



FOR IMMEDIATE RELEASE

2 May 2002

**TELEWEST COMMUNICATIONS plc**  
**1st QUARTER RESULTS 2002**

**HIGHLIGHTS**

- Capex down by 21% year-on-year
- EBITDA up 34% to £91m year-on-year
- Monthly revenue per household at record high of £41.97
- Record broadband internet subscriber growth; 148,000 broadband subs today
- Headcount reductions and organisational changes announced

	Q1 2002	Q1 2001	Change Over 2001
<b>Total Turnover</b>	<b>£334m</b>	<b>£321m</b>	<b>+4%</b>
<b>EBITDA</b> (including our proportionate share of UKTV's EBITDA)	<b>£91m</b>	<b>£68m</b>	<b>+34%</b>
<b>Cable Division:</b>			
Consumer Division: Revenues	<b>£227m</b>	<b>£205m</b>	<b>+11%</b>
Household customers	<b>1.78m</b>	<b>1.71m</b>	<b>+4%</b>
Monthly revenue per household	<b>£41.97</b>	<b>£38.80</b>	<b>+8%</b>
Business Division: Revenues	<b>£64m</b>	<b>£68m</b>	<b>-6%</b>
<b>Content Division:</b> Revenues – including share of joint ventures*	<b>£43m</b>	<b>£48m</b>	<b>-10%</b>

\* Content Division revenues are stated after elimination of inter-company trading.

**Commenting on the results, Adam Singer, group chief executive of Telewest Communications, said:**

“Telewest continues to execute well. This is the seventh straight quarter of good operating results despite a depressed telecoms carrier sector and a weak television advertising market. Average monthly revenue per household is at a record £41.97 and EBITDA has risen 34 per cent year on year. Our blueyonder broadband internet product has had a record quarter, with 148,000 subscribers now installed. Its growth continues to accelerate.

Despite good operational improvement, we recognise that the capital markets' doubts about the sector and the company require us to do even more. We are in a climate in which capital is scarce and we have to respond to that.

So, capital expenditure is now on target to fall to below £500m this year and we will attempt to take it even lower as we apply our resources to projects that have immediate positive impact on our results.

We can now tighten the group's cost base as we have addressed some of the fundamental issues of network stability and customer service over the past two years. Today, I am announcing measures designed to create an even leaner Telewest, and bring forward a break-even cash position.

I have put in train a reorganisation of the group, which will streamline management, flatten reporting lines and allow us to focus on our core business. Regrettably, this will result in significant job losses. We have already begun a programme that aims to reduce our total staffing levels to around 9,000 from about 10,500.

The consumer and business divisions, currently managed separately, will be merged into one single operating division, and this will be serviced by a networks and technology division. Mark Luiz, chief executive of our Flextech content arm and a main board director, will take overall responsibility for our residential and business division as chief operating officer, customers. He is replaced at Flextech by Jane Lighting, managing director, television.

We anticipate that in a full year of trading, these changes will produce annualised cash savings of £40m to £50m in addition to our capital expenditure savings. I believe we can make these savings without harming our product line up or our current levels of customer service and growth.

Current trading is strong and in our franchise areas, we are the market leader in pay-television, with 28.9 per cent penetration; market leader in broadband; and the number two provider of telephony with 34.8 per cent penetration.

The continuing success of our broadband internet offering and the increasing numbers of subscribers to our triple play of telephone, television and internet is encouraging. In April, we sold more than 27,000 blueyonder broadband connections. We now have 107,000 triple play customers - and they are our future. While BT talks broadband, we sell it and every day we provide sanctuary for ITV Digital refugees.

The steps we have taken are aimed at helping stabilise our financial future and are a necessary but painful response to market conditions. I believe they will enable Telewest to operate more efficiently going forward. But as would be expected given the current state of the capital markets, the company continues to explore options to address its funding requirements. We recognise that investors need to see evidence that we can leverage our strong operational position into a profitable financial future sooner rather than later."

**Enquiries to**

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For an audio visual interview with Telewest group chief executive, Adam Singer and group finance director, Charles Burdick, please visit [www.cantos.com](http://www.cantos.com) or [www.telewest.co.uk](http://www.telewest.co.uk)

## **FINANCIAL REVIEW**

Total turnover for the quarter ended 31 March 2002 increased 4%, or £13 million, to £334 million compared to the first quarter 2001. This was driven mainly by revenue growth in the Consumer Division, which grew by 11%, or £22 million, to £227 million. This growth was partly offset by a £4 million reduction in Business Division revenues due to weakness in the Carrier market and a £5 million reduction in Content Division revenues, mainly due to the closure or sale of non-core businesses.

Gross margin has improved to 67% for the quarter compared to 62% in the first quarter of 2001 driven by improvements in CATV and telephony margins and the growing number of broadband customers. Gross margin is stated having taken into account cost of sales, before depreciation.

Selling, general and administrative expense for the quarter was £127 million, up only £2 million on the first quarter of 2001.

As a result of the improvements in revenue and gross margin, EBITDA in the first quarter was £91 million, up 34% on the corresponding quarter last year. This includes our £5 million share of UKTV's EBITDA. EBITDA margin for the first quarter was 29% compared to 22% in the first quarter of last year. EBITDA was down by £3 million compared to the fourth quarter of 2001. This was due to an £8 million reduction in EBITDA because of weakness in the Carrier market, partially offset by EBITDA improvements in other divisions.

Net loss for the first quarter was £166 million, down 21% compared to £209 million in the corresponding quarter of 2001. This was due mainly to improvements in EBITDA, foreign exchange gains and lower amortisation.

Capital expenditure in the first quarter was £124 million, down 21% or £33 million on the first quarter of 2001. Capital expenditure in the first quarter is in line with previous management guidance of £500 million to £550 million for the full year.

As at 31 March 2002, net debt stood at £5,278 million, comprising £3,594 million of Notes and Debentures, £277 million of lease and vendor financing, £43 million of other loans and £1,455 million drawn down on our £2.25 billion bank facility, offset by cash balances of £91 million at the quarter end.

We have a £2.25 billion bank facility in place which includes £2.0 billion of committed funds and a carve out for £250 million from institutional investors. The first £125 million of this tranche was secured in October 2001 from GE Capital. On 12 March 2002, we announced that we had secured a further £20m of institutional funding from Newcourt Capital (UK) Ltd., a subsidiary of CIT Group Inc.

## **BUSINESS REVIEW**

### **Consumer Division**

Consumer Division revenues for the quarter totalled £227 million, an increase of 11% on the corresponding quarter in 2001. This was driven by subscriber growth along with ARPU gains, which were achieved by enhancement of our customer mix towards "triple play" (subscribers to CATV, telephone and broadband internet), as well as selected price rises.

The Consumer Division added a further 18,000 households in the quarter and now has 1,783,000 in total with household penetration at 37.9%. Telewest has the highest penetration in the UK cable industry and is also the number one provider of pay-TV and broadband internet in its addressable areas.

Multi-product uptake continues to improve with 70% of customers taking at least two services at the quarter-end, up 1 percentage point from the previous quarter and 4 percentage points on the previous year. Our number of "triple-play" customers continues to grow. At the end of the quarter our "triple play" customers accounted for 5% of the total customer base. Multi-product uptake has contributed to the continuing growth in average revenues. Monthly revenue per household has risen again this quarter to £41.97.

Following price rises by our competitors, we introduced selected price rises across our TV, telephony and internet product range in April 2002.

## **Internet**

The first quarter was another record quarter for broadband internet growth. Net additions were 41,000, representing 48% growth in the quarter to 126,000 broadband subscribers at the end of the quarter. By comparison, net additions were only 12,000 in the corresponding quarter last year. Furthermore, as at 1 May 2002, subscribers stood at 148,000 with 107,000] of these also taking TV and telephony. All of our broadband internet subscribers receive the blueyonder 512Kb/s service.

Readers of Web User, the UK's biggest selling internet magazine, have recently voted our ISP service, blueyonder, the most satisfying internet service provider in Britain. This is the third major internet accolade for blueyonder after being named ISP Review's "ISP Of The Year" and winning the "Best Unmetered ISP" award at the annual Internet Service Providers Association Awards.

High customer satisfaction levels are reflected in the low level of Broadband internet churn at 7.8%.

## **CATV**

Net CATV additions in the quarter were 16,000 and as at 31 March 2002, we had 793,000 digital subscribers. Average monthly CATV revenue for the quarter was £20.80, up 4% on the corresponding quarter in 2001.

CATV gross margin has increased to 62% for the quarter from 52% in the first quarter of 2001. This is due to price rises in 2001 and an actively managed change in the mix between premium and basic packages. For example, 75% of our CATV subscribers are "basic only" (ie do not subscribe to any premium channels) and the pay-to-basic ratio has fallen to 73% from 95% at the same time last year, again contributing to gross margin improvements.

Continued focus on customer service has seen CATV churn fall to 19.1% from 23.7% a year ago.

## **Residential Telephony**

Net residential telephony additions in the quarter were 20,000 compared to growth of 18,000 in the first quarter last year.

The success of our telephony product, Talk Unlimited, has contributed to higher average revenues and lower churn. This is the only 24-hour 7 day-a-week flat-rate unmetered residential voice service available for local and national calls in the UK. The first quarter saw record growth for this service and at the end of the quarter, we had 253,000 Talk Unlimited subscribers, representing 15% of total telephony subscribers.

Average monthly revenue grew to £25.80 in the quarter from £24.97 in the first quarter of last year. Churn fell again to a record low of 16.2%.

## **Business Division**

Business Division revenues for the quarter totalled £64m, down £4m on the same quarter last year. Within this amount, Carrier revenues were £10 million in the quarter, down from £15 million in the first quarter of 2001. Excluding Carrier Services, the Division's revenues have grown by 4% compared to the first quarter of 2001.

The quality of core business-to-business revenues have benefited from a shift to higher margin data products. This is illustrated by success in the Public and Corporate Sectors. New contracts include Littlewoods Leisure, Regional Independent Media, South Yorkshire Ambulance Service and Wyeth Laboratories, where Telewest provides a range of managed voice and data services.

Within the Travel Sector, the technology partnership with Rapid Travel is now delivering good applications revenue streams with lastminute.com and Lycos heading the list of key customer wins in the last quarter.

The decline in the Carrier market reflects current market weakness, typified by the high profile failures of some of our competitors. Telewest's Carrier business continues to deliver substantial revenues and current customers include T-Mobile (formerly One2One) for whom Telewest provide core network services.

## **Content Division**

Content Division revenues totalled £43 million in the first quarter, including our 50% share of UKTV's revenue. This was down £5 million on the first quarter last year. The first quarter of 2001 included revenues

for HSNDI and Screenshop, which were either closed down or sold during 2001. The same quarter also included a substantial Government grant payment in respect of the set-up of Living Health, our broadband interactive TV health service, and was the last quarter before BSkyB's analogue switch-off, which has affected revenues from the sale of our spare analogue transponder capacity. The revenue from all these items was £6 million in the first quarter of 2001 compared to less than £1 million in the first quarter of this year.

Advertising revenues of £17 million (including 50% share of UKTV) were flat year-on-year in a market that saw a 10% overall decline. The Content Division's share of total TV advertising revenues was 3.6%, up from 3.2% a year ago. Subscription revenue has grown year-on-year, driven by UK multi-channel subscriber growth.

The fourth quarter of 2001 included one-off licensing revenue of £10 million, which was not repeated in the first quarter this year. This revenue contributed no EBITDA.

### **Subsequent Events**

On 2 April 2002 Telewest announced that it had agreed to dispose of its 37% interest in the ordinary share capital of TV Travel Group Limited to USA Networks Inc as part of USA Networks agreement to purchase TV Travel Group. The acquisition will be conditional upon, inter alia, approval from the German competition authorities. The consideration due to Telewest for its interest in TV Travel Group will be £27.6 million, to be paid in cash.

On 19 April 2002, the ratings agency Standard and Poor's downgraded Telewest's debt ratings. As the Company stated at the time of a similar downgrade by Moody's on 15 March 2002, we are concerned that these decisions by the ratings agencies and the general uncertainty in the financial markets surrounding the sector, may have a negative impact on the perception of the Company among employees, customers, suppliers and in the capital markets.

### **Notes:**

1. Non-statutory information provided in the document is defined as follows:

EBITDA, which we consider is a standard measure commonly reported and widely used by analysts, investors and other interested parties in the cable television and telecommunications industry, represents group operating profit before deducting depreciation of fixed assets and amortisation of goodwill.

Gross margin is defined as Group turnover less cost of sales before deducting depreciation.

All commentary in this document is based on the Group's UK GAAP financial results unless otherwise specified.

2. 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 Annual Report on Form 20-F filed with the US Securities and Exchange Commission on 29 June 2001.

## Telewest Communications plc Operating Statistics – Unaudited

<b>CONSUMER DIVISION</b>	<b>Actual Net additions Q1 2002</b>	<b>Actual Net additions Q1 2001</b>
Household customers	17,870	22,733
Cable Television subscribers	16,416	38,894
Telephony subscribers	19,706	18,197
Telephone lines	9,954	14,904
Blueyonder broadband internet subscribers	40,778	11,723
	<b>As at 31 Mar 2002 Actual</b>	<b>As at 31 Mar 2001 Actual</b>
Homes passed	4,914,731	4,929,270
Homes passed and marketed	4,706,854	4,772,595
Dual or triple service subscribers (1)	1,246,332	1,134,090
Cable television only subscribers	133,614	154,414
Residential telephony only subscribers	394,221	422,247
Internet only subscribers	9,322	3,323
Total residential subscribers	1,783,489	1,714,074
Household penetration	37.9%	35.9%
Percentage of dual or triple service subscribers (1)	69.9%	66.2%
Average monthly revenue per subscriber (2)	£41.97	£38.80
<b>CABLE TELEVISION</b>		
Cable television subscribers	1,358,200	1,288,504
Active Digital subscribers	792,563	452,944
Penetration rate (3)	28.9%	27.0%
Average subscriber churn rate (4)	19.1%	23.7%
Average monthly revenue per subscriber (5)	£20.80	£20.08
<b>RESIDENTIAL TELEPHONY</b>		
Residential telephony subscribers	1,635,515	1,556,337
Residential telephony penetration (6)	34.8%	32.6%
Residential telephone lines	1,772,266	1,721,063
Second line penetration	8.4%	10.6%
Average subscriber churn rate (7)	16.2%	19.4%
Average monthly revenue per line (8)	£23.72	£22.54
Average monthly revenue per subscriber (9)	£25.80	£24.97
<b>INTERNET SUBSCRIBERS</b>		
Blueyonder SurfUnlimited	206,081	130,592
Blueyonder pay-as-you-go	119,026	139,639
Blueyonder broadband	125,900	18,616
Total Internet subscribers	451,007	288,847
<b>BLUEYONDER BROADBAND</b>		
Average monthly revenue per subscriber (10)	£29.93	N/A
Average subscriber churn rate (11)	7.8%	N/A

## Telewest Communications plc Operating Statistics – Unaudited (continued)

	<b>As at 31 Mar 2002 Actual</b>	As at 31 Mar 2001 Actual
<b>BUSINESS DIVISION</b>		
Business customer accounts	<b>73,618</b>	67,042
Business telephony lines	<b>452,122</b>	399,079
Average business lines per customer account <sup>(12)</sup>	<b>6.1</b>	6.0
Average annualised monthly revenue per business line <sup>(13)</sup>	<b>£41.67</b>	£46.98
Annualised revenue per customer account <sup>(14)</sup>	<b>£3,102</b>	£3,134
<b>CONTENT DIVISION</b>		
Multi channel subscribers	<b>10,580,505</b>	9,952,712
Flextech share of basic viewing <sup>(15)</sup>	<b>20.0%</b>	23.5%
Share of total TV advertising revenues <sup>(16)</sup>	<b>3.6%</b>	3.2%

- (1) Dual or triple service subscribers are those subscribers who take any two or all of our cable television, residential telephony and high-speed internet services.
- (2) Average monthly revenue per subscriber (often referred to as "ARPU") represents (i) the average monthly revenue of residential customers for such period, divided by (ii) the average number of residential customers in such period.
- (3) Cable television penetration rate at a specified date represents (i) the total number of cable television subscribers at such date, divided by (ii) the total number of homes passed and marketed for cable television at such date.
- (4) Average cable television subscriber churn rate for the period is calculated on a rolling 12 month basis and represents (i) the total number of cable television subscribers who terminated basic services or whose services were terminated during such period, divided by (ii) the average number of cable television subscribers in such period.
- (5) Average monthly revenue per cable television subscriber for each period represents (i) the average monthly cable television revenue for such period, divided by (ii) the average number of cable television subscribers in such period.
- (6) Residential telephony penetration rate at a specified date represents (i) the total number of residential cable telephony subscribers at such date divided by (ii) the total number of homes passed and marketed for residential cable telephony at such date.
- (7) Average residential telephony subscriber churn rate for the period is calculated on a rolling 12 month basis and represents (i) the total number of residential cable telephony subscribers who terminated telephony services or whose services were terminated during such period, divided by (ii) the average number of residential cable telephony subscribers in such period.
- (8) Average monthly revenue per residential telephony 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.
- (9) Average monthly revenue per residential telephony subscriber 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 subscribers in such period.
- (10) Average monthly revenue per blueyonder broadband subscriber for each period represents (i) the average monthly blueyonder broadband revenue for such period, divided by (ii) the average number of blueyonder broadband subscribers in such period.
- (11) Average blueyonder broadband subscriber churn rate for the period is calculated on a rolling 12 month basis and represents (i) the total number of blueyonder broadband subscribers who terminated their services or whose services were terminated during such period, divided by (ii) the average number of blueyonder broadband subscribers in such period.
- (12) Average number of business lines per customer account at a specified date represents (i) the number of business cable telephony lines at such date, divided by (ii) the average number of business cable telephony customer accounts at such date.
- (13) 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.
- (14) Average annualised revenue per customer account for each period represents (i) the average monthly business services revenue for each period divided by (ii) the average number of business services customer accounts in such period, multiplied by twelve months.
- (15) Basic viewing over 24 hours.
- (16) Includes Flextech wholly owned channels and UKTV advertising revenues

**Telewest Communications plc**  
**UK GAAP**  
**SUMMARISED UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH**

	31 Mar 2002	31 Mar 2001	31 Dec 2001 Audited £m
	£m	£m	
<b>Turnover</b>			
Consumer Division:			
Cable television	85	78	329
Telephony	126	120	488
Internet and other	16	7	40
	<b>227</b>	205	857
Business Division	<b>64</b>	68	274
<b>Total Cable Division</b>	<b>291</b>	273	1,131
Programming, transactional and interactive revenues	<b>26</b>	32	129
Share of joint ventures' turnover (UKTV)	<b>17</b>	16	63
<b>Total Content Division</b>	<b>43</b>	48	192
<b>Total Turnover</b>	<b>334</b>	321	1,323
Less: share of joint ventures' turnover	<b>(17)</b>	(16)	(63)
<b>Group Turnover</b> (note 1)	<b>317</b>	305	1,260
<b>Total Operating Costs</b> (note 2)	<b>(378)</b>	(395)	(2,572)
<b>Group operating loss</b> (note 1)	<b>(61)</b>	(90)	(1,312)
Group Turnover	<b>317</b>	305	1,260
Operating expenses before depreciation and amortisation	<b>(231)</b>	(242)	(954)
<b>EBITDA</b> (note 1)	<b>86</b>	63	306
Depreciation and amortisation (note 2)	<b>(147)</b>	(153)	(1,618)
Group operating loss	<b>(61)</b>	(90)	(1,312)
<b>Loss on disposal of investments</b>	-	-	(4)
<b>Share of operating profits of joint ventures</b>	<b>5</b>	5	9
<b>Share of operating (losses)/profits of associated undertakings</b>	<b>(2)</b>	3	(7)
<b>Interest receivable and similar income</b>	<b>3</b>	3	15
<b>Amounts written off investments</b>	-	-	(138)
<b>Interest payable and similar charges</b> (note 3)	<b>(112)</b>	(129)	(494)
<b>Loss on ordinary activities before taxation</b>	<b>(167)</b>	(208)	(1,931)
<b>Tax on loss on ordinary activities</b>	<b>1</b>	(1)	(5)
<b>Loss on ordinary activities after taxation</b>	<b>(166)</b>	(209)	(1,936)
<b>Minority interests</b>	-	-	1
<b>Loss for the financial period</b>	<b>(166)</b>	(209)	(1,935)
<b>Basic and diluted loss per ordinary share (pence)</b>	<b>(5.8)</b>	(7.2)	(67.2)

The financial information presented above reflects the continuing operations of the business. The consolidated financial information set out on pages 8 to 12, has been prepared on the basis of the accounting policies set out in Telewest's Annual Report. The audited consolidated financial information set out pages 8 to 12, does not constitute the Company's statutory accounts for the year ended 31 December 2001 but is derived from those accounts. Statutory accounts for 2001 will be delivered to the Registrar of Companies following the Company's Annual General Meeting on 11 June 2002. The auditors have reported on those accounts; their report was unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

**Telewest Communications plc**  
**UK GAAP**  
**SUMMARISED UNAUDITED CONSOLIDATED BALANCE SHEETS**  
**AS AT 31 MARCH**

	31 Mar 2002	31 Mar 2001	31 Dec 2001 Audited £m
	£m	£m	£m
<b>Fixed assets</b>			
Intangible assets	1,718	2,840	1,743
Tangible assets	3,510	3,344	3,498
Investments in associated undertakings and participating interests	102	177	107
Investments in joint ventures:			
Share of gross assets	30	34	30
Goodwill	325	423	330
Share of gross liabilities	(133)	(141)	(138)
Loans to joint ventures	223	223	218
	445	539	440
Other investments	2	2	1
	5,777	6,902	5,789
<b>Current assets</b>			
Stocks	72	77	67
Debtors	249	268	239
Secured cash deposits restricted for more than one year	20	12	20
Cash at bank and in hand	91	99	14
	432	456	340
<b>Creditors: amounts falling due within one year</b>	(697)	(619)	(670)
<b>Net current liabilities</b>	(265)	(163)	(330)
<b>Total assets less current liabilities</b>	5,512	6,739	5,459
<b>Creditors: amounts falling due after more than one year (including convertible debt)</b>	(5,250)	(4,592)	(5,031)
<b>Minority interests</b>	-	2	(1)
<b>Net assets</b>	262	2,149	427
<b>Equity shareholders' funds</b>	262	2,149	427

**Telewest Communications plc**  
**UK GAAP**  
**SUMMARISED UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH**

	31 Mar 2002 £m	31 Mar 2001 £m	31 Dec 2001 £m Audited
<b>Net cash inflow from operating activities</b> (note 4)	<b>72</b>	94	348
<b>Dividends received from associated undertakings</b>	-	-	3
<b>Returns on investments and servicing of finance</b>			
Interest received	-	1	5
Interest paid	<b>(73)</b>	(64)	(335)
Interest element of finance lease payments	<b>(4)</b>	(5)	(20)
Issue costs of Notes and credit facility arrangement costs	-	(36)	(41)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(77)</b>	(104)	(391)
<b>Capital expenditure</b>			
Purchase of tangible fixed assets	<b>(110)</b>	(126)	(548)
Sale of tangible fixed assets	-	-	2
<b>Net cash outflow for capital expenditure</b>	<b>(110)</b>	(126)	(546)
<b>Acquisition and disposals</b>			
Purchase of subsidiary undertakings	-	-	(6)
Disposal of a subsidiary undertaking	-	-	10
Cash disposed of with a subsidiary undertaking	-	-	(2)
Investments in associated undertakings and other participating interests	<b>(1)</b>	(4)	(26)
<b>Net cash outflow from acquisitions and disposals</b>	<b>(1)</b>	(4)	(24)
<b>Net cash outflow before use of liquid resources and financing</b>	<b>(116)</b>	(140)	(610)
<b>Management of liquid resources</b>			
Net (increase)/decrease in fixed and secured deposits	<b>(74)</b>	13	11
<b>Financing</b>			
Net repayment of borrowings under old credit facilities	-	(133)	(824)
Net proceeds from borrowings under new credit facilities	<b>130</b>	280	1,393
Net proceeds from disposal of forward contracts	<b>74</b>	-	-
Repayments of loans made to joint ventures (net)	<b>(1)</b>	10	21
Proceeds from issue of Accreting Convertible Notes, 2003	-	30	30
Repayment of other borrowings	<b>(1)</b>	-	-
Proceeds from exercise of share options	-	2	6
Capital element of finance lease payments	<b>(9)</b>	(10)	(54)
<b>Net cash inflow from financing</b>	<b>193</b>	179	572
<b>Increase/(decrease) in cash in the period</b>	<b>3</b>	52	(27)

**Telewest Communications plc**
**UK GAAP**
**NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED ACCOUNTS  
FOR THE THREE MONTHS ENDED 31 MARCH**

	Cable	Content	Inter- divisional	Total	Cable	Content	Inter- divisional	Total
	31 Mar 2002 £m	31 Mar 2002 £m	31 Mar 2002 £m	31 Mar 2002 £m	31 Mar 2001 £m	31 Mar 2001 £m	31 Mar 2001 £m	31 Mar 2001 £m
<b>1 Segmental analysis</b>								
Group Turnover	291	29	(3)	317	273	36	(4)	305
Operating expenses before depreciation and amortisation	(207)	(27)	3	(231)	(209)	(37)	4	(242)
<b>EBITDA</b>	<b>84</b>	<b>2</b>	<b>-</b>	<b>86</b>	<b>64</b>	<b>(1)</b>	<b>-</b>	<b>63</b>
Depreciation and amortisation	(145)	(2)	-	(147)	(148)	(5)	-	(153)
<b>Group operating loss</b>	<b>(61)</b>	<b>-</b>	<b>-</b>	<b>(61)</b>	<b>(84)</b>	<b>(6)</b>	<b>-</b>	<b>(90)</b>
					<b>31 Mar 2002 £m</b>	<b>31 Mar 2001 £m</b>	<b>31 Dec 2001 Audited £m</b>	
<b>2 Total operating costs</b>								
<b>Cost of sales:</b>								
Consumer programming expenses					33	37	142	
Business and consumer telephony expenses					55	61	238	
Content Division cost of sales					16	19	83	
<b>Prime cost of sales (cost of sales before depreciation)</b>					<b>104</b>	<b>117</b>	<b>463</b>	
Depreciation of tangible fixed assets					117	108	445	
					<b>221</b>	<b>225</b>	<b>908</b>	
<b>Administration expenses:</b>								
Selling, general and administrative expenses					127	125	491	
Amortisation of goodwill and intangible assets (31 Dec 2001 including exceptional impairment £992m)					30	45	1,173	
					<b>157</b>	<b>170</b>	<b>1,664</b>	
<b>Total operating costs</b>					<b>378</b>	<b>395</b>	<b>2,572</b>	
<b>3 Interest payable and similar charges</b>								
Share of interest of associated undertakings and joint ventures					4	3	11	
On bank loans					29	20	105	
Finance costs of Notes and Debentures					84	81	329	
Finance charges payable in respect of finance leases and hire purchase contracts					3	4	19	
Exchange (gains)/ losses on foreign currency translation, net					(11)	19	15	
Other					3	2	15	
<b>Total interest payable and similar charges</b>					<b>112</b>	<b>129</b>	<b>494</b>	

**Telewest Communications plc**  
**UK GAAP**

**NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED ACCOUNTS (continued)**  
**FOR THE THREE MONTHS ENDED 31 MARCH**

	31 Mar 2002	31 Mar 2001	31 Dec 2001 Audited
	£m	£m	£m
<b>4 Reconciliation of operating loss to net cash inflow from operating activities</b>			
Group operating loss	(61)	(90)	(1,312)
Depreciation of tangible fixed assets	117	108	445
Amortisation of goodwill and intangible assets	30	45	181
Impairment of goodwill	-	-	992
(Increase)/decrease in stocks and programming inventory	(5)	(8)	2
(Increase)/decrease in debtors	(16)	(13)	23
Increase in creditors	7	52	17
<b>Net cash inflow from operating activities</b>	<b>72</b>	<b>94</b>	<b>348</b>
<b>5 Net debt</b>			
Net debt, other than short-term creditors and accruals			
Convertible Notes	916	899	904
Other Notes and Debentures	2,678	2,551	2,598
Bank facility	1,455	935	1,324
Other loans	43	12	45
Vendor financing and obligations under finance leases and hire purchase contracts	277	258	261
<b>Total debt</b>	<b>5,369</b>	<b>4,655</b>	<b>5,132</b>
Less cash at bank and in hand	91	99	14
<b>Net debt</b>	<b>5,278</b>	<b>4,556</b>	<b>5,118</b>

**Telewest Communications plc**  
**UK GAAP**  
**SUMMARISED UNAUDITED QUARTERLY CONSOLIDATED PROFIT AND LOSS**  
**ACCOUNTS**  
**FOR THE QUARTERS ENDED**

	31 Mar 2002 £m	31 Dec 2001 £m	30 Sept 2001 £m	30 June 2001 £m	31 Mar 2001 £m
<b>Turnover</b>					
Consumer Division:					
Cable television	85	86	85	80	78
Telephony	126	126	120	122	120
Internet and other	16	14	11	8	7
	<b>227</b>	226	216	210	205
Business Division	<b>64</b>	71	64	71	68
<b>Total Cable Division</b>	<b>291</b>	297	280	281	273
Content Division:					
Programming, transactional and interactive revenues	26	36	30	31	32
Share of joint ventures' turnover (UKTV)	17	17	15	15	16
<b>Total Content Division</b>	<b>43</b>	53	45	46	48
<b>Total Turnover</b>	<b>334</b>	350	325	327	321
Less: share of joint ventures' turnover	(17)	(17)	(15)	(15)	(16)
<b>Group Turnover</b>	<b>317</b>	333	310	312	305
<b>Total Operating Costs</b>	<b>(378)</b>	(1,394)	(387)	(396)	(395)
<b>Group operating loss</b>	<b>(61)</b>	(1,061)	(77)	(84)	(90)
Group Turnover	317	333	310	312	305
Operating expenses before depreciation and amortisation	(231)	(240)	(230)	(242)	(242)
<b>EBITDA</b>	<b>86</b>	93	80	70	63
Depreciation and amortisation	(147)	(1,154)	(157)	(154)	(153)
Group operating loss	(61)	(1,061)	(77)	(84)	(90)
<b>Loss for the financial period</b>	<b>(166)</b>	(1,338)	(181)	(207)	(209)
<b>Basic and diluted loss per ordinary share (pence)</b>	<b>(5.8)</b>	(46.5)	(6.3)	(7.2)	(7.2)

**Telewest Communications plc**  
**UK GAAP**  
**SUMMARISED UNAUDITED QUARTERLY CONSOLIDATED PROFIT AND LOSS**  
**ACCOUNTS**  
**FOR THE QUARTERS ENDED**

	31 Mar 2002 £m	31 Dec 2001 £m	30 Sept 2001 £m	30 June 2001 £m	31 Mar 2001 £m
<b>Total operating costs</b>					
<b>Cost of sales:</b>					
Consumer programming expenses	33	33	34	38	37
Business and consumer telephony expenses	55	59	57	61	61
Content Division cost of sales	16	26	19	19	19
<b>Prime cost of sales</b> (cost of sales before depreciation)	<b>104</b>	118	110	118	117
Depreciation of tangible fixed assets	117	117	111	109	108
	<b>221</b>	235	221	227	225
<b>Administration expenses:</b>					
Selling, general and administrative expenses	127	122	120	124	125
Amortisation of goodwill and tangible assets	30	45	46	45	45
Exceptional item - impairment of goodwill	-	992	-	-	-
	<b>157</b>	1,159	166	169	170
<b>Total operating costs</b>	<b>378</b>	1,394	387	396	395
<b>Interest payable and similar charges</b>					
Share of interest of associated undertakings and joint ventures	4	3	3	2	3
On bank loans	29	33	27	25	20
Finance costs of Notes and Debentures	84	83	83	82	81
Finance charges payable in respect of finance leases and hire purchase contracts	3	8	3	4	4
Exchange (gains)/losses on foreign currency translation, net	(11)	9	(16)	3	19
Other	3	1	5	7	2
<b>Total interest payable and similar charges</b>	<b>112</b>	137	105	123	129

**Telewest Communications plc**  
**US GAAP**  
**SUMMARISED UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED 31 MARCH**

	3 months ended 31 Mar 2002 \$m	3 months ended 31 Mar 2002 £m	3 months ended 31 Mar 2001 £m
<b>Revenue</b>			
Cable television	121	85	78
Consumer telephony	179	126	120
Internet and other	23	16	7
<b>Total Consumer Division</b>	<b>323</b>	<b>227</b>	<b>205</b>
Business Services Division	94	66	62
<b>Total Cable Division</b>	<b>417</b>	<b>293</b>	<b>267</b>
Content Division	37	26	31
<b>Total Revenue</b>	<b>454</b>	<b>319</b>	<b>298</b>
<b>Operating costs and expenses</b>			
Consumer programming expenses	(46)	(33)	(37)
Business and consumer telephony expenses	(78)	(55)	(61)
Content expenses	(23)	(16)	(19)
Selling, general and administrative expenses	(184)	(129)	(128)
Depreciation	(167)	(117)	(115)
Amortisation of goodwill	-	-	(45)
	<b>(498)</b>	<b>(350)</b>	<b>(405)</b>
<b>Operating loss</b>	<b>(44)</b>	<b>(31)</b>	<b>(107)</b>
<b>Other income/(expense)</b>			
Interest income	-	-	5
Interest expense	(173)	(121)	(111)
Foreign exchange gain/(loss), net	30	21	(21)
Share of net profits of affiliates	6	4	6
Other, net	-	-	(1)
<b>Loss before income taxes</b>	<b>(181)</b>	<b>(127)</b>	<b>(229)</b>
Income tax benefit	3	2	2
<b>Net loss before extraordinary item</b>	<b>(178)</b>	<b>(125)</b>	<b>(227)</b>
Extinguishment of debt	-	-	(15)
<b>Net loss after extraordinary item</b>	<b>(178)</b>	<b>(125)</b>	<b>(242)</b>
<b>Basic and diluted loss per ordinary share</b>			
Before extraordinary loss	\$(0.06)	£(0.04)	£(0.08)
After extraordinary loss	\$(0.06)	£(0.04)	£(0.08)
<b>Note: Earnings before interest, taxes, depreciation and goodwill ("EBITDA")</b>			
Operating loss	(44)	(31)	(107)
Add: depreciation and amortisation of goodwill	167	117	160
<b>EBITDA (after non-cash share-based compensation cost)</b>	<b>123</b>	<b>86</b>	<b>53</b>
Add back: non-cash share-based compensation cost	-	-	1
<b>EBITDA (before non-cash share-based compensation cost)</b>	<b>123</b>	<b>86</b>	<b>54</b>

The consolidated financial information as set out on pages 15 to 17, which is unaudited, has been prepared on the basis of the accounting policies set out in Telewest's Annual Report, other than where changes are necessary to implement new accounting standards.

The economic environment in which the Company operates is the United Kingdom and hence its reporting currency is Pounds Sterling ("£"). Merely for convenience, the financial statements contain translation of certain Pounds Sterling amounts into US Dollars ("\$\$") at \$1.4242 per £1.00, the noon buying rate of the Federal Reserve Bank of New York on Thursday 28 March 2002, being the last business day before 31 March. 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**  
**SUMMARISED UNAUDITED CONSOLIDATED BALANCE SHEETS**  
**AS AT 31 MARCH**

	<b>31 Mar 2002 \$m</b>	<b>31 Mar 2002 £m</b>	<b>31 Dec 2001 £m</b>
<b>Assets</b>			
Cash and cash equivalents	130	91	14
Secured cash deposits restricted for more than one year	28	20	20
Receivables and prepaid expenses	390	274	261
Investments	788	553	547
Property and equipment	4,965	3,486	3,473
Goodwill and other intangibles	2,695	1,892	1,892
Inventory	102	72	67
Other assets	77	54	58
<b>Total assets</b>	<b>9,175</b>	<b>6,442</b>	<b>6,332</b>
<b>Liabilities</b>			
Debt	7,377	5,180	4,897
Other liabilities	1,399	982	984
<b>Total liabilities</b>	<b>8,776</b>	<b>6,162</b>	<b>5,881</b>
<b>Minority interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Shareholders' equity</b>	<b>399</b>	<b>280</b>	<b>451</b>
<b>Total liabilities and shareholders' equity</b>	<b>9,175</b>	<b>6,442</b>	<b>6,332</b>

Note: The adoption of SFAS 142 "Goodwill and Other Intangible Assets" from 1 January 2002 means that Amortisation of goodwill is no longer charged to the Statement of Operations.

**Telewest Communications plc**  
**US GAAP**  
**SUMMARISED UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH**

	31 Mar 2002 \$m	31 Mar 2002 £m	31 Mar 2001 £m
<b>Cash flows from operating activities</b>			
Net loss	(178)	(125)	(242)
Adjustments to reconcile net loss to net cash provided by/(used in) operating activities:			
Depreciation	167	117	115
Amortisation of goodwill	-	-	45
Amortisation of deferred financing costs and issue discount on Senior Discount Debentures	37	26	27
Deferred tax credit	(3)	(2)	(2)
Unrealised (gain)/loss on foreign currency translation	(30)	(21)	21
Non-cash accrued share-based compensation cost	-	-	1
Extinguishment of debt	-	-	15
Share of net losses of affiliates	(6)	(4)	(6)
Changes in operating assets and liabilities, net of effect of acquisition of subsidiaries:			
Change in receivables	(6)	(4)	3
Change in prepaid expenses	(15)	(11)	(22)
Change in other assets	(6)	(4)	(44)
Change in accounts payable	80	56	27
Change in other liabilities	(47)	(33)	48
<b>Net cash used in operating activities</b>	(7)	(5)	(14)
<b>Net cash used in investing activities</b>	(159)	(112)	(116)
<b>Net cash provided by financing activities</b>	276	194	169
<b>Net increase in cash and cash equivalents</b>	110	77	39
<b>Cash and cash equivalents at beginning of period</b>	20	14	60
<b>Cash and cash equivalents at end of period</b>	130	91	99