



Changing the way businesses

**CONNECT &
COMMUNICATE**

**Supplemental Earnings Information
Q3 2010**



Supplemental Notes

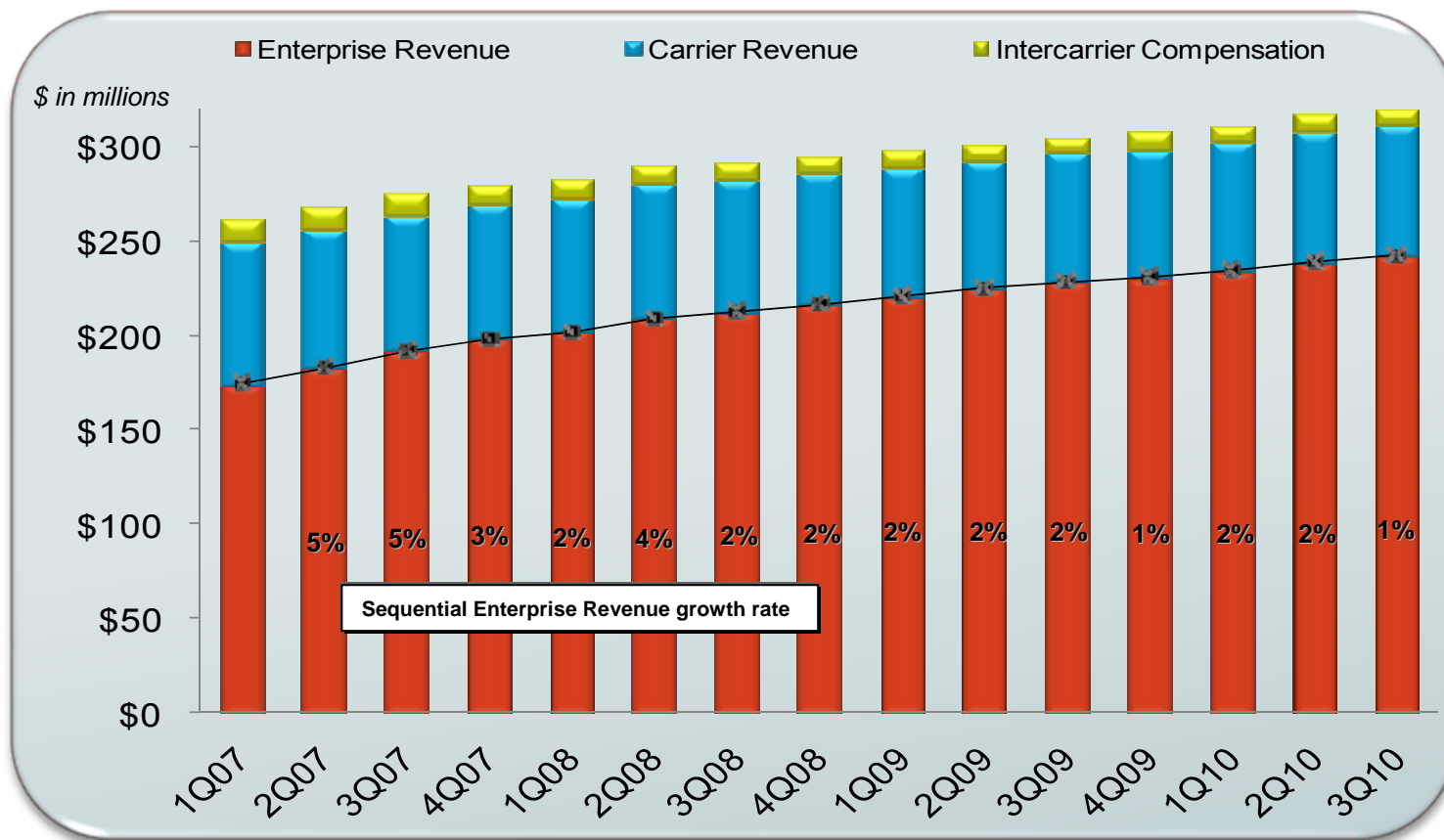
Forward Looking Statements Caution

The Company's third quarter 2010 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, 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, 2009 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, 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.

Strong Revenue & Margin

Enterprise Revenue - 75% of total revenue, strong long term trend ⁽¹⁾



Total Annual Revenue Growth
Total Annual M-EBITDA margin

33%
31%

2007

7%
34%

2008

5%
36%

2009

5%
36%

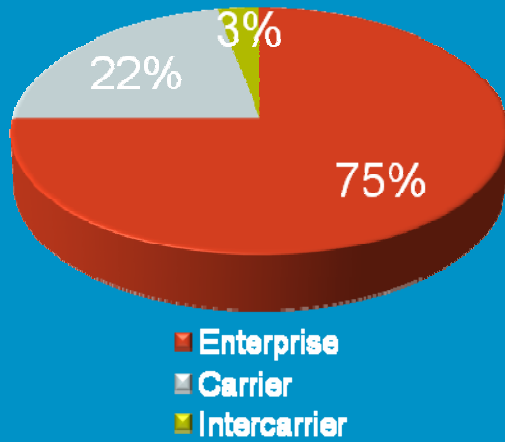
YTD 2010

(1) For the quarter ended September 30, 2010

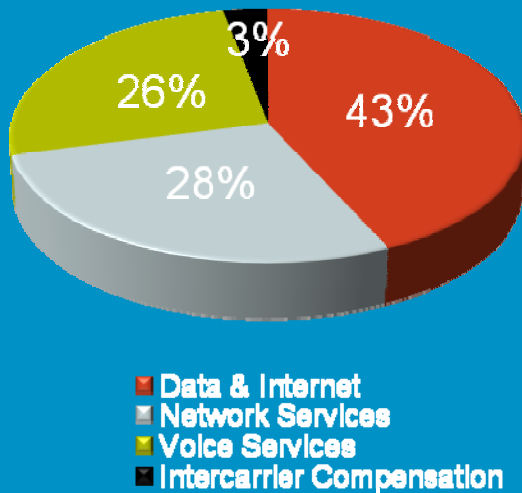
Key Revenue Facts

(As of September 30, 2010)

Customer Mix



Revenue Mix



Total revenue

Approx. 2/3 fully on our network

Approx. 2/3 on 3 year or greater contracts

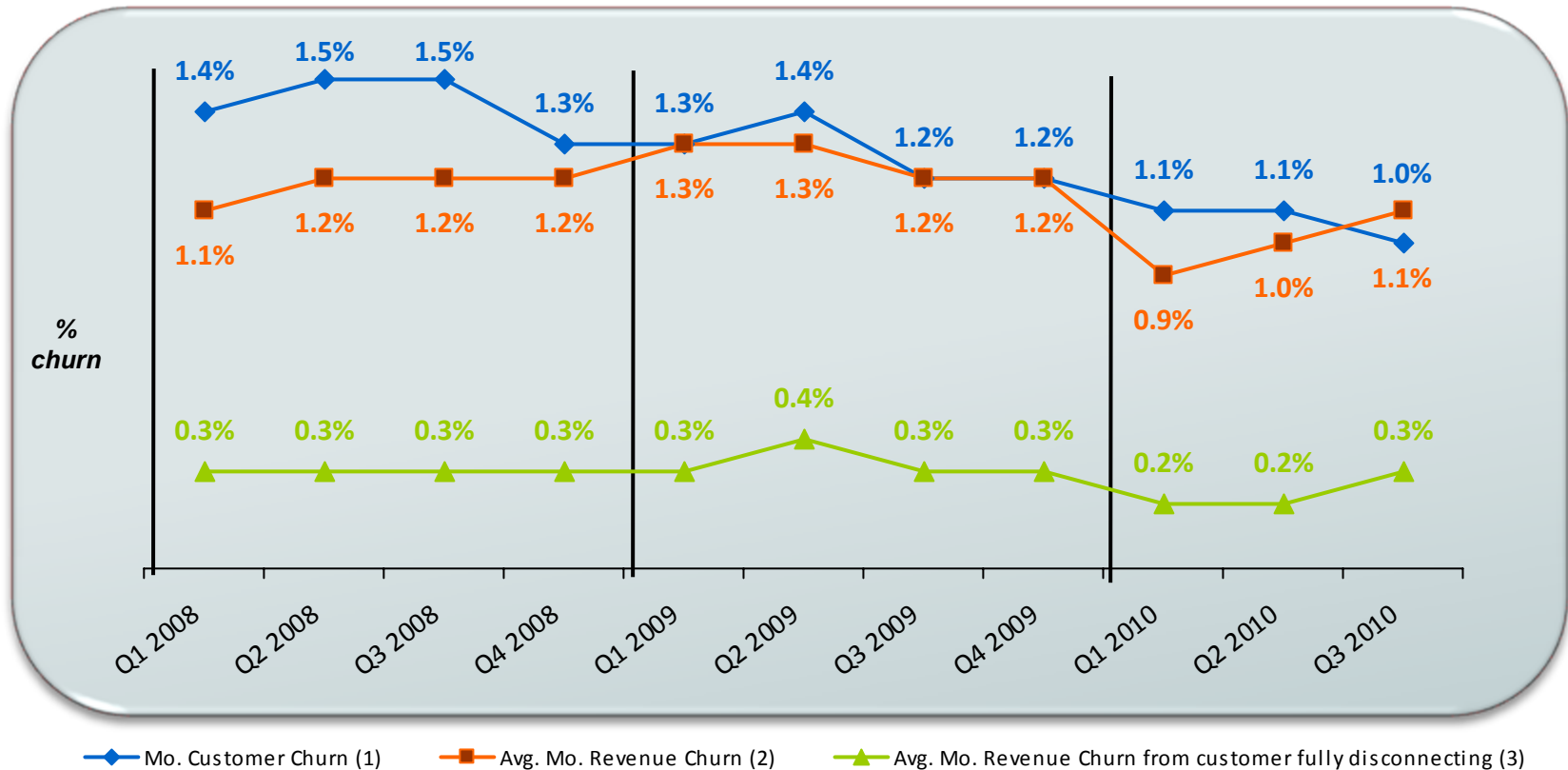
Enterprise revenue

Largest Enterprise Customer < 2% of total revenue

Largest Enterprise Vertical < 10% of total revenue

Churn Trends

*For customers fully disconnecting service,
revenue churn remained low reflecting strong 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 quarter.

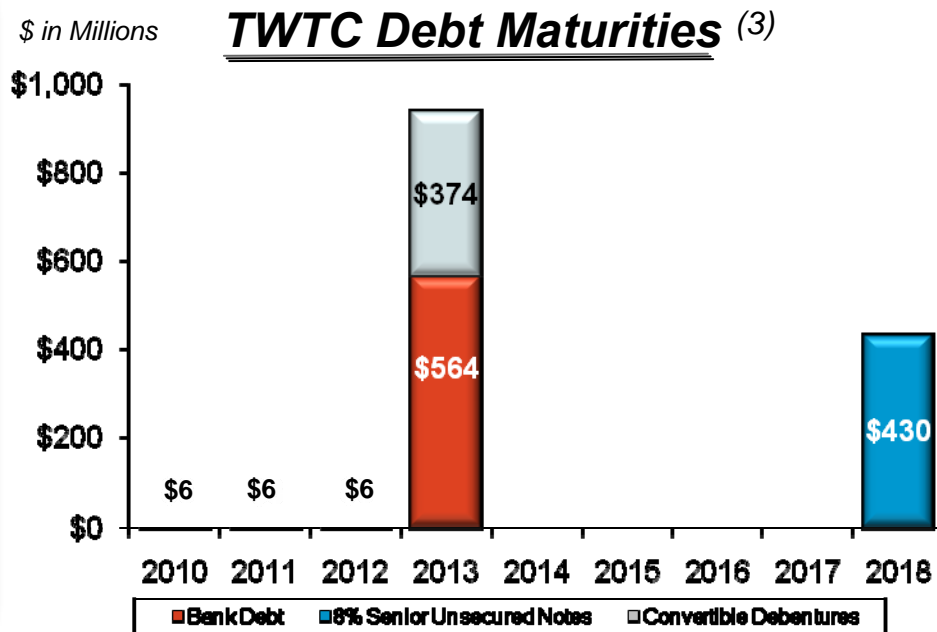
(3) Revenue churn for customers fully disconnecting reflects average lost recurring monthly billing from customer's complete disconnection of services compared to reported revenue for the quarter.

Strong Liquidity

As of September 30, 2010

- No Near Term Major Debt Maturities
- Weighted Cost of Debt is ~ 4% ⁽¹⁾
(excludes non-cash interest)
- No Financial Maintenance Covenants ⁽²⁾
- Key debt metrics ⁽¹⁾
Net Debt/M-EBITDA: < 2x
Interest Coverage: > 8x
- \$507 million cash, equivalents & short-term investments
- Unused \$80 million revolver

Financial Flexibility



(1) Excludes non-cash interest expense and debt extinguishment costs. Annualized amount based on quarter ended September 30, 2010. See Supplemental Information for reconciliation of Net Debt and Interest Coverage ratios.

(2) The Company has no financial maintenance covenants as of September 30, 2010. There are financial maintenance covenants in the Company's undrawn revolver which would only apply if drawn.

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

Scaling & Growing Cash Flow

Cash Flow Return increased in 2009 driven by revenue growth & operational efficiencies

Markets ranked based on 2007 Modified EBITDA margin performance

2008					
Ranking by Modified EBITDA margin	Market Mix (3)				
		Revenue	Modified EBITDA	Modified EBITDA Margin (1)	Cash Flow Return (2)
Top 25 markets	<i>Primarily Core</i>	\$680	\$395	58%	36%
Middle 25 markets	<i>Mix of Core & Acquired</i>	\$343	\$141	41%	13%
Bottom 25 markets	<i>Primarily Acquired</i>	\$136	\$33	24%	(3%)
Corporate & Central Operations		-	(\$170)	-	-
TOTAL		\$1,159	\$399	34%	7%

2009			
Revenue	Modified EBITDA	Modified EBITDA Margin (1)	Cash Flow Return (2)
\$702	\$415	59%	38%
\$357	\$154	43%	13%
\$152	\$44	29%	0%
-	(\$176)	-	-
\$1,211	\$437	36%	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). Market-level results are prior to corporate costs and centralized operations and other corporate allocations.

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

Investment = Long Term Cash Flow

Market Level Results; for year-end
12/31/09, 12/31/08 and 12/31/07 (1)

“Top 25 market”

Austin

“Bottom 25 market”

Denver

“Bottom 25 market”

Las Vegas

	2007	2008	2009	2007	2008	2009	2007	2008	2009
♦ M-EBITDA Margin	58%	59%	62%	21%	29%	36%	15%	20%	22%
♦ Capex / Revenue	13%	14%	11%	35%	27%	34%	22%	36%	42%
♦ UFCF / Invested Capital ⁽²⁾	50%	53%	65%	(7%)	1%	2%	(2%)	(5%)	(7%)
♦ Fiber Route Miles	~ 850	~ 870	~ 930	~ 140	~ 190	~ 190	~ 80	~ 90	~ 100
♦ Buildings On Net	322	350	372	66	82	89	21	37	62
♦ Market Opportunity ⁽³⁾	~ 20,000 businesses			~ 17,000 businesses			~ 19,000 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
- ♦ Generating cash
- ♦ Developing market

- ♦ Xspedius acquisition in '06
- ♦ Beginning stages of capital investment
- ♦ Not yet generating cash
- ♦ Developing market

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

(2) Unlevered Free Cash Flow (“UFCF”) is defined as M-EBITDA less Capex divided by Invested Capital (net property, plant & equipment, intangible assets & goodwill)

(3) “Target” businesses within a mile of TWTC’s fiber

Capital Investments

For the full year 2010, TWTC expects to spend at the high end of previous guidance range of \$300-\$325 million for capital expenditures.

<i>\$ Millions</i>	<u>Full Year 2007</u>	<u>Full Year 2008</u>	<u>Full Year 2009</u>
<u>Short-to-Medium Term Success Based</u>			
◆ Building Entry, fiber, central office augmentation	\$203	\$223	\$224
<u>Longer-term Strategic</u>			
◆ Product Investment, life-cycle & strategic market expansions	6	20	26
◆ IT/Corporate investment/Other	<u>21</u>	<u>23</u>	<u>25</u>
Sub-Total	<u><u>\$230</u></u>	<u><u>\$266</u></u>	<u><u>\$275</u></u>
Integration & Branding Expenditures	\$30	\$11	-
<i>Success Based as % of Capital (excluding branding & integration)</i>	88%	84%	82%

Modified EBITDA Reconciliation

\$ Millions					Full			
	Q1 09	Q2 09	Q3 09	Q4 09	Year 2009	Q1 10	Q2 10	Q3 10
Net Income (Loss)	\$2.9	\$5.9	\$7.7	\$11.1	\$27.6	\$(4.5)	\$242.3	\$16.1
Income tax expense (benefit)	0.7	1.0	0.4	0.6	2.7	0.4	(226.2)	2.3
Debt extinguishment costs	-	-	-	-	-	17.1	-	-
Interest expense, net (including non-cash interest expense) ⁽²⁾	21.3	21.0	20.6	20.7	83.6	20.8	19.6	19.4
Other Income	-	-	-	-	-	-	-	(0.8)
Non-cash stock-based compensation expense	6.3	6.6	6.4	7.2	26.6	7.0	6.7	6.9
Depreciation, amortization and accretion	73.2	74.4	74.3	74.3	296.2	73.4	72.0	71.6
Modified EBITDA ⁽¹⁾	<u>\$104.4</u>	<u>\$108.9</u>	<u>\$109.4</u>	<u>\$113.9</u>	<u>\$436.7</u>	<u>\$114.2</u>	<u>\$114.4</u>	<u>\$115.5</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

\$ Millions	Q1 09	Q2 09	Q3 09	Q4 09	Full Year 2009	Q1 10	Q2 10	Q3 10
Reconciliation from Modified EBITDA:								
Modified EBITDA ⁽¹⁾	\$104.4	\$108.9	\$109.4	\$113.9	\$436.7	\$114.2	\$114.4	\$115.5
Less Capital Expenditures	(73.4)	(69.2)	(59.9)	(72.3)	(274.9)	(80.9)	(85.0)	(77.8)
Unlevered Free Cash Flow	31.0	39.7	49.5	41.5	161.8	33.3	29.4	37.7
Less Net Interest Costs ⁽²⁾	16.5	16.1	15.7	15.8	64.2	15.8	14.2	13.9
Levered Free Cash Flow ⁽²⁾	<u>\$14.5</u>	<u>\$23.6</u>	<u>\$33.8</u>	<u>\$25.7</u>	<u>\$97.5</u>	<u>\$17.5</u>	<u>\$15.2</u>	<u>\$23.8</u>
Reconciliation to Cash Flow from Operating Activities:								
Levered Free Cash Flow	\$14.5	\$23.6	\$33.8	\$25.7	\$97.5	\$17.5	\$15.2	\$23.8
Capital Expenditures	73.4	69.2	59.9	72.3	274.9	80.9	85.0	77.8
Income tax (expense) benefit	(0.7)	(1.0)	(0.4)	(0.6)	(2.7)	(0.4)	226.2	(2.3)
Deferred income taxes	-	-	-	-	-	-	(226.3)	0.6
Changes in operating assets and liabilities	(23.8)	14.8	14.5	14.8	20.2	(0.8)	7.3	5.6
Other	0.4	-	-	0.1	0.6	0.1	0.1	(0.1)
Net cash provided by operating activities	<u>\$63.8</u>	<u>\$106.6</u>	<u>\$107.8</u>	<u>\$112.3</u>	<u>\$390.5</u>	<u>\$97.3</u>	<u>\$92.9</u>	<u>\$105.4</u>

(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.

Net Debt & Interest Coverage Reconciliation

\$ in millions

Q3 2010

Net Debt

Current portion of debt and capital lease obligations	\$7.1
Long Term Debt & Capital Lease Obligations	1,335.5
	<u>54.3</u>
Unamortized discounts	
Total Debt	1,396.9
Less: Cash, cash equivalents and short term investments	(507.5)
Net Debt	<u><u>\$889.4</u></u>

Net Debt to Annualized Modified EBITDA

Net Debt	<u>\$889.4</u>
Modified EBITDA	<u>115.5</u>
	<u>\$462.0</u>
Annualized Modified EBITDA	
Net Debt to Annualized Modified EBITDA ratio	<u><u>1.93</u></u>

Annualized Modified EBITDA to Adjusted Annualized Net Interest Expense

Annualized Modified EBITDA	<u>\$462.0</u>
Net Interest Expense & Interest Income	19.4
Less: Non-cash interest expense	(5.5)
Adjusted Net Interest	<u>13.9</u>
Adjusted Annualized Net Interest	<u>\$55.6</u>
Annualized Modified EBITDA to Adjusted Annualized Net Interest Expense	<u><u>8.31</u></u>