FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1998-03-31** | Period of Report: **1997-12-31**
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TELEWEST COMMUNICATIONS PLC /NEW/

CIK:**949606**| IRS No.: **000000000** | State of Incorp.:**X0** | Fiscal Year End: **1231**
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SIC: **4841** Cable & other pay television services

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GENESIS BUSINESS PARK
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

[ ] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 1997

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From _____ To ______

COMMISSION FILE NUMBER: 0-26840

TELEWEST COMMUNICATIONS PLC
(Exact Name of Registrant as Specified in Its Charter)

ENGLAND AND WALES (State or Other Jurisdiction of Incorporation or Organization)	N/A (I.R.S. Employer Identification Number)

GENESIS BUSINESS PARK
ALBERT DRIVE
WOKING, SURREY GU21 5RW
UNITED KINGDOM
011-44-1483-750-900
(Address of Principal Executive Offices)

Securities Registered Pursuant to Section 12(b) of the Act:

NONE

Securities Registered Pursuant to Section 12(g) of the Act:

AMERICAN DEPOSITARY SHARES EVIDENCED BY
AMERICAN DEPOSITARY RECEIPTS, EACH REPRESENTING
TEN ORDINARY SHARES OF 10p EACH
(Title of Class)

ORDINARY SHARES OF 10p EACH
(Title of Class)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES |X| NO [ ]

INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405 OF REGULATION S-K IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE BEST OF REGISTRANT'S KNOWLEDGE, IN DEFINITIVE PROXY OR INFORMATION STATEMENTS INCORPORATED BY REFERENCE IN PART III OF THIS FORM 10-K OR ANY AMENDMENT TO THIS FORM 10-K. [ ]

AT MARCH 2, 1998, 927,567,600 ORDINARY SHARES OF 10P EACH WERE OUTSTANDING AND THE AGGREGATE MARKET VALUE OF THE ORDINARY SHARES ON THE LONDON STOCK EXCHANGE ON SUCH DATE HELD BY NON-AFFILIATES OF THE REGISTRANT WAS APPROXIMATELY (POUND)194,764,583.

DOCUMENTS INCORPORATED BY REFERENCE

PORTIONS OF THE REGISTRANT'S ANNUAL REPORT TO SHAREHOLDERS FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997 ARE INCORPORATED BY REFERENCE INTO PART II. PORTIONS OF THE REGISTRANT'S DEFINITIVE PROXY STATEMENT, DATED MARCH 31, 1998, TO BE DELIVERED TO SHAREHOLDERS IN CONNECTION WITH THE 1998 ANNUAL GENERAL MEETING OF SHAREHOLDERS, ARE INCORPORATED BY REFERENCE INTO PART III.

FORM 10-K
TABLE OF CONTENTS

PART I

PART I

INTRODUCTORY NOTES:

Telewest Communications plc, formerly known as Telewest plc (the "Company"), was formed for the purpose of acquiring the issued share capital of Telewest Communications plc ("Old Telewest") and SBC CableComms (UK) ("SBCC") in connection with the merger of Old Telewest and SBCC on October 3, 1995 (the "Merger"). Prior to the Merger with SBCC, Old Telewest was a publicly traded company traded on the London Stock Exchange and SBCC was a private company owned by affiliates of SBC Communications, Inc. ("SBC") and an affiliate of Cox Communications, Inc. ("Cox"). In connection with the Merger (a) all of the issued share capital of Old Telewest and SBCC were exchanged for shares of the Company, (b) Old Telewest and SBCC became wholly-owned subsidiaries of the Company (and currently are indirect wholly-owned subsidiaries), and (c) the Company became a publicly traded company (with its Ordinary Shares traded on the London Stock Exchange under the symbol "TWT" and American Depositary Shares ("ADSs") representing its Ordinary Shares traded on the Nasdaq National Market under the symbol "TWSTY"). All references to the Company prior to completion of the Merger are to Old Telewest or its predecessor business, TCI/U S WEST Cable Communications Group (a joint venture (the "Joint Venture") between affiliates of Tele-Communications, Inc. ("TCI") and affiliates of U S WEST, Inc. ("U S WEST") that owned and operated cable television and telephony businesses in the U.K. and was contributed to Old Telewest in connection with its initial public offering (the "Initial Public Offering") in November 1994.

References in this document to homes "passed" are to homes in respect of which network construction has been completed, and references to homes "passed and marketed" are to homes passed where marketing has commenced. References in this document to the number of "equity homes," "equity homes passed," "equity homes passed and marketed," "equity businesses," equity customers" and "equity lines" are to the number of homes, businesses, customers or lines, respectively, within franchises owned by a company multiplied by such company's effective equity interest in such franchises (e.g., a franchise with 100 homes in which such company has an effective interest of 25% would represent 25 equity homes for such company). Unless otherwise indicated in this document, "equity homes," "equity homes passed," "equity homes passed and marketed," "equity businesses," "equity customers" and "equity lines" are calculated for the purposes of this document for all periods on the basis of a company's effective interest in its franchises as at the date of this document.

Unless the context requires otherwise, references in this document to the Company include its direct and indirect subsidiaries but do not include the Affiliated Companies (as defined herein). All information with respect to the number of homes and businesses in a franchise area is based on the most recent published U.K. census data (1991) with respect to homes and the relevant company's estimates with respect to businesses. All information with respect to the number of homes "passed" or "passed and marketed" is based on physical counts made by the relevant company during the network construction or marketing phases (or in the case of homes acquired after network construction or marketing was completed by another operator, based on the records of such operator). All information with respect to the number of homes in an Affiliated Franchise (as defined herein) is based on the most recent published U.K. census data (1991), and all other information concerning the Affiliated Companies has been provided by (or derived from data provided by) the Affiliated Companies.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS:

All statements other than statements of historical fact included in this document, including without limitation the statements incorporated herein from the Company's 1997 Annual Report and 1998 Proxy Statement are, or may be deemed to be, forward-looking statements within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Important factors that could cause actual results to differ materially from those discussed in such forward-looking statements include, among other things, the extent consumer preference develops for cable television over other methods of providing in-home entertainment and for the Company as a viable alternative to British Telecommunications plc ("BT") and others as a provider of telephony service; the ability of the Company to manage growth and expansion; the ability of the Company to improve operating efficiencies (including through cost reductions);

the ability of the Company to construct its network in a cost efficient and timely manner; the ability of the Company to raise additional financing if there is a material adverse change in the Company's anticipated revenues or expenses or to finance new initiatives; the ability of the Company to respond to changes or increases in competition (including the introduction of digital services by BSkyB (as defined) or other operators) and adverse changes in government regulation; the extent programming is available at reasonable costs; adverse changes in the price of telephony interconnection; disruptions in supply of services and equipment, and the performance of the Affiliated Companies (which are not controlled by the Company). All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by such cautionary statements.

ITEM 1. BUSINESS

OVERVIEW

The Company is a leading provider of cable television and residential and business cable telephony services in the U.K. The Company owns and operates 28 cable franchises (the "Owned and Operated Franchises") and has minority equity interests in three U.K. cable operators (the "Affiliated Companies"), which own and operate seven additional franchises (the "Affiliated Franchises"). As of December 31, 1997, the Owned and Operated Franchises and the Affiliated Franchises covered approximately 25.7% of the homes in the U.K. in areas for which cable franchises have been awarded. The Owned and Operated Franchises and the Affiliated Franchises together include approximately 5.2 million homes and approximately 344,000 businesses, of which approximately 4.4 million and approximately 290,000 are the Company's equity homes and equity businesses, respectively. As of December 31, 1997, the Company's network in such franchises had passed approximately 3,318,000 of the Company's equity homes (approximately 3,097,000 of which had been passed and marketed) and the Company had approximately 687,000 equity cable television customers, 923,000 equity residential telephone lines and 117,000 equity business telephone lines.

The Company's 28 Owned and Operated Franchises, which include approximately 4.0 million homes, are managed in four Regional Franchise Areas: London South and the South East (including Croydon, Kingston, Richmond, Basildon, Chelmsford and Gravesend), Scotland and the North East (including Dundee, Edinburgh, Perth, Gateshead and Newcastle upon Tyne), Avon, Cotswolds and the Midlands (including Bath, Bristol, Cheltenham, Gloucester, Telford, Dudley, Wolverhampton, Walsall, Worcester and Kidderminster) and the North West (including St. Helens and Knowsley, Wigan, Preston, Southport, North and South Liverpool and Blackpool). The seven Affiliated Franchises include approximately 1.2 million homes and provide the Company with an additional 401,000 equity homes. The Affiliated Franchise areas include Birmingham, parts of North London and Windsor.

The Company provides a wide variety of cable television, cable telephony and on line services. Such services are provided over a hybrid fibre-coaxial network (i.e., high capacity broadband) which has been designed to enable the Company to provide customers with a wide range of interactive and integrated entertainment, telecommunications and information services as they become available in the future. The Company currently provides analogue services over the network, and expects to begin introducing digital services over the network in one franchise by the end of 1998. Such digital services may include pay-per-view programming, near-video-on-demand ("NVOD"), cable television Internet access, electronic mail, home shopping and banking.

As of December 31, 1997, network construction was completed for approximately 75.0% of the homes in the Owned and Operated Franchises and 89.4% of the Affiliated Franchises and approximately (pound)1,973 million had been invested in the construction of the network of the Owned and Operated Franchises and (pound)753 million had been invested in the construction of the networks of the Affiliated Franchises (in each case including the costs of cable, ducting, network electronic equipment and subscriber connections). The Company anticipates that network construction will be completed for more than 77% of the homes in the Owned and Operated Franchises and 92% of the Affiliated Franchises

by December 31, 1998 and expects that the remaining construction of the networks will be substantially completed by the end of year 2003.

In addition to the construction of a hybrid fibre-coaxial network in each of its franchises, the Company is developing an inter-franchise network to link the individual networks of the Owned and Operated Franchises and the Affiliated Franchises (the "Interfranchise Network"), carrying voice, data and video traffic between the franchises. The Interfranchise Network is expected to provide a number of benefits to the Company, including increased telephony margins resulting from reduced payments of interconnection fees to national carriers for domestic long distance calls. The Interfranchise Network is scheduled to be completed by the middle of 1998.

The following table sets forth certain data concerning the Owned and Operated Franchises and Affiliated Franchises at and for the years ended December 31, 1995, 1996 and 1997. Except as otherwise noted in the footnotes to this table, all information with respect to SBCC is included only from and after October 3, 1995 (the date of completion of the Merger).

<TABLE>
<CAPTION>

	Owned and Operated Franchises			Affiliated Franchises(1)			Total(1)		
	1995	1996	1997	1995	1996	1997	1995	1996	1997
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
CABLE TELEVISION									
Homes passed..........	1,987,344	2,575,142	2,970,168	242,415	316,878	347,563	2,229,759	2,892,020	3,317,731
Homes passed and marketed.............	1,831,458	2,335,953	2,760,184	235,196	290,882	336,398	2,066,654	2,626,835	3,096,582
Basic customers.......	401,469	528,142	605,988	56,003	71,457	81,364	457,472	599,599	687,352
Basic penetration rate (2).............	21.9%	22.6%	22.0%	23.8%	24.6%	24.2%	N/A	N/A	N/A
Average monthly revenue per customer (3)........	(pound)21.32(4)	(pound)22.95	(pound)23.40	(pound)19.16	(pound)20.35	(pound)21.27	N/A	N/A	N/A
Average churn rate ...	41.0%(5)	33.4%(6)	34.0%(6)	31.5%(5)	28.9%(6)	37.0%(6)	N/A	N/A	N/A
RESIDENTIAL TELEPHONY									
Homes passed..........	1,750,288	2,396,658	2,791,684	237,940	299,603	347,913	1,986,228	2,696,261	3,139,597
Homes passed and marketed.............	1,652,604	2,254,734	2,725,154	229,956	288,307	337,173	1,882,560	2,543,041	3,062,327
Residential customers.	429,405	620,377	810,358	48,250	65,724	84,324	477,655	686,101	894,682
Penetration rate (7)..	26.0%	27.5%	29.7%	21.0%	22.8%	25.0%	N/A	N/A	N/A
Residential lines connected............	430,926	627,009	836,168	48,549	66,512	86,372	479,475	693,521	922,540
Average monthly revenue per line (8)...........	(pound)20.48(9)	(pound)20.26	(pound)19.19	(pound)27.25	(pound)27.05	(pound)24.86	N/A	N/A	N/A
Average churn rate per line	21.8%(10)	19.6%(6)	20.0%(6)	23.8%(10)	25.8%(6)	29.9%(6)	N/A	N/A	N/A
BUSINESS TELEPHONY									
Business customers....	14,225	20,882	25,475	1,760	2,416	2,856	15,985	23,298	28,331
Business lines connected............	40,021	67,823	100,989	7,496	10,746	15,684	47,517	78,569	116,673
Average number of business lines									

per customer (11)..................	2.8	3.2	4.0	4.3	4.4	5.5	N/A	N/A	N/A
Average monthly revenue per line (12)...........	(pound)58.92(13)	(pound)54.50	(pound)43.62	(pound)75.39(13)	(pound)71.95	(pound)71.29	N/A	N/A	N/A
Average churn rate per line	12.4%(14)	14.5%(6)	15.0%(6)	25.0%(14)	24.8%(6)	23.1%(6)	N/A	N/A	N/A

</TABLE>

Notes:

"N/A" means not applicable.

(1) Information with respect to Affiliated Franchises reflects the Company's equity interest therein.

(2) Cable television basic penetration rate at a specified date represents (i) the total number of cable television basic customers at such date, divided by (ii) the total number of homes passed and marketed for cable television at such date.

(3) Average monthly revenue per customer for each period represents (i) one-twelfth of the total cable television revenue for such period, divided by (ii) the average number of basic cable television customers in such period.

(4) If the Merger had been completed on January 1, 1995, the average monthly revenue per subscriber would have been (pound)21.11 in 1995.

(5) Average cable television churn rate for the period represents (i) the total number of cable television customers who terminated basic service or whose service was terminated by the Company during such period, divided by (ii) the average number of basic cable television customers in such period. If the Merger had been completed on January 1, 1995, the average cable television churn rate for the Owned and Operated Franchised would have been 44.5% in 1995.

(6) Prior to 1996, the calculation of churn included those customers who moved homes and reconnected elsewhere in one of the Owned and Operated or Affiliated Franchises and consequently overstated customer dissatisfaction with the service provided. From 1996, the Company revised the basis on which "churn" is calculated to exclude those customers who moved their cable service from one premises to another within one of the Owned and Operated Franchises. Average churn rate for 1996 and 1997 represents (i) the total number of customers who voluntarily or involuntarily terminated service during such period, divided by (ii) the average number of customers in such period.

(7) Residential telephony penetration rate at a specified date represents (i) the total number of residential cable telephony customers at such date, divided by (ii) the total number of homes passed and marketed for residential cable telephony at such date.

(8) Average monthly revenue per residential line for each period represents (i) one-twelfth of the total residential cable telephony revenue for such period, divided by (ii) the average number of residential cable telephony lines in such period.

(9) If the Merger had been completed on January 1, 1995, the average monthly revenue per line would have been (pound)20.69 in 1995.

(10) Average residential telephony churn rate per line for the period represents (i) the total number of residential cable telephony lines terminated by customers or the Company during such period, divided by (ii) the average number of residential cable telephony lines in such period. If the Merger had been completed on July 1, 1995, the average residential

telephony churn rate per line for the Owned and Operated Franchises would have been 21.8% in 1995.

(11) Average number of business lines per customer at a specified date represents (i) the number of business cable telephony lines at such date, divided by (ii) the number of business cable telephony customers at such date.

(12) Average monthly revenue per business line for each period represents (i) one-twelfth of the total business cable telephony revenue for such period, divided by (ii) the average number of business cable telephony lines in

such period.

(13) If the Merger had been completed on December 1, 1995, the average monthly revenue per line would have been (pound)59.39 in 1995.

(14) Average business telephony churn rate per line for each period represents (i) the total number of business cable telephony lines terminated by customers or the Company during such period, divided by (ii) the average number of business cable telephony lines in such period. If the Merger had been completed on January 1, 1995, the average churn rate per line for the Owned and Operated Franchises would have been 13.1% in 1995.

RECENT DEVELOPMENTS

The Owned and Operated Franchises and Affiliated Franchises now include more than 25.7% of the U.K. homes in areas covered by cable licenses. One of every three homes passed by the networks of the Owned and Operated Franchises subscribe for one or more of the Company's services and more than 50% of the Company's customer's subscribe for both cable television and cable telephony services.

Over the past few years, the Company has devoted substantial resources to rapidly constructing its network in accordance with licence construction milestones, while also actively developing and marketing various cable telephony, television and Internet products and servicing its customers. In the second quarter of 1997, with the Company's network approximately 69.8% complete, the Company decided to significantly reduce the pace of its network construction and increase its focus on developing and marketing attractive product offerings and enhancing customer service.

The Company has reduced the pace of its network construction from passing an average of approximately 35,000 new premises per month in 1997 to passing approximately 5,000 new premises per month in 1998. In addition, to improve operating and management efficiencies, during 1997 the Company streamlined its franchise operations by consolidating the management of its franchises into four regional franchise areas, rather than the previous seven. In connection with the consolidation of franchise management and other initiatives to improve operating efficiencies, in the second half of 1997 the Company announced and implemented a 25% reduction in the size of its work force. The reduction in the pace of network construction is expected to significantly reduce the Company's capital expenditure and the reduction of the work force and the introduction of various operating efficiencies are expected to result in significant on-going operating cost reductions.

During 1997 the Company also implemented various initiatives to strengthen its product offering and enhance its customer services. For example,

the Company trialed a further development of its Teleplus combined cable television and telephony package, offering customers a "mini basic" package with smaller number of channels, telephone line rental, free local calling within the Company's Regional Franchise Areas at certain times and access to premium television channels for a cost lower than that of the Company's traditional basic package. Based on the success of these trials, in early 1998 the Company introduced a variety of new combination packages (including the "mini basic" package), marketed as Millennium, into all of its franchises.

In March 1997 the Company entered into a consortium with other U.K. cable operators to provide a pay-per-view movie service for their cable television subscribers, marketed as "Front Row". The joint venture has entered into contracts with Columbia Tristar, Warner Brothers and Buena Vista International and additional contracts are under negotiation. The Company expects the Front Row service to be available in all of its franchises starting in the second quarter of 1998 at a cost of approximately (pound)3 per movie. All of the Company's cable television customers will have access to the Front Row service, with most being able to order programs directly from their television remote controls.

As part of its initiative to improve customer service and provide improved information to management about the Company's customers that can be used to develop new product offerings to meet customer needs and more effectively market its services, the Company has committed to invest approximately (pound)30 million for a comprehensive new customer management system throughout the Company. Parts of the system were completed in 1997 system is expected to be substantially complete by the end of 1998.

In 1997, the number of Company customers increased by more than 22.8%, from 790,349 at December 31, 1996 to 970,173 at December 31, 1997, and during the year the number of cable television customers increased by 14.7%, the number of residential telephony lines increased by 33.4% and the number of business telephone lines increased by 48.9%. Residential telephony penetration increased by 2.2% in 1997 to 29.7% but churn increased from 19.6% to 20% and revenues from the Company's expanding business telephony service increased by 27% to (pound)43.8 million. Cable television penetration remained stable for most of the year at 22.0% but declined from 22.6% in 1996. Cable television churn increased slightly from 33.4% to 34%.

The Company's revenues increased significantly in 1997 to (pound)386.5 million from (pound)290.3 million in 1996, reflecting primarily an increase in customers resulting from the Company's continued network construction and aggressive marketing efforts. In addition, the Company achieved positive EBITDA (earnings before share of net losses of affiliates, interest, taxes, depreciation and amortization) of (pound)49.6 million for the period ended December 31, 1997.

On February 5, 1998, NTL Incorporated ("NTL") and Comcast UK Cable Partners Limited ("Comcast") announced a proposed merger of their U.K. cable interests. Comcast's assets include a 50% interest in Cable London plc ("Cable London") and a 27.5% interest in Birmingham Cable Corporation Limited ("Birmingham Cable"). The Company currently has a 50% and 27.5% interest in Cable London and Birmingham Cable, respectively. Pursuant to existing arrangements between Comcast and the Company, the Company has the right to acquire Comcast's interest in both Cable London and Birmingham Cable as a result

of the proposed change of ownership of Comcast. The Company currently is considering its options with respect to Cable London and Birmingham Cable.

On March 29, 1998 the boards of the Company and General Cable plc ("General Cable") announced that merger discussions between their two companies were at an advanced stage which may result in a recommended offer being made by the Company for the outstanding ordinary shares of General Cable.

General Utilities Holdings Limited ("GUHL"), a subsidiary of Compagnie Generale des Eaux ("CGE"), has entered into an agreement with the Company on March 29, 1998 whereby it has agreed that, if the Company announces a firm intention to make an offer within prescribed terms on or before 3.00 p.m. on April 15, 1998 (or such later time or date as shall be agreed), GUHL will irrevocably accept such offer in respect of its entire holding of 146,785,916 General Cable ordinary shares (representing approximately 40 per cent of General Cable's issued share capital). The prescribed terms referred to above include the following:

- an offer of 1.243 new Ordinary Shares and 65 pence in cash for every General Cable share and 0.622 new ADSs and the equivalent in U.S. dollars of 325 pence in cash for each General Cable ADS; and

- a reorganisation of the board of directors of the Company so that it will initially consist of seven non-executive directors (designated by U S WEST, TCI, Cox, SBC and CGE), four executives (to include one executive member of the General Cable board) and three independent non-executive directors (to include a nomination from the board of General Cable).

The Company announced that it is intended that the cash component of the offer would, if made, be provided by means of an issue of up to 259 million new Ordinary Shares, to be underwritten by major shareholders of the Company at 92.5 pence per share. It is envisaged that arrangements will be made to enable the Company's public shareholders to participate in this issue.

The board of General Cable has indicated that it will recommend the proposed offer if made. Likewise, U S WEST, TCI, SBC and Cox have indicated their support for the proposed offer.

There can be no assurance that these discussions will result in any proposal being put to General Cable's shareholders, or if so put, would be accepted. Any offer would be made only by means of formal offer documentation, which in the United States would include a prospectus.

CABLE TELEVISION

Overview

The Company, through its predecessor companies, began offering cable television in the U.K. in 1985. The Company derives its cable television revenues from connection charges, monthly basic and premium service fees, "pay-per-view" program fees, cable publications and advertising charges. As at December 31, 1997 the Company had passed and marketed approximately 2,760,184 of the 2,970,168 homes passed in the Company Owned and Operated Franchises and had a cable television penetration rate of approximately 22.0%.

Programming

The Company currently offers more than 50 channels to its customers as part of its basic service and 14 channels as part of its premium service offering (including bonus channels provided in connection with the subscription for certain premium channels). The Company obtains its programming from a variety of sources, including BSkyB, terrestrial broadcasters and other programming suppliers. The Company generally arranges its programming so that the same programming appears on the same channel number in each of the Regional Franchise Areas, thereby facilitating the use of the same marketing materials (including monthly programming guides such as "The Cable Guide") across the Regional Franchise Areas.

Customers can choose to receive basic service programming alone or together with premium programming. The following table sets out the basic and premium service programming currently offered by the Company (most of which is carried on dedicated channels and some of which is carried on shared channels):

<TABLE>
<CAPTION>

PROGRAMMING	DESCRIPTION
BASIC SERVICE	
NEWS AND INFORMATION	
<S>	<C>
Arcade	Local text advertisements
Bloomberg Information Television	Business news
BBC News 24	24 hour news channel from the BBC
Cable 17	Local information, lifestyle and news
Channel One	News and information for the London area
Channel One Avon	News and information for the Avon area
Channel One Liverpool	News and information for the Liverpool area
CNN International (1)	24-hour international news service
EBN(1)(2)	European business news
The Parliamentary Channel (1)(3a)	Live coverage of Parliamentary proceedings
Sky News (2)(4)	24-hour U.K. news service
The Channel Guide	Summary of programming schedule
GENERAL INTEREST	
BBC1	Terrestrial television
BBC2	Terrestrial television
Bravo (1)(2)	Cult films and television series
Challenge TV (1)(2)	Game shows
Channel 4	Terrestrial television

PROGRAMMING	DESCRIPTION
Channel 5	Terrestrial television
Eurosport	International sporting events
ITV	Terrestrial television
Live TV (5)	Live entertainment and local programming
Liverpool Live	Live entertainment and local programming
Living (1)(2)	Lifestyle programming
Edinburgh Live	Live entertainment and local programming
NBC	U.S. programming
QVC (2)	Home shopping
Sci Fi Channel (2)	Science fiction programming
Carlton Food Network	Culinary programming
Carlton Select	Comedy and drama
Sky One (2)(4)	General entertainment
Sky Soap (2)(4)	Soap operas
Sky Travel (2)(4)	Travel programming
The Discovery Channel (1)(2)	Documentary programming
Discovery Home and Leisure (1)(2)	Lifestyle programming
Travel	Travel programming
TNT (1)	Classic films
UK Gold (1)(2)	Classic U.K. television programming
UK Style (1)	Lifestyle channel
UK Horizons (1)	Documentary programming
UK Arena (1)	Arts and drama
Granada Plus (2)	General entertainment and classic U.K. programming
Granada Men and Motoring (2)	Automotive programming
Granada Good Life (2)	Leisure programming

The Paramount Comedy Channel (2)	Comedy channel
CHILDREN	
Nickelodeon (2)	Children's entertainment
The Cartoon Network (1)	Children's cartoons
Trouble/TCC (1)(2)	Teenage and children's programming
Rapture (3b)	Teenage and educational programming
INTERNATIONAL	
Asianet	Programming relating to the Asian subcontinent
Deutsche Welle	German language programming
RAI UNO	Italian language programming
TVE International	Spanish language programming
TV5	French language programming
CNE	Chinese language programming
MUSIC	
Country Music Television Europe (2)	Country music videos
MTV (2)	Music videos

PROGRAMMING	DESCRIPTION
Performance - The Arts Channel	Classical music and opera
The Box	Music videos selected by customer requests
The Landscape Channel	Classical music accompanying scenic videos
VH-1 (2)	Music videos
PREMIUM SERVICE	
GENERAL INTEREST	
The Disney Channel (2)	Family and children's programming
SPORTS	
Sky Sports (2)(4)	U.K. and international sports
Sky Sports 2 (2)(4)	U.K. and international sports
Sky Sports 3(2)(4)	U.K. and international sports
The Racing Channel	Live horse racing
MOVIES	
HVC	Adult action, adventure and horror films
Playboy Television (1)(2)	Adult entertainment
Sky Movies (2)(4) *	24-hour feature films
Sky Movies Gold (2)(4) *	Classic films
Television X	Adult entertainment
The Adult Channel	Adult entertainment
The Movie Channel (2)(4)(6)	24-hour feature films

</TABLE>

Notes:

(1) TCI, U S WEST or Cox (or their affiliates) own interests in or manage the provider of this programming.

(2) Programming distributed or marketed by British Sky Broadcasting Group or its affiliates ("BSkyB").

(3a) The Company owns an interest of approximately 27% in the provider of this programming.

(3b) The Company owns an interest of approximately 4% in the provider of this programming.

(4) Programming acquired from BSkyB.

(5) Live TV is provided by Live TV Ltd., whose ultimate owner is part of The Mirror Group plc, a leading U.K. newspaper publisher. Lord Borrie QC (a director of the Company) is a director of The Mirror Group plc. CPP-1, a joint venture of affiliates of TCI, U S WEST and SBC, together with three other U.S. companies with interests in U.K. cable operators, has a 10% interest in Live TV.

(6) Now known as Sky Screen 1 and Sky Screen 2.

The Company's basic service also includes a wide range of terrestrial and satellite radio stations and, where available, NICAM stereo audio feeds for television channels. In addition, the Company also offers multi-channel, digital, audio-only services to business customers (including one service in which an affiliate of TCI has a 49% interest).

As part of its strategy to offer customers a broader range of entertainment programs, the Company intends to introduce a "pay-per-view" analogue movie service, to be marketed as "Front Row". This service is to be provided by a cable industry consortium ("Front Row") owned by Telewest (40%), CableTel Programming Inc (40%), General Cable (13%) and Diamond Cable Communications Ltd. (7%). The consortium has entered into contracts with Columbia Tristar, Warner Brothers and Buena Vista International which entitle the consortium members to distribute movies on a pay-per-view basis to their customers. The pay-per-view window is generally six months in advance of the time movies are released for pay television premium channels. This service is expected to launch in the Company's franchises in the second quarter of 1998. The Company intends to carry other "pay-per-view" services as and when they become available.

Source of Programming. The Company obtains most of its programming from suppliers pursuant to arrangements that run for periods from six months to ten years. The arrangements generally provide for payments by the Company based on the number of its customers subscribing to that particular channel. In many cases, the per subscriber charges for the Company decrease as the number of its customers subscribing to that channel increases. The Company and the Affiliated Companies contract together for some program channels, which increases the aggregate number of contract customers and thereby reduces the cost per subscriber. Under the terms of its PDSLs (as defined herein), the Company is also required to provide its customers with certain specified terrestrial television services without charge.

The Company obtains a significant amount of its programming from BSkyB, a leading supplier of cable programming in the U.K. and the exclusive supplier of certain programming. Its programming generally is popular in the U.K. and is important in terms of attracting and retaining cable television customers. In April 1995, Old Telewest entered into a seven-year contract with BSkyB (the "BSkyB Contract") that will expire in April 2002. Pursuant to the terms of the BSkyB Contract, BSkyB provides the Old Telewest franchises with 10 BSkyB channels. The former SBCC franchises have, since February 16, 1996, been provided with BSkyB programming pursuant to an industry rate card, which sets out the terms and conditions for the supply of programming by BSkyB to those operators in the U.K. cable industry who do not have separate agreements with BSkyB. BSkyB also offers this programming (together with additional programming) to its DTH satellite customers, in competition with the Company and all other cable operators throughout the U.K. The BSkyB Contract grants to Old Telewest a non-exclusive right and license to receive BSkyB's channels and "pay-per-view" services (which, for the purposes of the BSkyB Contract, will include (when available in the U.K.) NVOD but not video-on-demand) and, subject to available capacity and certain other conditions, to distribute the channels to residential, commercial and public premises customers and distribute the "pay-per-view" services to residential customers. The agreement provides for the parties to negotiate in good faith for the provision of "pay-per-view" services for commercial customers, subject to the acquisition of programming for such services.

Under the BSkyB Contract, and in respect of the industry rate card for the former SBCC franchise areas, customer fees payable to BSkyB for each customer are different for residential, commercial and public premises customers and vary according to the channels subscribed for and, in the case of commercial customers, according to the number of rooms for which the service is provided. Fee arrangements for "pay-per-view" programs are negotiated separately for each event. The monthly fees for basic channels under the BSkyB Contract and the industry rate card are subject to annual increases which are equal to the greater of 7% or the amount of the annual change in the U.K. Retail Price Index under the contract and the industry rate card. Customer fees for premium channels are linked to BSkyB's DTH satellite subscription prices. Old Telewest has the option to bring the former SBCC franchise areas into the contract subject to the satisfaction of certain conditions. The aggregate amount paid by the Company to BSkyB with respect to the year ended December 31, 1997 was (pound)67.5 million.

In July 1995, the Office of Fair Trading ("OFT") declared that the BSkyB Contract was registerable under the Restrictive Trade Practices Act of 1976 and that certain of the provisions in the agreement were significantly anti-competitive. As a result, BSkyB submitted proposals to the OFT amending the relevant provisions, and the Company, in principle, accepted such proposals. The OFT has opined that the proposals address its concerns on the anti-competitive provisions. However, the European Commission has indicated that certain of the remaining provisions may contravene European competition law. If the parties are unable to persuade the European Commission to the contrary, and the parties do not modify the provisions in issue, the European Commission may initiate formal proceedings. If at the end of those formal proceedings the European Commission maintains its original position, it may issue a decision declaring that such provisions infringe European competition law and are therefore void. The Company does not anticipate that any such decision would impose any other sanction.

The Company also obtains a significant amount of its programming 13 programming channels) from providers which Flextech plc ("Flextech"), a publicly quoted U.K. company (approximately 36.8% of which is owned by an affiliate of TCI and approximately 6.7% of which is owned by an affiliate of U S WEST and approximately 13.2% of which is owned by Cox), and other affiliates of TCI either own interests in or manage. In addition, affiliates of U S WEST, TCI and SBC are partners in CPP-1, a joint venture with three other U.S. cable operators which has a 10% interest in Live TV. Live TV is carried by the Company's network. The Company believes that programming obtained from all the affiliated programming suppliers is obtained on terms no less favorable than those available to unrelated third parties.

Advertising

In the twelve months ended December 31, 1996 and 1997, the Company's revenue from advertising was approximately (pound)1,326,000 and (pound)1,729,000, respectively. The Company has allocated one channel on its network for local advertising (typically text and still graphics). In addition, with the programming provided to the Company by a number of suppliers (not including programming supplied by BSkyB or terrestrial broadcasters, which together currently account for the vast majority of television viewing time by cable customers in the U.K.), the Company typically is allocated time (usually one or two minutes per channel per hour) during which the Company can insert

advertising. The Company has entered into a contract with a subsidiary of The Mirror Group plc which acts as the Company's agent for the sale of such advertising time.

CABLE TELEPHONY

Overview

The Company, through its predecessor companies, began offering cable telephony in the U.K. in 1992. The Company derives its cable telephony revenues from connection charges, monthly line rental charges, call charges, residential service charges (e.g., call waiting), business service charges (e.g., private business line and centrex) and interconnection fees payable to the Company by other operators. As at December 31, 1997, the Company had passed and marketed approximately 2,725,154 homes for cable telephony, had 836,168 residential lines for 810,358 customers (representing a residential cable telephony penetration rate of approximately 29.7%) and had installed an aggregate of 100,989 business lines for 25,475 customers.

Services

The Company seeks to offer residential and business customers reliable and high-quality telephony services over its broadband network at competitive prices.

Residential Services. The Company offers local, long distance and international cable telephony service as well as a broad range of additional services to its residential customers. The Company's additional services include: call waiting, call barring (prevents unauthorized outgoing calls), call diversion (call forwarding), three-way calling and fully itemized monthly billing. In addition, the Company is currently introducing voice mail and caller identification throughout its Regional Franchise Areas. The Company's network architecture provides a flexible platform that will enable it to offer a wide range of other telephony services as they become available in the future.

Business Services. The Company markets its cable telephony services to selected businesses and institutions within its franchise areas. The Company believes that these targeted businesses and institutions represent attractive potential customers because (a) they have a high volume of calls, many of which are high-margin local calls that can be switched and delivered entirely by the Company, (b) the Company generally can serve these needs with its existing technology and network and without investing in costly research and development of new networks and products, (c) the persons making the decisions with respect to selecting telephony service are usually located in the Company's Regional Franchise Areas and (d) by targeting specific segments, the Company directs significant advice and support to a specific, targeted customer base. As of December 31, 1997, the Company served approximately 25,000 business customers and had installed 101,000 business lines.

The Company offers a range of special business services that it believes are particularly attractive to small- and medium-sized businesses and institutions. For example, the Company provides high-capacity private lines to carry voice and data between two or more locations within a Regional Franchise Area (e.g., between two branch offices) and now provides high-capacity private lines to connect voice and data between locations in different Regional

Franchise Areas and other areas of the U.K. through the Interfranchise Network to the extent completed. This ability will increase substantially when the network is fully operational. See "New Initiatives -- The Interfranchise Network". In addition, the Company offers a "CENTREX" service, which provides the switching of internal and outside calls for multi-line businesses from outside the customer's premises, thus saving the customer the cost of purchasing or leasing its own switching equipment. The Company currently also offers ISDN service to its business customers in certain Regional Franchise Areas, which permits the high speed, simultaneous transmission of voice, data and video over the telephone line. The Company currently anticipates rolling-out the ISDN service over time to the other Regional Franchise Areas. See "On-Line Service -- Internet Access."

With the introduction of "number portability" in the U.K. in September 1996, the Company began offering BT customers the opportunity to transfer their service to the Company without changing their existing telephone number. As of December 31, 1997, the Company had implemented number portability in all Regional Franchise Areas for residential and business customers of all service providers (as required by the Company's Telecommunications Licenses).

Internet Access. In 1996, the Company began offering customers Internet access through its own Internet service provider, Cable Internet Limited. This access had been extended to all Regional Franchise Areas by the end of 1997. The Company currently provides three Internet access services: dial-up services primarily for residential customers, leased lines for business customers and network access for wholesale customers. The Company also intends to offer higher speed Internet access to business customers using ISDN lines. The Company has completed a technical trial of high speed Internet access using cable modems and intends to develop this opportunity further in 1998 as international standards develop.

Digital Services. The Company intends to introduce digital technology in the U.K. in one franchise area in the second half of 1998. Digital technology allows operators to provide more channels (through digital compression of analogue signals), and higher quality pictures and sounds. Through the introduction of digital technology, the Company expects to be able to offer customers up to 240 programming channels (as compared to the 52 channels currently offered by the Company through its analogue service), which will enable the Company to provide services such as NVOD and digital pay per view. It will also enable the Company to use its broadband network to provide additional services such as cable television Internet access, electronic mail, home shopping and banking. The Company believes that digital technology will enable it to offer customers substantial additional choice and flexibility in selecting the services desired.

The Company's digital head-end will be built at its Knowsley franchise, where the programming and services will be received by satellite, terrestrial broadcast or videotape and converted into a digital signal for transmission over the Company's broadband franchise networks and into customer homes and businesses. The Interfranchise Network will enable the Company to use a single digital head-end to transmit the digital signal to remote units in each of the Company's franchises, thereby avoiding the need to install a separate digital head-end in each franchise and maintain personnel at each such head-end. See

"The Interfranchise Network." The Company intends to continue to offer customers analogue services, as it rolls out the digital services.

The Interfranchise Network

In 1996 the Company commenced construction of the Interfranchise Network, which will link the 28 Owned and Operated Franchises and the seven Affiliated Franchises. The Interfranchise Network is on schedule to be completed by the middle of 1998.

The Company anticipates that construction of the Interfranchise Network will increase telephony margins by reducing the payment of interconnection fees to national carriers for long distance calls between locations in different franchise areas. The Company expects that construction of the Interfranchise Network also will create new business telephony revenue opportunities by enabling the Company to create private networks for businesses with multiple sites located throughout the various Company and Affiliate Company franchise areas.

When complete, the Interfranchise Network is expected to include approximately 2,250km of high capacity multi-fibre optic cable, as well as various high capacity electronics. The Company is seeking to build the network in a cost effective manner, using a combination of parts of the existing networks of the Company and the Affiliated Companies, parts newly built by the Company or built and shared with other service providers and parts consisting of leased lines (with electronics in place) and leased fibre (without electronics in place).

PRICING

The Company offers a variety of pricing options, including single service pricing and pricing for combinations of the Company's services.

In 1996, the Company began offering combined pricing packages under the brand name "Teleplus". In 1997, the Company trialed a further development of Teleplus, offering customers a "mini basic" package with smaller number of channels, telephone line rental, free local calling within the Company's Regional Franchise Areas at certain times and access to premium television channels, for a lower cost than that of the Company's traditional basic package. Based on the success of these trials, in early 1998 the Company introduced a variety of new packages, marketed as "Millennium", into all of its franchises. All of the packages provide access to the Company's Front Row pay-per-view movie service. The Millenium packages were initially principally targetted at former customers and homes which have never subscribed for a service from the Company.

Cable TV

The Company currently charges either (pound)17.99 (if the customer elects the direct debit payment option) or (pound)18.99 per month for its standard basic cable television only service (approximately 50 channels and one converter box which provides cable service to one television). Premium channels range in price from (pound)4.00 per month per channel to (pound)9.00 per month per channel, depending on the channels selected. Customers receive discounts for the purchase of multiple premium channels. An additional monthly fee of (pound)4.49 is charged for each additional converter box. All converter boxes remain the property of the Company and a refundable (pound)20.00 deposit may be charged for each box. Typically, the Company charges a one-time cable television connection fee of (pound)30.00, although the Company often offers reduced or no connection charges for cable television when service is first provided in an area or an area is remarketed. All prices indicated above include U.K. value added tax ("VAT").

Cable Telephony

The Company currently seeks to provide its telephony customers with savings on the cost of calls as compared to BT, its principal competitor. The Company intends to maintain such savings, although there can be no assurance that the Company will be able to continue to provide its residential customers with lower call prices than BT without adverse effects on its profitability, particularly in light of continued regulatory downward pressure on BT's charges. See "Certain Regulatory Matters -- Cable Telephony -- Price Regulation".

For residential telephony customers, the Company offers a three-tier price structure for line charges (which is in addition to the call charges discussed above). The monthly charge for customers subscribing for the telephony service only is (pound)7.89 per line, providing a saving of (pound)1.00 per month over BT's equivalent charge. The monthly charges for special services such as call waiting or call diversion vary between (pound)1.00 and (pound)2.00 per service. Initial installation charges are (pound)30.00 as compared to BT's equivalENT charge of (pound)116.33. However, because most telephony customers already have an existing BT line, the Company's installation fees are often discounted to encourage customers to switch service providers.

The Company's line charges for business customers (which are in addition to the call charges discussed above) are also competitive with those of BT and Mercury Communications Limited ("Mercury") and other suppliers. The Company's monthly line rental charge for a business customer as at December 31, 1997 varies by service from (pound)10.99 and its line installation charge varies according to the number of lines installed (from (pound)50 for the first line to (pound)30 for each subsequent line). All prices indicated above exclude VAT.

As a consequence of owning its own switching equipment (as discussed below), the Company can provide more pricing and feature options to its customers. For example, the Company currently offers business telephony customers various discount plans based on usage and other factors.

Millennium Package Pricing

In order to encourage customers to subscribe for both television and telephony service and based on the successful trials of the mini basic package in two franchises in 1997, in early 1998 the Company introduced the combined cable television and telephony Millennium packages into all of its franchises. The charge for the Millennium packages vary between (pound)12.99 and (pound)21.99 per month, depending on the package selected. The packages provide different combinations of basic telephony and television service together with free local calls to other customers within the Company's Regional Franchise Areas at certain times and the option to acquire one or more premium channels for an additional (pound)8.00 to (pound)20.00 (depending upon the number of premium channels selected) and access to the Company's Front Row pay-per-view movie service. The (pound)12.99 Millennium package offers customers a low priced entry point for a mini basic service of 14 channels (reduced from the approximately 50 channels historically offered by the Company as part of its basic service), telephone line rental, free local calls to other customers within the Company's Regional Franchise Areas at certain times, plus access to premium channels and Front Row. The installation charge for customers subscribing for both cable television and telephony services at the same time is (pound)30.00. Customer benefits from the Millennium packages include more flexibility, choice and pricing as well as the convenience of dealing with a single provider for two services. The Company believes that the

Millennium product provides it with an effective way to cross-promote its services and retain customers.

SALES AND MARKETING

The Director of Sales and Marketing leads the Company's residential sales and marketing activities with a staff of sales and marketing representatives in the field and in the corporate offices handling advertising, promotion and related matters. In addition, there is a Head of Residential Sales and Marketing at each Regional Franchise Area who directs the sales and marketing for that area. A Managing Director of Business Services leads the Company's business service operations, sales and marketing activities and is supported by Directors of Business Services in the Regional Franchise Areas. The corporate marketing staff and the field marketing directors and their staff meet on a frequent basis to review sales and marketing results at each of the franchises and to exchange ideas with respect to various sales and marketing practices. From time to time, the Company also discusses sales and marketing practices with the Affiliated Companies.

As the Company's business develops, the Company is focusing less on door-to-door sales and more on integrated marketing strategies, which combine direct sales, telemarketing, direct mail and retail. As part of this approach, several campaigns were conducted during the year, spreading awareness of "Telewest Communications" throughout the franchise areas. In communities where the network is most built out, these integrated strategies are designed to emphasize the Company's core strengths of value, choice and service.

Due to the specialized nature of the Company's business telephony products and the competitive nature of the market, the Company has separate sales and marketing groups to market, service and support business customers.

To maximize the productivity of its sales staff, the Company pays field representatives on either a salary plus commission or a straight commission basis. The commissions generally are based on various factors, including penetration level and revenue from services sold. In order to minimize customer churn, a portion of the commission may be withheld until a customer retains service for a given period (typically four months).

CUSTOMER SERVICE

Customer service is primarily handled locally by each of the Regional Franchise Areas. Approximately 600 customer service representatives report to the Managing Director and Head of Customer Operations at each of the Regional Franchise Areas.

The Company has introduced an eight week customer care training course for telephone based customer service representatives. This program is now being expanded for all sales staff, installers and repair technicians. The customer service department is organized so that customers need call only one number to reach the appropriate service provider to address their cable television and cable telephone service, billing and repair questions. The Company seeks to provide customers with prompt telephony and television service repair. Generally, repair service is done by the Company's own employees and service installations and terminations are done by a combination of its own employees and independent contractors.

One important measure of customer satisfaction is the service churn rate among customers. A customer may terminate service by prior written notice to the Company. The Company may terminate a customer's service when the customer becomes delinquent in payment. The Company's experience to date is that the churn rate is highest shortly after a customer first activates a service. The Company's churn rates for basic cable television service increased from 33.4% in 1996 to 34.0% in 1997 and for residential telephony line service from 19.6% in 1996 to 20.0% in 1997. The Company believes that the increase in cable television churn is primarily due to the significant increase in the pricing of premium channels, resulting from an increase in their wholesale cost of programming, which was implemented in November 1997, coupled with a temporary decline in customer service standards as a result of the restructuring and redundancy programme implemented in the fourth quarter of 1997. The Company believes that the increase in the residential telephony churn is primarily due to the temporary decline in customer service and increased competition. The Company also believes that churn rates for business telephony line service increased from 14.5% in 1996 to 15.0% in 1997 primarily due to the Company's efforts to market its service to a broader range of business customers.

The Company seeks to minimize customer churn by providing customers with a combination of attractive, competitively-priced programming and telephone services and strong customer service. The Company also is introducing a new customer management system to improve customer service and implementing strict credit procedures to reduce terminations by the Company due to delinquent payments. The Company regularly surveys its customers to determine their satisfaction with the service provided and attempts to improve such service based on the explanations offered by customers who cancel their service. In order to reduce terminations by customers and improve debt collection, the Company encourages customers to pay bills by direct debit by offering lower prices to customers who pay with direct debit.

NETWORKS

Construction

Broadband Network. The Company expects that the broadband cable network in the Owned and Operated Franchises will cover approximately 41,000 kilometers and pass approximately 4.4 million homes when substantially completed. As at December 31, 1997, the Company had completed construction of the network passing approximately 75.0% of the homes in the Owned and Operated Franchises. The Company anticipates that the remaining construction will be substantially completed by the end of 2003. Construction of the broadband cable network has commenced at all of the 28 Owned and Operated Franchises. The Company plans the construction in the Owned and Operated Franchises based on various factors, including construction milestone requirements (as discussed below), network design considerations (e.g., location of head-end), franchise demographics and facilitation of interconnection with other Owned and Operated Franchises.

Each Telecommunications License (as defined in "Certain Regulatory Matters") prescribes build obligations ("milestones") that require the Company to construct its network to pass a specified number of premises (which are defined for the purposes of the Telecommunications Licenses as homes or businesses passed for cable television service) by prescribed dates. Although in the past the Company from time to time has not met certain milestones, it has

generally sought and received appropriate milestone modifications from the Director General of OFTEL.

The following table sets out the aggregate future milestones for each of the Company's seven franchise areas. The actual milestones that the Company is required to meet are specified individually for each of the franchises within the Regional Franchise Areas. Consequently, the Company could meet the aggregate milestones for a given franchise area, but still fail to meet one or more individual franchise milestones and therefore subject a Telecommunications License to the risk of revocation or termination.

<TABLE>
<CAPTION>

AS OF DECEMBER 31,(1)	LONDON SOUTH MILESTONES	SOUTH EAST MILESTONES	MIDLANDS MILESTONES	AVON AND COTSWOLDS MILESTONES	SCOTLAND MILESTONES	NORTH EAST MILESTONES	NORTH WEST MILESTONES
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1998	378,000	379,000	614,000	445,000	549,000	294,000	654,000
1999	-	424,000	614,000	456,000	549,000	340,000	654,000
2000	-	-	-	470,000	554,000	-	654,000
2001	-	-	-	484,000	562,000	-	695,000
2002	-	-	-	498,000	574,000	-	740,000
2003	-	-	-	-	584,000	-	778,000
2004	-	-	-	-	-	-	792,000

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(1) All milestone information is rounded to the nearest thousand.

In late 1997 the Company applied for, and the ITC granted, amendments to the construction milestones in the LDSLs for two franchise areas to delay the required construction. The Company currently is in the final stage of discussions with OFTEL regarding amendments to the construction milestones in the Telecommunications Licenses for four franchise areas. OFTEL has agreed to the Company's proposed amendments and is proceeding with the required public consultation with respect to the amendments. The Company expects final action on the proposed amendments by the middle of 1998 and believes that the amendments will be granted in view of the substantial network construction completed by the Company to date and the compliance of the proposed amendments with the general OFTEL amendment criteria. However, there can be no assurance that any amendments will be granted or granted within the expected time period.

If the amendments are granted as requested, the Company will complete construction passing the same total number of premises as provided under the Telecommunication Licenses as currently in effect (3,630,000 premises) by the same termination date currently provided in such licenses (December 31, 2004), but with a different construction schedule. Under the amended milestones, scheduled construction in 1998 would be reduced to approximately 5,000 premises per month from approximately 21,000 premises under the current milestones and construction in 1999 would also be lower than currently scheduled. Construction levels under the amended licenses in the later years would be higher than those under the current milestones.

The following table sets out the aggregate future milestones for each of the three Affiliated Companies. The actual milestones that the Affiliated Companies are required to meet are specified individually for each of the seven franchises within the Affiliated Franchises. Consequently, the Affiliated Companies could meet the aggregate milestones for a given Affiliated Franchise,

but still fail to meet one or more individual franchise milestones and therefore subject a Telecommunications License to the risk of revocation or termination.

<TABLE>
<CAPTION>

MILESTONE DATE	BIRMINGHAM MILESTONE(1)	CABLE LONDON MILESTONE(1)	CABLE CORPORATION MILESTONE(1)
December 31, 1997	275,000	257,000	264,000
December 31, 1998	325,000	287,000	264,000
January 31, 1999	400,000	409,000	264,000
December 31, 1999	450,000	-	-

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(1) The milestones for the Affiliated Companies are specified in the Telecommunications Licenses for 12-month periods ending on the last day of various months. All milestones are presented on an annualized pro forma basis for 12-month periods ending on December 31. All milestone information is rounded to the nearest thousand.

Although the Company believes certain of the Affiliated Companies may be seeking amendments to the construction milestones in their Telecommunications Licenses, the Company does not have details of any such amendments and cannot determine the likelihood that any such amendments will be granted or the timing thereof.

Interfranchise Network. For information regarding the Company's interfranchise network, see "Cable Telephony -- The Interfranchise Network".

Network Architecture

In the U.K., cable operators generally are required to install cable underground. This significantly increases the cost of construction as compared with above-ground installations and makes it more time-consuming, costly and disruptive to customers and others for the Company to replace cable or underground components in the cable network in order to upgrade and expand service in the future. As a result, the Company designs its distribution network (e.g., the fibre-optic cable and underground components) to permit network upgrades and expansions to be accomplished whenever possible by installing or replacing equipment at the head-end and/or the customers' premises and without undertaking significant construction with respect to its existing underground network and incurring substantial additional construction costs. The Company is currently upgrading the network to carry digital services and is doing so almost entirely through the addition of equipment at the head-ends and at customer premises and without the need for significant network construction costs.

The network architecture of the Company's individual franchises varies generally depending on when the construction was started. Initially, cable systems in the U.K. were built to provide only cable television service. Following the review undertaken by the U.K. government (when the U.K. government changed the duopoly policy to permit cable operators to operate their networks to provide cable telephony services and call switching as principals, rather than only as agents for and under agreements with BT or Mercury (the "Duopoly Review")) telephony service was often added to existing networks and plans for

future networks were modified to carry both television and telephony services. In some business areas the Company has built cable telephony only networks. As a result, there are three types of networks in use or under construction by the Company: cable television only; cable telephony only; and cable television with a cable telephony overlay.

Currently, cable television only service is provided to residential customers in part of the Scotland Regional Franchise Area franchise. The overlay network is used in all of the Company's other franchises under construction or previously installed and is being used to upgrade the parts of the Scotland Regional Franchise Area that currently provides only cable television service. In some predominantly commercial areas in the Company's franchises, only cable telephony services are provided.

Switching

Digital telephony switches have been installed in all of the Company's Regional Franchise Areas. The switches enable the Company to increase its profitability and operating flexibility by (a) eliminating the need to pay third parties for switching calls between its customers within a Regional Franchise Area and reducing the cost of switching calls to other operators outside of a Regional Franchise Area, (b) receiving revenues from other telephony operators who use the Company's switches to complete calls to the Company's customers and (c) eliminating the need to rely upon third parties for the administration of new customer connections. In addition to the installation of its own switches, the Company (together with certain other cable operators) has established a central network service center in Woking that provides 24-hour-a-day centralized switch engineering, interconnect access administration and related support services. The costs of the service center are shared by the participating cable operators. The Company believes that this centralized system is a cost-effective approach to managing cable telephony networks with multiple switches.

By operating its own switches, the Company is able to gather information about customer calling patterns and use this information in its marketing program and to structure customized call pricing plans and discount programs. The availability of this information also enables the Company to reduce fraudulent activity by identifying unusual or excessive call activity at an early stage.

The Company is building a broadband Interfranchise Network to carry voice, data and video traffic between the franchises which is expected to be completed in mid-1998. See "Cable Telephony -- Interfranchise Network."

In December 1996, the Company was awarded an international facilities license under the Telecommunications Act 1984 by the Secretary of State for Trade and Industry. This has enabled the Company to establish direct relationships with international PTOs and further reduce the cost of international carriage. In December 1996, the Company began connecting its Regional Franchise Areas to Telstra (the Australian PTO) to carry a portion of the Company's international telephony traffic. See "Certain Regulatory Matters -- Interconnection Arrangements."

Sources of Supply

The Company obtains services and equipment for the construction and operation of its cable systems from numerous independent suppliers. These services, including civil engineering services, and equipment generally have been purchased under short-term contracts (e.g., one year or less), although the contracts for the Company's interconnect services are longer. As a result of its increased operational size and purchasing needs, the Company seeks to use its increased buying power to obtain more favorable contract terms covering longer periods (e.g., one to three years).

The Company believes that it can purchase all of the services and equipment it needs to operate its business from more than one source. However, if one of the suppliers of a product which involves significant lead time for production and delivery were to be unwilling or unable to supply the Company, the Company could suffer disruptions in the operation of its business, which could have an adverse effect on the Company.

The Company's principal suppliers include the following: McNicholas Construction Company Limited, M&N Contractors Limited, AMEC Utilities Limited, Moywest Limited, Ashbourne Communications U.K. Ltd, JP Fitzpatrick, J Murphy and Sons Limited, Kelly Communications (civils and activations contractors); Nortel Ltd and GPT Telecommunication U.K. Limited (telephony switching equipment); General Instruments Inc. and Scientific-Atlanta Broadbank Europe Inc. (addressable converter boxes); Antec International and Tratec U.K. Ltd (cable TV distribution equipment); Nokia Telecommunications and DSC Technics Limited (telephony transmission equipment); Times Fiber Communications Inc. and Commscope (coaxial cable); GPT Telephone Cables (fibre-optic and copper cable); and Eltek Limited and Alpha Technologies (power supply equipment).

The Company owns all of its cable network equipment other than its Nortel switches. The Company leases these telephony switches under finance leases from Nortel and the Royal Bank of Scotland.

The Company has experienced no significant difficulty in obtaining timely deliveries of services and equipment within the past 12 months and believes it maintains adequate inventories of significant equipment. In order to reduce warehousing expenses, maximize inventory control and minimize the possibility that the Company will not have the required inventory to proceed with construction in a timely manner, the Company has centralized warehouse operations through a third-party supplier of warehousing services.

FRANCHISES

Regional Franchise Areas

The Company owns 28 cable franchises in the U.K. and holds licenses to provide cable television and cable telephony services within each of its franchise areas. The Company's 28 franchises are managed in four Regional Franchise Areas: (i) London South and South East; (ii) Scotland and North East; (iii) Avon, Cotswolds and Midlands; and (iv) the North West. The franchises within each Regional Franchise Area are clustered together, which provides the Company with several benefits, including (a) providing economies of scale in the

construction and marketing of the cable network and the management of the franchises, (b) enabling the Company to provide local switching services for a large number of customers without incurring the high costs of connecting geographically dispersed areas, (c) providing a regional market for advertisers that generally is not available through broadcast or satellite media and (d) enabling the Company to offer local programming on a more cost-effective basis. Each of the Owned and Operated Franchises are wholly-owned by the Company.

The following table sets forth certain data concerning the Company's seven franchise areas at and for the twelve-month period ended December 31, 1997:

<TABLE>
<CAPTION>

	LONDON SOUTH	SOUTH EAST	MIDLANDS	AVON AND COTSWOLDS	SCOTLAND	NORTH EAST	NORTH WEST	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Franchise homes.........	420,703	493,140	634,839	564,069	666,461	354,098	828,694	3,962,004
Franchise businesses....	29,706	35,690	47,581	42,891	28,584	14,450	61,612	260,514
CABLE TELEVISION								
Homes passed...........	381,389	262,146	493,833	412,931	561,179	227,228	631,462	2,970,168
Homes passed and marketed	364,264	245,674	451,724	379,254	519,085	215,364	584,819	2,760,184
Basic customers.........	80,243	63,353	95,385	78,450	113,138	48,827	126,592	605,988
Penetration rate (1)....	22.0%	25.8%	21.1%	20.7%	21.8%	22.7%	21.6%	22.0%
Additional Outlets......	32,398	32,778	22,959	37,364	61,552	25,164	28,574	240,789
Average monthly revenue per customer (1)..........	(pound)25.00	(pound)23.47	(pound)21.87	(pound)22.85	(pound)25.04	(pound)23.13	(pound)22.41	(pound)23.40
Average churn rate (1)..	34.1%	33.7%	34.9%	34.5%	38.6%	26.9%	31.6%	34.0%

RESIDENTIAL TELEPHONY								
Homes passed...........	365,115	262,146	466,963	410,228	455,751	223,945	607,536	2,791,684
Homes passed and marketed	357,357	245,694	451,724	379,371	494,891	212,135	583,982	2,725,154
Residential customers (2)	73,397	79,031	151,183	114,264	143,906	69,646	178,931	810,358
Penetration rate (1)....	20.5%	32.2%	33.5%	30.1%	29.1%	32.8%	30.6%	29.7%
Residential lines connected...............	78,158	82,121	152,626	119,435	149,097	70,901	183,830	836,168
Average monthly revenue per line (1).............	(pound)25.09	(pound)20.02	(pound)16.95	(pound)19.68	(pound)18.81	(pound)17.76	(pound)18.68	(pound)19.19
Average churn rate per line (1).........	15.2%	18.1%	20.6%	14.8%	21.0%	15.2%	21.4%	20.0%
BUSINESS TELEPHONY								
Business customers......	4,736	1,430	3,364	5,037	4,232	1,603	5,073	25,475
Business lines connected	22,991	5,360	16,440	20,670	13,346	4,111	18,071	100,989
Average number of business lines per customer (1)	4.9	3.7	4.9	4.1	3.2	2.6	3.6	4.0
Average monthly revenue per line (1).............	(pound)51.50	(pound)50.23	(pound)36.32	(pound)38.68	(pound)47.16	(pound)56.51	(pound)37.91	(pound)43.62
Average churn rate per line (1).........	5.8%	37.3%	3.2%	17.2%	23.2%	19.5%	21.1%	15.0%

</TABLE>

Notes:

(1) For the definitions of these terms, see the footnotes to the table on page 2.

(2) The information set forth under "Residential Customers" represents the number of residential lines connected, which is greater than the actual number of residential customers.

Description of Regional Franchise Areas

The following is a brief description of each of the Company's four Regional Franchise Areas:

London South and South East. The London South and South East Regional Franchise Area includes the franchise areas formerly designated as London South and South East. The London South portion of this franchise area covers

approximately 360 square kilometers and includes three franchise areas (Croydon, Sutton and Merton, and Kingston and Richmond). The London South area has approximately 421,000 homes and approximately 30,000 businesses and includes a suburban section of Greater London as well as the large business center of Croydon. The Croydon franchise was awarded in 1983 and is the oldest one owned by the Company. Construction of the Croydon network began in 1985. Much of the Croydon network was constructed before cable telephony generally was offered by cable operators in the U.K. However, the Company has provided cable telephony service to business customers in the Croydon business center over its telephony-only network since 1991 and now offers telephony service to its residential customers in Croydon. Construction in Croydon for cable television was substantially completed in 1990 and construction for telephony was completed in 1996. Construction in the Sutton and Merton franchise began in 1990 and in the Kingston and Richmond franchise in 1991 and are now both complete.

The South East portion of this franchise area covers approximately 1,600 square kilometers and includes two franchise areas (North Thames Estuary and South Thames Estuary) covering the areas of Basildon, Chelmsford, Gravesend and Maidstone. The South East area has approximately 493,000 homes and approximately 36,000 businesses. Construction in the South East area began in February 1994 and is ongoing.

Avon, Cotswolds and Midlands. The Avon, Cotswolds and Midlands Regional Franchise Area includes the franchise areas formerly designated as Avon and Cotswolds, and the Midlands. The Avon and Cotswolds portion of this franchise area covers approximately 2,120 square kilometers and includes Bath, Bristol, Cheltenham, Gloucester, Frome, Warminster, Taunton & Bridgewater and Weston-super-Mare. The Avon and Cotswolds area has approximately 564,069 homes and approximately 43,000 businesses. Construction in the Avon Area began in 1990 and construction in the Cotswolds area began in July 1994 and construction in both areas is ongoing.

The Company granted to Trans-Global a carried interest in respect of the Avon, Cotswolds and South East areas in connection with the Company's acquisition of those franchise areas in consideration for services provided by Trans-Global to the Company in connection with such acquisitions. The carried interest entitles Trans-Global to certain payments in respect of each such franchise areas either (a) within 60 days after the fifth anniversary of the date when 50% of the homes within a given franchise area are passed or (b) at Trans-Global's option, at any time prior to such date upon 60 days' notice. The carried interest payments will equal 0.75% of the product of ten times the annual operating income of such franchise areas (subject to certain adjustments), after deducting outstanding debt and equity financing and interest and adding an amount equal to the working capital of such franchise areas (or subtracting an amount equal to their working capital deficit). The Company does not expect any such payments to have a material impact on the liquidity or capital resources of the Company.

The Midlands portion of this franchise area includes the areas of Telford, Dudley, Wolverhampton, Worcester, Walsall and Kidderminster. The Midlands area includes approximately 635,000 homes and approximately 48,000 businesses. Construction for cable television service began in 1991. In 1993, a retrofit program was undertaken to make both cable television and cable

telephony services available to all homes previously passed in the Midlands area and, since then, all new construction provides both cable television and cable telephony services. This retrofit program was completed by the end of 1994, and all homes passed in the Midlands area are capable of receiving both television and telephony services. Construction of the Telford franchise was completed in 1994 and construction of the Dudley, Wolverhampton, Walsall and Kidderminster franchise is ongoing.

Scotland and North East. The Scotland and North East Regional Franchise Area includes the franchise areas formerly designated as Scotland and the North East. The Scotland portion of this franchise area covers approximately 3,000 square kilometers and includes nine franchise areas (Edinburgh, the second largest financial center in the U.K., as well as Cumbenauld and Monklands, Dumbarton, Dundee, Falkirk and Livingston, Fife and East Lothian, Glenrothes and Kirkcaldy, Motherwell and Perth) in the southern region of Scotland. The Scotland Area covers approximately 666,461 homes and approximately 29,000 businesses. Construction in the Edinburgh franchise began in March 1992 and construction of the broadband networks in all the other franchises in the Scotland Area was begun in 1990 by the prior owner of such franchises and is ongoing by the Company.

The North East portion of this franchise area covers approximately 640 square kilometers and includes Gateshead, Newcastle upon Tyne, North Tyneside and South Tyneside. The North East area has approximately 354,000 homes and approximately 14,000 businesses. Construction in the North East area was commenced by the previous owner in 1990 but was halted by that owner in 1991. Construction was restarted by the Company in May 1993 and is ongoing.

North West. The North West Regional Franchise Area includes the areas of St. Helens and Knowsley, Wigan, Preston, Southport, North and South Liverpool and Blackpool. The North West area includes approximately 829,000 homes and approximately 62,000 businesses. Construction in the North West area began in 1990 and is ongoing.

Management of Regional Franchise Areas

The Company manages its Regional Franchise Areas from its corporate headquarters in Woking, Surrey, England. The Company provides a number of services on a centralized basis, including finance, legal, management information services, network design (including switching, centralized planning and engineering), network service center operations, purchasing of programming and negotiation and administration of procurement and construction contracts. Most other matters are handled by the management of the Regional Franchise Areas under the direction of their Managing Directors. Although marketing programs, pricing and programming generally are standardized throughout the Company, the management of each Regional Franchise Area may modify them in order to reflect local factors.

AFFILIATED COMPANIES

The Company owns minority equity interests in three Affiliated Companies: Birmingham Cable, Cable London and Cable Corporation. The Affiliated Companies own an aggregate of seven cable franchises in the U.K. As of December 31, 1997, the aggregate amount invested by the Company in the Affiliated Companies was approximately (pound)135.7 million. Of the Company's 4.4 million equity homes, approximately 400,500 represent the Company's equity interest in the approximately 1.2 million homes owned and operated by the Affiliated Companies. These investments have enabled the Company to grow by acquiring interests in a number of franchises and homes. For information concerning the implications of the proposed merger of NTL and Comcast on the Company's interests in Birmingham Cable and Cable London, see "Recent Developments."

The Company believes that it benefits by the regular exchange of information with the Affiliated Companies. Although the Company has certain shareholder rights discussed below and a representative on the board of directors of each of the Affiliated Companies, the Company does not control the day-to-day management operations of the Affiliated Companies.

The following table sets out, unless otherwise indicated, as at and for the year ended for December 31, 1997, certain information concerning the Affiliated Companies:

<TABLE>
<CAPTION>

	BIRMINGHAM		CABLE LONDON		CABLE CORPORATION	
	TOTAL (100%)	COMPANY'S EQUITY INTEREST (27.5%)	TOTAL (100%)	COMPANY'S EQUITY INTEREST (50.0%)	TOTAL (100%)	COMPANY'S EQUITY INTEREST (16.5%)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
FRANCHISE HOMES..............	471,094	129,551	444,978	222,489	293,720	48,464
FRANCHISE BUSINESSES.........	31,200	8,580	35,000	17,500	17,500	2,888
CABLE TELEVISION						
Homes passed.................	444,069	122,119	358,707	179,354	279,337	46,091
Homes passed and marketed....	429,638	118,150	345,163	172,582	276,761	45,666
Basic customers..............	116,995	32,174	82,655	41,328	47,652	7,863
Penetration rate (1).........	27.2%	27.2%	23.9%	23.9%	17.2%	17.2%
Additional Outlets...........	35,652	9,804	32,811	16,406	13,694	2,260
Average monthly revenue per customer (1)...............	(pound)19.22	(pound)19.22	(pound)22.92	(pound)22.92	(pound)23.71	(pound)23.71
Average churn rate (1)	37.6%	37.6%	36.6%	36.6%	37.1%	37.1%
RESIDENTIAL TELEPHONY						
Homes passed.................	444,069	122,119	358,707	179,354	281,459	46,441
Homes passed and marketed....	429,638	118,150	345,163	172,582	281,459	46,441
Residential customers........	123,354	33,922	80,193	40,097	62,458	10,306
Penetration rate (1).........	28.7%	28.7%	23.2%	23.2%	22.2%	22.2%
Residential lines connected..	123,354	33,922	84,289	42,145	62,458	10,306
Average monthly revenue per line (1)...................	(pound)20.98	(pound)20.98	(pound)28.21	(pound)28.21	(pound)29.01	(pound)29.01
Average churn rate per line (1)..............	28.1%	28.1%	32.1%	32.1%	28.3%	28.3%
BUSINESS TELEPHONY						
Business customers...........	3,748	1,031	2,961	1,481	2,087	344
Business lines connected.....	19.379	5,329	12,713	6,357	24,230	3,998
Average lines per customer	5.2	5.2	4.3	4.3	11.6	11.6
Average monthly revenue per line (1)...................	(pound)56.55	(pound)56.55	(pound)61.23	(pound)61.23	(pound)86.37	(pound)86.37
Average churn rate per line (1)..............	33.1%	33.1%	23.7%	23.7%	11.1%	11.1%

</TABLE>

(1) For the definitions of the terms, see the footnotes to the table on page 2.

Description of Affiliated Companies

The following is a brief description of each of the Affiliated Companies, including a description of the terms of the Company's investments therein.

Birmingham Cable. Birmingham Cable covers approximately 400 square kilometers and operates in Birmingham and Solihull. Birmingham Cable has approximately 471,000 franchise homes and approximately 31,200 businesses (representing approximately 130,000 equity homes and approximately 8,600 equity businesses based on the Company's current share ownership of Birmingham Cable). The Birmingham cable franchise is one of the largest in the U.K. in terms of the number of franchise homes.

Telewest Communications (Holdings) Limited ("TWH") (a wholly owned subsidiary of the Company) and Comcast U.K. Cable Partners Limited ("Comcast") jointly own 54.9% of the issued share capital of Birmingham Cable. General Cable PLC ("General Cable") owns the remaining 44.9%. TWH and Comcast hold their interests pursuant to a co-ownership agreement (the "Co-ownership Agreement"), which allocates beneficial ownership of the jointly owned shares between TWH and Comcast based on the amount each has contributed for the purchase of the shares. Beneficial ownership of the shares currently is divided equally between TWH and Comcast. Each party has the right to direct the voting of the shares beneficially owned by it. TWH and General Cable also own interests in Cable Corporation.

Telewest Communications Group Limited, a wholly-owned subsidiary of the Company ("TWG"), General Cable and an affiliate of Comcast have entered into consulting agreements with Birmingham Cable and one of its affiliates (collectively, the "Birmingham Cable Companies") pursuant to which TWG provides consulting services relating to cable telephony operations, the Comcast affiliate provides consulting services relating to cable television operations and General Cable provides consulting services relating to business telephony operations. Each consultant also provides consulting services relating to the financial management of the Birmingham Cable Companies. Under TWG's consulting agreement, the Birmingham Cable Companies have agreed to pay TWG an annual fee based on the greater of (a) the number of dwelling units in the Birmingham Cable franchise area and (b) a percentage of the Birmingham Cable companies consolidated gross revenues. Each consulting agreement terminates in April 2000, subject to the Birmingham Cable Companies' right to extend the term of each agreement by two successive five-year periods and a final three-year period. The Birmingham Cable Companies have the right to terminate the agreements with TWG and the Comcast affiliate after April 2000 if TWH and Comcast and their affiliates together cease to be the holder of the largest percentage of the issued share capital of Birmingham Cable (constituting the "Principal Shareholder") and the management agreement referred to below is terminated for the same reason.

TWG and a Comcast affiliate have entered into a management agreement with Birmingham Cable that gives TWG and Comcast the right, subject to the overall direction and control of the directors of the Birmingham Cable Companies, to manage the day-to-day business and affairs of the Birmingham Cable Companies. Pursuant to the Co-ownership Agreement, the Comcast affiliate is entitled to make all the decisions of the co-owners under the management agreement until the completion of construction passing 90% of the homes in the Birmingham Cable franchise area and Comcast and its affiliates beneficially own

less than 20% of the shares jointly owned by TWH and Comcast and its affiliates. Notwithstanding this, TWG retains control over approval of budgets and business plans relating to cable telephony operations and Comcast retains control over the budgets and business plans relating to cable television operations.

Under Birmingham Cable's articles of association, the consent of holders of 50% or more in aggregate of its issued ordinary share capital ("Majority Investor") and, in certain cases, the holders of 33-1/3% or more (in aggregate) of its issued ordinary share capital ("Significant Investors") is required before Birmingham Cable and any of its subsidiaries can take certain actions relating to themselves or their businesses. Currently, TWH and Comcast are jointly a Majority Investor and General Cable is a Significant Investor. The Co-ownership Agreement generally requires TWH and Comcast to agree with respect to the exercise of their rights relating to their jointly-owned shares.

TWH and Comcast (as Majority Investors) have the right to appoint four directors to Birmingham Cable's board of directors and General Cable has the right to appoint three directors. TWH and Comcast have the right to nominate the managing director of Birmingham Cable and General Cable has the right to nominate its Chief Financial Officer. Under the Co-ownership Agreement, the directors whom TWH and Comcast are entitled to designate by virtue of their jointly-owned shares will be designated by TWH and Comcast in proportion to the number of shares beneficially owned by each. As a result, currently TWH has the right to appoint two directors. The number of directors that TWH and Comcast have the right to appoint and maintain decreases in stages as their joint shareholding falls below 50% of the issued ordinary shares of Birmingham Cable. TWH and the other shareholders have also agreed to certain restrictions with respect to their right to apply for Cable Television Licenses and Telecommunications Licenses in areas adjacent to the Birmingham Cable franchise area.

The articles of association of Birmingham Cable generally prohibit a shareholder from transferring legal or beneficial ownership of its shares without giving each other shareholder a right of first refusal to acquire its proportionate amount of such shares. The Co-ownership Agreement also generally provides that neither party thereto shall transfer (including by virtue of certain changes of control (as defined therein)) its interest in shares of Birmingham Cable without first offering the other party a right of first refusal to purchase such shares in accordance with the terms of the agreement. The

Co-ownership Agreement requires a party intending to make such a transfer to notify the other party of its intention to make such transfer, to participate in an appraisal of its shares of Birmingham Cable and to offer such shares to the other party at the appraised value. See "Recent Developments."

In February 1995, Birmingham Cable entered into a ten-year (pound)175 million loan facility to finance the construction of its network and operations (the "Birmingham Credit Facility"). Pursuant to the terms of the Birmingham Credit Facility, payments or distributions to the shareholders of Birmingham Cable, including payments of management fees, dividends, interest and principal on loans to Birmingham Cable from its shareholders, are restricted based on certain conditions related to the financial performance of Birmingham Cable and its subsidiaries. Certain financial covenants in the Birmingham Credit Facility were amended by a Supplemental Agreement dated March 12, 1997. The shareholders of Birmingham Cable contributed an aggregate of (pound)7 million in equity in January 1997 and contributed an additional (pound)7 million of equity in the first quarter of 1998.

Cable London. Cable London covers approximately 160 square kilometers and operates in the Camden, Haringey, Enfield, and Hackney and Islington franchise areas. Cable London has approximately 445,000 franchise homes and approximately 35,000 businesses (representing approximately 222,000 equity homes and approximately 17,500 equity businesses based on the Company's current share ownership of Cable London).

The Company and Comcast each own 50.0% of the issued share capital of Cable London. There is no voting arrangement between the Company and Comcast with respect to Cable London.

The articles of association of Cable London generally prohibit a shareholder from transferring legal or beneficial ownership of its shares without giving each other shareholder a right of first refusal to acquire its proportionate amount of such shares. A change of control in the shareholding company will cause the issue by Cable London of a transfer notice in respect of that company's shares in Cable London to the other shareholder in Cable London. See "Recent Developments."

TWG and an affiliate of Comcast have entered into consulting agreements with Cable London pursuant to which TWG provides consulting services relating to telephony operations and the Comcast affiliate provides consulting services relating to cable television operations. Under TWG's consulting agreement, Cable London has agreed to pay TWG an annual fee based on the greater of (a) the number of dwelling units in the Cable London franchise areas or (b) a percentage of the gross revenues of Cable London from telecommunications services. The term of the consulting agreement expires in accordance with its terms in August 1998. The consulting agreement may be terminated by TWG upon a change of control of Cable London.

In May 1997, Cable London entered into a (pound)170,000,000 loan facility (the "Cable London Facility") to finance capital expenditure, working capital and costs of construction and operation of all cable telephony and television franchises of Cable London and its subsidiaries, general corporate purposes and to re-finance the (pound)60,000,000 loan facility entered into by Cable London in June 1995. Pursuant to the terms of the Cable London facility, payments or distributions to the shareholders of Cable London, including payments of dividends, loans or other payments or interest on them, or payments of principal or interest on subordinated debt are restricted. Certain payments are permitted if made in the ordinary course and payment of dividends or payments on subordinated debt are only permitted after June 30, 2001 provided that certain financial covenants are met. Management fees accruing at the rate of (pound)55,000 per month may be paid from time to time provided that certain financial covenants are met. As a condition precedent to the completion of Cable London Facility, the Company and Comcast UK Cable Partners Limited, the principal shareholders of Cable London, entered into deeds of subordination which provide that prohibited payments otherwise due to the shareholders from Cable London and its subsidiaries would accrue and would not be paid until all sums due under the Cable London facility has been satisfied. Cable London will be required to repay (pound)40,000,000 of the Cable London Facility on June 30, 1999 and the remainder of the facility will be repaid commencing on December 31, 2001 in six monthly instalments, to be completely repaid by June 30, 2006. Voluntary prepayment is permitted. The facility has been secured by a cross guarantee and debentures by Cable London and its subsidiary companies, and each of the Company and Comcast UK Cable Partners Limited have granted a mortgage

over the shares they hold in Cable London in favor of the CIBC Wood Gundy Plc as security agent for the banks, CIBC Wood Gundy Plc, The Bank of New York and Banque Paribas.

Cable Corporation. Cable Corporation covers approximately 490 square kilometers and operates in the Windsor franchise area (including Windsor, Slough, Maidenhead, Staines, Ashford and Iver) and the Middlesex franchise area (including the London boroughs of Hounslow and Hillingdon). Cable Corporation has approximately 294,000 franchise homes and approximately 17,500 businesses (representing approximately 49,000 equity homes and approximately 3,000 equity businesses based on the Company's current share ownership of Cable Corporation).

TWH owns 16.5% of the issued share capital of Cable Corporation. The remaining 83.5% is owned by General Cable.

TWG has entered into a consulting agreement with Cable Corporation and certain of its affiliated companies (the "Cable Corporation Companies") pursuant to which TWG provides consulting services relating to telephony operations. Under this agreement, the Cable Corporation Companies have agreed to pay TWG an annual fee based on the greater of (a) the costs incurred in providing consulting services to the Cable Corporation Companies or (b) a percentage of the gross revenues of the Cable Corporation Companies from cable telephony business. The consulting agreement continues in effect until December 31, 1998 and thereafter is renewable from year to year unless terminated on one year's notice by either party.

Under Cable Corporation's articles of association, the consent of the holders of not less than 15% of its issued ordinary share capital ("Significant Investors") is required before Cable Corporation and any of its subsidiaries can take certain actions in relation to themselves or their businesses. The Company is a Significant Investor. Each Significant Investor has the right to appoint up to two directors to Cable Corporation's board of directors.

The articles of association of Cable Corporation generally prohibit a shareholder from transferring legal or beneficial ownership of its shares without giving each other shareholder a right of first refusal to acquire its proportionate amount of such shares. Transfers by certain corporate shareholders to affiliates generally are excluded from this restriction.

In March 1996, the Cable Corporation entered into financing arrangements, including a nine-year (pound)16 million loan facility and certain finance leases to finance the construction of its network and operations (the "Cable Corporation Credit Facility"). The Cable Corporation Credit Facility was terminated in December 1997 when the Cable Corporation was party to a re-financing of General Cable Holdings Limited ("GCHL"), under which GCHL received a revolving and term credit facility of up to (pound)500 million.

EMPLOYEES

At December 31, 1997, the Company had 4,408 employees. None of these employees is covered by collective bargaining agreements. The Company believes that its relationship with its employees is good.

COMPETITION

The Company's cable television and cable telephony businesses compete with a wide range of companies using a variety of technologies.

Cable Television

General

Broadband cable franchise licenses currently are awarded in the U.K. on an exclusive basis for each prescribed area. However, the current Labor Government in the U.K. stated in its election manifesto in 1997 that it intended to review the Conservative Government's position supporting the exclusive franchise regime. The Company believes that such review will begin soon, although there can be no assurance if or when any such review will be commenced, what the scope or conclusions of such a review will be or what the impact of any such conclusions will be on the Company.

The Company currently compete with television programming provided by terrestrial stations, DTH satellite services, video cassette rental stores, satellite master antenna television systems and certain narrowband cable system operators, and will compete with digital terrestrial services and may in the future compete with programming provided by video-on-demand and other entertainment services provided by PTOs. The Company also competes with other companies (which may include PTOs and other cable operators) for the award of new franchises, the purchase of existing franchises and new sources of capital.

The principal current and potential competitors for the cable television business of the Company are the following:

Broadcast

Television viewing in the U.K. has long been one of the most popular forms of entertainment and daily viewing time in the U.K. has been among the highest in the world (weekly average of more than 26 hours per person during the fourth quarter of 1997). Five broadcast channels are the predominant source of television programming. Although the terrestrial television channels in the U.K. generally are perceived as providing high-quality programming, an independent market research study indicates that viewers have a desire for a wider variety of television programming. This study indicates that in the U.K., more than one-third of all viewing in homes with cable television or satellite services was of cable or satellite channels. The Company believes that acceptance of alternative programming, together with the relatively high penetration of DTH satellite services and VCRs (discussed below) evidences a willingness by many consumers in the U.K. to pay for additional programming.

The Company believes that its primary competitive advantages over terrestrial television are significantly more programming options, access in the future to interactive and integrated entertainment, communication and information services and, in some areas, improved television reception. The Company believes that the principal competitive advantage of terrestrial television is its historical position as the leading source of in-home entertainment in the U.K.

DTH Satellite

In a DTH satellite system, a satellite television service provider obtains programming from a variety of sources (including most of those used by the Company) and transmits the programming signal up to a satellite which then retransmits the signal down to customers. In order to receive satellite service in the U.K., the customer must have an outdoor reception dish, which generally is smaller and less expensive than the "C-band dish" typically used in the U.S., and some form of decoder.

DTH satellite services are widely available in the U.K. and are becoming increasingly popular. DTH satellite penetration has increased from approximately 500,000 homes in 1989 to 4,000,000 at December 31, 1997. BSkyB is the leading supplier of satellite programming in the U.K. The "Sky Multi Channels" package provided by BSkyB (which includes ten channels provided by Flextech or a provider in which an affiliate of TCI has an interest) offers customers 30 basic channels, four premium channels and three bonus channels.

BSkyB is the principal competitor of the Company in pay television as well as one of its most important sources of programming. The Company purchases most of the channels provided by BSkyB to its DTH satellite customers.

The Company believes that DTH satellite services will continue to be significant competitors of the Company in the future. However, the Company believes that cable television has a number of competitive advantages over DTH satellite service, including the following: (a) DTH satellite service involves up-front or ongoing costs for the purchase or rental of a dish and related equipment, which are substantially higher than the up-front or ongoing equipment costs for cable television, (b) satellite dishes are considered to be unsightly by many and are prohibited by some U.K. planning guidelines, (c) cable offers a sophisticated two way physical link, and in the future will offer interactive and integrated entertainment, telecommunications and information services in addition to television programming and (d) DTH satellite television generally does not provide local programming. The Company believes that the principal competitive advantage of DTH satellite service is the generally lower monthly service charges for basic services and premium services than comparable services provided by cable operators.

BSkyB has indicated that it intends to launch a digital service in late 1998 which may provide up to 200 channels including mulitplexed movies, interactive services such as home shopping, home banking and "pay-per-view" sports and movies. The Company intends to launch a digital service in one franchise in the second half of 1998 although there can be no assurance that this will be achieved and a delay may have a negative impact on the Company's offering if it is launched after the satellite digital offering. BSkyB intends to offer digital services through an alliance with British Interactive Broadcasting (BIB). BIB intends to subsidise BSkyB digital set top boxes. BIB,

whose shareholders include BT, BSkyB and Midland Bank and Matsushita, has yet to be approved by the European Commission.

Digital Terrestrial Television Broadcasting

Under the Broadcasting Act 1996, the ITC has been given responsibility for the licensing and future regulation of digital terrestrial television which, on introduction, is expected to provide 30 or more terrestrial channels serving between 60% and 90% of the U.K. population. Existing terrestrial broadcasters are given guaranteed capacity to simulcast their existing analogue services. In 1997, Carlton Communications and Granada Group formed a joint venture and acquired a licence from the ITC for three transmission frequencies to initially provide 15 digital terrestrial television channels. These channels are expected to broadcast programming that may include BSkyB programming currently available only through DTH satellite or cable television as well as programming from the BBC. Digital terrestrial television will broadcast from land-based transmitters and will be receivable by consumers with conventional aerials. A digital decoder box or integrated digital television set would be needed to view the new channels, which are expected to have digital picture and sound quality. The introduction of digital terrestrial, as well as digital satellite television will provide additional competition for the Company. See "Certain Regulatory Matters -- Future Developments -- Digital Broadcasting."

Video Cassette Rentals

In 1997, approximately 88% of the homes in the U.K. owned at least one VCR. The Company believes that this penetration evidences a willingness by many consumers in the U.K. to pay for programming in addition to that provided by the terrestrial broadcasters. The Company believes that the principal competitive advantages of cable television over videotape rentals include elimination of the need for consumers to leave their premises to pick up and return the video cassette and cost (cable programming is significantly less expensive on a per-program basis than rental of videotapes). The principal advantages of videotape rental over cable television are that it provides the consumer with more flexibility in selecting specific programming and the timing of the delivery of such programming and films generally are released earlier for video cassette rentals than for satellite and cable television. This advantage may be reduced by the development by cable operators of pay-per-view programming, which would give cable customers more control over the specific programming viewed and the timing of such programming.

Video-on-Demand/Pay-Per-View

Video-on-demand will provide individual customers with the ability to request a specific program for viewing at specified times. Currently, no video-on-demand service is commercially available in the Company's franchises. BT has undertaken a pilot program for this service to the homes of a limited number of BT employees. However, the successful introduction of a video-on-demand service in the Company's franchise areas, particularly by a PTO, would result in the services of the Company being subject to increased competition. In the event a video-on-demand service is offered before the Company's service is offered, the Company's service could be adversely affected. In addition, to the extent that any future video-on-demand services offer more flexibility than the Company's services, the Company's services could be adversely affected.

BSkyB currently offers its DTH satellite service customers pay-per-view services throughout the U.K., including in the Company's franchises. Cable & Wireless Communications plc ("CWC") (successor to a merger with Mercury Communications and certain U.K. cable operators) currently offers BSkyB's pay-per-view service to its customers over its cable network. The Company currently offers a limited pay-per-view service for selected sporting events and intends to offer its "Front Row" comprehensive pay-per-view movie service starting in the first half of 1998.

SMATV and Narrowband Systems

SMATV systems receive television signals from either broadcast or satellite sources and then distribute them by cable to a discrete area of customers, typically within a limited geographic area (such as a block of flats) to less than 1,000 homes. Narrowband systems, which typically serve more than 1,000 homes, are underground cable distribution systems that have significantly less channel capacity than the broadband systems used by the Company. The narrowband systems carry only a limited range of broadcast and satellite programming and provide no voice telephony services. Most narrowband systems are relatively old and serve only limited geographical areas within certain of the Regional Franchise Areas (i.e., the Avon and Cotswolds, North East and South East franchise areas). The Company believes that currently there are only a few SMATV systems licensed for or operating in the franchise areas of the Company and the Company has a right of first refusal on any new SMATV systems license issued for its franchise areas. There also are a number of old narrowband systems that are licensed for or operating in the franchise areas of the Company.

Other Cable Operators

Although cable operators in the U.K. generally co-operate on a variety of technical, programming and marketing matters, the operators do compete for the award of new franchises, the purchase of existing franchises and sources of capital. Certain cable operators that compete with the Company now or in the future may have greater financial resources or other advantages which may increase their likelihood of obtaining desirable franchises.

New Technologies

The extent to which new media and technologies will compete with cable television systems in the future cannot be predicted and such media or technologies may become dominant in the future and render cable television systems less profitable or even obsolete. For example, the U.K. Government recently announced that it intends to release additional frequencies of the radio spectrum (via auction) for use in the provision of advanced mobile services. Certain of such frequencies would be used for broadband and broadcast applications which could provide increased competition for the Company.

Cable Telephony

General

BT is the largest provider of telephony services for residences and businesses in the U.K. Historically, CWC, (successor to the merger with Mercury Communications Limited) has focused on the business market and long-distance and international telephony services, and has attempted to increase its share of the

business telephony market. Cable operators have started to expand into the telephony market and, according to the ITC, there were approximately 3,442,200 cable telephony lines in the U.K. as at January 1, 1997, as compared to approximately 2,039,100 as at December 31, 1996.

BT

BT is the principal competitor of the Company in providing telephony services to residential and small- and medium-sized business customers. BT has an established market presence, fully-built network and resources substantially greater than those of the Company.

The Company seeks to compete with BT primarily by emphasizing the competitive cost and, to a lesser extent, service advantages of its cable telephony services.

To date, the Company generally has been able to price its cable telephony call charges below those of BT. There can, however, be no assurance that it will be able to continue to do so in the future. BT currently is subject to regulatory controls over the prices it may charge customers. See "Certain Regulatory Matters -- Cable Telephony -- Price Regulation." As a result of these controls, BT has in the past implemented and will in the future be required by its Telecommunications License to reduce its prices further in each of the next few years. The Company has modified its rates in order to maintain its price advantage over BT. There can be no assurance, however, that any such price cuts will not adversely impact the profitability of the telephony operations of the Company.

The Company believes that BT's competitive strength has been enhanced until recently by the lack of number portability in the U.K. The Company believes that many consumers have been reluctant to transfer their telephony service away from BT or Mercury service until number portability was available. The Company has rolled out number portability to all of its Regional Franchise Areas. See "Certain Regulatory Matters --Cable Telephony -- Number Portability."

CWC

The Company also competes with CWC in providing business telephony services and, to a lesser extent, residential telephony services. The Company competes with CWC primarily based on price and services offered. CWC has resources substantially greater than those of the Company, and there can be no assurance that CWC will not expand its business or residential telephony services in the Company's existing markets or that the Company will be able to continue to compete successfully with CWC. See "Industry Background and Company History -- Industry Background."

Energis Communications

Energis has substantially finished construction of a national broadband network along existing electrical power pylons to provide telephony services. To date, Energis has not marketed residential telephony lines and generally has concentrated on the smaller business telephony market. The Company expects to compete with Energis primarily based on price and services offered.

Other Competitors

The Company also competes in its telephony business with over 160 licensed operators including service providers such as Ionica L3 and Colt Communications. Mobile cellular telephony networks such as Cellnet (in which BT has a 60% interest), Vodafone, Mercury One2One (in which affiliates of U S WEST have a 50% interest) and Hutchison Microtel's "Orange" service, also provide telephony service to customers. Currently, there are a number of competitors who either are offering national services or are looking to offer national services. The Company believes that this increased competition will lead to a broad range of new packages and promotions, thereby resulting in a decrease in the price of U.K. calls. For smaller customers, these new suppliers are likely to offer indirect services as they may not be able to justify direct connection.

ACQUISITIONS AND DISPOSALS

Although the Company's strategy currently is to build on its existing customer base and increase penetration and revenues per customer, in order to increase revenues and economies of scale, the Company may from time to time acquire one or more new or existing franchises either in public tenders by the ITC, acquisitions from other cable operators or acquisitions of other cable operators. The Company believes that there may be attractive acquisition opportunities in the future as some of the existing franchise holders decide to divest all or a portion of their U.K. for strategic or other reasons or shareholders of other operators determine that their prospects would be enhanced as part of a larger group with the Company. In that regard, the Company has in the past, currently is and may in the future, engage in discussions regarding acquisitions and business combinations in the U.K., some of which may be significant and any of which may ultimately lead to acquisitions or business combinations. Any such acquisitions or combinations may be funded, to the extent available, from internally generated funds, the incurrence of indebtedness or the issuance of equity, or a combination thereof.

For information concerning certain discussions between the Company and General Cable, see "Recent Developments".

CERTAIN REGULATORY MATTERS

General

Cable television and cable telephony operators in the U.K. are governed by legislation, regulations and licenses issued under the Cable and Broadcasting Act 1984 as construed by the Broadcasting Act 1990 (as amended by the Broadcasting Act 1996) (the "Broadcasting Act") and the Telecommunications Act 1984 (the "Telecommunications Act"). An operator of a cable television and cable telephony franchise in the U.K. covering more than 1,000 homes requires the following two licenses for each franchise area:

(a) a telecommunications license (a "Telecommunications License"), granted under the Telecommunications Act by the Secretary of State for Trade and Industry (the "Secretary of State"), which authorizes the installation and operation of the telecommunications network used to provide cable television and telecommunications services, and

(b) a cable television license (a "Cable Television License"), which authorizes the provision of cable television services within a defined geographical area and which may be either:

(i) a prescribed diffusion service license ("PDSL"), granted under the Cable and Broadcasting Act 1984 prior to January 1, 1991 by the Cable Authority and continued in effect by virtue of provisions of the Broadcasting Act, which allows an operator to provide cable television services by means of a cable network; or

(ii) a local delivery service license ("LDSL"), granted since January 1, 1991 under the Broadcasting Act by the ITC which allows an operator to deliver television and other licensed programming services by means of a licensed telecommunications network, including a cable network or microwave distribution system.

The Telecommunications Licenses and Cable Television Licenses contain various conditions concerning the operation of the licensed telecommunication system and the provision of broadcast services, respectively and, in the event that such conditions are breached, the Director General or the ITC, as appropriate, may take action to enforce compliance with such licenses. The ITC or the Secretary of State has the power ultimately to revoke such licenses.

Cable Television

The Broadcasting Act

The Broadcasting Act 1990 established the ITC to license and regulate commercial television services (terrestrial and satellite) and the Radio Authority to regulate radio services. The ITC's functions are, among other things, to grant licenses for television broadcasting activities and to regulate the commercial television sector by issuing codes on programming, advertising and sponsorship, monitoring programming content and enforcing compliance with the Broadcasting Act and license conditions. The ITC has the power to vary licenses and impose fines and revoke licenses in the event of a breach of the license conditions. The ITC also enforces ownership restrictions on those who hold or may hold an interest in licenses issued under the Broadcasting Act. The Broadcasting Act 1990 has been amended by the Broadcasting Act 1996. The licensing provisions remain substantially the same, although some amendments were made with regard to broadcast and radio services, including ownership restrictions (see below).

Cable Television Licenses

General. As at December 31, 1997, Cable Television Licenses had been granted for franchise areas covering approximately 17.0 million homes in the U.K. The ITC is also advertising and awarding LDSLs to extend coverage to those areas not otherwise licensed. To date, the Company has been awarded four (for the Southport, East Lothian, Taunton and Blackpool franchises). LDSLs are awarded under competitive bids to the applicant submitting the highest cash bid (payable annually over the 15-year term of the LDSL), unless it appears to the ITC that there are "exceptional circumstances" (primarily geographic coverage) which make

it appropriate to award the license to another applicant. In addition, all applicants must undertake to pay a percentage of qualifying revenue ("PQR") to the ITC in each year of the license together with an annual sum equal to the cash bid indexed against inflation plus certain other payments.

Under the Broadcasting Act, cable operators may carry certain licensed services on their networks. Cable Television Licenses also require cable operators to ensure that advertising and certain foreign satellite programs carried by them as part of their services conform to the restrictions set forth in the codes on advertising, sponsorship and programming issued by the ITC.

All new LDSLs awarded to the Company since December 1994 include build milestone obligations.

Term, Renewal and Revocation of Broadcasting Licenses. The Company holds both PDSLs and LDSLs. The terms and renewals of such licenses are governed by the Broadcasting Act as follows:

(a) Each of the Company's PDSLs was issued for a 15-year term but applications may be made to the ITC for supplemental licenses which have the effect of extending the term of the PDSLs for up to an additional eight years if the cable operator holds a 23-year Telecommunications License. Fees continue to be payable on the same basis as the PDSLs, but no PQRs or sums equal to the cash bids will be payable during this extended term. If the Company elects to extend the PDSL (as the Company has done in certain cases), upon expiration of such PDSLs as so extended, the Company would be required to apply for a new LDSL under the competitive bid procedures described above. If the Company elects not to extend a PDSL, the Company may apply to the ITC (no earlier than five years prior to the expiration of the PDSL) for a 15-year LDSL with respect to which it must agree with the ITC on the amount of the cash bid and the PQR payments that will be payable over the term of the LDSL.

(b) Each of the Company's LDSLs was issued for a 15-year term and this term corresponds to the term of the predecessor PDSL or to a term commencing on December 31, 1990, whichever is later. The term of the Company's LDSLs may not be extended, but the Company may apply to the ITC (no earlier than five years prior to the expiration of the LDSL) for a new 15-year LDSL, with respect to which it must agree with the ITC on the amount of cash and PQR payments that will be payable over the term of the LDSL.

The ITC can, after consultation with the Department of Trade and Industry (the "DTI") and the Director General, revoke a Cable Television License if an operator fails to comply with its conditions or with any direction of the ITC and the ITC considers revocation to be in the public interest. If there is any change in either the nature or characteristics of an operator that is a corporate entity, or any change in the persons controlling or having an interest in it, the ITC can revoke the license if it would not have awarded the license had the new ownership or control existed at the time the application for the license originally was considered. The ITC also can impose fines and shorten the license period for licenses issued under the Broadcasting Act.

A Cable Television License is transferable with the consent of the ITC.

Ownership Restrictions. The ITC has a general duty to ensure that Cable Television Licenses are held by "fit and proper" persons and may exercise control over who may hold a license where financial assistance is provided to, or influence is exercised over, a licenseholder which may produce results adverse to the public interest. The Broadcasting Act also contains specific restrictions on the types of entities which may hold Cable Television Licenses or interests therein. Cable Television Licences may not be held by, among others, the BBC, a local authority, a religious or political body (or one of its officers) or any advertising agency or any entity controlled by it.

The Secretary of State is also empowered to control accumulations of interests in different licensed activities.

Price Regulation. Cable television pricing in the U.K. is not subject to pricing restrictions, including pricing limitations, rate of return assumptions or similar mechanisms of the kind imposed under U.S. cable regulations. However, cable television pricing is subject to fair trading regulation by the ITC and to the application of general competition law.

Digital Broadcasting

The Broadcasting Act 1996 introduced provisions for the licensing of digital terrestrial broadcasting and introduced a "must carry" requirement on cable companies where both program provider and cable operator use digital technology to ensure the universal availability of designated free-to-air service channels. Must carry obligations concerning public service channels already apply to holders of PDSLs.

The Broadcasting Act 1996 permitted the initial availability of six television multiplexes, or frequency bands giving substantial national terrestrial coverage, each with the ability to carry several television channels. The legislation included provisions for the ITC's licensing of "multiplex providers", who were allocated, in aggregate, the six multiplexes for 12-year license periods. Each multiplex provider will contract with broadcasters for the transmission of the broadcasters' television services via its allocated frequency band. The initial capacity available for DTT is divided into six transmission networks, each of which will be able to carry a number of different television channels. These networks are known as "multiplexes". Of these six multiplexes, two are wholly reserved for existing broadcasters who are guaranteed places on the multiplexes under the Broadcasting Act 1996. The first will be used by the BBC to transmit existing programmes in digital form and develop new digital services. The second is reserved for channel 3, channel 4 and Teletext Ltd. This multiplex will be licensed and regulated by the ITC. Licences to operate the remaining four were advertised and 3 have now been awarded to British Digital Broadcasting plc (BDB). The fourth multiplex has been awarded S4C Digital Networks Ltd. It will carry the new channel 5 and S4C in Wales

The Advanced Television Services Regulations, which implemented the Advanced Television Services Directive (Council Directive 95/47/EC on the use of standard for the transmission of television signals) (the "ATS Regulations") came into effect on January 7, 1997. The ATS Regulations cover the provision of digital television services by means of conditional access systems (e.g., by encryption and subscription management systems). They also amend the

Telecommunications Act 1984 to include subscriber management services as telecommunications services, and the systems over which these services are provided as telecommunication systems, in each case subject to the general telecommunications licensing and regulatory regime. The ATS Regulations amended existing telecommunications licences so that conditional access services may only be provided under the Class License for the running of telecommunications systems for the provision of conditional access services (the "Conditional Access Class License"). The ATS Regulations impose an enforceable statutory duty on the provider of conditional access services to ensure that the system used to provide those services has the necessary technical capability for cost effective transcontrol at cable head-ends allowing for the possibility for full control by cable television operators at local or regional level of the services using that conditional access system. "Transcontrol" is the process by which the conditional access operator's control data is removed and replaced so as to enable the rebroadcast of the programming using the cable operator's own conditional access system. There is also a supplemental duty on the conditional access service provider to co-operate with the cable television operator (including by provision of information on a timely basis) to ensure that the latter can take advantage of the primary duty. The ATS Regulations impose duties on the operators of conditional access services who do not simply self-provide (i.e., who do not produce and market those services to third parties) to offer technical services to broadcasters of digitally transmitted services on fair reasonable and non-discriminatory terms so that viewers can receive the broadcasters' services over their own networks.

Apart from the effect of the ATS Regulations, the provision of conditional access services is regulated under the Conditional Access Class License, issued on January 7, 1997. The Conditional Access Class License regulates the provision of encryption services, subscriber authorization services, subscriber management services and any other conditional access service in connection with digital television services. The provider of such services is required, unless it is only a self-provider, to offer them to broadcasters on a fair, reasonable and non-discriminatory basis and to co-operate to ensure the interconnectivity and interoperability of its system so that the relevant services can be provided. Where a cable operator retransmits a broadcaster's digital television services, the operator of a conditional access service who provides conditional access services to the broadcaster must co-operate with the cable operator so that the cable operator can transcontrol and re-transmit those services cost-effectively and without incurring unnecessary and unreasonable expense. The Conditional Access Class License also incorporates the "fair trading" condition and other conditions including those relating to prohibition on undue preference and undue discrimination, linked transactions, publication of charges, essential interfaces, intellectual property rights and separation of financial accounts. Access control provisions relating to the provision of digital interactive services were included in U.K. telecommunications class licences as of December 31, 1997. The same provisions will be included in all U.K. telecommunications licences (including the Company's Telecommunications Licenses) following the DTI consultation with the industry during 1998. These Access Control provisions allow for OFTEL to regulate digital interactive services. The Director General recently published guidelines on the conditional access licence and on conditional access pricing.

Media Ownership

The Broadcasting Act 1996 amends the media ownership rules contained in the Broadcasting Act 1990. It relaxes the earlier rules limiting ownership between terrestrial television, satellite and cable broadcasters, except for those broadcasters which are already more than 20% owned by a newspaper with more than 20% national newspaper circulation. Qualifying terrestrial broadcasters are now allowed to have controlling interests in cable and satellite companies, provided their total interests do not exceed 15% of the total television market (defined by audience share including public service broadcasters) and qualifying cable companies will be able to control terrestrial television companies, subject to the 15% total television market limit and certain restrictions on the number of terrestrial licenses held. Newspaper groups with less than 20% national newspaper circulation are now able to control television broadcasters constituting up to 15% of the total television market, subject to a limit on the number of terrestrial licenses held, unless the ITC decides that such control would be against the public interest. Newspaper companies, the license holders of Channel 3 and Channel 5 and satellite and cable broadcasters, are to have the ability to control any number of digital terrestrial television licenses, in addition to any analogue licenses.

Previous U.K. Government proposals have also contemplated a more integrated system of media ownership and control in the longer term, to take account of the increasing number of broadcasters and technological convergence, and involving regulation of the media-market as a whole. The Company can give no assurance as to whether these proposals for regulation will be enacted or, if they were enacted, as to what their content would be or what effect they might have on the Company's business.

Cable Telephony

Telecommunications Act

The Telecommunications Act provides a licensing and regulatory framework for telecommunications activities in the U.K. and established the office of the Director General (supported by OFTEL), as an independent regulatory authority. Telecommunications policy is overseen by the DTI. The Secretary of State also has primary licensing authority under the Telecommunications Act, although he may delegate that authority to the Director General. The principal functions of the Director General are, among other things, to monitor and enforce compliance with Telecommunications License conditions, establish and administer standards for telecommunications equipment and contractors, investigate complaints and exercise certain functions to promote or ensure competition in telecommunications markets. The Director General may modify Telecommunications Licenses either with the agreement of the licensee following a statutory period of public consultation or following a report of the MMC. The Director General is also empowered to issue enforcement orders requiring compliance with Telecommunications License conditions which have been breached.

Telecommunications Licenses

General. A Telecommunications License authorizes a cable operator to install and operate the physical network used to provide cable television and telecommunications services. It also authorizes the operator to connect its system to other television and telecommunications systems, including those operated by the terrestrial broadcasting authorities, satellite broadcasters and

PTOs. Although the Telecommunications License granted to a cable operator is for a particular franchise area, it is not exclusive and, as a result, a cable telephony operator is subject to competition in its franchise area with respect to the provision of telephony services from PTOs (such as BT, CWC and Colt) and other telephony service providers.

A cable operator's Telecommunications License contains conditions regulating the manner in which the licensee operates its telecommunications system, provides telecommunications services, connects its systems to others and generally operates its business. A cable operator's Telecommunications License also contains a number of detailed provisions relating to the technical aspects of the licensed system (e.g., numbering, metering and the use of technical interfaces) and the manner in which the licensee conducts its business (e.g., publicity of certain prices, terms and conditions). In addition, a cable operator's Telecommunications License contains prohibitions on undue preference and discrimination in providing service. The cable operator's Telecommunications License also requires the licensee to comply with certain codes of practice and to provide information which the Director General may require to carry out his statutory functions.

All the Company's Telecommunications Licences have been amended by the Director General of OFTEL to replace a number of existing conditions dealing with specific forms of anti-competitive behavior with a "fair trading" condition. This will enable the Director General to act against anti-competitive behavior such as predatory pricing and undue cross-subsidization. The Director General has published guidelines on the types of behavior which he considers to be anti-competitive and on the enforcement procedure to be used. In addition all Telewest telecommunications licences have been modified, resulting in some obligations (e.g., Consumer Code of Practice), being removed but with others, (e.g., an obligation to provide number portability) being implemented. In addition to those Telecommunications Licenses obtained for its cable franchise areas, the Company was also awarded Telecommunication Licenses on January 14, 1997 for all those geographic areas for which it does not hold Broadcasting Licenses and an International Facilities Licence on December 17, 1996, permitting the Company to provide full international telecommunications facilities and services.

The fees payable for the Telecommunications License consist of an initial fee payable on the grant of the license and annual fees thereafter. The fees are based on a proportion of the costs of the Director General in exercising his functions under the Telecommunications Act. OFTEL recently established a consultation with the industry on a new framework for licence fees.

A Telecommunications License is not transferable. However, a change of control of a licensee may be permitted subject to compliance with a notification requirement, provided the proposed change is not, in the opinion of the Secretary of State, against the interests of national security or relations with the government of a country or territory outside the U.K.

Network Construction. Other than for LDSL licenses granted since December 1994, each Telecommunications License prescribes milestones that require the licensee to construct its network to pass a specified number of premises by certain dates. All but the final milestones may be varied by the Director General "if he considers it to be in the interests of sound commercial development" of the system. The final milestone can be modified only following a

public comment period and with the approval of the Director General. If the milestones are not met, the Director General may take enforcement action which, if not complied with, could result in the revocation of the Telecommunications License by the Secretary of State. For a discussion of the Company's current milestones and certain amendments being sought with respect thereto, see "Broadband Network".

A cable operator is not required to provide voice telephony services, but where it does so and achieves a 25% or more share of the relevant market (as determined by the Director General) within its licensed area, the licensee may, at the direction of the Director General, be required to ensure that voice telephony services are available to anyone in the licensed area who reasonably requests them. No such direction has been received by the Company.

Under a Telecommunications License, the cable operator is subject to and has the benefit of the Telecommunications Code promulgated under the Telecommunications Act. The Telecommunications Code provides certain rights and obligations with respect to installing and maintaining equipment such as ducts, cables and cabinets on public or private land (including the installation of equipment on public highways). Cable operators also have the benefit of the New Roads and Street Works Act 1991 which provides them with the same rights and responsibilities with respect to construction on public highways as other public utilities. Cable operators generally are required to post bonds with local authorities in respect of their obligation to ensure reinstatement of roads and streets in the event the operators becomes insolvent, ceases to carry on business or has its Telecommunications Licenses terminated. In order to install equipment on private property, cable operators must obtain the agreement of occupiers, property owners and others.

Term, Renewal and Revocation of Telecommunications Licenses. Telecommunications Licenses for cable operators originally were granted for an initial period of either 15 or 23 years (depending on the technology used by the licensee), commencing on the date service was first provided to customers. In July 1992, following the Duopoly Review, technology-related discrimination in license length was abandoned. The U.K. government invited all holders of 15-year Telecommunications Licenses to apply for new 23-year licenses. However, a licensee also had the right to extend a 15-year Telecommunications License to 23 years if it provided certain technical undertakings within five years of the date of the original license grant. To date, the Company has given such undertakings with respect to all of its Telecommunications Licenses and, consequently, the Company's Telecommunications Licenses will expire at various times between 2008 and 2017.

Upon expiration, a Telecommunications License cannot be renewed and application must be made for a new license.

A Telecommunications License may be revoked if the licensee fails to pay the license fees when due, if the licensee fails to comply with an enforcement order, upon the occurrence of certain insolvency-related events or if any Cable Television License relating to a licensee's system is revoked. A Telecommunications License may also be revoked if, among other things, the licensee fails to give the required notification to the DTI of changes in shareholdings and agreements affecting control of the licensee or if the DTI concludes that any such change would be against the interests of national security or the U.K. government's international relations.

Duopoly Review

In 1991, the U.K. government concluded in its Duopoly Review that the termination of the duopoly policy (which permitted only BT and Mercury to operate local, national or international fixed-link networks in the U.K. to provide public telephony services) might increase competition and benefit consumers in the U.K. telecommunications market. As a result, the U.K. government revised its policy and determined that applications for licenses would be considered from any person seeking to operate new telecommunications networks over local or national fixed links within the U.K. Such licenses normally would be granted subject to the general statutory duties of the Director General to ensure the provision of telecommunications services, to satisfy all reasonable demands for them, and the ability of a person providing the services to finance their operations. At the time of the Duopoly Review, the exclusive right of BT and Mercury to provide international fixed links within the U.K. was maintained. On December 17, 1996, the Government removed this protection and licensed more than 40 companies (including the Company) to provide full international telecommunications facilities.

Interconnect Arrangements

The ability of cable operators to provide viable voice and other telecommunications services is dependent on their ability to interconnect cost-effectively with the telecommunications networks of the other PTOs in order to complete calls that originate from a customer on their cable network but that terminate off their network or that originate from a customer off their cable network and terminate on their network. Since the Duopoly Review, cable operators have been able to connect their networks without regard to whether they are under common ownership without using the services of BT or Mercury, and with national telecommunications licenses, cable operators are able to link non-contiguous franchises over their private networks (such as the Company's Interfranchise Network).

PTOs are required under their telecommunications licenses to enter into interconnection agreements with other PTOs such as the Company (if requested to do so by such a PTO), and the Company has interconnection agreements with BT, Mercury, ACC UK Long Distance Limited and Telstra, as well as certain other cable operators. The BT agreements may be terminated by either party upon two years' notice, the Mercury agreement may be terminated by either party upon one years' notice and, the Telstra Agreement may be terminated by either party on 90 days notice. If the Company is unable to negotiate acceptable terms (including pricing) with BT, Mercury or Telstra in connection with any continuation or extension of these agreements or scheduled reviews of these agreements, the Company may request that the Director General determine such terms. A recent case has established that it is possible for a regulated company to challenge a determination by the Director General of terms of interconnection agreements in the U.K. courts. The Director General also has the power to make determinations in respect of certain obligations of any party under an interconnection agreement.

Through October 1997, OFTEL determined standard interconnect charges. The first interim charge determination covered the period from April 1, 1995 to March 31, 1996. Interim charges were based on forecast financial statements (on a fully allocated costs basis). Final charges may involve a readjustment of charges made under the interim determination where appropriate. Interim and

final charges for the period from April 1, 1996 to September 30, 1997 currently are being determined by OFTEL. Since October 1997, a network change CAP of RPI - 8% is imposed by OFTEL across various baskets of BT interconnect services. Price movements within the baskets are regulated through a system of "ceilings" and "floors", the latter being based on BT's long run average incremental costs.

Price Regulation

Although to date the Company generally has been able to price its cable telephony call charges below those of BT, there can be no assurance that it will be able to continue to do so in the future. BT currently is subject to controls over the prices it may charge customers, including a requirement that the overall charges it makes for a basket of services, including local, long-distance and international calls, which for the period up to July 31, 1997 could not be increased by more than (or must be reduced by) an amount equal to the change in the Retail Price Index ("RPI") less 7.5% per annum. As part of its ongoing review of BT's pricing, in February 1996 OFTEL removed the price controls on BT's line charges, thus enabling BT to rebalance line and call charges. For the period July 31, 1997 to July 31, 2001, OFTEL has implemented a new price cap on BT of RPI-4.5%. This price cap is to be applied to BT residential customer prices only, and all BT business prices are excluded. In general, the price controls impose downward pricing pressure in the U.K. telephony market, and any change in such controls may influence the Company's pricing policies.

BT's license has also now been modified to include the fair trading conditions which prohibits BT from engaging in anti-competitive activity. This provision gives OFTEL broad powers to stop anti-competitive activity by BT, including with respect to pricing. Procedural guidelines have been issued regarding the application of the condition.

The level of cable telephony service prices charged by the Company and other service providers other than BT currently are not regulated by the Director General, but only in the context of the Fair Trading condition in all PTO licences.

Number Portability

In September 1996, with the introduction of "number portability" in the U.K., the Company began offering BT customers the opportunity to transfer their service to the Company without changing their existing telephone number. The Company has now introduced number portability in all of its franchises for residential and business customers of all service providers (as required by the Company's Telecommunications Licenses).

Europe Regulation

The U.K. Government has implemented the European Directives on Licensing and Interconnection. The Company believes that the interconnection directive will be amended to include pre-carrier selection "equal access," which is expected to apply to operators with significant market power in the first instance. The U.K. cable industry is currently negotiating with the UK Government on the obligation for accounting separation as provided by the European Interconnection Directive.

The European Commission currently is consulting with member states on amendments to the Voice Telephony and Cable Directives. The European Commission has published a Green Paper on Convergence, this being the first stage of a consultation on the regulation needed across telecommunications, broadcasting and IT in the long term.

Restrictions on National PTOs

The Duopoly Review maintains restrictions upon BT and other national PTOs (except Ionica and Liberty) which prevent BT from conveying or providing entertainment services (such as the cable television services currently provided by the Company) over their national telecommunications networks. The previous U.K. Government stated that the restrictions upon the conveyance of such services may be reviewed in 1998, but the restrictions regarding provision by the PTOs themselves would not be reviewed until at least 2001. The Duopoly Review policy did not, however, prevent the national PTOs from providing cable television services of the kind currently provided by the Company so long as such services are provided by separate subsidiaries of the national PTOs under separate licenses similar to those held by the Company.

ITEM 2. PROPERTIES

The Company's principal properties consist of numerous offices, technical facilities, warehouses, customer services centers and retail outlets in the various Regional Franchise Areas and Woking, Surrey. As of March 1, 1998, the Company owned and leased an aggregate of approximately 750,000 square feet (258,000 square feet of which was owned and 492,000 square feet of which was leased). The Company's headquarters and network service center occupy approximately 80,000 square feet of leased space located in Woking, Surrey. The Company believes that its current properties are adequate for its current needs and additional space can be obtained on reasonable terms to accommodate future growth, if needed.

ITEM 3. LEGAL PROCEEDINGS

The Company has not been involved in any legal or arbitration proceedings which have had during the 12 months preceding the date of this Report, or which are reasonably likely to have, a significant effect on the Company's financial position, nor, so far as the Company is aware, is any such proceeding pending or threatened.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

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EXECUTIVE OFFICERS OF THE REGISTRANT

Pursuant to General Instructions G(3), the following information is included as an additional item in Part I:

Name	Age(1)	Position Held
Stephen J. Davidson	42	Chief Executive
Charles J. Burdick	46	Group Finance Director
David R. Van Valkenburg	55	Group Operations Director
Richard H. Evans	55	Group IT Director
Samuel V. Howe	43	Director of Marketing
Adrian T. Howe	36	Group Financial Controller
Victoria M. Hull	35	General Counsel and Company Secretary
J. Howard Watson	34	Managing Director of Network Services
Glenn V. Tookey	40	Managing Director of Business Services

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(1) As of March 1, 1998

Mr. Davidson has served as a director of the Company since April 1994. He was appointed Chief Executive of the Company in February 1997 and had been Acting Chief Executive since August 1996. Mr. Davidson served as the Finance Director of the Company from January 1993 until August 1996. Previously, he worked for four years at Bankers Trust Company in London where he was a Managing Director with responsibility for clients in the media business throughout Europe.

Mr. Burdick was appointed Group Finance Director in February 1997 and had been Acting Group Finance Director since September 1996. He was Vice President Finance and Assistant Treasurer at U S WEST Inc. from 1990 to October 1996. Prior to joining U S WEST Mr. Burdick worked in Treasury and Corporate Development positions at Time Warner and Carnation International.

Mr. Van Valkenburg has served as a director of the Company and as Group Operations Director since June 1997. He is also Executive Vice President for U S WEST International Inc. in London and, prior to commencing work at the Company, was responsible for overseeing the development of U S WEST International's broadband cable interests in mainland Europe and South America from January 1996 to June 1997. Previously, from December 1994 until December 1995 he was a Senior Vice President for the Multimedia Group of U S WEST Media Group, Inc. Prior to this he was President and Chief Operating Officer for MultiVision Cable TV Corp. (a partnership with Merrill Lynch and General Capital Corp.) from April 1990 until December 1994.

Mr. Evans has served as Group IT Director of the Company since July 1996. Previously he worked with Pearl Assurance plc as General Manager from 1992 through June 1996.

Mr. S. Howe has served as Director of Marketing since June 1995. Previously he worked for SBCC as Group Director - Marketing from July 1993 to May 1995 and for Cox as Director - Finance and Administration from April 1992 to June 1993.

Mr. A. Howe has served as Group Financial Controller since May 1995. Previously he worked for BT for four years, his last role being Acting Finance Director of the Personal Communications Division of BT.

Ms. Hull has served as General Counsel and Company Secretary since July 1994. Prior to joining the Company she was a solicitor in the corporate department of Clifford Chance, where she qualified in 1987.

Mr. Watson has served as Managing Director of Network Services of the Company since November 1995. Previously, he was Director of Engineering from June 1995 until October 1995. Prior to joining the Company he was Engineering Manager of Cablecom Group of GPT from 1991 until June 1993.

Mr. Tookey has served as Managing Director of Business Services of the Company since August 1997. He joined the Company in March 1996 as Business Services Director of the South East franchise area. Previously he worked for BT for twenty years, most recently working as in Product Marketing, Marketing and Development.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET PRICE OF ORDINARY SHARES AND AMERICAN DEPOSITARY SHARES; RECORD HOLDERS; DIVIDENDS

The information required by this item is included in the 1997 Annual Report to shareholders under the headings, "Share and ADS Information," "Registrar and Depositary" and "CREST - Share Settlement System" on pages 78 and 79 and is incorporated herein by reference.

CERTAIN TAX CONSEQUENCES OF OWNERSHIP OF ORDINARY SHARES AND ADSs.

GENERAL

The following generally summarizes the principal U.K. and U.S. federal income tax consequences of the purchase, ownership and disposition of Ordinary Shares or ADSs (evidenced by ADRs) that are residents or citizens of the U.S. and hold the Ordinary Shares or ADSs as capital assets ("U.S. Holders"). BECAUSE THIS IS A GENERAL SUMMARY, PROSPECTIVE PURCHASERS OF ORDINARY SHARES OR ADSS WHO ARE U.S. HOLDERS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE U.S. FEDERAL, STATE AND LOCAL TAX CONSEQUENCES, AS WELL AS TO THE U.K. TAX CONSEQUENCES, OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF ORDINARY SHARES OR ADSS APPLICABLE IN THEIR PARTICULAR TAX SITUATIONS.

The statements of U.S. federal income tax and U.K. tax law set out below are based (a) on the laws in force, and as interpreted by the relevant taxation authorities, as of the date of this Proxy Statement, and are subject to any changes (which may apply retroactively) in U.S. or U.K. law, or in the interpretation thereof by the relevant taxation authorities, or in the conventions between the U.S. and the U.K. relating to income and capital gains (the "Income Tax Convention") and estate and gift taxes (the "Estate and Gift Tax Convention"), occurring after such date and (b) in part, on representations of the Depositary and on the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms.

This summary does not address the laws of any state or locality or any foreign government (other than the U.K.). Further, this summary does not address the tax consequences to particular classes of taxpayers that are subject to special rules including, without limitation, dealers in securities or currencies, insurance companies, tax exempt organizations, financial institutions, persons that hold their Ordinary or ADSs as part of a straddle, hedging or "conversion transaction", persons whose functional currency is other than the U.S. dollar, tax-exempt investors or persons owning directly, indirectly or constructively, 10% or more of the Company's stock. This summary does not address the U.K. or U.S. tax treatment of persons who hold Ordinary Shares or ADSs through a partnership or other pass-through entity. Except to the limited extent discussed below, it does not consider the U.K. tax or U.S. tax consequences to a person other than a U.S. Holder (a "Non-U.S. Holder").

For purposes of the Conventions and the Code, U.S. Holders will be treated as the owners of the Ordinary Shares represented by ADSs evidenced by ADRs. Accordingly, and except as noted below, the U.K. tax and U.S. federal income tax consequences discussed below apply equally to beneficial owners of both Ordinary Shares and ADSs that are U.S. Holders.

TAXATION OF DIVIDENDS

For the purposes of this summary, the term "Eligible U.S. Holder" means a beneficial owner of an ADS or an Ordinary Share (a) that derives and beneficially owns the cash dividend paid thereon, (b) that is an individual, a corporation, a trust or estate resident in the U.S. (and, in the case of a corporation, not also resident in the U.K. for U.K. tax purposes) for the purposes of the Income Tax Convention and (c) whose holding is not effectively connected with a "permanent establishment" through which the Eligible U.S. Holder carries on business in the U.K. with a "fixed base" in the U.K. from which the Eligible U.S. Holder performs independent personal services. Such term excludes, however, (a) a beneficial owner who owns at least 10% of the Ordinary Shares in respect of which the dividend is paid, (b) under certain circumstances, a corporation 25% or more of the capital of which is owned directly or indirectly by one or more persons who are not individual residents or nationals of the U.S. and (c) a U.S. corporation that controls, directly or indirectly (either alone or with one or more associated corporations), 10% or more of the voting stock of the Company.

The Company is required, when paying a dividend in respect of the Ordinary Shares, to account to the U.K. Inland Revenue for a payment known as advance corporation tax ("ACT"). The rate of ACT at present is equal to 25% of any dividend paid to shareholders, which is equivalent to 20% of the sum of the dividend and the related ACT. It was recently proposed that the duty to account for ACT in respect of dividends paid will be abolished from 1999.

An Eligible U.S. Holder is entitled under the Income Tax Convention and current U.K. law to claim from the U.K. Inland Revenue a refund of an amount equal to the ACT paid by the Company in respect of the dividend (the "Tax Credit Amount"), but subject to a 15% U.K. withholding tax on the combined sum of the dividend paid and the related Tax Credit Amount. For example, assuming continuance of ACT at the rate of 25% of a dividend paid, a dividend of (pound)8.00 paid to such an Eligible U.S. Holder would generally entitle the Eligible U.S. Holder to claim (pound)0.50 (a Tax Credit Amount of (pound)2.00 less a withholding of (pound)1.50) from the U.K. Inland Revenue, giving a total cash received, after U.K. taxes but before U.S. taxes, of (pound)8.50. Under current proposals the rate of tax credits will be reduced from 20% of the sum of the dividend and tax credit to 10% of such amount on dividends paid on or after April 6, 1999 with the result that an Eligible U.S. Holder would not be entitled to claim any refund of an amount attributable to a Tax Credit Amount.

If the Eligible U.S. Holder is a U.S. trust or estate, the Tax Credit Amount will be available only to the extent that the income derived by such trust or estate is subject to U.S. tax as the income of a resident either in its hands or in the hands of its beneficiaries, as the case may be.

In respect of dividends paid before April 6, 1999 for U.S. federal income tax purposes, the gross amount of a dividend plus the Tax Credit Amount, including the 15% U.K. withholding tax thereon, (a) will be included in gross income by a U.S. Holder and (b) will be treated as foreign source dividend income to the extent paid out of current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Subject to certain limitations, including certain holding period requirements with respect to the Ordinary Shares or ADSs, the 15% U.K. withholding tax will be treated as a foreign income tax eligible for credit against such Eligible U.S. Holder's federal income tax (or, alternatively, a deduction in computing such U.S. Holder's taxable income). The consequences of these limitations will depend on the nature and sources of each Eligible U.S. Holder's income and the deductions appropriately allocated or apportioned thereto. In general, no dividends received deduction will be allowed with respect to dividends paid by the Company. The amount of the dividend will be the U.S. dollar spot value of the dividend on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars on such date. Exchange gain or loss, if any, recognized by an Eligible U.S. Holder on a sale or other disposition of pounds received pursuant to the dividend will generally be U.S. source ordinary income or loss.

For dividends paid on or after April 6, 1999 (assuming that the current proposals are enacted) an Eligible U.S. Holder who receives the (pound)8 dividend in the above example for U.S. federal income tax purposes would be considered to receive a dividend of (pound)8.89 ((pound)8 dividend plus the 89p tax credit) and would include that amount in income. Such U.S. Holder also would be considered to have paid 89p of U.S. tax that, subject to the limitations described above, would be creditable against such Eligible U.S. Holder's US federal income tax liability.

Arrangements exist with the U.K. Inland Revenue under which certain Eligible U.S. Holders of ADSs (i.e., (a) a U.S. corporation, (b) an individual resident in the U.S. and not resident in the U.K. or (c) a trust or estate all

the beneficiaries of which are resident in the U.S. or Canada) generally will receive directly from the Company together with the payment of the associated dividend payment of the Tax Credit Amount to which such Holder is entitled, net of the applicable U.K. withholding tax, without the need to file a claim for refund. To claim the benefit of the arrangements, the registered holder must complete the declaration on the reverse of the dividend check confirming the Eligible U.S. Holder's entitlement to the Tax Credit Amount and present the check for payment within three months from the date of issue of the check. These arrangements can be terminated or altered without notice by the U.K. Inland Revenue.

In addition, arrangements exist with the U.K. Inland Revenue under which an Eligible U.S. Holder of Ordinary Shares will receive payment of the U.K. tax credit at the same time as and together with the payment of the associated dividend. In order to receive such payment, the Eligible U.S. Holder must have the Ordinary Shares registered in the name of a nominee approved by the U.K. Inland Revenue for such purpose, and the nominee must follow certain procedural requirements. In addition, the qualifying holder must be either: (a) an individual who: (i) is not resident in the U.K. and does not retain the use of any accommodation in the U.K., (ii) has not during the previous four years been in the U.K. for as much as three months a year on average, or for a period or periods amounting in the aggregate to six months in the relevant U.K. income tax year; (iii) has not been absent from the U.S. for a complete U.S. tax year in any of the previous four years; (iv) does not have a permanent establishment in the U.K. and (v) does not own 10% or more of the class of shares in respect of which the dividend is paid; or (b) a corporation: (i) which is managed and controlled in the U.S. and does not have a permanent establishment in the U.K.; (ii) which does not, either alone or together with one or more associated corporations, control, directly or indirectly, 10% or more of the voting power in the Company; (iii) which does not own 10% or more of the class of shares in respect of which the dividend is paid; (iv) which is liable to U.S. tax on the dividend and (v) at least 75% of the capital of which is owned directly or indirectly by persons who are U.S. residents. These arrangements will be extended to trusts, estates in the course of administration, pension funds, foundations and similar bodies only with the prior approval of the U.K. Inland Revenue.

Certain Eligible U.S. Holders who are not entitled to receive payment of the U.K. Tax Credit Amount from the Company with payment of the associated dividend but who, nevertheless, are entitled to a refund of the Tax Credit Amount, net of the U.K. withholding tax, must file a claim for the Tax Credit Amount in the manner described in U.S. Revenue Procedure 80-18, 1980-1 C.B. 623, as modified by U.S. Revenue Procedures 81-58, 1981-2 C.B. 678; 84-60, 1984-2 C.B. 504, and 90-61, 1990-2 C.B. 657. Claims for tax refund must be made within six years of the U.K. year of assessment (generally the 12-month period ending April 5 in each year) in which the related dividend was paid. The first claim by a claimant for a tax credit under these procedures is made by sending the appropriate U.K. form (FD/13) in duplicate to the Director of the Internal Revenue Service Center with which the holder's last U.S. federal income tax return was filed. Forms may be available from the U.S. Internal Revenue Service Assistant Commissioner (International), 950 L'Enfant Plaza South, S.W., Washington, D.C. 20024, Attention: Taxpayers Service Division. Because a refund claim is not considered made until the U.K. tax authorities receive the appropriate form from the U.S. Internal Revenue Service, forms should be sent to the U.S. Internal Revenue Service well before the end of the applicable limitation period. Any claim by a claimant after the first claim by such a U.S.

Holder for payment under these procedures should be filed directly with the U.K. Financial Intermediaries and Claims Office, Fitz Roy House, P.O. Box 46, Nottingham, England, NG2 1BD.

Under Section 812 of ICTA 1988, the U.K. government has the power to deny the payment of associated U.K. tax credits under the Income Tax Convention to a corporation that controls, directly or indirectly, either alone or together with one or more corporations, which are treated as associated for the purposes of the Income Tax Convention, at least 10% of the voting power of the Company, if it or an "associated company" (as defined in Section 416 ICTA 1988) has a "qualifying presence" (as defined in Section 812 ICTA 1988) in a state in the U.S. which operates a unitary system of corporation taxation. These provisions will come into force only if the U.K. government so determines by statutory instrument. No such instrument has yet been made.

Subject to the discussion below regarding backup withholding tax, a Non-U.S. Holder of Ordinary Shares or ADSs generally will not be subject to U.S. federal income or withholding tax on dividends received on Ordinary Shares or ADSs, unless such income is effectively connected with the conduct of a trade or business in the U.S. and, in general, in the case of a Non-U.S. Holder entitled to benefits under a tax treaty, attributable to a permanent establishment or fixed base in the U.S.

TAXATION OF CAPITAL GAINS

A U.S. Holder who is not resident or ordinarily resident in the U.K. for U.K. tax purposes will not be liable for U.K. tax on capital gains realized or accrued on the sale or other disposal of Ordinary Shares or ADSs unless the Ordinary Shares or ADSs are held in connection with a trade, profession or vocation carried on by such U.S. Holder in the U.K. through a branch or agency which constitutes a permanent establishment or fixed base and the Ordinary Shares or ADSs are or have been used, held or acquired for the purposes of such trade, profession or vocation of such branch or agency. A U.S. Holder will be liable for U.S. federal income tax on such gains to the same extent as on any other gains from sales or disposition of stock.

Assuming that gain on the disposition of Ordinary Shares or ADSs would not be subject to U.K. tax, such gain would be U.S. source income for U.S. foreign tax credit limitation purposes. Deposits and withdrawals of Ordinary Shares by U.S. Holders in exchange for ADSs will not result in the realization of gain or loss for U.K. capital gains tax or U.S. federal income tax purposes.

Subject to the discussion below of backup withholding, a Non-U.S. Holder of Ordinary Shares or ADSs will not be subject to U.S. federal income or withholding tax on gain realized on the sale of Ordinary Shares or ADSs unless (i) such gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the U.S. and, in general, in the case of a Non-U.S. Holder entitled to benefits under a tax treaty, such gain is attributable to a permanent establishment or fixed base in the U.S. or (ii) in the case of gain realized by an individual Non-U.S. Holder, the Non-U.S. Holder is present in the U.S. for 183 days or more in the taxable year of the sale and certain other conditions are met.

U.S. INFORMATION REPORTING AND BACKUP WITHHOLDING

U.S. Holders are generally subject to information reporting requirements with respect to dividends paid in the U.S. on Ordinary Shares or ADSs. Under existing regulations, such dividends are not subject to back up withholding. However, under regulations generally effective January 1, 1999, such dividends paid in the United States would be subject to back up withholding. Non-U.S. Holders will not be subject to information reporting or back up withholding with respect to dividends on Ordinary Shares or ADSs, unless payment is made through a paying agent (or office) in the U.S. Non-U.S. Holders generally will be subject to information reporting (and, under regulations generally effective from January 1, 1999, to back up withholding at a rate of 31%) with respect to the payment within the U.S. of dividends on Ordinary Shares or ADSs, unless the holder provides a taxpayer identification number, certifies to its foreign status, or otherwise establishes an exemption.

U.S. Holders generally will be subject to information and back up withholding at 31% on proceeds paid from the disposition of Ordinary Shares or ADSs unless the U.S. Holder provides an IRS Form W-9 or otherwise establishes an exemption. Non-U.S. Holders generally will be subject to information reporting and back up withholding at a rate of 31% on the payment to or through the U.S. office of a broker, whether domestic or foreign, of proceeds from the disposition of Ordinary Shares or ADSs, unless the holder provides a taxpayer identification number, certifies to its foreign status or otherwise establishes an exemption. Non-U.S. Holders will not be subject to information reporting or back up withholding with respect to the payment by a foreign office of a broker of proceeds from the disposition of Ordinary Shares or ADSs provided, however, that, if the broker is a U.S. person or "U.S. related person," information reporting (but not back up withholding) will apply, unless the broker has documentary evidence in its records of the Non-U.S. Holder's foreign status, the Non-U.S. Holder certifies to its foreign status under penalties of perjury or otherwise establishes an exemption. For this purpose, a "U.S. related person" is a foreign person who has one or more specific relationships with the U.S.

The amount of any back up withholding will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is furnished to the U.S. Internal Revenue Service.

PASSIVE FOREIGN INVESTMENT COMPANY CONSIDERATIONS

The Company generally will be a passive foreign investment company ("PFIC") for U.S. federal income tax purposes for any taxable year (i.e., the period from January 1 to December 31) in which either (a) 75% or more of its gross income is passive income or (b) on average for the taxable year, 50% or more of its assets (measured by U S tax basis) produce or are held for the production of passive income. The Internal Revenue Service has indicated that cash balances, even if held as working capital, are considered to be passive assets that produce passive income. As of the date of this Proxy Statement, the Company does not believe it is a PFIC for U.S. federal income tax purposes, and, based on current projections, the Company does not anticipate that it will become a PFIC. No assurance can be given, however, that the Company will not become a PFIC in the future.

The Company will monitor its status and, promptly following the end of any taxable year, will notify shareholders if it believes that it is properly classified as a PFIC for that taxable year, in which case it will comply with the reporting requirements necessary for U.S. Holders to elect to treat the Company as a "qualified electing fund" (a "QEF election"). If the Company were a PFIC, U S Holders of Ordinary Shares or ADSs may suffer unfavourable U S federal income tax consequences. This summary does not address the consequences were the Company determined to be a PFIC. U.S. Holders should consult their own tax advisers concerning the U.S. tax consequences of holding Ordinary Shares or ADSs if the Company were considered to be a PFIC, including the consequences of making a QEF election.

U.K. ESTATE AND INHERITANCE TAX

An Ordinary Share or ADS beneficially owned by an individual U.S. Holder who is domiciled in the U.S. for the purposes of the Estate and Gift Tax Convention and is not domiciled in the U.K. for such purposes is not subject to U.K. inheritance tax on the individual's death or U.K. gift tax on a gift made by the individual during his lifetime except where the Ordinary Share or ADS is part of the business property of a U.K. "permanent establishment" of the individual or pertains to a U.K. "fixed base" of an individual used for the performance of independent personal services. The Estate and Gift Tax Convention generally provides for tax paid in the U.K. to be credited against any tax payable in the U.S. and for tax paid in the U.S. to be credited against any tax payable in the U.K., based on priority rules set forth in that Convention, in a case where an Ordinary Share or ADS is subject both to U.K. inheritance tax and to U.S. federal gift or estate tax. There are special individual rules applying to trusts. Ordinary Shares or ADSs held in a trust created by a U.S. Holder who is not domiciled in the U.K. normally will fall outside the scope of U.K. inheritance tax.

STAMP DUTY AND STAMP DUTY RESERVE TAX

Stamp duty reserve tax at the then-applicable rate arises upon the deposit with the Depositary of the Ordinary Shares. The current rate of stamp duty reserve tax is (pound)1.50 per (pound)100 (or part thereof). The stamp duty reserve tax on the initial deposit of the Ordinary Shares represented by the ADSs was paid by the Company. On the transfer of further Ordinary Shares to the Depositary, stamp duty reserve tax will be payable by the Depositary and under the Deposit Agreement, holders of ADRs must pay an amount equal to such tax to the Depositary.

Provided that the instrument of transfer is not executed in the U.K. and remains at all subsequent times outside the U.K., no U.K. stamp duty will be payable on the acquisition or transfer of ADSs evidenced by ADRs, nor will an agreement to transfer ADSs evidenced by ADRs give rise to a liability to stamp duty reserve tax.

A transfer of Ordinary Shares by the Depositary or its nominee to the beneficial owner of the relevant ADS or its nominee when the beneficial owner is not transferring beneficial ownership will give rise to U.K. stamp duty at the rate of 50p per transfer.

Purchasing Ordinary Shares, as opposed to ADSs, will normally give rise to a charge to U.K. stamp duty or stamp duty reserve tax at the rate of 50p per (pound)100 (or part) of the price payable for the Ordinary Shares. Stamp duty

and stamp duty reserve tax generally are the liabilities of the purchaser. Where such Ordinary Shares are later transferred to the Depositary's nominee, further stamp duty or stamp duty reserve tax will normally be payable at the rate of (pound)1.50 per (pound)100 (or part thereof) of the value of the Ordinary Shares at the time of transfer. However, where Ordinary Shares being acquired are transferred directly to the Depositary's nominee, the only charge will generally be the higher charge of (pound)1.50 per (pound)100 (or part) of the price payable for the Ordinary Shares so acquired.

The U.K. government has announced its intention to abolish both stamp duty and stamp duty reserve tax in respect of the transfer of securities from a date which has not yet been announced.

ITEM 6. SELECTED FINANCIAL DATA

The information required by this item is included in the 1997 Annual Report to Shareholders under the heading "Supplementary Financial Information -- Five Year Summary" on page 77 and is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this item is included in the 1997 Annual Report to Shareholders under the heading "Financial Review" on pages 14 to 21 and is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is included in the 1997 Annual Report to Shareholders under the heading "Financial Statements under U.S. GAAP" on pages 57 to 77 and is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this item with respect to executive officers is set forth in Part I under the heading "Executive Officers of the Registrant" on pages 48 to 49 hereto.

The information required by this item with respect to directors is included in the 1998 Proxy Statement under the headings "Reappointment of Directors" and "Compliance with Section 16(a) of the U.S. Securities Exchange Act of 1934" on pages 6 to 11 and page 22 and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is included in the 1998 Proxy Statement under the heading "Executive Compensation" on pages 15 to 19 and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is included in the 1998 Proxy Statement under the headings "Security Ownership of Principal Shareholders" on pages 2 to 5 and "Security Ownership of Directors and Executive Officers" on page 14 and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is included in the 1998 Proxy

Statement under the heading "Certain Relationships and Related Transactions" on pages 19 to 20 and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

1. FINANCIAL STATEMENTS.

Included in Part II, Item 8 of this report (by incorporation by reference to the 1997 Annual Report to Shareholders) are the following:

Independent Auditors' Report

Consolidated Statement of Operations for the years ended December 31, 1997, 1996 and 1995

Consolidated Balance Sheet at December 31, 1997 and 1996

Consolidated Statement of Cash Flows for the years ended December 31, 1997, 1996 and 1995

Consolidated Statement of Shareholders' Equity for the years ended December 31, 1997, 1996 and 1995

Notes to the Consolidated Financial Statements

2. FINANCIAL STATEMENT SCHEDULES.

All schedules are omitted because the required information is not applicable or is included in the financial statements or related notes.

3. EXHIBITS AND REPORTS ON FORM 8-K.

<TABLE>
<CAPTION>
(a) Exhibits.

<S>		<C>
3.1	--	Memorandum of Association of the Company. (Incorporated by reference to the Company's Registration Statement on Form 8-B, filed with the Securities and Exchange Commission on September 22, 1995, as amended).
3.2	--	Articles of Association of the Company. (Incorporated by reference to the Company's Registration Statement on Form 8-B, filed with the Securities and Exchange Commission on September 22, 1995, as amended).
4.1	--	Amended and Restated Deposit Agreement, dated as of November 30, 1994 (as amended as of October 2, 1995), among the Company, The Bank of New York, as Depositary, and the holders from time to time of American Depositary Receipts issued thereunder. (Incorporated by reference to the Company's 1995 Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 1, 1996).
4.2	--	Form of American Depositary Receipt (included in Exhibit 4.1).
4.3	--	Senior Debenture Indenture, dated as of October 3, 1995, between the Company and The Bank of New York, as Trustee. (Incorporated by reference to the Company's 1995 Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 1, 1996).
4.4	--	Senior Discount Debenture Indenture, dated as of October 3, 1995, between the Company and The Bank of New York, as Trustee. (Incorporated by reference to the Company's 1995 Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 1, 1996).
4.5	--	Form of Senior Debenture (included in Exhibit 4.3).
4.6	--	Form of Senior Discount Debenture (included in Exhibit 4.4).
4.7	--	Deposit Agreement, dated as of October 3, 1995, between the Company and The Bank of New York, as Book-Entry Depositary. (Incorporated by reference to the Company's 1995 Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 1, 1996).

10.1	--	Relationship Agreement, dated as of November 22, 1994, by and among Old Telewest, certain subsidiaries of TCI and certain subsidiaries of U S WEST. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the

Securities and Exchange Commission on March 31, 1995).

10.2	--	Shareholders Agreement, entered into as of November 22, 1994, between certain subsidiaries of TCI and certain subsidiaries of U S WEST. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).
10.3	--	Registration Rights Agreement, dated October 3, 1995, among the Company, the TCI Affiliate, the U S WEST Affiliates, the SBC Affiliates and the Cox Affiliate. (Incorporated by reference to the Company's 1995 Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 1, 1996).
10.4	--	Co-Operation Agreement, dated October 3, 1995, between the SBC Affiliates and the Cox Affiliate. (Incorporated by reference to the Company's 1995 Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 1, 1996).
10.5	--	Share Dealing Agreement, dated October 3, 1995, among the TCI Affiliate, the U S WEST Affiliates, the Company and the SBC Affiliates. (Incorporated by reference to the Company's 1995 Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 1, 1996).
10.6	--	Tax Deed, dated November 22, 1994, between TCI International Holdings, Inc., U S WEST Holdings and Old Telewest. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).
10.7	--	Trademark License Agreement, effective as of November 22, 1994, between Old Telewest and U S WEST. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).
10.8	--	Tradename Agreement, effective as of November 22, 1994, between Old Telewest, TCI and TCI/U S WEST Cable Communications Group. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).
10.9	--	Tax Deed, dated October 3, 1995, among the Company, the SBC Affiliates and the Cox Affiliate. (Incorporated by reference to the Company's 1995 Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 1, 1996).

10.10	--	Consultant Agreement for Operational Assistance, dated July 17, 1992, among Birmingham Cable Corporation Limited ("BCCL"), Birmingham Cable Limited ("BCL") and Telewest Communications Group Limited ("Telewest CGL"). (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)).
10.11	--	Supplemental Agreement, dated April 8, 1994, relating to the Consultant Agreement referred to in Exhibit 10.5 (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)).
10.12	--	Management Agreement, dated April 25, 1990, among BCCL, BCL, US WEST Holdings and Comcast Cablevision of Birmingham Inc. (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)).
10.13	--	Assignment and Amendment Agreement, dated August 5, 1992, relating to the Management Agreement referred to in Exhibit 10.7 (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)).
10.14	--	Consultant Agreement, dated August 16, 1989, between Cable London plc and U S WEST Cable Communications Limited. (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)).
10.15	--	Consultant Agreement for Technical Assistance, dated July 15, 1992, among Cable Corporation, Windsor Television Limited, Middlesex Cable Limited and Telewest CGL. (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)).
10.16	--	Cable Affiliation Agreement, dated December 14, 1993, between Cable Programme Partners - Limited Partnership, Telewest CGL and other parties signatory thereto. (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)).
10.17	--	Agreement, dated October 1, 1993, among Alan Stewart MacDonald Robinson, Jack

Forrest Gill, Raman Subba Row Limited and TUCCI. (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)).

10.18	--	Co-ownership Agreement, dated March 12, 1990, between U S WEST Holdings and Comcast Cablevision of Birmingham, Inc. (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)).
10.19	--	Letter, dated April 29, 1992, relating to the Co-ownership Agreement referred to in Exhibit 10.13. (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)).
10.20	--	Letter, dated November 27, 1992, relating to the Co-ownership Agreement referred to in Exhibit 10.13. (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)).
10.21	--	Agreement to License and Provide Consulting Services, effective as of November 22, 1994, between Old Telewest and an affiliate of U S WEST. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).
10.22	--	Agreement, dated December 4, 1987, between United Cable Television Corporation on behalf of itself and United Artists Communications, Inc. and Trans-Global (U.K.) Limited. (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)).
10.23	--	Agreement to License and Provide Consulting Services, effective as of November 22, 1994, between Old Telewest and TCI. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).
10.24	--	Novation Agreement relating to Birmingham Cable, dated November 21, 1994, among General Cable, TUCCI, U S WEST Holding and other parties signatory thereto. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).
10.25	--	Subscription and Shareholders Agreement, dated January 30, 1995, among Videotron Corporation Limited, United Artists Communications (London South) Limited, Cable London, Elt Acquisition Company Limited, Nynex CableComms Limited, Cable Corporation, London Interconnect Limited, Independent Cable Sales Limited, London Interconnect PPV Limited and London Interconnect Limited. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended).

10.26	--	Form of BT Interconnect Agreement, a copy of which was executed by BT and various of the Company's affiliated entities. (Incorporated by reference to the Company's 1997 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1997)
10.27	--	Interconnection Agreement, dated July 15, 1994, between Mercury and United Artists Communications (Scotland) Limited. (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)). **
10.28	--	Mercury Marketing and Operations Agreement, dated August 10, 1993, between Telewest CGL and Mercury. (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)). **
10.29	--	Letter Agreement, dated August 23, 1995, between SBCC and Mercury. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended). ***
10.30	--	Programming Agreement, dated June 30, 1995, among British Sky Broadcasting Limited, British Sky Broadcasting Group plc and Old Telewest. (Incorporated by reference to Old Telewest's Quarterly Report on Form 10-Q for the six months ended June 30, 1995).***
10.31	--	General Purchasing Agreement, dated March 1, 1993, among Telewest CGL, various entities related to Telewest CGL, and Northern Telecom Europe Limited (the "General Purchasing Agreement"). (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)).**

10.32	--	Purchase Agreement, dated August 27, 1993, between Southwestern Bell International Holdings and GPT Limited. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended).
10.33	--	Network Services Center Agreement, dated May 16, 1994, among Telewest CGL, BCCL, Cable London, and certain other signatories thereto. (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)).

10.34	--	The Old Telewest Restricted Share Scheme. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).
10.35	--	The Telewest 1995 Restricted Share Scheme. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended).
10.36	--	The Old Telewest Sharesave Scheme. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).
10.37	--	The Telewest 1995 Sharesave Scheme. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended).
10.38	--	The Old Telewest Executive Share Option Scheme No. 1. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).
10.39	--	The Telewest 1995 Executive Share Option Scheme No. 1. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended).
10.40	--	The Old Telewest Executive Share Option Scheme No. 2. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).
10.41	--	The Telewest 1995 Executive Share Option Scheme No. 2. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended).
10.42	--	The Old Telewest Share Participation Scheme. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).
10.43	--	The Telewest 1995 Share Participation Scheme. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended).

10.44	--	Executive Secondment Agreement, dated November 21, 1994, between U S WEST Overseas and Telewest CGL (identical agreements were entered into between an affiliate of TCI and Telewest CGL). (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).
10.45	--	Form of Executive Secondment Agreement, dated August 10, 1995, between the Company and the SBC Affiliates. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended).
10.46	--	Form of Executive Secondment Agreement, dated August 10, 1995, between the Company and the Cox Affiliate. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended).
10.49	--	Employment Agreement, dated November 21, 1994, between Stephen J. Davidson and Telewest CGL. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).
10.53	--	Employment Agreement, dated March 7, 1996, between Roger Wilson and Telewest CGL. (Incorporated by reference to the Company's 1995 Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 1, 1996).
10.54	--	Employment Agreement, dated February 16, 1996, between Bruce Langham and the

		Telewest CGL. (Incorporated by reference to the Company's 1996 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 28, 1997). Add Charles Burdick and Von Valkenburg.
10.55	--	Letter Agreement, dated September 30, 1996, between Bruce Langham and Telewest CGL. (Incorporated by reference to the Company's 1996 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 28, 1997).
10.56	--	Non-Executive Directors Appointment Letter, dated August 1, 1995 between the Company and Anthony W.P. Stenham. (Incorporated by reference to the Company's 1996 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 28, 1997).
10.57	--	Non-Executive Directors Appointment Letter, dated August 1, 1995 between the Company and Sir Gordon Borrie QC. (Incorporated by reference to the Company's 1996 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 28, 1997).

10.58	--	Non-Executive Directors Appointment Letter, dated August 1, 1995, between the Company and Lord Griffiths of Fforestfach. (Incorporated by reference to the Company's 1996 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 28, 1997).
10.59	--	Loan Agreement, by and among Telewest Communications Networks Limited, as borrower, The Bank of New York, CIBC Wood Gundy plc, Chase Investment Bank Limited, NatWest Markets and The Toronto-Dominion Bank, as arrangers, and CIBC Wood Gundy plc, as agent and security trustee, dated as of May 22, 1996, as amended pursuant to an Amendment Agreement, dated as of May 31, 1996 and a Second Amendment Agreement, dated as of August 2, 1996. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the six months ended June 30, 1996).
10.60	--	Amendments number 1 through 9 to the General Purchasing Agreement filed as Exhibit 10.31.*+
10.61	--	Employment Agreement, dated August 7, 1997, between Charles Burdick and Telewest CGL.*
13	--	The Company's 1997 Annual Report to Shareholders (only those portions of the Company's 1997 Annual Report specifically incorporated by reference herein shall be deemed filed by the Company herewith). *
21	--	List of Subsidiaries of the Company. (Incorporated by reference to the Company's 1996 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 28, 1997).
27	--	Financial Data Schedule. *
99	--	Only those portions of the Company's 1998 Proxy Statement expressly incorporated by reference herein shall be deemed filed by the Company herewith.*

</TABLE>

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*   Filed herewith

**   Portions of this agreement have been accorded confidential treatment by the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

***   Portions of this agreement have been accorded confidential treatment by the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

\+   An application has been filed with the Securities and Exchange Commission requesting confidential treatment for certain portions of these Amendments.

(b) Reports on Form 8-K.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Telewest Communications plc

By: /s/Stephen J. Davidson

Name: Stephen J. Davidson
Title: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each individual whose signature appears below constitutes and appoints Stephen J. Davidson and Charles Burdick, and each of them, his true and lawful attorney-in-fact and agent with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign this report and any and all amendments to this report, and to file the same with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ A. Gary Ames A. Gary Ames	Director	March 31, 1998
Lord Borrie	Director	
David Evans	Director	

Signature	Title	Date
/s/ Lord Griffiths of Fforestfach Lord Griffiths of Fforestfach	Director	March 31, 1998
Charles M. Lillis	Director	
/s/ James O. Robbins James O. Robbins	Director	March 31, 1998
/s/ Rober Shaner Robert Shaner	Director	March 31, 1998
Anthony W. P. Stenham	Director	

/s/ David Van Valkenburg David Van Valkenburg	Director	March 31, 1998
Fred A. Vierra	Director	
/s/ Stephen J. Davidson Stephen J. Davidson	Director and Chief Executive Officer (Principal Executive Officer)	March 31, 1998
/s/Charles Burdick Charles Burdick	Director and Group Finance Director (Principal Financial and Accounting Officer)	March 31, 1998

EXHIBIT INDEX

<TABLE>
<CAPTION>

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10.23	--	Agreement to License and Provide Consulting Services, effective as of November 22, 1994, between Old Telewest and TCI. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).
10.24	--	Novation Agreement relating to Birmingham Cable, dated November 21, 1994, among General Cable, TUCCI, U S WEST Holding and other parties signatory thereto. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).
10.25	--	Subscription and Shareholders Agreement, dated January 30, 1995, among Videotron Corporation Limited, United Artists Communications (London South) Limited, Cable London, Elt Acquisition Company Limited, Nynex CableComms Limited, Cable Corporation, London Interconnect Limited, Independent Cable Sales Limited, London Interconnect PPV Limited and London Interconnect Limited. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended).
10.26	--	Form of BT Interconnect Agreement, a copy of which was executed by BT and various of the Company's affiliated entities. (Incorporated by reference to the Company's 1997 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1997)
10.27	--	Interconnection Agreement, dated July 15, 1994, between Mercury and United Artists Communications (Scotland) Limited. (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)). **
10.28	--	Mercury Marketing and Operations Agreement, dated August 10, 1993, between Telewest CGL and Mercury. (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)). **
10.29	--	Letter Agreement, dated August 23, 1995, between SBCC and Mercury. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended). ***
10.30	--	Programming Agreement, dated June 30, 1995, among British Sky Broadcasting Limited, British Sky Broadcasting Group plc and Old Telewest. (Incorporated by reference to Old Telewest's Quarterly Report on Form 10-Q for the six months ended June 30, 1995).***
10.31	--	General Purchasing Agreement, dated March 1, 1993, among Telewest CGL, various entities related to Telewest CGL, and Northern Telecom Europe Limited (the "General Purchasing Agreement"). (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)).**
10.32	--	Purchase Agreement, dated August 27, 1993, between Southwestern Bell International Holdings and GPT Limited. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended).
10.33	--	Network Services Center Agreement, dated May 16, 1994, among Telewest CGL, BCCL, Cable London, and certain other signatories thereto. (Incorporated by reference to Old Telewest's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 29, 1994, as amended (Registration No. 33-78398)).

10.34 -- The Old Telewest Restricted Share Scheme. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).

10.35 -- The Telewest 1995 Restricted Share Scheme. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended).

10.36 -- The Old Telewest Sharesave Scheme. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).

10.37 -- The Telewest 1995 Sharesave Scheme. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended).

10.38 -- The Old Telewest Executive Share Option Scheme No. 1. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).

10.39 -- The Telewest 1995 Executive Share Option Scheme No. 1. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended).

10.40 -- The Old Telewest Executive Share Option Scheme No. 2. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).

10.41 -- The Telewest 1995 Executive Share Option Scheme No. 2. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended).

10.42 -- The Old Telewest Share Participation Scheme. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).

10.43 -- The Telewest 1995 Share Participation Scheme. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended).

10.44 -- Executive Secondment Agreement, dated November 21, 1994, between U S WEST Overseas and Telewest CGL (identical agreements were entered into between an affiliate of TCI and Telewest CGL). (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).

10.45 -- Form of Executive Secondment Agreement, dated August 10, 1995, between the Company and the SBC Affiliates. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended).

10.46 -- Form of Executive Secondment Agreement, dated August 10, 1995, between the Company and the Cox Affiliate. (Incorporated by reference to the Company's Registration Statement on Form 8-B filed with the Securities and Exchange Commission on September 22, 1995, as amended).

10.49 -- Employment Agreement, dated November 21, 1994, between Stephen J. Davidson and Telewest CGL. (Incorporated by reference to Old Telewest's 1994 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 1995).

10.53 -- Employment Agreement, dated March 7, 1996, between Roger Wilson and Telewest CGL. (Incorporated by reference to the Company's 1995 Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 1, 1996).

10.54 -- Employment Agreement, dated February 16, 1996, between Bruce Langham and the Telewest CGL. (Incorporated by reference to the Company's 1996 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 28, 1997). Add Charles Burdick and Von Valkenburg.

10.55 -- Letter Agreement, dated September 30, 1996, between Bruce Langham and Telewest CGL. (Incorporated by reference to the Company's 1996 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 28, 1997).

10.56 -- Non-Executive Directors Appointment Letter, dated August 1, 1995 between the Company and Anthony W.P. Stenham. (Incorporated by reference to the Company's 1996 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 28, 1997).

10.57 -- Non-Executive Directors Appointment Letter, dated August 1, 1995 between the Company and Sir Gordon Borrie QC. (Incorporated by reference to the Company's 1996 Annual Report on Form 10-K filed with the Securities and Exchange Commission on

March 28, 1997).

10.58	--	Non-Executive Directors Appointment Letter, dated August 1, 1995, between the Company and Lord Griffiths of Fforestfach. (Incorporated by reference to the Company's 1996 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 28, 1997).
10.59	--	Loan Agreement, by and among Telewest Communications Networks Limited, as borrower, The Bank of New York, CIBC Wood Gundy plc, Chase Investment Bank Limited, NatWest Markets and The Toronto-Dominion Bank, as arrangers, and CIBC Wood Gundy plc, as agent and security trustee, dated as of May 22, 1996, as amended pursuant to an Amendment Agreement, dated as of May 31, 1996 and a Second Amendment Agreement, dated as of August 2, 1996. (Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the six months ended June 30, 1996).
10.60	--	Amendments number 1 through 9 to the General Purchasing Agreement filed as Exhibit 10.31.*+
10.61	--	Employment Agreement, dated August 7, 1997, between Charles Burdick and Telewest CGL.*
13	--	The Company's 1997 Annual Report to Shareholders (only those portions of the Company's 1997 Annual Report specifically incorporated by reference herein shall be deemed filed by the Company herewith). *
21	--	List of Subsidiaries of the Company. (Incorporated by reference to the Company's 1996 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 28, 1997).
27	--	Financial Data Schedule. *
99	--	Only those portions of the Company's 1998 Proxy Statement expressly incorporated by reference herein shall be deemed filed by the Company herewith.*

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* Filed herewith

** Portions of this agreement have been accorded confidential treatment by the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

*** Portions of this agreement have been accorded confidential treatment by the Securities and Exchange Commission pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

\+ An application has been filed with the Securities and Exchange Commission requesting confidential treatment for certain portions of these Amendments.

AMENDMENT NO. 1
TO THE TELEWEST GROUP GPA

This Amendment No. 1, dated 1 July 1993, shall be deemed effective as of the first day of April 1993, by and between the companies listed under Exhibit A in the General Purchasing Agreement (GPA), dated 1 March 1993 ("Customer"), and Northern Telecom Europe Limited, having its registered office at Stafferton Way, Maidenhead, Berks SL6 1AY acting through its Public Switching Division at Meridian House, 134 Bridge Road, Maidenhead, Berks SL6 8DJ ("Supplier").

RECITALS

WHEREAS, Customer and Supplier entered into a General Purchasing Agreement dated the first day of March 1993; and

WHEREAS, Customer and Supplier agree to amend the GPA pursuant to the terms and conditions set forth herein.

AGREEMENT

In consideration of the mutual promises and advantages to the parties, the parties incorporate by reference and agree to the accuracy of the above recitals and further agree as follows:

TITLE PAGE is hereby amended as follows:

The contract name is hereby amended to include Encom Cable TV & Telecommunications Ltd; and

the contract number of "NTE-GPA0001" is hereby added; and

a proprietary statement is hereby added, now stated as follows:

TELEWEST GROUP

ENCOM CABLE TV & TELECOMMUNICATIONS LTD

GENERAL PURCHASING AGREEMENT

NTE-GPA0001

PROPRIETARY

THE INFORMATION CONTAINED HEREIN SHOULD NOT BE DISCLOSED TO UNAUTHORISED PERSONS, IT IS INTENDED FOR USE BY AUTHORISED REPRESENTATIVES OF THE PARTIES TO THIS DOCUMENT

PROPRIETARY

INTRODUCTION, PAGE 1 is hereby amended as follows:

Northern Telecom's registered address is hereby corrected from "IB Portland Place" to Stafferton Way, Maidenhead, Berks SL6 1AY, now stated as follows:

1 INTRODUCTION

This Agreement, dated 1 March 1993, is made by and between the companies listed under Exhibit A attached hereto and by this reference incorporated into this Agreement and identified herein ("Customer"), and Northern Telecom Europe Limited, having its registered office at STAFFERTON WAY, MAIDENHEAD, BERKS SL6 1AY acting through its Public Switching Division at Meridian House, 134 Bridge Road, Maidenhead, Berks SL6 8DJ ("Supplier").

In consideration of the promises, mutual covenants and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, Customer and Supplier agree as follows:

CLAUSE 1.1.6, PAGE 1 is hereby modified as follows:

The definition of "Consortium" is hereby revised to include Encom Cable TV & Telecommunications Ltd, now stated as follows:

1.1.6. "Consortium" for the purposes of this Agreement means all Customers listed under Exhibit A subject to Clause 2.40 entitled 'Several Liability' and all actions to be taken by Consortium hereunder shall be taken RESPECTIVELY BY: 1)TELEWEST COMMUNICATIONS GROUP LIMITED ("TELEWEST") AS THE REPRESENTATIVE FOR THOSE CUSTOMERS LISTED AS TELEWEST WHOLLY OWNED FRANCHISES UNDER SECTION 1, EXHIBIT A AND FOR THOSE CUSTOMERS LISTED AS LIMITED COMPANIES UNDER SECTION 2, EXHIBIT A; AND 2) ENCOM CABLE TV AND TELECOMMUNICATIONS LTD ("ENCOM") AS THE REPRESENTATIVE FOR THOSE CUSTOMERS LISTED AS ENCOM WHOLLY OWNED FRANCHISES UNDER SECTION 3, EXHIBIT A.

CLAUSE 2.1, PAGE 3 is hereby modified as follows:

The term of the contract is hereby extended to 31 December 1998, now stated as follows:

2.1. TERM

This Agreement shall commence on 31 January 1993, and expire on 31 DECEMBER 1998. The parties may extend the term or any subsequent term by executing a separate written agreement of extension prior to the expiration of the term.

CLAUSE 2.7.4, PAGE 6 is hereby amended as follows: The word "of" is hereby changed to "or", now stated as follows:

2.7.4 Payment whether by finance OR otherwise shall not be considered Acceptance of non conforming Purchases.

EXHIBIT E, APPENDIX 1, PAGE 104 is hereby amended to reflect TeleWest franchises only for Appendix 1, now stated as follows:

[Confidential Portion Omitted]

CLAUSE 2.8, PAGE 6 is hereby amended as follows:

Minor changes are made to the text of this clause, now stated as follows:

2.8 FINANCING

Supplier agrees to provide financing to those Customers listed in Exhibit E, Appendix 1, together with the amounts of their individual facilities for up to [Confidential Portion Omitted] in aggregate Purchases under this Agreement pursuant to Lease Purchase Agreements substantially in the form of Exhibit E, Appendix 2 in the case of all Customers under common control with TeleWest; substantially in the form of Exhibit E, Appendix 3 in the case of Birmingham Cable Limited and Cable London plc; AND substantially in the form of Exhibit E, Appendix 4 in the case of Windsor Television Limited. THE RELEVANT FINANCING AGREEMENT shall be entered into by Supplier and each Customer that elects to finance any Purchases prior to such Customer placing its initial Order hereunder. In the event that a Customer elects to finance Purchases in accordance with such Lease Purchase Agreement, Supplier shall issue invoices for such Purchases in accordance with Clause 2.7, except that such invoices shall be for the full amount due, and such invoices shall be deemed to be paid upon inclusion of the amounts covered thereby in an Equipment Schedule under a Lease Purchase Agreement. The financing of Purchases pursuant to a Lease Purchase Agreement shall be without prejudice to the rights of Customer under this Agreement with respect to such Purchases, including without limitation Customer's right not to accept non-conforming Purchases.

CLAUSE 2.9.3, PAGE 7 is hereby amended as follows:
The word "increase" is hereby changed to "decrease", now stated as follows:

2.9.3 If Supplier's published prices, rates, charges or fees on the Shipment Date of Product(s), and/or Software and/or the Commencement Date for Services are less than any prices, rates, charges or fees set forth in the Order(s) or elsewhere, Customer shall have the benefit of the lesser prices, rates, charges or fees. Supplier shall notify Customer in writing of the effective date of any DECREASE.

CLAUSE 2.48, PAGE 19 is hereby amended as follows:

Encom are hereby added as a party to be notified with all correspondence required under this Agreement, now stated as follows:

2.48 NOTICES

Where written notices, demands, or other communications are required under this Agreement to be made in writing, they shall be deemed duly given when made in writing and delivered in hand, or upon receipt when properly addressed by Recorded or Registered Post or other delivery service to the following addresses:

CUSTOMER :

TeleWest Communications Group Ltd.	ENCOM CABLE TV & TELECOMMUNICATIONS LTD
Attn : Contract Manager	ATTN : SENIOR MANAGER-NETWORK SWITCHING
Materials Management Department	5 LIMEHARBOUR
Unit 1, Genesis Business Park	ENCOM HOUSE
Woking, Surrey GU21 5RW	LONDON E14 9TY

SUPPLIER :

Commercial Manager; Cable Telephony
Northern Telecom Europe Limited
Public Switching Division
Northern Telecom House
St. Cloud Way
Maidenhead, Berks SL6 8XB

Addresses may be changed by written notices to the parties.

CLAUSE 3.2.4, PAGE 20 is hereby amended as follows: The word "ordered" is hereby capitalised as the defined term "Ordered", now stated as follows:

3.2.4 Customer reserves the right to stop shipment of Ordered Product (s) if it fails the inspection referred to in the immediately preceding paragraph.

CLAUSE 3.3.2, PAGE 20 is hereby amended as follows:
The word "parties" is hereby changed to "party's", now stated as follows:

3.3.2 Supplier shall promptly furnish for Order(s) of Product(s), standard site preparation Specifications, if applicable, in such detail to ensure that Product(s) can be properly installed. If any alterations or modifications required in site preparation or manufacture are attributable to either party's incomplete or erroneous Specifications, such alterations and/or modifications shall be made at the erring PARTY'S expense.

CLAUSE 3.8, PAGE 22 is hereby amended as follows:
Supplier's Products will not be marked with Shipment Date, so the words "if applicable" and "shipment or" are hereby deleted, now stated as follows:

3.8 MARKING

Product(s) shall be marked by Supplier, at no additional charge, with Supplier's model NUMBER, SERIAL NUMBER, AND DATE OF MANUFACTURE.

CLAUSE 3.12.1.2, PAGE 23 is hereby amended as follows: "Delivery Date" is hereby changed to "commencement of Acceptance Period", now stated as follows:

3.12.1.2 Supplier shall provide Documentation pertaining to Software NO LATER THAN three (3) weeks PRIOR TO COMMENCEMENT OF THE ACCEPTANCE PERIOD at no additional charge. Documentation shall comply with Customer's Specifications and the highest standards of the industry with respect to content, size, legibility and reproducibility.

EXHIBIT A, PAGE 30 is hereby amended as follows:

Section 3 is hereby added to incorporate Encom franchises as Customers, now stated as follows:

EXHIBIT A CUSTOMERS

This Exhibit A is attached to and made part of that certain General Purchase dated 1 March 1993 ("Agreement"), by and between Customer as defined in the Agreement ("Customer") and Northern Telecom Europe Limited ("Supplier").

PARTNERSHIPS AND REGISTERED ADDRESSES TABLE

FRANCHISE	FRANCHISE HOLDER	REG. NO.
1. TELEWEST WHOLLY OWNED FRANCHISES		
Avon	Avon Cable Joint Venture	
Croydon, Kingston and Richmond and Merton and Sutton	London South Cable Partnership	
North Thames Estuary South Thames Estuary	United Artists Communications (Thames Estuary) Partnership	
Edinburgh	United Artists Communications (Scotland) Venture	
Tyneside	United Artists Communications (North East) Partnership	
2. LIMITED COMPANIES		
Birmingham	Birmingham Cable Limited	2170379
The registered office for the above listed company is:	CABLE PHONE HOUSE, SMALL HEATH BUSINESS PARK, TALBOT WAY, SMALL HEATH, BIRMINGHAM. B10 OHJ	
Camden, Enfield, Hackney and Islington, Haringey	Cable London plc	1794264

The registered office for the above listed company is:	100 CHALK FARM ROAD LONDON NW1 8EH	
Hillingdon Windsor	Windsor Television Limited	1745542
The registered office for the above listed company is:	CABLE HOUSE WATERSIDE DRIVE LANGLEY, BERKSHIRE. SL3 6EZ	
	TeleWest Communications Group Limited	2514287
Cotswolds	United Artists Communications (Cotswolds) Limited	1743081

3. ENCOM WHOLLY OWNED FRANCHISES

TOWER HAMLET/NEWHAM GREATER LONDON EAST HAVERING WALTHAM FOREST DARTFORD EPPING FOREST	ENCOM CABLE TV AND TELECOMMUNICATIONS LTD	1870928
THE REGISTERED OFFICE FOR THE ABOVE LISTED COMPANY IS:	4 CARLTON GARDENS PALL MALL LONDON SW1Y 5AA	

EXHIBIT C, RECITALS, PAGE 34 is hereby modified as follows:

The "RFP" date is hereby revised from November 1993 to November 1992, now stated as follows:

WHEREAS, Customer issued Request for Proposal entitled "Switch/RFP/001" dated November 1992, (the "RFP") to Supplier soliciting a proposal for Switches (defined herein);

CLAUSE C4.1, PAGE 35 is hereby amended as follows:

Customer's Purchase Objective is hereby revised from " [Confidential Portion Omitted] " lines to " [Confidential Portion Omitted] " lines; and

the RLCM price per line for [Confidential Portion Omitted]-[Confidential Portion Omitted] lines is hereby revised from " [Confidential Portion Omitted] " to " [Confidential Portion Omitted] ", now stated as follows:

C4.1 Supplier's fully discounted net price per Switch line shown in the table below, includes the initial installations and the first two (2) extensions per Switch:

PRICE PER LINE BASED UPON PURCHASE OBJECTIVE

[Confidential Portion Omitted]

	LINES	LINES	LINES	LINES

PURCHASE OBJECTIVE	[Confidential Portion Omitted]
HOST PRICE PER LINE:	
SNSE PRICE PER LINE:	
RSC PRICE PER LINE:	[Confidential Portion Omitted]
RLCM PRICE PER LINE:	
SRU PRICE PER LINE:	

CLAUSE C5.1, PAGE 37 is hereby amended as follows:

Related Mercury owned equipment is hereby added to the definition of Remote Concentrator Units; and

the amount of RCU credit for Customer is hereby established at [Confidential Portion Omitted] for TeleWest in Clause C5.1.1 and at [Confidential Portion Omitted] for Encom in Clause C5.1.2, now stated as follows:

C5.1 Supplier shall credit the Customer with a purchase credit based upon amounts obligated to be paid or payable by Customer to Mercury Communications Limited (Mercury) to compensate Mercury for its stranded capital investment in Remote Concentrator Units AND RELATED EQUIPMENT ("RCU's") resulting from Customer's DISCONTINUATION of service from SUCH MERCURY OWNED EQUIPMENT installed in the network. [Confidential Portion Omitted]

CLAUSE C5.1.1 is hereby added to establish the RCU credit for TeleWest, now stated as follows:

C5.1.1 [Confidential Portion Omitted]

CLAUSE C5.1.2 is hereby added to establish the RCU credit for Encom, now stated as follows:

C5.1.2 [Confidential Portion Omitted]

C5.1.2.1 [Confidential Portion Omitted]

C5.1.2.2 [Confidential Portion Omitted]

CLAUSE C5.2, PAGE 37 is hereby deleted and replaced in its entirety, now stated as follows:

C5.2 SUPPLIER SHALL PROVIDE FOR THOSE CUSTOMERS LISTED IN SECTION 3 OF EXHIBIT A, THE FOLLOWING PRODUCTS AT [Confidential Portion Omitted]:

C5.2.1 [Confidential Portion Omitted]

C5.2.2 [Confidential Portion Omitted]

CLAUSE C6.1, PAGE 37 is hereby amended as follows:

The references to Software Features itemised at the end of Clause C6.1 are hereby deleted and are now identified in Attachment K, Issue 2, now stated as follows:

C6 INVOICING AND PAYMENT

C6.1 Should Customer choose not to finance Purchases pursuant to Clause 2.8, then Supplier shall invoice Customer for Products, Software and Services pursuant to Clause 2.7 of this Agreement. As an alternative payment method, at Customer's option, Supplier shall invoice Customer for Software on a per Working Line basis. The price per line to be invoiced under this option would be determined by reducing the per line prices in Clause C4.1 by the amount of Software included therein at [Confidential Portion Omitted] per line. The remaining price represents the Product(s) and Services price. Base Software would then be billed at a one-time rate of payment of [Confidential Portion Omitted] per line. This amount would be payable on a calendar quarterly basis, with the first payment being based on the number of Customer's Working Lines at the end of the first calendar quarter following the first Switch Acceptance. Customer will subsequently pay an amount equal to the increase in the number of Working Lines for each subsequent calendar quarter at the end of that calendar quarter, multiplied by [Confidential Portion Omitted]

Customer must clearly mark on the Order if the option under this Clause C6.1 is required.

CLAUSE C6.4, PAGE 37 is hereby deleted and replaced in its entirety, now stated as follows:

C6.4 CUSTOMER MAY DEPLOY SOFTWARE FEATURES AT [CONFIDENTIAL PORTION OMITTED] FOR THE PURPOSES OF TESTING AND FOR CUSTOMER'S INTERNAL BUSINESS, INCLUDING BUT NOT LIMITED TO [CONFIDENTIAL PORTION OMITTED].

CLAUSE C6.6, PAGE 38 is hereby amended as follows:

Attachment K of Supplier's Proposal is modified and hereby incorporated:

C6.6 ADDITIONAL FEATURE SOFTWARE
Feature Software not included in base price per line stated under Clause C4.1 but that is identified in ATTACHMENT K, ISSUE 2 of Supplier's Proposal, ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE, can be purchased as follows:

C6.6.1 The Customer may purchase Software Modules on a per Switch basis, as defined and priced in Attachment K, ISSUE 2; or

CLAUSE C6.6.2, PAGE 38 is hereby amended as follows:

A price cap is defined for the Software price per line option, now stated as follows:

C6.6.2 The Customer may purchase Software on a price per line basis, calculated on a case by case basis, according to the following generic formula:
[Confidential Portion Omitted]

CLAUSE C6.6.3 is hereby added as follows:

C6.6.3 CUSTOMER MUST CLEARLY MARK ON THE ORDER WHICH PAYMENT OPTION IS SELECTED.

CLAUSE C7.1, PAGE 38 is hereby amended as follows:

Reference to the original Purchase Objective of "[Confidential Portion Omitted] Working Lines" is replaced with "Purchase Objective", now stated as follows:

C7.1 It is the intent of the parties listed as Customer under Exhibit A in the aggregate to place Orders for Products, Software and Services in the amount OF THE PURCHASE OBJECTIVE. SUCH PURCHASE OBJECTIVE MAY CHANGE FROM TIME TO TIME IN ACCORDANCE WITH CLAUSE 7.2.

CLAUSE C7.1.1 is hereby added to enumerate Customer's initial Purchase Objective as follows:

C7.1.1 CUSTOMER'S INITIAL PURCHASE OBJECTIVE IS DETAILED BELOW ("INITIAL PURCHASE OBJECTIVE")

[Confidential Portion Omitted]

CLAUSE C7.1.2 is hereby added to state the Customers' commitment as follows:

C7.1.2 WITHOUT PREJUDICE TO ITS RIGHTS UNDER CLAUSE 2.3 OF THE AGREEMENT, CUSTOMER AGREES TO PLACE ORDERS FOR ITS INITIAL

PURCHASE OBJECTIVE ITEMISED IN CLAUSE 7.1.1 DURING THE TERM OF THE AGREEMENT, PROVIDED THAT;

C7.1.2.1 CUSTOMER IS NOT OBLIGATED TO PURCHASE LINES IN EXCESS OF ITS ACTUAL REQUIREMENTS, AS REFLECTED IN THE REVISED PURCHASE OBJECTIVE FIGURES PRODUCED IN ACCORDANCE WITH CLAUSE C7.2; AND

C7.1.2.2 AT CUSTOMER'S DISCRETION, SUPPLIER REMAINS COMPETITIVE IN THE MARKET WITH REGARD TO PRICE AND SUPPORT FOR ITS PRODUCTS; AND

C7.1.2.3 AT CUSTOMER'S DISCRETION, SUPPLIER REMAINS COMPETITIVE IN THE MARKET WITH REGARD TO SOFTWARE FEATURE AND SWITCH FUNCTIONALITY OFFERINGS TO CUSTOMER.

CLAUSE C7.2, PAGE 38 is hereby amended as follows:
The method of revising the Purchase Objective every six (6) months via a notice is hereby added, now stated as follows:

C7.2 In addition to the establishment of thE Initial Purchase Objective, the parties listed as Customer under Exhibit A agree to update, each six (6) months beginning from the effective date of this Agreement, the Purchase Objective with a cumulative forecast covering the term of this Agreement. Such forecasts shall identify the actual locations and numbers of lines for Switches already procured during the term of this Agreement and the proposed locations and numbers of lines for new Switches to yet be procured from Supplier over the remaining term of this Agreement, in order to determine the appropriate price per line under Clause C4.1. SUCH PURCHASE OBJECTIVE REVISIONS SHALL AUTOMATICALLY SUPERSEDE PREVIOUS PURCHASE OBJECTIVES WHEN ISSUED AS A NOTICE IN ACCORDANCE WITH CLAUSE 2.48. EXCEPT AS PROVIDED IN CLAUSE 7.1.2, it is understood and agreed that such forecasts are provided for Supplier's use in planning, and do not represent commitments on the part of Customer to procure such Switches, and shall be utilised to determine the applicable price to be applied under Clause C4.1 for the following six (6) months Order period.

CLAUSE C7.3, PAGE 39 is hereby deleted and replaced in its entirety, now stated as follows:

C7.3 SHOULD ADDITIONAL CUSTOMERS FORMALLY ADVISE SUPPLIER, PRIOR TO 1 APRIL 1993, OF THEIR INTENT TO BE INCLUDED WITHIN THIS AGREEMENT AND SUBSEQUENTLY CONFIRM SUCH INTENT BY SIGNING THIS AGREEMENT, THEN THE PRICE PER LINE APPLIED TO ORDERS RECEIVED BY SUPPLIER BETWEEN 1 APRIL 1993 AND THE ACTUAL DATE OF SIGNATURE OF THE AGREEMENT BY SUCH CUSTOMERS, SHALL BE BASED UPON THE REVISED PURCHASE OBJECTIVE FORMULATED FROM THE INCLUSION OF SUCH ADDITIONAL CUSTOMERS. ORDERS RECEIVED BY SUPPLIER PRIOR TO 1 APRIL 1993 SHALL NOT RECEIVE RETROSPECTIVE PRICE ADJUSTMENTS FROM THE INCLUSION OF SUCH ADDITIONAL CUSTOMERS.

CLAUSE C12.1, PAGE 40 is hereby amended as follows:

[Confidential Portion Omitted]

C12.1

[Confidential Portion Omitted]

CLAUSE C12.2, PAGE 40 is hereby amended as follows:

[Confidential Portion Omitted]

SECOND CLAUSE 12.2.1, PAGE 40 is hereby amended as follows:

The Clause number is hereby revised from "12.2.1" to "12.2.2".

CLAUSE C13.1 is hereby amended as follows:

The quantity of DASS-II signalling convertors provided by Supplier at no additional charge is hereby changed from 20 ports per Switch to ten (10) 2Mbps ports per Switch, now stated as follows:

C13.1 Supplier SHALL PROVIDE AND SUPPORT signalling converters which convert Digital Private Network Signalling System ("DPNSS") circuits to Digital Access Signalling System ("DASS-II") functionality. SUPPLIER SHALL PROVIDE SUCH SIGNALLING CONVERTERS TO SUPPORT TEN (10) 2MBPS PORTS PER SWITCH AT NO ADDITIONAL CHARGE. Customer and the Supplier agree to work together to maximise the deployment of DPNSS in all franchises. In addition, Supplier agrees to develop a sales incentive programme BY 31 DECEMBER 1993 that will motivate Customer's sales force to sell DPNSS as an alternative customer service offering to DASS II.

CLAUSE C13.2 is hereby added as follows:

C13.2 SUPPLIER SHALL PROVIDE DPNSS AT [Confidential Portion Omitted] PER 2MBPS PORT. THIS PRICE INCLUDES THE 2MBPS INTERFACE, SIGNALLING PRODUCT, DPNSS SOFTWARE AS DEFINED IN ATTACHMENT K, ISSUE 2, ENGINEERING, INSTALLATION AND COMMISSIONING, AND PROJECT MANAGEMENT. THE INITIAL ORDER BY CUSTOMER FOR SUCH 2MBPS PORTS SHALL BE NO LESS THAN A MINIMUM QUANTITY OF SIXTEEN (16) PORTS PER SWITCH.

CLAUSE C16.1, PAGE 40 is hereby deleted and replaced in its entirety, now stated as follows:

C16.1 CUSTOMER SHALL PROCURE AND SUPPORT THE CUTOVER REQUIREMENTS FOR SUBSCRIBER PULSE METERING ("SPM") HARDWARE.

CLAUSE C16.2 is hereby added, as follows:

C16.2 SUPPLIER SHALL RESEARCH AND REPORT TO CUSTOMER WITHIN THIRTY (30) DAYS OF THE LATEST SIGNATURE OF THIS DOCUMENT A DEFINITIVE PLAN FOR DEVELOPING AND IMPLEMENTING SPM HARDWARE AND SOFTWARE APPLICATIONS FOR CUSTOMER. SUCH PLAN SHALL INCLUDE MILESTONE DATES FOR DEVELOPMENT, VERIFICATION OFFICE INTRODUCTIONS, AND IMPLEMENTATION FOR SPM PRODUCT PHASES, AS WELL AS PRICES TO THE EXTENT POSSIBLE. CUSTOMER AGREES TO PARTICIPATE WITH SUPPLIER TO THE EXTENT NECESSARY FOR PROVIDING RELEVANT INFORMATION, SUCH AS MARKETING FORECASTS.

CLAUSE C16.3 is hereby added, as follows:

C16.3 SUBJECT TO A COMMERCIAL AGREEMENT WITH CUSTOMER, SUPPLIER SHALL DEVELOP AND SUPPORT SUBSCRIBER PULSE METERING ("SPM") HARDWARE AND SOFTWARE SUITABLE FOR INSTALLATION AND TESTING IN A VERIFICATION OFFICE OF CUSTOMER'S CHOOSING BY A MUTUALLY AGREED DATE.

CLAUSE C21.7, PAGE 43 is hereby amended as follows:

The word "ordered" is hereby capitalised as the defined term "Ordered", now stated as follows:

C21.7 Supplier agrees to provide Customer with the following information, in writing, each time a new Software generic is released and Ordered by Customer :

CLAUSE C24.1, PAGE 44 is hereby amended as follows:

[Confidential Portion Omitted]

CLAUSE C32.1, PAGE 46 is hereby amended as follows:

British Telecom are hereby added for C7 certification and PTO interconnection within the defined schedule; and

an additional week is hereby added to the defined schedule for certification and interconnection when BT and Mercury are both required, now stated as follows:

C32.1 The Supplier will act on Customer's behalf and provide the necessary Technical Support required to obtain C7 certification and PTO interconnection with Mercury AND BRITISH TELECOMMUNICATIONS PLC ("BT"), AS REQUIRED BY CUSTOMER. SHOULD SUCH CERTIFICATION AND INTERCONNECTION BE REQUIRED OF BOTH BT AND MERCURY IN ANY CUSTOMER LOCATION, SUPPLIER WILL BE ALLOWED ONE (1) ADDITIONAL WEEK IN THE SCHEDULE STATED IN CLAUSE C28.1, PROVIDED THE INTER-CONNECT SEQUENCE IS BT FOLLOWED BY MERCURY. CUSTOMER AND SUPPLIER WILL MUTUALLY AGREE UPON THE PHASING OF SUCH CERTIFICATION AND INTERCONNECTION SCHEDULING WHEN BOTH BT

AND MERCURY ARE REQUIRED BY CUSTOMER.

EXHIBIT C APPENDIX II, PAGE 54 is hereby amended as follows:

The paragraph entitled DPNSS under the heading ADDITIONAL ITEMS is hereby deleted in its entirety and replaced by Clause C13.2, contained herein.

EXHIBIT C APPENDIX II is hereby amended as follows:

Section 3 is hereby added to identify the critical spares included in the price per line, as stated in Clause C15.1, now stated as follows:

EXHIBIT C APPENDIX II

CII-3 CRITICAL SPARES

CII-3.1 CRITICAL SPARES - 15K SWITCH SIZE

Following are the spare equipment which will be provided by Supplier per Clause C15.1 for a 15,000 line Switch.

EQUIPMENT DESCRIPTION	PRODUCT CODE	QTY
+/- 5V POWER CONVERTED	NTDX15AA	1
INTRA FBUS A TERMIN CPNTA	NTEX20AA	1
INTRA FBUS B TERMIN CPNTA	NTEX20BA	1
IPF INTEGRATED PROC & FBUS	NTEX22BA	1
POWER CONV +/-5V 12 24V	NT1X78AA	1
MCCS CUSTOM ANN CP	NT1X79AA	1
ENH MULTIPROTOCOL CTL CP	NT1X89BA	1
4 CHAN DGTL MF RCVR A-LAW	NT2X48CA	1
A-LAW TTU DIGITAL FILTER	NT2X56BA	1
SD CARD I	NT2X57AA	1
GROUP CODEC MERCURY 250 CP	NT2X59EA	1
+-5/12V PWR CONVERTER 50A	NT2X70AE	1
TRANSMISSION TERM TRK	NT2X71AA	1
CONF CKT E/W TBI TONE CP	NT3X67BB	1
TONE GEN - CALL WAITING	NT3X68BC	1
PCM 30 TRUNK INTERFACE CP	NT6X27AC	1
PCM 30 SIGNALLING CP	NT6X28AA	1
DS30 NETWORK INTERFACE CP	NT6X40AC	1
XPM DS512 LINK CONTROL CP	NT6X40CA	1
XPM DS512 LINK CARD CP	NT6X40DA	1
SPEECH BUS FORMAT (TURKEY)	NT6X41AB	1
CHANNEL SUPERVISION MGS CP	NT6X42AA	1
TIME SWITCH CP WITH (EBI)	NT6X44EA	1
LGC/DTC PROCESSOR CP	NT6X45BA	1
SIGNAL PROCESSOR MEMORY CP	NT6X46BB	1
MASTER PROC MEMORY PLUS CP	NT6X47AB	1
MASTER PROC MEMORY CP	NT6X47AC	1
DS30A LCM INTERFACE CP	NT6X48AA	1
LCM PROCESSOR CP	NT6X51AB	1
INT DIGROUP CONTROL CP	NT6X52AB	1
POWER CONVERTER 5V/15V CP	NT6X53AA	1
DPNSS SIGNALLING TERM CP	NT6X66CA	1
SIGNALLING TERM BUFFER CP	NT6X67AA	1

SIGNALLING TERM INTERFACE	NT6X68AC	1

CII-3.1 CRITICAL SPARES - 15K SWITCH SIZE (CONTINUED)

EQUIPMENT DESCRIPTION	PRODUCT CODE	QTY
STI WITH TERMINATOR	NT6X68AD	1
MSG PROTOCOL & DOWNLD CP	NT6X69LB	1
CPU PORT CP WITH PARITY	NT9X12AC	1
CPU 4M BTYE DRAM ENET CP	NT9X13FA	1
WSS CORE COMP MOD PROC CP	NT9X13MB	1
WSSPR MS SIMPLEX PROC CARD	NT9X13NA	1
MEMORY 24MEG CP	NT9X14DB	1
MAPPER CIRCUIT PACK	NT9X15AA	1
MS 4 PORT CARD CP	NT9X17AD	1
MS - 32 PORT CIRCUIT PACK	NT9X17BB	1
MS 64 - PORT CP	NT9X17DA	1
BUS TERMINATOR PADDLEBOARD	NT9X21AB	1
DS30 4PORT PADDLEBOARD CP	NT9X23AA	1
REMOTE TERM. INTERFACE CP	NT9X26AB	1
+5VOLTS POWER CONVERTER CP	NT9X30AA	1
-5VOLTS POWER CONVERTER CP	NT9X31AA	1
4K X 8K X-POINT CP	NT9X35FA	1
ENET CLOCK & MESSAGE CP	NT9X36BA	1
ENET DS-512 PADDLEBOARD	NT9X40BA	1
SYSTEM LOAD MODULE SLM1A	NT9X44AC	1
ENET DS512/DS30 INTF PADBD	NT9X45BA	1
PARA PORT INTF PADDLEBRD	NT9X46AA	1
MS P-BUS TERMINATOR CP	NT9X49CC	1
T-BUS ACCESS CP	NT9X52AA	1
DMS BUS SYS CLOCK CP	NT9X53AC	1
DMS-BUS EXT CLK INTF PB NA	NT9X54AC	1
2PORT SUBRATE DS512 CPNTA	NT9X62AA	1
SR512 4 LINK PB E/W OOB RS	NT9X62CA	1
16 LINK DS30 MS PB	NT9X69BA	1
LMS-FBUS RATE ADAPTER CP	NT9X73BA	1
F-BUS REPEATER CP	NT9X74CA	1
STP SIGNALLING TERMINAL CP	NT9X76AA	1
STP V.35 INTERFACE CPNTA	NT9X77AA	1
F-BUS EXT CP E/W TERMINAT	NT9X79BA	1
DUAL PORT MESS CONT CP	NT9X86AA	1
STOR DEV POW CON +5,+12	NT9X91AA	1

CII-3.2 CRITICAL SPARES - 30K SWITCH SIZE

Following are the spare equipment which will be provided by Supplier per Clause C15.1 for a 30,000 line Switch.

EQUIPMENT DESCRIPTION	PRODUCT CODE	QTY
INTRA FBUS A TERMIN CPNTA	NTEX20AA	1
INTRA FBUS B TERMIN CPNTA	NTEX20BA	1
IPF INTEGRATED PROC & FBUS	NTEX22BA	1
POWER CONV +/-5V 12 24V	NT1X78AA	1
MCCS CUSTOM ANN CP	NT1X79AA	1

ENH MULTIPROTOCOL CTL CP	NT1X89BA	1
4 CHAN DGTL MF RCVR A-LAW	NT2X48CA	1
A-LAW TTU DIGITAL FILTER	NT2X56BA	1
SD CARD I	NT2X57AA	1
GROUP CODEC MERCURY 250 CP	NT2X59EA	1
+-5/12V PWR CONVERTER 50A	NT2X70AE	1
TRANSMISSION TERM TRK	NT2X71AA	1
CONF CKT E/W TBI TONE CP	NT3X67BB	1
TONE GEN - CALL WAITING	NT3X68BC	1
PCM 30 TRUNK INTERFACE CP	NT6X27AC	1
PCM 30 SIGNALLING CP	NT6X28AA	1
DS30 NETWORK INTERFACE CP	NT6X40AC	1
XPM DS512 LINK CONTROL CP	NT6X40CA	1
XPM DS512 LINK CARD CP	NT6X40DA	1
SPEECH BUS FORMAT (TURKEY)	NT6X41AB	1
CHANNEL SUPERVISION MGS CP	NT6X42AA	1
TIME SWITCH CP WITH (EBI)	NT6X44EA	1
LGC/DTC PROCESSOR CP	NT6X45BA	1
SIGNAL PROCESSOR MEMORY CP	NT6X46BB	1
MASTER PROC MEMORY PLUS CP	NT6X47AB	1
MASTER PROC MEMORY CP	NT6X47AC	1
DS30A LCM INTERFACE CP	NT6X48AA	1
LCM PROCESSOR CP	NT6X51AB	1
INT DIGROUP CONTROL CP	NT6X52AB	1
POWER CONVERTER 5V/15V CP	NT6X53AA	1
DPNSS SIGNALLING TERM CP	NT6X66CA	1
SIGNALLING TERM BUFFER CP	NT6X67AA	1
SIGNALLING TERM INTERFACE	NT6X68AC	1
STI WITH TERMINATOR	NT6X68AD	1
MSG PROTOCOL & DOWNLD CP	NT6X69LB	1
33MHZ 88000 BRISC CPU CP	NT9X10AA	1
CPU PORT CP WITH PARITY	NT9X12AC	1
CPU (16 MHZ) CP	NT9X13DB	1
CPU (16MHZ) CP	NT9X13DC	1
CPU 4M BTYE DRAM ENET CP	NT9X13FA	1
6M MEM CP (SYNC OVERRIDE)	NT9X14BB	1
MEMORY 24MEG CP	NT9X14DB	1
MAPPER CIRCUIT PACK	NT9X15AA	1
MS-4PORT CIRCUIT PACK	NT9X17AA	1
MS 64 - PORT CP	NT9X17DA	1
DS512 PADDLEBOARD CP	NT9X20AA	1
ENET/MS FIBER INTERF CPNTA	NT9X20BB	1
CMBUS TERMINATOR PADDLEBRD	NT9X21AA	1
CM SUBSYS CLOCK PDBRD	NT9X22CA	1
DS30 4PORT PADDLEBOARD CP	NT9X23AA	1

DS-30 4-PORT CPNTA (STP)	NT9X23BA	1
REMOTE TERM. INTERFACE CP	NT9X26AB	1
BRISC RTIF CPNTA	NT9X26DA	1
CM PROC SH BUS EXTENDER CP	NT9X27AA	1

CII-3.2 CRITICAL SPARES - 30K SWITCH SIZE (CONTINUED)

EQUIPMENT DESCRIPTION	PRODUCT CODE	QTY
CM EXT SH BUS EXTENDER CP	NT9X27BA	1
+5VOLTS POWER CONVERTER CP	NT9X30AA	1
-5VOLTS POWER CONVERTER CP	NT9X31AA	1

M.S. LOAD CP	NT9X32AA	1
ENET 16K X 16K X-POINT CP	NT9X35BA	1
ENET CLOCK & MESSAGE CP	NT9X36BA	1
QUAD DS512 FIBER I/F CPNTA	NT9X40BB	1
ENET DS512/DS30 INTF PADBD	NT9X45BA	1
PARA PORT INTF PADDLEBRD	NT9X46AA	1
+12V POWER CONVERTER CP	NT9X47AA	1
MS P-BUS TERMINATOR CP	NT9X49CA	1
DMS BUS TRACER CP	NT9X49CB	1
T-BUS ACCESS CP	NT9X52AA	1
MS CLOCK CP	NT9X53AA	1
DMS BUS SYS CLOCK CP	NT9X53AC	1
DMS-BUS EXT CLK INTF PB NA	NT9X54AC	1
LMS-FBUS RATE ADAPTER CP	NT9X73BA	1
F-BUS REPEATER CP	NT9X74CA	1
STP SIGNALLING TERMINAL CP	NT9X76AA	1
STP V.35 INTERFACE CPNTA	NT9X77AA	1
F-BUS EXTENSION PADDLEBRD	NT9X79AA	1
F-BUS EXT CP E/W TERMINAT	NT9X79BA	1
ADVANCED ENET SPARING	NT9X35CA	1

CII-3.3 CRITICAL SPARES - RLCM

Following are the spare equipment which will be provided by Supplier per Clause C15.1 for a RLCM.

EQUIPMENT DESCRIPTION	PRODUCT CODE	QTY
5V/40A POWER CONV CP	NT2X06AB	1
MULTI O/P PWR CONVERTER	NT2X09AA	1
4 CHAN DGTL MF RCVR A-LAW	NT2X48CA	1
A-LAW DTMF RECEIVER FOR UK	NT2X48CC	1
SD CARD I	NT2X57AA	1
A-LAW GRP CODEC & TONES CP	NT2X59CA	1
+-5/12V PWR CONVERTER 50A	NT2X70AE	1
INC/OGT TEST TRUNK CP	NT2X90AD	1
8 X 8 MATRIX CP	NT3X09BA	1
MTU CONTROLLER CP	NT4X97AA	1
MTU ANALOG CARD	NT4X98BB	1
PCM 30 INTERFACE CP	NT6X27AB	1
PCM 30 TRUNK INTERFACE CP	NT6X27AC	1
FSP ALARM CP	NT6X36AA	1
LCM PROCESSOR CP	NT6X51AB	1
INT DIGROUP CONTROL CP	NT6X52AB	1
POWER CONVERTER 5V/15V CP	NT6X53AA	1
INT BUS INTERFACE CP	NT6X54BA	1
RINGING GENERATOR	NT6X60AB	1
LINK CONTROL CARD CP	NT6X73BA	1
RMM CONTROL CARD CP	NT6X74AB	1
ESA TONE & CLOCK CP	NT6X75EA	1
REMOTE ALARM PANEL CP	NT6X77AA	1

CII-3.4 CRITICAL SPARES - RSC

Following are the spare equipment which will be provided by Supplier per Clause C15.1 for a RSC.

EQUIPMENT DESCRIPTION	PRODUCT CODE	QTY
ISDN ENH LCME PROCESSOR CP	NTBX34BA	1
LCMI DIGROUP CONTROL CP	NTBX35AA	1
ISDN ENH LINE DRAWER BIC	NTBX36BA	1
ISDN ENH L DWR PUPS CP	NTBX71AA	1
ISDN LCME BAT/RNG ROUTER	NTBX72AA	1
POWER CONVERTER PACK	NTMX72AA	1
SIGNALLING PCP	NTMX73AA	1
32 DS30A I/F PCP	NTMX74AA	1
ENHANCED MATRIX PCP	NTMX75AA	1
PROCESSOR PCP	NTMX77AA	1
DUAL PCM30 PACKLET	NTMX82AA	1
QUAD FRAME CARRIER PCCP	NTMX87AA	1
5V/40A POWER CONV CP	NT2X06AB	1
MULTI O/P PWR CONVERTER	NT2X09AA	1
SD CARD I	NT2X57AA	1
A-LAW GRP CODEC & TONES CP	NT2X59CA	1
INC/OGT TEST TRUNK CP	NT2X90AD	1
8 X 8 MATRIX CP	NT3X09BA	1
MTU CONTROLLER CP	NT4X97AA	1
MTU ANALOG CARD	NT4X98BB	1
FSP ALARM CP	NT6X36AA	1
FSP ALARM CP	NT6X36AB	1
LCM PROCESSOR CP	NT6X51AB	1
INT DIGROUP CONTROL CP	NT6X52AB	1
POWER CONVERTER 5V/15V CP	NT6X53AA	1
ISDN LCME PWR CONV +5/+15V	NT6X53CA	1
INT BUS INTERFACE CP	NT6X54BA	1
MSG PROTOCOL & DOWNLD CP	NT6X69LB	1
RMM CONTROL CARD CP	NT6X74AB	1
UNIVERSAL TONE RECEIVER CP	NT6X92CA	1

CII-3.5 CRITICAL SPARES - SRU

Following are the spare equipment which will be provided by Supplier per Clause C15.1 for a SRU.

EQUIPMENT DESCRIPTION	PRODUCT CODE	QTY
ISDN LCM PROCESSOR CP	NTBX34CA	1
ISDN LCM DIGROUP CTL CP	NTBX35CA	1
ISDN ENH LINE DRAWER BIC	NTBX36BA	1
ISDN ENH L DWR PUPS CP	NTBX71AA	1
A-LAW GRP CODEC & TONES CP	NT2X59CA	1
8 X 8 MATRIX CP	NT3X09BA	1
MTU CONTROLLER CP	NT4X97AA	1
MTU ANALOG CARD	NT4X98BB	1
PCM 30 TRUNK INTERFACE CP	NT6X27AC	1
ARLB FSP ALARM CARD CP	NT6X36AF	1
SRU RINGING GENERTOR (UK)	NT6X60GA	1
LINK CONTROL CARD CP	NT6X73BA	1
RMM CONTROL CARD CP	NT6X74AB	1
BATTERY CHARGER CP	NT8X02AB	1
SRU FUSE PNL & CABLE ASSY	NT8X9707	1

EXHIBIT C APPENDIX IV is hereby clarified as follows:

Page 74 of the GPA does not exist.

SIGNATURES

The parties intending to be legally bound have caused this Amendment to be executed by their duly authorised representatives.

CUSTOMERS SUPPLIER

TELEWEST COMMUNICATIONS GROUP LIMITEDNORTHERN TELECOM EUROPE LIMITED

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>
authorised signature	date	authorised signature	date

</TABLE>

Larry Carleton | Pete Meldrum
print or type name of signatory | print or type name of signatory

President and Chief Operating Officer, TeleWestGeneral Manager
title | title

UNITED ARTISTS COMMUNICATIONS (SCOTLAND) VENTURE
BY EDINBURGH CABLE LIMITED PARTNERSHIP, ITS GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION EDINBURGH, INC., GENERAL PARTNER

BY

authorised signature | date

Larry Carleton

print or type name of signatory

President and Chief Operating Officer, TeleWest

title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
----
title

UNITED ARTISTS COMMUNICATIONS (NORTH EAST) PARTNERSHIP
BY TYNESIDE CABLE LIMITED PARTNERSHIP, ITS GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION TYNESIDE, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services. TeleWest
----
title

AVON CABLE JOINT VENTURE
BY AVON CABLE LIMITED PARTNERSHIP, ITS GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION AVON, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
----
title

UNITED ARTISTS COMMUNICATIONS (THAMES ESTUARY) PARTNERSHIP
BY ESTUARIES CABLE LIMITED PARTNERSHIP, GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION ESTUARIES, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
----
title

LONDON SOUTH CABLE PARTNERSHIP
BY UNITED CABLE (LONDON SOUTH) LIMITED PARTNERSHIP, GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION UK. INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton

----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
----
title

CABLE LONDON PLC

---------------------------- --------------------
authorised signature date

Gerald Campbell
----
print or type name of signatory

Managing Director, Cable London plc
----
title

BIRMINGHAM CABLE LIMITED

---------------------------- --------------------
authorised signature date

Edward Campbell
----
print or type name of signatory

Managing Director, Birmingham Cable Limited
----
title

WINDSOR TELEVISION LIMITED

---------------------------- --------------------
authorised signature date

Phillipe Galteau
----
print or type name of signatory

Managing Director, The Cable Corporation
----
title

UNITED ARTISTS COMMUNICATIONS (COTSWOLDS) LIMITED

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authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

ENCOM CABLE TV AND TELECOMMUNICATIONS

authorised signature date

John Sheridan
----
print or type name of signatory

Managing Director and Chief Executive Officer, ENCOM
----
title

TELEWEST GROUP GPA

AMENDMENT 1

APPENDIX 1

ATTACHMENT K

CATV SOFTWARE STRUCTURE (BCS34)

PROPOSAL 2/399
July 1993

TELEWEST COMMUNICATIONS GROUP LTD
REQUEST FOR PROPOSAL

Attachment:	K
Issue:	2
Pages:	2 - 33
Date:	21/7/93

[CONFIDENTIAL PORTION OMITTED]

AMENDMENT NO. 2
TO THE TELEWEST GROUP GPA

This Amendment No. 2, dated 29 October 1993, shall be deemed effective as of the first day of September 1993, by and between the companies listed under Exhibit A in the General Purchasing Agreement (GPA), dated 1 March 1993 ("Customer"), and Northern Telecom Europe Limited, ("Supplier").

RECITALS

WHEREAS, Customer and Supplier entered into a General Purchasing Agreement dated the first day of March 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by

entering into Amendment No. 1, dated 1 July 1993; and

WHEREAS, Customer and Supplier agree to amend the GPA pursuant to the terms and conditions set forth herein.

AGREEMENT

In consideration of the mutual promises and advantages to the parties, the parties incorporate by reference and agree to the accuracy of the above recitals and further agree as follows:

TITLE PAGE is hereby amended as follows:

The contract name is hereby amended to include Telecential Communications Limited Partnership;

TELEWEST GROUP

ENCOM CABLE TV & TELECOMMUNICATIONS LTD

TELECENTIAL COMMUNICATIONS LIMITED PARTNERSHIP

GENERAL PURCHASING AGREEMENT

NTE-GPA0001

PROPRIETARY

THE INFORMATION CONTAINED HEREIN SHOULD NOT BE DISCLOSED TO UNAUTHORISED PERSONS, IT IS INTENDED FOR USE BY AUTHORISED REPRESENTATIVES OF THE PARTIES TO THIS DOCUMENT

PROPRIETARY

THE INFORMATION CONTAINED HEREIN SHOULD NOT BE DISCLOSED TO UNAUTHORISED PERSONS, IT IS INTENDED FOR USE BY AUTHORISED REPRESENTATIVES OF THE PARTIES TO THIS DOCUMENT

CLAUSE 1.1.6, PAGE 1 is hereby modified as follows:

The definition of "Consortium" is hereby revised to include Telecential Communications Limited Partnership, now stated as follows:

1.1.6. "Consortium" for the purposes of this Agreement means all Customers listed under Exhibit A subject to Clause 2.40 entitled 'Several Liability' and all actions to be taken by Consortium hereunder shall be taken respectively by: 1)TeleWest Communications Group Limited ("TeleWest") as the representative for those Customers listed as TeleWest wholly owned franchises under Section 1, Exhibit A and for those Customers listed as Limited Companies under Section 2, Exhibit A; and 2) Encom Cable TV and Telecommunications Ltd ("Encom") as the representative for those Customers listed as Encom wholly owned franchises under Section 3, Exhibit A; AND 3) TELECENTIAL COMMUNICATIONS LIMITED PARTNERSHIP

ENTERING INTO AGREEMENT FOR ITSELF AND ON BEHALF OF TELECENTIAL COMMUNICATIONS (HERTS) LIMITED PARTNERSHIP AND TELECENTIAL COMMUNICATIONS (NORTHANTS) LIMITED PARTNERSHIP ("TELECENTIAL") AS THE REPRESENTATIVE FOR THOSE CUSTOMERS LISTED AS TELECENTIAL WHOLLY OWNED FRANCHISES UNDER SECTION 4, EXHIBIT A.

CLAUSE 2.8, PAGE 6 is hereby amended as follows:

Reference to Exhibit E Appendix 6 for Telecential is hereby added now stated as follows:

2.8 FINANCING

Supplier agrees to provide financing to those Customers listed in Exhibit E, Appendix 1, together with the amounts of their individual facilities for up to [Confidential Portion Omitted] in aggregate Purchases under this Agreement pursuant to Lease Purchase Agreements substantially in the form of Exhibit E, Appendix 2 in the case of all Customers under common control with TeleWest; substantially in the form of Exhibit E, Appendix 3 in the case of Birmingham Cable Limited and Cable London plc; and substantially in the form of Exhibit E, Appendix 4 in the case of Windsor Television Limited. SUPPLIER ALSO AGREES TO PROVIDE FINANCING TO TELECENTIAL, SUBSTANTIALLY IN THE FORM OF EXHIBIT E, APPENDIX 6. The relevant financing agreement shall be entered into by Supplier and Customer that elects to finance any Purchases prior to such Customer placing its initial Order hereunder. In the event that a Customer elects to finance Purchases in accordance with such Lease Purchase Agreement, Supplier shall issue invoices for such Purchases in accordance with Clause 2.7, except that such invoices shall be for the full amount due, and such invoices shall be deemed to be paid upon inclusion of the amounts covered thereby in an Equipment Schedule under a Lease Purchase Agreement. The financing of Purchases pursuant to a Lease Purchase Agreement shall be without prejudice to the rights of Customer under this Agreement with respect to such Purchases, including without limitation Customer's right not to accept non-conforming Purchases.

CLAUSE 2.48, PAGE 19 is hereby amended as follows:

Telecential are hereby added as a party to be notified with all correspondence required under this Agreement, now stated as follows:

2.48 NOTICES

Where written notices, demands, or other communications are required under this Agreement to be made in writing, they shall be deemed duly given when made in writing and delivered in hand, or upon receipt when properly addressed by Recorded or Registered Post or other delivery service to the following addresses:

CUSTOMERS :

TeleWest Communications Group Ltd.	Encom Cable TV & Telecommunications Ltd
Attn : Contract Manager	Attn : Contract Manager
Materials Management Department	2 Millharbour
Unit 1, Genesis Business Park	London E14 9TE
Woking, Surrey, GU21 5RW	

TELECENTIAL COMMUNICATIONS LIMITED PARTNERSHIP
ATTN : CONTRACT MANAGER
LINK 2 BEACONTREE PLAZA, GILLETTE WAY,
BASINGSTOKE ROAD,

READING RG2 0BS

SUPPLIER :

Commercial Manager; Cable Telephony
Northern Telecom Europe Limited
Public Switching Division
Northern Telecom House
St. Cloud Way
Maidenhead, Berks SL6 8XB

Addresses may be changed by written notices to the parties.

EXHIBIT A, PAGE 30 is hereby amended as follows:

Section 3 is hereby added to incorporate Telecential franchises as Customers, now stated as follows:

EXHIBIT A CUSTOMERS

This Exhibit A is attached to and made part of that certain General Purchase dated 1 March 1993 ("Agreement"), by and between Customer as defined in the Agreement ("Customer") and Northern Telecom Europe Limited ("Supplier").

PARTNERSHIPS AND REGISTERED ADDRESSES TABLE

FRANCHISE	FRANCHISE HOLDER	REG. NO.
1. TELEWEST WHOLLY OWNED FRANCHISES		
Avon	Avon Cable Joint Venture	
Croydon, Kingston and Richmond and Merton and Sutton	London South Cable Partnership	
North Thames Estuary South Thames Estuary	United Artists Communications (Thames Estuary) Partnership	
Edinburgh	United Artists Communications (Scotland) Venture	
Tyneside	United Artists Communications (North East) Partnership	

2. LIMITED COMPANIES		
Birmingham	Birmingham Cable Limited	2170379
The registered office for the above listed company is:	CABLE PHONE HOUSE, SMALL HEATH BUSINESS PARK, TALBOT WAY, SMALL HEATH, BIRMINGHAM. B10 OHJ	
Camden, Enfield, Hackney and Islington,	Cable London plc	1794264

Haringey

The registered office for the above listed company is:	100 CHALK FARM ROAD LONDON NW1 8EH	
Hillingdon Windsor	Windsor Television Limited	1745542
The registered office for the above listed company is:	CABLE HOUSE WATERSIDE DRIVE LANGLEY, BERKSHIRE. SL3 6EZ	
	TeleWest Communications Group Limited	2514287
Cotswolds	United Artists Communications (Cotswolds) Limited	1743081

3. ENCOM WHOLLY OWNED FRANCHISES

Tower Hamlet/Newham Greater London East Havering Waltham Forest Dartford Epping Forest	Encom Cable TV and Telecommunications Ltd	1870928
The registered office for the above listed company is:	4 CARLTON GARDENS PALL MALL LONDON SW1Y 5AA	

4. TELECENTIAL WHOLLY OWNED FRANCHISES

THAMES VALLEY WEST HERTS NORTHANTS SWINDON WARWICKSHIRE NORTHAMPTONSHIRE	TELECENTIAL COMMUNICATIONS LIMITED PARTNERSHIP	2387692
THE REGISTERED OFFICE FOR THE ABOVE LISTED COMPANY IS:	DRAGOON HOUSE 37 ARTILLERY LANE LONDON E1 7LT	

CLAUSE C4.1, PAGE 35 is hereby amended as follows:

A new price per line range for [Confidential Portion Omitted] lines is hereby added; and

Customer's Purchase Objective is hereby revised from [Confidential Portion Omitted] lines to [Confidential Portion Omitted] lines;

and linkage between the price per line table and the Purchase Objective is hereby added, as follows:

C4.1 Supplier's fully discounted net price per Switch line shown in the table below, includes the [Confidential Portion Omitted] per Switch. THE RELEVANT PRICE PER LINE FOR ANY ORDER SHALL BE DETERMINED BY APPLYING THE PREVAILING PURCHASE OBJECTIVE EFFECTIVE ON THE DATE OF SUCH ORDER, AS DEFINED IN CLAUSE C7, TO THE TABLE BELOW.

PRICE PER LINE BASED UPON PURCHASE OBJECTIVE

	[CONFIDENTIAL PORTION OMITTED]				
	LINES	LINES	LINES	LINES	LINES
PURCHASE OBJECTIVE					
HOST PRICE PER LINE:					
SNSE PRICE PER LINE:	[CONFIDENTIAL PORTION OMITTED]				
RSC PRICE PER LINE:					
RLCM PRICE PER LINE:					
SRU PRICE PER LINE:					

No retrospective price adjustments will be made to previous Purchases upon Consortium achieving the next pricing level.

The above stated price per line includes the Product(s) as listed in Appendix 2, entitled "Price Per Line" attached hereto and by this reference incorporated into this Agreement and Software as defined in Attachment K of the Proposal, and Services including but not limited to [Confidential Portion Omitted] . In the case of Switch remotes, (RSC, RLCM and SRU), the price includes related [Confidential Portion Omitted]. These prices include all customs and import duties, but exclude VAT.

CLAUSE C7.1.1 is hereby amended to show Customer's revised Purchase Objective following the inclusion of Telecential as follows:

C7.1.1 Customer's initial Purchase Objective is detailed below ("Initial Purchase Objective")

[Confidential Portion Omitted]

CLAUSE C12.1, PAGE 40 is hereby amended as follows:

[Confidential Portion Omitted]

CLAUSE C12.2, PAGE 40 is hereby amended as follows:

[Confidential Portion Omitted]

C12.2 [Confidential Portion Omitted]

CLAUSE C12.3 is hereby added as follows:

C12.3 SUPPLIER AGREES TO MAKE GPP AVAILABLE ON ORDERS REQUIRING DELIVERY AFTER 1 JANUARY 1995, IN ACCORDANCE WITH A MANAGED IMPLEMENTATION PLAN TO BE GENERATED BY 31 DECEMBER 1993, AND FORMALLY AGREED TO BY 30 JUNE 1994.

CLAUSE C12.4 is hereby added as follows:

C12.4 SHOULD SUPPLIER FAIL TO HAVE GPP AVAILABLE IN ACCORDANCE WITH SUCH AGREED IMPLEMENTATION PLAN SPECIFIED IN CLAUSE C12.3, THEN SUPPLIER SHALL RETROFIT, TO GPP, ALL NON-GPP LINES DELIVERED AFTER THE AGREED DATES IN SUCH IMPLEMENTATION PLAN AT NO CHARGE TO CUSTOMER AND SHALL NOT CONSIDER SUCH RETROFIT AN EXTENSION FOR PRICING PURPOSES STATED IN CLAUSE C4.

CLAUSE C12.5 is hereby added as follows:

C12.5 THE PROVISIONS OF CLAUSE C12.4 CONSTITUTE SUPPLIER'S SOLE LIABILITY AND CUSTOMER'S SOLE REMEDY FOR SUPPLIER'S FAILURE TO MEET THE AGREED IMPLEMENTATION PLAN SPECIFIED

IN CLAUSE C12.3.

CLAUSE C25.1.3 is hereby added as follows to detail the Marketing Support provided to Telecential:

SUPPLIER AGREES TO PROVIDE A DEDICATED FULLY SKILLED MARKETING RESOURCE TO TELECENTIAL FOR A PERIOD OF 3 (THREE) MONTHS.

SIGNATURES

The parties intending to be legally bound have caused this Amendment to be executed by their duly authorised representatives.

CUSTOMERS   SUPPLIER

TELEWEST COMMUNICATIONS GROUP LIMITED   NORTHERN TELECOM EUROPE LIMITED

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>
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authorised signature	date	authorised signature	date

</TABLE>

Larry Carleton   Pete Meldrum

print or type name of signatory   print or type name of signatory

President and Chief Operating Officer, TeleWestGeneral Manager

title   title

UNITED ARTISTS COMMUNICATIONS (SCOTLAND) VENTURE

BY EDINBURGH CABLE LIMITED PARTNERSHIP, ITS GENERAL PARTNER

BY UNITED ARTISTS CABLE TELEVISION EDINBURGH, INC., GENERAL PARTNER

BY ------------------------------ --------------

authorised signature   date

Larry Carleton

print or type name of signatory

President and Chief Operating Officer, TeleWest

title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
----
title

UNITED ARTISTS COMMUNICATIONS (NORTH EAST) PARTNERSHIP
BY TYNESIDE CABLE LIMITED PARTNERSHIP, ITS GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION TYNESIDE, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services. TeleWest
----
title

AVON CABLE JOINT VENTURE
BY AVON CABLE LIMITED PARTNERSHIP, ITS GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION AVON, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
----
title

UNITED ARTISTS COMMUNICATIONS (THAMES ESTUARY) PARTNERSHIP
BY ESTUARIES CABLE LIMITED PARTNERSHIP, GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION ESTUARIES, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
----
title

LONDON SOUTH CABLE PARTNERSHIP
BY UNITED CABLE (LONDON SOUTH) LIMITED PARTNERSHIP, GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION UK. INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
----
title

CABLE LONDON PLC

------------------------------ -----------
authorised signature date

Gerald Campbell
----
print or type name of signatory

Managing Director, Cable London plc
----
title

BIRMINGHAM CABLE LIMITED

------------------------------ -----------
authorised signature date

Edward Campbell
----
print or type name of signatory

Managing Director, Birmingham Cable Limited
----
title

WINDSOR TELEVISION LIMITED

------------------------------   -----------
authorised signature   date

Philippe Galteau
----
print or type name of signatory

Managing Director, The Cable Corporation
----
title

UNITED ARTISTS COMMUNICATIONS (COTSWOLDS) LIMITED

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authorised signature   date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

ENCOM CABLE TV AND TELECOMMUNICATIONS

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authorised signature   date

John Sheridan
----
print or type name of signatory

Managing Director and Chief Executive Officer, ENCOM
----
title

TELECENTIAL COMMUNICATIONS LIMITED PARTNERSHIP

------------------------------   ------------
authorised signature   date

Vernon Achber
----
print or type name of signatory

President and Chief Executive Officer, CUC Cablevision (UK) LTD. acting for and on behalf of Telecential Communications Limited Partnership

---

title

AMENDMENT NO. 3
TO THE TELEWEST GROUP GPA

This Amendment No. 3, dated the 12th day of November 1993, shall be deemed effective as of the first day of November 1993, by and between the companies listed under Exhibit A in the General Purchasing Agreement (GPA), dated 1 March 1993 ("Customer"), and Northern Telecom Europe Limited, ("Supplier").

RECITALS

WHEREAS, Customer and Supplier entered into a General Purchasing Agreement dated the first day of March 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 1, dated 1 July 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by enetering into Amendment No. 2, dated 29 October 1993; and

WHEREAS, Customer and Supplier agree to further amend the GPA pursuant to the terms and conditions set forth herein.

AGREEMENT

In consideration of the mutual promises and advantages to the parties, the parties incorporate by reference and agree to the accuracy of the above recitals and further agree as follows:

CLAUSE 2.8, PAGE 6 is hereby amended as follows:

Reference to Exhibit E Appendix 5 for United Artists (Scotland) Venture and United Artists (Cotswolds) Limited is hereby added, now stated as follows:

2.8 FINANCING
Supplier agrees to provide financing to those Customers listed in Exhibit E, Appendix 1, together with the amounts of their individual facilities for up to [Confidential Portion Omitted] in aggregate Purchases under this Agreement pursuant to Lease Purchase Agreements substantially in the form of Exhibit E, Appendix 2 in the case of all Customers under common control with TeleWest; substantially in the form of Exhibit E, Appendix 3 in the case of Birmingham Cable Limited and Cable London plc; and substantially in the form of Exhibit E, Appendix 4 in the case of Windsor Television Limited. Supplier also agrees to provide financing: 1) TO UNITED ARTISTS (SCOTLAND) VENTURE AND UNITED ARTISTS (COTSWOLDS) LIMITED, TO A COMBINED FACILITY OF UP TO [CONFIDENTIAL PORTION OMITTED] IN AGGREGRATE PURCHASES UNDER THIS AGREEMENT PURSUANT TO LEASE PURCHASE AGREEMENTS SUBSTANTIALLY IN THE FORM OF EXHIBIT E, APPENDIX 5 AND 2) to Telecential, substantially in the form of Exhibit E, Appendix 6. The relevant financing agreement shall be entered into by Supplier and Customer that elects to finance any Purchases prior to such Customer placing its initial Order hereunder. In the event that a Customer elects to finance Purchases in accordance with such Lease Purchase Agreement, Supplier shall issue invoices for such Purchases in accordance with Clause 2.7, except that such invoices shall be for the full amount due, and such invoices shall be deemed to be paid upon inclusion of the amounts covered thereby in an Equipment Schedule under a Lease Purchase Agreement. The financing of Purchases pursuant to a Lease Purchase Agreement shall be without prejudice to the rights of Customer under this

Agreement with respect to such Purchases, including without limitation Customer's right not to accept non-conforming Purchases.

EXHIBIT A, PAGE 30 is hereby amended as follows:

Windsor Television's franchise name for Hillingdon is corrected with the addition of Hounslow and the new Scotland franchises are listed against United Artists Communications (Scotland) Venture, now stated as follows:

FRANCHISE	FRANCHISE HOLDER	REG. NO.
1. TELEWEST WHOLLY OWNED FRANCHISES		
Avon	Avon Cable Joint Venture	
Croydon, Kingston and Richmond and Merton and Sutton	London South Cable Partnership	
North Thames Estuary South Thames Estuary	United Artists Communications (Thames Estuary) Partnership	
Edinburgh and Livingston, Uddingston, Glenrothes, Dundee and Perth.	United Artists Communications (Scotland) Venture	
Tyneside	United Artists Communications (North East) Partnership	
2. LIMITED COMPANIES		
Birmingham	Birmingham Cable Limited	2170379
The registered office for the above listed company is:	CABLE PHONE HOUSE, SMALL HEATH BUSINESS PARK, TALBOT WAY, SMALL HEATH, BIRMINGHAM. B10 OHJ	
Camden, Enfield, Hackney and Islington, Haringey	Cable London plc	1794264
The registered office for the above listed company is:	100 CHALK FARM ROAD LONDON NW1 8EH	
Hillingdon AND Hounslow, Windsor	Windsor Television Limited	1745542
The registered office for the above listed company is:	CABLE HOUSE WATERSIDE DRIVE LANGLEY, BERKSHIRE. SL3 6EZ	
Cotswolds	TeleWest Communications Group Limited	2514287
	United Artists Communications (Cotswolds) Limited	1743081

3. ENCOM WHOLLY OWNED FRANCHISES

Tower Hamlet/Newham	Encom Cable TV and Telecommunications Ltd	1870928
Greater London East		
Havering		
Waltham Forest		
Dartford		
Epping Forest		
The registered office for the above listed company is:	4 CARLTON GARDENS PALL MALL LONDON SW1Y 5AA	

4 TELECENTIAL WHOLLY OWNED FRANCHISES

Thames Valley	Telecential Communications Limited Partnership	2387692
West Herts		
Northants		
Swindon		
Warwickshire		
Northamptonshire		
The registered office for the above listed company is:	DRAGOON HOUSE 37 ARTILLERY LANE LONDON E1 7LT	

CLAUSE C4.1, PAGE 35 is hereby amended as follows:

Customer's Purchase Objective is hereby revised from [Confidential Portion Omitted] lines to [Confidential Portion Omittted];

C4.1 Supplier's fully discounted net price per Switch line shown in the table below, includes the [Confidential Portion Omitted] per Switch. The relevant price per line for any Order shall be determined by applying the prevailing Purchase Objective effective on the date of such Order, as defined in Clause C7, to the table below.

PRICE PER LINE BASED UPON PURCHASE OBJECTIVE

	[CONFIDENTIAL PORTION OMITTED]				
	LINES	LINES	LINES	LINES	LINES
PURCHASE OBJECTIVE					
HOST PRICE PER LINE:					

SNSE PRICE PER LINE:

RSC PRICE PER LINE: [Confidential Portion Omitted

RLCM PRICE PER LINE:

SRU PRICE PER LINE:

No retrospective price adjustments will be made to previous Purchases upon Consortium achieving the next pricing level.

The above stated price per line includes the Product(s) as listed in Appendix 2, entitled "Price Per Line" attached hereto and by this reference incorporated into this Agreement and Software as defined in Attachment K of the Proposal, and Services including but not limited to [Confidential Portion Omitted]. In the case of Switch remotes, (RSC, RLCM and SRU), the price includes [Confidential Portion Omitted]. These prices include all customs and import duties, but exclude VAT.

CLAUSE C7.1.1 is hereby amended to show Customer's revised Purchase Objective following the inclusion of TeleWest's Scotland franchises, as follows:

C7.1.1 Customer's initial Purchase Objective is detailed below ("Initial Purchase Objective")

[Confidential Portion Omitted]

CLAUSE C19 PAGE 41 is hereby amended as follows:

C19 EMERGENCY REPLACEMENT

C19.1 In the event that an emergency or catastrophic event affects any Switch which Customer has purchased from Supplier, Supplier agrees to immediately provide an emergency back-up Switch which may be utilised by Customer until a replacement Switch arrives. Supplier agrees to retain such emergency back-up Switch as well as an emergency stock of Product(s), Software and sufficient numbers of trained personnel to provide Services in the event of an emergency. Such Switch shall be capable of serving not less than 1,000 lines. In the event Customer orders a replacement Switch from Supplier, Supplier agrees that such Switch shall have emergency priority in Supplier's manufacturing and production schedule.

C19.2 Supplier shall provide to Customer a telephone number at which Customer may obtain emergency replacement parts twenty four (24) hours a day, seven (7) days a week.

C19.3 SUPPLIER SHALL HAVE AVAILABLE SUCH EMERGENCY SWITCH DESCRIBED HEREUNDER BY A DATE TO BE MUTUALLY AGREED.

C19.4 CONSORTIUM AND SUPPLIER AGREE TO WORK TOGETHER IN FORMULATING A DETAILED DISASTER RECOVERY CONTINGENCY PLAN, INCLUDING TECHNICAL SPECIFICATION, TIMES SCALES AND COMMERCIAL TERMS, IN THE EVENT THAT AN EMERGENCY OR CATASTROPHIC EVENT AFFECTS ANY SWITCH WHICH CUSTOMER HAS PURCHASED FROM SUPPLIER.

CLAUSE C24.1, PAGE 44 is hereby amended as follows:

The initial training days are hereby increased from one hundred fifty (150) student days to one hundred seventy (170) student days, now stated as follows:

C24.1 Upon execution of this Agreement, Supplier will provide an initial credit for ONE HUNDRED AND SEVENTY (170) student days of training ("Training Credit") for the Consortium; one hundred TWENTY (120) student days for TeleWest and fifty (50) student days for Encom. In addition, for each Switch Ordered by Customer, Supplier shall provide an additional forty (40) student days per Switch Ordered hereunder by Customer. Training Credits may be pooled and allocated by Customer at its discretion.

SIGNATURES

The parties intending to be legally bound have caused this Amendment to be executed by their duly authorised representatives.

CUSTOMERS	SUPPLIER
TELEWEST COMMUNICATIONS GROUP LIMITED	NORTHERN TELECOM EUROPE LIMITED

<TABLE>
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<S>	<C>	<C>	<C>
authorised signature	date	authorised signature	date

</TABLE>

Larry Carleton	Pete Meldrum
print or type name of signatory	print or type name of signatory

President and Chief Operating Officer, TeleWestGeneral Manager

title | title

UNITED ARTISTS COMMUNICATIONS (SCOTLAND) VENTURE
BY EDINBURGH CABLE LIMITED PARTNERSHIP, ITS GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION EDINBURGH, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
print or type name of signatory

President and Chief Operating Officer, TeleWest
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
title

UNITED ARTISTS COMMUNICATIONS (NORTH EAST) PARTNERSHIP
BY TYNESIDE CABLE LIMITED PARTNERSHIP, ITS GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION TYNESIDE, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
print or type name of signatory

President and Chief Operating Officer, TeleWest

title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services. TeleWest
----
title

AVON CABLE JOINT VENTURE
BY AVON CABLE LIMITED PARTNERSHIP, ITS GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION AVON, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
----
title

UNITED ARTISTS COMMUNICATIONS (THAMES ESTUARY) PARTNERSHIP
BY ESTUARIES CABLE LIMITED PARTNERSHIP, GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION ESTUARIES, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
----
title

LONDON SOUTH CABLE PARTNERSHIP
BY UNITED CABLE (LONDON SOUTH) LIMITED PARTNERSHIP, GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION UK. INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
----
title

CABLE LONDON PLC

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authorised signature date

Gerald Campbell
----
print or type name of signatory

Managing Director, Cable London plc
----
title

BIRMINGHAM CABLE LIMITED

------------------------------ -----------
authorised signature date

Edward Campbell
----
print or type name of signatory

Managing Director, Birmingham Cable Limited
----
title

WINDSOR TELEVISION LIMITED

------------------------------ -----------
authorised signature date

Philippe Galteau
----
print or type name of signatory

Director, Winsor Televisiob Limited
----
title

UNITED ARTISTS COMMUNICATIONS (COTSWOLDS) LIMITED

------------------------------ -----------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----

title

ENCOM CABLE TV AND TELECOMMUNICATIONS

------------------------------ ------------
authorised signature date

John Sheridan
----
print or type name of signatory

Managing Director and Chief Executive Officer, ENCOM
----
title

TELECENTIAL COMMUNICATIONS LIMITED PARTNERSHIP

------------------------------ ------------
authorised signature date

Vernon Achber
----
print or type name of signatory

President and Chief Executive Officer, CUC Cablevision (UK) LTD. acting for and on behalf of Telecential Communications Limited Partnership
----
title

AMENDMENT NO. 4
TO THE TELEWEST GROUP GPA

This Amendment No. 4, dated the 10th day of December 1993, shall be deemed effective as of the first day of December 1993, by and between the companies listed under Exhibit A in the General Purchasing Agreement (GPA), dated 1 March 1993 ("Customer"), and Northern Telecom Europe Limited, ("Supplier").

RECITALS

WHEREAS, Customer and Supplier entered into a General Purchasing Agreement dated the first day of March 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 1, dated 1 July 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 2, dated 29 October 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 3, dated 12 November 1993; and

WHEREAS, Customer and Supplier agree to further amend the GPA pursuant to the terms and conditions set forth herein.

AGREEMENT

In consideration of the mutual promises and advantages to the parties, the parties incorporate by reference and agree to the accuracy of the above recitals and further agree as follows:

TITLE PAGE is hereby amended as follows:

The contract name is hereby amended to include Jones Cable Group Limited;

TELEWEST GROUP

ENCOM CABLE TV & TELECOMMUNICATIONS LTD

TELECENTIAL COMMUNICATIONS LIMITED PARTNERSHIP

JONES CABLE GROUP LIMITED

GENERAL PURCHASING AGREEMENT

NTE-GPA0001

PROPRIETARY

THE INFORMATION CONTAINED HEREIN SHOULD NOT BE DISCLOSED TO UNAUTHORISED PERSONS, IT IS INTENDED FOR USE BY AUTHORISED REPRESENTATIVES OF THE PARTIES TO THIS DOCUMENT

CLAUSE 1.1.6, PAGE 1 is hereby modified as follows:

The definition of "Consortium" is hereby revised to include Jones Cable Group Limited, now stated as follows: 1.1.6. "Consortium" for the purposes of this Agreement means all Customers listed under Exhibit A subject to Clause 2.40 entitled 'Several Liability' and all actions to be taken by Consortium hereunder shall be taken respectively by: 1)TeleWest Communications Group Limited ("TeleWest") as the representative for those Customers listed as TeleWest wholly owned franchises under Section 1, Exhibit A and for those Customers listed as Limited Companies under Section 2, Exhibit A; and 2) Encom Cable TV and Telecommunications Ltd ("Encom") as the representative for those Customers listed as Encom wholly owned franchises under Section 3, Exhibit A; and 3) Telecential Communications Limited Partnership entering into agreement for itself and on behalf of Telecential Communications (Herts) Limited Partnership and Telecential Communications (Northants) Limited Partnership ("Telecential") as the representative for those Customers listed as Telecential wholly owned franchises under Section 4, Exhibit A AND 4) JONES CABLE GROUP LIMITED ("JONES") as the representative for those Customers listed as Jones wholly owned franchises under Section 5 Exhibit A;

CLAUSE 2.8, PAGE 6 is hereby amended as follows:

Reference to Exhibit E Appendix 7 for Jones Cable Group Limited is hereby added now stated as follows:

2.8 FINANCING

Supplier agrees to provide financing to those Customers listed in Exhibit E, Appendix 1, together with the amounts of their individual facilities for up to [Confidential Portion Omitted] in aggregate Purchases under this Agreement pursuant to Lease Purchase Agreements substantially in the form of Exhibit E, Appendix 2 in the case of all Customers under common control with TeleWest; substantially in the form of Exhibit E, Appendix 3 in the case of Birmingham Cable Limited and Cable London plc; and substantially in the form of Exhibit E, Appendix 4 in the case of Windsor Television Limited. Supplier also agrees to provide financing: 1) to United Artists (Scotland) Venture and United Artists (Cotswolds) Limited, to a combined facility of up to [Confidential Portion Omitted] in aggregrate Purchases under this Agreement pursuant to Lease Purchase Agreements substantially in the form of Exhibit E, Appendix 5; 2) to Telecential, substantially in the form of Exhibit E, Appendix 6; AND 3) JONES CABLE GROUP LIMITED SUBSTANTIALLY IN THE FORM OF EXHIBIT E APPENDIX 7. The relevant financing agreement shall be entered into by Supplier and Customer that elects to finance any Purchases prior to such Customer placing its initial Order hereunder. In the event that a Customer elects to finance Purchases in accordance with such Lease Purchase Agreement, Supplier shall issue invoices for such Purchases in accordance with Clause 2.7, except that such invoices shall be for the full amount due, and such invoices shall be deemed to be paid upon inclusion of the amounts covered thereby in an Equipment Schedule under a Lease Purchase Agreement. The financing of Purchases pursuant to a Lease Purchase Agreement shall be without prejudice to the rights of Customer under this Agreement with respect to such Purchases, including without limitation Customer's right not to accept non-conforming Purchases.

CLAUSE 2.48, PAGE 19 is hereby amended as follows:

Jones are hereby added as a party to be notified with all correspondence required under this Agreement, now stated as follows:

2.48 NOTICES

Where written notices, demands, or other communications are required under this Agreement to be made in writing, they shall be deemed duly given when made in writing and delivered in hand, or upon

receipt when properly addressed by Recorded or Registered Post or other delivery service to the following addresses:

CUSTOMERS :

TeleWest Communications Group Ltd. Attn : Contract Manager Materials Management Department Unit 1, Genesis Business Park Woking, Surrey, GU21 5RW	Encom Cable TV & Telecommunications Ltd Attn : Contract Manager 2 Millharbour London E14 9TE
Telecential Communications Ltd Partnership Attn : Contract Manager Link 2 Beacontree Plaza, Gillette Way, Basingstoke Road, Reading RG2 0BS	Jones Cable Group Limited Attn : Contract Manager Jones House 9 Greycaine Road Watford Hertfordshire WD2 4JP

SUPPLIER :

Commercial Manager; Cable Telephony
Northern Telecom Europe Limited
Public Switching Division
Northern Telecom House
St. Cloud Way
Maidenhead, Berks SL6 8XB

Addresses may be changed by written notices to the parties.

EXHIBIT A, PAGE 30 is hereby amended as follows:

Section 3 is hereby added to incorporate Jones franchises as Customers, now stated as follows:

EXHIBIT A CUSTOMERS

This Exhibit A is attached to and made part of that certain General Purchase dated 1 March 1993 ("Agreement"), by and between Customer as defined in the Agreement ("Customer") and Northern Telecom Europe Limited ("Supplier").

	FRANCHISE	FRANCHISE HOLDER	REG. NO.
1.	TELEWEST WHOLLY OWNED FRANCHISES		
	Avon	Avon Cable Joint Venture	
	Croydon, Kingston and Richmond and Merton and Sutton	London South Cable Partnership	
	North Thames Estuary South Thames Estuary	United Artists Communications (Thames Estuary) Partnership	

	FRANCHISE	FRANCHISE HOLDER	REG. NO.
	Edinburgh and Livingston, Uddingston, Glenrothes, Dundee and Perth.	United Artists Communications (Scotland) Venture	
	Tyneside	United Artists Communications (North East) Partnership	
2.	LIMITED COMPANIES		
	Birmingham	Birmingham Cable Limited	2170379
	The registered office for the above listed company is:	CABLE PHONE HOUSE, SMALL HEATH BUSINESS PARK, TALBOT WAY, SMALL HEATH, BIRMINGHAM. B10 OHJ	
	Camden, Enfield, Hackney and Islington, Haringey	Cable London plc	1794264

The registered office for the above listed company is:	100 CHALK FARM ROAD LONDON NW1 8EH	
Hillingdon and Hounslow, Windsor	Windsor Television Limited	1745542
The registered office for the above listed company is:	CABLE HOUSE WATERSIDE DRIVE LANGLEY, BERKSHIRE. SL3 6EZ	
Cotswolds	TeleWest Communications Group Limited	2514287
	United Artists Communications (Cotswolds) Limited	1743081

3. ENCOM WHOLLY OWNED FRANCHISES

Tower Hamlet/Newham	Encom Cable TV and Telecommunications Ltd	1870928
Greater London East Havering Waltham Forest Dartford Epping Forest		
The registered office for the above listed company is:	4 CARLTON GARDENS PALL MALL LONDON SW1Y 5AA	

4 TELECENTIAL WHOLLY OWNED FRANCHISES

Thames Valley	Telecential Communications Limited Partnership	2387692
West Herts Northants Swindon Warwickshire Northamptonshire		

The registered office for the above listed company is:	DRAGOON HOUSE 37 ARTILLERY LANE LONDON E1 7LT

5 JONES WHOLLY OWNED FRANCHISES

South Herts	Jones Cable Group of South Hertfordshire Limited
Leeds	Jones Cable Group of Leeds Limited

CLAUSE C4.1, PAGE 35 is hereby amended as follows:

Customer's Purchase Objective is hereby revised from [Confidential Portion Omitted] lines to [Confidential Portion Omitted] ;

C4.1 Supplier's fully discounted net price per Switch line shown in the table below, includes the [Confidential Portion Omitted] per Switch. The relevant price per line for any Order shall be determined by applying the prevailing Purchase Objective effective on the date of such Order, as defined in Clause C7, to the table below.

PRICE PER LINE BASED UPON PURCHASE OBJECTIVE

	[Confidential Portion Omitted]				
	LINES	LINES	LINES	LINES	LINES
PURCHASE OBJECTIVE					
HOST PRICE PER LINE:					
SNSE PRICE PER LINE:					
RSC PRICE PER LINE:	[Confidential Portion Omitted]				
RLCM PRICE PER LINE:					
SRU PRICE PER LINE:					

No retrospective price adjustments will be made to previous Purchases upon Consortium achieving the next pricing level.

The above stated price per line includes the Product(s) as listed in Appendix 2, entitled "Price Per Line" attached hereto and by this reference incorporated into this Agreement and Software as defined in Attachment K of the Proposal, and Services including but not limited to [Confidential Portion Omitted.] In the case of Switch remotes, (RSC, RLCM and SRU), the price includes [Confidential Portion Omitted.]. These prices include all customs and import duties, but exclude VAT.

CLAUSE C7.1.1 is hereby amended to show Customer's revised Purchase Objective following the inclusion of Jones' franchises, as follows:

[Confidential Portion Omitted.]

[Confidential Portion Omitted.]

CLAUSE C12.2, PAGE 40 is hereby amended as follows:

[Confidential Portion Omitted.]

CLAUSE C25.1.3, AMENDMENT 2 PAGE 7 is hereby amended as follows to detail the Marketing Support provided to Jones:

Supplier agrees to provide a dedicated fully skilled marketing resource to Telecential for a period of 3 (three) monthsAND ALSO TO PROVIDE A DEDICATED FULLY SKILLED MARKETING RESOURCE TO JONES FOR A PERIOD OF 3 (THREE) MONTHS.

SIGNATURES

The parties intending to be legally bound have caused this Amendment to be executed by their duly authorised representatives.

CUSTOMERS	SUPPLIER
TELEWEST COMMUNICATIONS GROUP LIMITED	NORTHERN TELECOM EUROPE LIMITED

<TABLE>
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<S>	<C>	<C>	<C>
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authorised signature	date	authorised signature	date

</TABLE>

Larry Carleton	Pete Meldrum
print or type name of signatory	print or type name of signatory

President and Chief Operating Officer, TeleWestGeneral Manager

title	title

UNITED ARTISTS COMMUNICATIONS (SCOTLAND) VENTURE
BY EDINBURGH CABLE LIMITED PARTNERSHIP, ITS GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION EDINBURGH, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
----
title

UNITED ARTISTS COMMUNICATIONS (NORTH EAST) PARTNERSHIP
BY TYNESIDE CABLE LIMITED PARTNERSHIP, ITS GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION TYNESIDE, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services. TeleWest
----
title

AVON CABLE JOINT VENTURE
BY AVON CABLE LIMITED PARTNERSHIP, ITS GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION AVON, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
----
title

UNITED ARTISTS COMMUNICATIONS (THAMES ESTUARY) PARTNERSHIP
BY ESTUARIES CABLE LIMITED PARTNERSHIP, GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION ESTUARIES, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
----
title

LONDON SOUTH CABLE PARTNERSHIP
BY UNITED CABLE (LONDON SOUTH) LIMITED PARTNERSHIP, GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION UK. INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
----
title

CABLE LONDON PLC

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authorised signature date

Gerald Campbell
----
print or type name of signatory

Managing Director, Cable London plc

----
title

BIRMINGHAM CABLE LIMITED

------------------------------   -----------
authorised signature   date

Edward Campbell
----
print or type name of signatory

Managing Director, Birmingham Cable Limited
----
title

WINDSOR TELEVISION LIMITED

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authorised signature   date

Philippe Galteau
----
print or type name of signatory

Director, Windsor Television Limited
----
title

UNITED ARTISTS COMMUNICATIONS (COTSWOLDS) LIMITED

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authorised signature   date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

ENCOM CABLE TV AND TELECOMMUNICATIONS

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authorised signature   date

John Sheridan
----
print or type name of signatory

Managing Director and Chief Executive Officer, ENCOM
----
title

TELECENTIAL COMMUNICATIONS LIMITED PARTNERSHIP

------------------------------   ------------
authorised signature   date

Vernon Achber
----
print or type name of signatory

President and Chief Executive Officer, CUC Cablevision (UK) LTD. acting for and on behalf of Telecential Communications Limited Partnership
----
title

JONES CABLE GROUP LIMITED

------------------------------   ------------
authorised signature   date

Alan Bates
----
print or type name of signatory

Managing Director, Jones Cable Group Limited
----
title

AMENDMENT NO. 5
TO THE TELEWEST GROUP GPA

This Amendment No. 5, dated the 24th day of May 1994, shall be deemed effective as of the first day of June 1994, by and between the companies listed under Exhibit A in the General Purchasing Agreement (GPA), dated 1 March 1993 ("Customer"), and Northern Telecom Europe Limited, ("Supplier").

RECITALS

WHEREAS, Customer and Supplier entered into a General Purchasing Agreement dated the first day of March 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 1, dated 1 July 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 2, dated 29 October 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by

entering into Amendment No. 3, dated 12 November 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 4, dated 10 December 1993; and

WHEREAS, Customer and Supplier agree to further amend the GPA pursuant to the terms and conditions set forth herein.

AGREEMENT

In consideration of the mutual promises and advantages to the parties, the parties incorporate by reference and agree to the accuracy of the above recitals and further agree as follows:

TITLE PAGE is hereby amended as follows:

The contract name is hereby amended to include IVS Cable Holdings Limited;

TELEWEST GROUP

ENCOM CABLE TV & TELECOMMUNICATIONS LTD

TELECENTIAL COMMUNICATIONS LIMITED PARTNERSHIP

JONES CABLE GROUP LIMITED

IVS CABLE HOLDINGS LIMITED

GENERAL PURCHASING AGREEMENT

NTE-GPA0001

PROPRIETARY

THE INFORMATION CONTAINED HEREIN SHOULD NOT BE DISCLOSED TO UNAUTHORISED PERSONS, IT IS INTENDED FOR USE BY AUTHORISED REPRESENTATIVES OF THE PARTIES TO THIS DOCUMENT

CLAUSE 1.1.6, PAGE 1 is hereby amended as follows:

The definition of "Consortium" is hereby revised to include IVS Cable Holdings Limited, now stated as follows:

1.1.6. "Consortium" for the purposes of this Agreement means all Customers listed under Exhibit A subject to Clause 2.40 entitled 'Several Liability' and all actions to be taken by Consortium hereunder shall be taken respectively by: 1)TeleWest Communications Group Limited ("TeleWest") as the representative for those Customers listed as TeleWest wholly owned franchises under Section 1, Exhibit A and for those Customers listed as Limited Companies under Section 2, Exhibit A; and 2) Encom Cable TV and Telecommunications Ltd ("Encom") as the representative for those Customers listed as Encom wholly owned franchises under

Section 3, Exhibit A; and 3) Telecential Communications Limited Partnership entering into agreement for itself and on behalf of Telecential Communications (Herts) Limited Partnership and Telecential Communications (Northants) Limited Partnership ("Telecential") as the representative for those Customers listed as Telecential wholly owned franchises under Section 4, Exhibit A and 4) Jones Cable Group Limited ("Jones") as the representative for those Customers listed as Jones wholly owned franchises under Section 5 Exhibit A; and 5) IVS CABLE HOLDINGS LIMITED ("IVS") AS THE REPRESENTATIVE FOR THOSE CUSTOMERS LISTED AS IVS WHOLLY OWNED FRANCHISES UNDER SECTION 6 EXHIBIT A.

CLAUSE 2.48, PAGE 19 is hereby amended as follows:

IVS are hereby added as a party to be notified with all correspondence required under this Agreement, now stated as follows:

2.48 NOTICES

Where written notices, demands, or other communications are required under this Agreement to be made in writing, they shall be deemed duly given when made in writing and delivered in hand, or upon receipt when properly addressed by Recorded or Registered Post or other delivery service to the following addresses:

CUSTOMERS :

TeleWest Communications Group Ltd.	Encom Cable TV & Telecommunications Ltd
Attn : Contract Manager	Attn : Senior Manager- Network Switching
Materials Management Department Unit 1, Genesis Business Park Woking, Surrey, GU21 5RW	5 Limeharbour London E14 9TY
Telecential Communications Ltd Partnership Attn : Contract Manager Link 2 Beacontree Plaza, Gillette Way, Basingstoke Road, Reading RG2 0BS	Jones Cable Group Limited Attn : Contract Manager Jones House 9 Greycaine Road Watford Hertfordshire WD2 4JP

IVS Cable Holdings Limited.
Attn: Contract Manager
284 Weyhill Road
Andover
Hampshire
SP10 3LF

SUPPLIER :

Commercial Manager; Cable Telephony
Northern Telecom Europe Limited
Public Switching Division
Northern Telecom House
St. Cloud Way
Maidenhead, Berks SL6 8XB

Addresses may be changed by written notices to the parties.

EXHIBIT A, PAGE 30 is hereby amended as follows:

Section 6 is hereby added to incorporate IVS franchises as Customers, now stated as follows:

EXHIBIT A CUSTOMERS

This Exhibit A is attached to and made part of that certain General Purchase dated 1 March 1993 ("Agreement"), by and between Customer as defined in the Agreement ("Customer") and Northern Telecom Europe Limited ("Supplier").

FRANCHISE	FRANCHISE HOLDER	REG. NO.
1. TELEWEST WHOLLY OWNED FRANCHISES		
Avon	Avon Cable Joint Venture	
Croydon, Kingston and Richmond and Merton and Sutton	London South Cable Partnership	
North Thames Estuary South Thames Estuary	United Artists Communications (Thames Estuary) Partnership	
Edinburgh and Livingston, Uddingston, Glenrothes, Dundee and Perth.	United Artists Communications (Scotland) Venture	
Tyneside	United Artists Communications (North East) Partnership	
2. LIMITED COMPANIES		
Birmingham	Birmingham Cable Limited	2170379
The registered office for the above listed company is:	CABLE PHONE HOUSE, SMALL HEATH BUSINESS PARK, TALBOT WAY, SMALL HEATH, BIRMINGHAM. B10 OHJ	

FRANCHISE	FRANCHISE HOLDER	REG. NO.
Camden, Enfield, Hackney and Islington, Haringey	Cable London plc	1794264
The registered office for the above listed company is:	100 CHALK FARM ROAD LONDON NW1 8EH	
Hillingdon and Hounslow, Windsor	Windsor Television Limited	1745542
The registered office for the above listed company is:	CABLE HOUSE WATERSIDE DRIVE LANGLEY, BERKSHIRE. SL3 6EZ	

Cotswolds	TeleWest Communications Group Limited	2514287
	United Artists Communications (Cotswolds) Limited	1743081

3. ENCOM WHOLLY OWNED FRANCHISES

Tower Hamlet/Newham Greater London East Havering Waltham Forest Dartford Epping Forest	Encom Cable TV and Telecommunications Ltd	1870928
The registered office for the above listed company is:	4 CARLTON GARDENS PALL MALL LONDON SW1Y 5AA	

4 TELECENTIAL WHOLLY OWNED FRANCHISES

Thames Valley	Telecential Communications Limited Partnership	2387692
West Herts Northants Swindon Warwickshire Northamptonshire		
The registered office for the above listed company is:	DRAGOON HOUSE 37 ARTILLERY LANE LONDON E1 7LT	

5 JONES WHOLLY OWNED FRANCHISES

South Herts	Jones Cable Group of South Hertfordshire Limited
Leeds	Jones Cable Group of Leeds Limited

6 IVS CABLE HOLDINGS LIMITED WHOLLY OWNED FRANCHISES

Andover	Andover Cablevision Limited
Salisbury	Wessex Cable Limited
Stafford	Stafford Communications Limited

Oxford	Oxford Cable Limited

CLAUSE C4.1, PAGE 35 is hereby amended as follows:
Customer's Purchase Objective is hereby revised from [Confidential Portion Omitted] lines to [Confidential Portion Omitted] and the SNSE pricing is adjusted in line with the SuperNode Host Price Per Line with a separate initial

price for a core plus a minimum line size for a orders for SNSE.

C4.1 Supplier's fully discounted net price per Switch line shown in the table below, includes FOR [CONFIDENTIAL PORTION OMITTED] PER SWITCH AND FOR [CONFIDENTIAL PORTION OMITTED] PER SWITCH . The relevant price per line for any Order shall be determined by applying the prevailing Purchase Objective effective on the date of such Order, as defined in Clause C7, to the table below.

PRICE PER LINE BASED UPON PURCHASE OBJECTIVE

	[CONFIDENTIAL PORTION OMITTED]				
	LINES	LINES	LINES	LINES	LINES
PURCHASE OBJECTIVE					
HOST PRICE PER LINE:					
SNSE PRICE PER LINE:					
RSC PRICE PER LINE:	[Confidential Portion Omitted]				
RLCM PRICE PER LINE:					
SRU PRICE PER LINE:					

No retrospective price adjustments will be made to previous Purchases upon Consortium achieving the next pricing level.

The above stated price per line, ACCEPT AS STATED BELOW WITH REGARD TO SNSE, includes the Product(s) as listed in Appendix 2, entitled "Price Per Line" attached hereto and by this reference incorporated into this Agreement and Software as defined in Attachment K of the Proposal, and Services including but not limited to [Confidential Portion Omitted]. In the case of Switch remotes, (RSC, RLCM and SRU), the price includes [Confidential Portion Omitted]. These prices include all customs and import duties, but exclude VAT. [CONFIDENTIAL PORTION OMITTED]

CLAUSE C7.1.1 is hereby amended to show Customer's revised Purchase Objective following the inclusion of IVS' franchises, as follows:

C7.1.1 Customer's initial Purchase Objective is detailed below ("Initial Purchase Objective")

[Confidential Portion Omitted]

Page 8

CLAUSE C25.1.3, AMENDMENT 2 PAGE 7 is hereby amended to detail the Marketing Support provided to IVS now restated as follows:

SUPPLIER AGREES TO PROVIDE A DEDICATED FULLY SKILLED MARKETING RESOURCE INDIVIDUALLY, TO TELECENTIAL, JONES AND IVS EACH FOR A PERIOD OF 3 (THREE) MONTHS.

Page 9

SIGNATURES

The parties intending to be legally bound have caused this Amendment to be executed by their duly authorised representatives.

CUSTOMERS	SUPPLIER
TELEWEST COMMUNICATIONS GROUP LIMITED	NORTHERN TELECOM EUROPE LIMITED

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authorised signature	date	authorised signature	date

</TABLE>

Larry Carleton	Steve Pusey
print or type name of signatory	print or type name of signatory
President and Chief Operating Officer, TeleWestGroup	Director CATV
title	title

UNITED ARTISTS COMMUNICATIONS (SCOTLAND) VENTURE
BY EDINBURGH CABLE LIMITED PARTNERSHIP, ITS GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION EDINBURGH, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
----
title

UNITED ARTISTS COMMUNICATIONS (NORTH EAST) PARTNERSHIP
BY TYNESIDE CABLE LIMITED PARTNERSHIP, ITS GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION TYNESIDE, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services. TeleWest
----
title

AVON CABLE JOINT VENTURE
BY AVON CABLE LIMITED PARTNERSHIP, ITS GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION AVON, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
----
title

UNITED ARTISTS COMMUNICATIONS (THAMES ESTUARY) PARTNERSHIP
BY ESTUARIES CABLE LIMITED PARTNERSHIP, GENERAL PARTNER
BY UNITED ARTISTS CABLE TELEVISION ESTUARIES, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------
authorised signature date

Lynn Rexroth
----
print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest
----

title

LONDON SOUTH CABLE PARTNERSHIP

BY UNITED CABLE (LONDON SOUTH) LIMITED PARTNERSHIP, GENERAL PARTNER

BY UNITED ARTISTS CABLE TELEVISION UK. INC., GENERAL PARTNER

BY ------------------------------ --------------

authorised signature date

Larry Carleton

----

print or type name of signatory

President and Chief Operating Officer, TeleWest

----

title

BY US WEST CABLE TELECOM, INC., GENERAL PARTNER

BY ------------------------------ --------------

authorised signature date

Lynn Rexroth

----

print or type name of signatory

Executive Vice-President, Telecoms Services, TeleWest

----

title

CABLE LONDON PLC

------------------------------ -----------

authorised signature date

Gerald Campbell

----

print or type name of signatory

Managing Director, Cable London plc

----

title

BIRMINGHAM CABLE LIMITED

------------------------------ ----------

authorised signature   date

Edward Campbell
----
print or type name of signatory

Managing Director, Birmingham Cable Limited
----
title

WINDSOR TELEVISION LIMITED

------------------------------   -----------
authorised signature   date

Neil Johnson
----
print or type name of signatory

Director, Windsor Television Limited
----
title

UNITED ARTISTS COMMUNICATIONS (COTSWOLDS) LIMITED

------------------------------   -----------
authorised signature   date

Larry Carleton
----
print or type name of signatory

President and Chief Operating Officer, TeleWest
----
title

ENCOM CABLE TV AND TELECOMMUNICATIONS

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authorised signature   date

John Sheridan
----
print or type name of signatory

Managing Director and Chief Executive Officer, ENCOM
----
title

TELECENTIAL COMMUNICATIONS LIMITED PARTNERSHIP

------------------------------   ------------
authorised signature   date

Vernon Achber
----
print or type name of signatory

President and Chief Executive Officer, CUC Cablevision (UK) LTD. acting for and on behalf of Telecential Communications Limited Partnership
----
title

JONES CABLE GROUP LIMITTED

------------------------------   ------------
authorised signature   date

Alan Bates
----
print or type name of signatory

Managing Director, Jones Cable Group Limited
----
title

IVS CABLE HOLDINGS LIMITED

------------------------------   ------------
authorised signature   date

Peter C Funk
----
print or type name of signatory

Chairman, IVS Cable Holdings Limited
----
title

AMENDMENT NO. 6
TO THE GENERAL PURCHASING AGREEMENT
NTE-GPA0001

This Amendment No. 6, dated this 29th day of June 1995 shall be deemed effective as of the first day of December 1994, by and between the companies listed under Exhibit A in the General Purchasing Agreement (GPA), dated 1 March 1993 ("Customer"), and Nortel Limited, ("Supplier").

RECITALS

WHEREAS, Customer and Supplier entered into a General Purchasing Agreement dated the first day of March 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 1, dated 1 July 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 2, dated 29 October 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 3, dated 12 November 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 4, dated 10 December 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 5, dated 24 May 1994; and

WHEREAS, Customer and Supplier agree to further amend the GPA pursuant to the terms and conditions set forth herein.

AGREEMENT

In consideration of the mutual promises and advantages to the parties, the parties incorporate by reference and agree to the accuracy of the above recitals and further agree as follows:

TITLE PAGE is hereby amended to include Comcast Teesside Limited and Cambridge Cable Limited and to amend reference to Encom Cable TV and Telecommunications Ltd and Jones Cable Group Limited to Bell Cablemedia plc;

TELEWEST GROUP

BELL CABLEMEDIA PLC

TELECENTIAL COMMUNICATIONS LIMITED PARTNERSHIP

IVS CABLE HOLDINGS LIMITED

COMCAST TEESSIDE LIMITED

CAMBRIDGE CABLE LIMITED

GENERAL PURCHASING AGREEMENT

NTE-GPA0001

PROPRIETARY

THE INFORMATION CONTAINED HEREIN SHOULD NOT BE DISCLOSED TO UNAUTHORISED PERSONS, IT IS INTENDED FOR USE BY AUTHORISED REPRESENTATIVES OF THE PARTIES TO THIS DOCUMENT

INTRODUCTION, Supplier's legal name is hereby corrected from "Northern Telecom Europe Limited" to "Nortel Limited" now stated as follows:

1 INTRODUCTION

This Agreement, dated 1 March 1993, is made by and between the companies listed under Exhibit A attached hereto and by this reference incorporated into this Agreement and identified herein ("Customer"), and NORTEL LIMITED, having its registered office at Stafferton Way, Maidenhead, Berks SL6 1AY ("Supplier").

In consideration of the promises, mutual covenants and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, Customer and Supplier agree as follows:

CLAUSE 1.1.6, The definition of "Consortium" is hereby revised to include Comcast Teesside Limited and Cambridge Cable Limited and to amend reference to Encom Cable TV and Telecommunications Ltd and Jones Cable Group Limited to Bell Cablemedia plc, now stated as follows:

1.1.6. "Consortium" for the purposes of this Agreement means all Customers listed under Exhibit A subject to Clause 2.40 entitled 'Several Liability' and all actions to be taken by Consortium hereunder shall be taken respectively by: 1)TeleWest Communications Group Limited ("TeleWest") as the representative for those Customers listed as TeleWest wholly owned franchises under Section 1, Exhibit A and for those Customers listed as Limited Companies under Section 2, Exhibit A; and 2) BELL CABLEMEDIA PLC ("BCM") as the representative for those Customers listed as BCM wholly owned franchises under Section 3, Exhibit A; and 3) Telecential Communications Limited Partnership entering into agreement for itself and on behalf of Telecential Communications (Herts) Limited Partnership and Telecential Communications (Northants) Limited Partnership ("Telecential") as the representative for those Customers listed as Telecential wholly owned franchises under Section 4, Exhibit A and 4) Section 5) Exhibt A NOT USED ; and 5) IVS Cable Holdings Limited ("IVS") as the representative for those Customers listed as IVS wholly owned franchises under Section 6 Exhibit A. and 6) COMCAST TEESSIDE LIMITED ("COMCAST") AS THE REPRESENTATIVE FOR THOSE CUSTOMERS LISTED AS COMCAST WHOLLY OWNED FRANCHISES UNDER SECTION 7 EXHIBIT A. AND 7) CAMBRIDGE CABLE LIMITED ("CAMBRIDGE") AS THE REPRESENTATIVE FOR THOSE CUSTOMERS LISTED AS CAMBRIDGE WHOLLY OWNED FRANCHISES UNDER SECTION 8 EXHIBIT A

CLAUSE 2.8, is hereby amended to alter reference to Jones Cable Group Limited to Bell Cablemedia plc now stated as follows:

2.8 FINANCING

Supplier agrees to provide financing to those Customers listed in Exhibit E, Appendix 1, together with the amounts of their individual facilities for up to [Confidential Portion Omitted] in aggregate Purchases under this Agreement pursuant to Lease Purchase Agreements substantially in the form of Exhibit E, Appendix 2 in the case of all Customers under common control with TeleWest; substantially in the form of Exhibit E, Appendix 3 in the case of Birmingham Cable Limited and Cable London plc; and substantially in the form of Exhibit E, Appendix 4 in the case of Windsor Television Limited. Supplier also agrees to provide financing: 1) to United Artists (Scotland) Venture and United Artists (Cotswolds) Limited, to a combined facility of up to [Confidential Portion Omitted] in aggregrate Purchases under this Agreement pursuant to Lease Purchase Agreements substantially in the form of Exhibit E, Appendix 5; 2) to Telecential, substantially in the form of Exhibit E, Appendix 6; and 3) BELL CABLEMEDIA PLC NORTHERN REGION substantially in the form of Exhibit E appendix 7. The relevant financing agreement shall be entered into by Supplier and Customer that elects to finance any Purchases prior to such Customer placing its initial Order hereunder. In the event that a Customer elects to finance Purchases in accordance with such Lease Purchase Agreement, Supplier shall issue invoices for such Purchases in accordance with Clause 2.7, except that such invoices shall be for the full amount due, and such invoices shall be deemed to be paid upon inclusion of the amounts covered thereby in an Equipment Schedule under a Lease Purchase Agreement. The financing of Purchases pursuant to a Lease Purchase Agreement shall be without prejudice to the rights of Customer under this Agreement with respect to such Purchases, including without limitation Customer's right not to accept non-conforming Purchases.

CLAUSE 2.48, is hereby amended to add Comcast and Cambridge as parties to be notified with all correspondence required under this Agreement, to alter reference to Encom and Jones to BCM and to alter reference to Supplier's registered name to Nortel Limited now stated as follows:

2.48 NOTICES

Where written notices, demands, or other communications are required under this Agreement to be made in writing, they shall be deemed duly given when made in writing and delivered in hand, or upon receipt when properly addressed by Recorded or Registered Post or other delivery service to the following addresses:

CUSTOMERS :

TeleWest Communications Group Ltd.
Attn : Contract Manager
Materials Management Department
Unit 1, Genesis Business Park
Woking, Surrey, GU21 5RW

BELL CABLEMEDIA PLC
ATTN : GROUP DIRECTOR ENGINEERING
FLOOR 3 COLNE HOUSE
WATFORD
HERTFORDSHIRE WD1 7EL

Telecential Communications Ltd Partnership
Attn : Contract Manager
Link 2 Beacontree Plaza, Gillette Way,
Basingstoke Road,
Reading RG2 0BS

IVS Cable Holdings Limited
Attn : Contract Manager
284 Weyhill Road
Andover
Hampshire SP10 3LF

CAMBRIDGE CABLE LIMITED.
ATTN: DIRECTOR OF TELECOMS NETWORKS
CAMBRIDGE SCIENCE PARK
MILTON ROAD
CAMBRIDGE
CB4 4WA

COMCAST TEESIDE LIMITED
ATTN: COMPANY SECRETARY
WELLINGTON COURT
DE HAVILLAND AVENUE
PRESTON FARM
STOCKTON-ON-TEES
CLEVELAND TS18 3TA

SUPPLIER :

Commercial Manager; CATV ACCOUNT GROUP
NORTEL LIMITED
Northern Telecom House
St. Cloud Way
Maidenhead, Berks
SL6 8XB

Addresses may be changed by written notices to the parties.

EXHIBIT A, is hereby amended to incorporate Comcast and Cambridge franchises as Customers, to amend reference to Encom and Jones to BCM, and to change reference to Supplier's name to Nortel Limited now stated as follows:

EXHIBIT A CUSTOMERS

This Exhibit A is attached to and made part of that certain General Purchase dated 1 March 1993 ("Agreement"), by and between Customer as defined in the Agreement ("Customer") and NORTEL LIMITED ("Supplier").

	FRANCHISE	FRANCHISE HOLDER	REG. NO.
1.	TELEWEST WHOLLY OWNED FRANCHISES		
	Avon	Avon Cable Joint Venture	
	Croydon, Kingston and Richmond and Merton and Sutton	London South Cable Partnership	
	North Thames Estuary South Thames Estuary	United Artists Communications (Thames Estuary) Partnership	
	Edinburgh and Livingston, Uddingston, Glenrothes, Dundee and Perth.	United Artists Communications (Scotland) Venture	
	Tyneside	United Artists Communications (North East) Partnership	
2.	LIMITED COMPANIES		
	Birmingham	Birmingham Cable Limited	2170379
	The registered office for the above listed company is:	CABLE PHONE HOUSE, SMALL HEATH BUSINESS PARK, TALBOT WAY, SMALL HEATH, BIRMINGHAM. B10 OHJ	
	Camden, Enfield, Hackney and Islington, Haringey	Cable London plc	1794264
	The registered office for the above listed company is:	100 CHALK FARM ROAD LONDON NW1 8EH	
	Hillingdon and Hounslow, Windsor	Windsor Television Limited	1745542
	The registered office for the above listed company is:	CABLE HOUSE WATERSIDE DRIVE LANGLEY, BERKSHIRE. SL3 6EZ	
	Cotswolds	TeleWest Communications Group Limited	2514287
		United Artists Communications (Cotswolds) Limited	1743081
3.	BCM WHOLLY OWNED FRANCHISES		

Tower Hamlet/Newham, Greater London East, Havering, Waltham Forest, Dartford, Epping Forest, ASHFORD, WATFORD, AYLESBURY, WORCESTER	BELL CABLEMEDIA SOUTHERN REGION	
PETERBOROUGH, NORWICH, WHITTLESEY, GT YARMOUTH	BELL CABLEMEDIA EASTERN REGION	

	LEEDS, WEARSIDE, YORK & HARROGATE	BELL CABLEMEDIA NORTHERNREGION	
	The registered office for the above listed company is:	IB PORLAND PLACE LONDON W1N 3AA	2735732
4	TELECENTIAL WHOLLY OWNED FRANCHISES		
	Thames Valley	Telecential Communications Limited Partnership	2387692
	West Herts		
	Northants		
	Swindon		
	Warwickshire		
	Northamptonshire		
	The registered office for the above listed company is:	DRAGOON HOUSE 37 ARTILLERY LANE LONDON E1 7LT	
5	NOT USED		
6	IVS WHOLLY OWNED FRANCHISES		
	Andover	Andover Cablevision Limited	
	Salisbury	Wessex Cable Limited	
	Stafford	Stafford Communications Limited	
	Oxford	Oxford Cable Limited	
7	COMCAST WHOLLY OWNED FRANCHISES		
	TEESSIDE	COMCAST TEESSIDE LIMITED	
	DARLINGTON	COMCAST DARLINGTON LIMITED	
8	CAMBRIDGE WHOLLY OWNED FRANCHISES		
	CAMBRIDGE	CAMBRIDGE CABLE LIMITED	
	HARLOW/BISHOPS-STORTFORD	ANGLIA CABLE COMMUNICATIONS LIMITED	
	IPSWICH/COLCHESTER	EAST COAST CABLE LIMITED	

EXHIBIT B, is hereby amended to change reference to Supplier's name to Nortel Limited now stated as follows:

EXHIBIT B FAULT CLASSIFICATIONS

This Exhibit B is attached to and made part of that certain General Purchase Agreement dated 1 March, 1993 ("Agreement"), by and between Customer as defined in Exhibit A of the Agreement ("Customer") and NORTEL LIMITED ("Supplier").

EXHIBIT C, is hereby amended to change reference to Supplier's name to Nortel Limited and to incorporate the Comcast Teeside Limited request for proposal and the Nortel Limited response to this request in the Recitals, now stated as follows:

EXHIBIT C SWITCH PURCHASES

This Exhibit C is attached to and made part of that certain General Purchasing Agreement dated 1 March 1993 ("Agreement"), by and between Customer as defined in Exhibit A ("Customer") of the Agreement and NORTEL LIMITED ("Supplier").

RECITALS

WHEREAS, Customer issued Request for Proposal entitled "Switch/RFP/001" dated November 1992, AND COMCAST TEESIDE LIMITED REISSUED THIS REQUEST FOR PROPOSAL DATED SEPTEMBER 1994 (the "RFP") to Supplier soliciting a proposal for Switches (defined herein);

WHEREAS, Supplier responded to Customer's RFP by submitting its proposal which offered to provide local switches comprised of DMS-100 Products, Software and Services ("Switch" or "Switches") as well as individual items of Products, Software and Services dated 4 January 1993 AND TO COMCAST TEESIDE LIMITED'S REISSUED RFP DATED 21 OCTOBER 1994. ("Proposal");

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and advantages to the parties, the parties incorporate by reference and agree to the accuracy of the above recitals and further agree as follows:

CLAUSE C4.1, is hereby amended to revise Customer's Purchase Objective from [Confidential Portion Omitted] lines to [Confidential Portion Omitted];

C4.1 Supplier's fully discounted net price per Switch line shown in the table below, includes for [Confidential Portion Omitted] per

Switch and for [Confidential Portion Omitted] per Switch . The relevant price per line for any Order shall be determined by applying the prevailing Purchase Objective effective on the date of such Order, as defined in Clause C7, to the table below.

PRICE PER LINE BASED UPON PURCHASE OBJECTIVE

	[CONFIDENTIAL PORTION OMITTED]				
	LINES	LINES	LINES	LINES	1LINES
PURCHASE OBJECTIVE					
HOST PRICE PER LINE:					
SNSE PRICE PER LINE:					
RSC PRICE PER LINE:		[Confidential Portion Omitted]			
RLCM PRICE PER LINE:					
SRU PRICE PER LINE:					

No retrospective price adjustments will be made to previous Purchases upon Consortium achieving the next pricing level.

The above stated price per line, accept as stated below with regard to SNSE, includes the Product(s) as listed in Appendix 2, entitled "Price Per Line" attached hereto and by this reference incorporated into this Agreement and Software as defined in Attachment K of the Proposal, and Services including but not limited to [Confidential Portion Omitted]. In the case of Switch remotes, (RSC, RLCM and SRU), the price includes [Confidential Portion Omitted]. These prices include all customs and import duties, but exclude VAT.

[Confidential Portion Omitted]

CLAUSE C7.1.1 is hereby amended to show Customer's revised Purchase Objective following the inclusion of Comcast and Cambridge franchises and to amend reference to Encom and Jones to BCM, now stated as follows:

C7.1.1 Customer's initial Purchase Objective is detailed below ("Initial Purchase Objective")

[Confidential Portion Omitted]

[Confidential Portion Omitted]

CLAUSE C12.2 is hereby amended to replace reference to Encom and Jones with BCM, now stated as follows:

[Confidential Portion Omitted]

CLAUSE C24.1 is hereby amended to replace reference to Encom with BCM, now stated as follows:

[Confidential Portion Omitted]

CLAUSE C25.1.2 is hereby amended to replace reference to Encom with BCM, now stated as follows:

C25.1.2 [Confidential Portion Omitted]

CLAUSE C25.1.3 is hereby amended to replace reference to Jones with BCM, now stated as follows:

C25.1.3 Supplier agrees to provide a dedicated fully skilled marketing resource individually, to Telecential, BCM (NORTHERN REGION) and IVS each for a period of 3 (three) months.

SIGNATURES

The parties intending to be legally bound have caused this Amendment to be executed by their duly authorised representatives.

CUSTOMERS	SUPPLIER
TELEWEST COMMUNICATIONS GROUP LIMITED	NORTEL LIMITED

<TABLE>
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<S>	<C>	<C>	<C>
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authorised signature	date	authorised signature	date

</TABLE>

Danny Bryan	Steve Pusey
print or type name of signatory	print or type name of signatory
Managing Director, TeleWest,	Director CATV Account Group
title	title

For and on behalf of

TeleWest Communications Group Limited

United Artists Communications (Scotland) Venture

United Artists Communications (North East) Partnership

Avon Cable Joint Venture

United Artists Communications (South East) Partnership

London South Cable Partnership

United Artists Communications (Cotswolds) Limited

CABLE LONDON PLC

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authorised signature date

Gerald Campbell

print or type name of signatory

Managing Director, Cable London plc
----
title

BIRMINGHAM CABLE LIMITED

---------------------------------- --------
authorised signature   date

Ron Lawley
----
print or type name of signatory

Managing Director, Birmingham Cable Limited
----
title

WINDSOR TELEVISION LIMITED

---------------------------------- --------
authorised signature   date

Neil Johnson
----
print or type name of signatory

Managing Director,
----
title

BELL CABLEMEDIA PLC

---------------------------------- --------
authorised signature   date

John Sheridan
----
print or type name of signatory

Chief Operating Officer,
----
title

TELECENTIAL COMMUNICATIONS PARTNERSHIP

---------------------------------- --------
authorised signature   date

Vernon Achber
----
print or type name of signatory

President and Chief Executive Officer, CUC Cablevision (UK) LTD. acting for and on behalf of Telecential Communications Partnership
----
title

IVS CABLE HOLDINGS LIMITED

---------------------------------- --------
authorised signature   date

Peter C Funk
----
print or type name of signatory

Chairman, IVS Cable Holdings Limited
----
title

COMCAST TEESSIDE LIMITED

---------------------------------- --------
authorised signature   date

Edward Cambell
----
print or type name of signatory

Managing Director, Comcast Teesside Limited
----
title

CAMBRIDGE CABLE LIMITED

---------------------------------- --------
authorised signature   date

Edward Ying
----
print or type name of signatory

Managing Director, Cambridge Cable Limited
----
title

AMENDMENT NO. 7
TO THE GENERAL PURCHASING AGREEMENT
NTE-GPA0001

This Amendment No. 7, dated the 30th day of June 1995 shall be deemed effective as of the first day of May 1995 by and between the companies listed under Exhibit A in the General Purchasing Agreement (GPA), dated 1 March 1993 ("Customer"), and Nortel Limited, ("Supplier").

RECITALS

WHEREAS, Customer and Supplier entered into a General Purchasing Agreement dated the first day of March 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 1, dated 1 July 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 2, dated 29 October 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 3, dated 12 November 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 4, dated 10 December 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 5, dated 24 May 1994; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 6, dated 29 June 1995 and

WHEREAS, Customer and Supplier agree to further amend the GPA pursuant to the terms and conditions set forth herein.

PROPRIETARY

THE INFORMATION CONTAINED HEREIN SHOULD NOT BE DISCLOSED TO UNAUTHORISED PERSONS, IT IS INTENDED FOR USE BY AUTHORISED REPRESENTATIVES OF THE PARTIES TO THIS DOCUMENT

AGREEMENT

In consideration of the mutual promises and advantages to the parties, the parties incorporate by reference and agree to the accuracy of the above recitals and further agree as follows:

CLAUSE C4.1, is hereby amended principally to detail the incremental price per line for Advanced Software now stated as follows:

C4.1 Supplier's fully discounted net price per Switch line shown in the table below, includes for [Confidential Portion Omitted] per Switch and [Confidential Portion Omitted] per Switch. The relevant price per line for any Order, EXCLUDING THE INCREMENTAL PRICE FOR ADVANCED SOFTWARE WHICH IS DETAILED IN CLAUSE C4.1.4 Shall be determined by applying the prevailing Purchase Objective effective on the date of such Order, as defined in Clause C7, to the table below.

PRICE PER LINE BASED UPON PURCHASE OBJECTIVE

[CONFIDENTIAL PORTION OMITTED]

	LINES	LINES	LINES	LINES	LINES
PURCHASE OBJECTIVE					
HOST PRICE PER LINE:					
SNSE PRICE PER LINE:					
RSC PRICE PER LINE:	[Confidential Portion Omitted]				
RLCM PRICE PER LINE:					
SRU PRICE PER LINE:					

C4.1.1 No retrospective price adjustments will be made to previous Purchases upon Consortium achieving the next pricing level.

C4.1.2 The above stated price per line, EXCEPT as stated below with regard to SNSE, includes the Product(s) as listed in Appendix 2, entitled "Price Per Line" attached hereto and by this reference incorporated into this Agreement and BASE Software as defined in Attachment K ISSUE 3 of the Proposal, and Services including but not limited to [Confidential Portion Omitted] . In the case of Switch remotes, (RSC, RLCM and SRU) the price PER LINE [Confidential Portion Omitted]. These prices include all customs and import duties, but exclude VAT.

C4.1.3 [Confidential Portion Omitted]

C4.1.4 CUSTOMER SHALL PAY AND INCLUDE WITHIN EVERY ORDER FOR ADDITIONAL SWITCH LINE CAPACITY WHETHER ON A HOST, SNSE, RSC, RLCM, SRU OR SRU-S THE INCREMENTAL PRICE PER LINE AS DETAILED IN CLAUSES C4.1.4.1 AND C4.1.4.2 FOR ADVANCED SOFTWARE AS DESCRIBED AND DEFINED IN ATTACHMENT K ISSUE 3. SUCH INCREMENTAL PRICE PER LINE SHALL APPLY RETROSPECTIVELY TO LINES ORDERED PRIOR TO THIS AMENDMENT.

C4.1.4.1 FOR THE FIRST [Confidential Portion Omitted] OF SUCH LINES INSTALLED BY SUPPLIER, AND ORDERED BY ALL CUSTOMERS COLLECTIVELY, UNDER THIS AGREEMENT, THE INCREMENTAL PRICE PER LINE FOR ADVANCED SOFTWARE TO BE INCLUDED ON CUSTOMER'S ORDER SHALL BE [Confidential Portion Omitted].

C4.1.4.2 FOR ALL LINES ORDERED, UNDER THIS AGREEMENT, BY CUSTOMERS COLLECTIVELY BEYOND THE FIRST [Confidential Portion Omitted] LINES AS DESCRIBED IN CLAUSE C4.1.4.1 AND UP TO [Confidential Portion Omitted] LINES, THE INCREMENTAL PRICE PER LINE FOR ADVANCED SOFTWARE TO BE INCLUDED ON CUSTOMER'S ORDER SHALL BE [Confidential Portion Omitted]

C4.1.4.3 SUPPLIER AND CUSTOMER SHALL NEGOTIATE IN GOOD FAITH A PRICE FOR ALL LINES ORDERED, UNDER THIS AGREEMENT, BY CUSTOMERS COLLECTIVELY BEYOND THE FIRST [Confidential Portion Omitted] LINES AS

DESCRIBED IN CLAUSES C4.1.4.1 AND C4.1.4.2.

C4.1.4.4 THE ADVANCED SOFTWARE RTU FEE SHALL APPLY TO ALL SWITCH AND REMOTE LINES. NO FURTHER DISCOUNTS OR DEDUCTIONS WHATSOEVER WILL APPLY INCLUDING FOR INTERNAL USE (CLAUSE C6.4) AND SOFTWARE UTILISATION DISCOUNT (CLAUSE C31.5).

C4.1.4.5 THE ADVANCED SOFTWARE RTU FEE HAS BEEN CALCULATED ASSUMING AN ULTIMATE SWITCH SIZE OF [Confidential Portion Omitted] LINES. CUSTOMERS SHALL ENDEAVOUR TO EXTEND THEIR SWITCHES TO ACHIEVE THIS ULTIMATE SWITCH SIZE.

CLAUSE C6.6, is hereby amended to incorporate the modified Software pricing and packaging as detailed in Attachment K issue 3 and clauses C6.6.1, C6.6.2 and C6,6.3 are hereby deleted. Clause 6.6 is now restated as follows:

C6.6 ADDITIONAL FEATURE SOFTWARE

ADDITIONAL FEATURE SOFTWARE INCLUDED IN NEITHER THE BASE PRICE PER LINE NOR THE INCREMENTAL PRICE PER LINE FOR ADVANCED SOFTWARE AS STATED UNDER CLAUSE C4.1 CAN BE PURCHASED AS DEFINED AND PRICED IN ATTACHMENT K, ISSUE 3 ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE.

CLAUSE C9.1, is hereby amended to incorporate a definition for Obsolescence now restated as follows:

C9 TECHNOLOGY OBSOLESCENCE

C9.1 Supplier and Consortium will work together to minimise the impact of Product "OBSOLESCENCE" (AS DEFINED BELOW IN CLAUSE C9.2) and the loss of the Customer's competitive position through the provision of regular technology working parties which will directly assist in the Product roll out and custom Research and Development commitments for the Customer. These working parties will consist of the Consortium and technical experts from both the Supplier and the Supplier's agents (Bell Northern Research). The Supplier proposes that the first such working party be established during the 1st calendar quarter 1993 and thereafter on a calendar quarterly basis. Where such system developments will be of benefit to the Customer, the Supplier will offer to the Customer an appropriate credit to upgrade the installed systems. Such appropriate credits will be determined on a case by case basis and will take into consideration a mutually agreed percentage of the audited depreciated book value of the equipment being impacted.

C9.1.1 Consortium and Supplier agree to develop a method to determine the appropriate credit.

C9.2 "OBSOLETE" OR "OBSOLESCENCE" MEANS WHEN SUPPLIER IMPOSES THE NEED FOR A PRODUCT OR PORTION OF A PRODUCT TO BE UPGRADED OR REPLACED THROUGH THE RELEASE OF A SOFTWARE UPGRADE WHICH IS NO LONGER COMPATIBLE WITH THE EXISTING PRODUCT.

C9.2.1 THIS OBSOLESCENCE TAKES EFFECT ON A SWITCH BY SWITCH BASIS FROM THE DATE THAT THE NEW SOFTWARE UPGRADE IS APPLIED TO EACH SWITCH.

C9.2.2 AN EXISTING PRODUCT DOES NOT BECOME OBSOLETE DUE TO THE

RELEASE OF A NEW PRODUCT IF THE EXISTING PRODUCT REMAINS COMPATIBLE WITH THE SOFTWARE AND THE SUPPLIER DOES NOT REQUIRE THE EXISTING PRODUCT TO BE REPLACED OR UPGRADED.

C9.2.3 AN EXISTING PRODUCT DOES NOT BECOME OBSOLETE DUE TO NEW FEATURE DEVELOPMENT BEING LIMITED ON THAT PRODUCT OR PREFERRED ON AN ALTERNATIVE PRODUCT. NOTWITHSTANDING THIS, SUPPLIER SHALL PROMPTLY ADVISE CUSTOMER OF THE OCCURRENCE OF SUCH CIRCUMSTANCES AND ARRANGE TO MEET AND MUTUALLY AGREE UPON THE METHOD OF PROCEEDING.

CLAUSE C10, is hereby amended to make reference to Suppliers BRISC 60 Product now restated as follows:

C10 BELL NORTHERN RESEARCH RATIONALISED INSTRUCTION SET COMPUTING PROCESSOR

C10.1 Supplier shall upgrade the Switches to Bell Northern Research Rationalised Instruction Set Computing (BRISC) processors at no additional charge where it is found that the recommended maximum Busy Hour Call Attempts (BHCA) capacity for the Cable Television (CATV) environment as detailed in the Supplier's response to the RFP section 3.3.2.8 are not achieved, provided that the failure to achieve such recommended maximum BHCA capacity is not attributable to the introduction of additional Software features or to a traffic volume and/or call mix varying from that detailed in the BHCA capacity predictions.

C10.2 Customer may Order the BRISC 50 processor with the Order for an initial Switch at the incremental price of (pound)25,000.

C10.3 CUSTOMER MAY ORDER THE BRISC 60 PROCESSOR WITH THE ORDER FOR AN INITIAL SWITCH AT THE INCREMENTAL PRICE OF (POUND)50,000. PAYMENT FOR (POUND)25,000 OF THIS (POUND)50,000 SHALL BE DEFERRED UNTIL SUCH TIME AS CUSTOMER REQUIRES THE ADDITIONAL PROCESSING CAPABILITY PROVIDED BY THE BRISC 60 OVER AND ABOVE THAT PROVIDED BY THE BRISC 50.

CLAUSE C12, is hereby amended to [Confidential Portion Omitted]

[Confidential Portion Omitted]

[Confidential Portion Omitted]

C12.3 Supplier agrees to make GPP available on Orders requiring Delivery after 1 January 1995, in accordance with a managed implementation plan to be generated by 31 December 1993, and formally agreed to by 30 June 1994.

C12.4 Should Supplier fail to have GPP available in accordance with such agreed implementation plan specified in Clause C12.3, then

Supplier shall retrofit, to GPP, all non-GPP lines Delivered after the agreed dates in such implementation plan at no charge to Customer and shall not consider such retrofit an extension for pricing purposes stated in Clause C4.

C12.5 The provisions of Clause C12.4 constitute Supplier's sole liability and Customer's sole remedy for Supplier's failure to meet the agreed implementation plan specified in Clause C12.3.

C12.6 AT THE INTRODUCTION OF GPP IN SOFTWARE RELEASE "UK002", SUPPLIER SHALL ENSURE THAT SOFTWARE FEATURES AVAILABLE ON GPP WILL ALSO BE AVAILABLE ON PLD. SUPPLIER SHALL, SUBJECT TO THE CAVEATS DETAILED HEREIN, DEVELOP AND RELEASE FEATURES IN PARALLEL ON BOTH GPP AND PLD UNTIL 31 DECEMBER 1999. SUPPLIER'S COMMITMENT DOES NOT EXTEND TO A FUTURE LINE PERIPHERAL PRODUCT BEYOND THE CURRENT GPP PRODUCT NOR TO THE DEVELOPMENT AND DEPLOYMENT OF SOFTWARE FEATURES WHERE THE INHERENT CAPABILITY OF THE SYSTEM ARCHITECTURE RESTRICTS OR LIMITS SUCH DEVELOPMENT TO A SINGLE HARDWARE PLATFORM. THIS INCLUDES BUT IS NOT LIMITED TO ISDN, V5.2 AND NAILED UP N X 64 KBS.

C12.6.1 SHOULD SUPPLIER BECOME AWARE OF CIRCUMSTANCES WHICH PREVENT IT FROM ADHERING TO THE COMMITMENT DETAILED IN THIS CLAUSE C12.6 OR IDENTIFIES ADDITIONAL FEATURES WHERE THE INHERENT CAPABILITY OF THE SYSTEM ARCHITECTURE RESTRICTS OR LIMITS DEVELOPMENT TO A SINGLE HARDWARE PLATFORM, THEN SUPPLIER SHALL PROMPTLY ADVISE CUSTOMER OF THE CIRCUMSTANCES AND ARRANGE TO MEET AND MUTUALLY AGREE UPON THE METHOD OF PROCEEDING.

CLAUSE C13.2, is hereby amended to refer to the modified Software pricing and packaging (Attachment K issue 3) now restated as follows:

C13.2 Supplier shall provide DPNSS at [Confidential Portion Omitted] per 2Mbps port. This price includes the 2Mbps interface, signalling Product, DPNSS Software as defined in ATTACHMENT K, ISSUE 3, engineering, installation and commissioning, and project management. The initial Order by Customer for such 2Mbps ports shall be no less than a minimum quantity of sixteen (16) ports per Switch.

CLAUSE C21, is hereby amended to replace reference [Confidential Portion Omitted]

C21 GENERIC SOFTWARE

C21.1 The Supplier shall provide [Confidential Portion Omitted]. It is advisable to have all Switches in the network maintained at the same PCL Software level.

C21.2 The Supplier is keen to encourage the wide spread use of its Software and hence will allow [Confidential Portion Omitted].

C21.2.1 The Supplier is notified in advance of the use of the additional modules so that the product configuration can be audited to identify (1) any additional Product requirements; (2) the suitability of the Software release and its proposed application in the UK; (3) and to ensure that appropriate support personnel are available (where necessary);

C21.2.2 Customer agrees to allow Supplier to prepare a capacity analysis to ensure that no adverse impacts will occur due to the use of this additional Software;

C21.2.3 Any additional Product(s) identified by Supplier as being required is purchased and installed in the Switch before the Software is used. The price for this Product [Confidential Portion Omitted] .

C21.3 Customer understands that Supplier may load Software Features on the PCL generic Software LOAD for which Customer will not have paid a Right To Use ("RTU"). Customer agrees that upon commercial deployment of such Feature(s) including use of such Feature by Customer's customers, the Software Right to Use shall be paid to Supplier as quoted under this Agreement.

C21.3.1 CUSTOMER ALSO UNDERSTANDS THAT THE FUNCTIONALITY OF ALL SOFTWARE INCLUDED IN THE PCL GENERIC SOFTWARE LOAD HAS OR IS BEING VERIFIED IN VARIOUS MARKET ENVIRONMENTS. IN ORDER TO ENSURE SUCCESSFUL DEPLOYMENT OF THE SOFTWARE IN THE UK CATV ENVIRONMENT (SWITCH AND NETWORK) ADDITIONAL VERIFICATION TESTING KNOWN AS FIRST MARKET APPLICATION ("FMA") TESTING MAY BE NECESSARY. SUCH TESTING SHALL BE PERFORMED BY SUPPLIER WITH THE CO-OPERATION OF CUSTOMERS. THE PROGRAMME FOR FMA TESTING SHALL TAKE INTO CONSIDERATION THE COMBINED PRIORITIES OF ALL CUSTOMERS AND SUPPLIER SHALL ENSURE, THAT THEY ACHIEVE SUCH FMA TESTING TARGETS AS MAY BE AGREED IN ORDER TO MEET CUSTOMER'S PLANS FOR COMMERCIAL DEPLOYMENT.

C21.4 Supplier shall prepare and package Software programs and releases, including maintenance releases, which will allow Customer to skip programs or releases as its discretion without being required to purchase or load skipped programs, Features, or releases provided that Customer loads at least every third PCL generic Software load.

C21.5 Customer, at its discretion, may skip PCL generic Software LOADS. There will be no charge whatsoever for such programs skipped by Customer, and Customer shall not be charged any additional amounts to procure subsequent Software programs, other than the normal prices, less applicable discounts, for those subsequent Software LOADS.

C21.6 Unless otherwise specified in an Order, Supplier shall provision each Switch with the most current commercially available Software PCL on the Delivery Date.

C21.7 Supplier agrees to provide Customer with the following information, in writing, each time a new Software generic is released and Ordered by Customer :

C21.7.1 Notification of any known fault on a site specific Customer Service Report (CSR) with severity levels as defined under

Exhibit B of this Agreement;

C21.7.2 The criticality of each fault;

C21.7.3 The impact of each fault on the operation of the Software and associated Products; and

C21.7.4 Supplier's plans, schedules and performance results for corrective action and regression testing with respect to the faults identified in this Clause C21.7, as well as for continuing Software quality and reliability improvement.

C21.7.5 Supplier agrees to provide the information described in this Clause C21.7 thirty (30) days prior to Delivery Date provided such release has been generally available for thirty (30) days.

CLAUSE C25.2, is hereby added to detail the additional marketing support provided by Supplier in recognition of the purchase of Advanced Software now stated as follows:

C25.2 SUPPLIER AGREES TO PROVIDE A MARKETING CONSULTANT FOR "13 MAN WEEKS "TO ASSIST ALL CUSTOMERS IN SUCCESSFULLY LAUNCHING THE ADVANCED SOFTWARE. THIS SUPPORT WILL BE ALLOCATED TO CUSTOMERS IN RATIO TO THEIR PROPORTION OF THE FIRST ONE MILLION SWITCH LINES AS DETAILED IN CLAUSE C4.1.4.1, SUCH THAT TELEWEST (INCLUDING IVS AND COMCAST) WILL RECEIVE 8 MAN WEEKS OF SUPPORT, BCM, 3 MAN WEEKS, TELECENTIAL 1 MAN WEEK AND CCL 1 MAN WEEK OF SUPPORT.

CLAUSE C31, is hereby added to detail the Software utilisation discount available to Supplier, now stated as follows:

C31 ORDER AND CUSTOMER INFORMATION PROCESS FOR A NEW SWITCH

C31.1 Customer may procure a new Switch by issuing an Order. Such Order shall state the number of lines, Acceptance Date and any other pertinent information. Supplier's acceptance of such Order shall be in compliance with Clause 2.4 of this Agreement.

C31.2 Upon receipt of such Order or as previously agreed between the parties, Supplier and Customer shall establish a date for a Customer Information (C/I) meeting, which will further define the site specific requirements for the Switch.

C31.3 Subject to Clause 2.4.4, Customer shall be obligated to procure Product(s), Software and Services, and Supplier shall be obligated to provide Product(s), Software and Services, under this Exhibit C only when an Order has been accepted by Supplier.

C31.4 Upon completion of the C/I, Supplier shall respond to Customer with a QUOTATION which provides a detailed breakdown of THE PRICES AND DISCOUNTS FOR Products, Software and Services required to meet Customer's requirements and Specifications as defined in the C/I. At such time the Order will be amended and agreed between the parties in writing to reflect the changes resulting from the C/I.

C31.5 THE C/I WILL IDENTIFY A UTILISATION FACTOR WHICH ARISES AS A RESULT OF THE LIMITATIONS OF THE NETWORK ARCHITECTURE AND REPRESENTS THE PORTION OF PLD OR GPP LINES THAT ARE ANTICIPATED

TO BE UTILISED BY CUSTOMER. THIS UTILISATION FACTOR WILL BE USED TO DETERMINE A UTILISATION DISCOUNT RATE WHICH IS NOT TO EXCEED 15% AND IS CALCULATED AS FOLLOWS:

UTILISATION DISCOUNT RATE = 100% - UTILISATION FACTOR.

A SOFTWARE UTILISATION DISCOUNT WILL BE CALCULATED BY APPLYING THE UTILISATION DISCOUNT RATE TO ALL GPP OR PLD LINES DETAILED WITHIN THE C/I FOR THAT PARTICULAR ORDER AT THE RATE OF [Confidential Portion Omitted] PER LINE. THE [Confidential Portion Omitted] REPRESENTS THE BASE SOFTWARE PORTION OF THE PRICE PER SWITCH LINE DETAILED IN CLAUSE C4.1. THE SOFTWARE UTILISATION DISCOUNT AS CALCULATED WILL BE DETAILED WITHIN SUPPLIER'S QUOTATION DESCRIBED IN CLAUSE C31.4. FOR THE AVOIDANCE OF DOUBT SUBSCRIBER LINE DRAWER (SLD) LINES ARE EXCLUDED FROM THE SOFTWARE UTILISATION DISCOUNT CALCULATION.

SOFTWARE UTILISATION DISCOUNT = GPP OR PLD LINES * UTILISATION DISCOUNT RATE *[Confidential Portion Omitted]

EXAMPLE:- THE CI FOR A 50,700 LINE SWITCH (50,400 GPP LINES AND 300 SLD LINES) IDENTIFIES A UTILISATION FACTOR OF 85% UTILISATION DISCOUNT RATE OF 15% WILL APPLY (100% - 85%) SOFTWARE UTILISATION DISCOUNT WILL BE [Confidential Portion Omitted] CALCULATED AS (50,700-300) * 15% *[Confidential Portion Omitted]

C31.6 SUPPLIER SHALL BE ENTITLED TO CLAW BACK THE SOFTWARE UTILISATION DISCOUNT IF SUBSEQUENT TECHNOLOGY ADVANCEMENTS OR MATURITY OF THE NETWORK SIGNIFICANTLY IMPROVES THE UTILISATION FACTOR.

SIGNATURES

The parties intending to be legally bound have caused this Amendment to be executed by their duly authorised representatives.

CUSTOMERS	SUPPLIER
TELEWEST COMMUNICATIONS GROUP LIMITED	NORTEL LIMITED

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authorised signature	date	authorised signature	date

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Danny Bryan	Steve Pusey
print or type name of signatory	print or type name of signatory
Managing Director, TeleWest,	Director CATV Account Group

------------------------------ ------------------------------------

title title

For and on behalf of

TeleWest Communications Group Limited

United Artists Communications (Scotland) Venture

United Artists Communications (North East) Partnership

Avon Cable Joint Venture

United Artists Communications (South East) Partnership

London South Cable Partnership

United Artists Communications (Cotswolds) Limited

CABLE LONDON PLC

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authorised signature date

Gerald Campbell
----
print or type name of signatory

Managing Director, Cable London plc
----
title

BIRMINGHAM CABLE LIMITED

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authorised signature date

Ron Lawley
----
print or type name of signatory

Managing Director, Birmingham Cable Limited
----
title

WINDSOR TELEVISION LIMITED

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authorised signature date

Neil Johnson
----
print or type name of signatory

Managing Director,
----
title

BELL CABLEMEDIA PLC

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authorised signature   date

John Sheridan
----
print or type name of signatory

Chief Operating Officer,
----
title

TELECENTIAL COMMUNICATIONS PARTNERSHIP

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authorised signature   date

Vernon Achber
----
print or type name of signatory

President and Chief Executive Officer, CUC Cablevision (UK) LTD. acting for and on behalf of Telecential Communications Partnership
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title

IVS CABLE HOLDINGS LIMITED

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authorised signature   date

Peter C Funk
----
print or type name of signatory

Chairman, IVS Cable Holdings Limited
----

title

COMCAST TEESSIDE LIMITED

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authorised signature   date

Edward Cambell
----
print or type name of signatory

Managing Director, Comcast Teesside Limited
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title

CAMBRIDGE CABLE LIMITED

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authorised signature   date

Edward Ying
----
print or type name of signatory

Managing Director, Cambridge Cable Limited
----
title

GENERAL
PURCHASING AGREEMENT

NTE-GPA0001

AMENDMENT 7

APPENDIX 1

ATTACHMENT K

CATV SOFTWARE STRUCTURE (BCS34, BCS34+ UK002 PART)

CATV SOFTWARE PRICING

Attachment:	K
Issue:	2
Pages:	13-23
Date:	21/7/93

[Confidential Portion Omitted]

AMENDMENT NO. 8
TO THE GENERAL PURCHASING AGREEMENT
NTE-GPA0001

This Amendment No. 8, dated this 5th day of February 1996 shall be deemed effective as of the 25th day of September 1995, by and between the companies listed under Exhibit A in the General Purchasing Agreement (GPA), dated 1 March 1993 ("Customer"), and Nortel Limited, ("Supplier").

RECITALS

WHEREAS, Customer and Supplier entered into a General Purchasing Agreement dated the first day of March 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 1, dated 1 July 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 2, dated 29 October 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 3, dated 12 November 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 4, dated 10 December 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 5, dated 24 May 1994; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by

entering into Amendment No. 6, dated 29 June 1995; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 7, dated 30 June 1995; and

WHEREAS, Customer and Supplier agree to further amend the GPA pursuant to the terms and conditions set forth herein.

AGREEMENT

In consideration of the mutual promises and advantages to the parties, the parties incorporate by reference and agree to the accuracy of the above recitals and further agree as follows:

PROPRIETARY

THE INFORMATION CONTAINED HEREIN SHOULD NOT BE DISCLOSED TO UNAUTHORISED PERSONS, IT IS INTENDED FOR USE BY AUTHORISED REPRESENTATIVES OF THE PARTIES TO THIS DOCUMENT

TITLE PAGE is hereby amended to include Diamond Cable Communications Plc now stated as follows:

TELEWEST GROUP

BELL CABLEMEDIA PLC

TELECENTIAL COMMUNICATIONS LIMITED PARTNERSHIP

IVS CABLE HOLDINGS LIMITED

COMCAST TEESSIDE LIMITED

CAMBRIDGE CABLE LIMITED

DIAMOND CABLE COMMUNICATIONS PLC

GENERAL PURCHASING AGREEMENT

NTE-GPA0001

PROPRIETARY

THE INFORMATION CONTAINED HEREIN SHOULD NOT BE DISCLOSED TO UNAUTHORISED PERSONS, IT IS INTENDED FOR USE BY AUTHORISED REPRESENTATIVES OF THE PARTIES TO THIS DOCUMENT

CLAUSE 1.1.6, The definition of "Consortium" is hereby revised to include Diamond Cable Communications Limited, now stated as follows:

1.1.6. "Consortium" for the purposes of this Agreement means all Customers listed under Exhibit A subject to Clause 2.40 entitled 'Several Liability' and all actions to be taken by Consortium hereunder shall be taken respectively by: 1)TeleWest Communications Group Limited ("TeleWest") as the representative for those Customers listed as TeleWest wholly owned franchises under Section 1, Exhibit A and for those Customers listed as Limited Companies under Section 2, Exhibit A; and 2) Bell Cablemedia plc ("BCM") as the representative for those Customers listed as BCM wholly owned franchises under Section 3, Exhibit A; and

3) Telecential Communications Limited Partnership entering into agreement for itself and on behalf of Telecential Communications (Herts) Limited Partnership and Telecential Communications (Northants) Limited Partnership ("Telecential") as the representative for those Customers listed as Telecential wholly owned franchises under Section 4, Exhibit A and 4) Section 5) Exhibit A not used ; and 5) IVS Cable Holdings Limited ("IVS") as the representative for those Customers listed as IVS wholly owned franchises under Section 6 Exhibit A. and 6) Comcast Teesside Limited ("Comcast") as the representative for those Customers listed as Comcast wholly owned franchises under Section 7 Exhibit A and 7) Cambridge Cable Limited ("Cambridge") as the representative for those Customers listed as Cambridge wholly owned franchises under Section 8 Exhibit A and 8) DIAMOND CABLE COMUNICATIONS PLC ("DIAMOND") AS THE

REPRESENTATIVE FOR THOSE CUSTOMERS LISTED AS DIAMOND WHOLLY OWNED FRANCHISES UNDER SECTION 9 EXHIBIT A.

CLAUSE 2.48, is hereby amended to add Diamond as a party to be notified with all correspondence required under this Agreement, now stated as follows:

2.48 NOTICES

Where written notices, demands, or other communications are required under this Agreement to be made in writing, they shall be deemed duly given when made in writing and delivered in hand, or upon receipt when properly addressed by Recorded or Registered Post or other delivery service to the following addresses:

CUSTOMERS :

TeleWest Communications Group Ltd.
Attn : Contract Manager
Materials Management Department
Unit 1, Genesis Business Park
Woking, Surrey, GU21 5RW

Bell Cablemedia plc
Attn : Group Director Engineering
Floor 3 Colne House
Watford
Hertfordshire WD1 7EL

Telecential Communications Ltd Partnership
Attn : Contract Manager
Link 2 Beacontree Plaza, Gillette Way,
Basingstoke Road,
Reading RG2 0BS

IVS Cable Holdings Limited
Attn : Contract Manager
284 Weyhill Road
Andover
Hampshire SP10 3LF

Cambridge Cable Limited.
Attn: Director of Telecoms Networks
Cambridge Science Park
Milton Road
Cambridge
CB4 4WA

Comcast Teeside Limited
Attn: Company Secretary
Wellington Court
De Havilland Avenue
Preston Farm
Stockton-on-Tees
Cleveland TS18 3TA

DIAMOND CABLE COMMUNICATIONS LIMITED
ATTN: DIRECTOR OF TECHNICAL SERVICES
DIAMOND PLAZZA
DALESIDE ROAD
NOTTINGHAM
NG2 3GG

SUPPLIER :

Commercial Manager; CATV Account Group
Nortel Limited
Northern Telecom House
St. Cloud Way
Maidenhead, Berks
SL6 8XB

Addresses may be changed by written notices to the parties.

EXHIBIT A, is hereby amended to incorporate Diamond as Customers, now stated as follows:

EXHIBIT A CUSTOMERS

This Exhibit A is attached to and made part of that certain General Purchase dated 1 March 1993 ("Agreement"), by and between Customer as defined in the Agreement ("Customer") and Nortel Limited ("Supplier").

	FRANCHISE	FRANCHISE HOLDER	REG. NO.
1.	TELEWEST WHOLLY OWNED FRANCHISES		
	Avon	Avon Cable Joint Venture	
	Croydon, Kingston and Richmond and Merton and Sutton	London South Cable Partnership	
	North Thames Estuary South Thames Estuary	United Artists Communications (Thames Estuary) Partnership	
	Edinburgh and Livingston, Uddingston, Glenrothes, Dundee and Perth.	United Artists Communications (Scotland) Venture	
	Tyneside	United Artists Communications (North East) Partnership	
2.	LIMITED COMPANIES		
	Birmingham	Birmingham Cable Limited	2170379
	The registered office for the above listed company is:	CABLE PHONE HOUSE, SMALL HEATH BUSINESS PARK, TALBOT WAY, SMALL HEATH,	
	Camden, Enfield, Hackney and Islington, Haringey	Cable London plc	1794264
	The registered office for the above listed company is:	100 CHALK FARM ROAD LONDON NW1 8EH	

Hillingdon and Hounslow, Windsor	Windsor Television Limited	1745542
The registered office for the above listed company is:	CABLE HOUSE WATERSIDE DRIVE LANGLEY, BERKSHIRE. SL3 6EZ	
Cotswolds	TeleWest Communications Group Limited	2514287
	United Artists Communications (Cotswolds) Limited	1743081

3\. BCM WHOLLY OWNED FRANCHISES

Tower Hamlet/Newham, Greater London East, Havering, Waltham Forest, Dartford, Epping Forest, Ashford, Watford, Aylesbury, Worcester	Bell Cablemedia Southern Region	
Peterborough, Norwich, Whittlesey, Gt Yarmouth	Bell Cablemedia Eastern Region	
Leeds, Wearside, York & Harrogate	Bell Cablemedia Northern Region	
The registered office for the above listed company is:	IB PORLAND PLACE LONDON W1N 3AA	2735732

4 TELECENTIAL WHOLLY OWNED FRANCHISES

Thames Valley	Telecential Communications Limited Partnership	2387692
West Herts Northants Swindon Warwickshire Northamptonshire		
The registered office for the above listed company is:	DRAGOON HOUSE 37 ARTILLERY LANE LONDON E1 7LT	

5 NOT USED

6 IVS WHOLLY OWNED FRANCHISES

Andover	Andover Cablevision Limited	
Salisbury	Wessex Cable Limited	

	Stafford	Stafford Communications Limited
	Oxford	Oxford Cable Limited
7	COMCAST WHOLLY OWNED FRANCHISES	
	Teesside	Comcast Teesside Limited
	Darlington	Comcast Darlington Limited
8	CAMBRIDGE WHOLLY OWNED FRANCHISES	
	Cambridge	Cambridge Cable Limited
	Harlow/Bishops-Stortford	Anglia Cable Communications Limited
	Ipswich/Colchester	East Coast Cable Limited
	Braintree	Southern East Anglia Cable Limited

9	DIAMOND WHOLLY OWNED FRANCHISES	
	LEICESTER LOUGBOROUGH HINKLEY BURTON UPON TRENT	DIAMOND CABLE COMMUNICATIONS PLC
	THE REGISTERED OFFICE FOR THE ABOVE LISTED COMPANY IS:	40 ARTILLERY LANE, BISHOPGATE, LONDON E1 7LS

CLAUSE C4.1, is hereby amended to revise Customer's Purchase Objective from [Confidential Portion Omitted] lines to [Confidential Portion Omitted];

C4.1 Supplier's fully discounted net price per Switch line shown in the table below, includes for [Confidential Portion Omitted] per Switch and for [Confidential Portion Omitted] per switch. The relevant price per line for any Order, excluding the incremental price for Advanced Software which is detailed in clause C4.1.4, shall be determined by applying the prevailing Purchase Objective effective on the date of such Order, as defined in Clause C7, to the table below.

PRICE PER LINE BASED UPON PURCHASE OBJECTIVE

	[CONFIDENTIAL PORTION OMITTED]				
	LINES	LINES	LINES	LINES	LINES
PURCHASE OBJECTIVE					
HOST PRICE PER LINE:					

SNSE PRICE PER LINE:

RSC PRICE PER LINE:

-----------------------   [Confidential Portion Omitted]

RLCM PRICE PER LINE:

SRU PRICE PER LINE:

CLAUSE C7.1.1 is hereby amended to show Customer's revised Purchase Objective following the inclusion of Diamond franchises, now stated as follows:

C7.1.1 Customer's initial Purchase Objective is detailed below ("Initial Purchase Objective")

[Confidential Portion Omitted]

[Confidential Portion Omitted]

SIGNATURES

The parties intending to be legally bound have caused this Amendment to be executed by their duly authorised representatives.

CUSTOMERS　　SUPPLIER

TELEWEST COMMUNICATIONS GROUP LIMITED　　NORTEL LIMITED

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authorised signature	date	authorised signature	date

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print or type name of signatory　　print or type name of signatory

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title　　title

For and on behalf of

TeleWest Communications Group Limited

United Artists Communications (Scotland) Venture

United Artists Communications (North East) Partnership

Avon Cable Joint Venture

United Artists Communications (South East) Partnership

London South Cable Partnership

United Artists Communications (Cotswolds) Limited

CABLE LONDON PLC

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authorised signature　　date

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print or type name of signatory

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title

BIRMINGHAM CABLE LIMITED

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authorised signature   date

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print or type name of signatory

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title

WINDSOR TELEVISION LIMITED

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authorised signature   date

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print or type name of signatory

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title

BELL CABLEMEDIA PLC

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authorised signature   date

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print or type name of signatory

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title

TELECENTIAL COMMUNICATIONS PARTNERSHIP

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authorised signature   date

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print or type name of signatory

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title

IVS CABLE HOLDINGS LIMITED

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authorised signature   date

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print or type name of signatory

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title

COMCAST TEESSIDE LIMITED

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authorised signature   date

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print or type name of signatory

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title

CAMBRIDGE CABLE LIMITED

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authorised signature   date

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print or type name of signatory

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title

DIAMOND CABLE COMMUNICATIONS LIMITED

---------------------------------- --------
authorised signature   date

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print or type name of signatory

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title

AMENDMENT NO. 9
TO THE GENERAL PURCHASING AGREEMENT
NTE-GPA0001

This Amendment No. 9, dated this 17th day of July 1997 shall be deemed effective as of the 1st day of December 1996, by and between the companies listed under Exhibit A in the General Purchasing Agreement (GPA), dated 1 March 1993 ("Customer"), and Nortel Limited, ("Supplier").

RECITALS

WHEREAS, Customer and Supplier entered into a General Purchasing Agreement dated the first day of March 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 1, dated 1 July 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 2, dated 29 October 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 3, dated 12 November 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 4, dated 10 December 1993; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 5, dated 24 May 1994; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 6, dated 29 June 1995; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 7, dated 30 June 1995; and

WHEREAS, Customer and Supplier amended the General Purchasing Agreement by entering into Amendment No. 8, dated 5 February 1996; and

WHEREAS, Customer and Supplier agree to further amend the GPA pursuant to the terms and conditions set forth herein.

AGREEMENT

In consideration of the mutual promises and advantages to the parties, the parties incorporate by reference and agree to the accuracy of the above recitals and further agree as follows:

PROPRIETARY

THE INFORMATION CONTAINED HEREIN SHOULD NOT BE DISCLOSED TO UNAUTHORISED PERSONS, IT IS INTENDED FOR USE BY AUTHORISED REPRESENTATIVES OF THE PARTIES TO THIS DOCUMENT

INTRODUCTION, Supplier's legal name and address of registered office is hereby amended from Nortel Limited to Nortel plc (effective 1 May 1997) and is now stated as follows:

1 INTRODUCTION

This Agreement, dated 1 March 1993, is made by and between the companies listed under Exhibit A attached hereto and by this reference incorporated into this Agreement and identified herein ("Customer"), and NORTEL PLC, HAVING ITS REGISTERED OFFICE AT MAIDENHEAD OFFICE PARK, WESTACOTT WAY MAIDENHEAD, BERKS SL6 3QH ("Supplier").

In consideration of the promises, mutual covenants and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, Customer and Supplier agree as follows:

CLAUSE 2.4.1, is hereby amended and now stated as follows:

2.4.1 Written acceptance or performance, in whole or in part, shall constitute Supplier's acceptance of the Order(s). Acceptance of the Order(s) binds the parties to honour all dates, amounts and other requirements of the Order(s). Supplier agrees to accept all Orders which comply with the terms and conditions of this Agreement. Supplier shall have no obligation to accept an Order that contains a delivery interval shorter than that specified by Supplier as its standard delivery intervals as defined herein OR THAT DOES NOT MEET THE CRITERIA DETAILED IN CLAUSE C31.1

CLAUSE 2.48, is hereby amended as a consequence of Supplier's change of name and address, now stated as follows:

2.48 NOTICES

Where written notices, demands, or other communications are required under this Agreement to be made in writing, they shall be deemed duly given when made in writing and delivered in hand, or upon receipt when properly addressed by Recorded or Registered Post or other delivery service to the following addresses:

CUSTOMERS :

TeleWest Communications Group Ltd. Attn : Contract Manager Materials Management Department Unit 1, Genesis Business Park Woking, Surrey, GU21 5RW	Bell Cablemedia plc Attn : Group Director Engineering Floor 3 Colne House Watford Hertfordshire WD1 7EL
Telecential Communications Ltd Partnership Attn : Contract Manager Link 2 Beacontree Plaza, Gillette Way, Basingstoke Road, Reading RG2 0BS	IVS Cable Holdings Limited Attn : Contract Manager 284 Weyhill Road Andover Hampshire SP10 3LF

Cambridge Cable Limited.
Attn: Director of Telecoms Networks
Cambridge Science Park
Milton Road
Cambridge
CB4 4WA

Comcast Teeside Limited
Attn: Company Secretary
Wellington Court
De Havilland Avenue
Preston Farm
Stockton-on-Tees
Cleveland TS18 3TA

Diamond Cable Communications Limited
Attn: Director of Technical Services
Diamond Plazza
Daleside Road
Nottingham
NG2 3GG

SUPPLIER :

COMMERCIAL MANAGER, CABLE COMMUNICATIONS ACCOUNT GROUP
NORTEL PLC
MAIDENHEAD OFFICE PARK
WESTACOTT WAY
MAIDENHEAD, BERKS
SL6 3QH

Addresses may be changed by written notices to the parties.

CLAUSE C4.1, is hereby amended to remove reference to the number of extensions permitted at the price per line and to detail the revised price for advanced Software now stated as follows:

C4.1 Supplier's fully discounted net price per Switch line IS shown in the table below. [Confidential Portion Omitted]. The relevant price per line for any Order, excluding the incremental price for Advanced Software which is detailed in clause C4.1.4 Shall be determined by applying the prevailing Purchase Objective effective on the date of such Order, as defined in Clause C7, to the table below.

PRICE PER LINE BASED UPON PURCHASE OBJECTIVE

[CONFIDENTIAL PORTION OMITTED]

	LINES	LINES	LINES	LINES	LINES
PURCHASE OBJECTIVE					
HOST PRICE PER LINE:					
SNSE PRICE PER LINE:					
	[Confidential Portion Omitted]				

C4.1.1 No retrospective price adjustments will be made to previous Purchases upon Consortium achieving the next pricing level.

C4.1.2 The above stated price per line, except as stated IN CLAUSE C4.1.3 below with regard to SNSE, includes the Product(s) as listed in Appendix 2, entitled "Price Per Line" attached hereto and by this reference incorporated into this Agreement and Base Software as defined in Attachment K issue 3 of the Proposal, and Services including but not limited to [Confidential Portion Omitted]. These prices include all customs and import duties, but exclude VAT.

C4.1.3 [Confidential Portion Omitted]

C4.1.4 Customer shall pay and include within every order for additional Switch line capacity whether on a Host, SNSE, RSC, SRU or SRU-S the incremental price per line as detailed in clauses C4.1.4.1 and C4.1.4.2 for Advanced Software as described and defined in Attachment K issue 3. Such incremental price per line shall apply retrospectively to lines ordered prior to this amendment.

C4.1.4.1 For the first [Confidential Portion Omitted] of such lines installed by Supplier, and Ordered by all Customers collectively, under this Agreement, the incremental price per line for Advanced Software to be included on Customer's order shall be [Confidential Portion Omitted].

C4.1.4.2 For all lines Ordered, under this Agreement, by Customers collectively beyond the first [Confidential Portion Omitted] lines as described in clause C4.1.4.1 and up to [Confidential Portion Omitted] lines, the incremental price per line for Advanced Software to be included on Customer's order shall be [Confidential Portion Omitted].

C4.1.4.3 [Confidential Portion Omitted]. FOR ALL LINES ORDERED, UNDER THIS AGREEMENT, BY CUSTOMERS COLLECTIVELY BEYOND THE FIRST [CONFIDENTIAL PORTION OMITTED] LINES AS DESCRIBED IN CLAUSE C4.1.4.2, THE INCREMENTAL PRICE PER LINE FOR ADVANCED SOFTWARE TO BE INCLUDED ON CUSTOMER'S ORDER SHALL BE [CONFIDENTIAL PORTION OMITTED].

C4.1.4.4 The Advanced Software RTU fee shall apply to all Switch and remote lines. No further discounts or deductions whatsoever will apply including for internal use (clause C6.4) and Software Utilisation Discount (clause C31.5).

C4.1.4.5 The Advanced Software RTU fee has been calculated assuming an ultimate Switch size of [Confidential Portion Omitted] lines. Customers shall endeavour to extend their Switches to achieve this ultimate Switch size.

CLAUSE C4.2, is hereby amended to remove reference to [Confidential Portion Omitted], now stated as follows:

C4.2 For any OTHER Products ordered TOGETHER WITH or separately FROM Switches OR SWITCH EXTENSIONS Customer shall [Confidential Portion Omitted]. Unless otherwise agreed, Supplier's Software and Services [Confidential Portion Omitted].

CLAUSE C4.3, is hereby deleted to remove reference to [Confidential Portion Omitted] from the Agreement:

CLAUSE C10, is hereby amended to detail that the BRISC 50 processor is provided with an initial switch at no additional charge, now restated as follows:

C10 BELL NORTHERN RESEARCH RATIONALISED INSTRUCTION SET COMPUTING PROCESSOR

C10.1 FOR THOSE SITES WHERE SERIES 40 PROCESSORS HAVE BEEN INSTALLED, Supplier shall upgrade the Switches to Bell Northern Research Rationalised Instruction Set Computing (BRISC) processors at no additional charge where it is found that the recommended maximum Busy Hour Call Attempts (BHCA) capacity for the Cable Television (CATV) environment as detailed in the Supplier's response to the RFP section 3.3.2.8 are not achieved, provided that the failure to achieve such recommended maximum BHCA capacity is not attributable to the introduction of additional Software features or to a traffic volume and/or call mix varying from that detailed in the BHCA capacity predictions.

C10.2 A BRISC 50 PROCESSOR WILL BE PROVIDED AS PART OF AN INITIAL SWITCH AT NO INCREMENTAL PRICE.

C10.3 Customer may Order the BRISC 60 processor with the Order for an initial Switch at the incremental price of (POUND)25,000 SUCH PAYMENT shall be deferred until such time as Customer requires the additional processing capability provided by the BRISC 60 over and above that provided by the BRISC 50.

CLAUSE C31, is hereby amended to detail Switch Order criteria now stated as follows:

C31 ORDER AND CUSTOMER INFORMATION PROCESS FOR A NEW SWITCH

C31.1 Customer may procure a new Switch by issuing an Order. Such Order shall state the number of lines, Acceptance Date and any other pertinent information AND SHALL ADHERE TO THE FOLLOWING ORDER CRITERIA:

C31.1.1 GPP LINES SHALL ONLY BE ORDERED IN MULTIPLES OF 3,600 WHICH REPRESENTS A FULLY EQUIPPED GPP CABINET .

C31.1.2 THE MINIMUM ORDER QUANTITY OF GPP LINES FOR A NEW HOST SWITCH IS 21,600 AND FOR A SNSE 7,200 LINES.

C31.1.3 THE MINIMUM INITIAL HOST SWITCH IMPLEMENTATION SHALL BE 10,800 GPP LINES AND FOR A SNSE SWITCH, 3,600 GPP LINES.

C31.1.4 ANY BALANCE OF LINES ORDERED IN ACCORDANCE WITH CLAUSE C31.1.2 BUT NOT INCLUDED IN THE INITIAL IMPLEMENTATION DETAILED IN CLAUSE C31.1.3 SHALL BE IMPLEMENTED FOR ACCEPTANCE NO LATER THAN TWO YEARS AFTER THE ACCEPTANCE

DATE FOR THE INITIAL IMPLEMENTATION OF SUCH SWITCH.

C31.1.5 THE MINIMUM ORDER QUANTITY FOR A SINGLE IMPLEMENTATION OF GPP LINES FOR AN EXTENSION TO A HOST SWITCH SHALL BE 7,200 LINES AND FOR AN EXTENSION TO AN

SNSE SHALL BE 3,600 LINES.
EXCEPT THAT WHERE CUSTOMER REQUIRES LESS THAN 7,200 LINES ON A HOST SWITCH TO COMPLETE THE BUILD FOR THAT AREA, CUSTOMER MAY ORDER AN EXTENSION OF 3,600 LINES.

EXHIBIT C, APPENDIX II, is hereby deleted in its entirety and replaced with the following to define in more detail the items included within the price per line and the engineering assumptions and is now stated as follows:-

EXHIBIT C APPENDIX II

This Appendix 2 to Exhibit C of the Agreement details the Product(s) and Software contained in the price per line stated in Clause C4.1, the associated ENGINEERING assumptions.

CII.1 PRICE PER LINE

THIS PART 1 OF APPENDIX 2 DETAILS THE PRODUCT, SOFTWARE AND SERVICES INCLUDED WITHIN THE PRICE PER LINE STATED IN CLAUSE C4.1.

[Confidential Portion Omitted]

Pages 8 - 22

[Confidential Portion Omitted]

EXHIBIT C, APPENDIX III, is hereby deleted in its entirety and replaced with the following to define in more detail the fully discounted prices for Purchases which are incremental or additional to the items included within the price per line and is now stated as follows:-

EXHIBIT C APPENDIX III

This Appendix III to Exhibit C of the Agreement details the fully discounted prices for Purchases which are incremental or additional to the items included within the price per line. This price list may be updated or amended by Supplier by written notice in accordance with clause C2.48 provided that any variations to prices are not inconsistent with the provisions of clause 2.9 (price protection).

EXHIBIT C, APPENDIX III PRICE LIST - INDEX

REFERENCE NO.	DESCRIPTION
	DPNSS ports
	DASS II Model 1200
	DASS II Model 800
	DASS II Network Interface Management System (NIMS)
	Xyplex based NSC Interface Equipment
	LIU7 links and LPP Cabinet
	EDRAM
	IOC Module and device cards
	MAP terminal and printer
	P-Phone Screen Based Operator Console
	MDF Equipment
	Helmsman CD ROM Documentation
	Paper copies of Documentation
[Confidential Portion	Attendant Console
Omitted]	P-Phones, Headsets and Residential Telephones sets
	Music On Hold Interface
	Centrex - including RSC-s/SRU/LCME/Line cards
	CMIS cabinet

CODES
PDTC or DTCOi Ports
Technical Support (hourly Labour Rates)
Filters
Cabinetised Integrated Services Module (CISM) and associated cards
Training
Wallboard
Stratum Clock Interface

QUOTATION FOR DPNSS PORTS

REFERENCE: CATV/GPA/801
ISSUE: 1
PAGE: 1/1

[Confidential Portion Omitted]

QUOTATION FOR DASS II MODEL 1200

REFERENCE: CATV/GPA/802
ISSUE: 1
PAGE: 1/3

[Confidential Portion Omitted]

QUOTATION FOR DASS II MODEL 1200

REFERENCE: CATV/GPA/802
ISSUE: 1
PAGE: 2/3

[Confidential Portion Omitted]

QUOTATION FOR DASS II MODEL 1200

REFERENCE: CATV/GPA/802
ISSUE: 1
PAGE: 3/3

[Confidential Portion Omitted]

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QUOTATION FOR DASS II MODEL 800

REFERENCE: CATV/GPA/803
ISSUE: 1
PAGE: 1/3

[Confidential Portion Omitted]

QUOTATION FOR DASS II MODEL 800

REFERENCE: CATV/GPA/803
ISSUE: 1
PAGE: 2/3

[Confidential Portion Omitted]

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QUOTATION FOR DASS II MODEL 800

REFERENCE: CATV/GPA/803
ISSUE: 1
PAGE: 3/3

[Confidential Portion Omitted]

QUOTATION FOR DASS II NETWORK INTERFACE MANAGEMENT SYSTEM (NIMS)

REFERENCE: CATV/GPA/804
ISSUE: 1
PAGE: 1/3

[Confidential Portion Omitted]

QUOTATION FOR DASS II NETWORK INTERFACE MANAGEMENT SYSTEM (NIMS)

REFERENCE: CATV/GPA/804
ISSUE: 1
PAGE: 2/3

[Confidential Portion Omitted]

QUOTATION FOR DASS II NETWORK INTERFACE MANAGEMENT SYSTEM (NIMS)

REFERENCE: CATV/GPA/804
ISSUE: 1

[Confidential Portion Omitted]

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QUOTATION FOR XYPLEX BASED NSC INTERFACE EQUIPMENT

REFERENCE: CATV/GPA/805
ISSUE: 1
PAGE: 1/1

[Confidential Portion Omitted]

QUOTATION FOR ADDITIONAL LIU7 LINKS AND LPP CABINET

REFERENCE: CATV/GPA/806
ISSUE: 1
PAGE: 1/1

[Confidential Portion Omitted]

QUOTATION FOR EDRAM

REFERENCE: CATV/GPA/807
ISSUE: 1
PAGE: 1/1

[Confidential Portion Omitted]

QUOTATION FOR IOC MODULE AND DEVICE CARDS

REFERENCE: CATV/GPA/808
ISSUE: 1
PAGE: 1/1

[Confidential Portion Omitted]

QUOTATION FOR A MAP TERMINAL AND PRINTER

REFERENCE: CATV/GPA/809
ISSUE: 1
PAGE: 1/1

[Confidential Portion Omitted]

QUOTATION FOR A P-PHONE SCREEN BASED OPERATOR CONSOLE

REFERENCE: CATV/GPA/810
ISSUE: 1
PAGE: 1/2

[Confidential Portion Omitted]

QUOTATION FOR A P-PHONE SCREEN BASED OPERATOR CONSOLE

REFERENCE: CATV/GPA/810
ISSUE: 1
PAGE: 2/2

[Confidential Portion Omitted]

QUOTATION FOR MDF EQUIPMENT

REFERENCE: CATV/GPA/811
ISSUE: 1
PAGE: 1/1

[Confidential Portion Omitted]

Page 45

QUOTATION FOR HELMSMAN CD ROM DOCUMENTATION

REFERENCE: CATV/GPA/812
ISSUE: 1
PAGE: 1/1

[Confidential Portion Omitted]

Page 46

QUOTATION FOR PAPER COPIES OF DOCUMENTATION

REFERENCE: CATV/GPA/815
ISSUE: 1
PAGE 1/1

[Confidential Portion Omitted]

Page 47

QUOTATION FOR ATTENDANT CONSOLE

REFERENCE: CATV/GPA/814
ISSUE: 1
PAGE: 1/1

[Confidential Portion Omitted]

Page 48

QUOTATION FOR P-PHONES, HEADSETS AND RESIDENTIAL TELEPHONES SETS

REFERENCE: CATV/GPA/815
ISSUE: 1
PAGE: 1/1

[Confidential Portion Omitted]

QUOTATION FOR MUSIC ON HOLD INTERFACE

REFERENCE: CATV/GPA/816
ISSUE: 1
PAGE: 1/1

[Confidential Portion Omitted]

QUOTATION FOR CENTREX

INCLUDING RSC-S/SRU/LCME/LINE CARDS

REFERENCE: CATV/GPA/817
ISSUE: 1
PAGE: 1/3

[Confidential Portion Omitted]

QUOTATION FOR CENTREX
INCLUDING RSC-S/SRU/LCME/LINE CARDS

REFERENCE: CATV/GPA/817
ISSUE: 1
PAGE: 2/3

[Confidential Portion Omitted]

QUOTATION FOR CENTREX
INCLUDING RSC-S/SRU/LCME/LINE CARDS

REFERENCE: CATV/GPA/817
ISSUE: 1
PAGE: 3/3

[Confidential Portion Omitted]

QUOTATION FOR CMIS CABINET

REFERENCE: CATV/GPA/818
ISSUE: 1
PAGE: 1/1

[Confidential Portion Omitted]

QUOTATION FOR CODES

REFERENCE: CATV/GPA/819
ISSUE: 1
PAGE: 1/1

[Confidential Portion Omitted]

QUOTATION FOR PDTC OR DTCOI PORTS

REFERENCE: CATV/GPA/820
ISSUE: 1
PAGE : 1/1

[Confidential Portion Omitted]

QUOTATION FOR TECHNICAL SUPPORT

REFERENCE: CATV/GPA/821
ISSUE: 1
PAGE: 1/1

[Confidential Portion Omitted]

QUOTATION FOR FILTERS

REFERENCE: CATV/GPA/822
ISSUE: 1

PAGE: 1/1

[Confidential Portion Omitted]

QUOTATION FOR CISM AND ASSOCIATED CARDS

REFERENCE: CATV/GPA/823
ISSUE: 1
PAGE: 1/1

[Confidential Portion Omitted]

QUOTATION FOR TRAINING

REFERENCE: CATV/GPA/824
ISSUE: 1
PAGE: 1/1

QUOTATION FOR WALLBOARD

REFERENCE: CATV/GPA/825
ISSUE: 1
PAGE: 1/1

[Confidential Portion Omitted]

QUOTATION FOR STRATUM CLOCK INTERFACE

REFERENCE: CATV/GPA/826
ISSUE: 1
PAGE: 1/1

[Confidential Portion Omitted]

SIGNATURES

The parties intending to be legally bound have caused this Amendment to be executed by their duly authorised representatives.

CUSTOMERS	SUPPLIER
TELEWEST COMMUNICATIONS GROUP LIMITED	NORTEL LIMITED

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CABLE LONDON PLC

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BIRMINGHAM CABLE LIMITED

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WINDSOR TELEVISION LIMITED

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BELL CABLEMEDIA PLC

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TELECENTIAL COMMUNICATIONS PARTNERSHIP

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IVS CABLE HOLDINGS LIMITED

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COMCAST TEESSIDE LIMITED

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CAMBRIDGE CABLE LIMITED

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DIAMOND CABLE COMMUNICATIONS LIMITED

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DATED 7 AUGUST 1997

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(1) TELEWEST COMMUNICATIONS GROUP LIMITED

\- AND -

(2) CHARLES BURDICK

SERVICE AGREEMENT

CLIFFORD CHANCE
200 ALDERSGATE STREET
LONDON EC1A 4JJ
0171 600 1000
REF: BXH

THIS AGREEMENT is made the 7 day of August 1997

BETWEEN :

(1) TELEWEST COMMUNICATIONS GROUP LIMITED whose registered office is at Unit 1, Genesis Business Park, Albert Drive, Woking, Surrey GU21 5RW ("the Company"); and

(2) CHARLES BURDICK of ("the Executive")

WHEREBY it is agreed that the Company shall employ the Executive upon and subject to the following terms and conditions:-

1. COMMENCEMENT AND TERM

1.1. The Executive's employment with the Company under the terms of this Agreement shall begin on the date of this Agreement Executive's period of continuous employment for statutory purposes also began on the date of this Agreement.

1.2. The employment of the Executive shall (subject to the provisions of clause 14) be for an initial fixed period of 24 months from 12 February 1997 and shall continue thereafter unless and until terminated by the Company giving not less than 12 months notice in writing to the Executive or by the Executive giving not less than 12 months notice in writing to the Company to expire on or at any time after the end of the initial fixed period.

1.3. The Company may at its absolute discretion elect to terminate the employment of the Executive with immediate effect by paying to the Executive salary and a sum equal to the value to him of the other benefits to which he is entitled pursuant to Clauses 4, 5, 7 and 8 in lieu of notice.

2. OBLIGATIONS DURING EMPLOYMENT

2.1. The Executive shall during the continuance of his employment:-

(a) serve the Company and its Associated Companies to the best of his ability in the capacity of Finance Director of TeleWest ; and

(b) faithfully and diligently perform such duties and exercise such powers consistent with his position as Finance Director as the Board may from time to time properly assign to or confer upon him; and

(c) if and so long as the Board so directs perform and exercise the said duties and powers on behalf of any Associated Company and act as a director or other officer of any Associated Company; and

(d) in the performance of his duties do all which is reasonably within his power to protect promote develop and extend the business interests and reputation of the Group; and

(e) at all times and in all respects conform to and comply with the lawful and reasonable directions of the Board ; and

(f) promptly give to the Board (in writing if so requested) all such information explanations and assistance as it may require in connection with the business and affairs of TeleWest and any Associated Company for which he is required to perform duties;

and

(g) unless prevented by sickness injury or other incapacity or as otherwise agreed by the Board devote the whole of his time attention and abilities during his hours of work (which shall be normal business hours and such additional hours as may be necessary for the proper performance of his duties) to the business and affairs of the Company and any Associated Company for which he is required to perform duties; and

(h) work at the Company's offices at Unit 1, Genesis Business Park, Albert Drive, Woking, Surrey, GU21 5RW or such other place of business of the Company or any Associated Company within a radius of 50 miles from London which the Board may reasonably require for the proper performance and exercise of his duties and powers and the Executive may be required to travel on the business of the Company and any Associated Company for which he is required to perform duties; and

(i) at such times as the Board may reasonably request and at the expense of the Company undergo a medical examination by a doctor of the Company's choice.

2.2. Notwithstanding the foregoing or any other provision of this Agreement the Company shall not be under any obligation to provide the Executive with any work and the Company may at any time during the continuance of his employment without notice suspend the Executive and/or exclude him from all or any premises of the Company

or any Associated Company for any period or periods not exceeding six months in aggregate provided that throughout any such period the Executive's salary and other contractual benefits shall continue to be paid or provided by the Company .

3. FURTHER OBLIGATIONS OF THE EXECUTIVE

3.1. During the continuance of his employment the Executive shall not without the prior written consent of the Board (such consent not to be unreasonably withheld or delayed) directly or indirectly carry on or be engaged concerned or interested in any other business trade or occupation otherwise than as a holder directly or through nominees of not more than five per cent in aggregate of any class of shares debentures or other securities in issue from time to time of any company which are for the time being quoted or dealt in on any recognised investment exchange (as defined by Section 207(1) of the Financial Services Act 1986) and shall be permitted, with the prior written consent of the Board, to accept appointment as a non-executive director of another company or companies.

3.2. The Executive shall during the continuance of his employment comply (and shall do all that is reasonably within his power to procure that his spouse or partner and his minor children shall comply) with all applicable rules of law stock exchange regulations (including the "Model Code" issued by The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited) and codes of conduct of the Company and any Associated Company for the time being in force in relation to dealings in shares debentures or other securities of the Company or any Associated Company or any unpublished price sensitive information affecting the securities of any other company.

3.3. The Executive shall in relation to any dealings in securities of overseas companies comply with all laws of any foreign state affecting dealings in the securities of such companies and all regulations of any relevant stock exchanges on which such dealings take place.

3.4. During the continuance of his employment the Executive:-

(a) shall not directly or indirectly procure accept or obtain for his own benefit (or for the benefit of any other person) any payment rebate discount commission vouchers or other benefit of significant value ("Gratuities") from any third party in respect of any business transacted or proposed to be transacted (whether or not by him) by or on behalf of the Company or any Associated Company; and

(b) shall observe the terms of any policy issued by the Company in relation to Gratuities; and

(c) shall immediately disclose and account to the Company for any Gratuities received by him (or by any other person on his behalf or at his instruction).

4. REMUNERATION

4.1. The Company shall pay to the Executive during the continuance of his employment a salary (which shall accrue from day to day) at the rate of (pound)225,000 per year inclusive of any directors' fees payable to the Executive under the articles of association of the Company or any Associated Company (and any such fees as the Executive shall receive he shall pay to the Company). The salary shall be payable by equal monthly instalments in arrears on or about the last day of each calendar month.

4.2. The salary payable to the Executive under Clause 4.1 shall be increased by such amount as the remuneration committee of the Board may in its absolute discretion from time to time decide and notify to the Executive in writing.

4.3. The Executive shall during the continuance of his employment be entitled to be paid bonuses payable at the end of each calendar year of up to 50% of base salary depending on performance against Company and personal objectives.

5. PENSION SCHEME

5.1 The Company shall pay for the sole benefit of the Executive an annual sum equal to the lesser of 10% of the Executive's salary under clause 4.1 from time to time or the sum permitted by Inland Revenue limits as the percentage of net relevant earnings from time to time by equal monthly instalments in arrears into the Executive's personal pension scheme with Norwich Union (or such other personal pension scheme approved under Part XIV of the Income and Corporation Taxes Act 1988 as the Executive may from time to time direct) and the Executive agrees to contribute the annual sum of 2% of the said salary to the pension scheme and the Company is hereby authorised to deduct any such contributions from the Executive's monthly salary payments.

5.2 A contracting-out certificate is not in force in respect of the employment of the Executive.

6. SHARE OPTION SCHEMES

The Executive will within a reasonable time of the date of this Agreement be granted options over shares of TeleWest having a value of four times the salary payable to the Executive pursuant to clause 4 at the date of grant under and subject to the terms of the TeleWest No.1 Share Option Scheme and the TeleWest No.2 Share Option Scheme.

7. INSURANCE

7.1. Subject to his complying with and satisfying any applicable requirements of the relevant insurers the Company shall during the continuance of his employment:-

(a) provide for the Executive and his spouse and children under the age of 18 years membership of the British United Provident Association medical expenses insurance scheme of which he is a member at the date of this Agreement or of such other private medical expenses insurance scheme providing equivalent benefits as the Company may in its absolute discretion from time to time decide;

(b) provide the Executive with life assurance cover which in the event of his death during the continuance of his employment may pay to his chosen dependants (subject only to the discretion of the trustees of the appropriate scheme) a lump sum equal to four times his then annual rate of salary; and

(c) provide for the Executive membership of the Company's permanent health insurance scheme.

7.2. The Company shall at its absolute discretion be entitled to cease to provide any or all of the insurances referred to in sub-Clause 7.1. (a) (b) and (c) if in the opinion of the Board the medical condition of the Executive is or becomes such that the Company is unable to secure any such insurance under the rules of any applicable scheme or otherwise at reasonable rates or premiums.

8. COMPANY CAR

8.1. The Company shall provide the Executive with a car of such make and model as the Board shall decide is suitable for him for his sole use during the continuance of his employment in respect of which the Company shall pay or reimburse the Executive all standing and running

costs including the cost of fuel consumed by the car in the course of private journeys undertaken by the Executive.

8.2. The Company shall replace the car with another of such make and model (but equivalent to that provided to him at the date of this Agreement) and at such intervals as the Board may in its discretion decide.

8.3. The Executive shall at all times and in all respects conform to and comply with any policy which may from time to time be made by the Company in relation to cars provided by it for the use of its employees and in particular the Executive:-

(a) shall ensure that at all times when the car is driven on a public highway it is in the state and condition required by law and that a current M.O.T. test certificate is in force in respect of it (if appropriate); and

(b) shall at all times be the holder of a current driving licence entitling him to drive motor cars in the United Kingdom and shall produce it to the Company upon request.

8.4. For the avoidance of doubt the Company shall be entitled at its absolute discretion to withdraw the use of the car provided pursuant to this Clause in the circumstances provided for in the Company's car policy in force from time to time or if the Executive is disqualified from holding a valid current driving licence.

9. RELOCATION AND ACCOMMODATION

9.1 The Company shall reimburse the Executive for all reasonable household and removal expenses incurred by him as a result of a move from his present address to an address within reasonable daily travelling distance of the Company's offices in Woking up to the maximum cost permitted in accordance with the rules of US West Overseas Operations, Inc., relating to the secondment of Executives outside the United States of America.

9.2 For the period from the date of this Agreement until 31 July 1997 the Company shall make available for the use of the Executive and his family furnished accommodation within reasonable daily travelling distance of the Company's offices in Woking up to a maximum cost of (pound)500 per week.

9.3 On the termination of this Agreement the Company shall reimburse the Executive for all reasonable household and removal expenses incurred by him as a result of a move from his address in the United Kingdom to his choice of location in the United States of America up to the maximum cost permitted in accordance with the rules of US West Overseas Operations, Inc., relating to the secondment of Executives outside the United States of America provided always that the Company shall not be required to purchase or provide assistance for the sale of any land or accommodation purchased by the Executive in the United Kingdom.

10. EXPENSES

10.1. The Company shall during the continuance of his employment reimburse the Executive in respect of:-

(a) all reasonable travelling accommodation entertainment and other similar out-of-pocket expenses wholly exclusively and necessarily incurred by him in or about the performance of his duties; and

(b) all reasonable household and removal expenses and other reasonable costs incurred by him as a result of a move from his present address necessitated by the Company's requiring him to work permanently at another location; and

(c) up to (pound)5,000 per calendar year for financial and tax advice.

10.2. Except where specified to the contrary all expenses shall be reimbursed on a monthly basis subject to the Executive providing in appropriate circumstances evidence (including receipts invoices tickets and/or vouchers as may be appropriate) of the expenditure in respect of which he claims reimbursement.

11. HOLIDAY

11.1. The Executive shall (in addition to the usual public and bank holidays) be entitled during the continuance of his employment to 20 working days' paid holiday in each holiday year of the Company which is the calendar year to be taken at such times as shall have been approved by the Board.

11.2. The Executive shall not be entitled to carry forward any annual holiday entitlement foregone by him for any reason during the holiday year in which it accrued without the prior written consent of the Board.

11.3. Upon the termination of his employment the Executive's entitlement to accrued holiday pay (which accrues at the rate of 1.66 days per month) shall be calculated on a pro rata basis in respect of each completed month of service in the holiday year in which his employment terminates and the appropriate amount shall be paid to the Executive provided that if the Executive shall have taken more days' holiday than his accrued entitlement the Company is hereby authorised to make an appropriate deduction from the Executive's final salary payment.

12. INCAPACITY

12.1. Subject to his complying with the Company's procedures relating to the notification and certification of periods of absence from work the Executive shall continue to be paid his salary (inclusive of any statutory sick pay or social security benefits to which he may be entitled) during any periods of absence from work due to sickness injury or other incapacity up to a maximum of 26 weeks in aggregate in any period of 52 consecutive weeks.

12.2. If the Executive shall have been absent from work due to sickness injury or other incapacity for a continuous period of 26 weeks or more then he shall receive such benefits (if any) as are available to him under the terms of the Company's permanent health insurance scheme or any other applicable scheme or arrangement or (if no such benefits are available) such sum (if any) as the Board may in its absolute discretion decide.

12.3. If any incapacity of the Executive shall be caused by any alleged action or wrong of a third party and the Executive shall decide to claim damages in respect thereof, then the Executive shall use all reasonable endeavours to recover damages for loss of earnings over the period for which salary has been or will be paid to him by the Company under Clause 12.1, and shall account to the Company for any such damages recovered (in an amount not exceeding the actual salary paid or payable to him by the Company under Clause 12.1 in respect of the said period) less any costs borne by him in achieving such recovery. The Executive shall keep the Company informed of the commencement, progress and outcome of any such claim.

13. CONFIDENTIALITY

13.1. The Executive shall not (other than in the proper performance of his duties or without the prior written consent of the Board or unless ordered by a court of competent jurisdiction) at any time either during the continuance of his employment or after its termination disclose or communicate to any person or use for his own benefit or the benefit of any person other than the Company or any Associated Company any confidential information which may come to his knowledge in the course of his employment and the Executive acknowledges that in the course of his duties he should do all which is reasonably within his power to prevent the unauthorised publication or misuse of any confidential information provided that such restrictions shall cease to apply to any confidential information which may enter the public domain other than through the default of the Executive.

13.2. All notes and memoranda of any trade secret or confidential information concerning the business of the Company and the Associated Companies or any of its or their suppliers, agents, distributors, customers or others which shall have been acquired received or made by the Executive during the course of his employment shall be the property of the Company and shall be surrendered by the Executive to someone duly authorised in that behalf at the termination of his employment or at the request of the Board at any time during the course of his employment.

13.3. For the avoidance of doubt and without prejudice to the generality of Clause 13.1 the following is a non-exhaustive list of matters which in relation to the Company and the Associated Companies are considered confidential and must be treated as such by the Executive:-

(a) any trade secrets of the Company or any Associated Company; and
(b) any information in respect of which the Company or any Associated Company is bound by an obligation of confidence to any third party; and
(c) customer lists and details of contacts with or requirements of customers; and
(d) any invention technical data know-how instruction or operations manual or other manufacturing or trade secret.

14. TERMINATION OF EMPLOYMENT

14.1. The employment of the Executive may be terminated by the Company forthwith without notice or payment in lieu of notice if the Executive:-

(a) commits any serious or persistent breach or non-observance of any of the terms, conditions or stipulations contained in this Agreement; or

(b) is guilty of any serious negligence or gross misconduct in connection with or affecting the business or affairs of the Company or any Associated Company for which he is required to perform duties; or

(c) is guilty of conduct which brings or is likely to bring himself or the Company or any Associated Company into disrepute; or

(d) is convicted of an arrestable criminal offence (other than an offence under road traffic legislation in the United Kingdom or elsewhere for which a non-custodial penalty is imposed); or

(e) is adjudged bankrupt or makes any arrangement or composition with his creditors or has an interim order made against him pursuant to Section 252 of the Insolvency Act 1986; or

(f) in the reasonable opinion of the Board becomes incapable by reason of mental disorder of discharging his duties; or

(g) is or becomes prohibited by law from being a director; or

(h) voluntarily resigns as a director of the Company;

(i) is on the basis of a medical report supplied to the Company following his having undergone a medical examination pursuant to paragraph (i) of Clause 2.1, in the reasonable opinion of the Board medically unfit to perform his duties.

14.2. If the Executive shall have been absent from work due to sickness injury or other incapacity for periods in excess of 26 weeks in aggregate in any period of twelve consecutive months the Company may terminate his employment by giving to him not less than six months' notice in writing expiring at any time provided that the Company shall withdraw such notice if during its currency the Executive returns to full-time work and provides the Company with a medical certificate stating that he has fully recovered and that no recurrence of such incapacity may reasonably be anticipated and provided that the Company shall not terminate the employment of the

Executive if to do so would or would be likely to prejudice the Executive's entitlement to benefits (actual or prospective) under the Company's permanent health insurance scheme or any other scheme or arrangement under which the Executive is or may be entitled to benefits in respect of his sickness, injury or incapacity, in which event the Executive shall remain an employee of the Company solely for the purpose of recouping those benefits and shall not at any time thereafter be entitled to perform duties and the Company shall be entitled to terminate the employment of the Executive immediately he ceases to be entitled to receive benefits under those schemes or arrangements.

14.3. Upon the termination of his employment (for whatever reason and howsoever arising) the Executive:-

(a) shall not take away conceal or destroy but shall immediately deliver up to the Company all documents (which expression shall include but without limitation notes memoranda correspondence drawings sketches plans designs and any other material upon which data or information is recorded or stored) relating to the business or affairs of the Company or any Associated Company or any of their clients/customers shareholders employees officers suppliers distributors and agents (and the Executive shall not be entitled to retain any copies or reproductions of any such documents) together with any other property belonging to the Company or any Associated Company (including his car and its keys) which may then be in his possession or under his control;

(b) shall at the request of the Board immediately resign without claim for compensation from office as a director of the Company and any Associated Company and from any other office held by him in the Company or any Associated Company (but without prejudice to any claim he may have for damages for breach of this Agreement) and in the event of his failure to do so the Company is hereby irrevocably authorised to appoint some person in his name and on his behalf to sign and deliver such resignations to the Board; and

(c) shall not at any time thereafter make any untrue or misleading oral or written statement concerning the business and affairs of the Company or any Associated Company nor represent himself or permit himself to be held out as being in any way connected with or interested in the business of the Company or any Associated Company (except as a former employee for the purpose of communicating with prospective employers or complying with any applicable statutory requirements); and

(d) shall immediately repay all outstanding debts or loans due to the Company or any Associated Company and the Company is hereby authorised to deduct from any wages (as defined by Section 7 of the Wages Act 1986) of the Executive a sum equal to any such debts or loans.

14.4. If the employment of the Executive is terminated by reason of the liquidation of the Company for the purpose of reconstruction or amalgamation or as part of any arrangement for the amalgamation or reconstruction of the Company not involving insolvency and the Executive is offered employment with any concern or undertaking resulting from the reconstruction or amalgamation on the same terms and conditions as this Agreement then the Executive shall have no claim against the Company in respect of such termination.

15. EXECUTIVE'S COVENANTS

15.1. The Executive acknowledges that during the course of his employment with the Company he will receive and have access to confidential information of the Company and its Associated Companies he will also receive and have access to detailed client/customer lists and information relating to the operations and business requirements of those clients/customers and accordingly he is willing to enter into the covenants described in Clause 15.2 .

15.2. The Executive hereby covenants with the Company that he will not for the period of twelve months after the termination of his employment without the prior written consent of the Board either alone or jointly with or on behalf of any person directly or indirectly:-

(a) carry on or set up or be employed or engaged by or otherwise assist in or be interested in a business anywhere within the United Kingdom which is similar to or in competition with the business of the provision of television, telephony and other services by cable whether for domestic or business purposes as such business is carried on by the Company and its Associated Companies at the date of such termination;

(b) in connection with the carrying on of any business anywhere in the United Kingdom in competition with the business of the provision of television, telephony and other services by cable whether for domestic or business purposes canvass solicit or approach or cause to be canvassed or solicited or approached for orders in respect of any services provided and/or any goods sold by the Company or any Associated Company any person who or which at the date of termination of his employment or at any time during the period of twelve months prior to that date is a customer or client of the Company or any Associated Company and with whom or which the Executive shall have had dealings during the course of his employment;

(c) in connection with the carrying on of any business in the United Kingdom in competition with the business of the provision of television, telephony and other services by cable whether for domestic or business use do business with any person who or which has at any time during the period of twelve months immediately preceding the date of such termination done business with the Company or any Associated Company as a supplier or customer or client or distributor or consultant and with whom or which the Executive shall have had dealings during the course of his employment;

(d) solicit or entice away or endeavour to solicit or entice away from the Company or any Associated Company any person who at the date of termination of his employment is employed or engaged by the Company or any Associated Company in a senior capacity and with whom the Executive shall have had contact during the course of his employment (whether or not such person would commit a breach of his contract of employment by so doing);

provided always that the restriction in clause 15.2(a) above shall only apply so as to prohibit the Executive from being employed or engaged by Cable and Wireless Communications plc BT plc or BSkyB plc (or any subsidiary of either of them) in the event that the Executive's employment terminates pursuant to a notice served by either party under clause 1.2 above or by the Company making payment in lieu of notice under clause 1.3 above.

15.3. The covenants contained in Clauses 15.2(a), (b), (c) and (d) are intended to be separate and severable and enforceable as such.

16. DISCIPLINARY AND GRIEVANCE PROCEDURE

16.1. For statutory purposes there is no formal disciplinary procedure in relation to the Executive's employment. The Executive shall be expected to maintain the highest standards of integrity and behaviour.

16.2. If the Executive is not satisfied with any disciplinary decision taken in relation to him he may apply in writing within 14 days of that decision to the Board whose decision shall be final.

16.3. If the Executive Director has any grievance in relation to his employment he may raise it in writing with the Board whose decision shall be final.

17. DIRECTORSHIP

17.1. The Executive shall not during his employment voluntarily resign from his office as a director of the Company or of TeleWest and he shall not do or fail to do anything which causes or is likely to cause him to be prohibited by law from continuing to act as a director.

17.2. The removal of the Executive from the office of director of the

Company or TeleWest or the failure of TeleWest in general meeting to re-elect the Executive as a director of TeleWest (if he shall be obliged to retire by rotation or otherwise pursuant to the articles of association of TeleWest) shall terminate the Executive's employment under this Agreement. Such termination shall constitute a breach by the Company of this Agreement unless it has been terminated in accordance with its terms at the date of such removal or failure to re-elect or the Company was entitled at the time of such removal or failure to re-elect to terminate it pursuant to Clause 14.1.

18. NOTICES

18.1. Any notice to be given under this Agreement shall be given in writing and shall be deemed to be sufficiently served by one party on the other if it is delivered personally or is sent by registered or recorded delivery pre-paid post (air mail if overseas) addressed to either the Company's registered office for the time being or the Executive's last known address as the case may be.

18.2. Any notice sent by post shall be deemed (in the absence of evidence of earlier receipt) to be received 2 days after posting (6 days if sent air mail) and in proving the time such notice was sent it shall be sufficient to show that the envelope containing it was properly addressed stamped and posted.

19. MISCELLANEOUS

19.1. Any benefits provided by the Company to the Executive or his family which are not expressly referred to in this Agreement shall be regarded as ex gratia benefits provided at the entire discretion of the Company and shall not form part of the Executive's contract of employment unless otherwise agreed by the parties after the date of this Agreement.

19.2. The Company shall be entitled at any time during the Executive's employment to make deductions from the Executive's salary or from any other sums due to the Executive from the Company or any Associated

Company in respect of any overpayment of any kind made to the Executive or in respect of any debt or other sum due from him.

20. DEFINITIONS AND INTERPRETATION

20.1. In this Agreement unless the context otherwise requires words and phrases defined in Part XXVI of the Companies Act 1985 have the same meanings thereby attributed to them and the following expressions have the following meanings:-

"ASSOCIATED COMPANY"
any company which is a holding company or a subsidiary of the Company

or a subsidiary of the Company's holding company but excluding US West Inc., and Tele-Communications Inc, and any subsidiary or holding company of either of them.

"THE BOARD"
the Board of Directors for the time being of TeleWest including any duly appointed committee thereof or the directors present at a meeting of the directors of TeleWest at which a quorum is present but excluding the Executive (as appropriate).

"GROUP"
the Company and the Associated Companies (excluding US West Inc., and Tele-Communications Inc., and any holding or subsidiary company of either of them).

"TELEWEST"
TeleWest plc, whose registered office is at Unit 1, Genesis Business Park, Albert Drive, Woking, Surrey GU21 5RW, the holding company of TeleWest Communications Group Limited.

20.2. The headings in this Agreement are for convenience only and shall not affect its construction or interpretation.

20.3. References in this Agreement to Clauses and paragraphs are references to Clauses and paragraphs to this Agreement.

20.4. Any reference in this Agreement to the employment of the Executive is a reference to his employment by the Company whether or not during the currency of this Agreement.

20.5. Any reference in this Agreement to a person shall where the context permits include a reference to a body corporate and to any unincorporated body of persons.

20.6. Any word in this Agreement which denotes the singular shall where the context permits include the plural and vice versa and any word in this Agreement which denotes to the masculine gender shall where the context permits include the feminine and/or the neuter genders and vice versa.

20.7. Any reference in this Agreement to a statutory provision shall be deemed to include a reference to any statutory amendment modification or re-enactment of it.

20.8. This Agreement contains the entire understanding between the parties and supersedes all (if any) subsisting agreements arrangements and understandings relating to the employment of the Executive which such agreements arrangements and understandings shall be deemed to have been terminated by mutual consent provided that the Executive shall remain entitled to any benefits accrued up to the date of termination of such subsisting agreements arrangements and understandings.

20.9. This Agreement is governed by and shall be construed in accordance with the laws of England and the parties to this Agreement hereby submit to the exclusive jurisdiction of the English courts.

IN WITNESS whereof this Agreement has been executed as a deed by the parties hereto and is intended to be and is hereby delivered on the date first above written

Executed as a deed by)

TELEWEST COMMUNICATIONS GROUP LIMITED)

Director

/s/ Victoria Hull

Secretary

Signed as a deed by)

CHARLES BURDICK /s/ Charles Burdick)

in the presence of:-)

Signature	/s/ Susan Holmes
Name	Susan Holmes
Address	52 Wycliffe Road Battersea SW11 5QR
Occupation	Executive Assistant

EXHIBIT 13

Selected portions of the Company's 1997 Annual Report to Shareholders incorporated by reference herein:

Pages 14-21

FINANCIAL REVIEW

To comply with applicable UK and US securities regulations, Telewest Communications plc prepares financial statements under UK and US generally accepted accounting principles ("GAAP") both sets of financial statements are included in this report. Financial statements prepared under UK GAAP can be found on pages 26 to 56; financial statements prepared under US GAAP can be found on pages 57 to 77.

In the discussion of the financial results that follows, unless specifically noted, all references to figures are identical under UK and US GAAP.

SUMMARY OF OPERATIONS YEARS ENDED 31 DECEMBER 1997 AND 1996
The Group's consolidated revenue increased by (pound)96.2 million or 33% from (pound)290.3 million in 1996 to (pouNd)386.5 million in 1997. The increase was attributable to the larger customer base created by the Group's continuing network construction and penetration and price increases in certain segments of our business.

CABLE TELEVISION REVENUE
Cable television revenue increased by 32% from (pound)121.2 million in 1996 to (pound)159.9 million in 1997. The iNcrease was primarily attributable to a 28% increase (from 440,212 to 562,343) in the average number of customers in 1997 over 1996. The increase in the average number of customers is a result of an increase in the number of homes passed and marketed (from 2,335,953 at 31 December 1996 to 2,760,184 at 31 December 1997).

Average monthly revenue per cable television customer increased 2% from (pound)22.95 in 1996 to (pound)23.40 in 1997. This was due to the expansion of pay per view events, a decrease in promotional discounts offered by the Group and price increases implemented from 1 November 1997.

TELEPHONY REVENUE
Telephony revenue increased by 32% from (pound)159.6 million in 1996 to (pound)210.5 million in 1997.

Residential telephony revenue increased by 33% from (pound)125.0 million in 1996 to (pound)166.6 million in 1997. Business telephony revenue increased by 27% from (pound)34.6 million in 1996 to (pound)43.9 million in 1997.

The increase in residential telephony in 1997 over 1996 was primarily due to a 42% increase (from 514,156 to 732,487) in the average number of residential lines. This resulted from an increase in the number of homes passed and marketed (from 2,254,734 at 31 December 1996 to 2,725,154 at 31 December 1997) and an increase in penetration of the total base of homes passed of 2.2 percentage points. The revenue increase from the growth in the average number of residential lines was partially offset by a 5% decrease in the average monthly revenue per residential line, from (pound)20.26 in 1996 to (pound)19.19 in 1997.

CONSOLIDATED FINANCIAL HIGHLIGHTS
(all amounts in (pound)million)

<TABLE>
<CAPTION>

		UK GAAP					US GAAP				
Year ended 31 December		1997	1996	1995 Pro forma	1995	1994	1997	1996	1995 Pro forma	1995	1994
REVENUE	Note										
<S>		<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Cable television		159.9	121.2	64.7	83.7	35.9	159.9	121.2	64.7	83.7	35.9

Telephony - residential		166.6	125.0	57.6	81.2	23.5	166.6	125.0	57.6	81.2	23.5
Telephony - business		43.9	34.6	17.4	20.6	8.8	43.9	34.6	17.4	20.6	8.8
Other		16.1	9.5	5.1	5.7	3.8	16.1	9.5	5.1	5.7	3.8
Total Revenue		386.5	290.3	144.8	191.2	72.0	386.5	290.3	144.8	191.2	72.0
OPERATING COSTS AND EXPENSES											
Programming		(93.4)	(69.9)	(32.2)	(42.9)	(15.5)	(93.4)	(69.9)	(32.2)	(42.9)	(15.5)
Telephony		(50.1)	(52.7)	(29.5)	(38.7)	(14.7)	(50.1)	(52.7)	(29.5)	(38.7)	(14.7)
Selling, general and administrative		(193.3)	(167.3)	(105.4)	(137.8)	(60.4)	(193.3)	(167.3)	(105.4)	(137.8)	(60.4)
Depreciation		(177.3)	(129.7)	(61.5)	(82.3)	(30.3)	(177.3)	(129.7)	(60.0)	(80.8)	(30.3)
Amortisation of goodwill	(1)	-	-	-	-	-	(26.4)	(26.1)	(7.9)	(25.3)	(1.8)
		(514.3)	(419.6)	(228.6)	(301.7)	(120.9)	(540.7)	(445.7)	(235.0)	(325.5)	(122.7)
Operating loss		(127.8)	(129.3)	(83.8)	(110.5)	(48.9)	(154.2)	(155.4)	(90.2)	(134.3)	(50.7)
OTHER INCOME (EXPENSE)											
Share of loss of affiliates		(21.3)	(15.2)	(12.1)	(12.1)	(8.5)	(21.7)	(16.0)	(12.8)	(12.8)	(805)
Financial expenses, net	(2)	(160.8)	(105.4)	(18.8)	(25.3)	(7.8)	(156.2)	(90.8)	(34.6)	(41.1)	(6.2)
Other		(0.8)	(1.0)	(0.7)	(0.7)	-	(0.4)	(0.2)	0.1	0.1	-
Net loss before extraordinary item		(310.7)	(250.9)	(115.4)	(148.6)	(65.2)	(332.5)	(262.4)	(137.5)	(188.1)	(65.4)
Extraordinary item	(3)	-	-	-	-	-	-	-	-	-	7.3
Net loss		(310.7)	(250.9)	(115.4)	(148.6)	(65.2)	(332.5)	(262.4)	(137.5)	(188.1)	(58.1)

</TABLE>

Note 1 Under UK GAAP goodwill related to acquisitions is written off to reserves at time of purchase. Under US GAAP goodwill is generally amortised over 20 years.

Note 2 The accounting treatment for financial instruments is different under UK and US GAAP, as explained in the consolidated US GAAP financial statements in note 4.

Note 3 Amount represents the unrealised gain embedded in interest rate swaps which were marked to market for US GAAP purposes but not for UK GAAP purposes.

Telewest acquired SBCC on 3 October 1995. Pro forma information has been included for 1995 to demonstrate the effect of including the results of former SBCC franchises for the full year ended 31 December 1995. The pro forma information is not commented upon in the Financial Review.

For the purposes of comparison, UK GAAP consolidated financial highlights for 1994 are shown to reflect the results of certain predecessor businesses which were acquired by the Group in November 1994. The results of predecessor businesses do not include the results of former SBCC franchises.

This decrease was mainly attributable to price reductions in per minute call charges in response to price cutting by BT, the Group's main competitor in residential telephony. The Group intends to continue to reduce per minute call tariffs as necessary to compete effectively and to seek to mitigate the revenue impact of these reductions through higher line rentals, increased call volumes and sales of value added services such as call-waiting and voice-messaging.

The increase in business telephony revenue in 1997 over 1996 was primarily attributable to a 58% increase (from 52,849 to 83,552) in the average number of business telephony lines in 1997, which was partially offset by a 20% decrease in the average monthly revenue per business line, from (pound)54.50 in 1996 to (pound)43.62 in 1997. This decrease was mainly attributable to price reductions in per minute call charges and increased volume discounts, together with increased sales of Centrex, a business telecommunications product which provides more lines to customers but has a lower average monthly revenue per line.

Other revenue increased by 70% from (pound)9.5 million in 1996 to (pound)16.1 million in 1997. Other revenue is derived primarily from management services provided to Affiliated Companies, Internet sales, cable publications and network management services provided to other operators, and advertising sales.

OPERATING COSTS AND EXPENSES

The Group's consolidated operating costs and expenses (which include direct costs of programming and interconnection; selling, general and administrative expenses; depreciation and amortisation expenses) increased by 23% from (pound)419.6 million in 1996 to (pound)514.3 million in 1997 (21% under US GAAP from (pound)445.7 million in 1996 to (pound)540.7 million in 1997).

Programming fees are the largest component of the Group's operating costs in providing cable television services. The Group obtains most of its programming under contracts which provide for payments based upon the number of subscribers. As a percentage of cable television revenues, programming costs remained stable at 58% in both 1996 and 1997.

Interconnection charges are the largest component of the Group's telephony operating costs in providing telephony services. As a percentage of telephony revenue, telephony operating costs decreased from 33% in 1996 to 24% in 1997 due to the continuing reduction in interconnection charges in the UK telephony market, a growing percentage of calls handled within the Telewest network and by credits relating to interconnection charges from earlier periods, which have been recalculated based on the final agreed rates applicable for that period.

Selling, general and administrative expenses, which include, among other items, salary and marketing costs, decreased as a percentage of revenue from 58% in 1996 to 50% in 1997. The improvement is largely due to the rapid growth in revenues and continued reduction in support costs per customer as the Group benefits from the economies of scale resulting from its enlarged operations. The Group expects that selling, general and administrative expenses will continue to decline as a percentage of revenue as revenues increase, efficiency gains from its fixed cost base are increasingly exploited, and the full year benefits of a restructuring and redundancy programme, completed in 1997, take effect. The restructuring programme announced in August 1997, resulted in a reduction in headcount of 1,400 staff and contractors at a cost of approximately (pound)3 million, and is expected to result in cash savings of approximately (pound)40 million in 1998. Total labour and overhead costs capitalised in 1997 were (pound)76.9 million, compared to (pound)54.0 million in 1996.

Depreciation expense increased 37% from (pound)129.7 million in 1996 to (pound)177.3 million in 1997. The increase of (pound)47.6 million was principally attributable to capital expenditure associated with the Group's continuing construction activities ((pound)37.2 million) and a reclassification of certain network assets in 1997 ((pound)10.4 million), as set out in Note 1 to the UK GAAP financial statements and Note 3 to the US GAAP financial statements. Under US GAAP, amortisation expense increased slightly from (pound)26.1 million in 1996 to (pound)26.4 million in 1997. Under UK GAAP, all goodwill arising on acquisitions is directly written off to reserves.

OTHER INCOME (EXPENSE)

The Group's share of the net losses of its Affiliated Companies accounted for under the equity method, principally Birmingham Cable Corporation Limited and Cable London plc, was (pound)21.3 million and (pound)15.2 million in 1997 and 1996, respectively, under UK GAAP ((pound)21.7 million and (pound)16.0 million in 1997 and 1996, respectively, under US GAAP due to a difference in the classification of tax expense).

Financial expenses, net, under UK GAAP consist primarily of interest expense of (pound)139.0 million in 1997 ((pound)96.8 million in 1996), and foreign exchange losses of (pound)31.0 million in 1997 ((pound)25.9 million in 1996) offset in part by interest income earned on short-term investments and loans to Affiliated Companies of (pound)9.1 million in 1997 ((pound)17.2 million in 1996). Under US GAAP, financial expenses consist primarily of interest expense of (pound)141.7 million in 1997 ((pound)105.2 million in 1996), and foreign exchange losses of (pound)23.5 million in 1997 ((pound)2.8 million in 1996) offset in part by interest income earned on short-term investments and loans to Affiliated Companies of (pound)8.0 million in 1997 ((pound)16.7 million in 1996).

Interest expense increased by (pound)42.2 million in 1997 ((pound)36.5 million under US GAAP) primarily as a result of the interest expense on higher outstanding borrowings relating to the Senior Secured Facility and the higher accrued interest expense on the Senior Discount Debentures issued by the Group in October 1995. The debentures are fully described in the following discussion on Liquidity and Capital Resources. The foreign exchange losses under UK GAAP in 1997 primarily relate to the amortisation of the foreign currency option premium which hedges the Senior Discount Debentures and the amortisation of exchange losses arising on the translation of the debentures to Sterling using the contracted exchange rate of the option. It is the Group's policy to hedge non-Sterling denominated borrowings to reduce or eliminate exchange rate exposure. The foreign exchange losses under US GAAP in 1997 arose principally from the re-translation of the US Dollar denominated debentures to Pounds Sterling, using the 31 December 1997 exchange rate, and marking the associated hedging instruments to their market value at 31 December 1997.

SUMMARY OF OPERATIONS YEARS ENDED 31 DECEMBER 1996 AND 1995

The acquisition of SBCC on 3 October 1995 has been accounted for in the 1995 consolidated financial statements under the acquisition method of accounting. Therefore, the 1995 consolidated profit and loss account includes the results of SBCC from 3 October 1995 to 31 December 1995. The 1996 consolidated profit and loss account includes the results of SBCC for the full year.

The Group's consolidated revenue increased by (pound)145.5 million or 100% from (pound)144.8 million in 1995 to (pound)290.3 million in 1996. The increase was attributable to the inclusion of the results of the former SBCC franchises for a

full year in 1996 and to the larger customer base created by the enlarged Group's continuing network construction.

CABLE TELEVISION REVENUE

Cable television revenue increased by 87% from (pound)64.7 million in 1995 to (pound)121.2 million in 1996. The increase was primarily attributable to a 74% increase (from 253,049 to 440,212) in the average number of customers in 1996 over 1995. The increase in the average number of customers resulted from the inclusion for a full year in 1996 of the results of the former SBCC franchises (which contributed an average of 165,855 customers in 1996 compared to an average of 35,192 customers in 1995) and from an increase in the number of homes passed and marketed in the other franchises (from 1,142,860 at 31 December 1995 to 1,460,463 at 31 December 1996).

Average monthly revenue per cable television customer increased 8% from (pound)21.32 in 1995 to (pound)22.95 in 1996. This was a result of an increase in the basic channel charge implemented in December 1995 and the additional revenue generated from pay per view programming. This was, however, partially offset by a decrease in the average number of premium channels purchased per customer due to the inclusion for a full year in 1996 of the results of the former SBCC franchises which historically had a lower average number of premium channels purchased per customer.

TELEPHONY REVENUE

Telephony revenue increased by 113% from (pound)75.0 million in 1995 to (pound)159.6 million in 1996.

Residential telephony revenue increased by 117% from (pound)57.6 million in 1995 to (pound)125.0 million in 1996. Business telephony revenue increased by 98% from (pound)17.4 million in 1995 to (pound)34.6 million in 1996.

The increase in residential telephony in 1996 over 1995 was primarily due to a 119% increase (from 234,400 to 514,156) in the average number of residential lines. This increase resulted from the inclusion for a full year in 1996 of the results of the former SBCC franchises (which contributed an average of 229,751 lines in 1996 compared to an average of 45,117 lines in 1995), and from an increase in the number of homes passed and marketed in the other franchises (from 968,863 at 31 December 1995 to 1,380,484 at 31 December 1996). The revenue increase from the growth in the average number of residential lines was slightly offset by a 1% decrease in the average monthly revenue per residential line, from (pound)20.48 in 1995 to (pound)20.26 in 1996. This decrease was mainly attributable to price reductions in per minute call charges in response to price cutting by BT, which were offset by increases in line rental rates.

The increase in business telephony revenue in 1996 over 1995 was primarily attributable to a 114% increase (from 24,681 to 52,849) in the average number of business telephony lines in 1996, which was partially offset by an 8% decrease in the average monthly revenue per business line, from (pound)58.92 in 1995 to (pound)54.50 in 1996. This decrease was attributable to price reductions in per minute call charges in response to competition and increased sales of Centrex.

Other revenue increased by 89% from (pound)5.0 million in 1995 to (pound)9.5 million in 1996. Other revenue was derived primarily from management services provided to Affiliated Companies, cable publications and network management services provided to other operators, and advertising sales.

OPERATING COSTS AND EXPENSES

The Group's consolidated operating costs and expenses (which include direct costs of programming and interconnection; selling, general and administrative expenses; depreciation expense and amortisation expense) increased by 84% from (pound)228.6 million in 1995 to (pound)419.6 million in 1996 (90% under US GAAP from (pound)235.0 million in 1995 to (pound)445.7 million in 1996).

As a percentage of cable television revenues, programming costs increased from 50% in 1995 to 58% in 1996 as a result of programming fee increases, providing more channels in the basic cable television package with no price increase and the inclusion for a full year in 1996 of the results of the former SBCC franchises which have higher per channel programming costs.

Interconnection charges are the largest component of the Group's telephony operating costs in providing telephony services. As a percentage of telephony revenue, telephony operating costs decreased from 39% in 1995 to 33% in 1996 as line rental income, which incurs no third-party cost, represented a larger proportion of total average revenue per line in 1996 than in 1995. Interconnection charges in 1996 also were reduced by credits relating to interconnection charges from earlier periods which have been calculated based on revised estimates of prevailing interconnection charges in the UK.

Selling, general and administrative expenses, which include, among other items, salary and marketing costs, decreased as a percentage of revenue from 73% in 1995 to 58% in 1996. The majority of this improvement is due to the rapid growth in revenues and continued reduction in support costs per customer, with the balance accounting for 5 percentage points of the year-on-year reduction - due to revised estimates used in determining the proportion of labour and overhead costs which are capitalised as network assets. Total labour and overhead costs capitalised in 1996 were (pound)54.0 million, compared to (pound)26.6 million in 1995.

Depreciation expense increased 111% from (pound)61.5 million in 1995 to (pound)129.7 million in 1996 under UK GAAP and increased 116% from (pound)60 million under US GAAP. This increase was principally attributable to capital expenditure associated with the Group's continuing construction activities, a full year of depreciation expense recorded in the former SBCC franchises, and a reduction in the estimated useful lives of certain network assets in 1996 as set out in Note 1 to the UK GAAP financial statements and Note 3 to the US GAAP financial statements. Under US GAAP, amortisation expense increased from (pound)7.9 million in 1995 to (pound)26.1 million in 1996 primarily due to a full year of amortisation of the goodwill arising on the acquisition of SBCC in October 1995.

OTHER INCOME (EXPENSE)

The Group's share of the net losses of its Affiliated Companies accounted for under the equity method, principally Birmingham Cable Corporation Limited and Cable London plc, was (pound)15.2 million and (pound)12.1 million in 1996 and 1995, respectively, under UK GAAP ((pound)16.0 million and (pound)12.8 million in 1996 and 1995, respectively, under US GAAP due to a difference in the classification of tax expense).

Financial expenses, net, under UK GAAP consist primarily of interest expense of (pound)96.8 million in 1996 ((pound)23.8 million in 1995), and foreign exchange losses of (pound)25.9 million in 1996 ((pound)4.7 million in 1995) offset in part by interest income earned on short-term investments and loans to Affiliated Companies of (pound)17.2 million in 1996 ((pound)15.6 million in 1995). Under US GAAP, financial expenses consist primarily of interest expense of (pound)105.2 million in 1996 ((pound)26.6 million in 1995), and foreign exchange losses of (pound)2.8 million in 1996 ((pound)14.6 million in 1995) offset in part by interest income earned on short-term investments and loans to Affiliated Companies of (pound)16.7 million in 1996 ((pound)15.6 million in 1995). In 1995, financial expenses under UK GAAP also included an accounting loss on the sale of interest rate swaps of (pound)5.5 million ((pound)8.6 million under US GAAP).

Interest expense increased by (pound)73.0 million in 1996 ((pound)78.6 million under US GAAP) primarily as a result of the interest payments and accrued interest expense on the Senior Debentures and the Senior Discount Debentures, issued by the Group in October 1995. The foreign exchange losses under UK GAAP in 1996 primarily relate to the amortisation of the foreign currency option premium which hedges the Senior Discount Debentures and the amortisation of exchange losses arising on the translation of the debentures to Sterling using the contracted exchange rate of the option. It is the Group's policy to hedge non-Sterling denominated borrowings to reduce or eliminate exchange rate exposure. The foreign exchange losses under US GAAP in 1996 arose principally from the re-translation of the US Dollar denominated debentures to Pounds Sterling using the 31 December 1996 exchange rate and marking the associated hedging instruments to their market value at 31 December 1996.

LIQUIDITY AND CAPITAL RESOURCES

On May 22, 1996, the Group entered into a (pound)1.2 billion senior secured credit facility with a syndicate of banks (the "Senior Secured Facility"). The Senior Secured Facility is being used to finance the capital expenditure, working capital requirements and other permitted related activities for the construction and operation of the wholly owned telephony and television franchises of the Group; to fund the payment of cash interest on the Senior Debentures and Senior Discount Debentures (as described below); to fund the repayment of existing secured borrowings of the Group in respect of certain franchises; to fund loans to or investments in Affiliated Companies; to fund the acquisition and subsequent construction of local delivery operators/franchises; and to refinance advances and the payment of interest, fees and expenses in respect of the Senior Secured Facility.

The Senior Secured Facility is divided into two tranches. The first (tranche A) is available on a revolving basis for up to (pound)300 million, reducing to (pound)100 million by 30 June 1998, with full repayment by 31 December 1998. The second tranche (tranche B) is available on a revolving basis concurrently with the first tranche for an amount up to 6.5 times the trailing, rolling six month annualised consolidated net operating cash flow, gradually reducing throughout the period of the facility to 4 times by 1 January 2000. Thereafter, the amount outstanding under the facility converts to a term loan amortising over 5 years. The aggregate drawing at any time under both tranches cannot exceed (pound)1.2 billion. Borrowings under the Senior Secured Facility are secured by assets, including the partnership interests and shares of subsidiaries of the Group, and bear interest at 2.25% above LIBOR for tranche A and between 0.5% and 1.875% above LIBOR (depending on the ratio of borrowings to the trailing, rolling six month annualised consolidated net operating cash flow) for tranche B. The Group's ability to borrow under the Senior Secured Facility is subject to, among other things, its compliance with the financial and other covenants and borrowing conditions contained therein. The failure to comply with such covenants could result, in extremis, in all such amounts outstanding under the facility becoming due and payable. As at 31 December, 1997, the Group has drawndown (pound)125 million and (pound)367.5 million under tranche A and tranche B respectively.

Since 31 December 1997, this facility has been restructured with relaxed financial covenants, a reduction in the amount available under the facility from (pound)1,200 million to (pound)1,000 million, and a supplementary (pound)100 million revolving credit facility secured with a second fixed and floating charge over the Group's assets, and interest costs on the latter ranging from 3.5% - 5.5% above LIBOR. As a result of this restructuring of the facility, the repayment dates for tranche A, referred to above, have been accelerated by three months.

The Group has entered into certain delayed-starting interest rate swap agreements in order to manage interest rate risk on the Senior Secured Facility. The interest rate swaps convert floating rate interest payable on drawdowns under the facility to fixed interest rate payments in the range of 7.835% - 7.975%. The swap agreements, which commenced in early 1997, have a five-year maturity and a notional principal amount which adjusts upwards on a semi-annual basis to a maximum of (pound)750 million. As at 31 December 1997, the aggregate notional principal amount of the swaps was (pound)440 million.

On 3 October 1995, the Group raised (pound)734 million through the issue of $300 million principal amount of 95/8% Senior Debentures due 2006 (the "Senior Debentures") and $1,536 million principal amount at maturity of 11% Senior Discount Debentures due 2007 (the "Senior Discount Debentures"). Interest on the Senior Debentures is payable semi-annually and commenced on 1 April 1996; interest on the Senior Discount Debentures will be payable semi-annually commencing on 1 April 2001. The proceeds of the issue were used by the Group to fund general working capital, capital expenditures and additional investments in Affiliated Companies, to repay a credit facility entered into by a Group company and to purchase the currency hedge arrangements as described below.

The Group's principal hedge instruments are a combined foreign currency and interest rate swap ("Foreign Currency Swap") and a foreign currency option. The Foreign Currency Swap fully hedges against adverse exchange rate fluctuations on the principal amount of the Senior Debentures and the associated interest payments. The foreign currency option provides protection against exchange rate fluctuations on the Senior Discount Debentures below a rate of $1.452: (pound)1 and allows the Group to benefit from positive exchange rate movements. Both hedging instruments provide protection up to 1 October 2000, the early redemption date of the Senior Debentures and the Senior Discount Debentures.

The Group's results may be materially influenced by future exchange rate movements, particularly in the US GAAP financial statements, due to the requirement that the hedge instruments and the debentures are marked to their market value at the end of the financial period and the US Dollar denominated debentures are re-translated to Pounds Sterling using the period end exchange rate.

The Group generated a net cash inflow/(outflow) from operating activities of (pound)68.6 million, (pound)28.5 million, and ((pound)10.2) million in 1997, 1996 and 1995, respectively, under UK GAAP. On a US GAAP basis, net cash provided by/(used in) operating activities was (pound)3.0 million, (pound)18.1 million and ((pound)6.6) million in 1997, 1996 and 1995, respectively. The difference between UK and US GAAP is principally due to a difference in the classification of interest on the cash flow statement.

The Group incurred net cash outflow from investing activities of (pound)439.7 million, (pound)483.2 million and (pound)265.8 million in 1997, 1996 and 1995, respectively. The Group's principal investing activities continue to be the construction of the network, the provision of funding to the Affiliated Companies, and, in the year ended 31 December 1996, the acquisition of a franchise covering the Worcester area from Bell Cablemedia plc for (pound)9.8 million. Total expenditure on fixed assets was (pound)440.6 million, (pound)515.6 million and (pound)269.1 million in 1997, 1996 and 1995, respectively. The Group has implemented a reduction in the pace of its network construction and its expenditure on certain discretionary capital projects, which is expected to result in a significant reduction in capital expenditure in 1998.

Cash inflow from financing activities was (pound)386.2 million, (pound)79.0 million and (pound)480.8 million in 1997, 1996 and 1995, respectively.

In 1997, the cash inflow from financing activities was principally generated through a (pound)392.5 million drawdown under the Senior Secured Facility. Similarly in 1996, such cash inflow was principally generated through a (pound)100 million drawdown which was partially offset by costs incurred to arrange the facility. In 1995, the cash inflow was principally generated by net proceeds of (pound)734.2 million arising from the issue of the debentures which were partially used to purchase the associated currency hedges and to repay a credit facility entered into by a Group company.

Cash balances at 31 December 1997 were (pound)29.6 million.

The Group currently expects that the anticipated funding requirements (after taking into account current cash and deposit balances and anticipated revenues) required to substantially complete the construction of the owned and operated network, to fund the Group's operations, to upgrade older portions of the network, and to pay interest on the Group's debt will be provided by the Senior Secured Facility and the supplementary revolving credit facility. There can be no assurance that the Group will not elect to use alternative funding sources or that the Group's actual funding requirements will be in line with expectations.

CHARLES BURDICK

SAFE HARBOR STATEMENT UNDER THE US PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:

The discussion above and contained elsewhere in this report includes certain forward looking statements that involve risks and uncertainties that could lead to actual results that are significantly different from those anticipated by the Group. These risks and uncertainties relate to, among other things, the extent consumer preference develops for cable television over other methods of providing in-home entertainment and for the Group a viable alternative to BT and others as a provider of telephony service; the ability of the Group to manage growth and expansion; the ability of the Group to construct its network in a cost efficient and timely manner; the ability of the Group to raise additional financing if there is a material adverse change in the Group's anticipated revenues or expenses; the ability of the Group to respond to changes or increases in competition and adverse changes in government regulation; the extent programming is available at reasonable costs; adverse changes in the price of telephony interconnection; disruptions in supply of services and equipment, and the performance of the Affiliated Companies (which are not controlled by the Group).

Pages 30-33

REPORT OF THE REMUNERATION COMMITTEE

1. Compliance
The following report by the Remuneration Committee complies with Section A of the Best Practice Provisions on remuneration committees as annexed to the Listing Rules of the London Stock Exchange. Full consideration has also been given to Section B of the Best Practice Provisions regarding remuneration policy, service contracts and compensation, as annexed to the Listing Rules of the London Stock Exchange. The Report is also in line with requirements under US securities laws applicable to remuneration committee reports. Further information on senior executive remuneration as required by US law can be found in the proxy statement accompanying this document.

2. Composition
During the year the members of the Committee were Mr Ames (Chairman), Mr Stenham and Mr Singer. The Committee submits reports regularly to the full board of Directors concerning its activities and decisions. It has written terms of reference which include the assessment and approval of the remuneration of the executive Directors and senior executives. The Board determines the remuneration of the non-executive Directors.

3. Remuneration policy for the executive Directors and senior executives

a) General policy
The Group aims to attract, motivate and retain high calibre executives by rewarding them with competitive salary and benefit packages which are linked to both individual and business performance. These packages are based on the Group's philosophy of emphasising pay-for-performance. The Group recognises the

pressures for short-term as well as long-term performance and seeks to provide an appropriate balance. The Group uses a market-based four-tiered salary structure for its executive employees. Each senior executive is assigned to one of these four tiers based on his or her level of responsibility and position in relation to others inside and outside the Group.

The Committee believes that the Group's current remuneration policy appropriately aligns the Group's senior executive compensation with the performance of the Group and shareholder interests and offers competitive compensation for its executives. The Committee does not believe in compensating for poor performance and does not reward unsatisfactory performance. In the case of early termination of employment, it is the Committee's policy to seek to mitigate any liability.

b) Remuneration components
There are four components to the senior executive remuneration package: base salary and benefits, annual cash bonus, long-term incentive arrangements and pension.

i) Base salary and benefits
Salaries are established by the Committee by reference to those prevailing in the employment market generally for executives of comparable status, responsibility and skills. To assist in determining the comparability of positions and competitive market pricing, the Group uses executive compensation salary surveys prepared by recognised independent compensation consulting firms in the UK. The Group uses surveys that specifically cover the UK cable

communications industry, as well as surveys of comparable companies of similar size in similar industries. In general, and because of the competitive nature of the market, the Group seeks to set overall executive compensation levels to rank between the mid-market and upper quartile of the survey data.

Salary reviews are generally determined by the Committee on an annual basis. Adjustments in base salary, if any, occur after a formal appraisal process, taking account of individual performance, changes in job responsibilities, changes in the marketplace and general economic conditions in the UK.

Benefits for senior executives typically include a car (or a cash payment in lieu thereof) and payment of its operating expenses and fuel, and life, disability and health insurance. The benefits are not pensionable.

ii) Annual cash bonuses
The Group's Short-Term Incentive Plan (the "STIP") provides all employees with an opportunity to earn an annual cash award (which is not pensionable) based upon the achievement of short-term Group targets (ie, one financial year). These targets are set by the Remuneration Committee at the commencement of each financial year and kept under review thereafter. Under the STIP, the senior executive has an award opportunity expressed as a percentage of base salary. For executive Directors, the award is up to 25% of salary for achieving target, rising to a maximum of 50% of salary if the Group exceeds its STIP target. The 1997 STIP awards to the executive Directors represented approximately 53.3% of the targeted bonus amount. The amount of the STIP is based upon the extent to which the Group achieves certain specified objectives. In 1997, the STIP objectives related to the achievement of targets set in respect of growth, quality of operations (measured by customer satisfaction surveys), operating cash flow and taking into account the completion of the restructuring programme. The objective is to have payout tied to Group performance, thereby providing higher than targeted payouts for better than expected performance and lower than targeted payouts for performance below the targeted levels.

iii) Long-term incentive arrangements
The Group operates the following long-term share and option incentive plans: The Telewest Restricted Share Scheme and The Telewest Long Term Incentive Plan (each of the aforesaid plans is designed to operate in conjunction with an Employee Share Ownership Plan ("ESOP")); an Inland Revenue approved executive share option scheme, the Telewest 1995 (No.1) Executive Share Option Scheme; an unapproved executive share option scheme, the Telewest 1995 (No.2) Executive Share Option Scheme; an Equity Participation Plan ("EPP"); an Employee Sharesave Scheme and a profit sharing scheme designed for Inland Revenue approval.

The Telewest Restricted Share Scheme was designed to replace a cash bonus scheme in operation prior to the initial public offering in November 1994 and, for this reason, exercise of the award is not subject to the satisfaction of a performance condition. Under this scheme, awards were made of Telewest shares to senior executives based on a percentage of salary and for no consideration. At the time of the initial public offering Mr Davidson was granted an award over 475,183 Telewest shares. Awards generally vest over a three year period and, in the case of Mr Davidson, the final vesting date was January 1998.

The Telewest Restricted Share Scheme has been replaced with a Long-Term Incentive Plan ("LTIP") for share awards to executive Directors and senior executives. It is intended that senior executives in the LTIP will not be granted further options under the executive share option schemes (subject to

exceptions at the discretion of the Remuneration Committee). In future, options under these schemes will generally be awarded to employees not participating in the LTIP. Under the LTIP a senior executive will be awarded the provisional right to receive, for no payment, a number of Telewest shares with a value equating to a percentage of base salary. The shares will not vest unless certain performance criteria, based on total shareholder return assessed over a three year period, are met. The percentage of salary will be determined by the Remuneration Committee and will be up to 100% of base salary for executive Directors. The award is divided equally, with vesting of 50% depending on the Company's TSR meeting a performance condition relating to the TSR of FT-SE 100 companies, and the remaining 50% depending on the Company's TSR meeting a performance condition relating to the TSR of a group of comparative companies (including cable, broadcasting and telecommunications companies listed on the London Stock Exchange and cable companies operating in the UK and listed on Nasdaq), in each case over a three year period. If the Company's TSR is in the top quartile of the FT-SE 100 over that period, the executive will receive 50% of the number of shares awarded to him; if the Company's TSR is 50th place in the FT-SE 100, the executive will receive 12.5% of the number of shares awarded to him; if below 50th place in the FT-SE 100, the executive will receive nothing in respect of this portion of the award. Similarly, if the Company's TSR is in the top quartile of the group of comparative companies in that period, the executive will receive 50% of the number of shares awarded to him; if the Company's TSR is at the median position the executive will receive 12.5% of the number of shares awarded to him; if below the median position, the executive will receive nothing in respect of that portion of the award. In either test a proportionate number of shares will be received for intermediate positions. TSR in each case will be calculated by reference to the cash flow generated by dividends, and capital appreciation on a share purchased at the beginning and sold at the end of the period. If the executive remains employed by the Group and depending on the achievement of the performance criteria, at the end of the third year after the date of grant, 50% of the vested award will be transferred to the employee and the balance will be transferred at the end of the fourth year after the date of grant if the employee remains so employed.

The executive share option schemes also form part of the Group's long-term incentive arrangements. Options over Telewest shares are granted in phases, generally on a one times salary basis up to a maximum of four times salary and exercise is subject to a performance condition, namely out-performance of the FT-SE 100 Index over any three-year period preceding exercise.

The option arrangements relating to Mr Davidson and Mr Burdick are set out on page 28 of the Report of the Directors.

Under the STIP, employees may be due a cash bonus. The Remuneration Committee has provided that, under the EPP, an employee with two years service or at manager level or above, can use up to 50% of the pre-tax bonus payable to him to acquire Telewest shares ("bonus shares"). The employee must deposit the bonus shares with the Trustee of the existing Telewest ESOP. In return, the employee is provisionally allocated for no payment a matching number of Telewest shares. Provided the bonus shares are retained for three years and the employee remains employed by the Group for three years, the bonus and matching shares would thereafter be released to the employee.

The Inland Revenue approved sharesave scheme, which enables the Company to grant options to employees to purchase Telewest shares at a 20% discount to market price is designed to incentivise employees. These options can be exercised only with funds saved by employees over time in a qualified savings account.

4. Pensions

The Group contributes to personal pension schemes established by individual employees. The actual contribution of the Group to such schemes depends on the contribution made by the employee and may vary according to length of service. Generally the Group contribution varies from 3% of an employee's salary to a maximum of 12% for executive Directors or up to the Inland Revenue limits. In addition, there is a money purchase pension scheme to which the Group contributes an amount equal to the employee's contribution, such contributions varying between 3% and 6%. The Group's contribution is based on the employee's salary excluding benefits or bonuses.

5. Executive Directors' agreements

Mr Davidson's employment agreement has a one year notice period in accordance with the recommendation of the Code. However, the Remuneration Committee believes that at this stage of the Group's development it may be necessary to offer executives contracts (such as Mr Burdick as discussed below) in excess of one year to attract candidates of the appropriate calibre. In February 1997 Mr Davidson's salary was increased to (pound)335,000 (effective from July 1996, to reflect his confirmation as Chief Executive). For the financial year ended 1997, Mr Davidson was awarded an annual bonus, pursuant to the STIP, of (pound)45,000.

Mr Burdick has an initial two year, fixed term agreement commencing 12 February 1997 and to continue thereafter until terminated by either party giving no less than 12 months' notice to expire on or at any time after the end of the initial fixed term. The Remuneration Committee believes an initial notice period in excess of one year is justified in view of his move from the US. Mr Burdick's salary is (pound)225,000. For the financial year ended 1997, Mr Burdick was awarded an annual bonus, pursuant to the STIP, of (pound)25,000.

Mr Van Valkenburg has been seconded to the Company from US WEST International for an indefinite period and such arrangement is terminable without advance notice by either US WEST International or the Company. The Company has agreed to reimburse US WEST International for Mr Van Valkenburg's salary and related benefits during his secondment to the Company. His salary is (pound)157,738 per annum. Mr Van Valkenburg is eligible for an annual bonus of up to 40% of salary for achieving target. For the financial year ended 31 December 1997, Mr Van Valkenburg was awarded such bonus based on US WEST International plan criteria and the Company has reimbursed US WEST International for the period Mr Van Valkenburg spent with the Company amounting to (pound)41,584. For the financial year ending 31 December 1998 he will be subject to the rules of the Telewest STIP.

Under the current Remuneration Committee policy senior executives have employment agreements with notice periods which range from three months to one year, depending on their grade.

6. DIRECTORS' REMUNERATION

The aggregate compensation for the Directors is as follows:-

	1997 (POUND)'000	1996 (pound)'000
Base salary and benefits	1,034	530
Annual bonus - STIP	112	25
Pension	33	18
Compensation for loss of office	-	538
	1,179	1,112

Additional information required under US securities laws with respect to the compensation of the Directors, the Chief Executive Officer and certain other executives is set out under the caption "Executive Compensation" in the Proxy Statement.

DIRECTORS COMPENSATION

<TABLE>
<CAPTION>

	Salaries/fees		Taxable benefits		Annual/ Special bonuses		Compensation for loss of office		Total emoluments excluding pension contributions		Pension contributions	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
	(all amounts in (pounds)'000)											
EXECUTIVE:												
S J Davidson	334	236	19	12	45	25	-	-	398	273	24	13
A Michels	-	100	-	68	-	-	-	539	-	707	-	5
D Van Valkenburg	94	-	170	-	42	-	-	-	306	-	3	-
C J Burdick	225	-	9	-	25	-	-	-	259	-	6	-
NON-EXECUTIVE:												
F A Vierra	-	-	-	-	-	-	-	-	-	-	-	-
A G Ames	-	-	-	-	-	-	-	-	-	-	-	-
A W P Stenham	108	50	-	-	-	-	-	-	108	50	-	-
Lord Borrie QC	39	34	-	-	-	-	-	-	39	34	-	-
Lord Griffiths	36	30	-	-	-	-	-	-	36	30	-	-
J A Atterbury	-	-	-	-	-	-	-	-	-	-	-	-
J O Robbins	-	-	-	-	-	-	-	-	-	-	-	-
A N Singer	-	-	-	-	-	-	-	-	-	-	-	-
R W Shaner	-	-	-	-	-	-	-	-	-	-	-	-
	836	450	198	80	112	25	0	539	1,146	1,094	33	18

</TABLE>

Notes:

1 Certain amounts reflected in this table and elsewhere in this section were paid in US dollars, but are represented in this table in pounds sterling, based on an average exchange rate of $1.64 to (pound)1.00 for the year ended 31 December 1997.

2 Mr Van Valkenburg's principal taxable benefits were the provision of (pound)55,330 in respect of his income taxes, housing allowance of (pound)74,057 and relocation and foreign service allowances of (pound)27,527.

3 The independent non-executive Directors are paid (pound)1,000 for each

Board or Committee meeting they attend in addition to their fees. The executive Directors' interests in Company share options and restricted share scheme awards are set out on page 28 of the Report of the Directors. No non-executive Director has any interests in Telewest shares.

4 Mr Stenham received additional fees for 1997 for increased responsibilities undertaken on behalf of the Company.

5 The pension contributions for the Directors were paid into their private pension schemes. None of the Directors are members of the Group's money purchase pension scheme.

7. Remuneration policy for non-executive Directors
The remuneration policy for non-executive Directors consists of fees for their services in connection with Board and Board Committee meetings and, where relevant, for additional services such as chairing a Committee. They are not eligible for pension scheme membership and do not participate in any of the Group's bonus, share option or other incentive schemes. Their remuneration is approved by the Board of Directors.

A G Ames (Chairman)
A W P Stenham
A N Singer
The Remuneration Committee

Pages 57-77

FINANCIAL STATEMENTS UNDER US GAAP

Contents

Independent auditors' report

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF
TELEWEST COMMUNICATIONS PLC

We have audited the accompanying consolidated balance sheets of Telewest Communications plc and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the years in the three year period ended December 31, 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements on pages 59 to 76 present fairly, in all material respects, the financial position of Telewest Communications plc and subsidiaries as of December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the years in the three year period ended December 31,1997 in conformity with generally accepted accounting principles in the United States of America.

KPMG AUDIT PLC
Chartered Accountants
Registered Auditors
London, England

March 18, 1998

CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

	Year ended December 31, 1997 $'000 (NOTE 2)	1997 (POUND)'000	1996 (pound)'000	1995 (pound)'000
<S>	<C>	<C>	<C>	<C>
REVENUE				
Cable television	262,698	159,918	121,224	64,740
Telephony - residential	273,748	166,645	125,013	57,597
Telephony - business	72,085	43,882	34,562	17,449
Other ((pound)3,573, (pound)1,600 and (pound)1,451 in 1997, 1996 1995, respectively, from related parties)	26,370	16,053	9,467	4,998
	634,901	386,498	290,266	144,784
OPERATING COSTS AND EXPENSES				
Programming	(153,496)	(93,441)	(69,906)	(32,194)
Telephony	(82,373)	(50,145)	(52,572)	(29,526)
(Selling, general and administrative (including (pound)1,170, (pound)2,560 and (pound)3,257 in 1997, 1996 and 1995, respectively, to related parties)	(317,591)	(193,335)	(167,323)	(105,388)
Depreciation	(291,318)	(177,341)	(129,716)	(60,019)
Amortization of goodwill	(43,359)	(26,395)	(26,149)	(7,854)
	(888,137)	(540,657)	(445,666)	(234,981)
OPERATING LOSS	(253,236)	(154,159)	(155,400)	(90,197)
OTHER INCOME/ (EXPENSE)				
Interest income (including (pound)3,178, (pound)1,723 and (pound)1,583 in 1997, 1996 and 1995, respectively, from related parties)	13,074	7,959	16,651	15,645
Interest expense	(232,805)	(141,721)	(105,172)	(26,649)
Loss on disposal of interest rate swaps	-	-	-	(8,609)
Foreign exchange losses, net	(38,676)	23,544)	(2,838)	(14,575)
Share of net losses of affiliates	(35,640)	(21,696)	(15,973)	(12,777)
Gain/(loss) on disposal of assets	1,871	1,139	571	(419)
Minority interests in profits of consolidated subsidiaries, net	(482)	(293)	(180)	(16)
Other, net	-	-	-	82
LOSS BEFORE INCOME TAXES	(545,894)	(332,315)	(262,341)	(137,515)
Income tax expenses (note 14)	(225)	(137)	(50)	(16)
NET LOSS	(546,119)	(332,452)	(262,391)	(137,531)

	Year ended December 31, 1997 $*	1997 (POUND)*	1996 (pound)*	1995 (pound)*
BASIC AND DILUTED LOSS PER ORDINARY SHARE				
Weighted average number of ordinary shares outstanding	927,567,600	927,567,600	925,425,473	861,424,848

BASIC AND DILUTED LOSS PER ORDINARY SHARE	(0.59)	(0.36)	(0.28)	(0.16)

</TABLE>

See accompanying notes to the consolidated financial statements.

*Except number of shares

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	December 31, 1997 $'000 (note 2)	1997 (POUND)'000	1996 (pound)'000
<S>	<C>	<C>	<C>
ASSETS			
Cash and cash equivalents	48,595	29,582	79,116
Trade receivables (net of allowance for doubtful accounts of (pound)6,507 and(pound)5,405)	60,167	36,627	29,305
Other receivables (note 7)	43,050	26,207	32,394
Prepaid expenses	12,526	7,625	5,168
Investments in affiliates, accounted for under the equity method, and related receivables (note 8)	98,081	59,707	69,420
Other investments, at cost	42,162	25,666	25,666
Property and equipment (less accumulated depreciation of (pound)481,451 and(pound)308,240) (note 9)	2,801,658	1,705,520	1,447,194
Goodwill (less accumulated amortization of(pound)64,301 and (pound)37,907)	765,342	465,905	491,290
Other assets (less accumulated amortization of(pound)10,140 and (pound)4,162) (note 11)	92,833	56,513	62,387
TOTAL ASSETS	3,964,414	2,413,352	2,241,940
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable	43,877	26,710	46,855
Other liabilities (note 12)	326,345	198,664	190,200
Debt (note 13)	2,255,516	1,373,054	879,351
Capital lease obligations (note 17)	124,080	75,534	54,390
TOTAL LIABILITIES	2,749,818	1,673,962	1,170,796
MINORITY INTERESTS	1,051	640	347
SHAREHOLDERS' EQUITY (note 15)			
Convertible preference shares, 10p par value; 661,000,000 shares authorized and 496,066,708 shares issued and outstanding	81,489	49,607	49,607
Ordinary shares, 10p par value; 2,010,000,000 shares authorized; 927,567,600 issued and outstanding in 1997 and 1996	152,372	92,757	92,757
Additional paid-in capital	2,189,533	1,332,887	1,332,887
Accumulated deficit	(1,206,661)	(734,560)	(402,108)
	1,216,733	740,691	1,073,143
Ordinary shares held in trust for The Telewest Restricted Share Scheme (note 16)	(3,188)	(1,941)	(2,346)
TOTAL SHAREHOLDERS' EQUITY	1,213,545	738,750	1,070,797
Commitments and contingencies (note 17)			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,964,414	2,413,352	2,241,940

</TABLE>

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	Year ended December 31,			
	1997 $'000 (NOTE 2)	1997 (POUND)'000	1996 (pound)'000	1995 (pound)'000
<S>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	(546,119)	(332,452)	(262,391)	(137,531)
Adjustments to reconcile net loss to net cash provided by/(used in) operating activities:				
Depreciation	291,318	177,341	129,716	60,019
Amortization of goodwill	43,359	26,395	26,149	7,854
Amortization of deferred financing costs and issue discount on senior discount debentures	127,280	77,482	74,104	16,605
Accrued interest on senior debentures	-	-	-	5,451
Unrealized loss on foreign currency translation	38,676	23,544	2,838	14,575
Loss on disposal of interest rate swaps	-	-	-	8,609
Share of net losses of affiliates	35,640	21,696	15,973	12,777
(Gain)/loss on disposals of assets	(1,871)	(1,139)	(571)	419
Minority interests in profits of consolidated subsidiaries	482	293	180	16
Changes in operating assets and liabilities, net of effect of acquisition of subsidiaries:				
Change in receivables	(7,011)	(4,268)	(15,908)	(5,282)
Change in prepaid expenses	(4,036)	(2,457)	953	(3,367)
Change in accounts payable	(11,648)	(7,091)	(4,575)	(5,603)
Change in other liabilities	38,825	23,635	51,668	19,206
Other	-	-	-	(356)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	4,895	2,979	18,136	(6,608)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash paid for property and equipment	(714,635)	(435,037)	(464,367)	(254,453)
Cash paid for acquisition of subsidiaries	(999)	(608)	(14,167)	(3,232)
Additional investments in and loans to affiliates	(14,825)	(9,025)	(2,728)	(9,143)
Additions to other investments	-	-	(5,000)	-
Proceeds from disposals of assets	9,962	6,066	3,059	688
Other investing activities	-	-	-	335
NET CASH USED IN INVESTING ACTIVITIES	(720,497)	(438,604)	(483,203)	(265,805)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Cash paid for credit facility arrangement costs	-	-	(18,400)	-
Proceeds from debenture issue	-	-	-	754,812
Cash paid for foreign currency option	-	-	-	(88,070)
Repayment of borrowings	(3,901)	(2,375)	(937)	(157,930)
Cash paid for debenture issue costs	-	-	(829)	(20,574)
Cash paid for share issue costs	-	-	-	(6,141)
Proceeds from borrowings	644,760	392,500	100,400	-
Capital element of finance lease repayments	(6,523)	(3,971)	(1,231)	(1,291)
NET CASH PROVIDED BY FINANCING ACTIVITIES	634,336	386,154	79,003	480,806
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(81,266)	(49,471)	(386,064)	208,393
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(103)	(63)	362	8,423
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	129,964	79,116	464,818	248,002
CASH AND CASH EQUIVALENTS AT END OF YEAR	48,595	29,582	79,116	464,818

</TABLE>

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

Convertible	Ordinary	Shares held	Additional	Accumulated	Total

	preference (pound)'000	shares (pound)'000	in trust (pound)'000	paid-up capital (pound)'000	Deficit (pound)'000	(pound)'000
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE AT DECEMBER 31, 1994	15,300	84,824	(7,280)	686,276	(2,186)	776,934
Conversion of ordinary shares into convertible preference shares (note 15)	11,227	(11,277)	-	-	-	-
Shares issued in connection with the acquisition of TCMN (notes 5 and 15)	23,080	18,399	-	636,695	-	678,174
Accrued employee compensation relating to the Telewest Restricted Share Scheme	-	-	5,171	-	-	5,171
Net loss	-	-	-	-	(137,531)	(137,531)
BALANCE AT DECEMBER 31, 1996	49,607	91,996	(2,109)	1,322,971	(139,717)	1,322,748
Ordinary shares issued	-	761	-	9,916	-	10,677
Accrued employee compensation relating to the Telewest Restricted Share Scheme	-	-	(237)	-	-	(237)
Net loss	-	-	-	-	(262,391)	(262,391)
BALANCE AT DECEMBER 31, 1996	49,607	92,757	(2,346)	1,332,887	(402,108)	1,070,797
Accrued employee compensation relating to the Telewest Restricted Share Scheme	-	-	405	-	-	405
Net loss	-	-	-	-	(332,452)	(332,452)
BALANCE AT DECEMBER 31, 1997	49,607	92,757	(1,941)	1,332,887	(734,560)	738,750

</TABLE>

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995

1 ORGANIZATION AND HISTORY

Telewest Communications plc (the "Company") is a cable television and telephony operator which offers these services to business and residential customers in the United Kingdom ("UK"). The Company derives its cable television revenues from installation fees, monthly basic and premium service fees and advertising charges. The Company derives its telephony revenues from connection charges, monthly line rentals, call charges, special residential service charges and interconnection fees payable by other operators. The cable television and telephony services account for approximately 41% and 54%, respectively, of the Company's revenue. This revenue is predominantly derived from residential, rather than business, customers.

The Company was incorporated on October 20, 1994 under the laws of England and Wales in preparation for the October 2, 1995 internal reorganization of Telewest Communications Cable Limited ("TCCL"), then called TeleWest Communications plc, and its subsidiaries whereby the entire issued share capital of TCCL was transferred to the Company in exchange for fully paid up shares of the Company. TCCL had traded since November 22, 1994 when affiliates of Tele-Communications, Inc. (the "TCI Affiliates") and affiliates of US WEST, Inc. (the "US WEST Affiliates") contributed their UK cable interests to TCCL (the "Contribution"). These interests were previously held by the TCI Affiliates and US WEST Affiliates through TCI/US West Cable Communications Group, a general partnership. TCI/US WEST Cable Communications Group and its subsidiaries collectively are referred to herein as the "Joint Venture" and the TCI Affiliates and US WEST Affiliates collectively are referred to herein as the "Joint Venturers."

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP"). The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The economic environment and currency in which the Company operates is the UK and hence its reporting currency is Pounds Sterling ((pound)). Certain financial information for the year ended December 31, 1997 has BEEn translated into US Dollars, with such US Dollar amounts being unaudited and presented solely for the convenience of the reader, at the rate of $1.6427 = (pound)1.00, the Noon Buying Rate of the Federal Reserve BANK of New York on December 31, 1997. 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and those of all majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated upon consolidation.

All acquisitions have been accounted for under the purchase method of accounting. Under this method, the results of subsidiaries and affiliates acquired in the year are included in the consolidated statement of operations from the date of acquisition.

Effective January 1, 1996, the Company adopted Statement of Financial Accounting Standards No. 121 (FAS 121), "Accounting for Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of." FAS 121 requires that long-lived assets and certain identifiable intangibles, including goodwill, to be held and used by an entity, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Upon adoption of this standard, the Company evaluated its long-lived assets using projected undiscounted future cash flows and operating income for each subsidiary and determined that no material impairment of these assets existed at January 1, 1996 and accordingly, no loss was recognized. The Company believes that no material impairment existed at December 31, 1997.

Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired) is amortized over the acquisition's useful life or over a maximum period of 40 years. The Company assesses the recoverability of this intangible asset by determining whether the amortization of the goodwill balance over its remaining life can be recovered through projected undiscounted future operating cash flows of the acquired operations. The assessment of the recoverability of goodwill will be impacted if projected future operating cash flows are not achieved. The amount of goodwill impairment, if any, is measured based on the projected discounted future operating cash flows using a discount rate reflecting the Company's cost of funds.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include highly-liquid investments with original maturities of three months or less that are readily convertible into cash.

FINANCIAL INSTRUMENTS

The Company uses foreign currency option contracts which permit, but do not require, the Company to exchange foreign currencies at a future date with another party at a contracted exchange rate. The Company also enters into combined foreign currency and interest rate swap contracts ("Foreign Currency Swaps"). Such contracts are used to hedge against adverse changes in foreign currency exchange rates associated with obligations denominated in foreign currency.

The foreign currency option and Foreign Currency Swaps are recorded on the balance sheet in other assets or other liabilities at their fair value at the reporting period with changes in their fair value during the reporting period being reported as part of the foreign exchange gain or loss in the consolidated statement of operations. Such gains and losses are offset against foreign exchange gains and losses on the obligations denominated in foreign currencies which have been hedged.

Interest rate swap agreements which are used to manage interest rate risk on the Company's borrowings are accounted for using the accruals method. Net income or expense resulting from the differential between exchanging floating and fixed rate interest payments is recorded on an accruals basis. To the extent that the interest rate swap agreements are delayed starting, net income or expense is not recognized until the effective date of the agreement.

Other interest rate swaps which are held as trading assets are recorded on the consolidated balance sheet at their fair value at the end of each reporting period with changes in their fair value being recorded as gains and losses in the consolidated statement of operations.

INVESTMENTS

Investments in partnerships, joint ventures and subsidiaries in which the Company's voting interest is 20% to 50%, and others where the Company has significant influence, are accounted for using the equity method. Investments which do not have a readily determinable fair value, in which the Company's voting interest is less than 20%, and in which the Company does not have significant influence, are carried at cost and written down to the extent that there has been an other-than-temporary diminution in value.

ADVERTISING COSTS
Advertising costs are expensed as incurred. The amount of advertising costs expensed was (pound)25,920,000, (pound)24,846,000 and (pound)10,246,000 for the years ended December 31, 1997, 1996, and 1995, respectively.

PROPERTY AND EQUIPMENT
Property and equipment is stated at cost, including the historical carryover basis cost from the Contribution. Except during the prematurity period as described below, depreciation is provided to write off the cost, less estimated residual value, of property and equipment by equal installments over their estimated useful economic lives as follows:

Freehold and long leasehold buildings	50 years
Cable and ducting	20 years
Electronic equipment	
- System electronics	8 years
- Switching equipment	8 years
- Subscriber electronics	5 years
- Headend, studio and playback facilities	5 years
Other equipment	
- Office furniture and fittings	5 years
- Motor vehicles	4 years

During the prematurity period, depreciation of cable and ducting and system electronics is charged monthly to write off the estimated cost at the end of the prematurity phase over a useful life of 20 and 8 years, respectively. In accordance with Statement of Financial Accounting Standard ("SFAS") No. 51, "Financial Reporting by Cable Television Companies," the monthly charge is scaled down by a ratio of average customers in the current period to the estimated customer base at the end of the prematurity period. The prematurity period covers the period between connecting the first customer and substantial completion of the network.

Preconstruction costs which are included within cable and ducting are amortized over the life of the franchise from the date of the first customer.

The Company accounts for costs, expenses and revenues applicable to the construction and operation of its cable systems under SFAS No. 51.

The estimated useful lives of cable and ducting and systems electronics were reassessed with effect from January 1, 1996, and were changed from 25-30 years and 10 years to 20 years and 8 years, respectively. The net book value of these assets are being written-off over their revised estimated remaining lives.

In 1997, the treatment of activation costs was reviewed. With effect from January 1, 1997, activation labor was reclassified from "cable and ducting" to "electronics" to be consistent with the classification of activation materials. The assets are now depreciated over 8 years rather than 20 years.

FRANCHISE COSTS
Expenditure incurred on successful applications for franchise licenses is included in property and equipment and is amortized over the remaining life of the original franchise term. Costs relating to unsuccessful applications are charged to the consolidated statement of operations.

DEFERRED FINANCING COSTS
Costs incurred in raising debt are deferred and recorded on the consolidated balance sheet in other assets. The costs are amortized to the consolidated statement of operations at a constant rate to the carrying value of the debt over the life of the obligation.

MINORITY INTERESTS
Recognition of the minority interests' share of losses of consolidated subsidiaries is limited to the amount of such minority interests' allocable portion of the equity of those consolidated subsidiaries.

FOREIGN CURRENCIES
Transactions in foreign currencies are recorded using the rate of exchange in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the consolidated statement of operations.

REVENUE RECOGNITION
Revenue is recognized as services are delivered. Other revenues include connection fees which are recognized in the period of connection to the extent that the fee is offset by direct selling costs. The remainder is recognized over

the estimated average period that customers are expected to remain connected to the system.

PENSION COSTS

The Company operates a defined-contribution scheme or contributes up to specified limits to third-party schemes on behalf of the employees. The amount included in losses in 1997, 1996 and 1995 of (pound)2,801,000, (pound)2,580,000 and (pound)1,538,000, respectively, represents the contributions payable to the selected scheMES in respect of the relevant accounting periods.

INCOME TAXES

Under the asset and liability method of SFAS No 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered.

SHARE-BASED COMPENSATION

SFAS No. 123, "Accounting for Stock-Based Compensation," encourages, but does not require, companies to record compensation cost for share-based employee compensation plans at fair value. The Company has chosen to continue to account for share-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations. Accordingly, compensation cost for share options is measured as the excess, if any, of the quoted market price of the Company's shares at the date of the grant over the amount an employee must pay to acquire the shares.

Shares purchased by trustees in connection with the Telewest Restricted Share Scheme, are valued at the market price on the date on which they are purchased and are reflected as a reduction of shareholders' equity in the consolidated balance sheet. This equity account is reduced when the shares are awarded to employees based on the original cost of the shares to the trustees. The value of awards of ordinary shares to be made to employees in future years is charged to the consolidated statement of operations to the extent that the awards have been awarded to and earned by employees in the current accounting period. The value of shares which have been awarded to, but have not been earned by employees, is included as deferred compensation expense within other assets.

NEW ACCOUNTING STANDARDS APPLICABLE TO THE COMPANY

EARNINGS PER SHARE AND CAPITAL STRUCTURE

The Company adopted the provisions of SFAS No. 128, "Earnings per Share." This Statement required that all prior-period earnings per share calculations be restated to conform with the provisions of this statement. Basic earnings per

share has been computed by dividing net income available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares outstanding during the period for all dilutive potential ordinary shares outstanding during the period and adjusting the net loss for any changes in income or loss that would result from the conversion of such potential ordinary shares. There is no difference in net income and number of shares used for basic and diluted net income per ordinary share, as potential ordinary share equivalents are not included in the computation as their effect would be to decrease the loss per share.

COMPREHENSIVE INCOME

In June 1997, the FASB issued SFAS No. 130 "Reporting Comprehensive Income" which is effective for fiscal years beginning after December 15, 1997. Reclassification of financial statements for earlier periods for comparative purposes is required. It requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. It requires that an enterprise (a) classify items of other comprehensive income by their nature in a financial statement and (b) display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of the statement of financial position. The Company is currently reviewing the likely impact on the classification of items included in the shareholders' equity.

SEGMENT INFORMATION

In June 1997, the FASB issued SFAS No. 131 "Disclosure about Segments of an Enterprise and Related Information" which is effective for fiscal years beginning after December 15, 1997. In the initial year of application comparative information for earlier years is to be restated. It requires that companies disclose segment data based on how management makes decisions about allocating resources to segments and measuring their performance. It also requires entity-wide disclosures about the products and services an entity provides, the material countries in which it holds assets and reports revenues, and its major customers. The Company is currently reviewing the likely impact on the level of disclosure currently provided in its consolidated financial statements.

PENSIONS AND OTHER POSTRETIREMENT BENEFITS

In February 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 132, "Employers' Disclosure About Pensions and other Postretirement Benefits" ("SFAS No.132"). SFAS No. 132 revises disclosure requirements about employers' pension and other postretirement benefit plans. SFAS No. 132 is effective for fiscal years beginning after December 15, 1997. The company has not determined the impact that SFAS No. 132 will have on its pension and post retirement benefit disclosures.

4 FINANCIAL INSTRUMENTS

FOREIGN CURRENCY OPTION CONTRACT

At December 31, 1997, the Company held a Pounds Sterling put option to purchase US$1,537,000,000 to hedge its exposure to adverse fluctuations in exchange rates on the principal amount at maturity of its US Dollar-denominated Senior Discount Debentures due 2007 ("Senior Discount Debentures"). The expiration date of this option contract is September 28, 2000. The put option has a strike price at expiration of (pound)1.00 = US$1.4520. The foreign currency option has been included in other assets at its fair value on December 31, 1997.

FOREIGN CURRENCY SWAP

The Company has entered into a Foreign Currency Swap to hedge its exposure to adverse fluctuations in exchange rates on the principal amount of its US Dollar-denominated Senior Debentures due 2006 ("Senior Debentures"). The terms of the contract provided for the Company to make an initial exchange of principal of US$300,000,000 in exchange for (pound)196,078,000. On expiration on October 1, 2000, the initial principal amounts will be re-exchanged. The interest element of the Foreign Currency Swap requires the Company to make Pounds Sterling fixed-rate interest payments and to receive US Dollar fixed-rate interest payments on the initial exchange amounts on a semi-annual basis. The Foreign Currency Swap contract has been included in other liabilities at its fair value on December 31, 1997.

INTEREST RATE SWAPS

The Company has also entered into certain delayed-starting interest rate swap agreements in order to manage interest rate risk on its senior secured credit facility ("Senior Secured Facility"). The effective dates of the swap agreements are January 2, 1997 and March 31, 1997, and the agreements mature on December 31, 2001 and March 28, 2002. The aggregate notional principal amount of the swaps adjusts upwards on a semi-annual basis to a maximum of (pound)750 million. In accordance with the swap agreements, the Company receives interesT At the six month LIBOR rate and pays a fixed interest rate in the range of 7.835 - 7.975%.

FAIR VALUE OF FINANCIAL INSTRUMENTS

SFAS No. 119 "Disclosures about Derivative Financial Instruments and Fair Value of Financial Instruments" requires disclosure of an estimate of the fair values of certain financial instruments. SFAS No. 119 defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties other than in a forced sale. Fair value estimates are made at a specific point in time, based upon relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore cannot be determined precisely. Changes in assumptions could significantly affect the estimates.

At December 31, 1997, the Company's significant financial instruments include cash and cash equivalents, trade receivables, a foreign currency option contract, a Foreign Currency Swap, interest rate swap agreements, trade payables and long-term borrowings. The following table summarizes the fair value of the foreign currency option contract, the Foreign Currency Swap, the interest rate swap agreements, the Senior Discount Debentures and the Senior Debentures. The fair value of the other financial instruments held by the Company approximates their recorded carrying amount due to the short maturity of these instruments and these instruments are not presented in the following table.

<TABLE>
<CAPTION>

	AT DECEMBER 31, 1997		At December 31, 1996	
	CARRYING AMOUNT (POUND)'000	FAIR VALUE (POUND)'000	Carrying amount (pound)'000	Fair value (pound)'000
<S>	<C>	<C>	<C>	<C>
Assets:				
Foreign currency option contract	26,145	26,145	25,828	25,828
Liabilities:				
Interest rate swap agreements	-	25,543	-	4,776
Foreign Currency Swap	18,039	18,039	26,481	26,481

Senior Discount Debentures	696,954	729,532	600,799	621,367
Senior Debentures	182,626	189,931	175,203	179,582

</TABLE>

The estimated fair value of the foreign currency option contract, the interest rate swap agreements and the Foreign Currency Swap are based on quotations received from independent, third-party financial institutions and represent the net amount receivable or payable to terminate the position, taking into

consideration market rates and counterparty credit risk. The estimated fair values of the Senior Discount Debentures and the Senior Debentures are also based on quotations from independent third-party financial institutions and are based on discounting the future cash flows to net present values using appropriate market interest rates prevailing at the year end.

MARKET RISK AND CONCENTRATIONS OF CREDIT RISK
Market risk is the sensitivity of the value of the financial instruments to changes in related currency and interest rates. Generally, the Company is not exposed to such market risk because gains and losses on the financial instruments are offset by gains and losses on the underlying assets and liabilities.

The Company may be exposed to potential losses due to the credit risk of non-performance by the counterparties to its foreign currency option, interest rate swap agreements and Foreign Currency Swap contract, however such losses are not anticipated as these counterparties are major international financial institutions.

Temporary cash investments also potentially expose the Company to concentrations of credit risk, as defined by SFAS No. 105 "Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risks." The Company places its temporary cash investments with major international financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Company's customer base.

At December 31, 1997, the Company had no significant concentration of credit risk.

5 BUSINESS COMBINATIONS

On January 10, 1996, the Company acquired the entire issued share capital of Telewest Communications (Worcester) Limited, then called Bell Cablemedia (Worcester) Limited and owner of the Worcester cable franchise, for cash consideration of (pound)9,849,000. Telewest Communications (Worcester) Limited was otherwise a dormant company with net assets of (pound)2 representing its called up share capital. This acquisition has been accounted for under the purchase method of accounting. The goodwill arising on acquisition was (pound)9,849,000 and is being amortized on a straight-line basis over 20 years.

During 1996, the Company made various other minor acquisitions, largely for share consideration. The goodwill arising on these acquisitions was (pound)11,708,000 and is being amortized on a straight-line basis over 20 years.

On October 3, 1995, the Company acquired the entire share capital of Telewest Communications (Midlands & North West) Limited ("TCMN"), then called SBC CableComms (UK), a company which holds cable television and telephony interests in the UK, from an affiliate of Cox Communications, Inc. and affiliates of SBC Communications, Inc., in exchange for an aggregate of 183,994,960 ordinary shares of 10 pence each and 230,790,208 convertible preference shares of 10 pence each. The value attributable to the shares issued was (pound)1.635 per share, being the market price of the shares on June 8, 1995, the day the terms of the acquisition were agreed to and announced. The fair value of the share consideration using this share price was (pound)678,174,000. The aggregate cost of acquisition was (pound)689,878,000 including the costs of acquisition. This acquisition has been accounted for under the purchase method of accounting. The

goodwill arising on acquisition is (pound)464,872,000 and is being amortized on a straight-line basis over 20 years.

6 SUPPLEMENTAL DISCLOSURES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

Cash paid for interest was (pound)63,479,000, (pound)25,795,000 and (pound)6,041,000 for the years ended December 31, 1997, 1996 and 1995, respectively.

Significant non-cash investing activities of the Company are described below. The amounts stated for 1996 represent the purchase of former minority shareholders' interests in certain UK cable interests held by the Company. The amounts stated for 1995 represent the purchase of TCMN for largely share consideration as described in Note 5 to the consolidated financial statements.

<TABLE>
<CAPTION>

	Year ended December 31, 1997 (POUND)'000	1996 (pound)'000	1995 (pound)'000
<S>	<C>	<C>	<C>
Purchase/contribution of cable interests:			
Assets	-	-	428,080
Liabilities assumed	-	-	(45,144)
Debt assumed	-	-	(157,930)
Net assets acquired contributed	-	-	225,006
Goodwill on acquisition	-	9,874	464,872
	-	9,874	689,878
Share consideration capital contribution	-	9,869	678,174
Costs of acquisition	-	5	11,704
	-	9,874	689,878

</TABLE>

7 OTHER RECEIVABLES

<TABLE>
<CAPTION>

	At December 31, 1997 (POUND)'000	1996 (POUND)'000
<S>	<C>	<C>
Value Added Tax refund	4,567	10,633
Interconnection receivables	1,505	
Interest receivable	807	63
Accrued income	8,290	4,356
Prepaid expenses	3,161	5,714
Other	7,877	7,763
	26,207	32,394

</TABLE>

8 INVESTMENTS

The Company has investments in affiliates accounted for under the equity method at December 31, 1997 and 1996 as follows:

<TABLE>
<CAPTION>

	Percentage Ownership at December 31, 1997 (POUND)'000	1996 (POUND)'000
<S>	<C>	<C>
Cable London plc	50.00%	50.00%
Birmingham Cable Corporation Limited	27.47%	27.47%
London Interconnect Limited	16.67%	16.67%
Central Cable Sales Limited	50.00%	50.00%
Front Row Television Limited	40.00%	-

The Company has accounted for its investment in London Interconnect Limited under the equity method because it is in a position to exercise a significant influence over London Interconnect Limited.

Summarized combined financial information for such affiliates which operate principally in the cable television and telephony industries is as follows:

COMBINED FINANCIAL POSITION

	At December 31, 1997 (POUND)'000	1996 (pound)'000
Property and equipment, net	429,161	391,183
Intangible assets, net	4,859	3,845

Other assets, net	30,249	105,475
TOTAL ASSETS	464,269	500,503
Debt	293,492	281,500
Other liabilities	98,758	91,947
Owners' equity	72,019	127,056
TOTAL LIABILITIES AND EQUITY	464,269	500,503

COMBINED OPERATIONS

	Year ended December 31, 1997 (POUND)'000	1996 (pound)'000
Revenue	120,468	98,329
Operating expenses	(150,768)	(124,358)
Operating loss	(30,300)	(26,029)
Interest expense	(26,311)	(15,945)
Net loss	(56,611)	(41,974)

The Company's investments in affiliates are comprised as follows:

	At December 31, 1997 (POUND)'000	1996 (pound)'000
Loans	39,863	29,089
Share of net assets	19,844	40,331
	59,707	69,420

</TABLE>

Any excess of the purchase cost over the value of the net assets acquired is treated as goodwill and amortized over 20 years on a straight-line basis.

9 PROPERTY AND EQUIPMENT

<TABLE>
<CAPTION>

	Land	Buildings	Cable ducting	Electronic equipment	Other equipment	Total
			(all values in (pound)'000)			
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ACQUISITION COSTS						
Balance at January 1, 1997	4,223	45,956	1,101,961	489,835	113,459	1,755,434
Reclassification	-	(62)	(118,331)	117,954	439	-
Additions	11	8,683	280,814	101,204	49,882	440,594
Disposals	-	-	(182)	(556)	(8,319)	(9,057)
Balance at December 31,1997	4,234	54,577	1,264,262	708,437	155,461	2,186,971
ACCUMULATED DEPRECIATION						
Balance at January 1, 1997	-	7,378	121,181	130,483	49,198	308,240
Reclassification	-	-	(12,792)	12,792	-	-
Charge for year	-	3,824	59,324	88,502	25,691	177,341
Disposals	-	-	(182)	(229)	(3,719)	(4,130)
Balance at December 31, 1997	-	11,202	167,531	231,548	71,170	481,451
1997 NET BOOK VALUE	4,234	43,375	1,096,731	476,889	84,291	1,705,520
ACQUISITION COSTS						
Balance at January 1, 1996	4,223	36,005	766,866	359,617	79,239	1,245,950
Additions	-	9,951	335,844	130,783	39,012	515,590

Disposals	-	-	(749)	(565)	(4,792)	(6,106)
Balance at December 31,1996	4,223	45,956	1,101,961	489,835	113,459	1,755,434
ACCUMULATED DEPRECIATION						
Balance at January 1,1996	-	4,920	74,532	70,810	31,880	182,142
Charge for year	-	2,458	47,374	60,220	19,664	129,716
Disposals	-	-	(725)	(547)	(2,346)	(3,618)
BALANCE AT DECEMBER 31, 1996	-	7,378	121,181	130,483	49,198	308,240
1996 NET BOOK VALUE	4,223	38,578	980,780	359,352	64,261	1,447,194

</TABLE>

Cable and ducting consists principally of civil engineering and fibre optic costs. In addition, cable and ducting includes net book value of preconstruction and franchise costs of (pound)9,807,000 and (pound)13,220,000 as of December 31, 1997 and 1996, respectively. Electronic equipment includes the Company's switching, headend and converter equipment. Other equipment consists principally of motor vehicles, office furniture and fixtures and leasehold improvements.

10 VALUATION AND QUALIFYING ACCOUNTS

<TABLE>
<CAPTION>

	Balance at January 1	Acquisition of TCMN	Additions charged to costs and expenses	Deductions	Balance at December 31
			(all values in (pound)'000)		
<S>	<C>	<C>	<C>	<C>	<C>
1997					
Allowance for doubtful accounts	5,405	-	8,815	(7,713)	6,507
1996					
Allowance for doubtful accounts	4,695	-	9,020	(8,310)	5,405
1995					
Allowance for doubtful accounts	1,736	1,063	5,920	(4,024)	4,695

</TABLE>

11 OTHER ASSETS

The components of other assets, net of amortization, are as follows:

<TABLE>
<CAPTION>

	At December 31, 1997 (POUND)'000	1996 (pound)'000
<S>	<C>	<C>
Deferred financing costs of debentures	13,770	17,510
Deferred financing costs of Senior Secured Facility	15,963	18,186
Foreign currency option contract	26,145	25,828
Other	635	863
	56,513	62,387

12 OTHER LIABILITIES

Other liabilities are summarized as follows:

	At December 31, 1997 (POUND)'000	1996 (pound)'000
Amounts due to affiliated or other related parties	61	1,901

Accrued interest	13,641	8,921
Accrued construction costs	30,235	36,397
Accrued expenses and deferred income	112,198	82,938
Foreign Currency Swap	18,039	26,481
Other liabilities	24,490	33,562
	198,664	190,200

</TABLE>

13 DEBT

Debt is summarized as follows at December 31, 1997 and 1996:

<TABLE>
<CAPTION>

	Weighted average interest rate			
	1997	1996	1997 (POUND)'000	1996 (pound)'000
<S>	<C>	<C>	<C>	<C>
Senior Debentures	9.625%	9.625%	182,626	175,203
Senior Discount Debentures	11.000%	11.000%	696,954	600,799
Senior Secured Facility	9.071%	8.281%	492,500	100,000
Other debt	8.719%	7.790%	974	3,349
			1,373,054	879,351

</TABLE>

SENIOR DEBENTURES
In October 1995, the Company issued US$300,000,000 principal amount of Senior Debentures with a yield to maturity of 9.625%. The cash consideration received at the date of issue was (pound)188,703,000. The Senior Debentures mature on October 1, 2006. Interest on the Senior Debentures accrues semi-annually and is payable in arrears. The Senior Debentures are redeemable, in whole or in part, at the option of the Company at any time on or after October 1, 2000 at the redemption price of 104.813% of the principal amount during the year commencing October 1, 2000, 102.406% of the principal amount during the year commencing October 1, 2001, and thereafter at 100% of the principal amount plus accrued and unpaid interest.

The Senior Debentures and the Senior Discount Debentures, which are described below, were issued to finance working capital, capital expenditure, foreign currency swap and options to hedge against adverse fluctuations in exchange rates, and additional investments in affiliated companies. A portion of the net proceeds of the issue also was used to repay the (pound)157,930,000 indebtedness outstanding under the loan facility held by TCMN at the date that it was acquired by the Company.

The indenture under which the Senior Debentures were issued contains various covenants which, among other things, restrict the ability of the Company to incur additional indebtedness, pay dividends, create certain liens, enter into certain transactions with shareholders or affiliates, or sell certain assets. The Company was in compliance with the covenants at December 31, 1997.

The Company has entered into a Foreign Currency Swap to hedge its exposure to adverse fluctuations in exchange rates on the principal amount which will be outstanding on October 1, 2000, the earliest redemption date, and the associated interest payments of the Senior Debentures. The terms of the Foreign Currency Swap are described in Note 4 to the consolidated financial statements.

The Senior Debentures are unsecured liabilities of the Company.

SENIOR DISCOUNT DEBENTURES
In October 1995, the Company issued US$1,536,413,000 principal amount at maturity of Senior Discount Debentures with a yield to maturity of 11%. The cash consideration received at the date of issue was (pound)566,109,000 (US$900,000,000). At December 31, 1997, the unamortized portion of the discount on issue was (pound)238,344,000 (US$391,528,000). The Senior Discount Debentures mature on October 1, 2007. Interest on the Senior Discount Debentures accrues semi-annually. Cash interest will not accrue on the Senior Discount Debentures prior to October 1, 2000 and is thereafter payable in arrears on April 1 and October 1 of each year at a rate of 11% per annum. The Senior Discount Debentures are redeemable, in whole or in part, at the option of the Company at

any time on or after October 1, 2000 at the redemption price of 100% of the principal amount plus accrued and unpaid interest.

The indenture under which the Senior Discount Debentures were issued contains various covenants as set out for the Senior Debentures above and the Company was in compliance with such covenants at December 31, 1997.

The Company has purchased a five year Pounds Sterling put option to purchase US$1,537,000,000 to hedge its exposure to adverse fluctuations in exchange rates on the principal amount which will be outstanding on October 1, 2000, the earliest redemption date, of the Senior Discount Debentures. The terms of the foreign currency option contract are described in Note 4 to the consolidated financial statements.

The Senior Discount Debentures are unsecured liabilities of the Company.

SENIOR SECURED FACILITY

During 1996, a subsidiary of the Company entered into a senior secured credit facility (the "Senior Secured Facility") with a syndicate of banks. The facility is available to finance the capital expenditure, working capital requirements and other permitted related activities involving the construction and operation of all the Company's owned and operated franchises, to pay cash interest on the Company's unsecured debentures, to fund the repayment of existing secured borrowings in respect of the London South and South West Regional Franchise Areas, to fund loans to or investments in affiliated companies, to bid for or purchase, and subsequently construct, licenses or franchises which may become available and to refinance advances and the payment of interest, fees, and expenses in respect of the Senior Secured Facility.

The facility is divided into two tranches: the first portion (Tranche A) is available on a revolving basis for up to (pound)300 million, reducing to (pound)100 million by June 30, 1998 with full repayment by December 31, 1998; the second portion (Tranche B) is available on a revolving basis concurrently with Tranche A for an amount up to 6.5 times the trailing, rolling six month annualized consolidated net operating cash flow, gradually reducing throughout the period of the facility to 4 times by January 1, 2000. Thereafter, the amount outstanding under the Tranche B facility converts to a term loan amortizing over 5 years. The aggregate drawing at any time under both tranches cannot exceed (pound)1.2 billion. At December 31, 1997, (pound)125,000,000 (1996: (pound)100,000,000) was outstanding under Tranche A and (pound)367,500,000 under Tranche B (1996: (pound)nil).

Borrowings under the facility are secured by the assets of the Company, including the partnership interests and shares of subsidiaries, and bear interest at 2.25% above LIBOR for Tranche A and between 0.5% and 1.875% above LIBOR (depending on the ratio of borrowings to the trailing, rolling six month annualized consolidated net operating cash flow) for Tranche B. Since 31 December 1997, this facility has been restructured with revised financial covenants, a reduction in the amount available under the facility from (pound)1,200 million to (pound)1,000 million, and a supplementary (pound)100 million revolving credit facility secured with a second fixed and floating charge over the Group's assets, and interest costs on the latter ranging from 3.5% - 5.5% above LIBOR. As a result of this restructuring of the facility, the repayment dates for Tranche A, referred to above, have been accelerated by three months.

In September 1996, the Company entered into certain delayed-starting interest rate swap agreements in order to manage interest rate risk on the Senior Secured Facility. The terms of the swap agreements are described in Note 4 to the consolidated financial statements.

The Company's ability to borrow under the facility is subject to, among other things, its compliance with the financial and other covenants and borrowing conditions contained therein.

The Company was in compliance with the covenants at December 31, 1997.

OTHER DEBT

Other debt is represented by property loans which are secured on freehold land and buildings held by the Company which mature from 1998 onwards. The property loans bear interest at a rate of between 1.00% and 1.5% above LIBOR.

14 INCOME TAXES

Loss before income taxes is solely attributable to the UK.

The provisions for income taxes follow:

<TABLE>
<CAPTION>

	Year ended December 31,		
	1997	1996	1995
	(POUND)'000	(pound)'000	(pound)'000

<S>	<C>	<C>	<C>
Currently payable	137	50	16

</TABLE>

A reconciliation of income taxes determined using the statutory UK rate of 31.5% (1996: 33%) to the effective rate of income tax is as follows:

	Year ended December 31, 1997 %	1996 %	1995 %
Corporate tax at UK statutory rates	(31.5)	(33)	(33)
Permanent differences	0.5	1	3
Valuation allowance and other temporary differences	29	30	26
Share of losses of affiliates	2	2	4
	-	-	-

</TABLE>

Deferred income tax assets and liabilities at December 31, 1997 and 1996 are summarized as follows:

<TABLE>
<CAPTION>

<S>	1997 (POUND)'000 <C>	1996 (pound)'000 <C>
Deferred tax assets relating to:		
Fixed assets	79,100	-
Net operating loss carried forward	181,800	310,300
Other	2,400	3,400
Deferred tax asset	263,300	313,700
Valuation allowance	(247,400)	(175,200)
	15,900	138,500
Deferred tax liabilities relating to:		
Fixed assets	-	(110,600)
Other	(15,900)	(27,900)
Deferred tax liabilities	(15,900)	(138,500)
DEFERRED TAX ASSET PER BALANCE SHEET	-	-

</TABLE>

At December 31, 1997, the Company estimates that it has, subject to Inland Revenue agreement, net operating losses ("NOLs") of (pound)587,000,000 available to relieve against future profits. This excludes capital allowances on assets which were available to the Company, but had not been claimed, of (pound)465,000,000.

Due to a history of operating losses the Company has established a valuation allowance with respect to deferred tax assets, except to the extent of deferred tax liabilities.

The NOLs have an unlimited carry forward period under UK tax law, but are limited to their use to the type of business which has generated the loss.

15 SHAREHOLDERS' EQUITY

MOVEMENTS IN SHARE CAPITAL

During 1996 the Company issued 7,604,200 ordinary shares of 10 pence each for the following consideration: an additional 0.25% of the ordinary shares of Cable London plc, the surrender by Trans-Global (UK) Limited of its option to acquire 9.9% of equity in the South East Regional Franchise Area, and the remaining 20% of the ordinary shares of Telewest Communications (Cotswolds) Limited held by a minority interest.

On October 3, 1995, the Company acquired the entire share capital of TCMN from its former shareholders in exchange for an aggregate of 183,994,960 ordinary shares of 10 pence each and 230,790,208 convertible preference shares of 10 pence each. On October 2, 1995, pursuant to a court-approved scheme of arrangement (the "Scheme of Arrangement"), the Company exchanged 735,468,440 ordinary shares of 10 pence each and 265,276,500 convertible preference shares of 10 pence each in consideration for the transfer of shares of TCCL to the Company. Dealings in ordinary shares and ADSs representing ordinary shares of TCCL ceased on the London Stock Exchange and NASDAQ National Market immediately prior to the execution of the Scheme of Arrangement and upon completion of the Scheme of Arrangement, dealings in the ordinary shares and ADSs representing ordinary shares of the Company commenced. Immediately prior to the execution of the Scheme of Arrangement on October 2, 1995, TCCL restructured its share capital by converting 112,276,500 ordinary shares of 10 pence each into 112,276,500 convertible preference shares of 10 pence each.

CONVERTIBLE PREFERENCE SHARES

The convertible preference shares are convertible into fully paid up ordinary shares at any time on the basis of one ordinary share for every convertible preference share provided that, immediately following the conversion, the percentage of the issued ordinary share capital of the Company held by members of the public, as defined by the listing rules of the London Stock Exchange, does not fall below 25%. The ordinary shares arising on conversion will rank pari passu in all respects with the ordinary shares then in issue.

The holders of the convertible preference shares are entitled to receive a dividend of such amount as is declared and paid in relation to each ordinary share, subject to the dividend to be paid not exceeding 20 pence per share net of any associated tax credit.

In the event of a winding-up of the Company or other return of capital, the assets of the Company available for distribution will be paid first to the holders of the convertible preference shares up to the sum of capital paid-up or credited as paid-up unless the right of election upon a winding-up of the Company has been exercised in respect of the convertible preference shares (the "Elected Shares"). If the election has been exercised, the holders of the ordinary shares and the Elected Shares will receive any surplus in accordance with the amount paid-up or credited as paid-up on the shares held.

The holders of the convertible preference shares are not entitled to vote at any general meeting of the Company unless the meeting includes the consideration of a resolution for winding up the Company or a resolution modifying the rights or privileges attaching to the convertible preference shares.

16 SHARE-BASED COMPENSATION PLANS

At December 31, 1997, the Company operated five types of share-based compensation plans: the Telewest Executive Share Option Schemes, the Telewest Sharesave Schemes, and the Telewest Restricted Share Scheme, as replaced in 1997 by the Telewest Long Term Incentive Plan ("LTIP") and an Equity Participation Plan ("EPP").

The Company applies APB Opinion Bulletin No. 25 and related interpretations in accounting for its share-based compensation plans. Accordingly, no compensation cost has been charged to the consolidated statement of operations in respect of performance-based option grants since the options do not have exercise prices less than the market value of the Company's ordinary shares. Compensation cost has been recognized for fixed option grants since the options have exercise prices less than the market value of the Company's ordinary shares at the date of grant. Compensation cost has also been recognized for awards over ordinary shares made under the Telewest Restricted Share Scheme since the awards have no exercise price. Compensation cost recognized for fixed option grants and awards under the Telewest Restricted Share Scheme was (pound)496,000, (pound)1,380,000 and (pound)1,334,000 for 1997, 1996, and 1995, respectively.

If compensation cost for share option grants and for awards under the Telewest Restricted Share Scheme and Long Term Incentive Plan had been determined based on their fair value at the date of grant for 1997 and 1996 consistent with the method prescribed by SFAS 123, the Company's net loss and basic and diluted loss per share would have been adjusted to the pro forma amounts set out below:

<TABLE>
<CAPTION>

	1997 (POUND)'000	1996 (pound)'000	1995 (pound)'000
<S>	<C>	<C>	<C>
Net loss - As reported	(332,452)	(262,391)	(137,531)
- Pro forma	(336,737)	(264,579)	(138,468)
	(pound)	(pound)	(pound)

Basic and diluted loss per share			
- As reported	(0.36)	(0.28)	(0.16)
- Pro forma	(0.36)	(0.29)	(0.16)

</TABLE>

PERFORMANCE-BASED SHARE OPTION COMPENSATION PLANS

The Company has two performance-based share option plans: the Telewest 1995 (No. 1) Executive Share Option Scheme and the Telewest 1995 (No. 2) Executive Share Option Scheme. Under both plans, certain officers and key employees are granted options to purchase ordinary shares of the Company. The exercise price of each option generally equals the market price of the Company's ordinary shares on the date of grant. The options are exercisable between three and ten years after the date of the grant with exercise conditional on the Company's shares out-performing by price the FT-SE100 Index over any three year period preceding exercise. The Company may grant options for up to 92,000,000 ordinary shares.

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model using a weighted-average risk-free interest rate of 6.8%, 8.1% and 8.3% for grants in 1997, 1996 and 1995 respectively, and an expected volatility of 30-45% used for grants in these years. The Company does not expect to pay a dividend on its ordinary shares at any time during the expected life of the option.

A summary of the status of the Company's performance-based share option plans as at December 31, 1997, 1996 and 1995, the first year in which the options were granted, and changes during the years ended on those dates is presented below:

<TABLE>
<CAPTION>

	1997		1996		1995	
	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	11,238,852	153.0p	8,645,229	160.4p	-	-
Granted	8,994,654	83.7p	4,121,474	140.9p	8,871,398	160.3p
Forfeited	(1,205,075)	147.1p	(1,527,851)	162.6p	(226,169)	158.0p
Outstanding at end	19,028,431	120.6p	11,238,852	153.0p	8,645,229	160.4p
Options exercisable at year end	3,375,739	152.3p	1,023,042	154.3p	-	-
Weighted average fair value of options granted during the year	50.4p		75.6p		86.0p	

</TABLE>

The following table summarizes information about the Company's performance-based share option plans outstanding at December 31, 1997.

<TABLE>
<CAPTION>

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding at December 31, 1997	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at December 31, 1997	Weighted average exercise price
<S>	<C>	<C>	<C>	<C>	<C>
71.0 - 73.0p	2,666,913	7.4 years	72.6p		
82.5 - 83.0p	5,297,509	7.6 years	82.9p		
117.5 - 118.0p	765,847	9.2 years	117.5p		
135.0 - 141.0p	3,674,467	6.2 years	140.6p	1,293,086	140.8p
154.5 - 155.5p	4,842,914	4.8 years	154.5p	1,502,527	154.6p
171.5 - 173.5p	1,780,781	5.9 years	172.4p	580,126	171.9p
71.0 - 173.5p	19,028,431	6.5 YEARS	120.6p	3,375,739	152.3p

</TABLE>

FIXED SHARE OPTION COMPENSATION PLANS

The Company also operates the Telewest Sharesave Scheme, a fixed share option compensation scheme. Under this plan, the Company grants options to employees to purchase ordinary shares at a 20% discount to market price. These options can be exercised only with funds saved by employees over time in a qualified savings account. The options are exercisable between 37 and 66 months after the date of grant.

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model using a weighted-average risk-free interest rate of 6.95 per cent, 7.4 per cent and 7.2 per cent for grants in 1997, 1996 and 1995, respectively, and an expected volatility of 30-45 per cent. The Company does not expect to pay a dividend on its ordinary shares at any time during the expected life of the option.

A summary of the status of the Company's fixed share option plans as of December 31, 1997, 1996, and 1995 and the changes during the years ended on those dates is presented below:

<TABLE>
<CAPTION>

	1997		1996		1995	
	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE	Number of shares	Weighted average exercise	Number of shares	Weighted average exercise price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	4,076,635	119.8p	3,345,941	139.6p	1,666,534	150.0p
Granted	5,341,783	58.0p	2,165,009	102.5p	2,168,157	134.0p
Forfeited	(2,450,243)	120.7p	(1,434,315)	139.8p	(488,750)	150.0p
Outstanding at end of year	6,968,175	72.1p	4,076,635	119.8p	3,345,941	139.6p
Options exercisable at year end	-		-		-	
Weighted average fair value of options granted during the year	42.7p		49.7p		79.3p	

</TABLE>

The following table summarizes information about the Company's fixed share options outstanding at December 31, 1997.

	Options outstanding	
Exercise price	Number outstanding at December 31. 1997	Weighted average remaining contractual life
58.0p	5,341,783	3.6 years
102.5p	941,444	2.6 years
134.0p	404,256	3.6 years
150.0p	280,692	2.6 years
58.0 - 150.0p	6,968,175	3.4 years

TELEWEST RESTRICTED SHARE SCHEME

The Company operates the Telewest Restricted Share Scheme in conjunction with an employment trust, the Telewest Employees Share Ownership Plan Trust (the "Telewest ESOP"), which has been designed to provide incentives to executives of the Company based on the performance of the Company. Under the Telewest Restricted Share Scheme, executives may be granted awards over ordinary shares of the Company based on a percentage of salary. The awards are made for no consideration. The awards generally vest three years after the date of the award and are exercisable for up to seven years after the date when they vest. Awards granted under the Telewest Restricted Share Scheme may be made over a maximum of 4,000,000 ordinary shares of the Company.

The fair value of each award is the share price of the ordinary shares on the date the award was made.

A summary of the status of the Company's Restricted Share Scheme at December 31, 1997, 1996 and 1995, and changes during the years ended on those dates is presented below:

<TABLE>
<CAPTION>

	1997	1996	1995
	NUMBER OF	Number of	Number of

	SHARES	shares	shares
<S>	<C>	<C>	<C>
Outstanding at beginning of year	2,648,433	2,616,857	-
Granted	377,975	328,297	2,857,191
Exercised	(1,123,324)	(62,920)	-
Forfeited	(155,922)	(233,801)	(240,334)
Outstanding at end of year	1,747,162	2,648,433	2,616,857
Awards exercisable at year end	924,008	646,341	49,867
WEIGHTED AVERAGE FAIR VALUE OF AWARDS GRANTED DURING THE YEAR	(POUND)1.25	(pound)1.47	(pound)1.72

</TABLE>

At December 31, 1997, the 1,747,162 awards outstanding and the 924,008 awards exercisable have weighted average remaining contractual lives of 6.7 years and 6.6 years, respectively.

LONG-TERM INCENTIVE PLAN ("LTIP")

The Telewest Restricted Share Scheme has been replaced with a Long-Term Incentive Plan ("LTIP") for share awards to executive Directors and senior executives. Under the LTIP an executive will be awarded the provisional right to receive, for no payment, a number of Telewest shares with a value equating to a percentage of base salary. The shares will not vest unless certain performance

criteria, based on total shareholder return assessed over a three-year period are met. The percentage of salary will be determined by the Remuneration Committee and will be up to 100% of base salary for executive Directors.

	1997 NUMBER OF SHARES
Outstanding at beginning of year	-
Granted	574,309
Outstanding at end of year	574,309
Awards exercisable at year end	-
WEIGHTED AVERAGE FAIR VALUE OF AWARDS GRANTED DURING THE YEAR	(POUND)0.81

At December 31, 1997, the 574,309 awards outstanding have weighted average remaining contractual lives of 9.8 years.

17 COMMITMENTS AND CONTINGENCIES

CAPITAL AND OPERATING LEASES

The Company leases a number of assets under arrangements accounted for as capital leases, as follows:

<TABLE>
<CAPTION>

	Acquisition costs (pound)'000	Accumulated depreciation (pound)'000	Net book value (pound)'000
<S>	<C>	<C>	<C>
At December 31, 1997			
Electronic equipment	58,465	(16,061)	42,404
Other equipment	40,207	(8,050)	32,157
At December 31, 1996			
Electronic equipment	46,634	(8,376)	38,258
Other equipment	8,780	(1,900)	6,880

</TABLE>

Depreciation charged on these assets was (pound)10,889,000 and (pound)7,106,000 for the years ended December 31, 1997 and 1996, respectively.

The Company leases business offices and uses certain equipment under lease arrangements accounted for as operating leases. Minimum rental expense under such arrangements amounted to (pound)3,198,000, (pound)3,065,000 and (pound)2,276,000 for the years ended December 31, 1997, 1996 and 1995, respectively.

Future minimum lease payments under capital and operating leases are summarized as follows as at December 31,1997:

	Capital leases	Operating leases
	(pound)'000	(pound)'000
1998	15,712	3,059
1999	14,488	2,989
2000	12,740	2,939
2001	11,883	2,885
2002	8,741	2,884
2003 and thereafter	38,413	14,323
	101,977	
Imputed interest	(26,443)	
TOTAL	75,534	

It is expected that, in the normal course of business, expiring leases will be renewed or replaced.

CONTINGENT LIABILITIES

The Company is a party to various legal proceedings in the ordinary course of business which it does not believe will result, in aggregate, in a material adverse effect on its financial condition.

18 RELATED PARTY TRANSACTIONS

The Company, in the normal course of providing cable television services, purchases certain of its programming from UK affiliates of TCI. Such programming is purchased on commercially-available terms. Total purchases in the years ended December 31, 1997 and 1996 amounted to (pound)9,681,000 and (pound)6,951,000 respectively.

The Company has management agreements with TCI and US WEST under which amounts are paid by the Company relating to TCI and US WEST employees who have been seconded to the Company. For the years ended December 31, 1997, 1996 and 1995, fees charged to the Company under the agreements were (pound)968,000, (pound)2,185,000 and (pound)3,042,000, respectively. The Company has similar management agreements with Cox Communications, Inc. and SBC Communications, Inc. For the years ended December 31, 1997, 1996 and 1995, fees charged to the Company under these agreements were (pound)202,000, (pound)374,000 and (pound)233,000 respectively.

The Company has entered into consulting agreements with its affiliates pursuant to which the Company provides consulting services related to telephony operations. Under the agreements, the Company receives an annual fee from each affiliate based upon the affiliate's revenues. Fees received for the years ended December 31, 1997, 1996 and 1995 were (pound)786,000, (pound)642,000 and (pound)566,000, respectively. The affiliate banking agreements contain certain deferred payment arrangements for these fees. The Company also receives a fee for providing switching support services, comprising of a fixed element based on a number of switches and a variable element based on a number of lines. Fees received for the years ended December 31, 1997, 1996 and 1995, were (pound)740,000, (pound)741,000 and (pound)827,000, respectively.

19 QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

<TABLE>
<CAPTION>

	1997				
	Total (pound)'000	Fourth quarter (pound)'000	Third quarter (pound)'000	Second quarter (pound)'000	First quarter (pound)'000
<S>	<C>	<C>	<C>	<C>	<C>
Revenue	386,498	104,969	100,087	91,052	90,390
Operating loss	(154,159)	(39,578)	(41,394)	(36,421)	(36,766)
Finance expenses, net	(156,167)	(29,604)	(43,613)	(30,992)	(51,958)
Net loss	(332,452)	(74,887)	(90,780)	(72,902)	(93,883)
Basic and diluted loss per ordinary share	(36 pence)	(8 pence)	(10 pence)	(8 pence)	(10 pence)

1996

	Total (pound)'000	Fourth quarter (pound)'000	Third quarter (pound)'000	Second quarter (pound)'000	First quarter (pound)'000
Revenue	290,266	83,663	73,123	68,320	65,160
Operating loss	(155,400)	(46,095)	(34,512)	(38,536)	(36,257)
Finance expenses, net	(90,788)	28,222	(30,710)	(54,503)	(33,797)
Net loss	(262,391)	(22,361)	(69,303)	(97,080)	(73,647)
Basic and diluted loss per ordinary share	(28 pence)	(2 pence)	(7 pence)	(10 pence)	(8 pence)

</TABLE>

The Company regularly reviews estimated useful lives of its property and equipment and the estimates in calculating the capitalised overheads which relate to the construction of the cable network. With effect from January 1, 1996, the Company has revised the estimated lives of certain assets as set out in Note 3 to the consolidated financial statements and certain estimates used in calculating capitalizable overheads. The impact of these revisions was to increase the depreciation charge for 1996 from (pound)110,223,000 to (pound)129,716,000 and to increase the basic and diluted loss per ordinary share

for the year by 2 pence, and to increase the capitalization of overheads in 1996 from (pound)38,812,000 to (pound)54,019,000 and to reduce the basic and diluted loss per share for the year by 2 pence. The impact was principally accounted for in the fourth quarter of 1996.

In 1997, the treatment of activation costs was reviewed. With effect from January 1, 1997, activation labor was reclassified from `Cable and Ducting' to `Electronics' to be consistent with the classification of activation materials. The impact of this change, was an additional depreciation charge of (pound)10,359,000, with activation labor now depreciated over 8 years rather than 20 years.

Finance expenses include foreign exchange gains and losses on the retranslation or valuation of non sterling denominated financial instruments using period end exchange rates and market valuations.

SUPPLEMENTARY FINANCIAL INFORMATION - FIVE YEAR SUMMARY

<TABLE>
<CAPTION>

Year ended December 31,

	Company 1997 (POUND)'000	Company 1996 (pound)'000	Company 1995(3) (pound)'000	Joint Venture (1) 1994 (pound)'000	Predecessor Businesses (2) 1993 (pound)'000
<S>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA:					
Property and equipment (net)	1,705,520	1,447,194	1,063,808	454,843	269,974
Total assets	2,413,352	2,241,940	2,289,720	878,156	413,865
Investment in affiliates	59,707	69,420	80,703	81,907	68,838
Debt(4)	1,373,054	879,351	792,265	3,886	49,386
Equity	738,750	1,070,797	1,322,748	776,934	311,695
INCOME STATEMENT DATA:					
REVENUE					
Cable television	159,918	121,224	64,740	35,875	20,729
Telephony - residential	166,645	125,013	57,597	23,471	11,261
Telephony - business	43,882	34,562	17,449	8,812	4,908
Other	16,053	9,467	4,998	3,869	3,440
TOTAL REVENUE	386,498	290,266	144,784	72,027	40,338
OPERATING COSTS AND EXPENSES:					
Programming	(93,441)	(69,906)	(32,194)	(15,500)	(8,403)
Telephony	(50,145)	(52,572)	(29,526)	(14,714)	(10,203)

Selling, general and administrative	(193,335)	(167,323)	(105,388)	(60,414)	(32,505)
Depreciation	(177,341)	(129,716)	(60,019)	(30,320)	(17,635)
Amortization	(26,395)	(26,149)	(7,854)	(1,827)	(840)
OPERATING LOSS	(154,159)	(155,400)	(90,197)	(50,748)	(29,248)
Share of loss of affiliates	(21,696)	(15,973)	(12,777)	(8,466)	(7,540)
Financial expenses, net(4)	(156,167)	(90,788)	(34,607)	(6,137)	(651)
Extraordinary gain	-	-	7,287(5)	-	
Net loss	(332,452)	(262,391)	(137,531)	(58,050)	(37,439)
Basic and diluted (loss)/gain per ordinary share:					
Before extraordinary gain (pro forma loss for 1994)	(36 PENCE)	(28 pence)	(16 pence)	(10 pence)	
Extraordinary gain	-	-	-	1 pence	
Loss (pro forma loss for 1994)	(36 PENCE)	(28 pence)	(16 pence)	(9 pence)	

</TABLE>

(1) See Note 1 (Organization and history) to the US GAAP Consolidated Financial Statements.

(2) Predecessor Businesses refers to certain businesses owned by TCI prior to the formation of the Joint Venture and which are now owned by the Company.

(3) See Note 5 (Business combinations) to the US GAAP Consolidated Financial Statements.

(4) See Note 13 (Debt) to the US GAAP Consolidated Financial Statements.

(5) Extraordinary gain relates to the fair value of interest rate swaps in the US GAAP Consolidated Financial Statements arising on repayment of debt following the initial public offering of the Company in November 1994.

Page 78

SHARE AND ADS INFORMATION
Telewest shares trade under the symbol "TWT" on the London Stock Exchange. American Depositary Shares ("ADSs") (evidenced by American Depositary Receipts ("ADRs")) representing Telewest shares trade on the Nasdaq Stock Market's National Market under the symbol "TWSTY". Each ADS represents ten Telewest shares.

The following table sets out, for the periods indicated, the high and low middle market quotations for Telewest shares on the London Stock Exchange and the high and low reported trade prices for the ADSs on the Nasdaq Stock Market's National Market.

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		Ordinary Shares (1)		ADSs(2)	
		High	Low	High	Low
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1996	First Quarter	156p	118p	$24.38	$17.81
	Second Quarter	188.5p	145p	$28.50	$21.63
	Third Quarter	161p	119p	$25.13	$18.50
	Fourth Quarter	141.5p	117.5p	$23.25	$18.63
1997	First Quarter	133.5p	106p	$22.00	$17.38
	Second Quarter	107.5p	63p	$17.50	$10.75
	Third Quarter	95p	74p	$15.50	$12.13
	Fourth Quarter	88.5p	68.5p	$14.88	$11.75

</TABLE>

(1) The prices set out for the Telewest shares are derived from the London Stock Exchange Daily Official List.

(2) The prices set out for the ADSs are provided by the Nasdaq Stock Market's National Market.

Pages 78-79

REGISTRAR AND DEPOSITARY
Enquiries concerning holdings of Telewest shares should be addressed to the

Registrars, who are Lloyds Bank Registrars, The Causeway, Worthing, West Sussex BN99 6DA, Tel: (01903) 502541.

Changes in a holder's address should also be notified to the Registrars.

The Bank of New York is the Authorized Depositary Bank for the Telewest ADR programme and all enquiries regarding ADR holder accounts and payment of dividends should be directed to: The Bank of New York, ADR Department, 101 Barclay Street, New York NY 10286, Tel: (001) 800 524 4458.

In accordance with US securities laws, each year the Company prepares an Annual Report on Form 10-K. A copy of the Form 10-K for the fiscal year ended 1997 is available without charge upon written request made to the Company Secretary at the address below.

The Company does not currently intend to pay dividends on the ordinary shares or convertible preference shares as it intends to retain earnings, if any, for the foreseeable future to fund the development and growth of the business of the Group. In addition, the ability of certain direct and indirect subsidiaries of the Company to pay dividends, or make advances or other payments to Telewest or other members of the Group for payment of dividends is effectively prohibited by the terms of certain financing arrangements. However, if any dividends are paid, holders of ADSs will receive their dividends net of fees, expenses and taxes, if any, withheld by the Depositary, pursuant to the terms of the Deposit Agreement relating to the ADSs. For further information regarding the tax consequences of ownership of Telewest shares and ADSs, refer to "Certain Tax Consequences of Ownership of Telewest Ordinary Shares and ADSs" in the Proxy Statement.

CREST - SHARE SETTLEMENT SYSTEM

The Company belongs to CREST, the settlement system for shares and other securities. There are 426 CREST holders, holding 237,472,532 Telewest shares as at 18 March 1998.

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This Schedule contains summary financial information extracted from the financial statements contained in the body of the accompanying Form 10-K and is qualified in its entirety by reference to such financial statements.
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