

TELEWEST COMMUNICATIONS plc
3rd QUARTER RESULTS 2003

Strengthening financial position

- **Customer growth**
- **Record EBITDA and margin before exceptionals**
- **Record ARPU**
- **Free cash flow positive year to date**
- **Restructuring discussions progress**

	9 months ended 30 September			3 months ended 30 September		
	2003 £m	2002 £m	change	2003 £m	2002 £m	change
Total turnover *	1,013	1,010		339	336	up 1%
EBITDA **	334	281	up 19%	114	97	up 18%
EBITDA margin **	33%	28%	up 5% pts	34%	29%	up 5% pts
Total operating loss	(58)	(183)	down 68%	(17)	(64)	down 73%
Net loss	(327)	(397)	down 18%	(119)	(158)	down 25%
Capex	159	330	down 52%	55	89	down 38%
Free cash flow ***	30	(338)	up £368m	(1)	(90)	up £89m

* includes Telewest's proportionate share of UKTV.

** includes Telewest's proportionate share of UKTV and is before exceptional items of £16m and £9m in the 9 months and 3 months ended 30 September 2003, respectively.

*** net cash inflow/(outflow) before use of liquid resources and financing.

Commenting, Charles Burdick, managing director, said:

"As anticipated, we returned to modest customer growth across each of our consumer product lines, with new product propositions and increased and more efficient marketing combining with reduced churn. These trends have continued into October.

"Our bundled products are proving popular, and 15% of our customers now take the triple play of TV, telephony and broadband. Our ARPU, which remains the highest of any European cable company, has again risen to a record level. We also continue to be the broadband leaders in our franchise areas with an accelerating growth driven by innovative services, including wireless broadband and 2Mb speeds.

"Together with our focus on costs, this operational performance has delivered record EBITDA and EBITDA margin for the quarter before exceptionals and positive free cash flow for the year to date.

"Alongside our commercial and financial progress, we have announced agreement with our principal shareholders and bondholders on the terms of our proposed financial restructuring and are in discussions with our banks on the new term sheet for our continued bank finance.

" We believe our strategy of customer focus, cost control and broadband leadership across the strength of our franchises provides a good platform for future growth and increasing cash generation."

Enquiries to

Telewest Communications plc

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FINANCIAL REVIEW

Except where stated otherwise, all profit and loss items are before exceptional items, and all comparisons compare the first nine months of 2003 to the first nine months of 2002. The Group has incurred £16 million of exceptional legal and professional costs in respect of the Financial Restructuring during the nine months ended 30 September 2003.

Turnover

Total turnover (including our share of UKTV, our joint venture with the BBC) for the nine months is £1,013 million, marginally ahead year-on-year.

Business Division revenues grew 4%. Content Division revenues grew 2%, despite the disposal of non-core businesses and the closure of ITV Digital. Overall Consumer Division revenues were marginally up before the impact of the closure of Cable Guide, our TV listings magazine, in November 2002 and the sale of our Indirect Access ("IDA") telephony business in July 2003. Together, these two items accounted for a £8 million fall in revenue. Growth in broadband saw internet and other revenues rise 51%.

Margin

Gross margin rose from 68% to 70% for the nine months with improvements in telephony margins and the growing number of high margin broadband subscribers offsetting declines in television margins. Telephony margins improved from 71% to 74% with selected price increases, and improved routing of telephony traffic. Television margins fell from 62% to 61% due to increases in the cost of premium programming.

Reflecting our continued focus on costs, selling, general and administrative expenses ("SG&A") for the nine months were down 8% to £351 million. SG&A for the quarter of £116 million was down £1 million from the second quarter of 2003 and down £11 million from the third quarter of 2002.

EBITDA

Reflecting the operational performance, EBITDA grew 19% to £334 million for the first nine months, including our £16 million share of UKTV's EBITDA, with an EBITDA margin up from 28% to a record 33%.

EBITDA margin for the Cable Division in the quarter was 36%, up from 35% in the previous quarter. Excluding £4 million from UKTV, EBITDA for the third quarter was £110 million, up 2% on the previous quarter.

Net Loss

Net loss for the nine months after exceptional items decreased by 18% to £327 million, including £84 million of foreign exchange gains on dollar-denominated debt. The net loss for the quarter was £119 million.

Capital Expenditure

Capital expenditure in the first nine months was reduced by 52% to £159 million, which represents 17% of Group turnover, due to the lower levels of customer acquisition and reduced network spend following negotiated reductions in the cost of electronic equipment including set top boxes and more efficient usage of network capacity. This quarter we have introduced new disclosure of capital expenditure in accordance with National Cable & Telecommunications Association guidelines in note 8.

In the first nine months, EBITDA (including UKTV) exceeded capital expenditure by £175 million compared to a shortfall of £49 million in the first nine months of 2002.

Free Cash Flow

The Group generated positive free cash flow of £30 million during the year to date. As expected, the phasing of capital expenditure, working capital and restructuring costs led to free cash flow turning marginally negative by £1 million in the quarter. The phasing of capital expenditure, restructuring costs and fluctuations in working capital will continue to impact short-term cash flow generation.

Debt

As at 30 September 2003, net debt was £5,228 million. This comprised £3,421 million of notes and debentures (which are expected to be exchanged for equity as part of the Financial Restructuring), £194 million of lease

financing, £7 million of other loans and £2,000 million drawn down on our bank facility, offset by cash balances and term deposits of £394 million. In addition, unpaid and accrued interest on the notes and debentures subject to the Financial Restructuring was £294 million.

Going Concern

These financial statements have been prepared on a going concern basis and do not include any adjustments that would arise as a result of the going concern basis of preparation being inappropriate. As previously announced, the Company is in discussions with its bondholders and other major stakeholders with regard to a Financial Restructuring of its balance sheet as the Directors consider that the Company will not be able to meet all of its debts as they fall due. However, the Board of Directors has confidence in the successful conclusion of the Financial Restructuring (and any required amendments to the Senior Secured Facility) and, together with and on the basis of cash flow information that they have prepared, the directors consider that the Group will continue to operate as a going concern for a period of at least 12 months from the date of issue of these financial statements. Any restructuring will require the approval of our bankers and various stakeholders. Inherently, there can be no certainty in relation to any of these matters.

Financial Restructuring

The Company continues to engage in negotiations with its bondholders, senior lenders and certain other major stakeholders and it believes that a final agreement will be achieved in due course. On 9 June 2003, the Company announced that it had been notified by the ad hoc committee of its bondholders (the "Bondholder Committee") that, in order to obtain the support of certain of the Company's bondholders, the Bondholder Committee had requested certain changes to the economic and other terms of the preliminary non-binding agreement relating to its balance sheet restructuring (the "Financial Restructuring") with the Bondholder Committee as announced on 30 September 2002. On 17 June 2003, representatives of the Bondholder Committee provided the Company with a new proposal for the terms of the Financial Restructuring. On 28 July 2003, the Company announced that it expected the final terms of the Financial Restructuring to provide that ordinary shareholders will receive 1.5% of the issued share capital immediately following the Financial Restructuring. On 15 September, the Company announced that it had reached agreement in principle, subject to certain conditions, on the terms of the Financial Restructuring with the Bondholder Committee, W.R. Huff Asset Management, the Liberty Media Group and IDT Corporation pursuant to which the holders of all outstanding notes and debentures issued by Telewest and Telewest Finance (Jersey) Limited would receive in aggregate 98.5 per cent of the issued share capital of the restructured company following the Financial Restructuring and the holders of Telewest's existing share capital would receive the remaining 1.5 per cent of the issued share capital.

BUSINESS REVIEW

Consumer Division

Overall Consumer Division revenues were marginally up before the impact of the closure of Cable Guide, our TV listings magazine, in the fourth quarter of 2002 and the sale of our Indirect Access ("IDA") telephony business in July 2003. Together, these two items accounted for a £8 million fall in revenue.

Household ARPU for the third quarter was a record £43.93, up by 6% on the third quarter of 2002, reflecting price rises and increasing 'triple play' penetration. Household ARPU remains the highest of any European cable company.

During the third quarter the number of household customers increased by 2,000 as we returned to customer growth following customer losses in the two previous quarters as we improved the quality of our customer base. Gross customer additions before churn were 63,000 in the quarter, up 43% on the previous quarter. This increase was achieved due to the introduction of new product propositions, increased spend on marketing and promotions, and operational improvements to improve sales efficiency. Tight credit control measures remain in place to ensure that we continue to attract profitable customers.

Customer growth was also positively affected by the reduction in quarterly annualised household churn from 15.6% in the second quarter to 14.2% in the third quarter as we continued to focus on improving customer service and as the profile of our customer base improved.

The improving profile of our customer base is illustrated by:

- ARPU up to a record £43.93
- 'Triple play' up 28,000 to 256,000 – now 15% of customers compared to 9% a year ago
- 27% of our telephony base now take higher ARPU flat rate telephony products
- 75% of our TV base now take higher ARPU digital TV

(i) Broadband

Strong growth in the number of broadband subscribers drove up internet and other revenues by 51% to £86 million.

Net broadband additions in the third quarter were 38,000 representing an acceleration of growth from the second quarter. At the quarter end, we had 367,000 broadband subscribers, up 12% since June 2003. Growth has remained strong since the quarter end and as at 5 November 2003, we had 389,000 broadband subscribers of which 32,000 subscribed to our 1Mb service and 7,000 to our 2Mb service which we launched in May 2003. 70% of broadband customers subscribe to the full 'triple play' and 94% to one other product.

Broadband ARPU for the third quarter was £22.52 down slightly from the second quarter as expected as installation fees are spread over a greater installed subscriber base. Broadband churn rose in the quarter to 14.7% due mainly to three issues which affected the early part of the quarter; a much publicised increase in virus activity, stability issues following an email platform upgrade and the seasonal effect of increased customer property moves in the summer months. These issues have now been resolved and churn in September and October fell to 13.7% on a monthly annualised basis.

(ii) Residential Telephony

Residential telephony revenues of £354 million were down 5% due to a reduction in the average number of subscribers, lower telephony usage, the sale of the IDA business and the continued migration of dial-up internet subscribers to broadband.

The number of telephony subscribers increased by 3,000 in the third quarter after five quarters of customer losses. This return to customer growth was as a result of the reasons outlined above. Subscribers to our flat rate 'Talk' services continued to increase with 30,000 net additions in the quarter. At 30 September 2003, we had 427,000 'Talk' subscribers being 27% of our residential telephony base.

ARPU per subscriber for the third quarter fell slightly to £24.53 from the previous quarter due to a seasonal reduction in usage. Telephony churn remains significantly below last year's level but rose marginally in the quarter from 13.8% to 14.2%.

(iii) CATV

CATV revenues of £237 million were down 7% largely as a result of the reduction in the average number of subscribers year-on-year.

The number of CATV subscribers rose by 8,000 in the third quarter due mainly to the introduction of new product propositions, and the continued addition to the range of channels offered, including the recently added Sky Sports Extra digital channel. This customer growth followed the five previous quarters of customer losses, during which we took steps to ensure that we were acquiring more cash generative profitable customers. CATV ARPU has remained relatively flat at £20.93 for the third quarter whilst churn has fallen to 16.9%.

75% of our TV subscribers now take our digital service and since the quarter end, in the Birmingham area, we have begun the upgrade of the first of the small remaining sections of our network that are unable to receive digital television or broadband.

Business Division

The Business Division's revenues grew 4% to £206 million for the nine months ended 30 September 2003.

Telewest Business has enjoyed a number of significant contract wins across its product set of voice, data and internet services. Among the major contracts are deals with retail chain Rubicon, Intercall the conference communications service provider and West Midlands Ambulance.

The Telewest Business contract with West Midlands Police to replace three separate networks for voice, data and video, with one broadband infrastructure was short listed in the Computing Awards for Excellence 2003. The service was described as "delivering genuine operational and financial benefits for the organisation."

As part of its ongoing drive to achieve our operational and financial targets Telewest Business has announced plans to re-align the business to provide a differentiated service to customers, based more closely on the services and products they have or may require in the future from Telewest Business. Smaller voice only customers will receive centralised support under a low cost service model. Where customers have more complex communications requirements, we will continue to provide regular face-to-face contact, ensuring support and assistance meets the ongoing needs of the customer.

Carrier Services revenues within the Business Division were £33 million, compared to £30 million for the same period a year ago after reductions in the previous two years. Carrier Services offer our national network to other carriers and operators (such as T-Mobile) for voice and data communications.

Content Division

Content Division revenues totalled £130 million for the nine months, including £50 million from our 50% share of UKTV revenue. Revenues were up 2% on the same period in 2002 as strong growth in advertising offset the disposal of non-core businesses and the closure of ITV Digital.

Advertising revenues of £61 million (including our 50% share of UKTV) for the nine months were up 14% in an overall market which had declined by 1%. The Content Division grew its market share with a 4.0% share of the TV advertising market in the UK in the quarter, up from 3.5% in the corresponding period in 2002.

Subscription revenues of £52 million (including our 50% share of UKTV) for the nine months were up 5% due to UK pay-TV growth.

Flextech, our content division, launched a new time-shifted channel, Trouble Reload during the quarter.

UKTV is launching a new channel, UK G2 on 12 November 2003 on both cable and satellite. UK G2 will feature a strong programme line-up including *Have I Got News For You*, *Room 101*, *They Think It's All Over* and *Shooting Stars* and a range of modern, innovative dramas including *Spooks*, *Cutting It*, *The Lakes*, and *This Life*.

UKTV's factual channel, UK History won New Channel of the Year at the Edinburgh TV Festival.

Notes:

1. Non-statutory information provided in this 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, and unless stated otherwise is before taking into account exceptional items.
- 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 Harbor 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 30 June 2003.

Telewest Communications plc
Operating Statistics – Unaudited
FOR THE QUARTERS ENDED

CONSUMER DIVISION	30 Sep 2003	30 Sep 2002
Customers		
Homes passed and marketed	4,679,688	4,697,861
Total customers	1,721,550	1,758,234
Customer additions	62,553	71,773
Customer disconnects	(60,871)	(83,976)
Net customer movement	1,682	(12,203)
Household churn (annualised) (1)	14.2%	19.0%
Household penetration	36.8%	37.4%
% of dual or triple play subscribers	72.0%	69.6%
% of triple play subscribers	14.9%	8.8%
RGUs (4)	3,217,600	3,136,198
RGUs per customer	1.87	1.78
Average monthly revenue per customer (5)	£43.93	£41.59
Internet		
Broadband subscribers	367,410	216,173
Total Internet subscribers	610,334	500,343
Broadband net additions	38,074	38,779
Broadband penetration	8.6%	5.0%
Broadband churn (annualised)	14.7%	15.0%
Broadband average monthly revenue	£22.52	£25.02
Telephony		
Telephony subscribers	1,591,641	1,615,190
Telephony lines	1,673,065	1,725,904
Second line penetration	5.1%	6.9%
Talk subscribers (unmetered)	427,092	346,285
Telephony subscriber net additions	3,283	(10,815)
Telephony penetration	34.0%	34.4%
Telephony churn (annualised)	14.2%	19.0%
Telephony average monthly revenue	£24.53	£24.78
Television		
Total television subscribers	1,258,549	1,304,835
Television subscriber net additions	8,038	(28,248)
Television penetration	26.9%	27.8%
Television churn (annualised)	16.9%	23.9%
Television average monthly revenue	£20.93	£20.36
BUSINESS DIVISION		
Business customer accounts	69,921	74,052
Business telephony lines	464,751	458,388
Average revenue per customer account	£3,182	£3,119
CONTENT DIVISION		
Pay multichannel subscribers	10,146,940	9,624,498
Flextech share of basic viewing (6)	19.6%	19.9%
Share of total TV advertising revenues (7)	4.0%	3.5%

Notes – see page 17

Telewest Communications plc
UK GAAP
SUMMARISED UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER

	30 Sep 2003 Before Exceptional Items £m	30 Sep 2003 Exceptional Items (note 7) £m	30 Sep 2003 Total £m	30 Sep 2002 Total £m	31 Dec 2002 Total Audited £m
Turnover					
Consumer Division:					
Cable television	237	-	237	254	336
Telephony	354	-	354	373	495
Internet and other	86	-	86	57	63
	677	-	677	684	894
Business Division	206	-	206	199	267
Total Cable Division	883	-	883	883	1,161
Content Division					
Programming, transactional and interactive revenues	80	-	80	79	106
Share of joint ventures' turnover (UKTV)	50	-	50	48	64
Total Content Division	130	-	130	127	170
Total Turnover	1,013	-	1,013	1,010	1,331
Less: share of joint ventures' turnover	(50)	-	(50)	(48)	(64)
Group Turnover (note 1)	963	-	963	962	1,267
Total operating costs (note 2)	(1,017)	(16)	(1,033)	(1,149)	(3,119)
Group operating loss (note 1)	(54)	(16)	(70)	(187)	(1,852)
Group Turnover	963	-	963	962	1,267
Operating expenses before depreciation and amortisation	(645)	(16)	(661)	(692)	(937)
EBITDA (note 1)	318	(16)	302	270	330
Depreciation and amortisation (note 2)	(372)	-	(372)	(457)	(2,182)
Group operating loss	(54)	(16)	(70)	(187)	(1,852)
Share of operating profits of joint ventures	14	-	14	8	10
Share of operating losses of associated undertakings	(2)	-	(2)	(4)	(1)
Total operating loss	(42)	(16)	(58)	(183)	(1,843)
Gain on disposal of investments	-	-	-	33	36
Interest receivable and similar income (note 3)	101	-	101	257	309
Amounts written off investments	-	-	-	(36)	(117)
Interest payable and similar charges (note 4)	(369)	-	(369)	(468)	(603)
Loss on ordinary activities before taxation	(310)	(16)	(326)	(397)	(2,218)
Tax on loss on ordinary activities	(1)	-	(1)	-	(1)
Loss on ordinary activities after taxation	(311)	(16)	(327)	(397)	(2,219)
Minority interests	-	-	-	-	1
Loss for the financial period	(311)	(16)	(327)	(397)	(2,218)
Basic and diluted loss per ordinary share (pence)	(10.8)	(0.6)	(11.4)	(13.9)	(77.2)

The financial information presented above reflects the continuing operations of the business. The consolidated financial information set out on pages 8 to 13, has been prepared on a going concern basis, applying the accounting policies set out in Telewest's 2002 Annual Financial Statements; the appropriateness of the going concern basis is discussed further on page 4. Statutory accounts for 2002 were delivered to the Registrar of Companies following the Company's Annual General Meeting on 12 June 2003. 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 30 SEPTEMBER

	30 Sep 2003	30 Sep 2002	31 Dec 2002 Audited £m
	£m	£m	
Fixed Assets			
Intangible assets	150	1,668	157
Tangible assets	3,202	3,472	3,398
Investment in joint ventures:			
Share of gross assets	45	38	45
Goodwill	231	316	241
Share of gross liabilities	(140)	(140)	(146)
Loans to joint ventures	192	221	208
	<u>328</u>	<u>435</u>	<u>348</u>
Investments in associated undertakings and participating interests	<u>6</u>	<u>15</u>	<u>8</u>
	334	450	356
	3,686	5,590	3,911
Current assets			
Investment	-	48	-
Stocks	38	68	28
Debtors	187	248	210
Secured cash deposits restricted for more than one year	13	12	12
Cash at bank and in hand (note 6)	394	351	390
	632	727	640
Creditors: amounts falling due within one year (includes convertible debt of £893m, £nil and £282m, respectively)	(5,504)	(685)	(4,410)
Net current (liabilities)/assets	(4,872)	42	(3,770)
Total assets less current liabilities	(1,186)	5,632	141
Creditors: amounts falling due after more than one year (includes convertible debt of £nil, £893m and £608m, respectively)	(932)	(5,598)	(1,932)
Minority interests	1	-	1
Net (liabilities)/assets	(2,117)	34	(1,790)
Equity shareholders' (deficit)/funds	(2,117)	34	(1,790)

Telewest Communications plc
UK GAAP
SUMMARISED UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER

	30 Sep 2003	30 Sep 2002	31 Dec 2002 Audited
	£m	£m	£m
Net cash inflow from operating activities (note 5)	319	246	391
Dividends received from associated undertakings	-	-	1
Returns on investment and servicing of finance			
Interest received	9	4	7
Interest received from joint ventures	8	9	12
Interest paid	(125)	(248)	(287)
Dividend paid to minority interests in subsidiary undertaking	-	(1)	(1)
Interest element of finance lease payments	(14)	(13)	(18)
Net cash outflow from returns on investments and servicing of finance	(122)	(249)	(287)
Capital expenditure			
Purchase of tangible fixed assets	(174)	(358)	(448)
Sale of tangible fixed assets	1	-	1
Net cash outflow for capital expenditure	(173)	(358)	(447)
Acquisitions and disposals			
Disposal of subsidiary undertakings	-	10	14
Disposal of associated undertakings	7	15	59
Investments in associated undertakings and other participating interests	(1)	(2)	(2)
Net cash inflow from acquisitions and disposals	6	23	71
Net cash inflow/(outflow) before use of liquid resources and financing	30	(338)	(271)
Management of liquid resources			
Net increase in term deposits (note 6)	(17)	(280)	(229)
Net increase in secured deposits (note 6)	(1)	-	-
Net cash outflow from management of liquid resources	(18)	(280)	(229)
Financing			
Net proceeds from borrowings under new credit facilities	-	640	640
Net proceeds from maturity of forward contracts	-	76	76
Repayments/(Payments) of loans made to joint ventures (net)	16	(2)	9
Repayment of SMG equity swap	-	(6)	(33)
Repayment of other borrowings	-	(2)	(2)
Capital element of vendor finance and finance lease payments	(41)	(39)	(51)
Net cash (outflow)/inflow from financing	(25)	667	639
(Decrease)/increase in cash in the period (note 6)	(13)	49	139

Telewest Communications plc
UK GAAP
NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED ACCOUNTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER

	Cable	Content	Inter- divisional	Total 30 Sep	Cable	Content	Inter- divisional	Total 30 Sep
	2003	2003	2003	2003	2002	2002	2002	2002
	£m	£m	£m	£m	£m	£m	£m	£m
1 Segmental Analysis								
Group Turnover	883	88	(8)	963	883	90	(11)	962
Operating expenses before £16m exceptional items in 2003, depreciation and amortisation	(578)	(75)	8	(645)	(622)	(81)	11	(692)
EBITDA before exceptional items	305	13	-	318	261	9	-	270
Exceptional items	(16)	-	-	(16)	-	-	-	-
EBITDA after exceptional items	289	13	-	302	261	9	-	270
Depreciation and amortisation	(364)	(8)	-	(372)	(450)	(7)	-	(457)
Group operating loss	(75)	5	-	(70)	(189)	2	-	(187)

	30 Sep 2003	30 Sep 2002	31 Dec 2002 Audited
	£m	£m	£m
2 Total operating costs			
Cost of sales:			
Consumer programming expenses	93	96	128
Business and consumer telephony expenses	147	165	218
Content Division cost of sales	54	48	70
Prime cost of sales (cost of sales before depreciation)	294	309	416
Depreciation of tangible fixed assets (Includes exceptional write down £87m in 31 Dec 2002)	355	367	577
	649	676	993
Administration expenses			
Selling, general and administrative expenses (Includes exceptional items £16m in 30 Sept 2003 and £22m in 31 Dec 2002)	367	383	521
Amortisation of goodwill and intangible assets (Includes exceptional impairment charge £1,486m in 31 Dec 2002)	17	90	1,605
	384	473	2,126
Total operating costs (Includes exceptional items £16m in 2003 and £1,595m in 31 Dec 2002)	1,033	1,149	3,119

3 Interest receivable and similar income			
Interest receivable	17	13	19
Exchange gains on foreign currency translation	84	244	290
Total interest receivable and similar income	101	257	309

4 Interest payable and similar charges			
Share of interest of associated undertakings and joint ventures	6	7	9
On bank loans	107	97	135
Finance costs of Notes and Debentures	243	253	325
Finance charges payable in respect of finance leases and hire purchase contracts	12	13	17
Exchange losses on foreign currency translation	-	87	74
Other (Includes exceptional items £31m in 31 Dec 2002)	1	11	43
Total interest payable and similar charges (Includes exceptional items £31m in 31 Dec 2002)	369	468	603

Telewest Communications plc

UK GAAP

NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED ACCOUNTS (continued)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER

	30 Sep 2003	30 Sep 2002	31 Dec 2002 Audited
	£m	£m	£m
5 Reconciliation of operating loss to net cash inflow from operating activities			
Group operating loss	(70)	(187)	(1,852)
Depreciation of tangible fixed assets	355	367	490
Exceptional impairment of tangible fixed assets	-	-	87
Amortisation of goodwill and intangible assets	17	90	119
Exceptional impairment of goodwill	-	-	1,486
(Increase)/decrease in stocks and programming inventory	(10)	(2)	7
Decrease/(increase) in debtors	16	(16)	24
Increase/(decrease) in creditors	11	(6)	30
Net cash inflow from operating activities	319	246	391

6 Net debt

Net debt, other than short-term creditors and accruals

Convertible Notes	893	893	890
Other Notes and Debentures	2,528	2,560	2,529
Bank facility	2,000	1,969	2,000
Other loans	7	35	9
Vendor financing and obligations under finance leases and hire purchase contracts	194	221	231
Total debt	5,622	5,678	5,659
Less cash at bank and in hand	(394)	(351)	(390)
Net debt (before restricted cash deposits)	5,228	5,327	5,269

Analysis of movements in cash and deposits

	31 Dec 2002	Cash flow	30 Sep 2003
	£m	£m	£m
Decrease in cash at bank and in hand	153	(13)	140
Increase in short term deposits	237	17	254
	390	4	394
Increase in cash deposits restricted for more than one year	12	1	13

7 Exceptional items

During the nine months ended 30 September 2003, the Group incurred £16 million of exceptional legal and professional costs in respect of its balance sheet restructuring.

Telewest Communications plc

UK GAAP

NOTES TO THE SUMMARISED UNAUDITED CONSOLIDATED ACCOUNTS (continued) FOR THE NINE MONTHS ENDED 30 SEPTEMBER

8 Capital Expenditure

In order to provide comparable data to the US and UK cable industry, and in accordance with NCTA (National Cable & Telecommunications Association) reporting guidelines, Telewest has allocated Capital Expenditure (which represents Fixed Asset Additions on an accruals basis) to the standard reporting categories as per below. Telewest is not a member of the NCTA and is providing this information solely for comparative purposes

	For the quarters ended		
	30 Sep 2003 £m	30 Jun 2003 £m	31 Mar 2003 £m
NCTA Capital Expenditure			
CPE	23	20	25
Scaleable Infrastructure	12	5	13
Commercial	9	7	16
Line Extensions	1	1	1
Upgrade/Rebuild	-	-	3
Support Capital	10	5	7
Total NCTA Capital Expenditure	55	38	65
Non NCTA Capital Expenditure			
Content	-	1	-
Total Capital Expenditure	55	39	65

NCTA Capital Expenditure definitions

CPE – Costs incurred at the customer house to secure new customers, revenue units and additional bandwidth revenues. Includes connections to previously unserved houses in accordance with FAS 51 and customer premise equipment

Scaleable Infrastructure – Costs, not CPE or network related, to secure growth of new customers, revenue units and additional bandwidth revenues or provide service enhancements

Commercial – Costs to provide high speed data and telephony services to businesses and institutions. Includes network and infrastructure expenditures

Line extensions – Network costs associated with entering new service areas including costs of fibre, coaxial cable, amplifiers, electronic equipment, make-ready and design/engineering

Upgrade/Rebuild – Costs to modify or replace existing coax and fibre networks. Includes materials, contract labour, in-house labour, make-ready, design engineering and other miscellaneous costs associated with all aspects of the construction of the plant miles along an existing route. Benefits include added bandwidth and/or reliability/extended life to the existing plant.

Support Capital – Costs associated with the replacement or enhancement of non-network assets due to obsolescence and wear-out. Replacement of network assets unrelated to line extensions, rebuild/upgrade or customer growth

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

	30 Sep 2003 £m	30 Jun 2003 £m	31 Mar 2003 £m	31 Dec 2002 £m	30 Sep 2002 £m
Turnover					
Consumer Division:					
Cable television	79	79	79	81	82
Telephony	117	120	117	122	122
Internet and other (31 Dec 2002 before exceptional item of £16m)	31	29	26	23	22
	227	228	222	226	226
Business Division	69	68	69	68	68
Total Cable Division	296	296	291	294	294
Content Division					
Programming, transactional and interactive revenues	27	26	27	27	27
Share of joint ventures' turnover (UKTV)	16	17	17	16	15
Total Content Division	43	43	44	43	42
Total Turnover (see 1 below)	339	339	335	337	336
Less: share of joint ventures' turnover	(16)	(17)	(17)	(16)	(15)
Group Turnover	323	322	318	321	321
Total Operating Costs before exceptional items	(335)	(342)	(340)	(375)	(382)
Exceptional items (see 2 below)	(9)	(4)	(3)	(1,611)	-
Group operating loss (after exceptional items)	(21)	(24)	(25)	(1,665)	(61)
Group Turnover (31 Dec 2002 before exceptional VAT adjustment)	323	322	318	321	321
Operating expenses (before exceptional items, depreciation and amortisation)	(213)	(214)	(218)	(223)	(227)
EBITDA (before exceptional items)	110	108	100	98	94
Exceptional items	(9)	(4)	(3)	(38)	-
EBITDA (after exceptional items)	101	104	97	60	94
Depreciation and amortisation	(122)	(128)	(122)	(152)	(155)
Exceptional item – impairment of tangible assets	-	-	-	(87)	-
Exceptional item – impairment of goodwill	-	-	-	(1,486)	-
Group operating loss (after exceptional items)	(21)	(24)	(25)	(1,665)	(61)
Total operating loss (after exceptional items)	(17)	(20)	(21)	(1,660)	(64)
Loss for the financial period (after exceptional items)	(119)	(21)	(187)	(1,821)	(158)
Basic and diluted loss per ordinary share (pence)	(4.2)	(0.7)	(6.5)	(63.3)	(5.6)

1 - Total turnover in 31 Dec 2002 is stated before an exceptional item of £16m.

2 - Exceptional items: in 30 Sep 2003 £9m, 30 Jun 2003 £4m, 31 Mar 2003 £3m and in 31 Dec 2002 £1,611m comprised of £1,595m charged to operating costs and £16m charged to turnover.

Telewest Communications plc
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SUMMARISED UNAUDITED QUARTERLY CONSOLIDATED ACCOUNTS
FOR THE QUARTERS ENDED

	30 Sep 2003 £m	30 Jun 2003 £m	31 Mar 2003 £m	31 Dec 2002 £m	30 Sep 2002 £m
Total operating costs					
Cost of sales:					
Consumer programming expenses	31	30	32	32	31
Business and consumer telephony expenses	47	49	51	53	52
Content Division cost of sales	19	18	17	22	17
Prime cost of sales (cost of sales before depreciation)	97	97	100	107	100
Depreciation of tangible fixed assets	117	122	116	123	125
Exceptional write down of tangible fixed assets	-	-	-	87	-
	214	219	216	317	225
Administration expenses:					
Selling, general and administrative expenses	116	117	118	116	127
Exceptional selling, general and administrative expenses	9	4	3	22	-
Amortisation of goodwill and intangible assets	5	6	6	29	30
Exceptional impairment of goodwill	-	-	-	1,486	-
	130	127	127	1,653	157
Total operating costs	344	346	343	1,970	382
Interest receivable and similar income					
Interest receivable	5	6	6	6	5
Exchange gains on foreign currency translation	15	117	-	46	58
Total interest receivable and similar income	20	123	6	52	63
Interest payable and similar charges					
Share of interest of associated undertakings and joint ventures	2	3	1	2	1
On bank loans	36	35	36	38	36
Finance costs of Notes and Debentures	81	81	81	72	84
Finance charges payable in respect of finance leases and hire purchase contracts	4	4	4	4	4
Exchange losses on foreign currency translation	-	-	48	(13)	(6)
Other (31 Dec 2002 includes exceptional items £31m)	1	(1)	1	32	2
Total interest payable and similar charges	124	122	171	135	121
Net debt					
Net debt, other than short-term creditors and accruals					
Convertible Notes	893	891	901	890	893
Other Notes and Debentures	2,528	2,517	2,591	2,529	2,560
Bank facility	2,000	2,000	2,000	2,000	1,969
Other loans	7	8	8	9	35
Vendor financing and obligations under finance leases and hire purchase contracts	194	203	207	231	221
Total debt	5,622	5,619	5,707	5,659	5,678
Less cash at bank and in hand	(394)	(405)	(390)	(390)	(351)
Net debt	5,228	5,214	5,317	5,269	5,327

Telewest Communications plc
Operating Statistics – Unaudited
FOR THE QUARTERS ENDED

CONSUMER DIVISION	30 Sep 2003	30 Jun 2003	31 Mar 2003	31 Dec 2002	30 Sep 2002
Customers					
Homes passed	4,891,492	4,894,069	4,893,525	4,895,956	4,913,954
Homes passed and marketed	4,679,688	4,686,974	4,690,343	4,699,694	4,697,861
Total customers	1,721,550	1,719,868	1,743,722	1,758,625	1,758,234
Customer additions	62,553	43,684	46,846	69,298	71,773
Customer disconnects	(60,871)	(67,538)	(61,749)	(68,907)	(83,976)
Net customer movement	1,682	(23,854)	(14,903)	391	(12,203)
Household churn (annualised) (1)	14.2%	15.6%	14.1%	15.7%	19.0%
Household penetration	36.8%	36.7%	37.2%	37.4%	37.4%
Cable television only subscribers	95,429	99,226	111,078	116,508	121,014
Residential telephony only subscribers	362,971	378,169	387,937	395,133	399,729
Broadband only subscribers	23,491	21,928	21,007	18,398	14,355
Dual service subscribers (2)	983,268	992,753	1,016,750	1,045,443	1,068,308
Triple service subscribers (3)	256,391	227,792	206,950	183,143	154,828
% of dual or triple play subscribers	72.0%	71.0%	70.2%	69.9%	69.6%
% of triple play subscribers	14.9%	13.2%	11.9%	10.4%	8.8%
RGUs (4)	3,217,600	3,168,205	3,174,372	3,170,354	3,136,198
RGUs per customer	1.87	1.84	1.82	1.80	1.78
Average monthly revenue per customer (5)	£43.93	£43.61	£41.83	£41.96	£41.59
Internet					
Dial-up (metered) subscribers	52,353	64,958	72,481	85,025	96,309
Dial-up (unmetered) subscribers	190,571	193,406	199,774	193,201	187,861
Broadband subscribers	367,410	329,336	299,221	262,219	216,173
Total Internet subscribers	610,334	587,700	571,476	540,445	500,343
Broadband net additions	38,074	30,115	37,002	46,046	38,779
Broadband homes passed and marketed	4,292,032	4,294,480	4,299,000	4,304,422	4,301,504
Broadband penetration	8.6%	7.7%	7.0%	6.1%	5.0%
Broadband churn (annualised)	14.7%	13.2%	12.1%	12.6%	15.0%
Broadband average monthly revenue	£22.52	£22.95	£22.50	£23.71	£25.02
Telephony					
Telephony subscribers	1,591,641	1,588,358	1,601,606	1,614,324	1,615,190
Telephony lines	1,673,065	1,675,808	1,696,483	1,717,191	1,725,904
Second line penetration	5.1%	5.5%	5.9%	6.4%	6.9%
Talk subscribers (unmetered)	427,092	397,485	381,620	360,662	346,285
Telephony subscriber net additions	3,283	(13,248)	(12,718)	(866)	(10,815)
Telephony homes passed and marketed	4,678,970	4,680,349	4,689,626	4,698,574	4,696,599
Telephony penetration	34.0%	33.9%	34.2%	34.4%	34.4%
Telephony churn (annualised)	14.2%	13.8%	14.1%	15.8%	19.0%
Telephony average monthly revenue per subscriber	£24.53	£24.68	£23.88	£24.71	£24.78
Television					
Digital television subscribers	945,595	911,191	887,306	857,472	829,196
Analogue television subscribers	312,954	339,320	386,239	436,339	475,639
Total television subscribers	1,258,549	1,250,511	1,273,545	1,293,811	1,304,835
Television subscriber net additions	8,038	(23,034)	(20,266)	(11,024)	(28,248)
Television homes passed and marketed	4,679,688	4,686,974	4,690,343	4,699,694	4,697,861
Digital homes passed and marketed	4,292,032	4,294,480	4,299,000	4,304,422	4,301,504
Television penetration	26.9%	26.7%	27.2%	27.5%	27.8%
Television churn (annualised)	16.9%	19.8%	18.6%	19.6%	23.9%
Television average monthly revenue	£20.93	£20.97	£20.50	£20.61	£20.36

Telewest Communications plc
Operating Statistics – Unaudited (continued)
FOR THE QUARTERS ENDED

BUSINESS DIVISION	30 Sep 2003	30 Jun 2003	31 Mar 2003	31 Dec 2002	30 Sep 2002
Business customer accounts	69,921	70,782	72,662	73,746	74,052
Business telephony lines	464,751	462,883	463,484	466,820	458,388
Average business lines per customer account	6.6	6.5	6.4	6.3	6.2
Average annualised monthly revenue per business line	£41.28	£41.42	£41.81	£41.96	£42.33
Average revenue per customer account	£3,182	£3,144	£3,134	£3,114	£3,119

CONTENT DIVISION

Pay multichannel subscribers	10,146,940	9,975,732	9,916,011	9,764,233	9,624,498
Flextech share of basic viewing (6)	19.6%	18.6%	18.8%	19.9%	19.9%
Share of total TV advertising revenues (7)	4.0%	4.0%	3.9%	3.8%	3.5%

- (1) Churn (annualised) represents four times the total number of customers who disconnected or were disconnected during the quarter divided by the average number of customers in the quarter. Customers who move premises within Telewest's addressable areas and retain Telewest's services are excluded from this churn calculation. The same methodology is used for broadband, telephony and television churn
- (2) Dual service subscribers are those subscribers who take any two of Telewest's television, telephony and broadband internet services
- (3) Triple service subscribers are those subscribers who take all three of Telewest's television, telephony and broadband internet services
- (4) RGUs or Revenue Generating Units represent total broadband, telephony and television subscribers. This definition is in accordance with the National Cable & Telecommunications Association (NCTA) reporting guidelines. Dial-up internet subscribers, second telephone lines and additional TV outlets are not included although they are revenue generating for Telewest.
- (5) Average monthly revenue per customer (often referred to as "ARPU" or "Average Revenue per User") represents (i) the total quarterly revenue of residential customers including installation revenues divided by the (ii) the average number of residential customers in the quarter. The same methodology is used for broadband, telephony and television ARPU
- (6) Basic viewing over 24 hours in pay-TV homes for the quarter
- (7) Includes Flextech's wholly owned channels and UKTV's advertising revenues for the quarter

Telewest Communications plc
US GAAP

SUMMARISED UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER

	3 months ended 30 Sep 2003 \$m	3 months ended 30 Sep 2003 £m	3 months ended 30 Sep 2002 £m	9 months ended 30 Sep 2003 \$m	9 months ended 30 Sep 2003 £m	9 months ended 30 Sep 2002 £m
Revenue						
Cable television	131	79	81	394	237	254
Consumer telephony	194	117	122	588	354	373
Internet and other	52	31	23	143	86	57
Total Consumer Division	377	227	226	1,125	677	684
Business Services Division	118	71	70	349	210	213
Total Cable Division	495	298	296	1,474	887	897
Content Division	45	27	27	133	80	79
Total Revenue	540	325	323	1,607	967	976
Operating costs and expenses						
Consumer programming expenses	(51)	(31)	(31)	(155)	(93)	(96)
Business and consumer telephony expenses	(78)	(47)	(52)	(244)	(147)	(165)
Content expenses	(32)	(19)	(17)	(90)	(54)	(48)
Depreciation	(160)	(96)	(126)	(489)	(294)	(372)
Cost of sales	(321)	(193)	(226)	(978)	(588)	(681)
Selling, general and administrative expenses	(211)	(127)	(128)	(613)	(369)	(386)
	(532)	(320)	(354)	(1,591)	(957)	(1,067)
Operating profit/(loss)	8	5	(31)	16	10	(91)
Other income/(expense)						
Interest income	8	5	6	28	17	13
Interest expense	(191)	(115)	(145)	(597)	(359)	(397)
Foreign exchange gains, net	25	15	69	140	84	153
Share of net profits/(losses) of affiliates	3	2	(4)	7	4	(5)
Other, net	2	1	(30)	-	-	4
Loss before income taxes	(145)	(87)	(135)	(406)	(244)	(323)
Income tax benefit	3	2	1	7	4	5
Net loss	(142)	(85)	(134)	(399)	(240)	(318)
Basic and diluted loss per ordinary share	\$(0.05)	£(0.03)	£(0.05)	\$(0.13)	£(0.08)	£(0.11)
Operating profit/(loss)	8	5	(31)	16	10	(91)
Add: depreciation	160	96	126	489	294	372
EBITDA (after non-cash share-based compensation credit)	168	101	95	505	304	281
Less: non-cash share-based compensation credit	-	-	-	-	-	(1)
EBITDA (before non-cash share-based compensation credit)	168	101	95	505	304	280

The consolidated financial information as set out on pages 18 to 20, 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 \$1.6620 per £1.00, the noon buying rate of the Federal Reserve Bank of New York on 30 September 2003. 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 30 SEPTEMBER

	30 Sep 2003 \$m	30 Sep 2003 £m	31 Dec 2002 £m
Assets			
Cash and cash equivalents	655	394	390
Secured cash deposits restricted for more than one year	22	13	12
Receivables and prepaid expenses	314	189	215
Total current assets	991	596	617
Investments	605	364	376
Property and equipment	4,095	2,464	2,598
Goodwill and other intangibles	743	447	447
Inventory	63	38	28
Other assets	48	29	40
Total assets	6,545	3,938	4,106
Liabilities			
Debt	9,030	5,433	5,450
Other liabilities	1,847	1,111	1,030
Total liabilities	10,877	6,544	6,480
Minority interests	(2)	(1)	(1)
Shareholders' deficit	(4,330)	(2,605)	(2,373)
Total liabilities and shareholders' deficit	6,545	3,938	4,106

Telewest Communications plc
US GAAP
SUMMARISED UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER

	30 Sep 2003 \$m	30 Sep 2003 £m	30 Sep 2002 £m
Cash flows from operating activities			
Net loss	(399)	(240)	(318)
Adjustments to reconcile net loss to net cash provided by/(used in) operating activities:			
Depreciation	489	294	372
Loss on revaluation of investment	-	-	30
Amortisation of deferred financing costs and issue discount on Senior Discount Debentures	130	78	82
Deferred tax credit	(7)	(4)	(5)
Unrealised gains on foreign currency translation	(140)	(84)	(153)
Non-cash share-based compensation credit	-	-	(1)
Share of net (profits)/losses of affiliates	(7)	(4)	5
Changes in operating assets and liabilities, net of effect of acquisition of subsidiaries:			
Change in receivables	40	24	3
Change in prepaid expenses	(8)	(5)	8
Change in other assets	(16)	(10)	(3)
Change in accounts payable	5	3	(20)
Change in other liabilities	239	144	(12)
Net cash provided by/(used in) operating activities	326	196	(12)
Net cash used in investing activities	(249)	(150)	(328)
Net cash (used in)/provided by financing activities	(70)	(42)	677
Net increase in cash and cash equivalents	7	4	337
Cash and cash equivalents at beginning of period	648	390	14
Cash and cash equivalents at end of period	655	394	351