

FOR IMMEDIATE RELEASE

5 August 1999

## TELEWEST COMMUNICATIONS plc INTERIM RESULTS 1999

- Continued strong momentum across all fronts
- Household penetration grows to 34.8%
- Business Services revenues up 28% to £82.1million
- EBITDA up 36.9% to £106.9m
  
- Digital launch 4<sup>th</sup> quarter
- Strategic alliance with Microsoft Networks to develop broadband internet services

	Half-Year 1999	Pro-forma*
Revenue	£380.2m	+14.8%
EBITDA (earnings before interest, tax, depreciation and amortisation)	£106.9m	+36.9%
EBITDA margin (EBITDA as a percentage of revenue)	28.1%	+4.5% points
Residential television Penetration	24.9%	+2.7% points
Residential television Churn	26.7%	-6.7% points
Residential telephony Penetration	31.3%	+1.7% points
Residential telephony Churn	20.8%	-0.5% points

\*On a proforma basis assuming the General Cable merger and Birmingham Cable acquisitions had taken place on 1<sup>st</sup> January 1998

### Commenting, Tony Illsley, Chief Executive of Telewest Communications, said:

"This is another good set of results, showing strong momentum in sales, EBITDA and EBITDA margin."

"First half revenues are up 15% to £380 million, on a proforma basis. By contrast, sales, general and administrative expenses only increased by 2.5%, and EBITDA has grown 37% to £107 million, with EBITDA margin up a further 4.5 percentage points to 28%."

### Residential Services

"Telewest is now achieving critical mass. 35% of all homes marketed take at least one service from us, giving us more than 1.4 million customer households representing a consumer base of some 3.5 million strong. Despite our planned lower rate of network build, with less than half the number of new homes marketed compared to first half last year, we have achieved significantly higher net additions to our base of homes. Our annualised revenue per household has also grown. It is now £412, up 4.6% on the same period last year and a 9.6% increase over two years ago."

"Product penetration continues to climb – up 2.7 percentage points to 25% for television and up 1.7 percentage points to over 31% for telephony. Second telephone line penetration has also more than doubled to 9%."

"Product churn continues to fall, sharply down by almost 7 percentage points to 26.7% in television and a further half percentage point drop to 20.8% for telephony. This will continue to be helped by our focus on customer service, but at the same time we recognise that our markets will remain highly competitive through to the year end."

"In May, we rolled out our Millennium range and Front Row pay per view services across the old General Cable and Birmingham Cable franchises and look forward to the impact of these feeding through in the second half onwards."

"Our strong residential market performance positions us well for the launch of our broadband digital services, starting from this November. Our national network is now fully digital ready. We have overlaid it with an IP layer, and we have a clear broadband digital strategy for both digital television services and PC based high speed internet access."

"At launch our digital television offer will consist of over 150 channels, 50 of them dedicated to Near Video on Demand movie services from Front Row. This will be followed by a suite of interactive services from the first quarter of next year, in parallel with commercial trials of full Video on Demand. By the end of next year, we will have launched games on demand, music on demand and video on demand."

"Today we are also announcing a strategic alliance with Microsoft Networks to develop Telewest's high speed internet services. These can provide speeds of up to 100 times conventional dial-up, offering unlimited, always on access and usage for a fixed monthly fee. Market trials will start in the first quarter next year, with a phased national launch in all Telewest regions during next year."

## **Business Services**

"Our Business Services division continues to deliver high levels of growth with sales up 28% to £82 million, giving Telewest some 2.5% of the total UK business telecoms market with a customer base of over 44,000 businesses deploying over 240,000 business lines."

"Our aim is to become the lead supplier to small and medium sized businesses in our franchise areas. Our broadband digital platform will enable us to combine e-commerce with our fixed line voice and data services to accelerate development of both business-to-business and business-to-consumer services."

"In parallel, our Commercial Services Division, established at the beginning of this year, has made a good start building our carriers' carrier business, recently winning two contracts worth over £45 million in the next 5 years from Dolphin Telecom and One 2 One."

## **Prospects**

"Telewest has taken the actions necessary to build cable differentiated products and customer value in an increasingly competitive environment. We look forward to continued growth in our business during the second half of this year and to deploying our digital services to take advantage of the opportunities available to broadband cable next year and beyond."

**Enquiries to****Telewest Communications plc**

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**Notes:**

On 1<sup>st</sup> September 1998, Telewest completed its merger with General Cable. At that time, through the General Cable merger, Telewest increased its ownership of Birmingham Cable from 27.47% to 72.42%. In October and November 1998 Telewest acquired an additional 27.58% of Birmingham Cable so that Birmingham Cable is now a wholly owned and operated subsidiary. Proforma operating and financial data are provided to show Telewest's results, assuming both General Cable merger and Birmingham Cable acquisitions had taken place on 1<sup>st</sup> January 1998. The commentary above includes proforma information intended to provide more meaningful comparisons.

**Year 2000 Compliance**

Since 1997, dedicated project teams have been working to achieve Year 2000 compliance in all Telewest Franchises with the objective to ensure full compliance in advance of 1 January, 2000. Of 3,850 date dependant items identified, 93% are now confirmed as compliant, 2% as non-compliant and 5% are being reviewed and tested. We estimate that the aggregate cost of achieving Year 2000 compliance will be approximately £4.1 million, of which we had spent approximately £3.1 million up until 30 June, 1999. We believe that our relatively modern systems and system upgrades that are planned for the rest of 1999, incorporating external package solutions that are Year 2000 compliant, should help us to achieve full compliance by 1 January, 2000.

The following is included in connection with legislation in the United States, the Safe Harbour Statement under the US Private Securities Litigation Reform Act of 1995; The foregoing includes certain forward looking statements that involve various risks and uncertainties which could lead to actual results significantly different than those anticipated by Telewest. For a discussion of certain of these risks and uncertainties see the Company's Registration Statement on form F-4 filed with the US Securities and Exchange Commission on 8 April 1999.

Unless otherwise specified, all references to financial information are on a UK GAAP basis.

**Telewest Communications plc**  
Operating Statistics - Owned and operated

	Actual		Proforma	
	Net additions Q2 1999	Net additions YTD 1999	Net additions Q2 1998	Net additions YTD 1998
<b>CABLE TELEVISION</b>				
Homes marketed	16,405	35,731	37,326	77,155
CATV customers	22,321	51,190	20,431	29,368
<b>RESIDENTIAL TELEPHONY</b>				
Homes marketed	18,253	41,679	39,422	78,110
Residential telephony customers	21,706	46,072	24,052	52,664
Residential telephony lines	39,168	84,979	33,850	69,392
<b>BUSINESS SERVICES</b>				
Business services customers	477	1,882	1,243	2,686
Business telephony lines	10,191	29,296	13,104	24,161
		As at 30 June 1999 Actual		As at 30 June 1998 Proforma
<b>RESIDENTIAL CUSTOMERS</b>				
Cable television and residential telephony customers*		860,154		705,573
Cable television only customers		143,211		163,584
Residential telephony only customers *		398,679		444,300
Internet only customers		1,720		1,825
Total residential customers		1,403,764		1,315,282
<b>CABLE TELEVISION</b>				
Homes marketed		4,029,703		3,913,724
CATV customers		1,003,365		869,157
CATV penetration		24.9%		22.2%
Quarterly churn rate (annualised)		27.0%		28.8%
Rolling 12 month churn rate – proforma		26.7%		33.4%
<b>RESIDENTIAL TELEPHONY</b>				
Homes marketed		4,017,141		3,884,347
Residential telephony customers		1,258,833		1,149,873
Residential telephony penetration		31.3%		29.6%
Residential telephony lines		1,372,393		1,192,411
Second line penetration		9.0%		3.7%
Quarterly churn rate per line		21.9%		21.3%
Rolling 12 month churn rate – proforma		20.8%		21.3%
<b>INTERNET</b>				
Dial-up customers		33,809		19,810
<b>BUSINESS SERVICES</b>				
Business services customers		44,178		37,043
Business telephony lines		244,645		189,790
Average number of lines per customer		5.5		5.1
Annualised revenue per customer		£3,627		£3,651

\* Includes customers also subscribing for Internet services.

**Telewest Communications plc**  
Owned and Operated and Affiliated Franchises  
As at 30 June 1999

	Telewest Franchises (1)(7)		General Cable Franchises (2)(7)		Birmingham Cable Franchises (3)(7)		Telewest Owned and Operated Franchises (4)(7)		Cable London Franchises (5)(7)		Telewest Group Franchises on an Equity Basis(6)(7)	
	30 June		30 June		30 June		30 June Proforma		30 June		30 June Proforma	
	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999
Number of franchises	28	28	8	8	1	1	<b>37</b>	<b>37</b>	4	4	<b>41</b>	<b>41</b>
Residential customers	966,810	1,046,741	187,227	196,174	159,420	159,129	<b>1,313,457</b>	<b>1,402,044</b>	122,459	135,421	<b>1,374,687</b>	<b>1,469,755</b>
Residential dual customers	528,614	680,298	91,239	93,342	85,720	86,514	<b>705,573</b>	<b>860,154</b>	53,239	63,078	<b>732,193</b>	<b>891,693</b>
Percentage of dual customers	54.7%	65.0%	48.7%	47.6%	53.8%	54.4%	<b>53.7%</b>	<b>61.4%</b>	43.5%	46.6%	<b>53.3%</b>	<b>60.7%</b>
<b>CABLE TELEVISION</b>												
Homes passed	3,012,853	3,086,006	702,877	721,849	437,053	437,727	<b>4,152,783</b>	<b>4,245,582</b>	376,928	398,633	<b>4,341,247</b>	<b>4,444,899</b>
Homes passed and marketed	2,822,556	2,922,416	676,069	692,195	415,099	415,092	<b>3,913,724</b>	<b>4,029,703</b>	358,497	383,417	<b>4,092,973</b>	<b>4,221,412</b>
Customers	642,303	773,379	109,961	114,144	116,893	115,842	<b>869,157</b>	<b>1,003,365</b>	87,604	97,644	<b>912,959</b>	<b>1,052,187</b>
Penetration rate (8)	22.8%	26.5%	16.3%	16.5%	28.2%	27.9%	<b>22.2%</b>	<b>24.9%</b>	24.4%	25.5%	<b>22.3%</b>	<b>24.9%</b>
Average monthly rev/cust (9)	£23.40	£21.57	£21.04	£20.81	£21.92	£22.04	<b>£22.88</b>	<b>£21.54</b>	£23.43	£23.30	<b>£22.91</b>	<b>£21.62</b>
Average churn rate (10)	33.7%	26.2%	32.4%	27.1%	32.5%	29.8%	<b>33.4%</b>	<b>26.7%</b>	34.4%	32.6%	<b>33.4%</b>	<b>27.0%</b>
<b>RESIDENTIAL TELEPHONY</b>												
Homes passed	2,834,369	2,907,522	694,100	721,849	437,063	437,733	<b>3,965,532</b>	<b>4,067,104</b>	376,928	398,633	<b>4,153,996</b>	<b>4,266,421</b>
Homes passed and marketed	2,790,224	2,909,854	679,024	692,195	415,099	415,092	<b>3,884,347</b>	<b>4,017,141</b>	358,497	383,417	<b>4,063,596</b>	<b>4,208,850</b>
Customers	853,121	953,660	168,505	175,372	128,247	129,801	<b>1,149,873</b>	<b>1,258,833</b>	88,094	100,855	<b>1,193,920</b>	<b>1,309,261</b>
Penetration rate (11)	30.6%	32.8%	24.8%	25.3%	30.9%	31.3%	<b>29.6%</b>	<b>31.3%</b>	24.6%	26.3%	<b>29.4%</b>	<b>31.1%</b>
Lines	895,659	1,051,368	168,505	182,132	128,247	138,893	<b>1,192,411</b>	<b>1,372,393</b>	94,110	110,443	<b>1,239,466</b>	<b>1,427,615</b>
Average monthly rev/line (12)	£19.22	£19.20	£23.28	£24.41	£20.89	£22.40	<b>£19.98</b>	<b>£20.24</b>	£27.80	£27.80	<b>£20.28</b>	<b>£20.53</b>
Average churn rate/line (13)	21.1%	20.2%	22.3%	22.7%	21.1%	22.6%	<b>21.3%</b>	<b>20.8%</b>	31.1%	29.8%	<b>21.7%</b>	<b>21.2%</b>
<b>BUSINESS SERVICES</b>												
Customers	27,498	30,787	5,022	8,236	4,523	5,155	<b>37,043</b>	<b>44,178</b>	3,202	3,560	<b>38,644</b>	<b>45,958</b>
Lines	116,634	146,434	53,134	72,675	20,022	25,536	<b>189,790</b>	<b>244,645</b>	16,568	21,325	<b>198,074</b>	<b>255,308</b>
Average lines / customer (14)	4.2	4.8	10.6	8.8	4.4	5.0	<b>5.1</b>	<b>5.5</b>	5.2	6.0	<b>5.1</b>	<b>5.6</b>
Average monthly rev/line (15)	£44.55	£46.52	£101.42	£80.02	£58.81	£53.35	<b>£61.80</b>	<b>£56.91</b>	£57.38	£58.44	<b>£61.62</b>	<b>£56.97</b>
Average annualised rev/cust (16)	£2,204	£2,593	£11,156	£7,740	£3,221	£3,072	<b>£3,651</b>	<b>£3,627</b>	£3,383	£4,068	<b>£3,640</b>	<b>£3,643</b>

**Telewest Communications plc**  
Owned and Operated and Affiliated Franchises  
As at 30 June 1999

- (1) Consists of the 28 cable franchises owned and operated by the Telewest Group prior to the General Cable merger and the Birmingham acquisitions. Those franchises (collectively, the "Telewest Franchises") comprise the London South and South East Regional Franchise Area, the Midlands and South West portions of the Midlands, South West and Birmingham Regional Franchise Area, the Scotland and North East Regional Franchise Area, and the North West Regional Franchise Area.
- (2) Consists of the 8 cable franchises owned and operated by the General Cable Group prior to the General Cable merger. Those franchises (collectively, the "General Cable Franchises") comprised General Cable's Western London franchise area (historically owned 83.5% by the General Cable Group and 16.5% by the Telewest Group) and Yorkshire franchise area (historically owned 100% by General Cable) which now comprise the Yorkshire and Western London Regional Franchise Area.
- (3) Consists of the one cable franchise owned and operated by Birmingham Cable (the "Birmingham Cable Franchise") That franchise was historically owned 27.47%, 27.47% and 44.95% by the Telewest Group, Comcast and the General Cable Group, respectively, and 0.11% by certain individuals and now comprises the Birmingham portion of the Midlands, South West and Birmingham Regional Franchise Area.
- (4) Represents the 37 cable franchises owned and operated by the Telewest Group following the General Cable merger and the Birmingham acquisitions (collectively the "Owned and Operated Franchises").
- (5) Consists of the four cable franchises owned and operated by Cable London (collectively, the "Cable London Franchises") Those franchises are owned approximately 50% by Telewest and approximately 50% by NTL.
- (6) Represents the Telewest Franchises, the General Cable Franchises, the Birmingham Cable Franchise and the Telewest Group's equity interest in the Cable London Franchises.
- (7) Information relating to 1999 data is for the six months ended 30 June 1999, except for churn rates which, due to their seasonal nature, are for the 12 months then ended.
- (8) Cable television penetration rate at a specified date represents (i) the total number of cable television customers at such date, divided by (ii) the total number of homes passed and marketed for cable television at such date.
- (9) Average monthly revenue per customer for each period represents (i) the average monthly cable television revenue for such period, divided by (ii) the average number of cable television customers in such period.
- (10) Average cable television churn rate for the period represents (i) the total number of cable television customers who terminated basic service or whose was terminated during such period, divided by (ii) the average number of cable television customers in such period.
- (11) Residential telephony penetration rate at a specified date represents (i) the total number of residential cable telephony customers at such date, divided by (ii) the total number of homes passed and marketed for residential cable telephony at such date.
- (12) Average monthly revenue per residential line for each period represents (i) the average monthly residential cable telephony revenue for such period, divided by (ii) the average number of residential cable telephony lines in such period.
- (13) Average residential telephony churn rate per line for the period represents (i) the total number of residential cable telephony lines terminated by customers of the company providing the lines during such period, divided by (ii) the average number of residential cable telephony lines in such period.
- (14) Average number of business lines per customer at a specified date represents (i) the number of business cable telephony lines at such date, divided by (ii) the number of business cable telephony customers at such date.
- (15) Average monthly revenue per business line for each period represents (i) the average monthly business cable telephony revenue for such period, divided by (ii) the average number of business cable telephony lines in such period.

- (16) Average annualised revenue per customer for each period represents (i) the average monthly business services revenue for each period divided by (ii) the average number of business services customers in such period, multiplied by twelve months.

## Telewest Communications plc

Financial performance on a proforma basis (assumes the General Cable merger and the Birmingham Cable acquisitions had taken place on 1<sup>st</sup> January 1998)  
This represents an aggregation of each company's data without making any consolidation adjustments and should be considered for illustrative purposes only.

For the six months ended 30, June.

	Proforma Combined Group		Telewest		General Cable		Birmingham Cable	
	1999*	1998	1999*	1998	1999*	1998	1999*	1998
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Revenue</b>								
Cable Television	<b>128,644</b>	118,467	<b>99,259</b>	88,758	<b>13,839</b>	14,279	<b>15,546</b>	15,430
Residential Telephony	<b>160,180</b>	138,054	<b>115,237</b>	98,918	<b>26,256</b>	23,306	<b>18,687</b>	15,830
Business Services	<b>82,109</b>	64,295	<b>38,870</b>	28,106	<b>35,368</b>	29,589	<b>7,871</b>	6,600
Other	<b>9,242</b>	10,366	<b>9,242</b>	10,095	<b>0</b>	156	<b>0</b>	115
<b>Total</b>	<b>380,175</b>	331,182	<b>262,608</b>	225,877	<b>75,463</b>	67,330	<b>42,104</b>	37,975
<b>Contribution</b>	<b>242,058</b>	209,946	<b>169,114</b>	146,639	<b>46,773</b>	40,415	<b>26,171</b>	22,892
<b>SG&amp;A</b>	<b>(135,156)</b>	(131,840)	<b>(97,807)</b>	(92,376)	<b>(22,695)</b>	(25,348)	<b>(14,654)</b>	(14,116)
<b>EBITDA</b>	<b>106,902</b>	78,106	<b>71,307</b>	54,263	<b>24,078</b>	15,067	<b>11,517</b>	8,776
<b>Net profit/(loss)</b>	<b>(263,828)</b>	(180,497)	<b>(228,434)</b>	(141,687)	<b>(25,965)</b>	(19,844)	<b>(9,429)</b>	(18,966)
<b>Capital Expenditure</b>	<b>194,708</b>	149,874	<b>152,888</b>	105,374	<b>31,037</b>	33,257	<b>10,783</b>	11,243

\* Actual

**Telewest Communications plc**  
**UK GAAP**  
**UNAUDITED SUMMARISED CONSOLIDATED PROFIT AND LOSS ACCOUNTS**

	6 months ended 30 June 1999 £000 Unaudited	6 months ended 30 June 1998 £000 Unaudited	Year ended 31 Dec 1998 £000 Audited
<b>Turnover</b>			
Cable television	128,644	88,758	201,858
Residential telephony	160,180	98,918	232,514
Business services	82,109	28,106	84,233
Other (Internet, ad sales etc)	9,242	10,095	20,569
<b>Total</b>	<b>380,175</b>	225,877	539,174 *
<small>* Includes £465,771 relating to continuing operations and £73,403 relating to acquisitions.</small>			
<b>Group Operating Loss</b>	<b>(59,234)</b>	(39,816)	(91,824) *
<small>*Includes £(87,011) relating to continuing operations and £(4,813) relating to acquisitions</small>			
<b>Share of operating loss of associated undertakings</b>	<b>(666)</b>	(3,457)	(6,480)
<b>Other interest receivable and similar income</b> (includes the group share of interest receivable in associated undertakings of £Nil, £Nil and £2,319 respectively)	<b>11,527</b>	2,968	19,096
<b>Interest payable and similar charges</b>	<b>(215,466)</b>	(101,317)	(234,354)
<b>Loss on ordinary activities before tax</b>	<b>(263,839)</b>	(141,622)	(313,562)
<b>Tax on loss on ordinary activities</b>	<b>49</b>	3	15
<b>Loss on ordinary activities after tax</b>	<b>(263,790)</b>	(141,619)	(313,547)
<b>Minority interests</b>	<b>(38)</b>	(68)	1,064
<b>Loss for the period</b>	<b>(263,828)</b>	(141,687)	(312,483)
<b>Basic and diluted loss per equity share (pence) *</b>	<b>(12.3)</b>	(9.1)	(17.8)

\* restated for compliance with FRS 14

The consolidated financial statements as set out on pages 8, 9, 10, and 11 which are unaudited, have been prepared on the basis of the accounting policies set out in Telewest's 1998 Annual Report other than where changes are necessary to implement new accounting standards. The balance sheet, profit and loss account and cash flow information at 31 December 1998 is derived from the statutory accounts for 1998 which have been delivered to the Registrar of Companies following the Company's annual general meeting. The auditors have reported on those accounts: their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

**Telewest Communications plc**  
**UK GAAP**  
**NOTES TO THE UNAUDITED SUMMARISED CONSOLIDATED PROFIT AND LOSS**  
**ACCOUNTS**

	6 months Ended 30 June 1999 £000	6 months ended 30 June 1998 £000	Year ended 31 Dec 1998 £000
<b>1 EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION, AND AMORTISATION ("EBITDA")</b>			
Operating loss	(59,234)	(39,816)	(91,824)
Add: Depreciation and amortisation	166,136	94,079	237,782
<b>EBITDA</b>	<b>106,902</b>	54,263	145,958

**2 OPERATING COSTS**

Programming expenses	66,574	47,923	103,030
Telephony expenses	71,543	31,315	82,278
Selling, general, and administrative expenses	135,156	92,376	207,908
Depreciation	142,795	94,079	223,557
Amortisation of goodwill	23,341	-	14,225
<b>Total</b>	<b>439,409</b>	265,693	630,998

**3 INTEREST PAYABLE AND SIMILAR CHARGES**

Share of interest of associated undertakings	3,392	7,721	14,587
On bank loans and overdrafts and other loans			
Wholly repayable within 5 years	27,847	41	100
Wholly or partly repayable in more than 5 years	9,120	24,398	71,414
Finance costs of Senior Discount Debentures	47,873	40,548	84,607
Finance costs of Senior Debentures	10,412	11,370	23,751
Finance costs of Senior Notes	12,445	-	6,587
Finance costs of Convertible Bonds	6,382	-	-
Finance costs of Senior Discount Notes	8,187	-	-
Finance charges payable in respect of finance lease and hire purchase contracts	6,553	2,490	9,011
Exchange losses on foreign currency translation, net	46,515	5,218	6,867
Other	36,740	9,531	17,430
<b>Total</b>	<b>215,466</b>	101,317	234,354

**Telewest Communications plc**  
**UK GAAP**  
**UNAUDITED SUMMARISED CONSOLIDATED BALANCE SHEETS**

	30 June 1999 £000 Unaudited	30 June 1998 £000 Unaudited	31 Dec 1998 £000 Audited
<b>Fixed assets</b>			
Intangible assets	898,126	-	918,765
Tangible assets	2,508,730	1,713,189	2,457,061
Investment in associated undertakings	34,355	77,618	26,556
Other Investments	-	-	2,365
	<b>3,441,211</b>	<b>1,790,807</b>	<b>3,404,747</b>
<b>Current assets</b>			
Stocks	363	91	383
Debtors	156,554	81,479	124,683
Secured cash deposit restricted for more than one year	12,000	-	187,420
Cash at bank and in hand	43,938	26,295	40,887
	<b>212,855</b>	<b>107,865</b>	<b>353,373</b>
<b>Creditors: amounts falling due within one year</b>	<b>(363,598)</b>	<b>(197,523)</b>	<b>(330,108)</b>
<b>Net current assets / (liabilities)</b>	<b>(150,743)</b>	<b>(89,658)</b>	<b>23,265</b>
<b>Total assets less current liabilities</b>	<b>3,290,468</b>	<b>1,701,149</b>	<b>3,428,012</b>
<b>Creditors: amounts falling due after more than one year</b>	<b>(2,685,381)</b>	<b>(1,573,948)</b>	<b>(2,569,570)</b>
<b>Minority interests</b>	<b>(445)</b>	<b>(708)</b>	<b>(412)</b>
<b>Capital and reserves</b>	<b>604,642</b>	<b>126,493</b>	<b>858,030</b>

**Telewest Communications plc**  
**UK GAAP**  
**UNAUDITED SUMMARISED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	6 months ended		Year ended
	30 June		31 Dec
	1999	1998	1998
	£'000	£'000	£'000
<b>Net cash inflow from operating activities</b>	<b>90,787</b>	40,861	129,064
<b>Returns on investments and servicing of finance</b>			
Interest received	2,055	1,833	18,962
Interest paid	(54,818)	(32,501)	(119,362)
Interest element of finance lease payments	(6,553)	(2,490)	(8,264)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(59,316)</b>	(33,158)	(108,664)
<b>Capital Expenditure and Financial Investment</b>			
Purchase of tangible fixed assets	(183,515)	(110,304)	(257,119)
Sale of tangible fixed assets	3,151	4,354	6,075
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(180,364)</b>	(105,950)	(251,044)
<b>Acquisitions and disposals</b>			
Purchase of subsidiary undertakings	(1,650)	-	(393,980)
Cash acquired with subsidiaries	-	-	16,893
Investment in associated undertakings and other participating interests	(1,944)	(3,719)	(5,732)
<b>Net cash outflow from acquisitions and disposals</b>	<b>(3,594)</b>	(3,719)	(382,819)
<b>Management of liquid resources</b>			
(Increase) / decrease in fixed deposits (net)	(6,627)	8,710	3,535
<b>Financing</b>			
Proceeds from issue of Senior Convertible Notes	300,000	-	-
Senior Convertible Notes issue costs	(8,168)	-	-
Proceeds from issue of Senior Discount Notes	399,241	-	-
Senior Discount Notes issue costs	(9,287)	-	-
Capital element of finance lease payments	(209,511)	(5,397)	(21,765)
Release of restricted deposits	175,420	-	5,460
Repayment of borrowings under credit facility	(538,500)	-	-
Drawdowns under new facilities	650,000	-	-
Repayment of borrowings under old facilities	(597,000)	-	-
Cash paid for credit facility arrangement costs	(15,707)	(5,900)	(5,900)
Proceeds from borrowings under credit facilities	-	110,000	206,148
Cash received from pre-emptive issue	-	-	241,115
Share issue costs	-	-	(3,358)
Proceeds from bridge loan	-	-	136,604
Proceeds from issue of Senior Notes	-	-	210,338
Senior Notes issue costs	-	-	(5,568)
Repayment of bridge loan	-	-	(138,522)
Cash received from exercise of share options	9,940	-	620
Repayment of borrowings	(890)	(10)	(384)
<b>Net cash inflow from financing</b>	<b>155,538</b>	98,693	624,788
<b>Increase/(Decrease) in cash</b>	<b>(3,576)</b>	5,437	14,860

**Telewest Communications plc**  
**US GAAP**  
**UNAUDITED SUMMARISED CONSOLIDATED STATEMENTS OF OPERATIONS**

	3 months ended 30 June 1999 \$000 Unaudited	3 months ended 30 June 1999 £000 Unaudited	3 months ended 30 June 1998 £000 Unaudited	6 months ended 30 June 1999 \$000 Unaudited	6 months ended 30 June 1999 £000 Unaudited	6 months ended 30 June 1998 £000 Unaudited
<b>Revenue</b>						
Cable television	101,207	64,197	44,578	202,807	128,644	88,758
Residential telephony	128,106	81,260	50,482	252,524	160,180	98,918
Business services	66,840	42,398	14,604	129,445	82,109	28,106
Other	7,470	4,738	5,789	14,570	9,242	10,095
<b>Total</b>	<b>303,623</b>	<b>192,593</b>	<b>115,453</b>	<b>599,346</b>	<b>380,175</b>	<b>225,877</b>
<b>Operating loss</b>	(53,637)	(34,023)	(25,452)	(131,799)	(83,602)	(53,016)
Interest income	1,383	877	976	15,182	9,630	2,067
Interest expense	(106,371)	(67,473)	(39,667)	(233,431)	(148,069)	(82,388)
Foreign exchange gain/(losses), net	(29,534)	(18,734)	(8,041)	(77,534)	(49,181)	(1,411)
Share of losses of affiliates	(2,964)	(1,880)	(4,370)	(6,397)	(4,058)	(11,074)
Minority interest in losses / (profits) of consolidated subsidiaries, net	(16)	(10)	(42)	(60)	(38)	(68)
Other, net	2,620	1,662	251	2,991	1,897	797
<b>Loss before income taxes</b>	(188,519)	(119,581)	(76,345)	(431,048)	(273,421)	(145,093)
Income tax (expense) / benefit	(13)	(8)	(17)	77	49	3
<b>Net loss before extraordinary loss</b>	(188,532)	(119,589)	(76,362)	(430,971)	(273,372)	(145,090)
Extraordinary loss						
Extinction of debt	(31,692)	(20,103)	-	(31,692)	(20,103)	-
<b>Net loss after extraordinary loss</b>	(220,224)	(139,692)	(76,362)	(462,663)	(293,475)	(145,090)
<b>Loss per ordinary share (dollars/pounds) *</b>						
before extraordinary loss	\$(0.09)	£(0.06)	£(0.07)	\$(0.20)	£(0.13)	£(0.15)
after extraordinary loss	\$(0.10)	£(0.07)	£(0.07)	\$(0.22)	£(0.14)	£(0.15)

\* restated to reflect the dilutive effect of the pre-emptive issue.

**1 EARNINGS/(LOSS) BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION ("EBITDA")**

Operating loss	(53,637)	(34,023)	(25,452)	(131,799)	(83,602)	(53,016)
Add: depreciation and amortisation of goodwill	135,730	86,096	53,956	272,178	172,647	107,279
EBITDA (after non-cash share-based compensation costs)	82,093	52,073	28,504	140,379	89,045	54,263
Add back : non-cash share-based compensation costs	6,913	4,385	-	28,152	17,857	-
<b>EBITDA (before non-cash share-based compensation costs)</b>	<b>89,006</b>	<b>56,458</b>	<b>28,504</b>	<b>168,531</b>	<b>106,902</b>	<b>54,263</b>

**2 OPERATING COSTS AND EXPENSES**

Programming	(48,447)	(30,731)	(22,666)	(104,954)	(66,574)	(47,923)
Telephony	(62,328)	(39,536)	(17,114)	(112,788)	(71,543)	(31,315)
Selling, general and administration	(110,754)	(70,253)	(47,169)	(241,225)	(153,013)	(92,376)
Depreciation	(112,203)	(71,172)	(47,355)	(225,116)	(142,795)	(94,079)
Amortisation of goodwill	(23,528)	(14,924)	(6,601)	(47,062)	(29,852)	(13,200)
<b>Total</b>	<b>(357,260)</b>	<b>(226,616)</b>	<b>(140,905)</b>	<b>(731,145)</b>	<b>(463,777)</b>	<b>(278,893)</b>

The consolidated financial statements as set out on pages 12, 13 and 14 which are unaudited, have been prepared on the basis of the accounting policies set out in Telewest's 1998 Annual Report.

The economic environment in which the Company operates is the United Kingdom ("UK") and hence its reporting currency is Pounds Sterling ("£"). Merely for convenience, the financial statements contain translations of certain Pounds Sterling amounts into US Dollars at \$1.5765 per £1.00, the Noon Buying Rate of the Federal Reserve Bank of New York on 30 June 1999. The presentation of the US Dollar amounts should not be construed as a representation that the Pounds Sterling amounts could be so converted into US Dollars at the rate indicated or at any other rate.

**Telewest Communications plc**  
**US GAAP**  
**UNAUDITED SUMMARISED CONSOLIDATED BALANCE SHEETS**

	30 June 1999 \$000 Unaudited	30 June 1999 £000 Unaudited	31 December 1998 £000 Audited
<b>Assets</b>			
Cash and cash equivalents	69,268	43,938	40,887
Secured cash deposit restricted for more than one year	18,918	12,000	187,420
Receivables and prepaid expenses	247,618	157,068	125,223
Investments	50,432	31,990	26,556
Property and equipment	3,955,013	2,508,730	2,457,061
Goodwill	1,684,700	1,068,633	1,095,789
Other assets	82,106	52,081	44,731
<b>Total assets</b>	<b>6,108,055</b>	<b>3,874,440</b>	<b>3,977,667</b>
<b>Liabilities</b>			
Debt	4,185,727	2,655,076	2,325,687
Other liabilities	698,429	443,025	610,496
<b>Total liabilities</b>	<b>4,884,156</b>	<b>3,098,101</b>	<b>2,936,183</b>
<b>Minority interests</b>	<b>702</b>	<b>445</b>	<b>412</b>
<b>Shareholders' equity</b>	<b>1,223,197</b>	<b>775,894</b>	<b>1,041,072</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,108,055</b>	<b>3,874,440</b>	<b>3,977,667</b>

**Telewest Communications plc**  
**US GAAP**  
**UNAUDITED SUMMARISED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	6 months ended 30 June 1999 \$000 Unaudited	6 months ended 30 June 1999 £000 Unaudited	6 months ended 30 June 1998 £000 Unaudited
<b>Cash flows from operating activities</b>			
Net loss	(462,663)	(293,475)	(145,090)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	225,116	142,795	94,079
Amortisation of goodwill	47,062	29,852	13,195
Amortisation of deferred financing costs and issue discount on senior discount debentures	124,294	78,842	43,074
Unrealised loss / (gain) on foreign currency translation	76,739	48,677	1,297
Non-cash share based compensation cost	28,152	17,857	-
Termination of sale and leaseback	11,229	7,123	-
Share of losses of affiliates	6,398	4,058	11,073
Gain on disposals of assets	(2,990)	(1,897)	(727)
Minority interests in profits of consolidated subsidiaries, net	52	33	68
Changes in operating assets and liabilities:			
Change in receivables	(40,846)	(25,909)	(5,380)
Change in prepaid expenses	(10,670)	(6,768)	(2,059)
Change in accounts payable	21,310	13,517	11,018
Change in other liabilities	26,431	16,766	(12,845)
<b>Net cash provided by operating activities</b>	49,614	31,471	7,703
<b>Net cash used in investing activities</b>	(290,010)	(183,958)	(109,669)
<b>Net cash provided by financing activities</b>	245,206	155,538	98,693
<b>Net increase (decrease) in cash and cash equivalents</b>	4,810	3,051	(3,273)
Effect of exchange rate changes on cash and cash equivalents	-	-	(14)
<b>Cash and cash equivalents at beginning of period</b>	64,458	40,887	29,582
<b>Cash and cash equivalents at end of period</b>	69,268	43,938	26,295

- Ends -