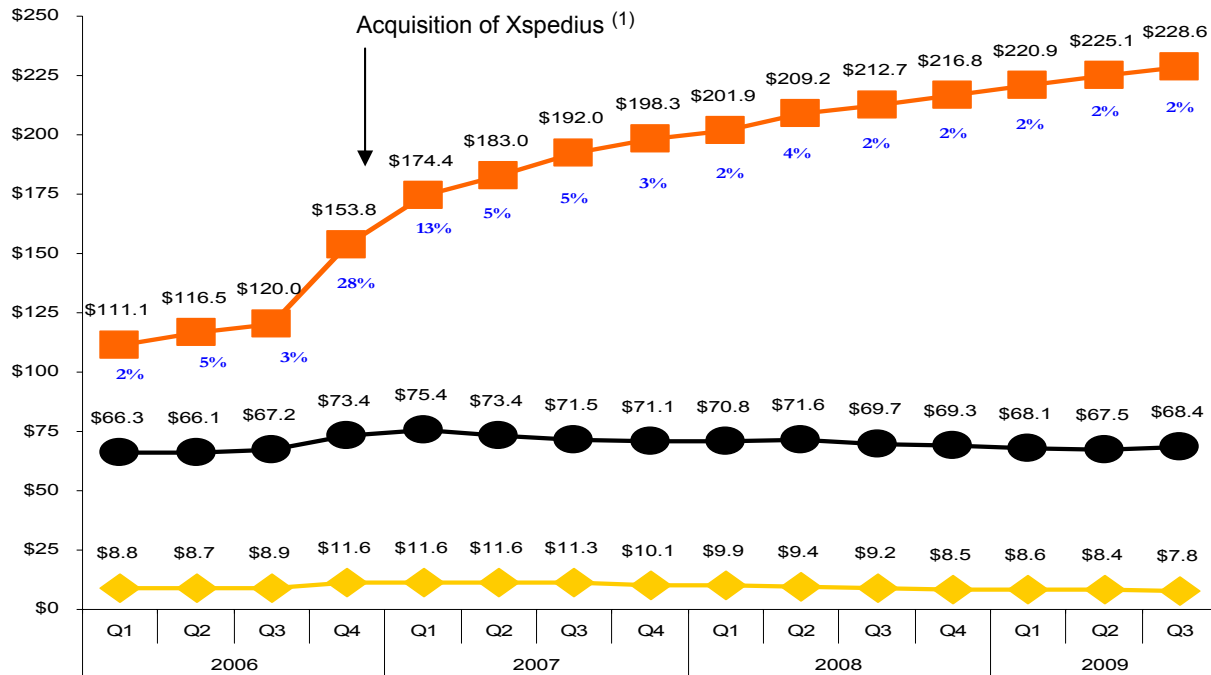
- *The Company's third quarter 2009 press release and conference call contains certain "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding, among other items, revenue trends, margin trends, timing of sales and installations, business fluctuations, disputes, repricing for contract renewals, revenue and customer churn, expected cost synergies, cost trends, growth plans, expected customer disconnects, growth or stability of revenue from particular customer segments, future demand, industry trends, future products and services, expected revenue mix, growth prospects, seasonality, expected cash flow, and expected capital expenditures. These forward-looking statements are based on management's current expectations and are naturally subject to risks, uncertainties, and changes in circumstances, certain of which are beyond our control. Actual results may differ materially from those expressed or implied by such forward-looking statements.*
- *Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that those expectations will prove to be correct.*
- *Important factors that could cause actual results to differ materially from the expectations described in this report are set forth under "Risk Factors" in Item 1A and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2008 and in our Quarterly Reports on Form 10-Q filed subsequent to the Annual Report. In addition, actual results may differ from our expectations due to increased customer churn, consolidation in the telecommunications industry impacting our customers, inability to obtain rights to build networks into commercial buildings, delays in launching new services, decreased demand for our existing services, further economic downturn, further declines in the prices of our services due to competitive pressures and adverse regulatory rulings with respect to switched access services or other matters or legislative developments. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.*

Strong Revenue Growth

\$ Millions

Enterprise Growth

- Strong long-term trends
- Continued success on much larger base
- Quarterly fluctuations due to timing of installs, seasonality and usage



Consolidated Enterprise Revenue

- 75% of total revenue
- Highly diversified
- Sticky revenue

Carrier Revenue

- 22% of total revenue
- Impacted by consolidation-related churn

Intercarrier Compensation

- 3% of total revenue

(1) The Company completed its acquisition of Xspedius Communications, LLC ("Xspedius") on October 31, 2006.

The Strength of the TWTC Model

◆ *Highly diversified revenue base for Quarter* ⁽¹⁾

- *75% enterprise revenue mix*
- *Largest enterprise customer ~ 2% of total*
- *Largest Enterprise Vertical < 10% of total*
- *Mortgage industry ~ 5% of total*
- *Nearly two-thirds of revenue fully on our network*
- *Nearly two-thirds of revenue on 3 year or greater contracts*

◆ *Solid margin expansion – year over year*

- *70 basis point expansion in M-EBITDA* ⁽²⁾ ⁽³⁾

◆ *Strong liquidity & Levered Free Cash Flow* ⁽³⁾

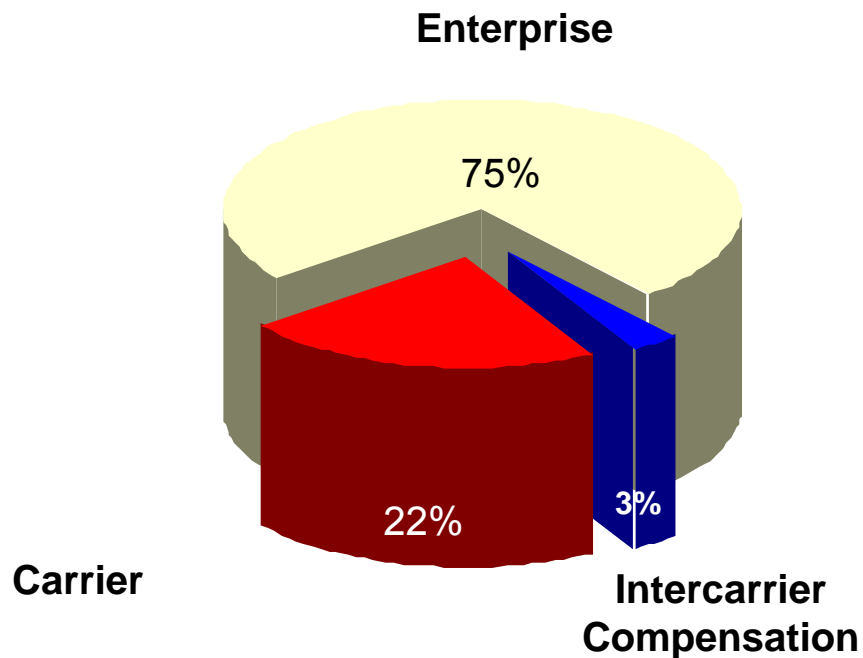
- *\$432 million in cash and equivalents – as of September 30, 2009*
- *11% Levered Free Cash Flow to Revenue ratio* ⁽¹⁾
- *No significant debt maturities until 2013*

⁽¹⁾ For the quarter ended September 30, 2009

⁽²⁾ For the quarter ended September 30, 2009 compared to 2008

⁽³⁾ Reconciliation to GAAP measures, are part of the presentation of the supplemental earnings information on the Company's website at www.twtelecom.com.

Customer & Revenue Mix



Revenue Mix ⁽¹⁾

	2 years ago	1 year ago	Today
Enterprise	70%	73%	75%
Carrier	26%	24%	22%
Intercarrier Compensation	4%	3%	3%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

(1) Revenue for the three months ended September 30, 2009, 2008 and 2007.

Monthly Churn

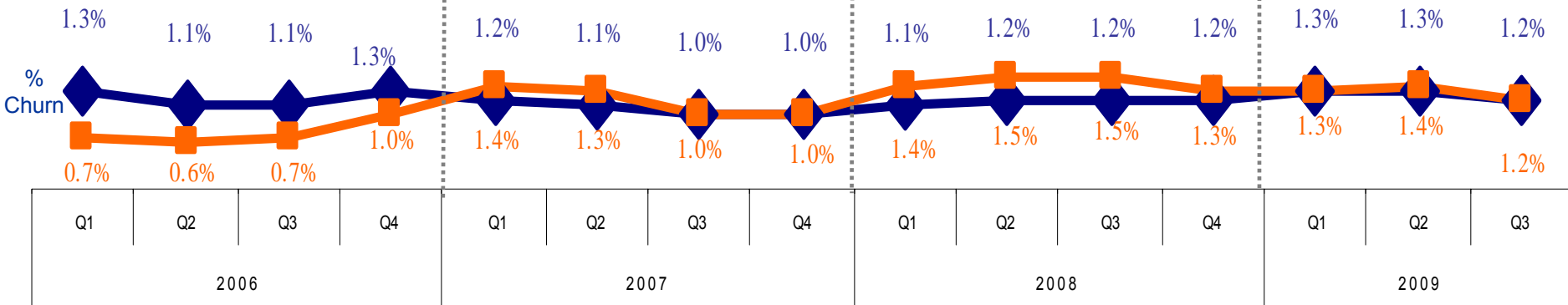
◆ Monthly Revenue Churn ⁽¹⁾
 ■ Monthly Customer Churn ⁽²⁾

Acquisition of Xspedius ⁽³⁾

Revenue Churn
1.2% Avg. for 2006

Revenue Churn
1.1% Avg. for 2007

Revenue Churn
1.2% Avg. for 2008



(1) Revenue churn reflects average lost recurring monthly billing from a customer's partial or complete disconnection of services (excluding repricing impacts & usage) compared to total reported revenue for the quarter.

(2) Customer churn reflects average monthly customer turnover compared to the average monthly customer count.

(3) The Company completed its acquisition of Xspedius Communications, LLC ("Xspedius") on October 31, 2006.

Scaling The Business – Growing Cash Flow

- Top 25 markets generated strong cash flow return – with opportunity to expand with economic recovery
- Middle 25 markets showed steady improvement in cash flow return
- Remaining 25 markets have not yet scaled

Ranking by Modified EBITDA margin	Market Mix (3)	2007				2008			
		Revenue	Modified EBITDA	Modified EBITDA Margin (1)	Cash Flow Return (2)	Revenue	Modified EBITDA	Modified EBITDA Margin (1)	Cash Flow Return (2)
Top 25 markets	<i>Primarily Core</i>	\$652	\$371	57%	33%	\$680	\$395	58%	36%
Middle 25 markets	<i>Mix of Core & Acquired</i>	\$317	\$123	39%	12%	\$343	\$141	41%	13%
Remaining 25 markets	<i>Primarily Acquired</i>	\$115	\$21	18%	(2%)	\$136	\$33	24%	(3%)
Corporate & Central Operations		-	(\$176)	-	-	-	(\$170)	-	-
TOTAL		\$1,084	\$339	31.3%	4.5%	\$1,159	\$399	34.4%	6.9%

(1) Reconciliation to GAAP measures, are part of the presentation of the supplemental earnings information on the Company's website at www.twtelecom.com.

(2) Cash flow return is defined as Unlevered Free Cash Flow (M-EBITDA less cap-ex) divided by Invested Capital (net property, plant & equipment, intangible assets & goodwill).

(3) Market level results are prior to corporate and centralized operating and capital costs, and other corporate allocations.

(3) Market mix refers to acquired markets from the acquisition of Xspedius Communications, LLC on 10/31/06, vs. the core, or pre-acquisition market

Investment = Long Term Cash Flow

Market Level Results; for the year ended 12/31/08 and 12/31/07 ⁽¹⁾

	<u>Austin</u>		<u>Denver</u>	
	2007	2008	2007	2008
◆ <i>M-EBITDA margin</i>	Nearly 60%	Nearly 60%	~ 20%	~ 30%
◆ <i>Capex / Revenue</i>	~ 15%	~15%	~ 35%	~ 30%
◆ <i>UFCF / Gross PP&E ⁽²⁾</i>	~ 25%	~ 25%	~ (5)%	~ 1%
◆ <i>UFCF / Invested capital ⁽²⁾</i>	~ 50%	~ 53%	~ (7)%	~ 1%
◆ <i>Fiber Route Miles</i>	~ 850	~ 870	~ 135	~ 190
◆ <i>Buildings On Net</i>	~ 300	~ 350	~ 60	~ 80
◆ <i>Market Opportunity ⁽³⁾</i>	~ 18,000 businesses		~ 17,000 businesses	

Scaling the Business

- ◆ Launched in 1994
- ◆ Includes Xspedius market from acquisition 11/06
- ◆ Consistent investment over life of market
- ◆ Significant cash flow and Capital efficient

- ◆ Greenfield market in '01
- ◆ Market temporarily put on hold then restarted
- ◆ Developing market

(1) Market-level results are prior to corporate and centralized operating and capital costs, and other corporate allocations

(2) Unlevered Free Cash Flow ("UFCF") defined as M-EBITDA less Capex is compared to both gross property, plant & equipment & to Invested Capital (including net property, plant & equipment, intangible assets & goodwill)

(3) "Target" businesses within a mile of TWTC's fiber at sites with 2+ DS1s of bandwidth utilization

Capital Investments

\$ Millions

	<u>Full Year 2005</u>	<u>Full Year 2006</u>	<u>Full Year 2007</u>	<u>Full Year 2008</u>
Cap-Ex Excluding Integration & Branding				
Short to Medium Term				
Success Based	\$140	\$166	\$203	\$223
<i>(Building entry, fiber, central office augmentation)</i>	86%	87%	88%	84%
Longer-term Strategic				
• Product investment, life-cycle & Strategic market expansions	7	8	6	20
• IT/Corporate investment/Other	<u>16</u>	<u>15</u>	<u>21</u>	<u>23</u>
Total	<u>\$163</u>	<u>\$189</u>	<u>\$230</u>	<u>\$266</u>
Integration & Branding Capital Expenditures	<u>-</u>	<u>\$4</u>	<u>\$30</u>	<u>\$11</u>

The Company expects approximately \$275 million for capital expenditures in 2009

Modified EBITDA Reconciliation

\$ in millions	2007	2008				2009			
	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3
Net Income (Loss)	\$(54.8)	\$(4.7)	\$(3.2)	\$(.1)	\$.9	\$(7.3)	\$2.9	\$5.9	\$7.7
Income tax expense (benefit)	1.0	.3	.4	.9	.7	2.3	.7	1.0	0.4
Other Gain/Loss	3.0	-	4.1	3.7	-	7.8	-	-	-
Interest expense, net (including non-cash interest expense) (2)	88.3	21.8	21.3	21.2	22.7	87.0	21.3	21.0	20.6
Non-cash stock-based compensation expense	22.0	6.1	5.3	5.4	6.4	23.4	6.3	6.6	6.4
Depreciation, amortization and accretion	279.5	69.9	70.9	71.5	73.5	285.8	73.2	74.4	74.3
Modified EBITDA ⁽¹⁾	<u>\$339.0</u>	<u>\$93.4</u>	<u>\$98.8</u>	<u>\$102.6</u>	<u>\$10.2</u>	<u>\$399.0</u>	<u>\$104.4</u>	<u>\$108.9</u>	<u>\$109.4</u>

(1) Please see the earnings press release at www.twtelecom.com for further details on financial measures.

(2) Includes non cash interest expense and deferred debt costs which include impacts of adopting ASC 470-20 (formerly referred to as FSP APB 14-1) for convertible debt.

Free Cash Flow Reconciliation

\$ in millions	2007		2008				2009		
	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3
Reconciliation from Modified EBITDA:									
Modified EBITDA ⁽¹⁾	\$339.0	\$93.4	\$98.8	\$102.6	\$104.2	\$399.0	\$104.4	\$108.9	\$109.4
Less Capital Expenditures	(259.5)	(59.6)	(68.4)	(75.9)	(72.9)	(276.9)	(73.4)	(69.2)	(59.9)
Unlevered Free Cash Flow	79.5	33.7	30.4	26.7	31.3	122.1	31.0	39.7	49.5
Less Net Interest Costs ⁽²⁾	71.5	17.4	16.8	16.7	18.1	69.0	16.5	16.1	15.7
Levered Free Cash Flow ⁽²⁾	\$7.9	\$16.3	\$13.6	\$10.0	\$13.3	\$53.2	\$14.5	\$23.6	\$33.8
Reconciliation to Cash Flow from Operating Activities:									
Levered Free Cash Flow	\$7.9	\$16.3	\$13.6	\$10.0	\$13.3	\$53.2	\$14.5	\$23.6	\$33.8
Capital Expenditures	259.5	59.6	68.4	75.9	72.9	276.9	73.4	69.2	59.9
Income tax (expense) benefit	(1.0)	(.3)	(.4)	(.9)	(.7)	(2.3)	(.7)	(1.0)	(0.4)
Changes in operating assets and liabilities	(2.3)	(16.7)	(9.9)	(6.7)	9.6	(23.7)	(23.8)	14.8	14.5
Other	.1	-	.1	1.1	.4	1.4	.4	-	-
Net cash provided by operating activities	\$264.2	\$58.9	\$71.8	\$79.4	\$95.5	\$305.5	\$63.8	\$106.6	\$107.8

(1) Please see the earnings press release at www.twtelecom.com for further detail on financial measures.

(2) Excludes non-cash interest expense & deferred debt costs and debt extinguishment costs.

(3) Modified EBITDA, as a measure of liquidity, is also reconciled to Net Cash provided by (used in) operating activities in the Company's Quarterly Report on Form 10-Q with the SEC and posted on the Company's website.

ASC 470-20 – Income Statement & Cash Flow Impact

<i>\$ in millions</i>	Quarter	Year to Date	Full Year
	<u>Q308</u>	<u>2008</u>	<u>2008</u>
Reconciliation of Interest Expense as previously reported to as currently reported			
<u>Interest Expense as previously reported:</u>			
Interest Expense	\$18.2	\$56.6	\$75.3
Non-cash interest expense	<u>0.6</u>	<u>1.7</u>	<u>2.2</u>
Total interest expense as previously reported	18.8	58.3	77.5
<u>Non-cash interest expense, incremental-convertible debt (1):</u>			
Discount amortization	3.9	11.3	15.3
Deferred debt issue costs	<u>0.1</u>	<u>0.4</u>	<u>0.5</u>
Total non-cash interest expense, incremental-convertible debt	4.0	11.7	15.8
<u>Interest expense</u>			
Interest expense	18.2	56.6	75.3
Non-cash interest expense	<u>4.5</u>	<u>13.4</u>	<u>18.0</u>
Total, as currently reported	<u>\$22.7</u>	<u>\$70.0</u>	<u>\$93.3</u>
Reconciliation of Levered Free Cash Flow as previously reported to as currently reported			
Unlevered Free Cash Flow	\$26.7	\$90.8	\$122.1
Interest expense	(18.2)	(56.6)	(75.3)
Non-cash interest expense	(0.6)	(1.7)	(2.2)
Interest income	<u>1.5</u>	<u>5.7</u>	<u>6.3</u>
Levered Free Cash Flow, as previously reported	9.4	38.2	50.9
Add: Reclassification of deferred debt issue costs (2)	<u>0.6</u>	<u>1.7</u>	<u>2.2</u>
Levered Free Cash Flow, as currently reported (2)	<u>\$10.0</u>	<u>\$39.9</u>	<u>\$53.2</u>

- (1) Effective 1/1/09, the Company adopted ASC 470-20 (formerly referred to as FSP APB 14-1), which requires retrospective application. For further details see the Company's SEC filings.
- (2) In conjunction with the adoption of ASC 470-20 (formerly referred to as FSP APB 14-1), the Company now excludes all non-cash interest expense in its calculation of levered free cash flow.

ASC 470-20 – Balance Sheet Impact

\$ in millions

	September 30, 2008	December 31, 2008
	<u> </u>	<u> </u>
Reconciliation of Retrospective Application to Balance Sheet for ASC 470-20		
Other Assets, as previously reported	\$529.5	\$524.7
Application of ASC 470-20	<u>(5.0)</u>	<u>(5.1)</u>
Other Assets, as currently reported	<u><u>\$524.6</u></u>	<u><u>\$519.6</u></u>
Long-term debt and capital lease obligations, as previously reported	\$1,367.2	\$1,365.6
Application of ASC 470-20	<u>(85.4)</u>	<u>(81.4)</u>
Long-term debt and capital lease obligations as currently reported	<u><u>\$1,281.8</u></u>	<u><u>\$1,284.2</u></u>
Stockholder' Equity, as previously reported	\$592.9	\$596.9
Application of ASC 470-20	<u>80.4</u>	<u>76.3</u>
Stockholders' Equity, as currently reported	<u><u>\$673.3</u></u>	<u><u>\$673.2</u></u>

(1) Effective 1/1/09, the Company adopted ASC 470-20 (formerly referred to as FSP APB 14-1) which requires retrospective application. For further details see the Company's SEC filings.