



## EARNINGS RELEASE

### TELEWEST Q1 RESULTS SHOW CONTINUED STRONG OPERATIONAL AND FINANCIAL PERFORMANCE

May 12, 2005 – London, United Kingdom – Telewest Global, Inc. (“Telewest” or the “Reorganized Company”) (NASDAQ TLWT) today announces first quarter financial results for 2005.

#### Highlights

- Adjusted EBITDA growth of 10% over Q1 04
- Operating income increased 26% over Q1 04
- Consumer sales division revenue growth of 5% over Q1 04
- Triple play penetration increased by 11.4 percentage points over Q1 04 to 30.3%
- Revenue Generating Units grew by 113,000 in the quarter; RGUs per customer grew from 1.93 at Q1 04 to 2.08 at Q1 05

#### Financial highlights

(unaudited in £m)	<u>Telewest Global, Inc.</u> Q1 2005	<u>Telewest Global, Inc.</u> Q4 2004	<u>Predecessor</u> Q1 2004
Revenue	338	336	328
Operating income	24	18	19
Adjusted EBITDA	134	128	122
Net income/(loss)	1	(17)	(4)
Free cash flow	63	(3)*	25

\*Q4 2004 free cash flow was impacted by an extra 87 days or £34m of bank cash interest, as a result of the timing of interest payments in connection with the refinancing of bank facilities during Q4.

#### Operational highlights

	Q1 2005	Q4 2004	Q1 2004
Customer net adds	23,000	30,000	12,000
Broadband net adds	88,000	91,000	51,000
RGU net adds	113,000	132,000	77,000
Triple play percentage	30.3%	27.4%	18.9%

#### Barry Elson, Acting Chief Executive Officer of Telewest Global, Inc., commented:

"Telewest continues to build on its strong performance and we are encouraged by the operational and financial trends in our consumer and content businesses. In particular, we have seen increased triple play penetration and ARPU and reduced churn and our customer growth and RGU growth is higher than the corresponding quarter last year. Our roll-out plans for DVR and VOD are progressing and we are optimistic that these products will add to our competitiveness and increase loyalty as we strive to provide the best service and product suite for our customers."

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## **OPERATIONAL REVIEW**

### **Cable segment**

#### ***Consumer sales division***

The Consumer division has had another strong quarter with a net increase of 23,000 customer relationships, further increases in ARPU to £45.34 and a reduction in monthly churn from 1.1% to 1.0% as compared to quarter 4, 2004. Customer and RGU growth was lower than in the seasonally strong fourth quarter, but higher than in the corresponding quarter last year.

We have achieved the quarter's strong results through effective marketing and continued use of promotional campaigns, such as our triple play "3 for £30" offer and our "Easy Switch" broadband offer, which offers a discount on entry level broadband when taken with a phone line.

The continued increase in ARPU is particularly encouraging and reflects our successful focus on selling bundled products. The percentage of "triple play" customers has increased by 3 percentage points to 30% in the quarter. 34% of customer acquisitions in the quarter took the full "triple play". Consequently, RGU per customer also grew to 2.08 in the first quarter. Triple play growth over the last two quarters has been stronger than expected. Consequently, we now expect to reach 40% triple play penetration during 2007, over two years earlier than our previously stated guidance.

We will implement selected price increases in television from July 1, 2005, which we expect to have a positive impact on household ARPU in the third quarter of 2005.

#### ***Consumer internet***

We have experienced continued strong growth in the number of broadband subscribers, with 88,000 net additions in the quarter. Most of the growth has been in our lowest tier, where we have increased connection speeds from 256Kb to 512Kb. This has impacted the mix of broadband subscribers and broadband ARPU, which fell £0.34 (less than 2%) in the quarter to £19.89. Over 60% of our broadband subscriber base take a 1Mb or higher speed service.

Broadband continues to be successful in attracting new customers to Telewest - 41% of broadband installations were for customers who were not existing customers. Multi-service penetration remains high in broadband, with 70% of all broadband internet subscribers subscribing to the full "triple play" and 93% subscribing to at least one other product.

#### ***Consumer television***

Digital TV subscribers rose by 27,000 in the quarter and total TV subscribers rose by 8,000 net additions. TV ARPU increased by £0.24 in the quarter to £21.12 due to a full quarter's effect of last November's £1 price increase on our "Starter" package and selected price increases on our premium channels. We have introduced promotions to improve the take-up of higher tier packages and consequently the number of subscribers to our "Supreme" package, increased during the quarter.

From July 1, 2005, we will be increasing the price of our two lowest digital TV tiers by £1 each. The price of the "Starter" tier will increase to £5.50 per month and the "Essential" tier will increase to £10.50 per month.

87% of our TV subscribers now take our digital service. We are accelerating migration of the remaining 171,000 analog customers to digital. We estimate that we will be fully digital by the end of 2006. Once complete, this will free up significant amounts of bandwidth in our network, which will allow extra capacity for Video-On-Demand, (VOD), High Definition TV, broadband speed increases and other services.

We launched VOD services in Bristol in the first quarter and the next stage of the roll-out is scheduled for early July to 26,000 subscribers in Cheltenham. We plan to complete the national roll-out of VOD by early 2006. We continue to work on our plans for the launch of DVR (Digital Video Recorder) services later in the year.

### **Consumer telephony**

The number of telephony subscribers increased by 17,000 in the quarter, primarily as a result of the continued success of our bundled offerings. Telephony penetration is now 35.8%.

We have continued our strategy of migrating subscribers to flat rate packages to minimize the impact of declining telephony usage. As a result, 37% of all telephony subscribers are now on a "Talk" flat rate package. At the start of the quarter, we withdrew our 3-2-1 metered telephony package from sale to new customers. From July 1, 2005, we will be migrating all our existing 3-2-1 subscribers to "Talk Weekends" which gives subscribers free local and national calls at weekends. This package is charged at £10.50 per month compared to £10 for the existing 3-2-1 service.

### **Business sales division**

Revenues fell by £2 million to £61 million compared to the previous quarter primarily due to continued weakness in the business voice market. We are addressing these market conditions through new and more advanced products. For example, within the Public Sector, we have signed a new deal worth £2.2 million over 5 years with Maidstone and Tunbridge Wells NHS Trust for our managed voice product Centrex and our new SRS Advanced platform to integrate telephony services across three hospital sites.

We have signed a large number of data contracts in the quarter including large IPVPN contracts with Oxford Swindon and Gloucester Co-op and Royal London. Our new Ethernet portfolio has enabled the division to sign some new Ethernet deals, including a three-year deal with Bristol City Council for £1.3 million.

### **Content segment**

Overall revenue growth in our content segment, Flextech, was up 19% from £26 million in the first quarter of 2004 to £31 million in the first quarter of 2005, although it was down £1 million as compared to the fourth quarter of 2004. Advertising revenue was up £1 million on the fourth quarter of 2004 and up £4 million on the first quarter of 2004. This growth was driven by increases in UK Pay-television penetration, the strong performance of Flextech's channels and strong growth in the UK advertising market in the first quarter.

Subscription revenue remained flat at £11 million compared to the previous quarter, but up £1 million compared to the same quarter last year. Other non-core revenues fell by £2 million compared to the fourth quarter of 2004, but were flat at £3 million compared to the first quarter of 2004.

The portfolio of content assets is soon to be enhanced by the acquisition of sit-up Limited, which we expect to complete during June 2005.

### **Costs**

Total gross margin increased to 74% from 72% in the fourth quarter and from 71% in the first quarter of last year, due primarily to the growing number of high margin broadband subscribers, television price increases and reduced cable segment expenses.

SG&A of £115 million was up £1 million from the fourth quarter of 2004.

### **Debt and Capital Resources**

Capital expenditure was £54 million for the quarter. Capital expenditure is expected to be in the range of £230 million to £250 million in 2005.

Telewest's soon to be completed acquisition of the remaining equity in sit-up Limited will in part be financed by a new £130 million senior secured bank facility entered into by Telewest's Flextech subsidiaries. The bank facility consists of £110 million of term loans, which were fully drawn in connection with the acquisition and a £20 million revolving credit facility, which remains undrawn.

As at March 31, 2005, net debt was £1,728 million. This consisted of £1,701 million drawn down on our credit facilities, £114 million of leases and other loans, offset by cash balances of £87 million. The £1,701 million drawn amount includes US\$150 million and Euro 100 million, with the remainder in pounds sterling.

## FINANCIAL RESULTS

GAAP Financial Measures (unaudited in £ millions)	3 months ended March 31,	
	2005 Reorganized Company	2004 Predecessor Company
Operating income	24	19
Net income/(loss)	1	(4)
Net cash provided by operating activities	116	82

Operating income for the first quarter of 2005 was £24 million, up from £19 million for the first quarter of 2004, due principally to revenue growth, lower cable segment expenses and SG&A partially offset by increased content segment expenses, depreciation and amortization. SG&A in the first quarter of 2004 was impacted by £9 million of financial restructuring charges compared to £0 in the first quarter of 2005 and the first quarter of 2005 was impacted by £3 million of stock-based compensation expense compared to £0 in the first quarter of 2004.

The improvement from net loss of £4 million for the first quarter of 2004 to net income of £1 million for the first quarter of 2005, was due principally to enhanced operating income and lower interest costs following our financial restructuring, partially offset by lower foreign exchange gains. There were £77 million of foreign exchange gains in the first quarter of 2004 relating to dollar-denominated debt, which was extinguished as part of our predecessor's financial restructuring. This is the first time that Telewest has generated net income.

Net cash provided by operating activities increased from £82 million for the first quarter of 2004 to £116 million for the first quarter of 2005. This increase arose principally as a result of improvements in operating income and reduced interest payments being partially offset by increased net working capital.

Non-GAAP Financial Measures (unaudited in £ millions)	3 months ended March 31,	
	2005 Reorganized Company	2004 Predecessor Company
Adjusted EBITDA	134	122
Free cash flow	63	25

Adjusted EBITDA (earnings before interest, taxation, depreciation, amortization and financial restructuring expenses) for the first quarter of 2005 was £134 million, up 10% as compared to the first quarter of 2004. This increase reflects increased revenues, particularly in the consumer sales division and content segment, lower operating costs and expenses in the cable segment, and improved gross margin, partially offset by higher operating costs and expenses in the content segment. Adjusted EBITDA margin (Adjusted EBITDA as a percentage of revenue) has increased from 37.2% to 39.6%.

Stock-based compensation expense ("SBCE") of £3 million was incurred in the first quarter of 2005. SBCE arises as a result of options and restricted stock granted upon completion of the financial restructuring of our predecessor. SBCE will similarly affect future periods. This is a non-cash item and no such expense was incurred in the first quarter of 2004. Adjusted EBITDA before the deduction of SBCE was £137 million in the first quarter of 2005, an increase of £15 million, or 12%, over the first quarter of 2004 on the same basis.

Free cash flow (cash flow from operating activities excluding financial restructuring expenses less capital expenditure) for the three months ended March 31, 2005 was £63 million, compared with £25 million for the three months ended March 31, 2004. The increase was primarily due to reduced cash interest payments relating to our bank facilities, reduced capital expenditure and increased Adjusted EBITDA. Cash interest paid in the first quarter of 2005 was lower than the first quarter of 2004 by approximately £20 million. This decrease resulted primarily from the lower levels of our bank facilities and capital lease obligations for the first quarter of 2005 compared to the first quarter of 2004. In

addition, capital expenditure was £12 million less in the first quarter of 2005 compared with the same period in 2004, due to reduced CPE costs, increased efficiency in the install process and improvements in the supply chain.

Reconciliations of these non-GAAP financial measures, Adjusted EBITDA and free cash flow, to the most directly comparable GAAP financial measures are explained and shown on pages 14 and 15.

### **Principal affiliates**

#### **UKTV**

(unaudited in £ millions)	3 months ended March 31,	
	2005	2004
Share of net income of UKTV	5	4
Cash inflow from UKTV, being interest received, repayment of loans made, net, and dividends received	6	3

Telewest owns 50% of the companies that comprise UKTV, a group of joint ventures formed with BBC Worldwide. UKTV offers a portfolio of multi-channel television channels based on the BBC's program library.

Telewest accounts for its interest in UKTV under the equity method and recognized a share of net income of £5 million for the three months ended March 31, 2005. This compares with £4 million share of net income for the three months ended March 31, 2004.

UKTV is funded by a loan from Telewest, the balance of which was £184 million at March 31, 2005. Total cash interest and repayments received in respect of this loan by Telewest were £4 million in the first quarter of 2005. Telewest's cash interest receipts from UKTV are recorded in free cash flow but not in Telewest's Adjusted EBITDA. During the three months ended March 31, 2005, we received £2 million of dividends from UKTV. We expect to continue to receive dividends from UKTV as it continues to generate cash.

#### **sit-up**

On March 23, 2005, Telewest acquired 21.2% (on a fully diluted basis) of sit-up Limited (sit-up), a UK-based interactive television retailer, for a cash consideration of approximately £41 million, bringing its total holding of sit-up's share capital to approximately 49.7% (on a fully diluted basis). In addition, pursuant to agreements entered into with sit-up's founders and an offer to sit-up shareholders, Telewest has since acquired or offered to acquire the remaining 50.3% (on a fully diluted basis) of sit-up not already owned by it for an aggregate consideration of approximately £97.5 million. In addition, sit-up's existing management will remain with the company following completion of the acquisition. Telewest expects to complete this acquisition in June 2005 and to finance it in part from borrowings under a new £130 million bank facility entered into by its Flextech subsidiaries on May 10, 2005.

sit-up owns the second, third and fourth most distributed television home shopping channels in the UK, with over five million viewers per month.

Supplementary financial information in respect of sit-up's operations and cash flows for 2003 and 2004 is included on page 16 of this earnings release.

**Telewest Global, Inc.**  
**Consolidated Statements of Operations**  
(amounts in £millions, except share and per share data)  
**(unaudited)**

	Three months ended March 31,	
	2005	2004
	Reorganized Company	Predecessor Company
<b>Revenue</b>		
Consumer Sales Division	246	235
Business Sales Division	61	67
<b>Total Cable Segment</b>	307	302
Content Segment	31	26
<b>Total revenue</b>	338	328
<b>Operating costs and expenses</b>		
Cable segment expenses	69	79
Content segment expenses	20	16
Depreciation	101	94
Amortization	9	-
Selling, general and administrative expenses	115	120
	314	309
<b>Operating income</b>	24	19
<b>Other income/(expense)</b>		
Interest income	4	7
Interest expense (including amortization of debt discount)	(29)	(109)
Foreign exchange (losses)/gains, net	(4)	77
Share of net income of affiliates	6	3
Other, net	-	(1)
<b>Income/(loss) before income taxes</b>	1	(4)
Income taxes charge	-	-
<b>Net income/(loss)</b>	1	(4)
Basic and diluted loss per share of common stock	-	
Weighted average number of shares of common stock – (in millions)	245	

**Telewest Global, Inc.**  
**Consolidated Balance Sheets**  
**(amounts in £millions, except share and per share data)**

	March 31, 2005	December 31, 2004
	Reorganized Company	Reorganized Company
<b>Assets</b>		
Cash and cash equivalents	87	68
Restricted cash	25	26
Trade receivables	119	108
Other receivables	33	33
Prepaid expenses	34	17
<b>Total current assets</b>	<b>298</b>	<b>252</b>
Investments accounted for under the equity method	349	304
Property and equipment, net	2,925	2,974
Intangible assets, net	305	314
Reorganization value in excess of amounts allocable to identifiable assets	425	425
Programming inventory	32	24
Deferred financing costs (net of amortization of £1 million; 2004: £0 million)	51	51
<b>Total assets</b>	<b>4,385</b>	<b>4,344</b>
<b>Liabilities and shareholders' equity</b>		
Accounts payable	127	93
Other liabilities	427	424
Debt repayable within one year	21	21
Capital lease obligations repayable within one year	43	38
<b>Total current liabilities</b>	<b>618</b>	<b>576</b>
Deferred taxes	105	105
Debt repayable after more than one year	1,686	1,686
Capital lease obligations repayable after more than one year	65	69
<b>Total liabilities</b>	<b>2,474</b>	<b>2,436</b>
<b>Minority interest</b>	<b>(1)</b>	<b>(1)</b>
<b>Shareholders' equity</b>		
Preferred stock – US\$0.01 par value; authorized 5,000,000 shares, issued none (2005 and 2004)	-	-
Common stock – US\$0.01 par value; authorized 1,000,000,000 shares, issued 245,080,629 (2005 and 2004)	1	1
Additional paid-in capital	1,957	1,954
Accumulated other comprehensive loss	(1)	-
Accumulated deficit	(45)	(46)
<b>Total shareholders' equity</b>	<b>1,912</b>	<b>1,909</b>
<b>Total liabilities and shareholders' equity</b>	<b>4,385</b>	<b>4,344</b>

**Telewest Global, Inc.**  
**Consolidated Statements of Cash Flows**  
**(amounts in £millions)**  
**(unaudited)**

	Three months ended March 31,	
	2005	2004
	Reorganized Company	Predecessor Company
<b>Cash flows from operating activities</b>		
Net income/(loss)	1	(4)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:		
Depreciation	101	94
Amortization	9	-
Amortization of deferred financing costs and debt discount	1	20
Fair value adjustment of interest rate swaps	(10)	-
Unrealized losses/(gains) on foreign currency translation	4	(77)
Stock-based compensation expense	3	-
Share of net income of affiliates	(4)	(3)
Profit on disposal of assets	-	(1)
Amounts written off investments	-	1
Changes in operating assets and liabilities, net of effect of acquisition of subsidiaries:		
Change in receivables	(12)	(2)
Change in prepaid expenses	(18)	(5)
Change in other assets	(8)	(2)
Change in accounts payable	31	15
Change in other liabilities	18	46
<b>Net cash provided by operating activities</b>	<b>116</b>	<b>82</b>
<b>Cash flows from investing activities</b>		
Capital expenditure	(54)	(66)
Additional investments in and loans to affiliates	(41)	-
Repayment of loans made to affiliates, net	2	3
Proceeds from sale and leaseback	4	-
<b>Net cash used in investing activities</b>	<b>(89)</b>	<b>(63)</b>
<b>Cash flows from financing activities</b>		
Release of restricted cash	1	-
Repayment of other debt	(1)	-
Cash paid for loan issue costs	(1)	-
Principal element of capital lease repayments	(7)	(12)
<b>Net cash used in financing activities</b>	<b>(8)</b>	<b>(12)</b>
<b>Net increase in cash and cash equivalents</b>	<b>19</b>	<b>7</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>68</b>	<b>427</b>
<b>Cash and cash equivalents at end of period</b>	<b>87</b>	<b>434</b>
Supplementary cash flow information:		
Cash paid for interest, net	(12)	(32)
Cash received for income taxes	-	-

**Telewest Global, Inc.**

**Selected Quarterly Operating Data – unaudited**

The following table sets out certain operating data for the three-month periods shown. The information represents combined operating statistics for all of our franchises.

	<b>Mar. 31, 2005</b>	<b>Dec. 31, 2004</b>	<b>Sep. 30, 2004</b>	<b>Jun. 30, 2004</b>	<b>Mar. 31, 2004</b>
	<b>Reorganized Company</b>			<b>Predecessor Company</b>	
<b>Customer Data</b>					
Homes passed and marketed (1)	4,694,480	4,686,794	4,686,799	4,682,777	4,678,182
Total customer relationships (2)	1,822,530	1,799,556	1,769,263	1,752,553	1,742,144
Customer penetration	38.8%	38.4%	37.7%	37.4%	37.2%
Customer additions	78,695	89,452	78,707	67,118	61,997
Customer disconnections	(55,721)	(59,159)	(61,997)	(56,709)	(50,291)
Net customer additions	22,974	30,293	16,710	10,409	11,706
Revenue Generating Units (“RGUs”) (3)	3,784,835	3,671,402	3,539,185	3,447,254	3,363,240
RGUs per customer	2.08	2.04	2.00	1.97	1.93
Net RGU additions	113,433	132,217	91,931	84,014	76,534
Average monthly revenue per customer (4)	£45.34	£45.13	£45.05	£44.98	£45.05
Average monthly churn (5)	1.0%	1.1%	1.2%	1.1%	1.0%
<b>Bundled customers</b>					
Customers subscribing to two or more services	1,409,998	1,379,057	1,338,632	1,312,842	1,291,141
Customers subscribing to three services (“triple play”)	552,307	492,789	431,290	381,859	329,955
Percentage of dual or triple play customers	77.4%	76.6%	75.7%	74.9%	74.1%
Percentage of triple play customers	30.3%	27.4%	24.4%	21.8%	18.9%
<b>Consumer Television</b>					
Television ready homes passed and marketed	4,694,480	4,686,794	4,686,799	4,682,777	4,678,182
Total subscribers	1,320,487	1,312,825	1,297,304	1,288,272	1,285,797
Quarterly net additions	7,662	15,521	9,032	2,475	13,733
Television penetration	28.1%	28.0%	27.7%	27.5%	27.5%
Digital ready homes passed and marketed	4,451,420	4,420,388	4,405,162	4,401,860	4,386,050
Digital subscribers	1,149,641	1,122,301	1,078,623	1,052,855	1,029,759
Quarterly net digital additions	27,340	43,678	25,768	23,096	41,886
Penetration of digital subscribers to total subscribers	87.1%	85.5%	83.1%	81.7%	80.1%
Average monthly churn (5)	1.4%	1.5%	1.4%	1.3%	1.2%
Average monthly revenue per subscriber (4)	£21.12	£20.88	£20.72	£20.53	£21.18
<b>Consumer Telephony</b>					
Telephony ready homes passed and marketed	4,691,704	4,683,153	4,682,002	4,677,861	4,674,932
“3-2-1” and “Talk Weekends” telephony subscribers	1,053,226	1,080,893	1,082,125	1,105,056	1,130,171
“Talk Unlimited” and “Talk Evenings and Weekends” subscribers	624,417	579,448	552,534	516,313	481,976
Total subscribers	1,677,643	1,660,341	1,634,659	1,621,369	1,612,147
Quarterly net additions	17,302	25,682	13,290	9,222	12,114
Telephony penetration	35.8%	35.5%	34.9%	34.7%	34.5%
Average monthly churn (5)	1.0%	1.1%	1.2%	1.1%	1.0%
Average monthly revenue per subscriber (4)	£23.00	£23.18	£23.53	£23.70	£24.20

**Telewest Global, Inc.**  
**Selected Quarterly Operating Data – unaudited (continued)**

	Mar. 31, 2005	Dec. 31, 2004	Sep. 30, 2004	Jun. 30, 2004	Mar. 31, 2004
	Reorganized Company			Predecessor Company	
<b>Consumer Internet</b>					
Broadband ready homes passed and marketed	4,451,420	4,420,388	4,405,162	4,401,860	4,386,050
Total metered dial-up internet subscribers	29,376	33,417	39,196	47,884	50,953
Total unmetered dial-up internet subscribers	85,909	107,220	127,745	151,457	177,250
Total broadband internet subscribers	786,705	698,236	607,222	537,613	465,296
Quarterly net broadband internet additions	88,469	91,014	69,609	72,317	50,687
Broadband internet penetration	17.7%	15.8%	13.8%	12.2%	10.6%
Average monthly broadband internet churn (5)	1.0%	1.0%	1.3%	1.2%	1.0%
Average monthly revenue per broadband internet subscriber (4)	£19.89	£20.23	£21.50*	£22.45*	£22.29*
	£m	£m	£m	£m	£m
<b>NCTA Capital expenditure (6)</b>					
Customer premise equipment ("CPE")	16	25	19	23	23
Scaleable infrastructure	7	14	8	7	7
Commercial	8	8	12	9	11
Line extensions	2	1	1	1	1
Upgrade/rebuild	6	10	1	4	2
Support capital	13	7	10	9	8
Total NCTA Capital expenditure	52	65	51	53	52
Non NCTA Capital expenditure:					
Content Segment	-	1	-	1	-
Change in capital accruals	2	(2)	(1)	7	14
Total Capital expenditure	54	64	50	61	66

\* The product ARPUs for broadband internet in these quarters have been adjusted to reflect the full value of promotional discounts offered.

(1) The number of homes within our service area that can potentially be served by our network with minimal connection costs. Information concerning the number of homes "passed and marketed" is based on physical counts made by us during network construction or marketing phases.

(2) The number of customers who receive at least one of our television, telephony or broadband internet services.

(3) Revenue Generating Units ("RGUs"), refer to subscriptions to each of our analog television, digital television, telephony and broadband internet services on an individual basis. For example, when we provide one customer with digital television and broadband internet services, we record two RGUs. Dial-up internet services, second telephone lines and additional TV outlets are not recorded as RGUs although they generate revenue for us.

(4) Average monthly revenue per customer (often referred to as "ARPU" or "Average Revenue per User") represents the consumer sales division's total quarterly revenue of residential customers, including installation revenues, divided by the average number of residential customers in the quarter, divided by three. The same methodology is used for television, telephony and broadband internet ARPU.

(5) Average monthly churn represents the total number of customers who disconnected during the quarter divided by the average number of customers in the quarter, divided by three. Subscribers who move premises within our addressable areas (known as "Moves and Transfers") and retain our services are excluded from this churn calculation.

(6) 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 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.

CPE – costs incurred at the customer's house to secure new customers, revenue units and additional bandwidth revenues. Includes connections to previously unserved houses in accordance with SFAS 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 fiber, coaxial cable, amplifiers, electronic equipment, make-ready and design/engineering. Upgrade/rebuild – costs to modify or replace existing coax and fiber networks. Includes materials, contract labor, in-house labor, 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.

- **Forward-Looking Statements**
- **Fresh-Start Reporting**
- **Quarterly Historical Information**
- **Segmental Information**
- **Use of Non-GAAP Financial Measures**
- **sit-up Limited**

### **Forward-Looking Statements**

Some of the statements in this earnings release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance, including, but not limited to, strategic plans, potential growth (including penetration of developed markets and opportunities in emerging markets), product introductions and innovation, meeting customer expectations, planned operational changes (including product improvements), expected capital expenditures, future cash sources and requirements, liquidity, customer service improvements, cost savings and other benefits of acquisitions or joint ventures - potential and/or completed - that involve known and unknown risks, uncertainties and other factors that may cause our or our businesses' actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential," or "continue," or the negative of those terms or other comparable terminology.

There are a number of important factors that could cause our actual results and future development to differ materially from those expressed or implied by those forward-looking statements. These factors include those discussed under the caption "Risk Factors" in the Annual Report on Form 10-K for the year ended December 31, 2004 (No. 000-50886) filed by Telewest Global, Inc. on March 22, 2005 with the United States Securities and Exchange Commission, although those risk factors may not be exhaustive. Other sections of this earnings release may describe additional factors that could adversely impact our business and financial performance. We operate in a continually changing business environment, and new risk factors may emerge from time to time. Management cannot anticipate all of these new risk factors, nor can they definitively assess the impact, if any, of new risk factors on us or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results.

Unless otherwise required by applicable securities laws, we assume no obligation to publicly update or revise any of the forward-looking statements after the date of this earnings release to reflect actual results, whether as a result of new information, future events or otherwise.

### **Fresh-Start Reporting**

As a result of the completion of the financial restructuring of Telewest Communications plc, our predecessor, on July 15, 2004, Telewest adopted fresh-start reporting in accordance with Statement of Position 90-7, "*Reporting by Entities in Reorganization under the Bankruptcy Code*", ("SOP 90-7"), with effect from July 1, 2004. Under SOP 90-7, Telewest established a new accounting basis, recording our predecessor's assets at their fair value and liabilities at the present value of amounts to be paid.

A reconciliation of our predecessor's balance sheet at June 30, 2004 to the fresh-start balance sheet at July 1, 2004, is included in Telewest's Annual Report on Form 10-K for the year ended December 31, 2004.

As a result of the adoption of fresh-start reporting, our balance sheets and results of operations subsequent to July 1, 2004 will not be comparable in many material respects to the balance sheets or results of operations reflected in our predecessor's historical financial statements for periods prior to July 1, 2004.

**Telewest Global, Inc.**  
**Quarterly Historical Information**  
**(amounts in £millions, except share and per share data)**

	Three months ended				
	Mar. 31, 2005	Dec. 31, 2004	Sep. 30, 2004	Jun. 30, 2004	Mar. 31, 2004
	Reorganized Company			Predecessor Company	
<b>Revenue</b>					
Consumer Sales Division	246	241	238	235	235
Business Sales Division	61	63	63	63	67
<b>Total Cable Segment</b>	307	304	301	298	302
Content Segment	31	32	27	28	26
<b>Total revenue</b>	338	336	328	326	328
<b>Operating costs and expenses</b>					
Cable segment expenses	69	69	72	74	79
Content segment expenses	20	25	17	18	16
Depreciation	101	101	103	90	94
Amortization	9	9	9	-	-
Cost of revenue	199	204	201	182	189
Selling, general and administrative expenses	115	114	117	124	120
	314	318	318	306	309
<b>Operating income</b>	24	18	10	20	19
<b>Other income/(expense)</b>					
Interest income	4	5	6	8	7
Interest expense (including amortization of debt discount)	(29)	(47)	(49)	(121)	(109)
Foreign exchange (losses)/gains, net	(4)	3	-	(37)	77
Share of net income of affiliates	6	4	4	5	3
Other, net	-	-	-	-	(1)
<b>Income/(loss) before income taxes</b>	1	(17)	(29)	(125)	(4)
Income taxes charge	-	-	-	(1)	-
<b>Net income/(loss)</b>	1	(17)	(29)	(126)	(4)
Basic and diluted loss per share of common stock	-	£(0.07)	£(0.12)		
Weighted average number of shares of common stock – (in millions)	245	245	245		

**Telewest Global, Inc.**  
**Segment Information**  
**(amounts in £millions)**

	Three months ended March 31,	
	2005	2004
	Reorganized Company	Predecessor Company
<b>CABLE SEGMENT</b>		
Consumer Sales Division revenue	246	235
Business Sales Division revenue	61	67
<b>Third party revenue</b>	<b>307</b>	<b>302</b>
Operating costs and expenses (before financial restructuring charges)	(179)	(188)
<b>Adjusted EBITDA</b> including inter-segment costs	<b>128</b>	<b>114</b>
Inter-segment costs (1)	3	3
<b>Adjusted EBITDA</b>	<b>131</b>	<b>117</b>
<b>CONTENT SEGMENT</b>		
Content segment revenue	34	29
Operating costs and expenses (before financial restructuring charges)	(28)	(21)
<b>Adjusted EBITDA</b> including inter-segment revenues	<b>6</b>	<b>8</b>
Inter-segment revenues (1)	(3)	(3)
<b>Adjusted EBITDA</b>	<b>3</b>	<b>5</b>
<b>Reconciliation to operating income</b>		
Cable Segment Adjusted EBITDA	131	117
Content Segment Adjusted EBITDA	3	5
<b>Adjusted EBITDA</b>	<b>134</b>	<b>122</b>
Financial restructuring charges	-	(9)
Depreciation	(101)	(94)
Amortization	(9)	-
<b>Operating income</b>	<b>24</b>	<b>19</b>

(1) Inter-segment revenues are revenues of our Content Segment which are costs in our Cable Segment and which are eliminated on consolidation.

## Telewest Global, Inc.

### Use of Non-GAAP Financial Measures

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#### Adjusted EBITDA

Telewest's primary measure of income or loss for each of our reportable segments is Adjusted EBITDA. Our management, including our chief operating decision maker, considers Adjusted EBITDA an important indicator of the operational strength and performance of our reportable segments. Adjusted EBITDA for each segment and in total excludes the impact of costs and expenses that do not directly affect our cash flows or do not directly relate to the operating performance of that segment. These costs and expenses include depreciation, amortization, financial restructuring charges, interest expense, foreign exchange gains/(losses), share of net income/(loss) from affiliates and income taxes. It is the belief of management that the legal and professional costs relating to our financial restructuring are not characteristic of our underlying business operations. Furthermore management believes that some of the components of these charges are not directly related to the performance of a single reportable segment.

Adjusted EBITDA is not a financial measure recognised under GAAP. This measure is most directly comparable to the GAAP financial measure net income/(loss). Some of the significant limitations associated with the use of Adjusted EBITDA as compared to net income/(loss) are that Adjusted EBITDA does not reflect the amount of required reinvestment in depreciable fixed assets, financial restructuring charges, interest expense, foreign exchange gains or losses, income taxes expense or benefit and similar items on our results of operations. We believe Adjusted EBITDA is helpful for understanding our performance and assessing our prospects for the future, and that it provides useful supplemental information to investors. In particular, this non-GAAP financial measure reflects an additional way of viewing aspects of our operations that, when viewed with our GAAP results and the reconciliations to net income/(loss), shown below, provide a more complete understanding of factors and trends affecting our business. Because non-GAAP financial measures are not standardized, it may not be possible to compare Adjusted EBITDA with other companies' non-GAAP financial measures that have the same or similar names. The presentation of this supplemental information is not meant to be considered in isolation or as a substitute for net cash provided by operating activities, operating income/(loss), net income/(loss), or other measures of financial performance reported in accordance with GAAP.

#### Free cash flow

Telewest's primary measure of cash flow is free cash flow. Free cash flow is defined as net cash provided by/(used in) operating activities excluding cash paid for financial restructuring charges, less capital expenditure. Our management, including our chief operating decision maker, considers free cash flow an important indicator of the operational performance of our business.

Free cash flow is not a financial measure recognized under GAAP. This measure is most directly comparable to the GAAP financial measure net cash provided by/(used in) operating activities. The significant limitation associated with the use of free cash flow as compared to net cash provided by/(used in) operating activities is that free cash flow does not consider the amount of cash required to pay financial restructuring charges. We believe free cash flow is helpful for understanding our performance and it provides useful supplemental information to investors. Because non-GAAP financial measures are not standardized, it may not be possible to compare free cash flow with other companies' non-GAAP financial measures that have the same or similar names. The presentation of this supplemental information is not meant to be considered in isolation or as a substitute for net cash provided by/(used in) operating activities, or other measures of financial performance reported in accordance with GAAP.

#### Net debt

Net debt is defined as the sum of debt repayable, capital lease obligations and accrued interest payable on notes and debentures less cash and cash equivalents. The Company's management, including its chief operating decision-maker, considers net debt an important measure of the financing obligations undertaken by the Company.

Net debt is not a financial measure recognized under GAAP. This measure is most directly comparable to the GAAP financial measure, total liabilities. The significant limitation associated with the use of net debt as compared total liabilities is that net debt does not consider current liabilities due in respect of accounts payable and other liabilities. It also assumes that all of cash and cash equivalents is available to service debt. Telewest believes net debt is helpful for understanding its entire net debt funding obligations and it provides useful supplemental information to investors. Because non-GAAP financial measures are not standardized, it may not be possible to compare net debt with other companies' non-GAAP financial measures that have the same or similar names. The presentation of this supplemental information is not meant to be considered in isolation or as a substitute for total liabilities, or other measures of financial performance reported in accordance with GAAP.

**Telewest Global, Inc.**  
**Use of Non-GAAP Financial Measures (continued)**

**Reconciliations of Non-GAAP Financial Measures**  
**(amounts in £millions)**

	Three months ended		
	Mar. 31, 2005	Mar. 31, 2004	Dec. 31, 2004
	Reorganized Company	Predecessor Company	Reorganized Company
<b>Reconciliation of Adjusted EBITDA to net income/(loss)</b>			
Adjusted EBITDA	134	122	128
Financial restructuring charges	-	(9)	-
Depreciation	(101)	(94)	(101)
Amortization	(9)	-	(9)
Operating income	24	19	18
Interest income	4	7	5
Interest expense (including amortization of debt discount)	(29)	(109)	(47)
Foreign exchange (losses)/gains, net	(4)	77	3
Share of net income of affiliates	6	3	4
Other, net	-	(1)	-
Net income/(loss)	1	(4)	(17)
<b>Reconciliation of free cash flow to net cash provided by operating activities</b>			
Free cash flow	63	25	(3)
Deduct cash paid for financial restructuring charges	(1)	(9)	(9)
Add capital expenditure	54	66	64
Net cash provided by operating activities	116	82	52

Free cash flow is reported after cash paid for interest, net, and cash received for income taxes.

Supplementary cash flow information:

Cash paid for interest, net	12	32	72
Cash received for income taxes	-	-	(2)

	Mar. 31, 2005	Dec. 31, 2004
	Reorganized Company	Reorganized Company
<b>Reconciliation of net debt to total liabilities</b>		
Net debt	1,728	1,746
Cash and cash equivalents	87	68
Total debt	1,815	1,814
Accounts payable	127	93
Other liabilities	427	424
Deferred taxes	105	105
Total liabilities	2,474	2,436

**Telewest Global, Inc.  
sit-up Limited**

The following supplementary financial information has been derived from the audited financial statements of sit-up Limited for the years ended December 31, 2003 and 2004. The information has been prepared in accordance with generally accepted accounting principles in the United Kingdom (UK GAAP).

This presentation of the financial information in respect of sit-up is not intended to suggest that and should not be construed as suggesting that Telewest's management controlled or directed the operations of sit-up during the periods presented or that a consolidated presentation of the results for these periods with those of Telewest is otherwise appropriate under GAAP.

**Profit and loss account  
(amounts in £millions)**

	Year ended	
	Dec. 31, 2004	Dec. 31, 2003
Turnover	206	119
Other operating income	1	-
	207	119
Cost of sales	(151)	(91)
<b>Gross profit</b>	<b>56</b>	<b>28</b>
Depreciation	(2)	(1)
Administrative expenses (excluding depreciation)	(43)	(28)
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>11</b>	<b>(1)</b>
Taxation	(3)	5
<b>Profit on ordinary activities after taxation</b>	<b>8</b>	<b>4</b>
Preference share dividend/appropriation	(1)	(1)
<b>Retained profit for the financial year</b>	<b>7</b>	<b>3</b>

**Summarized cash flow information  
(amounts in £millions)**

	Year ended	
	Dec. 31, 2004	Dec. 31, 2003
Net cash inflow from operations	23	13
Net cash inflow from returns on investments and servicing of finance	1	-
Net cash outflow from capital expenditure and financial investment	(2)	(2)
Net cash outflow from financing	(1)	(2)
<b>Increase in cash in the year</b>	<b>21</b>	<b>9</b>