



Changing the way businesses

**CONNECT &
COMMUNICATE**

**Supplemental Earnings Information
Fourth Quarter 2010**



Supplemental Notes

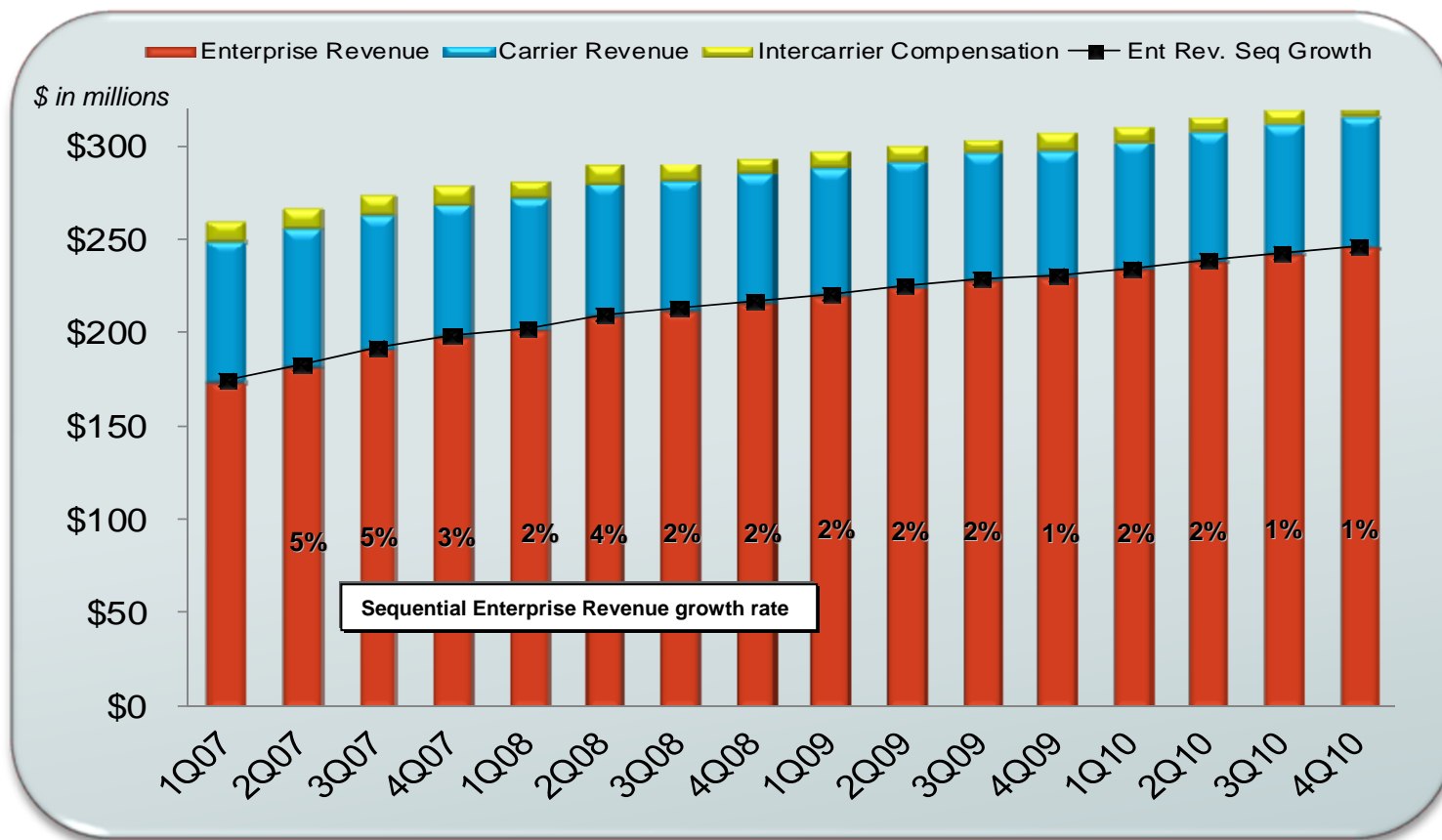
Forward Looking Statements Caution

The Company's fourth 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, 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, 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, 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.

Strong Revenue & Margin

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



Total Annual Revenue Growth
Total Annual M-EBITDA margin

33.4%
31.3%

7.0%
34.4%

4.5%
36.0%

5.1%
36.4%

2007

2008

2009

2010

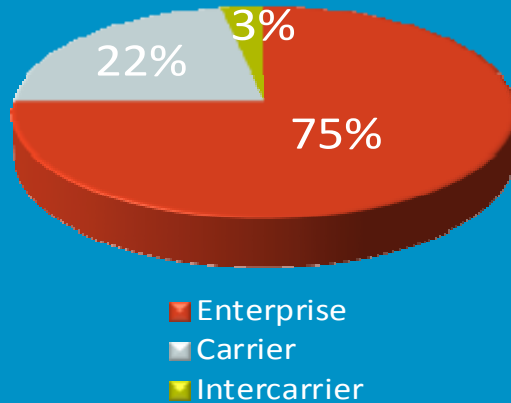


(1) For the quarter ended December 31, 2010

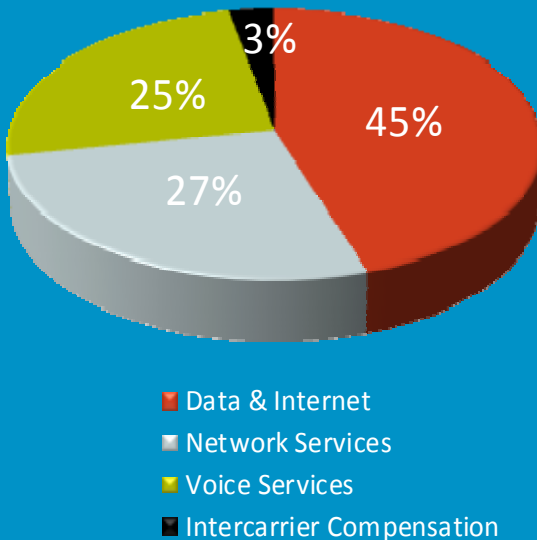
Key Revenue Facts

(Quarter ended December 31, 2010)

Customer Mix



Revenue Mix



Total revenue

Approx. 2/3 fully on our network

Approx. 2/3 on 3 year or greater contracts

Data and Internet as a % of total revenue continues to grow –
45% in 4Q10 vs. 41% 4Q09

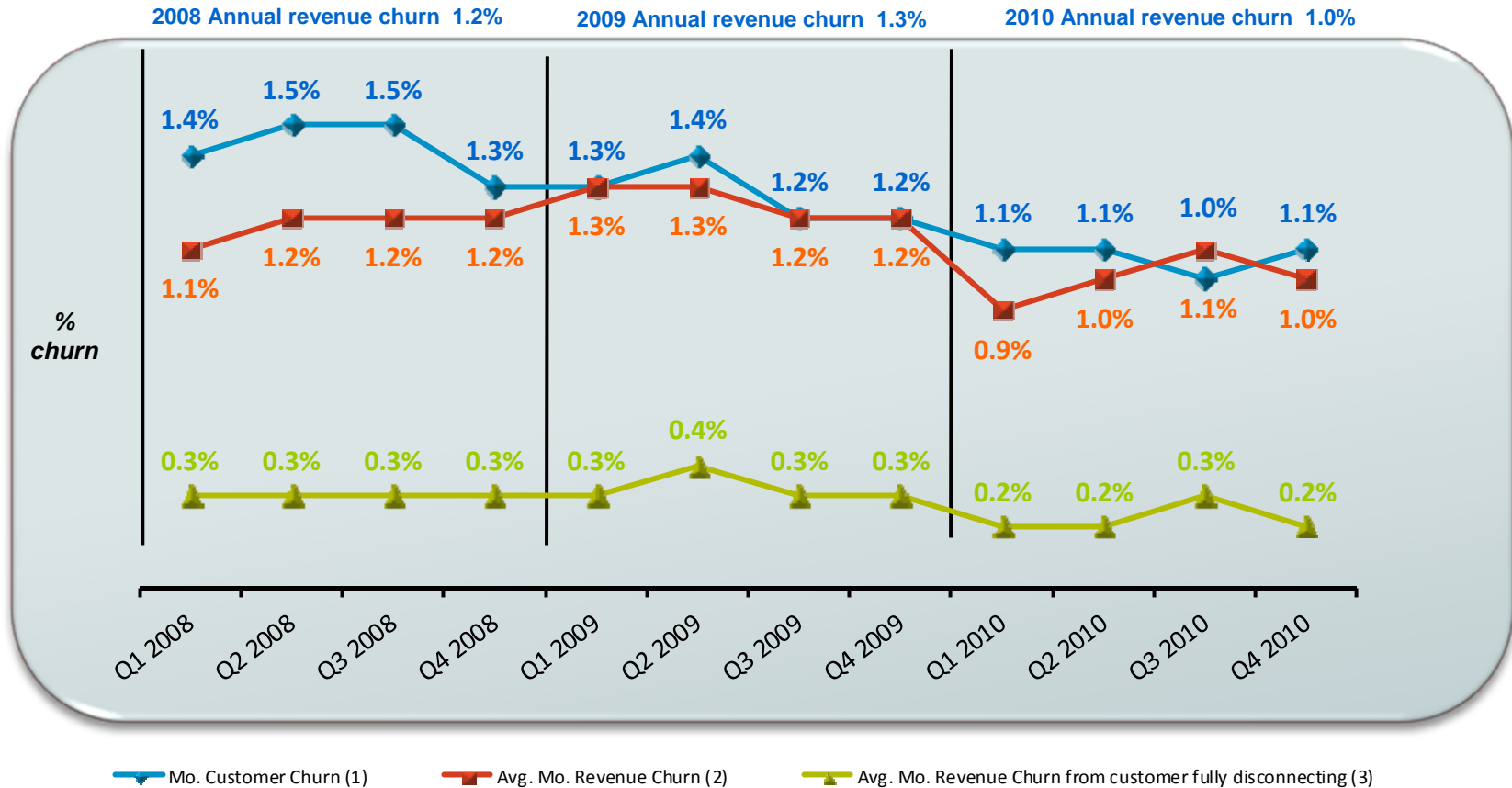
Enterprise revenue

Largest Enterprise Customer < 2% of total revenue

Largest Enterprise Vertical ~ 10% of total revenue

Churn Trends

- Annual revenue churn declined from 1.3% in 2009 to 1.0% in 2010
- Revenue churn from customers fully disconnecting service has remained low



(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 quarter.

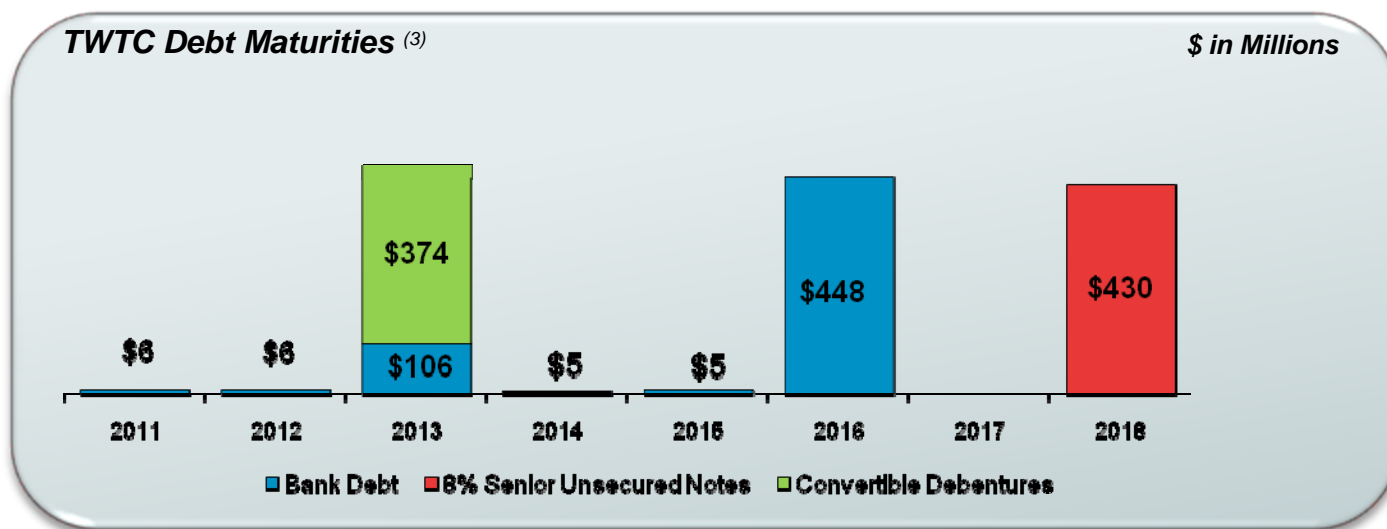
Financial Flexibility & Strong Liquidity

➤ Refinanced ~ \$870 million of outstanding debt in 2010 ⁽¹⁾

- Extended maturities at favorable market rates
- Improved covenants terms for share repurchase, dividends, acquisitions and incremental borrowing

➤ Strong Liquidity ⁽²⁾

- Net Debt/M-EBITDA: < 2x
- Interest Coverage: 8x
- Unused \$80 million revolver
- \$476 million cash, equivalents & short-term investments



(1) Also refinanced \$80M unused revolver

(2) Excludes non-cash interest expense and debt extinguishment costs. Annualized amount based on quarter ended December 31, 2010. See reconciliation of Net Debt and Interest Coverage ratios on the last page of this presentation.

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

Capital Investments

(\$ in Millions)

	<u>Full Year 2008</u>	<u>Full Year 2009</u>	<u>Full Year 2010</u>
<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	<u>23</u>	<u>25</u>	<u>26</u>
Sub-Total	<u>\$266</u>	<u>\$275</u>	<u>\$322</u>
Integration & Branding Expenditures	\$11	-	-
<i>Success Based as % of Capital (excluding integration & branding)</i>	84%	82%	78%

TWTC expects to spend between \$310-330 million for capital expenditures in 2011

Modified EBITDA Reconciliation

\$ Millions	2009					2010				
	Q1 09	Q2 09	Q3 09	Q4 09	Full Year 2009	Q1 10	Q2 10	Q3 10	Q4 10	Full Year 2010
Net Income (Loss)	\$2.9	\$5.9	\$7.7	\$11.1	\$27.6	\$(4.5)	\$242.3	\$16.1	\$17.5	\$271.4
Income tax expense (benefit)	0.7	1.0	0.4	0.6	2.7	0.4	(226.2)	2.3	1.7	(221.9)
Debt extinguishment costs	-	-	-	-	-	17.1	-	-	-	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	20.5	80.3
Other Income	-	-	-	-	-	-	-	(0.8)	-	(0.8)
Non-cash stock-based compensation expense	6.3	6.6	6.4	7.2	26.6	7.0	6.7	6.9	7.2	27.8
Depreciation, amortization and accretion	73.2	74.4	74.3	74.3	296.2	73.4	72.0	71.6	72.5	289.6
Modified EBITDA ⁽¹⁾	\$104.4	\$108.9	\$109.4	\$113.9	\$436.7	\$114.2	\$114.4	\$115.5	\$119.4	\$463.6

(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

<i>\$ Millions</i>	Full Year					Full Year				
	Q1 09	Q2 09	Q3 09	Q4 09	2009	Q1 10	Q2 10	Q3 10	Q4 10	2010
Reconciliation from Modified EBITDA:										
Modified EBITDA ⁽¹⁾	\$104.4	\$108.9	\$109.4	\$113.9	\$436.7	\$114.2	\$114.4	\$115.5	\$119.4	\$463.6
Less Capital Expenditures	(73.4)	(69.2)	(59.9)	(72.3)	(274.9)	(80.9)	(85.0)	(77.8)	(78.1)	(321.8)
Unlevered Free Cash Flow	31.0	39.7	49.5	41.5	161.8	33.3	29.4	37.7	41.2	141.7
Less Net Interest Costs ⁽²⁾	16.5	16.1	15.7	15.8	64.2	15.8	14.2	13.9	14.9	58.9
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>	<u>\$26.4</u>	<u>\$82.8</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	26.4	\$82.8
Capital Expenditures	73.4	69.2	59.9	72.3	274.9	80.9	85.0	77.8	78.1	321.8
Income tax (expense) benefit	(0.7)	(1.0)	(0.4)	(0.6)	(2.7)	(0.4)	226.2	(2.3)	(1.7)	221.9
Deferred income taxes	-	-	-	-	-	-	(226.3)	0.6	1.6	(224.1)
Changes in operating assets and liabilities	(23.8)	14.8	14.5	14.8	20.2	(0.8)	7.3	5.6	(14.1)	(16.6)
Other	0.4	-	-	0.1	0.6	0.1	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>	<u>\$90.2</u>	<u>\$385.8</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

Q4 2010

Net Debt

Current portion of debt and capital lease obligations	\$7.2
Long Term Debt & Capital Lease Obligations	1,338.3
Unamortized discounts	49.5
Total Debt	1,395.0
Less: Cash, cash equivalents and short term investments	(475.6)
Net Debt	<u><u>\$919.4</u></u>

Net Debt to Annualized Modified EBITDA

Net Debt	<u>\$919.4</u>
Modified EBITDA	<u>\$119.4</u>
Annualized Modified EBITDA	<u>\$477.6</u>
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>\$477.6</u>
Net Interest Expense & Interest Income	<u>\$ 20.5</u>
Less: Non-cash interest expense	(5.6)
Adjusted Net Interest	<u>\$ 14.9</u>
Adjusted Annualized Net Interest	<u>\$59.6</u>
Annualized Modified EBITDA to Adjusted Annualized Net Interest Expense	<u><u>8.01</u></u>