

Changing the way businesses
Connect & Communicate

Supplemental Earnings Information
First Quarter 2011



Supplemental Notes

Forward Looking Statements Caution

The Company's first quarter 2011 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, growth prospects, market opportunities, bookings, demand drivers, sales and installations timing, revenue growth, disconnections, business trends and fluctuations, seasonality, expense trends, taxes, network and product plans 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 the press release and earnings call 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, 2010 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 disconnections, consolidation in the telecommunications or other industries impacting our customers, delays in installation of services, inability to obtain rights to build networks into commercial buildings, failure to offer competitive new services, decreased demand for our existing services, further economic downturn, increases in taxes or loss of tax benefits, exhaustion of the public supply of IP addresses, further declines in the prices of our services due to competitive pressures or otherwise, adverse regulatory rulings with respect to switched access services or other matters or adverse legislative developments. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. tw telecom undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Key Revenue Facts

(Quarter ended March 31, 2011)

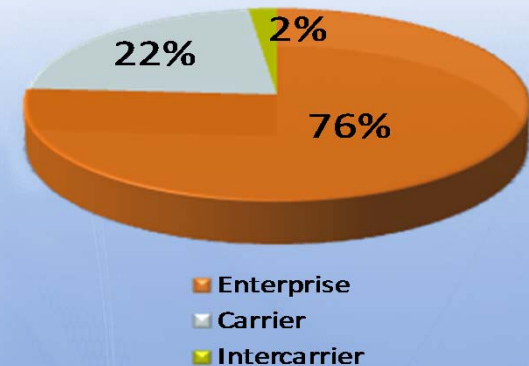
▶ Total revenue

- Approx. 2/3 fully on our network
- Approx. 2/3 on 3 year or longer contracts
- Data and Internet as a % of total revenue continues to grow – 46% in 1Q11 vs. 41% 1Q10

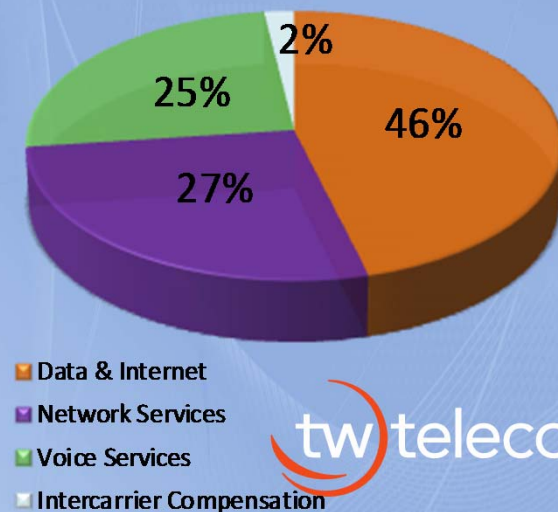
▶ Enterprise revenue

- Largest Enterprise Customer < 2% of total revenue
- Largest Enterprise Vertical < 10% of total revenue

Customer Mix

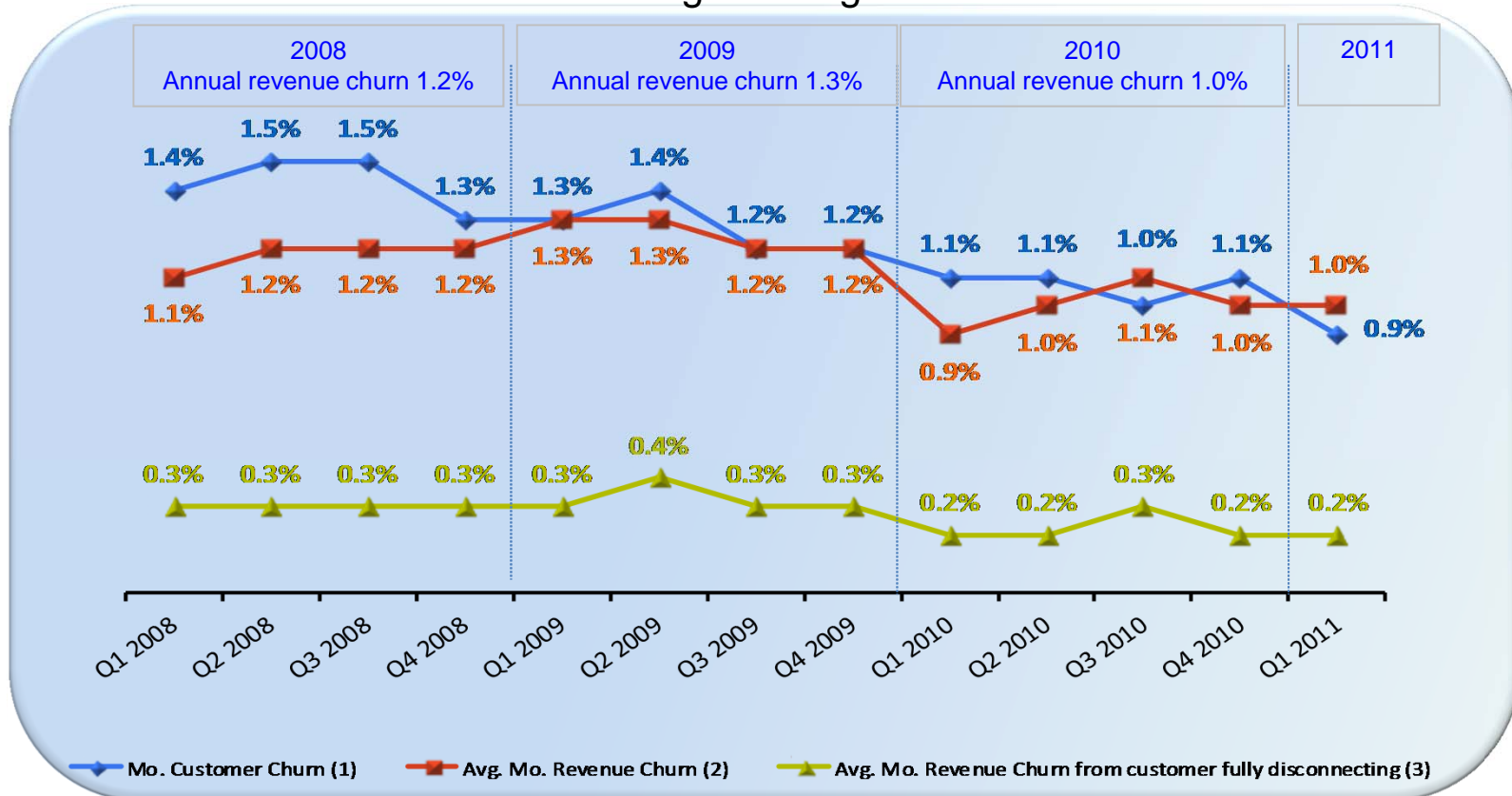


Revenue Mix



Churn Trends

Revenue churn from customers fully disconnecting service has remained low reflecting a strong and stable customer base



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

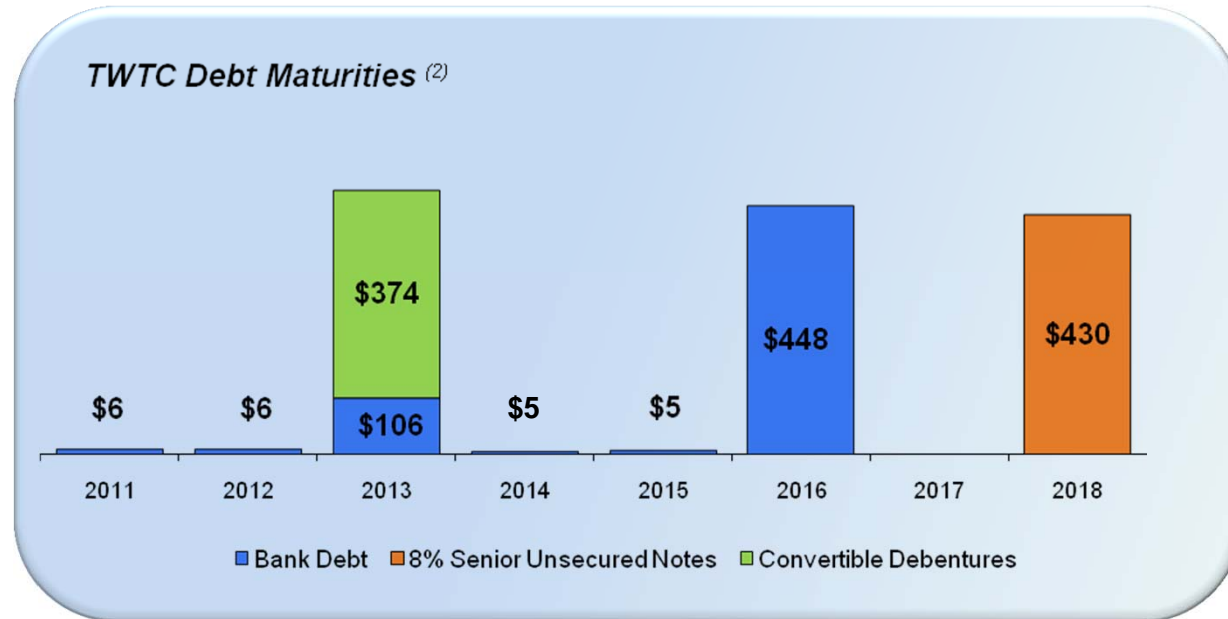
(2) Revenue churn reflects average lost recurring monthly billing from customer's partial or complete disconnection of services (excluding repricing & usage) compared to reported revenue for period.

(3) Revenue churn for customers fully disconnecting reflects average lost recurring monthly billing from customer's complete disconnection of services compared to reported revenue for the period.

Financial Flexibility & Strong Liquidity

▶ Strong Liquidity ⁽¹⁾

- Net Debt/M-EBITDA: < 2x
- Interest Coverage: ~ 8x
- Unused \$80 million revolver
- \$480 million cash, equivalents & short-term investments



(1) Excludes non-cash interest expense and debt extinguishment costs. Annualized amount based on quarter ended March 31, 2011. See reconciliation of Net Debt and Interest Coverage ratios on the last page of this presentation.

(2) See the Company's SEC filings for a full description of the debt instruments.

Capital Investments

	Full Year 2008	Full Year 2009	Full Year 2010
<u>Short-to-Medium Term Success Based</u>			
• Building Entry & Network Growth (including fiber, electronics & labor)	\$223	\$224	\$252
<u>Longer-term Strategic</u>			
• Product Investment, life-cycle & strategic market expansions	20	26	44
• IT/Corporate investment/Other	23	25	26
Sub-total	\$266	\$275	\$322
Integration & Branding Expenditures	\$11	-	-
<u>Success Based</u>			
% of capital (excluding integration & branding)	84%	82%	78%

Modified EBITDA Reconciliation

<i>\$ Millions</i>	Full Year 2009	Q1 10	Q2 10	Q3 10	Q4 10	Full Year 2010	Q1 11
Net Income (Loss)	\$27.6	\$(4.5)	\$242.3	\$16.1	\$17.5	\$271.4	\$12.6
Income tax expense (benefit)	2.7	0.4	(226.2)	2.3	1.7	(221.9)	9.8
Debt extinguishment costs	-	17.1	-	-	-	17.1	-
Interest expense, net (including non-cash interest expense) ⁽²⁾	83.6	20.8	19.6	19.4	20.5	80.3	21.8
Other Income	-	-	-	(0.8)	-	(0.8)	-
Non-cash stock-based compensation expense	26.6	7.0	6.7	6.9	7.2	27.8	7.4
Depreciation, amortization and accretion	296.2	73.4	72.0	71.6	72.5	289.6	69.7
Modified EBITDA ⁽¹⁾	\$436.7	\$114.2	\$114.4	\$115.5	\$119.4	\$463.6	\$121.4

(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.

Free Cash Flow Reconciliation

<i>\$ Millions</i>	Full Year 2009	Q1 10	Q2 10	Q3 10	Q4 10	Full Year 2010	Q1 11
Reconciliation from Modified EBITDA:							
Modified EBITDA ⁽¹⁾	\$436.7	\$114.2	\$114.4	\$115.5	\$119.4	\$463.6	\$121.4
Less Capital Expenditures	(274.9)	(80.9)	(85.0)	(77.8)	(78.1)	(321.8)	(79.3)
Unlevered Free Cash Flow	161.8	33.3	29.4	37.7	41.2	141.7	42.2
Less Net Interest Costs⁽²⁾	64.2	15.8	14.2	13.9	14.9	58.9	16.1
Levered Free Cash Flow⁽²⁾	\$97.5	\$17.5	\$15.2	\$23.8	\$26.4	\$82.8	\$26.1
Reconciliation to Cash Flow from Operating Activities:							
Levered Free Cash Flow	\$97.5	\$17.5	\$15.2	\$23.8	26.4	\$82.8	\$26.1
Capital Expenditures	274.9	80.9	85.0	77.8	78.1	321.8	79.3
Income tax (expense) benefit	(2.7)	(0.4)	226.2	(2.3)	(1.7)	221.9	(9.8)
Deferred income taxes	-	-	(226.3)	0.6	1.6	(224.1)	9.5
Changes in operating assets and liabilities	20.2	(0.8)	7.3	5.6	(14.1)	(16.6)	(5.9)
Other	0.6	0.1	0.1	(0.1)	(0.1)	-	(0.1)
Net cash provided by operating activities	\$390.5	\$97.3	\$92.9	\$105.4	\$90.2	\$385.8	\$99.1

(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

Net Debt & Interest Coverage Reconciliation

\$ in millions

Q1 2011

Net Debt

	\$7.0
Current portion of debt and capital lease obligations	
Long Term Debt & Capital Lease Obligations	1,341.4
Unamortized discounts	<u>44.6</u>
Total Debt	1,393.0
Less: Cash, cash equivalents and short term investments	<u>(479.8)</u>
Net Debt	<u>\$913.2</u>

Net Debt to Annualized Modified EBITDA

Net Debt	<u>\$913.2</u>
Modified EBITDA	<u>\$121.4</u>
Annualized Modified EBITDA	<u>\$485.6</u>
Net Debt to Annualized Modified EBITDA ratio	<u>1.88</u>

Annualized Modified EBITDA to Adjusted Annualized Net Interest Expense

Annualized Modified EBITDA	<u>\$485.6</u>
Net Interest Expense & Interest Income	\$ 21.8
Less: Non-cash interest expense	<u>(5.7)</u>
Adjusted Net Interest	\$ 16.1
Adjusted Annualized Net Interest	<u>\$64.4</u>
Annualized Modified EBITDA to Adjusted Annualized Net Interest Expense	<u>7.54</u>