

SCHEDULE 13D
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED
PURSUANT TO RULE 13d-1(a) AND AMENDMENTS THERETO
FILED PURSUANT TO RULE 13d-2(a)
(Amendment No. 1)

Telewest Communications plc

(Name of Issuer)

Ordinary Shares of 10p each

(Title of Class of Securities)

*

(CUSIP Number)

Limited Voting Shares of 10p each

(Title of Class of Securities)

G8742C 10 2

(CUSIP Number)

Robert A. Eshelman
General Counsel,
Finance and Operations
One Microsoft Way
Redmond, Washington 98052-6399
(425) 882-8080

(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications)

July 7, 2000

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box [].

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

* CUSIP number for the American Depository Shares, each representing 10 Ordinary Shares of 10p each of Telewest Communications plc, is 879956P 10 5.

CUSIP NO. G87956P 105

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Item 1. Security and Issuer

This constitutes Amendment No. 1 (the "Amendment") to the Statement on Schedule 13D (the "Statement"), dated July 17, 2000, with respect to the ordinary shares, par value 10 pence per share, and the Limited Voting Shares, par value 10 pence per share, of Telewest Communications plc, a public limited company incorporated under the laws of England and Wales. This Amendment contains Exhibits 1 through 4 to the Statement.

Item 7. Material to be Filed as Exhibits.

- Exhibit 1 -- Articles of Association of Telewest Communications plc
- Exhibit 2 -- Revised New Relationship Agreement, dated March 3, 2000, between Microsoft Corporation, Liberty Media International, Inc., Liberty UK, Inc. and Telewest Communications plc
- Exhibit 3 -- Amended and Restated Operating Agreement of TW Holdings, L.L.C., as of July 7, 2000, among Liberty UK, Inc., Microsoft U.K. Cable, Inc. and Microsoft Cable Partnership Holdings, Inc.
- Exhibit 4 -- Amendment No. 2, made as of October 4, 1999, by and among Microsoft Corporation, Telewest Communications plc, Liberty UK, Inc., MediaOne U.K. Cable, Inc. and MediaOne Cable Partnership Holdings, Inc. to the Registration Rights Agreement, dated October 3, 1995, by and among the above mentioned parties (with the exception of Microsoft Corporation)

SIGNATURE

After reasonable inquiry and to the best knowledge and belief of the undersigned, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: July 18, 2000

MICROSOFT CORPORATION

By: /s/ Robert A. Eshelman

Name: Robert A. Eshelman
Title: General Counsel,
Finance and Operations;
Assistant Secretary

MICROSOFT UK CABLE, INC.

By: /s/ Robert A. Eshelman

Name: Robert A. Eshelman
Title: Secretary

MICROSOFT CABLE PARTNERSHIP
HOLDINGS, INC.

By: /s/ Robert A. Eshelman

Name: Robert A. Eshelman
Title: Secretary

EXHIBIT INDEX

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THE COMPANIES ACT 1985 AND 1989

PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

TELEWEST COMMUNICATIONS PLC(1)

(Effective as of 7 July 2000)

PRELIMINARY

INTERPRETATION

1.1 In the articles:

ACT means, unless the context otherwise requires, the Companies Act 1985, including any statutory modification or re-enactment for the time being in force;

ACTS means the Companies Acts 1985 and 1989 and all statutes and subordinate legislation for the time being in force concerning companies so far as they apply to the Company;

APPROVED DEPOSITARY means a custodian or other person (or a nominee for such custodian or other person) appointed under contractual arrangements with the Company or other arrangements approved by the board whereby such custodian or other person or nominee holds or is interested in shares of the Company or rights or interests in shares of the Company and issues securities or other documents of title or otherwise evidencing the entitlement of the holder thereof to or to receive such shares, rights or interests, provided and to the extent that such arrangements have been approved by the board for the purposes of the articles and shall include, where approved by the board, the trustees (acting in their capacity as such) of any employees' share scheme established by the Company or any other scheme or arrangements principally for the benefit of employees of the Company and/or its subsidiaries which have been approved by the Company in general meeting;

ARTICLES means these articles of association as amended from time to time;

AUDITORS means the auditors of the Company;

1 The Company was incorporated as a public company limited by shares with the name Amberfrost plc on 20 January 1994. Its name was changed to TeleWest plc on 7 June 1995 pursuant to a special resolution passed on 7 June 1995, and to Telewest Communications plc on 16 May 1996 pursuant to a special resolution passed on 16 May 1996.

BOARD means the board of directors of the Company or the directors present or deemed to be present at a duly convened meeting of the directors at which a quorum is present;

BUSINESS DAY means a day (not being a Saturday or Sunday) on which clearing banks are open for business in London;

CLEAR DAYS means, in relation to a period of notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

COMPANY includes any body corporate (not being a corporation sole) or association of persons, whether or not a company within the meaning of the Act;

DILUTIVE ISSUE means any issue of Shares or other securities (including securities convertible into or exchangeable for Shares or other securities carrying the right to vote at general meetings of the Company's Shareholders) in

the capital of the Company in respect of which the Liberty Group or the Microsoft Group (as relevant) was not entitled by the terms of such issue to participate on a pro-rata basis;

DIRECTOR means, unless the context otherwise requires, a director of the Company;

DIVIDEND includes bonus;

ENTITLED BY TRANSMISSION means, in relation to a share, entitled as a consequence of the death or bankruptcy of a member or of another event giving rise to a transmission of entitlement by operation of law;

EXECUTED includes, in relation to a document, execution under hand or under seal or by another method permitted by law;

HOLDER means, in relation to a share, the member whose name is entered in the register as the holder of that share;

INDEPENDENT DIRECTOR means any director who is not designated by the Microsoft Group or the Liberty Group in accordance with article 72 and is not a partner, officer, employee of, or an individual having a material consultancy with, the Liberty Group or the Microsoft Group;

LESSER QUALIFYING INTEREST means:

- (a) 7.5% or more of the ordinary shares in issue for the time being; or
- (b) following any Dilutive Issue, 5% or more of the ordinary shares in issue for the time being provided immediately prior to such Dilutive Issue the Liberty Group or the Microsoft Group (as relevant) held 7.5% or more of the ordinary shares in issue for the time being;

For the foregoing purposes the percentage of ordinary shares held shall be calculated on the assumption that all ordinary shares issued after 15 April 1998 pursuant to or for the purposes of employee share options shall be ignored;

LIBERTY means Liberty Media International, Inc., a corporation incorporated under the laws of the State of Delaware, USA;

LIBERTY DESIGNATED DIRECTOR means any director who may be appointed from time to time by a member of the Liberty Group pursuant to article 72.1 provided that a Liberty Designated Director shall automatically cease so to be in the following circumstances:

- (a) upon members of the Liberty Group ceasing to hold a Qualifying Interest and the right to appoint two directors pursuant to article 72, but retaining a Lesser Qualifying Interest and the right to appoint one director, the Liberty Designated Director last appointed to the board shall cease so to be;
- (b) upon members of the Liberty Group ceasing to hold a Qualifying Interest or a Lesser Qualifying Interest and to have the right to appoint a director or two directors pursuant to article 72, all Liberty Designated Directors shall cease so to be;

LIBERTY GROUP means at any time TCI and/or Liberty Media Corporation and/or Liberty and/or either of their holding companies, and/or either of their subsidiary undertakings and/or any subsidiary undertakings of either of their holding companies for the time being, and a MEMBER OF THE LIBERTY GROUP shall mean any registered holder of shares beneficially owned by a person within such group, provided always that (save in respect of TW Holdings) no person or group of undertakings within the Liberty Group shall also be within the Microsoft Group. TW Holdings shall be deemed to be a member of the Liberty Group but only to the extent of the number of Pro Rata Shares of Liberty Group. Wherever the articles require or permit the calculation of a number or percentage of ordinary shares held by the Liberty Group such number or percentage shall include the Pro Rata Shares of the Liberty Group;

LIMITED VOTING SHARES mean the limited voting convertible ordinary shares having the rights set out in article 3A;

LONDON STOCK EXCHANGE means the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited;

MICROSOFT means Microsoft Corporation, a corporation incorporated under the laws of Washington;

MICROSOFT DESIGNATED DIRECTOR means any director who may be appointed from time to time by a member of the Microsoft Group pursuant to article 71.2 provided that a Microsoft Designated Director shall automatically cease so to be in the following circumstances:

- (a) upon members of the Microsoft Group ceasing to hold a Qualifying Interest and to have the right to appoint two directors pursuant to article 71, but retaining a Lesser Qualifying Interest and the right to appoint one director, the Microsoft Designated Director last appointed to the board shall cease so to be; and
- (b) upon members of the Microsoft Group ceasing to hold a Qualifying Interest or a Lesser Qualifying Interest and to have the right to appoint a director or two

directors pursuant to article 71, all Microsoft Designated Directors shall cease so to be;

MICROSOFT GROUP means at any time Microsoft and any holding company of Microsoft, and its subsidiary undertakings and any subsidiary undertaking of any such holding company for the time being, and a MEMBER OF THE MICROSOFT GROUP shall mean any registered holder of shares beneficially owned by a person within such group, provided always that (save in respect of TW Holdings) no person or group of undertakings within the Microsoft Group shall also be within the Liberty Group. TW Holdings shall be deemed to be a member of the Microsoft Group but only to the extent of the number of Pro Rata Shares of the Microsoft Group. Wherever the articles require or permit the calculation of a number or percentage of ordinary shares held by the Microsoft Group such number or percentage shall include the Pro Rata Shares of the Microsoft Group;

MEMBER means, unless the context otherwise requires, a member of the Company;

OFFICE means the registered office of the Company;

ORDINARY SHARES means ordinary shares in the capital of the Company (excluding, for the avoidance of doubt, the limited voting shares);

PAID, PAID UP and PAID-UP include credited as paid or paid up;

PRO RATA SHARES means, with respect to any Shareholder Group at any time, the number of ordinary shares held by TW Holdings attributable to such Shareholder Group being the product rounded to the nearest whole number of (x) the sum of the number of ordinary shares held by TW Holdings multiplied by (y) the aggregate percentage ownership interest in TW Holdings, expressed as a decimal, held by members of such Shareholder Group as of such date;

QUALIFYING INTEREST means:

- (a) 15% or more of the ordinary shares in issue for the time being; or
- (b) following any Dilutive Issue, 12.5% or more of the ordinary shares in issue for the time being provided that immediately prior to such Dilutive Issue the Liberty Group or the Microsoft Group (as relevant) held 15% or more of the ordinary shares in issue for the time being;

For the foregoing purposes the percentage of ordinary shares held shall be calculated on the assumption that all ordinary shares issued after 15 April 1998 pursuant to or for the purposes of employee share options shall be ignored;

RECOGNISED PERSON means a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange which is designated for the purposes of section 185(4) of the Act;

REGISTER means, unless the context otherwise requires, the register of members kept pursuant to section 352 of the Act;

SEAL means, unless the context otherwise requires, the common seal of the Company or any official or securities seal that the Company may have or may be permitted to have under the Acts;

SECRETARY means the secretary of the Company and includes any assistant or deputy secretary and a person appointed by the board to perform the duties of the secretary;

SHAREHOLDER GROUP means any of the Liberty Group or the Microsoft Group;

SHARES means ordinary shares and limited voting shares;

TCI means Tele-Communications, Inc., a corporation incorporated under the laws of the State of Delaware, USA;

TW HOLDINGS means TW Holdings, L.L.C., a Colorado limited liability company.

1.2 Words and expressions contained in the articles which are not defined in article 1.1 have, unless the contrary is indicated, the same meaning as in the Act, but excluding any statutory modification to the Act not in force at the date of adoption of the articles.

1.3 Where an ordinary resolution of the Company is expressed to be required for any purpose, a special or extraordinary resolution is also effective for that purpose, and where an extraordinary resolution is expressed to be required for any purpose, a special resolution is also effective for that purpose.

1.4 The headings in the articles do not affect the interpretation of the articles.

TABLE A NOT TO APPLY

2. No regulations contained in any statute or subordinate legislation, including the regulations contained in Table A in the schedule to the Companies (Tables A to F) Regulations 1985 (as amended), apply as the regulations or articles of association of the Company.

AUTHORISED CAPITAL

SHARE CAPITAL

3. The authorised share capital of the Company at the date of adoption of the articles is (pound) 0 divided into 0 ordinary shares of 10p each and 300,000,000 limited voting convertible ordinary shares of 10p each. The special rights and restrictions attaching to the limited voting convertible ordinary shares are set out in Article 3A.

LIMITED VOTING SHARES

3.A For the purposes of this article 3A:

3.1A CONVERSION NOTICE means the written notice to convert served by the Company under article 3.3A or by a holder of limited voting convertible ordinary shares under article 3.4A;

CONVERSION RATE means at the rate of one ordinary share for every one limited voting convertible ordinary share; and

CONVERSION DATE means the date on which a conversion notice is received by the registrars for the time being of the Company (the REGISTRARS) together with, in the case of such a notice served by a holder of limited voting convertible ordinary shares, those items referred to in article 3.4A; and

DEBENTURE CHANGE OF CONTROL means a Change of Control as defined in any of (i) the Indenture, dated as of October 3, 1995, between the Company and The Bank of New York, pursuant to which the Company issued its Senior Debentures due 2006, (ii) the Indenture, dated as of October 3, 1995, between the Company and The Bank of New York pursuant to which the Company issued its Senior Discount Debentures due 2007, (iii) the Indenture dated as of November 9, 1998 between the Company and The Bank of New York, pursuant to which the Company issued its Senior Notes due 2008, (iv) the Indenture dated as of February 19, 1999, between the Company and The Bank of New York pursuant to which the Company issued its Senior Convertible Notes due 2007, (v) the Indenture dated as of 15 April, 1999, between the Company and The Bank of New York, pursuant to which the Company issued its Sterling and Dollar Senior Discount Notes due 2009, in each case as in effect at 1 October 1999, and (vi) a document governing any other indebtedness of the Company as agreed in writing in advance by Microsoft and Liberty (the INDENTURES), provided that there shall not be deemed to be any such Change of Control if all of the notes which have been issued pursuant to the Indentures referred to in (i) to (v) prior to 30 September 1999 or pursuant to any document referred to in (vi), have been redeemed, repaid, cancelled or purchased by the Company.

3.2A The ordinary shares and the limited voting shares shall rank pari passu in all respects save that the limited voting shares shall not confer the right to speak or vote on any resolution for the removal, election, appointment or re-appointment of directors and so that save as aforesaid the limited voting shares shall at all times carry the same rights as and be treated as forming one uniform class with the ordinary shares (provided that such shares shall be treated as a separate class in relation to any variation of the rights attached thereto).

3.3A The Company may at any time, upon approval by the board by written notice to all or any of the holders of the limited voting shares convert such holder's or holders' limited voting shares (on a pro-rata basis) into ordinary shares at the conversion rate and, notwithstanding any other provisions of the articles, no Microsoft Designated Director (while a member of the Microsoft Group holds or is interested in limited voting shares) and no Liberty Designated Director (while a member of the Liberty Group holds or is interested in limited voting shares) shall be entitled to vote on any resolution of the board relating to such approval.

3.4A No limited voting shares shall be converted into ordinary shares if such a conversion would result in a debenture change of control. A holder of limited voting shares shall be entitled upon approval by the board to convert all or any of its limited voting shares into fully paid ordinary shares at the conversion rate only if the conditions set out below are satisfied. The holder shall complete a notice of conversion in such form as may from time to time be prescribed by the directors and reasonably acceptable to the holder (which notice may require representations by the holder as to its beneficial

ownership of ordinary shares and the absence of other arrangements or conditions that might cause such conversion to result in a debenture change of control). Further, the holder shall deliver the same to the Company and the registrars together with (i) such other evidence, if any, as the directors may reasonably require to prove the title of the person exercising such right, and (ii) an opinion reasonably satisfactory to the directors from leading external New York counsel of at least 10 years standing addressed to the Company (at the expense of the Company) stating that such conversion will not result in a debenture change of control. A conversion notice, once given, may not be withdrawn without the consent in writing of the Company. The directors shall approve the conversion of the relevant limited voting shares unless the opinion referred to in (ii) above is not reasonably satisfactory to them in which case they shall notify the holder setting out the reasons for the determination. In connection with any approval under this article 3.4A no Microsoft Designated Director (while a member of the Microsoft Group holds or is interested in limited voting shares) or Liberty Designated Director (while a member of the Liberty Group holds or is interested in limited voting shares) shall be entitled to vote on any resolution of the board relating to such conversion.

3.5A The ordinary shares arising on conversion in accordance with this article 3A shall be credited as fully paid and rank pari passu in all respects with the ordinary shares then in issue and shall entitle the holder to all dividends and other distributions payable on the ordinary shares after the conversion date. Any dividend due but not paid on the relevant conversion date shall instead be payable to the holder of the relevant limited voting share so converted.

3.6A Within 14 days after the relevant conversion date, the Company shall forward to each holder, free of charge, the definitive certificate for the appropriate amount of fully paid ordinary shares and a new certificate for any unconverted limited voting shares comprised in the certificate surrendered by him. In the meantime, transfers will be certified against the register.

3.7A The Company shall use all reasonable efforts to ensure that all the ordinary shares arising from conversion are admitted to the Official List of the London Stock Exchange.

3.8A Conversion of such limited voting shares from time to time may be effected, subject to the articles, by their redesignation and conversion into ordinary shares.

3.9A The Company shall procure that at all times there shall be sufficient unissued ordinary share capital available for the purposes of effecting conversion of all outstanding limited voting shares.

3.10A If any date specified for the conversion of any limited voting shares pursuant to this article 3A would otherwise fall on a day which is not a business day, such date shall be the next following business day.

3.11A The quorum for any meeting of the holders of the limited voting shares shall be two holders of limited voting shares present in person or by proxy or one holder if there be only one such holder. A resolution in writing executed by each member who would have been entitled to vote upon it if it had been proposed at a class meeting at which he was present shall be as effectual as if it had been passed at a class meeting duly

convened and held and may consist of several instruments in the like form executed by each member.

3.12A On a transfer by any member of the Microsoft Group or any member of the Liberty Group of any limited voting shares to a third party, the shares so transferred shall be converted upon approval by the board into ordinary shares at the conversion rate in accordance with Article 3.8A. The board shall approve any such conversion unless the directors shall have determined to their reasonable satisfaction (including through appropriate representations made by the transferor and/or the third party) that (i) such transferor shall, individually or as part of a group, remain the "beneficial owner" (as defined in the Indentures) of such ordinary shares following the transfer to such third party and (ii) such conversion upon the transfer to such party shall result in a debenture change of control. In making such determination, no Microsoft Designated Director (while a member of the Microsoft Group holds or is interested in limited voting shares) or Liberty Designated Director (while a member of the Liberty Group holds or is interested in limited voting shares) shall be entitled to participate in such board decision.

AUTHORITY TO ALLOT

4.1 Subject to the Acts and relevant authority of the Company in general meeting required by the Acts, the board has general and unconditional authority to allot (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of unissued shares (whether forming part of the original or any increased capital), or rights to subscribe for or convert any security into shares, to such persons, at such times and on such terms and conditions as the board may decide but no share may be issued at a discount.

4.2 The board may at any time after the allotment of a share but before a person has been entered in the register as the holder of the share recognise a renunciation of the share by the allottee in favour of another person and may grant to an allottee a right to effect a renunciation on the terms and conditions the board thinks fit.

POWER TO ATTACH RIGHTS

5. Subject to the Acts and to the rights attached to existing shares, new shares may be allotted or issued with or have attached to them such special rights or restrictions as the Company may by ordinary resolution decide, or, if no resolution is passed, as the board may decide.

REDEEMABLE SHARES

6. Subject to the Acts and to the rights attached to existing shares, shares may be issued on terms that they are to be redeemed or, at the option of the Company or the holder, are liable to be redeemed.

VARIATION OF RIGHTS

7.1 Subject to the Acts, the rights attached to a class of shares may be varied whether or not the Company is being wound up (i) in such manner (if any) as may be provided by those rights, or (ii) in the absence of any such provision, either with the consent in writing of the holders of at least three-fourths of the nominal amount of the

issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the issued shares of that class validly held in accordance with the articles, but not otherwise. Any variation of the rights attaching to the limited voting shares shall be deemed to be a variation of the class rights attaching to the ordinary shares and will require a special resolution of the Company (requiring at least three-fourths of the nominal amount of the limited voting shares and ordinary shares then in issue to vote in favour of such resolution).

7.2 The rights attached to a class of shares are not, unless otherwise expressly provided in the rights attaching to those shares, deemed to be varied by the creation or issue of further shares ranking pari passu with or subsequent to them or by the purchase or redemption by the Company of its own shares in accordance with the Acts and article 38.

COMMISSION

8. The Company may exercise all powers conferred or permitted by the Acts of paying commission or brokerage. Subject to the Acts, commission or brokerage may be satisfied by the payment of cash or the allotment of fully- or partly-paid shares or the grant of an option to call for an allotment of shares or by any combination of these methods.

TRUSTS NOT RECOGNISED

9. Except as ordered by a court of competent jurisdiction or as required by law, the Company shall not recognise a person as holding a share on trust and is not bound by or otherwise compelled to recognise (even if it has notice of it) an equitable, contingent, future, partial or other claim to or interest in a share other than an absolute right in the holder to the whole of the share.

SHARE CERTIFICATES

RIGHT TO CERTIFICATE

10.1 Subject to the Acts and the requirements of the London Stock Exchange, a person (except a recognised person in respect of whom the Company is not required by law to complete and have ready for delivery a certificate) on becoming the holder of a share is entitled without charge, to one certificate for all the shares of a class registered in his name or, in the case of shares of more than one class being registered in his name, to a separate certificate for each class of shares.

10.2 Where a member (other than a recognised person) transfers part of his shares comprised in a certificate he is entitled, without charge, to one certificate for the balance of shares retained by him.

10.3 The Company is not bound to issue more than one certificate for shares held jointly by two or more persons and delivery of a certificate to one joint holder is sufficient delivery to all joint holders.

10.4 A certificate shall specify the number and class and the distinguishing numbers (if any) of the shares in respect of which it is issued and the amount paid up on the

shares. It shall be issued under a seal, which may be affixed to or printed on it, or in such other manner as the board may approve, having regard to the terms of issue and the requirements of the London Stock Exchange.

REPLACEMENT CERTIFICATES

11.1 Where a member holds two or more certificates for shares of one class, the board may at his request, on surrender of the original certificates and without charge, cancel the certificates and issue a single replacement certificate.

11.2 At the request of a member, the board may cancel a certificate and issue two or more in its place (representing shares in such proportions as the member may specify), on surrender of the original certificate and on payment of such reasonable sum as the board may decide.

11.3 Where a certificate is worn out, defaced, lost or destroyed, the board may cancel it and issue a replacement certificate on such terms as to provision of evidence and indemnity and to payment of any exceptional out-of-pocket expenses incurred by the Company in the investigation of that evidence and the preparation of that indemnity as the board may decide, and on surrender of the original certificate (where it is worn out or defaced).

LIEN

COMPANY'S LIEN ON SHARES NOT FULLY PAID

12.1 The Company has a first and paramount lien on every share (other than a fully-paid share) registered in the name of a member (whether solely or jointly with another person) for an amount payable in respect of the share, whether the due date for payment has arrived or not. The lien applies to all dividends from time to time declared or other amounts payable in respect of the share.

12.2 The board may either generally or in a particular case declare a share to be wholly or partly exempt from the provisions of this article 12. Unless otherwise agreed with the transferee, the registration of a transfer of a share operates as a waiver of the Company's lien (if any) on that share.

ENFORCEMENT OF LIEN BY SALE

13.1 For the purpose of enforcing the lien, the board may sell shares subject to the lien in such manner as it may decide, if the due date for payment of the relevant amounts has arrived and payment is not made within 14 clear days after the service of a notice in writing (stating, and demanding payment of, the amounts and giving notice of the intention to sell in default of payment) on the member concerned (or to a person entitled by transmission to the shares).

13.2 To give effect to a sale, the board may authorise a person to execute an instrument of transfer of shares in the name and on behalf of the holder of or the person entitled by transmission to the shares to the purchaser or his nominee. The purchaser is not bound to see to the application of the purchase money and the title of the transferee

is not affected by an irregularity in or invalidity of the proceedings connected with the sale.

APPLICATION OF PROCEEDS OF SALE

14. The net proceeds of a sale effected under article 13, after payment of the costs of the sale, shall be applied by the Company in or towards satisfaction of the amount in respect of which the lien exists. Any residue shall (on surrender to the Company for cancellation of the certificate for the shares sold, or the provision of an indemnity (with or without security) as to any lost or destroyed certificate required by the board and subject to a like lien for amounts not presently payable as existed on the shares before the sale) be paid to the member or a person entitled by transmission to the shares immediately before the sale.

CALLS ON SHARES

CALLS

15. Subject to the terms of issue, the board may make calls on members in respect of amounts unpaid on the shares or a class of shares held by them respectively (whether in respect of nominal value or a premium) and not payable on a date fixed by or in accordance with the terms of issue. Each member shall (on receiving at least 14 clear days' notice specifying when and where payment is to be made) pay to the Company the amount called as required by the notice. A call may be made payable by installments and may, at any time before receipt by the Company of an amount due, be revoked or postponed in whole or in part as the board may decide. A call is deemed made at the time when the resolution of the board authorising it is passed. A person on whom a call is made remains liable to pay the amount called despite the subsequent transfer of the share in respect of which the call is made. The joint holders of a share are jointly and severally liable for payment of a call in respect of that share.

POWER TO DIFFERENTIATE

16. The board may make arrangements on the allotment or issue of shares for a difference between the allottees or holders in the amounts and times of payment of a call on their shares.

INTEREST ON CALLS

17. If the whole of the amount called is not paid on or before the date fixed for payment, the person by whom it is payable shall pay interest on the unpaid amount at such rate as may be fixed by the terms of allotment of the share or, if no rate is fixed, at such rate (not exceeding, without the sanction of the Company given by ordinary resolution, 20 per cent. per annum) as the board may decide, from and including the date fixed for payment until but excluding the date of actual payment and all costs, charges and expenses incurred by the Company by reason of the non-payment. The board may waive payment of the interest in whole or in part.

PAYMENT IN ADVANCE

18. The board may, if it thinks fit, receive from a member all or part of the amounts uncalled and unpaid on shares held by him. A payment in advance of calls extinguishes to the extent of the payment the liability of the member on the shares in respect of which it is made. The Company may pay interest on the amount paid in advance, or on so much of it as from time to time exceeds the amount called on the shares in respect of which the payment in advance has been made, at such rate (not exceeding, without the sanction of the Company given by ordinary resolution, 20 per cent. per annum) as the board may decide.

AMOUNTS DUE ON ALLOTMENT TREATED AS CALLS

19. An amount which becomes payable in respect of a share on allotment or on a date fixed pursuant to the terms of allotment (whether in respect of nominal value or a premium) or as an installment of a call is deemed to be a call. In case of non-payment, the provisions of the articles as to payment of interest and costs, charges and expenses, forfeiture or otherwise apply as if that amount has become payable by virtue of a call.

FORFEITURE

NOTICE IF CALL NOT PAID

20. If a member fails to pay the whole of a call or an installment of a call on or before the date fixed for payment, the board may serve notice on the member or on a person entitled by transmission to the share in respect of which the call was made demanding payment, on a date not less than 14 clear days from the date of the notice, of the amount of the call outstanding and any interest that may have accrued on it and all costs, charges and expenses incurred by the Company by reason of the non-payment. The notice shall state (i) the place where payment is to be made, and (ii) that if the notice is not complied with the share in respect of which the call was made will be liable to be forfeited.

FORFEITURE FOR NON-COMPLIANCE

21. If the notice referred to in article 20 is not complied with, a share in respect of which it is given may, at any time before payment required by the notice has been made, be forfeited by a resolution of the board. The forfeiture includes all dividends declared or other amounts payable in respect of the forfeited share and not paid before the forfeiture.

NOTICE AFTER FORFEITURE

22. When a share has been forfeited, the Company shall serve notice of the forfeiture on the person who was before forfeiture the holder of the share or the person entitled by transmission to the share but no forfeiture is invalidated by an omission to give notice. An entry of the fact and date of forfeiture shall be made in the register.

DISPOSAL OF FORFEITED SHARES

23.1 Until canceled in accordance with the Acts, a forfeited share and all rights attaching to it are deemed to be the property of the Company and may be sold, re-

allotted or otherwise disposed of either to the person who was before the forfeiture the holder or to another person, on such terms and in such manner as the board may decide. Where for this purpose a forfeited share is to be transferred, the board may authorise a person to execute an instrument of transfer of the share to the transferee. The Company may receive the consideration (if any) for the share on its disposal and may register the transferee as the holder of the share.

23.2 The board may before a forfeited share has been canceled, sold, re-allotted or otherwise disposed of annul the forfeiture on such conditions as it thinks fit.

23.3 A statutory declaration by a director or the secretary that a share has been forfeited on the date stated in the declaration is conclusive evidence of the facts stated in the declaration against all persons claiming to be entitled to the share. The declaration (subject if necessary to the execution of an instrument of transfer) constitutes good title to the share and the person to whom the share is disposed of is not bound to see to the application of the consideration (if any). His title to the share is not affected by an irregularity in or invalidity of the proceedings connected with the forfeiture or disposal.

ARREARS TO BE PAID NOTWITHSTANDING FORFEITURE

24. A person whose share has been forfeited ceases on forfeiture to be a member in respect of it and shall surrender to the Company for cancellation the certificate for the forfeited share or shares. He remains liable to pay, and shall immediately pay to the Company, all calls, interest, costs, charges and expenses owing in respect of the share at the time of forfeiture, with interest, from the time of forfeiture until payment, at such rate as may be fixed by the terms of allotment of the share or, if no rate is fixed, at the rate (not exceeding, without the sanction of the Company given by ordinary resolution, 20 per cent. per annum) as the board may decide. The board may if it thinks fit enforce payment without allowance for the value of the share at the time of forfeiture or for consideration received on disposal.

SURRENDER

25. The board may accept the surrender of a share liable to be forfeited and in that case references in the articles to forfeiture include surrender.

UNTRACED SHAREHOLDERS

POWER OF SALE

26.1 The Company is entitled to sell a share if:

- (a) during a period of not less than 12 years before the date of publication of the advertisements referred to in article 26.1(c) (or, if published on two different dates, the first date) (the RELEVANT PERIOD) the Company has paid at least three cash dividends (whether interim or final);
- (b) throughout the relevant period no cheque, order or warrant sent by the Company by post in a pre-paid envelope addressed to the holder of the share, or to the person entitled by transmission to the share, at his address on the register or other last-known address given by the member or other person has

been cashed, and no communication has been received by the Company from the member or person entitled by transmission (in his capacity as member or person entitled by transmission);

- (c) on expiry of the relevant period the Company has given notice of its intention to sell the share by advertisement in a leading daily newspaper and in a newspaper circulating in the area of the address referred to in article 26.1(b);
- (d) the Company has not during a further period of three months after the date of the advertisements referred to in article 26.1(c) (or the later advertisement if the advertisements are published on different dates) and before the exercise of the power of sale received a communication from the member or person entitled by transmission (in his capacity as member or person entitled by transmission); and
- (e) the Company has first given notice in writing to the London Stock Exchange of its intention to sell the share.

26.2 In addition to the power of sale conferred by article 26.1, if during the relevant period or a further period ending on the date when all the requirements of article 26.1(a) to (e) have been satisfied an additional share has been issued in right of that held at the beginning of, or previously so issued during, those periods and all the requirements of article 27.1(a) to (e) have been satisfied in respect of the additional share, the Company is entitled to sell the additional share.

26.3 To give effect to a sale pursuant to article 26.1 or 26.2, the board may authorise a person to execute an instrument of transfer of the share in the name and on behalf of the holder of, or the person entitled by transmission to, the share to the purchaser or his nominee. The purchaser is not bound to see to the application of the purchase money and the title of the transferee is not affected by an irregularity or invalidity in the proceedings connected with the sale of the share.

APPLICATION OF PROCEEDS OF SALE

27. The Company shall account to the member or other person entitled by transmission to the share for the net proceeds of sale by carrying all amounts received on sale to a separate account. The Company is deemed to be a debtor and not a trustee in respect of those amounts for the member or other person. Amounts carried to the separate account may either be employed in the business of the Company or invested as the board may think fit. No interest is payable on those amounts and the Company is not required to account for money earned on them.

TRANSFER OF SHARES

FORM OF TRANSFER

28. A member may transfer all or any of his shares by instrument of transfer in writing in any usual form or in another form approved by the board, and the instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid) by or on behalf of the transferee. The transferor is deemed

to remain the holder of the share until the name of the transferee is entered in the register in respect of it.

RIGHT TO REFUSE REGISTRATION

29.1 Subject to articles 67 and 68, the board may, in its absolute discretion and (except where the reason (or one of the reasons) for refusal is that the transfer will give rise to a Notifiable Situation within the meaning of article 68.1, in which circumstances notice shall be given to the transferor containing a statement of the kind described in article 68.4) without giving a reason, refuse to register the transfer of a share or renunciation of a renounceable letter of allotment unless all of the following conditions are satisfied:

- (a) it is in respect of a share on which the Company has no lien;
- (b) it is in respect of only one class of shares;
- (c) it is in favour of a single transferee or renouncee or not more than four joint transferees or renouncees;
- (d) it is duly stamped (if required);
- (e) it is delivered for registration to the office or such other place as the board may decide, accompanied by the certificate for the shares to which it relates (except in the case of a transfer by a recognised person where a certificate has not been issued, or in the case of a renunciation) and such other evidence as the board may reasonably require to prove the title of the transferor or person renouncing and the due execution by him of the transfer or renunciation or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so;
- (f) it is not a transfer which is not to be registered pursuant to article 67.1(b)(ii)(B);
- (g) it will not give rise to a Notifiable Situation within the meaning of article 68.1; and
- (h) a Disposal Notice within the meaning of article 68.6 has not been served in respect of that share or has been served but has been withdrawn (unless the transfer in question is to complete a Required Disposal of that share within the meaning of article 68.1).

29.2 The board may, in its absolute discretion and without giving any reason, refuse to register the transfer of a share which is not fully paid, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis.

29.3 If the board refuses to register the transfer of a share it shall, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee. An instrument of transfer which the board refuses to register shall (except in the case of suspected fraud) be returned to the person depositing it. All

instruments of transfer which are registered may, subject to article 141, be retained by the Company.

FEES ON REGISTRATION

30. No fee may be charged by the Company for registering the transfer of a share or the renunciation of a renounceable letter of allotment or other document relating to or affecting the title to a share or the right to transfer it or for making any other entry in the register.

SUSPENSION OF REGISTRATION AND CLOSING OF REGISTER

31. The registration of transfers may be suspended at such times and for such period (not exceeding 30 days in any year) as the board may decide and either generally or in respect of a particular class of shares.

TRANSMISSION OF SHARES

ON DEATH

32.1 The Company may recognise only the personal representatives of a deceased member as having title to a share held by that member alone or to which he alone was entitled. In the case of a share held jointly by more than one person, the Company may recognise only the survivor or survivors as being entitled to it.

32.2 Nothing in the articles releases the estate of a deceased member from liability in respect of a share which has been solely or jointly held by him.

ELECTION OF PERSON ENTITLED BY TRANSMISSION

33.1 A person becoming entitled by transmission to a share may, on production of any evidence the board may require, elect either to be registered as a member or to have a person nominated by him registered as a member.

33.2 If he elects to be registered himself, he shall give notice to the Company to that effect. If he elects to have another person registered, he shall execute an instrument of transfer of the share to that person. All the provisions of the articles relating to the transfer of shares apply to the notice or instrument of transfer (as the case may be) as if it were an instrument of transfer executed by the member and his death, bankruptcy or other event giving rise to a transmission of entitlement had not occurred.

33.3 The board may give notice requiring a person to make the election referred to in article 33.1. If that notice is not complied with within 60 days, the board may withhold payment of all dividends and other amounts payable in respect of the share until notice of election has been made.

RIGHTS ON TRANSMISSION

34. Where a person becomes entitled by transmission to a share, the rights of the holder in relation to that share cease. The person entitled by transmission may, however, give a good discharge for dividends and other amounts payable in respect of the share and, subject to articles 33 and 124, has the rights to which he would be entitled

if he were the holder of the share. The person entitled by transmission is not, however, before he is registered as the holder of the share, entitled in respect of it to receive notice of or exercise rights conferred by membership in relation to meetings of the Company or a separate meeting of the holders of a class of shares.

ALTERATION OF SHARE CAPITAL

INCREASE, CONSOLIDATION, SUB-DIVISION AND CANCELLATION

35. The Company may by ordinary resolution:

- (a) increase its share capital by a sum to be divided into shares of an amount prescribed by the resolution;
- (b) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- (c) subject to the Acts, sub-divide all or any of its shares into shares of a smaller amount and may by the resolution decide that the shares resulting from the sub-division have amongst themselves a preference or other advantage or be subject to a restriction; and
- (d) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by a person and diminish the amount of its share capital by the amount of the shares so canceled.

REDESIGNATION

35A. The Company may by special resolution passed at the extraordinary general meeting of the Company convened on 27 October 1999 (or any adjournment thereof) (i) redesignate and convert 57,312,938 ordinary shares registered in the name of MediaOne UK Cable, Inc. into limited voting shares, and (ii) grant power and authority to members of the Microsoft Group and/or the Liberty Group to redesignate any or all of their holding of ordinary shares into limited voting shares, in each case having the class rights ascribed to them in article 3A.

FRACTIONS

36. If, as the result of consolidation and division or sub-division of shares, members become entitled to fractions of a share, the board may on behalf of the members deal with the fractions as it thinks fit. In particular, the board may:

- (a) sell fractions of a share to a person (including, subject to the Acts, to the Company) for the best price reasonably obtainable and distribute the net proceeds of sale in due proportion amongst the persons entitled (except that if the amount due to a person is less than (pound)3, or such other sum as the board may decide, the sum may be retained for the benefit of the Company). To give effect to a sale the board may authorise a person to execute an instrument of transfer of shares to the purchaser or his nominee and may cause the name of the purchaser or his nominee to be entered in the register as the holder of the shares. The purchaser is not bound to see to the application of the purchase

money and the title of the transferee to the shares is not affected by an irregularity or invalidity in the proceedings connected with the sale; or

- (b) subject to the Acts, issue to a member credited as fully paid by way of capitalisation the minimum number of shares required to round up his holding of shares to a number which, following consolidation and division or sub-division, leaves a whole number of shares (such issue being deemed to have been effected immediately before consolidation or sub-division, as the case may be). The amount required to pay up those shares may be capitalised as the board thinks fit out of amounts standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution, and applied in paying up in full the appropriate number of shares. A resolution of the board capitalising part of the reserves has the same effect as if the capitalisation had been declared by ordinary resolution of the Company pursuant to article 131. In relation to the capitalisation the board may exercise all the powers conferred on it by article 131 without an ordinary resolution of the Company.

REDUCTION OF CAPITAL

37. Subject to the Acts and article 3A and to the rights attached to existing shares, the Company may by special resolution reduce its share capital, capital redemption reserve, share premium account or other undistributable reserve in any way.

PURCHASE OF OWN SHARES

38. Subject to the Acts and article 3A, the Company may purchase shares of any class (including redeemable shares) in its own capital in any way. If at the date proposed for approval of the proposed purchase there are in issue shares of a class entitling the holders to convert into shares of another class, no purchase may take place unless either:

- (a) it has been sanctioned by an extraordinary resolution passed at a separate meeting (or meetings if there are two or more classes) of the holders of that class of convertible shares; or
- (b) the terms of issue of such convertible shares include provisions permitting the Company to purchase its own shares.

GENERAL MEETINGS

ANNUAL GENERAL MEETING

39. The Company shall hold annual general meetings, which shall be convened by the board, in accordance with the Acts.

EXTRAORDINARY GENERAL MEETING

40. All general meetings of the Company other than annual general meetings are called extraordinary general meetings.

CONVENING OF EXTRAORDINARY GENERAL MEETINGS

41. The board may convene an extraordinary general meeting whenever it thinks fit. The board must convene an extraordinary general meeting immediately on receipt of a requisition from members in accordance with the Acts and in default a meeting may be convened by requisitionists as provided in the Acts. At a meeting convened on a requisition or by requisitionists no business may be transacted except that stated by the requisition or proposed by the board. An extraordinary general meeting may also be convened in accordance with article 94.

LENGTH AND FORM OF NOTICE

42.1 An annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 clear days' notice. All other extraordinary general meetings shall be called by not less than 14 clear days' notice.

42.2 Subject to the Acts, and although called by shorter notice than that specified in article 42.1, a general meeting is deemed to have been duly called if it is so agreed:

- (a) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and
- (b) in the case of another meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

42.3 The notice of meeting shall specify:

- (a) whether the meeting is an annual general meeting or an extraordinary general meeting;
- (b) the place, the date and the time of the meeting;
- (c) in the case of special business, the general nature of that business;
- (d) if the meeting is convened to consider a special or an extraordinary resolution, the intention to propose the resolution as such; and
- (e) with reasonable prominence, that a member entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not also be a member.

42.4 The notice of meeting shall be given to the members (other than any who, under the provisions of the articles or the terms of issue of shares, are not entitled to receive notice), to the directors and to the auditors.

OMISSION TO SEND NOTICE

43. The accidental omission to send a notice of meeting or, in cases where it is sent out with the notice, an instrument of proxy to, or the non-receipt of either by, a person entitled to receive it does not invalidate the proceedings at a general meeting.

SPECIAL BUSINESS

44. All business transacted at a general meeting is deemed special except the following business at an annual general meeting:

- (a) the receipt and consideration of the annual accounts, the directors' report and auditors' report on those accounts;
- (b) the appointment of directors and other officers in place of those retiring by rotation or otherwise ceasing to hold office;
- (c) the declaration of dividends;
- (d) the appointment of the auditors (when special notice of the resolution for appointment is not required by the Acts) and the fixing, or determination of the manner of the fixing, of their remuneration; and
- (e) the renewal of the authorities of the Company in general meeting required by the Acts and the articles in relation to the allotment of shares.

PROCEEDINGS AT GENERAL MEETINGS

QUORUM

45.1 No business may be transacted at a general meeting unless a quorum is present at the start of the meeting. The absence of a quorum does not prevent the appointment of a chairman in accordance with the articles, which is not treated as part of the business of the meeting.

45.2 The quorum for a general meeting is for all purposes two members present in person or by proxy and entitled to vote.

PROCEDURE IF QUORUM NOT PRESENT

46.1 If a quorum is not present within five minutes (or such longer period as the chairman in his absolute discretion may decide) from the time fixed for the start of the meeting or if during the meeting a quorum ceases to be present, the meeting, if convened by or on the requisition of members, is dissolved. In any other case it stands adjourned to such time (being not less than 14 days nor more than 28 days later) and place as the chairman (or, in default, the board) decides.

46.2 At an adjourned meeting the quorum is two members present in person or by proxy and entitled to vote. If a quorum is not present within five minutes (or such longer period as the chairman in his absolute discretion may decide) from the time fixed for the start of the meeting or if during the meeting a quorum ceases to be present, the adjourned meeting is dissolved.

46.3 The Company shall give not less than seven clear days' notice of any meeting adjourned for the lack of a quorum and the notice shall state the quorum requirement.

CHAIRMAN

47. The chairman (if any) of the board or, in his absence, the deputy chairman (if any) shall preside as chairman at a general meeting. If there is no chairman or deputy chairman, or if at a meeting neither is present within five minutes after the time fixed for the start of the meeting, or neither is willing to act, the directors present shall select one of their number to be chairman. If only one director is present and willing to act, he shall be chairman. In default, the members present in person and entitled to vote shall choose one of their number to be chairman.

DIRECTOR'S RIGHT TO ATTEND AND SPEAK

48. A director is entitled to attend and speak at a general meeting and at a separate meeting of the holders of a class of shares or debentures whether or not he is a member.

POWER TO ADJOURN

49.1 The chairman may, with the consent of a meeting at which a quorum is present (and shall, if so directed by the meeting) adjourn a meeting from time to time and from place to place or for an indefinite period.

49.2 Without prejudice to any other power which he may have under the provisions of the articles or at common law, the chairman may, without the consent of the meeting, interrupt or adjourn a meeting from time to time and from place to place or for an indefinite period if he decides that it has become necessary to do so in order to (i) secure the proper and orderly conduct of the meeting, or (ii) give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting, or (iii) ensure that the business of the meeting is properly disposed of.

NOTICE OF ADJOURNED MEETING

50. Without prejudice to article 46.3, whenever a meeting is adjourned for 28 days or more or for an indefinite period, at least seven clear days' notice specifying the place, date and time of the adjourned meeting and the general nature of the business to be transacted shall be given to the members (other than any who, under the provisions of the articles or the terms of issue of the shares, are not entitled to receive notice), the directors and the auditors. Except in these circumstances, and subject to article 46.3, it is not necessary to give notice of an adjourned meeting or of the business to be transacted at the adjourned meeting.

BUSINESS AT ADJOURNED MEETING

51. No business may be transacted at an adjourned meeting other than the business which might properly have been transacted at the meeting from which the adjournment took place.

ACCOMMODATION OF MEMBERS AT MEETING

52. If it appears to the chairman that the meeting place specified in the notice convening the meeting is inadequate to accommodate all members entitled and wishing to attend, the meeting is duly constituted and its proceedings valid if the chairman is satisfied that adequate facilities are available to ensure that a member who is unable to be accommodated is able to (i) participate in the business for which the meeting has been convened, and (ii) hear and see all persons present who speak (whether by the use of microphones, loud-speakers, audio-visual communications equipment or otherwise), whether in the meeting place or elsewhere, and (iii) be heard and seen by all other persons present in the same way.

SECURITY

53. The board may make any arrangement and impose any restriction it considers appropriate to ensure the security of a meeting including, without limitation, the searching of a person attending the meeting and the restriction of the items of personal property that may be taken into the meeting place. The board is entitled to refuse entry to a meeting to a person who refuses to comply with these arrangements or restrictions.

VOTING

METHOD OF VOTING

54.1 At a general meeting, a resolution put to the vote of the meeting is decided by a show of hands unless (before or on the declaration of the result of the show of hands) a poll is duly demanded.

54.2 Subject to the Acts, a poll may be demanded on any question by:

- (a) the chairman of the meeting;
- (b) not less than five members present in person or by proxy and entitled to vote;
- (c) a member or members present in person or by proxy representing in aggregate not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) a member or members present in person or by proxy holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

54.3 A demand by a proxy is deemed to be a demand by the member appointing the proxy.

54.4 Unless a poll is demanded and the demand is not withdrawn, a declaration by the chairman that the resolution has been carried, or carried by a particular majority, or lost or not carried by a particular majority, and an entry to that effect in the book containing the minutes of proceedings, is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

PROCEDURE ON A POLL

55.1 If a poll is properly demanded, it shall be taken in such manner as the chairman directs. He may appoint scrutineers, who need not be members, and may fix a time and place for declaring the result of the poll. The result of the poll is deemed to be the resolution of the meeting at which the poll is demanded.

55.2 A poll demanded on the election of a chairman or on any question of adjournment shall be taken at the meeting and without adjournment. A poll demanded on another question shall be taken at such time and place as the chairman decides, either at once or after an interval or adjournment (but not more than 30 clear days after the date of the demand).

55.3 No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

55.4 The demand for a poll may be withdrawn but only with the consent of the chairman. A demand withdrawn in this way validates the result of a show of hands declared before the demand is made. In the case of a poll demanded before the declaration of the result of a show of hands, the meeting shall continue as if the demand has not been made.

55.5 The demand for a poll (other than on the election of the chairman or on a question of adjournment) does not prevent the meeting continuing for the transaction of business other than the question on which a poll has been demanded.

55.6 On a poll, votes may be given in person or by proxy and a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

VOTES OF MEMBERS

56.1 Subject to article 71 and to special terms as to voting on which shares have been issued (including in article 3A), or a suspension or abrogation of voting rights pursuant to the articles, at a general meeting every member present in person has on a show of hands one vote and every member present in person or by proxy has on a poll one vote for every share of which he is the holder.

56.2 In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and seniority is determined by the order in which the names of the holders stand in the register.

56.3 A member in respect of whom an order has been made by a court or official having jurisdiction (whether in the United Kingdom or elsewhere) that he is or may be suffering from mental disorder or is otherwise incapable of running his affairs may vote, whether on a show of hands or on a poll, by his guardian, receiver, curator bonis or other person authorised for that purpose and appointed by the court. A guardian, receiver, curator bonis or other person may, on a poll, vote by proxy if evidence (to the

satisfaction of the board) of the authority of the person claiming to exercise the right to vote is deposited at the office (or at another place specified in accordance with the articles for the deposit of instruments of proxy) within the time limits prescribed by the articles for the deposit of instruments of proxy for use at the meeting, adjourned meeting or poll at which the right to vote is to be exercised.

NO CASTING VOTE

57. In the case of an equality of votes the chairman shall not have, whether on a show of hands or on a poll, a casting vote in addition to a vote to which he is entitled as a member.

RESTRICTION ON VOTING RIGHTS FOR UNPAID CALLS ETC.

58. Unless the board otherwise decides, no member is entitled in respect of a share held by him to be present or to vote, either in person or by proxy, at a general meeting or at a separate meeting of the holders of a class of shares or on a poll, or to exercise other rights conferred by membership in relation to the meeting or poll, if a call or other amount due and payable in respect of the share is unpaid. This restriction ceases on payment of the amount outstanding and all costs, charges and expenses incurred by the Company by reason of the non-payment.

VOTING BY PROXY

59.1 An instrument appointing a proxy shall be in writing in any usual form (or in another form approved by the board) executed by the appointor or his duly constituted attorney or, if the appointor is a company, under its seal or under the hand of its duly authorised officer or attorney or other person authorised to sign.

59.2 An instrument of proxy is deemed (unless the contrary is stated in it) to confer authority to demand or join in demanding a poll and to vote on a resolution or amendment of a resolution put to, or other business which may properly come before, the meeting or meetings for which it is given, as the proxy thinks fit.

59.3 A proxy need not be a member.

59.4 A member may appoint more than one proxy to attend on the same occasion. When two or more valid but differing instruments of proxy are delivered for the same share for use at the same meeting, the one which is last validly delivered (regardless of its date or the date of its execution) shall be treated as replacing and revoking the other or others as regards that share.

59.5 Deposit of an instrument of proxy does not prevent a member attending and voting in person at the meeting or an adjournment of the meeting or on a poll.

59.6 An instrument of proxy is (unless the contrary is stated in it) valid for an adjournment of the meeting as well as for the meeting or meetings to which it relates. An instrument of proxy is valid for 12 months from the date of execution.

59.7 Subject to the Acts, the Company may send an instrument of proxy to all or none of the persons entitled to receive notice of and to vote at a meeting. If sent the instrument shall provide for two-way voting (without prejudice to a right to abstain) on all resolutions set out in the notice of meeting.

DEPOSIT OF PROXY

60.1 An instrument of proxy, and (if required by the board) a power of attorney or other authority under which it is executed or a copy of it notarially certified or certified in some other way approved by the board, shall be:

- (a) deposited at the office, or another place in the United Kingdom specified in the notice convening the meeting or in an instrument of proxy or other accompanying document sent by the Company in relation to the meeting, not less than 48 hours before the time for holding the meeting or adjourned meeting or the taking of a poll at which the person named in the instrument proposes to vote;
- (b) in the case of a meeting adjourned for less than 28 days but more than 48 hours or in the case of a poll taken more than 48 hours after it is demanded, deposited as required by article 60.1(a) not less than 24 hours before the time appointed for the holding of the adjourned meeting or the taking of the poll; or
- (c) in the case of a meeting adjourned for less than 48 hours or in the case of a poll not taken immediately but taken not more than 48 hours after it was demanded, delivered at the adjourned meeting or at the meeting at which the poll was demanded to the chairman or to the secretary or to a director.

60.2 An instrument of proxy not deposited or delivered in accordance with article 6.0 is invalid.

WHEN VOTES BY PROXY VALID THOUGH AUTHORITY REVOKED

61. A vote given or poll demanded by a proxy or authorised representative of a company is valid despite termination of his authority unless notice of termination is received by the Company at the office (or other place specified for depositing the instrument of proxy) at least one hour before the time for holding the meeting or adjourned meeting at which the vote is given or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

MISCELLANEOUS

CORPORATE REPRESENTATIVE

62. A company which is a member may, by resolution of its directors or other governing body, authorise a person (or, if such company is an Approved Depositary acting in its capacity as such, persons) to act as its representative (or, as the case may be, representatives) at a meeting or at a separate meeting, or at all meetings or separate meetings, of the holders of a class of shares (each a REPRESENTATIVE). A representative is entitled to exercise on behalf of the company (in respect of that part of the company's holding of shares to which the authorisation relates) those powers that the company could exercise if it were an individual member. The company is for the purposes of the

articles deemed to be present in person at a meeting if a representative is present. All references to attendance and voting in person shall be construed accordingly. A director, the secretary or other person authorised for the purpose by the secretary may require a representative to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers.

OBJECTIONS TO AND ERROR IN VOTING

63. No objection may be made to the qualification of a voter or to the counting of, or failure to count, a vote, except at the meeting or adjourned meeting at which the vote objected to is tendered or at which the error occurs. An objection properly made shall be referred to the chairman and only invalidates the result of the voting if, in the opinion of the chairman, it is of sufficient magnitude to affect the decision of the meeting. The decision of the chairman is conclusive and binding on all concerned.

AMENDMENTS TO RESOLUTIONS

64. If an amendment proposed to a resolution under consideration is ruled out of order by the chairman the proceedings on the substantive resolution are not invalidated by an error in his ruling.

MEMBERS' WRITTEN RESOLUTIONS

65. A resolution in writing executed by or on behalf of each member who would have been entitled to vote upon it if it had been proposed at a general meeting at which he was present is as effective as if it had been passed at a general meeting duly convened and held. The resolution in writing may consist of several instruments in the same form each duly executed by or on behalf of one or more members. If the resolution in writing is described as a special resolution or as an extraordinary resolution, it has effect accordingly.

CLASS MEETINGS

66. A separate meeting for the holders of a class of shares shall be convened and conducted as nearly as possible in the same way as an extraordinary general meeting, except that:

- (a) no member, other than a director, is entitled to notice of it or to attend unless he is a holder of shares of that class;
- (b) no vote may be given except in respect of a share of that class;
- (c) the quorum at the meeting is two persons present in person holding or representing by proxy at least one-third in nominal value of the issued shares of that class;
- (d) the quorum at an adjourned meeting is two persons holding shares of that class who are present in person or by proxy; and
- (e) a poll may be demanded in writing by a member present in person or by proxy and entitled to vote at the meeting and on a poll each member has one vote for every share of that class of which he is the holder.

FAILURE TO DISCLOSE INTERESTS IN SHARES

67.1 Subject to article 67.5, where notice is served by the Company under section 212 of the Act (a SECTION 212 NOTICE) on a member, or another person appearing to be interested in shares held by that member, and the member or other person has failed in relation to any shares (the DEFAULT SHARES, which expression includes any shares issued after the date of the section 212 notice in right of those shares) to give the Company the information required within the prescribed period from the date of the section 212 notice, the following sanctions apply, unless the board otherwise decides:

- (a) the member is not entitled in respect of the default shares to be present or to vote (either in person or by proxy) at a general meeting or at a separate meeting of the holders of a class of shares or on a poll, or to exercise other rights conferred by membership in relation to the meeting or poll; and
- (b) where the default shares represent at least 0.25 per cent. in nominal value of the issued shares of their class:
 - (i) a dividend (or any part of a dividend) or other amount payable in respect of the default shares shall be withheld by the Company, which has no obligation to pay interest on it, and the member is not entitled to elect, pursuant to article 131, to receive shares instead of a dividend; and
 - (ii) no transfer of any of the default shares shall be registered unless the transfer is an excepted transfer or:
 - (A) the member is not himself in default in supplying the information required; and
 - (B) the member proves to the satisfaction of the board that no person in default in supplying the information required is interested in any of the shares the subject of the transfer.

67.2 The sanctions under article 67.1 shall cease to apply seven days after the earlier of:

- (a) receipt by the Company of notice of an excepted transfer, but only in relation to the shares transferred; and
- (b) receipt by the Company, in a form satisfactory to the board, of all the information required by the section 212 notice.

68.3 Where, on the basis of information obtained from a member in respect of a share held by him, the Company issues a section 212 notice to another person, it shall at the same time send a copy of the section 212 notice to the member, but the accidental omission to do so, or the non-receipt by the member of the copy, does not invalidate or otherwise affect the application of article 67.1.

68.4 For the purposes of this article 67:

- (a) a person, other than the member holding a share, is treated as appearing to be interested in that share if the member has informed the Company that the person is or may be interested, or if the Company (after taking account of information obtained from the member or, pursuant to a section 212 notice, from anyone else) knows or has reasonable cause to believe that the person is or may be so interested;
- (b) INTERESTED is construed as it is for the purpose of section 212 of the Act;
- (c) reference to a person having failed to give the Company the information required by a section 212 notice, or being in default in supplying such information, includes (a) reference to his having failed or refused to give all or any part of it, and (b) reference to his having given information which he knows to be false in a material particular or having recklessly given information which is false in a material particular;
- (d) the PRESCRIBED PERIOD means 14 days;
- (e) an EXCEPTED TRANSFER means, in relation to shares held by a member:
 - (i) a transfer pursuant to acceptance of a takeover offer for the Company (within the meaning of section 428(1) of the Act); or
 - (ii) a transfer in consequence of a sale made through a recognised investment exchange (as defined in the Financial Services Act 1986) or another stock exchange outside the United Kingdom on which shares in the capital of the Company are normally traded; or
 - (iii) a transfer which is shown to the satisfaction of the board to be made in consequence of a sale of the whole of the beneficial interest in the shares to a person who is unconnected with the member and with any other person appearing to be interested in the shares.

67.5(a) Where any person appearing to be interested in shares has been duly served with a section 212 notice and the shares in which he appears to be interested are held by an Approved Depositary, the provisions of article 67.1 shall be treated as applying only to those shares held by the Approved Depositary in which such person appears to be interested and not (insofar as such person's apparent interest is concerned) to any other shares held by the Approved Depositary.

(b) Subject to article 67.5(a), where the member on which a section 212 notice is duly served is an Approved Depositary acting in its capacity as such, the obligations of the Approved Depositary as a member shall be limited to disclosing to the Company such information relating to any person appearing to be interested in the shares held by it as has been recorded by it pursuant to the arrangements entered into by the Company or approved by the board pursuant to which it was appointed as an Approved Depositary.

67.6 The provisions of this article are in addition and without prejudice to the provisions of the Acts.

68.1 In this article 68:

- (a) LICENCE means any licence under the Broadcasting Act 1990 and/or the Telecommunications Act 1984 (and any statutory modifications or reenactments of the same together with all orders made thereunder for the time being in force) awarded or granted to the Company or any of its subsidiary undertakings (as the case may be) and any other licence or permit used or intended to be used which in any case is material to its business, granted by any other authority or body or any governmental department under any other legislation or regulations in force for the time being in any jurisdiction;
- (b) NOTIFIABLE SITUATION means circumstances in which the holding of shares of any class of any member when either taken alone or when taken together with the holding of shares by one or more other members is or may be, in the reasonable opinion of the board, prejudicial to:
 - (i) the grant of any Licence or the renewal or extension of any Licence for which an application is or is intended to be made; or
 - (ii) the continued holding of any Licence;
- (c) RELEVANT PERSON means any member whose holding of shares in the Company when either taken alone or when taken together with the holding of shares by one or more other members gives rise to a Notifiable Situation;
- (d) RELEVANT SHARES means the shares of a Relevant Person which are, or which in the reasonable opinion of the board may be, causing a Notifiable Situation to occur in relation to that Relevant Person; and
- (e) REQUIRED DISPOSAL means a disposal or disposals of such a number of Relevant Shares as will cause, or which in the reasonable opinion of the board will cause, a Relevant Person to cease to be a Relevant Person and will not cause any other person to be a Relevant Person and/or the holding of shares by a Relevant Person to cease to give rise to a Notifiable Situation, not being a disposal to another Relevant Person.

68.2 The board may at any time by notice require from a member such information (to the extent that information is required in relation to a person other than such member, so far as such information lies within the knowledge of such member) supported by a declaration and by such other evidence (if any) in support as the board may require, for the purposes of determining whether such member or any person who has an interest in shares held by such member or an associate of any such member or person or any person in which any such member or person is a participant with more than a five per cent. interest has an interest in any shares of the Company which, in the reasonable opinion of the board, may be relevant to the determination of whether a Notifiable Situation exists in relation to such member or person and the member or person shall supply the information and evidence so specified to the board as soon as reasonably practicable but, in any event, within seven days of receipt of such notice. If

such information and evidence is not furnished within the time prescribed by the notice or the information and evidence provided is, in the opinion of the board, unsatisfactory for the purposes of so determining, the board may serve on such member a further notice calling upon him, within seven days after the service of such further notice, to furnish the board with such information and evidence or further information and evidence as shall (in their opinion) enable them to so determine.

68.3 The board may, following such consultation with and the provision of such information to the Independent Television Commission, the Department of Trade and Industry, the Office of Telecommunications and/or such other authorities as the board considers appropriate, notify any member that his holding of Relevant Shares gives rise to a Notifiable Situation.

68.4 Any notice served pursuant to article 68.3 shall contain a statement by the board of the reasons for the giving of such notice and include any communication from the relevant authorities in support of those reasons. The notice shall set out the restrictions that may apply in relation to the Relevant Shares of the member on whom such notice is served as referred to in article 68.5.

68.5 If on the expiry of 14 days after service of notice pursuant to articles 68.2 or 68.3, the member upon whom the notice has been served shall have failed to supply the required information or the Notifiable Situation still remains, as the case may be, the board may treat such number of the Relevant Shares held by such member as may be necessary to end the Notifiable Situation as non-voting shares, by removal of the right to vote, but all other rights attaching to the Relevant Shares (in particular the right to receive dividends and receive notice of and attend all general meetings of the Company) shall not be affected.

68.6 If, following action taken by the board pursuant to article 68.5, a Notifiable Situation nevertheless still remains, the board may serve a written notice (a DISPOSAL NOTICE) on the member concerned calling for a Required Disposal of the Relevant Shares of such member or of such lesser number of Relevant Shares as shall be specified in the said notice, to be made within such period as the board considers reasonable. Where the member concerned is a member of the Liberty Group or the Microsoft Group, a copy of the Disposal Notice shall be served also on a member of the other group. The board may extend the period in which a Disposal Notice is required to be complied with and may withdraw a Disposal Notice (whether before or after the expiration of the period referred to) in their absolute discretion if it appears to it that a Notifiable Situation has ceased to exist in relation to the Relevant Shares concerned. After the giving of a Disposal Notice, and save for the purpose of a Required Disposal under this article 68.6 or article 68.7, no transfer of any of the Relevant Shares concerned may be registered until either the Disposal Notice is withdrawn or a Required Disposal has been made to the satisfaction of the board and registered. Where more than one holder (treating joint holders as a single holder) is required to dispose of shares pursuant to a Disposal Notice, the said Notice shall specify the number of shares to be disposed of by each such holder (which shall be in the discretion of the directors and need not be pro rata amongst the members being called upon to dispose of shares).

68.7 If a Disposal Notice given under article 68.6 has not been complied with in all respects to the satisfaction of the board by the end of the period (as extended if applicable) specified in the Disposal Notice and has not been withdrawn, the board

shall, so far as it is able, within thirty days, make a Required Disposal (or procure that a Required Disposal is made) of the Relevant Shares concerned and shall give notice of the disposal to those persons on whom the Disposal Notice is served. The holder(s) of the shares duly disposed of shall be deemed irrevocably and unconditionally to have authorised the board to make such Required Disposal. The manner, timing and terms of any such Required Disposal made or sought to be made by the board (including, but not limited to the price or prices at which the same is made and the extent to which assurance is obtained that no transferee would become a Relevant Person) shall be such as the board determine (provided that the board shall use its reasonable efforts to obtain the best price reasonably obtainable in the circumstances), based on advice from bankers, brokers, or other persons as the board considers appropriate consulted by it for the purpose, to be reasonably practicable having regard to all the circumstances, including, but not limited to, the number of shares to be disposed of and the requirement that the disposal be made within thirty days from expiry of the Disposal Notice; and the board shall not be liable, and any such persons giving any such advice to the board shall not be liable, to any person (whether or not a Relevant Person) for any of the consequences of reliance on such advice (including, without limitation, for failing to obtain the best price reasonably obtainable in the circumstances provided the board acted in good faith throughout the relevant period), provided always that, where the registered holder(s) of the Relevant Shares concerned is a member of the Liberty Group or the Microsoft Group, the board shall use its reasonable endeavors to give the members of each of the other such groups the first right to purchase such Relevant Shares (subject to such member itself not being a Relevant Person or to such purchase itself not giving rise to a Notifiable Situation) in accordance with such arrangements as may then be in place between the members of the Liberty Group and the Microsoft Group in relation to their holdings of shares of the Company and as may have been notified to the Company by any member of the Liberty Group and/or the Microsoft Group and the preceding provisions of this article 68.7 shall be amended accordingly to take account of such arrangements but so that the board shall not be liable to any member of the Liberty Group or of the Microsoft Group for failing to ensure that any such arrangements are complied with fully or at all.

68.8 For the purpose of effecting any Required Disposal, the board may authorise in writing any officer or employee of the Company to execute any necessary transfer on behalf of any holder and may enter the name of the transferee in the register in respect of the transferred shares notwithstanding the absence of any share certificate and may issue a new certificate to the transferee and an instrument of transfer executed by such person shall be as effective as if it had been executed by the holder of the transferred shares and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of the disposal shall be received by the Company whose receipt shall be a good discharge for the purchase money, and shall be paid (without any interest being payable in respect of it and after deduction of any expenses incurred by the Company in the sale) to the former holder (or in the case of joint holders, the first of them named in the register) together with, if appropriate a new certificate in respect of the balance of the Relevant Shares to which he is entitled upon surrender by him or on his behalf of any certificate in respect of the Relevant Shares sold and formerly held by him.

68.9 A holder of a Relevant Share on whom a Disposal Notice has been given under (and complying with) article 68.6 shall not in respect of that share be entitled, until such

time as the Disposal Notice has been complied with to the satisfaction of the board or withdrawn, to receive notice of or to attend or vote at any general meeting of the Company or meeting of the holders of any class of share capital, or to exercise any other right conferred by membership in relation to any such meeting; and the rights to attend (whether in person or by representative or proxy), to speak and to demand and vote on a poll which would have attached to the Relevant Share had it not been a Relevant Share shall vest in the chairman of any such meeting. The manner in which the chairman exercises or refrains from exercising any such rights shall be entirely at his discretion. The chairman of any such meeting shall be informed by the board of any share becoming or being deemed to be a Relevant Share.

68.10 Save as otherwise provided in this article 68.10, the provisions of the articles applying to the giving of notice of meetings to members shall apply to the giving to a member of any notice required by this article 68. Any notice required by this article 68 to be given to a member (or in the case of joint holders, who is the person first named in the register) whose registered address is not within the United Kingdom and who has not given to the Company an address within the United Kingdom at which notices may be given to him, shall be deemed validly served if it is sent through the post in a prepaid envelope addressed to that person at the address (or if more than one, at one of the addresses) if any, at which the board believes him to be resident or carrying on business or to his last known address as shown on the register. The notice shall in such a case be deemed to have been given on the day following that on which the envelope containing the same is posted, unless it was sent by second class post or there is only one class of post, in which case it shall be deemed to have been given on the day next but one after it was posted, Proof that the envelope was properly addressed prepaid and posted shall be conclusive evidence that the notice was given.

68.11 Any resolution or determination of, or decision or exercise of any discretion or power by, the board or any director or by the chairman of any meeting under or pursuant to the provisions of this article 68 (including, without prejudice to the generality of the foregoing, as to what constitutes reasonable enquiry or as to the manner, timing and terms of any Required Disposal made by the board under article 68.7) shall be final and conclusive; and any disposal or transfer made, or other thing done, by or on behalf of, or on the authority of, the board or any director pursuant to the foregoing provisions of this article 68 shall be conclusive and binding on all persons concerned and shall not be open to challenge, whether as to its validity or otherwise on any ground whatsoever. The board shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this article 68. The fact that the board has assumed that a Notifiable Situation does not exist in relation to any member shall not affect their discretion to subsequently determine that a Notifiable Situation does exist in relation to such member.

APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS

NUMBER OF DIRECTORS

69. Unless and until otherwise decided by the Company by ordinary resolution the number of directors shall be not less than two, and shall not be subject to any maximum.

POWER OF THE COMPANY TO APPOINT DIRECTORS

70. Subject to the articles and to the power of members of the Liberty Group and the Microsoft Group to appoint directors pursuant to article 71, the Company may by ordinary resolution (on which, for the avoidance of doubt, limited voting shares will not carry the right to vote) appoint a person who is willing to act to be a director, either to fill a vacancy or as an addition to the board, but the total number of directors may not exceed any maximum number which may be fixed in accordance with the articles.

POWER OF MEMBERS OF THE LIBERTY GROUP AND THE MICROSOFT GROUP TO APPOINT, REMOVE AND REPLACE DIRECTORS

71.1 For so long as members of the Liberty Group hold not less than a Qualifying Interest the members of the Liberty Group shall have the right to appoint three persons, who are willing so to act, as directors and to remove and replace any director so appointed by them. For so long as the members of the Liberty Group hold not less than a Lesser Qualifying Interest the members of the Liberty Group shall have the right to appoint two persons, who are willing so to act, as directors and to remove and replace any directors so appointed by them.

71.2 For so long as members of the Microsoft Group hold not less than a Qualifying Interest, the members of the Microsoft Group shall have the right to appoint three persons, who are willing so to act, as directors and to remove and replace any director so appointed by them. For so long as the members of the Microsoft Group hold not less than a Lesser Qualifying Interest the members of the Microsoft Group shall have the right to appoint two persons, who are willing so to act, as directors and to remove and replace any directors so appointed by them.

71.3 Any appointment, removal and/or replacement of a director pursuant to article 71.1 or 71.2 shall be effected by notice to the Company signed by or on behalf of a member of the Liberty Group or the Microsoft Group, as the case may be. The notice shall be left at or sent by post or facsimile transmission to the office or such other place designated by the board for the purpose. The appointment or removal and/or replacement shall take effect immediately on deposit of the notice in accordance with the articles or on such later date (if any) specified in the notice.

71.4 On any vote or resolution of the Company to remove any director appointed pursuant to or to amend article 71.1 or 71.2, the members of the Liberty Group or the Microsoft Group (as appropriate) entitled to appoint, remove and/or replace him or any director pursuant to article 71.1 or 71.2 as the case may be shall have in aggregate twice the number of votes cast (on a show of hands or by proxy) in favour of such vote or resolution by or on behalf of all the other members.

POWER OF THE BOARD TO APPOINT DIRECTORS

72. Without prejudice to the power of the Company to appoint a person to be a director pursuant to the articles and to the power of members of the Liberty Group and the Microsoft Group to appoint directors pursuant to article 71, the board may appoint a person who is willing to act as a director, either to fill a vacancy or as an addition to the board. A director appointed in this way may hold office only until the dissolution of the

next annual general meeting after his appointment unless he is reappointed during the meeting. He is not required, and is not taken into account in determining the number of directors who are, to retire by rotation at the meeting.

APPOINTMENT OF EXECUTIVE DIRECTORS

73. Subject to the Acts and to article 69, the board may appoint one or more of its body to hold employment or executive office (including that of chief executive officer or managing director) with the Company for such term (subject to the Acts) and on any other conditions the board thinks fit. The board may revoke or terminate an appointment, without prejudice to a claim for damages for breach of contract.

INDEPENDENCE OF DIRECTORS

74. For so long as members of the Liberty Group hold not less than a Qualifying Interest or for so long as members of the Microsoft Group hold not less than a Qualifying Interest, such members of the Liberty Group or of the Microsoft Group, as the case may be, shall each exercise their voting rights as members of the Company, and shall each request that the Liberty Designated Directors or, as the case may be, the Microsoft Designated Directors appointed by them exercise their voting rights as members of the board (subject always to such Designated Director's fiduciary and other duties as a director) to ensure that, to the extent that they are able to do so through the exercise of their votes, the majority of the directors are Independent Directors.

ELIGIBILITY OF NEW DIRECTORS

75.1 Subject to article 70 no person other than a director retiring (by rotation or otherwise) may be appointed or reappointed a director at a general meeting unless:

- (a) he is recommended by the board; or
- (b) not less than seven nor more than 42 days before the date fixed for the meeting, notice has been given to the Company by a member (other than the person to be proposed) qualified to vote at the meeting of the intention to propose that person for appointment or reappointment. The notice shall (a) state the particulars which would, if the proposed director were appointed or reappointed, be required to be included in the Company's register of directors, (b) be accompanied by notice given by the proposed director of his willingness to be appointed or reappointed, and (c) be lodged at the office.

75.2 A director need not be a member.

VOTING ON RESOLUTION FOR APPOINTMENT

76. A resolution for the appointment of two or more persons as directors by a single resolution is void unless an ordinary resolution that the resolution for appointment is proposed in this way has first been agreed to by the meeting without a vote being given against it.

RETIREMENT AT ANNUAL GENERAL MEETING

77. At each annual general meeting all of the directors shall retire from office.

POSITION OF RETIRING DIRECTOR

78. A director who retires at an annual general meeting may, if willing to act, be reappointed. If he is not reappointed or deemed reappointed, he may retain office until the meeting (or, in the case of a Liberty Designated Director, a member of the Liberty Group or, in the case of a Microsoft Designated Director, a member of the Microsoft Group) appoints someone in his place or, if it does not do so, until the end of the meeting.

DEEMED REAPPOINTMENT

79. At an annual general meeting at which a director retires (other than in the case of a Liberty Designated Director or a Microsoft Designated Director) the Company or (in the case of a Liberty Designated Director) a member of the Liberty Group or (in the case of a Microsoft Designated Director) a member of the Microsoft Group may fill the vacancy and, if it does not do so, the retiring director is, if willing, deemed reappointed unless (other than in the case of a Liberty Designated Director or a Microsoft Designated Director) it is expressly resolved not to fill the vacancy or (in the case of a Liberty Designated Director) a member of the Liberty Group notifies the Company of the removal of such director as a Liberty Designated Director pursuant to article 71.1 or (in the case of a Microsoft Designated Director) a member of the Microsoft Group notifies the Company of the removal of such director as a Microsoft Designated Director pursuant to article 71.2 or (other than in the case of a Liberty Designated Director or a Microsoft Designated Director) a resolution for the reappointment of the director is put to the meeting and lost.

NO RETIREMENT ON ACCOUNT OF AGE

80. No person is incapable of being appointed a director by reason of his having reached the age of 70 or another age. Special notice is not required in connection with the appointment or the approval of the appointment of such person. No director is required to vacate his office because he has reached the age of 70 or another age and section 293 of the Act does not apply to the Company. Where a general meeting is convened at which, to the knowledge of the board, a director is to be proposed for appointment or reappointment who is at the date of the meeting 70 or more, the board shall give notice of his age in the notice convening the meeting or in a document accompanying the notice, but the accidental omission to do so does not invalidate proceedings or an appointment or reappointment of that director at that meeting.

REMOVAL BY ORDINARY RESOLUTION

81. Subject to article 71, in addition to any power of removal conferred by the Acts, the Company may by ordinary resolution (on which, for the avoidance of doubt, limited voting shares will not carry the right to vote) remove a director before the expiration of his period of office (without prejudice to a claim for damages for breach of contract) and may (subject to the articles) by ordinary resolution appoint another person who is willing to act to be a director in his place. A person appointed in this way is treated, for

the purposes of determining the time at which he or another director is to retire, as if he had become a director on the date on which the person in whose place he is appointed was last appointed or reappointed a director.

VACATION OF OFFICE BY DIRECTOR

82.1 Without prejudice to the provisions for retirement contained in the articles, the office of a director is vacated if:

- (a) he resigns by notice delivered to the secretary at the office or tendered at a board meeting;
- (b) he ceases to be a director by virtue of a provision of the Acts, is removed from office pursuant to the articles or becomes prohibited by law from being a director;
- (c) he becomes bankrupt, has an interim receiving order made against him, makes an arrangement or compounds with his creditors generally or applies to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act;
- (d) an order is made by a court of competent jurisdiction on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian, receiver, curator bonis or other person to exercise powers with respect to his affairs or he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, under the Mental Health (Scotland) Act 1984 and the board resolves that his office be vacated;
- (e) both he and his alternate director appointed pursuant to the provisions of the articles (if any) are absent, without the permission of the board, from board meetings for six consecutive months and the board resolves that his office be vacated;
- (f) (other than in the case of a Liberty Designated Director or a Microsoft Designated Director) he is removed from office by notice addressed to him at his last-known address and signed by all his co-directors (without prejudice to a claim for damages for breach of contract); or
- (g) (in the case of a Liberty Designated Director or a Microsoft Designated Director) he is removed as a director pursuant to article 71.1 or 71.2 or 71.3 or 71.4 or 71.5 as the case may be.

82.2 A resolution of the board declaring a director to have vacated office under the terms of article 82.1 is conclusive as to the fact and grounds of vacation stated in the resolution.

ALTERNATE DIRECTORS

APPOINTMENT

83.1 A director (other than an alternate director) may by notice delivered to the secretary at the office, or in any other manner approved by the board, appoint as his alternate director:

- (a) another director, or
- (b) another person approved by the board (or, in the case of a Liberty Designated Director, nominated by a member of the Liberty Group or, in the case of the Microsoft Designated Director, nominated by a member of the Microsoft Group) and willing to act.

83.2 No appointment of an alternate director who is not already a director is effective until his consent to act as a director in the form prescribed by the Acts has been received at the office.

83.3 An alternate director need not be a member and is not counted in reckoning the number of directors for the purpose of article 70.

REVOCAION OF APPOINTMENT

84. A director may by notice delivered to the secretary at the office revoke the appointment of his alternate director and, subject to the provisions of article 84, appoint another person in his place. If a director ceases to hold the office of director or if he dies, the appointment of his alternate director automatically ceases. If a director retires but is reappointed at the meeting at which his retirement takes effect, a valid appointment of an alternate director which was in force immediately before his retirement continues to operate after his reappointment as if he has not retired. The appointment of an alternate director ceases on the happening of an event which, if he were a director otherwise appointed, would cause him to vacate office.

PARTICIPATION IN BOARD MEETINGS

85. An alternate director is, if he gives the Company an address in the United Kingdom or the United States of America at which notices may be served on him, entitled to receive notice of all meetings of the board and all committees of the board of which his appointor is a member and, in the absence from those meetings of his appointor, to attend and vote at the meetings and to exercise all the powers, rights, duties and authorities of his appointor. A director acting as alternate director has a separate vote at meetings of the board and committees of the board for each director for whom he acts as alternate director but he counts as only one for the purpose of determining whether a quorum is present.

RESPONSIBILITY

86. A person acting as an alternate director is an officer of the Company, is alone responsible to the Company for his acts and defaults, and is not deemed to be the agent of his appointor.

REMUNERATION, EXPENSES AND PENSIONS

DIRECTORS' FEES

87. Unless otherwise decided by the Company by ordinary resolution, the Company shall pay to the directors (but not alternate directors) for their services as directors such amount of aggregate fees as the board decides (not exceeding (pound)500,000 per annum or such larger amount as the Company may by ordinary resolution decide). The aggregate fees shall be divided among the directors in such proportions as the board decides or, if no decision is made, equally. A fee payable to a director pursuant to this article is distinct from any salary, remuneration or other amount payable to him pursuant to other provisions of the articles and accrues from day to day.

ADDITIONAL REMUNERATION

88. A director who, at the request of the board, goes or resides abroad, makes a special journey or performs a special service on behalf of the Company may be paid such reasonable additional remuneration (whether by way of salary, percentage of profits or otherwise) and expenses as the board may decide.

EXPENSES

89. A director is entitled to be repaid all reasonable traveling, hotel and other expenses properly incurred by him in the performance of his duties as director, including expenses incurred in attending meetings of the board or of committees of the board or general meetings or separate meetings of the holders of a class of shares or debentures.

REMUNERATION AND EXPENSES OF ALTERNATE DIRECTORS

90. An alternate director is not entitled to a fee from the Company for his services as an alternate director. The fee payable to an alternate director is payable out of the fee payable to his appointor and consists of such portion (if any) of the fee as he agrees with his appointor. The Company shall, however, repay to an alternate director expenses incurred by him in the performance of his duties if the Company would have been required to repay the expenses to him under article 89 had he been a director.

DIRECTORS' PENSIONS AND OTHER BENEFITS

91.1 The board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (by insurance or otherwise) for a person who is or has at any time been a director of (i) the Company, or (ii) a company which is or was a subsidiary undertaking of the Company, or (iii) a company which is or was allied to or associated with the Company or a subsidiary undertaking of the Company, or (iv) a predecessor in business of the Company or of a subsidiary undertaking of the Company (and for any member of his family, including a spouse or former spouse, or a person who is or was dependent on him). For this purpose the board may establish, maintain, subscribe and contribute to any scheme, trust or fund and pay premiums. The board may arrange for this to be done by the Company alone or in conjunction with another person.

91.2 A director or former director is entitled to receive and retain for his own benefit a pension or other benefit provided under article 91.1 and is not obliged to account for it to the Company.

REMUNERATION OF EXECUTIVE DIRECTOR

92. The salary or remuneration of a director appointed to hold employment or executive office in accordance with the articles may be a fixed sum of money, or wholly or in part governed by business done or profits made, or as otherwise decided by the board, and may be in addition to or instead of a fee payable to him for his services as director pursuant to the articles.

POWERS AND DUTIES OF THE BOARD

POWERS OF THE BOARD

93. Subject to the Acts, the memorandum of association of the Company and the articles and to directions given by special resolution of the Company, the business of the Company is managed by the board which may exercise all the powers of the Company whether relating to the management of the business or not. No alteration of the memorandum of association or of the articles and no direction given by the Company shall invalidate a prior act of the board which would have been valid if the alteration had not been made or the direction had not been given. The provisions of the articles giving specific powers to the board do not limit the general powers given by this article.

POWERS OF DIRECTORS BEING LESS THAN MINIMUM REQUIRED NUMBER

94. Subject to article 71, if the number of directors is less than the minimum prescribed by the articles or decided by the Company by ordinary resolution, the remaining director or directors may act only for the purposes of appointing an additional director or directors to make up that minimum or convening a general meeting of the Company for the purpose of making such appointment. If no director or directors is or are able or willing to act, two members may convene a general meeting for the purpose of appointing directors. An additional director appointed in this way holds office (subject to the articles) only until the dissolution of the next annual general meeting after his appointment unless he is reappointed during the meeting.

POWERS OF EXECUTIVE DIRECTORS

95. The board may delegate to a director holding executive office (including a chief executive officer or managing director) any of its powers, authorities and discretions for such time and on such terms and conditions as it thinks fit. In particular, the board may grant the power to sub-delegate, and may retain or exclude the right of the board to exercise the delegated powers, authorities or discretions collaterally with the director. The board may at any time revoke the delegation or alter its terms and conditions.

DELEGATION TO COMMITTEES

96. The board may delegate any of its powers, authorities and discretions for such time and on such terms and conditions as it thinks fit to a committee consisting of one or more directors (save that in relation to any committee, at least one member must be a

Liberty Designated Director, provided there is at the relevant time such a director holding office as such, and one member must be a Microsoft Designated Director, provided there is at the relevant time such a director holding office as such), and (if thought fit) one or more other persons, but only if a majority of the members of the committee are directors or alternate directors. Any such committee shall be chaired by an Independent Director and shall comprise a majority of members independent of Liberty and Microsoft. No resolution of a committee is effective unless a majority of those present when it is passed are directors or alternate directors. In particular, the board may grant the power to sub-delegate, and may retain or exclude the right of the board to exercise the delegated powers, authorities or discretions collaterally with the committee. The board may at any time revoke the delegation or alter its terms and conditions or discharge the committee in whole or in part. Where a provision of the articles refers to the exercise of a power, authority or discretion by the board and that power, authority or discretion has been delegated by the board to a committee, the provision shall be construed as permitting the exercise of the power, authority or discretion by the committee. Provided that the right of a Liberty Designated Director and/or a Microsoft Designated Director to attend such committee meetings may be waived on a general or specific basis by Liberty or by a Liberty Designated Director (in respect of all Liberty Designated Directors) or by Microsoft or a Microsoft Designated Director (in respect of all Microsoft Designated Directors), as the case may be.

LOCAL MANAGEMENT

97. The board may establish local or divisional boards or agencies for managing the affairs of the Company in a specified locality, either in the United Kingdom or elsewhere, and may appoint persons to be members of a local or divisional board or agency, and may fix their remuneration. The board may delegate to a local or divisional board or agency any of its powers, authorities and discretions for such time and on such terms and conditions as it thinks fit. In particular, the board may grant the power to sub-delegate, may retain or exclude the right of the board to exercise the delegated powers, authorities or discretions collaterally with the local or divisional board or agency and may authorise the members of a local or divisional board or agency (or any of them) to fill a vacancy or to act despite a vacancy. The board may at any time revoke or alter the terms and conditions of the appointment or delegation. Subject to terms and conditions imposed by the board, the proceedings of a local or divisional board or agency with two or more members are governed by those articles that regulate the proceedings of the board, so far as applicable.

POWER OF ATTORNEY

98. The board may by power of attorney or otherwise appoint a person to be the agent of the Company and may delegate to that person any of its powers, authorities and discretions for such purposes, for such time and on such terms and conditions (including as to remuneration) as it thinks fit. In particular, the board may grant the power to sub-delegate and may retain or exclude the right of the board to exercise the delegated powers, authorities or discretions collaterally with the agent. The board may at any time revoke or alter the terms and conditions of the appointment or delegation.

ASSOCIATE DIRECTORS

99. The board may appoint a person (not being a director) to an office or employment having a designation or title including the word director or attach to an existing office or employment that designation or title and may terminate the appointment or use of that designation or title. The inclusion of the word director in the designation or title of an office or employment does not imply that the person is, or is deemed to be, or is empowered to act as, a director for any of the purposes of the Acts or the articles.

EXERCISE OF VOTING POWERS

100. Subject to article 103, the board may exercise or cause to be exercised the voting powers conferred by shares in the capital of another company held or owned by the Company, or a power of appointment to be exercised by the Company, in any manner it thinks fit (including the exercise of the voting power or power of appointment in favour of the appointment of a director as an officer or employee of that company or in favour of the payment of remuneration to the officers or employees of that company).

PROVISION FOR EMPLOYEES

101. The board may exercise the powers conferred on the Company by the Acts to make provision for the benefit of a person employed or formerly employed by the Company or any of its subsidiary undertakings (or any member of his family, including a spouse or former spouse, or any person who is or was dependent on him) in connection with the cessation or the transfer to a person of the whole or part of the undertaking of the Company or the subsidiary undertaking.

REGISTERS

102. Subject to the Acts, the board may exercise the powers conferred on the Company with regard to the keeping of an overseas, local or other register and may make and vary regulations as it thinks fit concerning the keeping of a register.

BORROWING POWERS

103.1 Subject to the following provisions of this article 103, the board may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of the undertaking, property and assets (present or future) and uncalled capital of the Company and, subject to the Acts, to issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of a third party.

103.2 The board shall restrict the borrowings of the Company and shall exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to procure (as regards subsidiary undertakings, to the extent that it can procure by such exercise) that the aggregate principal amount outstanding in respect of moneys borrowed by the group does not at any time, without the previous sanction of an ordinary resolution of the Company, exceed a sum equal to the greater of:

(a) (pound)6,000,000,000; and

(b) five times the adjusted capital and reserves.

103.3 In this article 103:

(a) ADJUSTED CAPITAL AND RESERVES means a sum equal to the aggregate of:

(i) the amount paid up on the allotted or issued share capital of the Company; and

(ii) the amount standing to the credit or debit of the consolidated reserves;

all as shown in the relevant balance sheet but after:

(aa) making appropriate adjustments in respect of:

(1) a variation in the amounts referred to in article 102.3(a) and (b) since the date of the relevant balance sheet; for this purpose (aa) if a proposed allotment of shares by the Company for cash has been underwritten, those shares are deemed to have been allotted and the amount (including a premium) of the subscription moneys payable in respect of those shares (not being moneys payable later than six months after the date of allotment) are deemed to have been paid up to the extent so underwritten on the date on which the issue of those shares was underwritten (or, if the underwriting was conditional, the date on which it became unconditional), and (bb) where the Company is under an obligation (whether immediately or at a future date) to issue shares on conversion (however effected) of other securities of a group undertaking and the obligation to effect conversion is not conditional on any act, omission or event (other than lapse of time), the share capital of the Company and the consolidated reserves shall be calculated as if the securities had been converted;

(2) an undertaking which has become a group undertaking since the date of the relevant balance sheet;

(3) an undertaking which has ceased to be a group undertaking since the date of the relevant balance sheet;

(bb) excluding (so far as not already excluded) amounts attributable to minority interests;

(cc) deducting (so far as not already deducted):

(A) sums equivalent to the book values of goodwill and other intangible assets shown in the relevant balance sheet (as adjusted pursuant to the preceding provisions of this article 102) but adding back the amount of goodwill that would have remained on the relevant balance sheet (as adjusted) if all goodwill arising on acquisitions of group undertakings after 22 November 1994 and

which has been written off against reserves in accordance with generally accepted accounting practice in the United Kingdom had been carried on the balance sheet as an asset and amortised on a straight-line basis over 20 years (or such longer period, as decided by the Company, as may be in accordance with generally accepted accounting practice in the United Kingdom), this amount to be certified by the auditors; and

(B) the amount of a distribution declared, recommended, paid or made by a group undertaking to a person other than a group undertaking out of profits accrued up to and including the date of, but not provided for in, the relevant balance sheet; and

(C) making such other adjustments (if any) as the auditors consider appropriate or necessary to reflect changes in circumstances since the date of the relevant balance sheet;

(b) EXTERNAL INTEREST means, in relation to a group undertaking that is not wholly owned, that part of the issued and paid-up equity share capital of the group undertaking that is not beneficially owned, directly or indirectly, by another group undertaking;

(c) EXTERNAL INTEREST PERCENTAGE means, in relation to a group undertaking that is not wholly owned, the percentage that the external interest forms of the whole of the issued and paid-up equity share capital of the group undertaking;

(d) GROUP means (aa) the Company, and (bb) all undertakings which are included in the group accounts in which the relevant balance sheet is comprised and which would be so included if group accounts were prepared at the relevant time (and as if that time were the end of the Company's financial year), and (cc) all undertakings which are not included in the group accounts in which the relevant balance sheet is comprised but which would be so included if group accounts were prepared at the relevant time (and as if that time were the end of the Company's financial year);

(e) GROUP UNDERTAKING means the Company or another undertaking in the group;

(f) MONEYS BORROWED include the following:

(i) the nominal amount of and the amount of any premium paid in respect of any allotted or issued share capital (not being equity share capital) of a group undertaking not beneficially owned, directly or indirectly, by another group undertaking;

(ii) the principal amount of any loan capital (whether secured or unsecured) of a group undertaking not beneficially owned, directly or indirectly, by another group undertaking;

(iii) the principal amount of any borrowings by a person other than a group undertaking, the repayment of which is the subject of a guarantee or

indemnity by a group undertaking or is secured on the assets of a group undertaking;

- (iv) the outstanding amount raised by acceptances under an acceptance credit opened on behalf of and in favour of a group undertaking by a bank or accepting house (except for acceptances of, or acceptance credits in relation to, trade bills for purchases of goods or services in the ordinary course of business and outstanding for six months or less);
- (v) a fixed or minimum premium payable on repayment or redemption of borrowings that constitute moneys borrowed for the purposes of this article 103; and
- (vi) amounts raised under a transaction (including, without limitation, forward sale or purchase agreements and outstanding obligations under finance leases and hire purchase contracts classified as finance leases, but excluding operating leases (within the meanings given to those terms by Statement of Standard Accounting Practice 21)) having the commercial effect of borrowings entered into to enable the finance of operations or capital requirements;

but exclude:

- (vii) borrowings by one group undertaking from another, including the principal amount of any loan capital (whether secured or unsecured) and the nominal amount of any allotted or issued share capital (not being equity share capital) of a group undertaking beneficially owned, directly or indirectly, by another group undertaking, except that, where the group undertaking from which such borrowings are made is not wholly owned, a percentage of the borrowings equal to the external interest percentage are not excluded;
- (viii) borrowings made for the purpose of, and applied within six months of being made in, repaying the whole or part of borrowings that constitute moneys borrowed for the purposes of this article 104;
- (ix) borrowings for the purpose of financing a contract to the extent that part of the price receivable under the contract is guaranteed or insured by the Export Credit Guarantee Department of the Department of Trade and Industry or by another institution fulfilling a similar function;
- (x) where a group undertaking is not wholly owned, a percentage of its borrowings that constitute moneys borrowed for the purposes of this article 104 equal to the external interest percentage;
- (xi) an amount equal to the borrowings of an undertaking outstanding immediately before and repaid within 90 days after it becomes a group undertaking;

- (xii) the amount of moneys borrowed which are for the time being deposited with a governmental authority in any part of the world in connection with import deposits or a similar governmental scheme to the extent that the group undertaking making the deposit retains its interest in the deposit;
- (xiii) a sum advanced or paid to a group undertaking (or its agents or nominees) by a customer of a group undertaking as an unexpended customer receipt or progress payment pursuant to a contract between the customer and a group undertaking; and
- (xiv) amounts treated as amounts due to trade creditors in the consolidated group accounts of the Company in which the relevant balance sheet is comprised;

and deducting:

- (xv) an amount equal to the aggregate outstanding of:
 - (1) all cash deposits or credit balances on a current account of a group undertaking with a bank (not itself being a group undertaking) except for those held by banks as collateral for borrowings;
 - (2) the realisable value of certificates of deposit and securities of governments and companies; and
 - (3) other readily realisable deposits or credit balances (whether made with a bank or otherwise);

in each case beneficially owned, directly or indirectly, by a group undertaking, but excluding (aa) in the case of any such items beneficially owned, directly or indirectly, by a group undertaking that is not wholly owned, a percentage of those items equal to the external interest percentage and (bb) any sum advanced or paid to a group undertaking (or its agents or nominees) by a customer of a group undertaking as an unexpended customer receipt or progress payment pursuant to a contract between the customer and a group undertaking;

- (g) RELEVANT BALANCE SHEET means the consolidated balance sheet dealing with the state of affairs of the Company and its subsidiary undertakings comprised in the latest group accounts prepared and approved by the board and on which the auditors have made their report pursuant to the Acts; and
- (h) WHOLLY OWNED means, in relation to a group undertaking, that it has no member that is not itself a group undertaking or a person acting on behalf of a group undertaking.

103.4 When the amount of moneys borrowed to be taken into account for the purposes of this article 103 on a particular day is being ascertained, moneys denominated or repayable in a currency other than sterling shall be converted for the purpose of calculating the sterling equivalent either:

- (a) at the rate of exchange specified in a forward purchase contract, currency option, back-to-back loan, swap or other arrangement taken out or entered into to reduce the risk associated with fluctuations in rates of exchange in respect of repayment of those moneys (a HEDGING AGREEMENT); or
- (b) if repayment of those moneys has not been covered by a hedging agreement, at the more favourable to the Company of:
 - (i) the rate of exchange used for the conversion of that currency in the relevant balance sheet, or
 - (ii) if no rate was used, the middle-market rate of exchange quoted by Barclays Bank PLC at the close of business in London on the date of the relevant balance sheet, or
 - (iii) the middle-market rate of exchange quoted by Barclays Bank PLC at the close of business in London on the business day immediately preceding the day on which the calculation falls to be made.

103.5 A report or certificate of the auditors as to the amount of the adjusted total of capital and reserves or the aggregate amount of moneys borrowed for the purposes of this article 103 is conclusive and binding on all concerned. Nevertheless the board may at any time act in reliance on a bona fide estimate of the amount of the adjusted total of capital and reserves or the aggregate amount of moneys borrowed and if in consequence the limit on moneys borrowed set out in this article 103 is inadvertently exceeded, the amount of moneys borrowed equal to the excess may be disregarded for 90 days after the date on which by reason of a determination of the auditors or otherwise the board becomes aware that this situation has or may have arisen.

103.6 No debt incurred or security given in respect of moneys borrowed in excess of the limit imposed by this article 103 is invalid or ineffectual except where express notice that the limit has been or will be exceeded has been given to the lender or recipient of the security at the time when the debt is incurred or security given. No lender or other person dealing with the Company is concerned to see or enquire whether the limit is observed.

REGISTER OF CHARGES

104. The Company shall keep a register of charges in accordance with the Acts and the fee to be paid by a person other than a creditor or member for each inspection of the register of charges is the maximum sum prescribed by the Acts or, failing which, decided by the board.

DIRECTORS' INTERESTS

105.1 Subject to the Acts and article 105.2, a director, notwithstanding his office:

- (a) may enter into or otherwise be interested in a contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested either in connection with his tenure of an office or place of profit or as seller, buyer or otherwise;

- (b) may hold another office or place of profit with the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of director and may act by himself or through his firm in a professional capacity to the Company, and in that case on such terms as to remuneration and otherwise as the board may decide either in addition to or instead of remuneration provided for by another article;
- (c) may be a director or other officer of, or employed by, or a party to a contract, transaction, arrangement or proposal with or otherwise interested in, a company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has a power of appointment; and
- (d) is not liable to account to the Company for a profit, remuneration or other benefit realised by such office, employment, contract, arrangement, transaction or proposal and no such contract, arrangement, transaction or proposal is avoided on the grounds of any such interest or benefit.

105.2 A director who, to his knowledge, is in any way (directly or indirectly) interested in a contract, arrangement, transaction or proposal with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract, arrangement, transaction or proposal is first considered, if he knows his interest then exists or, in any other case, at the first meeting of the board after he knows that he is or has become interested. For the purposes of this article 105:

- (a) a general notice given to the board by a director that he is to be regarded as having an interest (of the nature and extent specified in the notice) in a contract, transaction, arrangement or proposal in which a specified person or class of persons is interested is a sufficient disclosure under this article 105 in relation to that contract, transaction, arrangement or proposal; and
- (b) an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge is not treated as his interest.

105.3 Except as provided in this article 105, a director may not vote on a resolution of the board or of a committee of the board concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he is or is to be, to his knowledge, (together with any interest of any person connected with him) materially interested (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company), but this prohibition does not apply to a resolution concerning any of the following matters:

- (a) the giving to him of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving to a third party of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;

- (c) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (d) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company (including a subsidiary undertaking of the Company) in which he is interested (directly or indirectly) (a RELEVANT COMPANY) and whether as an officer, shareholder, creditor or otherwise, if he is not the holder of or beneficially interested in one per cent. or more of the capital of the relevant company. For the purposes of this paragraph (d):
 - (i) a director is deemed to have an interest in one per cent. or more of the capital of a relevant company if he (together with any interest of any person connected with him) is the holder of or beneficially interested (as that term is used in sections 198 to 211 of the Act) in one per cent. or more of a class of equity share capital of the relevant company or of the voting rights available to members of the relevant company (or any other body corporate through which his interest is derived) or if he can cause one per cent. or more of those voting rights to be cast at his direction (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances); and
 - (ii) where a director is deemed for the purposes of this paragraph (d) to be interested in one per cent. or more in the capital of a relevant company and that relevant company is materially interested in a contract, the director is also deemed to be materially interested in that contract;
- (e) a contract, arrangement, transaction or proposal concerning the adoption, modification or operation of a pension, superannuation or similar scheme or retirement, death or disability benefits scheme or personal pension plan or employees' share scheme under which he may benefit and which either (a) has been approved by or is subject to and conditional on approval by the Inland Revenue for taxation purposes, or (b) relates to both employees and directors of the Company (or any of its subsidiary undertakings) and does not accord to a director as such a privilege or advantage not accorded to the employees to whom the scheme or fund relates;
- (f) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiary undertakings under which the director benefits in a similar manner to employees and which does not accord to a director as such a privilege or advantage not accorded to the employees to whom it relates; and
- (g) a contract, arrangement, transaction or proposal concerning the purchase or maintenance of any insurance policy under which he may benefit.

105.4 A director may not vote or be counted in the quorum on a resolution of the board or committee of the board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of an office or

place of profit with the Company or any company in which the Company is interested. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment or its termination) of two or more directors to offices or places of profit with the Company or a company in which the Company is interested, such proposals shall be divided and a separate resolution considered in relation to each director. In such case each of the directors concerned (if not otherwise debarred from voting under this article 105) is entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

105.5 If a question arises at a meeting as to the materiality of a director's interest (other than the interest of the chairman of the meeting) or as to the entitlement of a director (other than the chairman) to vote or be counted in a quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or being counted in the quorum, the question shall be referred to the chairman and his ruling in relation to the director concerned is conclusive and binding on all concerned.

105.6 If a question arises at a meeting as to the materiality of the interest of the chairman of the meeting or as to the entitlement of the chairman to vote or be counted in a quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or being counted in the quorum, the question shall be decided by resolution of the directors or committee members present at the meeting (excluding the chairman) whose majority vote is conclusive and binding on all concerned.

105.7 For the purposes of this article 105, the interest of a person who is for the purposes of the Acts connected with (within the meaning of section 346 of the Act) a director is treated as the interest of the director and, in relation to an alternate director, the interest of his appointor shall be treated as the interest of the alternate director in addition to an interest which the alternate director otherwise has. This article 105 applies to an alternate director as if he were a director otherwise appointed.

105.8 For the avoidance of doubt, any Liberty Designated Director or Microsoft Designated Director shall be deemed, for all purposes (and not only for the purposes of the articles), not to have an interest in any contract, arrangement, transaction or proposal in which Liberty or Microsoft respectively and the members of their respective groups or associates have an interest.

PROCEEDINGS OF DIRECTORS AND COMMITTEES

BOARD MEETINGS

106. Subject to the articles, the board may meet for the despatch of business, adjourn and otherwise regulate its proceedings as it thinks fit.

NOTICE OF BOARD MEETINGS

107. A director may, and the secretary at the request of a director shall, summon a board meeting at any time. Notice of a board meeting is deemed to be duly given to a director if it is given to him personally or by word of mouth or sent in writing to him at his last-known address or another address given by him to the Company for that purpose at least 24 hours in advance of a meeting. A director may waive the requirement that

notice be given to him of a board meeting, either prospectively or retrospectively. A director absent or intending to be absent from the United Kingdom or the United States of America may request that notices of board meetings during his absence be sent in writing to him at an address given by him to the Company for that purpose. If no request is made it is not necessary to give notice of a board meeting to a director who is absent from the United Kingdom or the United States of America.

QUORUM

108. The quorum necessary for the transaction of business is a majority of the directors present in person or by alternate director. A duly convened meeting of the board at which a quorum is present is competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the board.

CHAIRMAN OF BOARD

109. The board may appoint one of its body as chairman to preside at every board meeting at which he is present and one or more deputy chairmen and decide the period for which he is or they are to hold office (and may at any time remove him or them from office). If no chairman or deputy chairman is elected, or if at a meeting neither the chairman nor a deputy chairman is present within five minutes of the time fixed for the start of the meeting, the directors and alternate directors (in the absence of their appointors) present shall choose one of their number to be chairman. If two or more deputy chairmen are present, the senior of them shall act as chairman, seniority being determined by length of office since their last appointment or reappointment. As between two or more who have held office for an equal length of time, the deputy chairman to act as chairman shall be decided by those directors and alternate directors (in the absence of their appointors) present. A chairman or deputy chairman may hold executive office or employment with the Company.

VOTING

110. Questions arising at a meeting of the board are determined by a majority of votes. In case of an equality of votes the chairman shall not have a second or casting vote.

PARTICIPATION BY TELEPHONE

111. A director or his alternate director may participate in a meeting of the board or a committee of the board through the medium of conference telephone or similar form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout the meeting. A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote. Subject to the Acts, all business transacted in this way by the board or a committee of the board is for the purposes of the articles deemed to be validly and effectively transacted at a meeting of the board or a committee of the board although fewer than two directors or alternate directors are physically present at the same place. The meeting is deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.

RESOLUTION IN WRITING

112. A resolution in writing executed by all directors for the time being entitled to receive notice of a board meeting and not being less than a quorum or by all members of a committee of the board is as valid and effective for all purposes as a resolution passed at a meeting of the board (or committee, as the case may be). The resolution in writing may consist of several documents in the same form each executed by one or more of the directors or members of the relevant committee. The resolution in writing need not be signed by an alternate director if it is signed by his appointor and a resolution signed by an alternate director need not be signed by his appointor.

PROCEEDINGS OF COMMITTEES

113.1 Proceedings of committees of the board shall be conducted in accordance with regulations prescribed by the board (if any). Subject to those regulations and articles 113.2 and 113.3, proceedings shall be conducted in accordance with applicable provisions of the articles regulating the proceedings of the board.

113.2 Where the board resolves to delegate any of its powers, authorities and discretions to a committee and that resolution states that the committee shall consist of any one or more unnamed directors, it is not necessary to give notice of a meeting of that committee to directors other than the director or directors who form the committee.

113.3 The quorum necessary for the transaction of business of any committee shall be a majority of the members of such committee who are directors present in person or by an alternate director.

MINUTES OF PROCEEDINGS

114.1 The board shall cause minutes to be made in books kept for the purpose of:

- (a) all appointments of officers and committees made by the board and of any remuneration fixed by the board; and
- (b) the names of directors present at every meeting of the board, committees of the board, the Company or the holders of a class of shares or debentures, and all orders, resolutions and proceedings of such meetings.

114.2 If purporting to be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting, minutes are receivable as prima facie evidence of the matters stated in them.

VALIDITY OF PROCEEDINGS OF BOARD OR COMMITTEE

115. All acts done by a meeting of the board, or of a committee of the board, or by a person acting as a director, alternate director or member of a committee are, notwithstanding that it is afterwards discovered that there was a defect in the appointment of a person or persons acting, or that they or any of them were or was disqualified from holding office or not entitled to vote, or had in any way vacated their or his office, as valid as if every such person had been duly appointed, and was duly qualified and had continued to be a director, alternate director or member of a committee and entitled to vote.

SECRETARY AND AUTHENTICATION OF DOCUMENTS

SECRETARY

116.1 Subject to the Acts, the board shall appoint a secretary or joint secretaries and may appoint one or more persons to be an assistant or deputy secretary on such terms and conditions (including remuneration) as it thinks fit. The board may remove a person appointed pursuant to this article from office and appoint another or others in his place.

116.2 Any provision of the Acts or of the articles requiring or authorising a thing to be done by or to a director and the secretary is not satisfied by its being done by or to the same person acting both as director and as, or in the place of, the secretary.

AUTHENTICATION OF DOCUMENTS

117. A director or the secretary or another person appointed by the board for the purpose may authenticate documents affecting the constitution of the Company (including the memorandum of association and the articles) and resolutions passed by the Company or holders of a class of shares or the board or a committee of the board and books, records, documents and accounts relating to the business of the Company, and to certify copies or extracts as true copies or extracts.

SEALS

SAFE CUSTODY

118. The board shall provide for the safe custody of every seal.

APPLICATION OF SEALS

119. A seal may be used only by the authority of a resolution of the board or of a committee of the board. The board may decide who will sign an instrument to which a seal is affixed (or, in the case of a share certificate, on which the seal may be printed) either generally or in relation to a particular instrument or type of instrument. The board may also decide, either generally or in a particular case, that a signature may be dispensed with or affixed by mechanical means. Unless otherwise decided by the board:

- (a) share certificates and certificates issued in respect of debentures or other securities (subject to the provisions of the relevant instrument) need not be signed or, if signed, a signature may be applied by mechanical or other means or may be printed; and
- (b) every other instrument to which a seal is affixed shall be signed by one director and by the secretary or a second director.

OFFICIAL SEAL FOR USE ABROAD

120. The Company may exercise the powers conferred by the Acts with regard to having an official seal for use abroad, and those powers shall be vested in the board.

DIVIDENDS AND OTHER PAYMENTS

DECLARATION OF DIVIDENDS

121. Subject to the Acts and the articles, the Company may by ordinary resolution declare a dividend to be paid to the members according to their respective rights and interests, but no dividend may exceed the amount recommended by the board.

INTERIM DIVIDENDS

122. Subject to the Acts, the board may declare and pay such interim dividends (including a dividend payable at a fixed rate) as appear to it to be justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the board may pay interim dividends on shares which rank after shares conferring preferred rights with regard to dividend as well as on shares with preferred rights, unless at the time of payment a preferential dividend is in arrear. If the board acts in good faith, it does not incur any liability to the holders of shares conferring preferred rights for a loss they may suffer by the lawful payment of an interim dividend on shares ranking after those with preferred rights.

ENTITLEMENT TO DIVIDENDS

123. Except as otherwise provided by the rights attached to shares, a dividend shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is declared and paid, but no amount paid up on a share in advance of a call may be treated for the purpose of this article as paid up on the share. Dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

METHOD OF PAYMENT

124.1 The Company may pay a dividend, interest or another amount payable in respect of a share in cash or by cheque, dividend warrant or money order, or by a bank or other funds transfer system, or by such other method as the holder or joint holders of the share in respect of which the payment is made (or the person or persons entitled by transmission to the share) may in writing direct. Any joint holder or other person jointly entitled to a share may give an effective receipt for a dividend, interest or other amount paid in respect of the share.

124.2 The Company may send a cheque, warrant or order by post (i) in the case of a sole holder, to his registered address, or (ii) in the case of joint holders, to the registered address of the person whose name stands first in the register, or (iii) in the case of a person or persons entitled by transmission to a share, as if it were a notice given in accordance with article 139, or (iv) in any case, to a person and address that the person or persons entitled to the payment may in writing direct.

124.3 Every cheque, warrant or order is sent at the risk of the person entitled to the payment and shall be made payable to the order of the person or persons entitled. The payment of the cheque, warrant or order is a good discharge to the Company. If payment is made by a bank or other funds transfer, or by another method at the direction of the holder or holders or other person or persons entitled, the Company is not

responsible for amounts lost or delayed in the course of the transfer or in carrying out these directions.

124.4 Without prejudice to article 67, the board may withhold payment of a dividend (or part of a dividend) payable to a person entitled by transmission to a share until he has provided any evidence of his right that the board may reasonably require.

124.5 Where an Approved Depository (approved by the board for the purposes of this article 124.5) has requested to receive dividends in a currency other than pounds sterling, the board may in its absolute discretion approve the entering into of arrangements with such Approved Depository to enable payment of any dividend to be made to such Approved Depository in such other currency for value on the date on which the relevant dividend is paid, or such later date as the board may determine.

DIVIDENDS NOT TO BEAR INTEREST

125. No dividend or other amount payable by the Company in respect of a share bears interest as against the Company unless otherwise provided by the rights attached to the share.

CALLS OR DEBTS MAY BE DEDUCTED FROM DIVIDENDS ETC.

126. The board may deduct from a dividend or other amounts payable to a person in respect of a share amounts due from him to the Company on account of a call or otherwise in relation to a share.

UNCLAIMED DIVIDENDS ETC.

127. All unclaimed dividends, interest or other amounts payable by the Company in respect of a share may be invested or otherwise made use of by the board for the benefit of the Company until claimed. Dividends unclaimed for a period of 12 years from the date they became due for payment are forfeited and cease to remain owing by the Company. The payment of an unclaimed dividend, interest or other amount payable by the Company in respect of a share into a separate account does not constitute the Company a trustee in respect of it.

UNCASHED DIVIDENDS

128. If, in respect of a dividend or other amount payable in respect of a share, on any one occasion:

- (a) a cheque, warrant or order is returned undelivered or left uncashed, or
- (b) a transfer made by a bank or other funds transfer system is not accepted,

and reasonable enquiries have failed to establish another address or account of the person entitled to the payment, the Company is not obliged to send or transfer a dividend or other amount payable in respect of that share to that person until he notifies the Company of an address or account to be used for that purpose. If the cheque, warrant or order is returned undelivered or left uncashed or transfer not accepted on two consecutive occasions, the Company may exercise this power without making any such enquiries.

PAYMENT OF DIVIDENDS IN SPECIE

129. Without prejudice to article 123, the board may, with the prior authority of an ordinary resolution of the Company, direct that payment of a dividend may be satisfied wholly or in part by the distribution of specific assets and in particular of paid-up shares or debentures of another company. Where a difficulty arises in connection with the distribution, the board may settle it as it thinks fit and in particular may issue fractional certificates (or ignore fractions), may fix the value for distribution of the specific assets (or any part of them), may decide that a cash payment be made to a member on the basis of the value so fixed, in order to secure equality of distribution, and may vest assets in trustees on trust for the persons entitled to the dividend as may seem expedient to the board.

PAYMENT OF SCRIP DIVIDENDS

130.1 Subject to the Acts, but without prejudice to article 123, the board may, with the prior authority of an ordinary resolution of the Company, allot to those holders of a particular class of shares who have elected to receive them further shares of that class or ordinary shares, in either case credited as fully paid, (NEW SHARES) instead of cash in respect of all or part of a dividend or dividends specified by the resolution, subject to any exclusions, restrictions or other arrangements the board may in its absolute discretion deem necessary or expedient to deal with legal or practical problems under the laws of, or the requirements of a recognised regulatory body or a stock exchange in, any territory.

130.2 Where a resolution under article 130.1 is to be proposed at a general meeting and the resolution relates in whole or in part to a dividend to be declared at that meeting, then the resolution declaring the dividend is deemed to take effect at the end of that meeting.

130.3 A resolution under article 130.1 may relate to a particular dividend or to all or any dividends declared or paid within a specified period, but that period may not end later than the beginning of the fifth annual general meeting following the date of the meeting at which the resolution is passed.

130.4 The board shall determine the basis of allotment of new shares so that, as nearly as may be considered convenient without involving rounding up of fractions, the value of the new shares (including a fractional entitlement) to be allotted (calculated by reference to the average quotation, or the nominal value of the new shares, if greater) equals (disregarding an associated tax credit) the amount of the dividend which would otherwise have been received by the holder (the RELEVANT DIVIDEND). For this purpose the AVERAGE QUOTATION of each of the new shares is the average of the middle-market quotations for a fully-paid share of the Company of that class derived from the Daily Official List of the London Stock Exchange on the business day on which the relevant class of shares is first quoted ex the relevant dividend (or such other date as the board may deem appropriate to take account of any subsequent issue of shares by the Company) and the four subsequent business days or shall be as determined by or in accordance with the ordinary resolution.

130.5 The board may make any provision it considers appropriate in relation to an allotment made pursuant to this article, including but not limited to:

- (a) the giving of notice to holders of the right of election offered to them;
- (b) the provision of forms of election (whether in respect of a particular dividend or dividends generally);
- (c) determination of the procedure for making and revoking elections;
- (d) the place at which, and the latest time by which, forms of election and other relevant documents must be lodged in order to be effective; and
- (e) the disregarding or rounding up or down or carrying forward of fractional entitlements, in whole or in part, or the accrual of the benefit of fractional entitlements to the Company (rather than to the holders concerned).

130.6 The dividend (or that part of the dividend in respect of which a right of election has been offered) is not declared or payable on shares in respect of which an election has been duly made (the ELECTED SHARES); instead new shares are allotted to the holders of the elected shares on the basis of allotment calculated as in article 130.4. For that purpose, the board may resolve to capitalise out of amounts standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution, a sum equal to the aggregate nominal amount of the new shares to be allotted and apply it in paying up in full the appropriate number of new shares for allotment and distribution to the holders of the elected shares. A resolution of the board capitalising part of the reserves has the same effect as if the capitalisation had been declared by ordinary resolution of the Company pursuant to article 131. In relation to the capitalisation the board may exercise all the powers conferred on it by article 131 without an ordinary resolution of the Company.

130.7 The new shares rank pari passu in all respects with each other and with the fully-paid shares of the same class in issue on the record date for the dividend in respect of which the right of election has been offered, but they will not rank for a dividend or other distribution or entitlement which has been declared or paid by reference to that record date.

CAPITALISATION OF PROFITS

131. Subject to the Acts, the board may, with the authority of an ordinary resolution of the Company:

- (a) resolve to capitalise an amount standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution;
- (b) appropriate the sum resolved to be capitalised to the members in proportion to the nominal amount of ordinary shares and limited voting shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:
 - (i) paying up the amounts (if any) for the time being unpaid on shares held by them respectively, or

(i) paying up in full unissued shares or debentures of a nominal amount equal to that sum,

and allot the shares or debentures, credited as fully paid, to the members (or as they may direct) in those proportions, or partly in one way and partly in the other, but the share premium account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this article 131, only be applied in paying up unissued shares to be allotted to members credited as fully paid;

(c) make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, where shares or debentures become distributable in fractions, the board may deal with the fractions as it thinks fit, including issuing fractional certificates, disregarding fractions or selling shares or debentures representing the fractions to a person for the best price reasonably obtainable and distributing the net proceeds of the sale in due proportion amongst the members (except that if the amount due to a member is less than (pound)3, or such other sum as the board may decide, the sum may be retained for the benefit of the Company);

(d) authorise a person to enter (on behalf of all the members concerned) into an agreement with the Company providing for either:

(i) the allotment to the members respectively, credited as fully paid, of shares or debentures to which they may be entitled on the capitalisation, or

(ii) the payment by the Company on behalf of the members (by the application of their respective proportions of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing shares,

an agreement made under such authority being effective and binding on all those members; and

(e) generally do all acts and things required to give effect to the resolution.

RECORD DATES

132. Notwithstanding any other provision of the articles, but subject to the Acts and rights attached to shares, the Company or the board may fix any date as the record date for a dividend, distribution, allotment or issue. The record date may be on or at any time before or after a date on which the dividend, distribution, allotment or issue is declared, made or paid.

ACCOUNTS

INSPECTION OF ACCOUNTS

133.1 The board shall ensure that accounting records are kept in accordance with the Acts.

133.2 The accounting records shall be kept at the office or, subject to the Acts, at another place decided by the board and shall be available during business hours for the inspection of the directors and other officers. No member (other than a director or other officer) has the right to inspect an accounting record or other document except if a right is conferred by the Acts or he is authorised by the board.

ACCOUNTS TO BE SENT TO MEMBERS ETC.

134.1 In respect of each financial year, a copy of the Company's annual accounts, directors' report and auditors' report on those accounts shall be sent by post or delivered to:

- (a) every member (whether or not entitled to receive notices of general meetings),
- (b) every holder of debentures (whether or not entitled to receive notices of general meetings), and
- (c) every other person who is entitled to receive notices of general meetings,

not less than 21 clear days before the date of the meeting at which copies of those documents are to be laid in accordance with the Acts. This article 134 does not require copies of the documents to which it applies to be sent or delivered to:

- (i) a member or holder of debentures of whose address the Company is unaware, or
- (ii) more than one of the joint holders of shares or debentures.

134.2 Where permitted by the Acts, a summary financial statement derived from the Company's annual accounts and the directors' report in the form and containing the information prescribed by the Acts may be sent or delivered to a person in place of the documents required to be sent or delivered by article 135.1.

NOTICES

135. A notice to be given to or by a person pursuant to the articles shall be in writing except that a notice convening a meeting of the board or of a committee of the board need not be in writing.

SERVICE OF NOTICES AND OTHER DOCUMENTS ON MEMBERS

136.1 A notice or other document may be given to a member by the Company either personally or by sending it by post in a pre-paid envelope addressed to the member at his registered address, or by leaving it at that address (or at another address notified for the purpose) in an envelope addressed to the member.

136.2 In the case of joint holders of a share, a notice or other document shall be given to whichever of them is named first in the register in respect of the joint holding and notice given in this way is sufficient notice to all joint holders.

136.3 If a member (or, in the case of joint holders, the person first named in the register) has a registered address outside the United Kingdom or the United States of

America but has notified the Company of an address in the United Kingdom or the United States of America at which notices or other documents may be given to him, he is entitled to have notices given to him at that address, but otherwise no such member or person is entitled to receive a notice or other document from the Company.

NOTICE BY ADVERTISEMENT

137. If by reason of the suspension or curtailment of postal services in the United Kingdom or the United States of America the Company is unable effectively to convene a general meeting by notices sent by post, the board may, in its absolute discretion and as an alternative to any other method of service permitted by the articles, resolve to convene a general meeting by a notice advertised in at least, in the case of the suspension or curtailment of postal services in the United Kingdom, one leading United Kingdom national daily newspaper and, in the case of the suspension or curtailment of postal services in the United States of America, the Wall Street Journal and the New York Times, (but, if any such newspaper shall by reason of industrial action or otherwise not be published on the date on which the advertisement is due to appear, publication in such other newspaper(s) as the board shall consider appropriate shall be sufficient). In this case the Company shall send confirmatory copies of the notice by post if at least seven clear days before the meeting the posting of notices to addresses throughout the United Kingdom and/or the United States of America again becomes practicable.

EVIDENCE OF SERVICE

138.1 A notice or other document addressed to a member at his registered address or address for service in the United Kingdom or the United States of America is, if sent by post (by airmail if posted from outside the United Kingdom to an address within the United Kingdom or from outside the United States of America to an address within the United States of America), deemed to be given within 24 hours if pre-paid as first class post and within 48 hours if pre-paid as second class post after it has been posted, and in proving service it is sufficient to prove that the envelope containing the notice or document was properly addressed, pre-paid and posted.

138.2 A notice or document not sent by post but left at a registered address or address for service in the United Kingdom or the United States of America is deemed to be given on the day it is left.

138.3 Where notice is given by newspaper advertisements, the notice is deemed to be given to all members and other persons entitled to receive it at noon on the day when the advertisements appear or, if they appear on different days, at noon on the last of the days when the advertisements appear.

138.4 A member present in person or by proxy at a meeting or of the holders of a class of shares is deemed to have received due notice of the meeting and, where required, of the purposes for which it was called.

NOTICE BINDING ON TRANSFEREES ETC.

139. A person who becomes entitled to a share by transmission, transfer or otherwise is bound by a notice in respect of that share (other than a notice served by

the Company under section 212 of the Act) which, before his name is entered in the register, has been properly served on a person from whom he derives his title.

NOTICE IN CASE OF ENTITLEMENT BY TRANSMISSION

140. Where a person is entitled by transmission to a share, the Company may give a notice or other document to that person as if he were the holder of a share by addressing it to him by name or by the title of representative of the deceased or trustee of the bankrupt member (or by similar designation) at an address in the United Kingdom or the United States of America supplied for that purpose by the person claiming to be entitled by transmission. Until an address has been supplied, a notice or other document may be given in any manner in which it might have been given if the death or bankruptcy or other event had not occurred. The giving of notice in accordance with this article is sufficient notice to all other persons interested in the share.

MISCELLANEOUS

DESTRUCTION OF DOCUMENTS

141.1 The Company may destroy:

- (a) a share certificate which has been cancelled at any time after one year from the date of cancellation;
- (b) a mandate for the payment of dividends or other amounts or a variation or cancellation of a mandate or a notification of change of name or address at any time after two years from the date the mandate, variation, cancellation or notification was recorded by the Company;
- (c) an instrument of transfer of shares (including a document constituting the renunciation of an allotment of shares) which has been registered at any time after six years from the date of registration; and
- (d) any other document on the basis of which any entry in the register is made at any time after six years from the date an entry in the register was first made in respect of it.

141.2 It is presumed conclusively in favour of the Company that every share certificate destroyed was a valid certificate validly cancelled, that every instrument of transfer destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed was a valid and effective document in accordance with the recorded particulars in the books or records of the Company, but:

- (a) the provisions of this article 141 apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of the document is relevant to a claim;
- (b) nothing contained in this article 141 imposes on the Company liability in respect of the destruction of a document earlier than provided for in this article 141 or in any case where the conditions of this article are not fulfilled; and

- (c) references in this article 141 to the destruction of a document include reference to its disposal in any manner.

WINDING UP

142. On a voluntary winding up of the Company the liquidator may, on obtaining any sanction required by law, divide among the members in kind the whole or any part of the assets of the Company, whether or not the assets consist of property of one kind or of different kinds. For this purpose the liquidator may set the value he deems fair on a class or classes of property, and may determine on the basis of that valuation and in accordance with the then existing rights of members how the division is to be carried out between members or classes of members. The liquidator may not, however, distribute to a member without his consent an asset to which there is attached a liability or potential liability for the owner.

INDEMNITY

143.1 Subject to the Acts, but without prejudice to an indemnity to which he may otherwise be entitled, every officer of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him in the execution of his duties or the exercise of his powers, authorities and discretions including (without prejudice to the generality of the foregoing) a liability incurred:

- (a) defending proceedings (whether civil or criminal) in which judgment is given in his favour or in which he is acquitted, or which are otherwise disposed of without a finding or admission of material breach of duty on his part, or
- (b) in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

143.2 The board may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is an officer or employee, or former officer or employee, of the Company or of a company which is a subsidiary undertaking of the Company or in which the Company has an interest (whether direct or indirect), or who is or was trustee of a retirement benefits scheme or another trust in which an officer or employee or former officer or employee is or has been interested, indemnifying him against liability for negligence, default, breach of duty or breach of trust or another liability which may lawfully be insured against by the Company.

CONFORMED COPY

As of 3 MARCH 2000

MICROSOFT CORPORATION

LIBERTY MEDIA INTERNATIONAL, INC.

LIBERTY UK HOLDINGS, INC.

LIBERTY UK, INC.

TELEWEST COMMUNICATIONS PLC

=====
THE REVISED NEW RELATIONSHIP AGREEMENT
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(ii)

THIS REVISED NEW RELATIONSHIP AGREEMENT is dated as of 3 March 2000

BETWEEN:

(1) MICROSOFT CORPORATION, a company incorporated in Washington, whose principal place of business is at One Microsoft Way, Redmond, WA 98052 6399 (MICROSOFT);

(2) LIBERTY MEDIA INTERNATIONAL, INC., a company incorporated in Delaware, USA whose principal place of business is 9197 South Peoria Street, Englewood, Colorado 80112 USA (LIBERTY INTERNATIONAL) (formerly known as Tele-Communications International, Inc.);

(3) LIBERTY UK HOLDINGS, INC., a company incorporated in Delaware, USA whose principal place of business is 9197 South Peoria Street, Englewood, Colorado 80112 USA (LIBERTY UK HOLDINGS);

(4) LIBERTY UK, INC., a company incorporated in Colorado, USA whose principal place of business is 9197 South Peoria Street, Englewood, Colorado, 80112 USA (formerly known as United Artists Programming - Europe, Inc.) (LIBERTY UK); and

(5) TELEWEST COMMUNICATIONS PLC, a company incorporated in England and Wales (registered no. 2983307), whose registered office is at Genesis Business Park, Albert Drive, Woking, Surrey GU21 5RW, England (the COMPANY).

WHEREAS:

(A) Certain parties to this Agreement, together with (i) MediaOne International Holdings, Inc., (MEDIAONE); and (ii) MediaOne UK Cable, Inc. and MediaOne Cable Partnership Holdings, Inc. (together, the MEDIAONE SHAREHOLDERS), are parties to a relationship agreement dated 21 May 1999 (the 1999 FIRST RELATIONSHIP AGREEMENT). The parties to this Agreement together with the MediaOne Shareholders are parties to a Revised Existing Relationship Agreement dated as of 3 March 2000 which replaces, to the extent provided in that agreement, the 1999 First Relationship Agreement (the 2000 FIRST RELATIONSHIP AGREEMENT)

(B) Microsoft has agreed, pursuant to the Microsoft MediaOne Purchase Agreement, to acquire or merge certain of its Affiliates with the MediaOne Shareholders (the Shares registered in the names of such shareholders, together with the Shares beneficially owned by them, being the MEDIAONE SHARES).

(C) The parties have agreed that this Agreement will, to the extent provided in this Agreement, replace the 2000 First Relationship Agreement in all respects from satisfaction of the conditions set out in Clause 2.

(D) As a condition to the closing of the Microsoft MediaOne Purchase Agreement certain of the Ordinary Shares held by an Affiliate of MediaOne Group, Inc. have been redesignated as Limited Voting Shares pursuant to resolutions passed at an Extraordinary General Meeting of the Company held on 27 October 1999.

THE PARTIES AGREE as follows:

INTERPRETATION

1.1 In this Agreement, unless indicated to the contrary:

ACT means the Companies Act 1985 (as amended);

AFFILIATE means with respect to any Person, any other Person directly or indirectly Controlling, directly or indirectly Controlled by or under direct or indirect common Control with such Person;

ADS means an American Depositary Share representing 10 Ordinary Shares;

BOARD means the board of directors of the Company;

BUSINESS DAY means any day other than a Saturday or Sunday or a public holiday in the State of Colorado, the State of Delaware or England and Wales;

CABLE TELEPHONY means any voice or data telecommunications transmission service which operates in whole or in part by cable links to subscribers' premises, is interconnected at some point to a public switched network and is intended to serve customers in the United Kingdom;

CABLE TELEVISION means any service provided to customers on a subscription or pay-per-view basis which sends sounds or visual images or both by means of cable, radio or microwave transmission systems for television reception at two or more locations, whether sent for simultaneous reception or at different times in response to subscribers' requests, including without limitation video on demand and other interactive services and other entertainment, telecommunications and information services proposed to be offered by the Company, as described in the Disclosure Documents;

CHANGE IN CONTROL means

(a) with respect to Microsoft and its Affiliates, the acquisition (whether by merger, consolidation, sale, assignment, lease, transfer or otherwise, in

one transaction or any related series of transactions) of beneficial ownership of equity interests in Microsoft or any of its Affiliates by any Person (except pursuant to a distribution in specie, spin off, share dividend, demerger or similar transaction and other than any acquisition of beneficial ownership by Microsoft or any of its Affiliates) as a result of which such Person has the power, directly or indirectly, to direct the voting and disposition of Shares held by Microsoft and its Affiliates representing at least 15 per cent. of the outstanding Shares of the Company provided that any change in the Control of Microsoft shall not be deemed a Change in Control for the purposes of this Agreement; and

- (b) with respect to Liberty International and its Affiliates, the acquisition (whether by merger, consolidation, sale, assignment, lease, transfer or otherwise, in one transaction or any related series of transactions) of beneficial ownership of equity interests in Liberty International or any of its Affiliates by any Person (except pursuant to a distribution in specie, spinoff, share dividend, demerger or similar transaction and other than any acquisition of beneficial ownership by Liberty International or any of its Affiliates) as a result of which such Person has the power, directly or indirectly, to direct the voting and disposition of Shares held by Liberty International and its Affiliates representing at least 15 per cent. of the outstanding Shares of the Company, provided that any change in the Control of TCI, Liberty Media Corporation, Liberty International or AT&T Corporation shall not be deemed a Change in Control for purposes of this Agreement.

A Change in Control shall be deemed voluntary if it is the result of a transaction agreed to by Liberty International or any of its Affiliates or by Microsoft or any of its Affiliates, as the case may be. A Change in Control shall be deemed involuntary if it is the result of actions by Persons other than Liberty or any of its Affiliates or Microsoft or any of its Affiliates, as the case may be, taken without the agreement or consent of Liberty International or any of its Affiliates or of Microsoft or any of its Affiliates, as the case may be;

CLOSING PRICE means the sale price for Ordinary Shares (i) with respect to Ordinary Shares to be offered on the London Stock Exchange, the sale price which appears on the relevant Reuters Screen for the Company as of 11:00 a.m. (London time) on a Trading Day, provided that if such Ordinary Shares do not appear on such Reuters Screen or such Reuters Screen is temporarily unavailable, the sale price with respect to the Ordinary Shares will be the last reported sale price which appears in the Official List of the London Stock Exchange on a Trading Day and (ii) with respect to Ordinary Shares to be offered on the New York Stock Exchange in the form of ADSs the last reported sale price on a Trading Day or, in case no such sale takes place on such day, the

average of the reported closing bid and asked prices as reported on the New York Stock Exchange Composite Tape, or, if such sales are not so reported, the reported last sale price or, if no such sale takes place on such day, the average of the reported closing bid and asked prices on the principal national securities exchange on which the ADSs are listed or admitted to trading, or if not listed or admitted to trading on any national securities exchange, on the NASDAQ National Market System (NASDAQ), or if the ADSs are not quoted on such National Market System, the average of the closing bid and asked prices in the over-the-counter market as furnished by any New York Stock Exchange member firm selected by the Board for that purpose;

CONTROL means with respect to any Person, the possession, directly or indirectly, by another Person of the power to direct or cause the direction of the management or policies of such Person, whether through equity ownership, by contract or otherwise, but a Person shall not be deemed to Control another Person solely by virtue of any veto rights granted to it as a minority equity owner or by virtue of super majority voting rights and the words CONTROLLED and CONTROLLING shall be construed accordingly;

CONTROLLED AFFILIATE means with respect to any Person, any Affiliate of such Person which is under the Control of such Person provided that each of Flextech plc, At Home Corporation and Princes Holdings Limited shall not be treated as a Controlled Affiliate of the Liberty Group;

CONTROLLING SHAREHOLDER has the same meaning as in paragraph 3.13 of Chapter 3 of the Listing Rules;

DEBENTURE CHANGE OF CONTROL means a Change of Control as defined in any of (i) the Indenture, dated as of October 3, 1995, between the Company and The Bank of New York, pursuant to which the Company issued its Senior Debentures due 2006, (ii) the Indenture, dated as of October 3, 1995, between the Company and The Bank of New York pursuant to which the Company issued its Senior Discount Debentures due 2007, (iii) the Indenture dated as of November 9, 1998 between the Company and The Bank of New York, pursuant to which the Company issued its Senior Notes due 2008, (iv) the Indenture, dated as of February 19, 1999 between the Company and The Bank of New York, pursuant to which the Company issued its Senior Convertible Notes due 2007 (v) the Indenture, dated as of 15 April 1999, between the Company and The Bank of New York, pursuant to which the Company issued its Sterling and Dollar denominated Senior Discount Notes due 2009 in each case as in effect as at 1 October 1999 and (vi) a document governing any other indebtedness of the Company as agreed in writing in advance by Microsoft and Liberty International (the INDENTURES), provided that there shall not be deemed to be any such Change of Control if all the notes which have been issued pursuant to the Indentures referred to in (i) to (v) prior to 30 September 1999 or pursuant to

any document referred to in (vi) shall have been redeemed, repaid, cancelled or purchased by the Company;

DIRECTOR means a director of the Company;

DISCLOSURE DOCUMENTS means the prospectus, registration statement and listing particulars filed, distributed or used in connection with Old Telewest's initial public offering of Ordinary Shares in 1994 or in connection with the Company's acquisition of SBC CableComms and Old Telewest in 1995 or in connection with the Company's acquisition of General Cable PLC in 1998;

FAIR MARKET VALUE means as to any property, the price at which a willing seller would sell and a willing buyer would buy such property having full knowledge of the facts, in an arm's length transaction without time constraints, and without being under any compulsion to buy or sell;

FLEXTECH OFFER means the offer by the Company for all of the issued and to be issued ordinary shares in Flextech plc made on 7 March 2000;

FULLY DILUTED ORDINARY SHARES means, at any time, the Ordinary Shares in issue at such time and the Ordinary Shares which would be in issue if all options and rights outstanding for the time being to subscribe for Ordinary Shares or securities convertible into or exchangeable for Ordinary Shares (including the Limited Voting Shares) were exercisable and had been exercised and the relevant Ordinary Shares and securities issued and all securities convertible into or exchangeable for Ordinary Shares in issue (or assumed to be in issue) at such time were convertible or exchangeable and had been converted or exchanged and the relevant Ordinary Shares issued;

INDEPENDENT DIRECTORS means those Directors who are not designated by the Liberty Group or the Microsoft Group in accordance with Article 71 of the 2000 Articles and are not partners, officers or employees of, and do not have a material consultancy with, the Liberty Group or the Microsoft Group;

IPO DOCUMENTS means the prospectus, registration statement and listing particulars filed, distributed or used in connection with Old Telewest's initial public offering of Ordinary Shares in 1994;

LIBERTY MEDIA CORPORATION, a Delaware corporation;

LIBERTY GROUP means Liberty International and its Affiliates from time to time or any Person or group of Persons within the meaning given to the expression "Liberty Group" in the 2000 Articles;

LIBERTY SHAREHOLDERS means Liberty UK Holdings and Liberty UK (whilst each is a member of the Liberty Group and a Shareholder) and/or any Shareholder who is a member of the Liberty Group for the time being;

LIMITED VOTING SHARES means the limited voting convertible ordinary shares of the Company having the rights set out in the 2000 Articles;

MICROSOFT MEDIAONE PURCHASE AGREEMENT means the merger agreement between Microsoft, MediaOne UK Cable, Inc., MediaOne Cable Partnership Holdings, Inc., MediaOne Group, Inc. and MediaOne International Inc. dated 4 October 1999;

MICROSOFT GROUP means Microsoft and its Affiliates from time to time or any Person or group of Persons within the meaning given to the expression "Microsoft Group" in the 2000 Articles;

MICROSOFT SHAREHOLDER means Microsoft and/or any Shareholder who is a member of the Microsoft Group for the time being;

2000 ARTICLES means the articles of association adopted by the Company (conditional upon Affiliates of Microsoft merging with the MediaOne Shareholders) in the agreed form pursuant to resolution 7 at the Company's Extraordinary General Meeting held on 31 March 2000 (and any adjournment thereof);

2000 FIRST RELATIONSHIP AGREEMENT has the meaning given to that expression in Recital A;

OLD RELATIONSHIP AGREEMENT means the relationship agreement entered into as of 22 November 1994 by and among Old Telewest, Liberty, MediaOne and the parties to the Old Shareholders' Agreement as amended by an agreement between the same parties as of 19 June 1995 and as further supplemented by an agreement between the same parties and the Company dated 3 October 1995;

OLD SHAREHOLDERS' AGREEMENT means the shareholders' agreement dated as of 22 November 1994 by and between United Artists Cable Television UK Holdings, Inc., Liberty UK, and the MediaOne Shareholders as amended by an agreement between the same parties dated 19 June 1995 and supplemented by a further agreement between the same parties, Old Telewest and the Company dated 3 October 1995;

OLD TELEWEST means Telewest Communications Cable Limited, a company incorporated in England and Wales (registered no. 2883742) whose registered office is at Genesis Business Park, Albert Drive, Woking, Surrey GU21 5RW, England;

ORDINARY SHARE means an ordinary share, 10p par value, of the Company, including any such share represented by an ADS;

OWNERSHIP INTEREST means, with respect to each Person owning an interest in TW Holdings, all of the interests of such Person in TW Holdings (including, without limitation, an interest in the profits and losses of TW Holdings, a capital account interest in TW Holdings and all other rights and obligations of such Person under the TW Holdings Operating Agreement);

PERCENTAGE OWNERSHIP has the meaning given to that expression in clause 9.1;

PERMITTED DEMERGER means a distribution in specie, share dividend, spin off, demerger or similar transaction resulting in one or more Affiliates of the transferor owning 80 per cent. or more of the Shares owned by the transferor's group (for such purposes meaning the Microsoft Group if a member or members of such group is or are the transferor(s) or the Liberty Group if a member or members of the Liberty Group is or are the transferor(s)) immediately prior to such transaction;

PERSON means an individual, corporation, general or limited partnership, limited or unlimited liability company, trust, association, unincorporated organisation, government or any authority, agency or body thereof, or other entity;

PRIVATE TRANSFER means the Transfer of Shares by a Shareholder in a negotiated transaction, rather than through a brokerage transaction effected on a national securities exchange, NASDAQ or the London Stock Exchange;

PRO RATA SHARES means, with respect to any Shareholder Group at any time, the number of Shares held by TW Holdings attributable to such Shareholder Group being the product rounded to the nearest whole number of (x) the sum of the number of Shares owned by TW Holdings multiplied by (y) the aggregate percentage Ownership Interest in TW Holdings, expressed as a decimal, held by members of such Shareholder Group as at such time;

PUBLIC TRANSFER means the Transfer of Shares by a Shareholder through a brokerage transaction effected on a national securities exchange, NASDAQ or the London Stock Exchange, including a Private Transfer to a broker in anticipation of a Public Transfer to be effected by that broker;

QUALIFYING GROUP has the meaning given to that expression in clause 9.1;

RELEVANT PERSON means a director, officer or employee of any of Liberty International, Microsoft or their respective Affiliates;

REQUIRED CONSENT has the meaning given to that expression in clause 5.2;

SHAREHOLDERS means each of Microsoft, Liberty UK, Liberty UK Holdings and each Person who acquires Shares and becomes a party to this Agreement by completing, executing and delivering a deed of adherence in accordance with clause 22.2, for so long as it holds any Shares or owns any Shares and remains a party to this Agreement;

SHAREHOLDER GROUP means any of the Liberty Group or the Microsoft Group;

SHARES means the Ordinary Shares and the Limited Voting Shares;

TCI means Tele-Communications, Inc., a Delaware corporation;

TELEWEST GROUP means the Company and every Person Controlled by the Company;

TRADING DAY means each Monday, Tuesday, Wednesday, Thursday and Friday other than a day on which securities are not traded on the applicable exchange or market;

TRANSFER means, in relation to any Shares, to sell, assign, pledge, grant a security interest in, or otherwise dispose of such shares or any legal or beneficial interest therein or agree to do any of the foregoing;

TW HOLDINGS means TW Holdings, L.L.C., a Colorado limited liability company;

TW HOLDINGS OPERATING AGREEMENT means the amended and restated operating agreement of TW Holdings dated 1 September 1998, as amended and restated from time to time or any other agreement entered into between the Liberty Group and the Microsoft Group (or any member or members of such Groups) concerning the operation of TW Holdings;

UNITED KINGDOM OR UK means England, Wales, Scotland and Northern Ireland, as their territories and boundaries exist on 1 September 1998; and

WIRELESS TELEPHONY means any voice or data telecommunications transmission service which operates by means of radiowave, microwave, cellular or other similar technology as part of a licensed mobile communications system or personal communications network;

1.2 In this Agreement unless indicated to the contrary, a reference to:

1.2.1 a statutory provision includes a reference to the statutory provision as modified or re-enacted or both from time to time whether before or after the date of this Agreement and any subordinate legislation made under the statutory provision whether before or after the date of this Agreement;

1.2.2 a Person includes a reference to that Person's legal personal representatives, successors and lawful assigns;

1.2.3 a clause or schedule, unless the context otherwise requires, is a reference to a clause of or schedule to this Agreement; and

1.2.4 a document is a reference to that document as from time to time supplemented or varied.

1.3 The headings in this Agreement do not affect its interpretation.

1.4 Wherever this Agreement requires or permits the calculation of a number or percentage of Shares in issue held by any Shareholder or Shareholder Group such number or percentage shall include the Pro Rata Shares of that Shareholder or Shareholder Group.

CONDITIONS

2. The provisions of this Agreement are conditional upon:

- (a) this Agreement being approved by shareholders independent of MediaOne, Liberty International and Microsoft at the Company's Extraordinary General Meeting convened in connection with the approval of the Flextech Offer (or any adjournment of that meeting);
- (b) Affiliates of Microsoft merging with the MediaOne Shareholders pursuant to the Microsoft MediaOne Purchase Agreement; and
- (c) the Flextech Offer becoming unconditional in all respects,

and on satisfaction of such conditions, this Agreement shall, to the extent provided herein, replace the 2000 First Relationship Agreement.

REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

3.1 Each party represents, warrants and undertakes to each other party (other than a member of the same Shareholder Group), as of the date of execution of this Agreement, as follows:

- (a) it is duly organised or formed, validly existing and in good standing under the laws of its jurisdiction of incorporation or formation;
- (b) it has full power and authority to conduct its business as currently conducted, to execute and deliver this Agreement and to carry out the transactions contemplated by this Agreement and the execution, delivery and performance by it of this Agreement and the consummation by it of

the transactions contemplated by this Agreement have been duly authorised by all necessary corporate or partnership action;

- (c) the obligations expressed to be undertaken by it under this Agreement are legal, valid and binding upon it except that the validity, binding effect and the enforceability may be subject to or limited by bankruptcy, insolvency, reorganisation, moratorium and other similar laws relating to or affecting the rights of creditors generally, and subject to general principles of equity, regardless of whether considered in a proceeding at law or in equity;
- (d) the execution and delivery of this Agreement by it and compliance by it with the provisions of this Agreement will not violate, result in any breach of, constitute a default under or require a consent or waiver under its certificate of incorporation, articles of incorporation, bylaws, memorandum and articles of association, operating agreement or partnership agreement, as the case may be, or any indenture, lease, agreement or instrument to which it is a party or by which it or any of its property may be bound, or under any decree, judgement, order, statute, legal principle, rule or regulation applicable to it, other than any violation, breach or default that would not have an adverse effect on the performance by it of the terms of this Agreement; and
- (e) it has obtained, made or given all material authorisations, orders, approvals, consents, registrations, filings and notices required to be obtained, made or given by it from, with or to any Person with respect to entering into this Agreement.

3.2 The Company undertakes to Microsoft and Liberty International to use its best endeavours to establish as soon as reasonably practicable a block listing for such number of Ordinary Shares as may fall to be issued pursuant to the conversion of the Limited Voting Shares.

3.3 It is expressly agreed and acknowledged by the Company that nothing in this Agreement prevents Liberty International, Microsoft or their respective Affiliates from making a general offer for the Shares.

3.4 Each of Liberty International and Microsoft severally undertakes to the Company that, prior to Microsoft, Liberty International or any of their respective Affiliates purchasing any Ordinary Shares from any third party, Microsoft or Liberty International, as the case may be (on behalf of themselves and their respective Affiliates), shall notify the Company of such proposed purchase and, prior to such purchase, redesignate a sufficient number of their existing Ordinary Shares as Limited Voting Shares in accordance with the 2000 Articles to ensure that such purchase, in conjunction with such redesignation,

will not amount to a Debenture Change of Control. Any such notice shall be accompanied by an opinion from leading New York counsel of at least 10 years standing (such opinion to be at the Company's expense and addressed to the Company) stating that such purchase, in conjunction with such redesignation, will not amount to a Debenture Change of Control.

DIRECTORS

4. The Directors other than the Microsoft Designated Directors or the Liberty Designated Directors (each as defined in the 2000 Articles) shall be appointed by the Board or the Company in general meeting provided that each such appointee shall be a person reasonably acceptable to the Microsoft Designated Directors for so long as the Microsoft Group is a Qualifying Group and the Liberty Designated Directors for so long as the Liberty Group is a Qualifying Group provided that, the holding of Limited Voting Shares shall not be taken into account in determining whether the Microsoft Group or the Liberty Group is a Qualifying Group for the purposes of this clause 4.

MATTERS REQUIRING CONSENT

5.1 For so long as the Microsoft Group or the Liberty Group is a 15 Per Cent. Group (as defined in clause 9.1), the Company shall not and shall procure that none of its subsidiary undertakings will do, or agree to do, any of the following things without the Required Consent and no Shareholder shall knowingly acquiesce in the doing thereof without the Required Consent:

5.1.1 any material acquisition or disposal outside the ordinary course of the business of the Telewest Group, and for these purposes an acquisition or disposal shall be deemed material and outside the ordinary course of the business of the Telewest Group if it represents a class 2 transaction under the Listing Rules of the London Stock Exchange or the Company intends in any event, or is required, to announce the acquisition or disposal;

5.1.2 incur any borrowings or indebtedness in the nature of borrowings (otherwise than under a facility or agreement entered into before 1 September 1998) which when aggregated with any borrowings or indebtedness in the nature of borrowings of the Telewest Group so incurred and outstanding at the time being (ignoring intra-group borrowings and indebtedness and borrowings or indebtedness under any facility or agreement for which the Required Consent has already been obtained) exceeds (pound)50 million or, grant any security interests in any assets which, when aggregated with other assets of the Telewest Group over which security interests are granted after this Agreement becomes unconditional (ignoring any security interests for which the Required Consent has already been obtained), together have a Fair Market Value of (pound)50 million or more, or agree to any material amendment, supplement or variation of the terms

of any borrowings, indebtedness in the nature of borrowings or security interests;

5.1.3 allot or issue any shares or securities convertible into or exchangeable for shares or grant any options or rights to subscribe for shares or any such securities (other than the issue of securities to Microsoft/Liberty Media Shareholders pursuant to clause 9 and pursuant to the exercise of any option (to the extent required under its terms to be met by an issue of new shares rather than a transfer of existing shares) or the conversion or exchange of any security granted or issued prior to 15 April 1998 or with the Required Consent or the conversion of Limited Voting Shares into Ordinary Shares);

5.1.4 appoint or remove the Chief Executive Officer of the Company; or

5.1.5 increase the number of Directors holding office for the time being beyond 16.

5.2 For the purposes of clause 5.1, REQUIRED CONSENT means prior written consent by notice to the Company from:

5.2.1 the Microsoft Group, for so long as the Microsoft Group holds or owns in aggregate 15 per cent. or more of the Shares (or, in the case of 5.1.5 only, Ordinary Shares) in issue for the time being; and

5.2.2 the Liberty Group, for so long as the Liberty Group holds or owns in aggregate 15 per cent. or more of the Shares in issue for the time being.

VOTING AGREEMENT AMONG LIBERTY GROUP AND MICROSOFT GROUP

6.1 Subject to clause 6.3 the Microsoft Shareholders and the Liberty Shareholders undertake to one another that they shall exercise the voting rights attached to the Shares owned by them and shall cause the Directors nominated by them to vote (subject to their fiduciary duties as Directors of the Company) in all matters in such manner as shall be agreed upon by the Liberty Shareholders and the Microsoft Shareholders provided that if the Liberty Shareholders or the Microsoft Shareholders (or the directors nominated by them respectively) have a conflict of interest in any matter, the particular party affected shall abstain and the others may vote on such matter as they deem appropriate.

6.2 If the Liberty Shareholders and the Microsoft Shareholders cannot agree on any matter within a period of 10 days after the matter is first presented for decision, the matter in dispute shall be referred to the Chief Executive Officers of Liberty International and of Microsoft (or other representatives designated by each of such Shareholder Groups) and the decision of such officers shall be final and binding. If those officers cannot agree on any matter presented to

them prior to the earlier of the date the vote is to be taken or five days after the matter is first submitted to them, voting shall occur in such manner that would be most likely to continue the status quo, without materially increasing the Company's financial obligations or materially deviating from its approved budget and business plan.

6.3 Clauses 6.1 and 6.2 shall cease to apply if the Liberty Group or the Microsoft Group so elect by notice given to the other following the disposal by the other after the date hereof of more than 59 million Ordinary Shares (through one or more transactions) otherwise than to an Affiliate or pursuant to a Permitted Demerger.

6.4 Subject to clause 6.8, each Liberty Shareholder and Microsoft Shareholder shall exercise its voting rights attached to the Shares owned by it (and its rights under the TW Holdings Operating Agreement in respect of the voting rights attached to the Shares held by TW Holdings) and shall make reasonable efforts to ensure that (subject to their fiduciary duties) its appointees on the Board conduct themselves in such a way that:

6.4.1 the terms of this Agreement are implemented in full;

6.4.2 no amendments to the 2000 Articles shall be effected which would be contrary to the maintenance of the Company's independence from the Liberty Group and the Microsoft Group; and

6.4.3 to the extent required by the Listing Rules of the London Stock Exchange, the Company is capable at all times of carrying on its business independently of any Controlling Shareholder.

6.5 Subject to clause 6.8, each Liberty Shareholder and Microsoft Shareholder agrees with the Company not to use its voting rights attached to the Ordinary Shares owned by it or a member of the Liberty Group or the Microsoft Group (as the case may be) other than its rights arising under article 71 of the 2000 Articles (and to exercise its rights under the TW Holdings Operating Agreement in respect of the voting rights attached to the Ordinary Shares held by TW Holdings) to vote in favour of the appointment of a person to the Board who is an employee, partner or officer of, or has a material consultancy with, any member of the Liberty Group or the Microsoft Group.

6.6 Subject to clause 6.8, if any transaction, arrangement or agreement (or amendment thereto) to which the Telewest Group is a party or proposes to be a party gives rise to a conflict between the interests of the Liberty Group or the Microsoft Group and the interests of the Telewest Group, the prior approval of the Board consisting solely of the Independent Directors and the Directors appointed by the Microsoft Group (in the case of an arrangement with the

Liberty Group) or by the Liberty Group (in the case of an arrangement with the Microsoft Group) shall be required before the Telewest Group can proceed with the transaction, arrangement or agreement (or amendment thereto), as the case may be.

6.7 Subject to clause 6.8, any transactions, agreements or arrangements (including trading arrangements) between any member of the Liberty Group or the Microsoft Group and the Telewest Group shall be at arm's length on a normal commercial basis and will be subject to the prior approval of the Board consisting solely of Independent Directors and the Directors appointed by the Microsoft Group (in the case of an arrangement with the Liberty Group) or by the Liberty Group (in the case of an arrangement with the Microsoft Group).

6.8 Clauses 6.4, 6.5, 6.6 and 6.7 shall only apply for so long as the Microsoft Group and the Liberty Group taken together continue to be a Controlling Shareholder of the Company.

RESTRICTIONS ON TRANSFERS BY LIBERTY GROUP AND MICROSOFT GROUP

7. DELIBERATELY BLANK

RIGHTS OF FIRST REFUSAL AND CHANGE OF CONTROL

8.1 RIGHTS OF FIRST REFUSAL BETWEEN THE LIBERTY GROUP AND THE MICROSOFT GROUP

8.1.1 Clauses 8.1.2 to 8.1.5 shall not apply to any Transfer by a Shareholder to an Affiliate of that Shareholder or to any Transfers pursuant to a Permitted Demerger (provided that any transferee who is or becomes a member of the same Shareholder Group as the transferor first duly completes, executes and delivers to the Company a deed of adherence in the form set out in Schedule 2).

8.1.2 Subject to clause 8.1.1, a Liberty Shareholder or Microsoft Shareholder desiring to make a Transfer of Shares (the SELLER) shall prior to the entry into of an agreement for the transfer of Shares (save for an agreement conditional upon the non-transferring shareholder not exercising its right to purchase such Shares under this clause) first make a written offer (the OFFER) to sell such Shares to the Microsoft Group or the Liberty Group (as the case may be) (the RELEVANT PURCHASER) on the same or materially similar terms and conditions on which the Seller proposes to Transfer the Shares. If the proposed Transfer is a Public Transfer, the Seller shall give notice to the Relevant Purchaser stating the number of Shares it proposes to Transfer and that such Shares will be sold to the Relevant Purchaser at a price per Share equal to the average of the Closing Prices for six Trading Days comprising the three Trading Days prior to and including the date that any notice is sent pursuant to clause 8.1.3 and the three

Trading Days following the date of such notice. If the proposed Transfer is a Private Transfer, such offer shall state the price and the other terms and conditions of the proposed Transfer and shall be accompanied by a copy of the offer from the proposed transferee. The price as so determined or stated in the Seller's notice shall be the OFFER PRICE. The foregoing notwithstanding, the Seller may withdraw the Offer without liability to the Relevant Purchaser hereunder if the Offer Price, determined with respect to any Public Transfer, is less than 90 per cent. of the Closing Price on the date of the Offer (or if such date is not a Trading Day, on the immediately preceding Trading Day).

8.1.3 The Relevant Purchaser shall have the right for a period of 30 days after receipt of the Offer to elect to purchase all, but not less than all, of the Shares offered at the Offer Price (less, in case of a proposed Public Transfer, any underwriting or sales commission or discount that would have been paid in the proposed Public Transfer) by giving written notice of acceptance to the Seller within that period. If the Relevant Purchaser does not elect to purchase all the Shares offered, the Seller may Transfer the offered Shares pursuant to the terms disclosed under clause 8.1.2 which, in the case of a Private Transfer, shall be at a price equal to or greater than the Offer Price. If the offered Shares are not Transferred within 90 days after the Relevant Purchaser's option period expires, a new offer shall be made to the Relevant Purchaser before any Transfer is made.

8.1.4 If in the case of a Private Transfer, a third party's offer involves consideration other than immediate payment of cash at closing, the Relevant Purchaser may pay the Fair Market Value of such other consideration, as determined by agreement between the Seller and the Relevant Purchaser, in cash. If they cannot agree on such cash equivalent within seven days after the Relevant Purchaser gives notice of its election to purchase the offered Shares, the Relevant Purchaser may, by written notice to the Seller, initiate appraisal proceedings under clause 8.1.5 for determination of the Fair Market Value of such consideration. The Fair Market Value shall be determined without regard to income tax consequences to the Seller as a result of receiving cash in lieu of other consideration. Once the Fair Market Value is determined, (i) the Relevant Purchaser, in its sole discretion, may elect either to purchase the Shares in cash by giving notice of such election to the Seller within 10 days after receipt of the appraiser's decision or to withdraw its acceptance of the Offer, and (ii) the Seller may in its sole discretion withdraw the Offer provided that in such case it may not Transfer such Shares pursuant to the proposed Private Transfer.

8.1.5 Any appraisal of the Fair Market Value of consideration shall be made by an appraiser jointly appointed by the Liberty Group and the Microsoft Group to make such determination. If the parties fail to agree on an appraiser within 20 days after receipt of the notice requiring or permitting an appraisal of Fair

Market Value, each of the Liberty Group and the Microsoft Group shall appoint one appraiser, which shall be an investment banking firm of national repute. The two appraisers so selected shall each make an appraisal of Fair Market Value within 30 days after their selection. If such determinations vary by 20 per cent. or more of the higher determination, the two appraisers shall select a third appraiser with similar qualifications which shall make its determination of such Fair Market Value within 30 days after its selection. Such third appraiser shall not be informed of or otherwise consider the appraisals of the other two in reaching its determination. The Fair Market Value shall be the average of the two closest values if three appraisals are made or, if the determinations of the first two appraisers vary by 20 per cent. or less of the higher of such two determinations, the average of those two determinations. If any Shareholder Group fails to appoint an appraiser as required hereunder, the other Shareholder Group may refer the matter to the American Arbitration Association, which shall promptly (and, in any case, within 10 days) appoint an appraiser hereunder on behalf of the Shareholder Group failing to make such appointment. Appraisers appointed under this clause 8.1.5 shall act as experts and not as arbitrators and, absent fraud or manifest error, the determination of an appraiser or appraisers hereunder shall be binding on the parties.

8.2 CHANGE IN CONTROL OF LIBERTY INTERNATIONAL OR MICROSOFT

If at any time there is an involuntary Change in Control with respect to Microsoft and its Affiliates or Liberty International and its Affiliates, Microsoft and its Affiliates or Liberty International and its Affiliates, as the case may be, experiencing the Change in Control (the SUBJECT GROUP) shall give notice to the other group (the RESPONDING GROUP) promptly after the Subject Group becomes aware of the Change in Control. If at any time a Subject Group experiences a voluntary Change in Control, the Subject Group shall give notice to the Responding Group promptly after the terms of the Change in Control are set forth in a binding agreement. The Responding Group must within 30 days after its receipt of such notice give notice to the Subject Group either (a) consenting to the Change in Control or (b) stating the price at which the Responding Group is willing to sell all of its Shares to the Subject Group or to buy all of the Subject Group's Shares (the QUOTED PRICE). Failure to give notice of such election within the time permitted shall be deemed consent to the Change in Control. If the Responding Group notifies the Subject Group that it does not consent to the Change in Control, the Subject Group must, within 30 days after its receipt of the Responding Group's notice, give notice to the Responding Group of its election to sell all of its Shares to the Responding Group or to buy all of the Responding Group's Shares, in either case at the Quoted Price.

8.3 GENERAL TRANSFER PROVISIONS

8.3.1 The closing of the purchase of any Shares by the Liberty Group or the Microsoft Group pursuant to clause 8.1 or 8.2 shall take place at the Company's principal offices:

- (a) in the case of clause 8.1, within 60 days after agreement of the price and proportions in which the Sale Shares can be transferred by the Seller pursuant to clause 8.1.2 or within 30 days after acceptance by the Seller of the offer contained in any Offer pursuant to clause 8.1.3; and
- (b) in the case of clause 8.2 on a day specified by the purchaser (other than a Saturday, Sunday or day on which banking institutions in New York are required by law to be closed) which is no more than 90 days after the day of exercise of the relevant purchase option,

or, if later, the date on which all necessary consents or approvals to such Transfer by governmental authorities or shareholders (where relevant) shall have been obtained. At the closing the Seller shall deliver certificates representing the Shares to be sold free and clear of any lien, charge or encumbrance, duly endorsed or accompanied by stock transfers executed in blank, and such other documents as may be reasonably necessary to effectuate the sale. The Seller shall give customary representations and warranties regarding the title of such shares to the Relevant Purchaser(s). The purchase price (to the extent payable in cash) shall be paid in cash in immediately available funds.

8.3.2 The Relevant Purchaser may rescind its notice of acceptance given pursuant to clause 8.1.3 at any time on or prior to the thirtieth day following the date on which such notice is given (but not thereafter) if (i) prior to the date of such notice of acceptance the Relevant Purchaser had sought in good faith a waiver from the Panel with respect to the application of any provision of Rule 9 of the City Code on Take-overs and Mergers which absent such waiver would require the Relevant Purchaser to offer to purchase all of the outstanding Shares, and (ii) such waiver or any shareholder approval required by the Panel has been denied (or has not been granted as of the last day of such rescission period) provided that if the Relevant Purchaser so rescinds its acceptance, the 90 day period referred to in clause 8.3.1(b) shall be extended by the number of days between the date of such acceptance and the date of rescission.

8.3.3 Notwithstanding any other provision of this clause 8, no Person may Transfer any Shares unless it has complied with all applicable legal requirements, including without limitation applicable United States federal and state securities laws. Upon the exercise by a Person of any right to acquire Shares hereunder, the parties shall use commercially reasonable efforts to

obtain any necessary consents or approvals of any governmental authorities or other third parties necessary to promptly effect such Transfer.

SPECIFIC RIGHTS OF SHAREHOLDER GROUPS TO MAINTAIN OWNERSHIP LEVEL

9.1 The following definitions are used in this clause 9:

15 PER CENT. GROUP means each of the following Shareholder Groups:

- (a) the Liberty Group, for so long as the Liberty Group holds 15 per cent. or more of the Shares in issue for the time being and from time to time (ignoring any Shares issued after 15 April 1998 pursuant to or for the purposes of employee share options); and
- (b) the Microsoft Group, for so long as the Microsoft Group holds 15 per cent. or more of the Shares in issue for the time being and from time to time (ignoring any Shares issued after 15 April 1998 pursuant to or for the purposes of employee share options);

PERCENTAGE OWNERSHIP means:

- (a) in relation to each 15 Per Cent. Group, issued Shares representing 15 per cent. of the Fully Diluted Ordinary Shares; and
- (b) in relation to each 7.5 Per Cent. Group, issued Shares representing 7.5 per cent. of the Fully Diluted Ordinary Shares;

QUALIFYING GROUP means a 15 Per Cent. Group or a 7.5 Per Cent. Group;

QUALIFYING SHAREHOLDER means a Shareholder within a Qualifying Group;

RIGHTS ISSUE means an offering of Shares or securities convertible into Ordinary Shares (and, for the avoidance of doubt, Limited Voting Shares constitute such securities) or carrying the right to vote at general meetings of the Company's shareholders (whether by way of a rights issue, open offer or otherwise) to holders of Shares in the capital of the Company in proportion (as nearly as may be) to their existing holdings of Shares but subject to the Directors having a right to make such exclusions or other arrangements in connection with the offer as they deem necessary or expedient:

- (a) to deal with equity securities representing fractional entitlements; and
- (b) provided that such exclusions or arrangements do not affect any Shareholder Group, to deal with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory;

7.5 PER CENT. GROUP means each of the following Shareholder Groups:

(a) the Liberty Group for so long as the Liberty Group holds 7.5 per cent. or more but less than 15 per cent. of the Shares in issue for the time being and from time to time (ignoring any Shares issued after 15 April 1998 pursuant to or for the purposes of employee share options); and

(b) the Microsoft Group, for so long as the Microsoft Group holds 7.5 per cent. or more but less than 15 per cent. of the Shares in issue for the time being and from time to time (ignoring any Shares issued after 15 April 1998 pursuant to or for the purposes of employee share options).

9.2 Subject to clause 5.1.3, the Company shall give notice to each Qualifying Shareholder of any proposed issuance (other than a Rights Issue for which such Qualifying Shareholder shall receive notice to be received by the shareholders generally) of Ordinary Shares or of securities convertible into or exchangeable for Ordinary Shares (and, for the avoidance of doubt, Limited Voting Shares constitute such securities) or carrying the right to vote at general meetings of the Company's shareholders which would (assuming the conversion or exchange of any such convertible securities and of the securities referred to in clause 9.3(ii)(BB)) reduce (A) the percentage of Shares owned by (i) a Qualifying Group below its Percentage Ownership, or (ii) TW Holdings and/or the Microsoft Group and/or the Liberty Group together below 50.1 per cent. of the Shares in issue for the time being (by reference to the nominal value of all Shares in issue) or (B) the percentage of votes at a general meeting of the Company exercisable by (i) a Qualifying Group below the number of votes it has based on its Percentage Ownership, or (ii) TW Holdings and/or the Microsoft Group and/or the Liberty Group together below 50.1 per cent. of the total exercisable votes for the time being (a DILUTIVE ISSUE).

9.3 Without prejudice to clause 9.5, while (a) TW Holdings holds, owns or votes 50.1 per cent. or more of the Shares in issue for the time being and from time to time, or (b) TW Holdings, the Microsoft Group and the Liberty Group together hold, own or vote 50.1 per cent. or more of the Shares in issue (by reference to the nominal value of all Shares in issue) for the time being and from time to time the Microsoft Shareholders and the Liberty Shareholders (the MICROSOFT/LIBERTY SHAREHOLDERS) shall:

(i) on an issue of Ordinary Shares by the Company that would cause such holding, ownership or voting to fall below 50.1%, have the option to subscribe for that number of Ordinary Shares necessary to permit TW Holdings (in the case of (a) above) or TW Holdings and the Microsoft/Liberty Shareholders (in the case of (b) above) to maintain ownership of sufficient issued Shares in aggregate as will represent 50.1 per cent. of the Fully Diluted Ordinary Shares immediately following

such issue and provided that, if in the opinion of leading external New York counsel of at least 10 years standing (such opinion to be obtained at the Company's expense and to be addressed to the Company) such subscription would result in a Debenture Change of Control then such option shall be an option to subscribe for Ordinary Shares to the maximum extent possible without, in the opinion of such leading New York counsel, causing such a Debenture Change of Control, with the balance of such option being a right to subscribe for Limited Voting Shares; and

(ii) on an issue of securities by the Company that are convertible into or exchangeable for Ordinary Shares or which carry the right to vote at general meetings of the Company's shareholders (and for the avoidance of doubt Limited Voting Shares constitute such securities) (each an EQUIVALENT SECURITY) that would, assuming conversion or exchange of any such Equivalent Securities, cause such holding, ownership or voting to fall below 50.1%, have the option to either:

(AA) subscribe for that number of Equivalent Securities necessary to permit TW Holdings (in the case of (a) above) or TW Holdings and the Microsoft/Liberty Shareholders (in the case of (b) above) to maintain ownership of Shares or sufficient voting rights in aggregate as will represent 50.1 per cent. of the Fully Diluted Ordinary Shares immediately following such issue and provided that, if in the opinion of leading external New York counsel of at least 10 years standing (such opinion to be obtained at the Company's expense and to be addressed to the Company) such subscription would result in a Debenture Change of Control (either upon subscription for such Equivalent Securities or upon their conversion or exchange by TW Holdings or the Microsoft/Liberty Shareholders, as the case may be) then such option shall be an option to subscribe for such Equivalent Securities to the maximum extent possible without, in the opinion of such leading New York counsel, causing such a Debenture Change of Control, with the balance of such option being an option to subscribe for a security identical to such Equivalent Security save that on conversion or exchange, such security converts or exchanges into Limited Voting Shares rather than Ordinary Shares (such security being a LIMITED VOTING EQUIVALENT SECURITY); or

(BB) immediately prior to the conversion or exchange of the Equivalent Securities held by Persons other than TW Holdings or the Microsoft/Liberty Shareholders, subscribe for that number of

Ordinary Shares necessary to permit TW Holdings (in the case of (a) above) or TW Holdings and the Microsoft/Liberty Shareholders (in the case of (b) above) to maintain ownership or voting of sufficient issued Shares in aggregate as will represent 50.1 per cent. of the Fully Diluted Ordinary Shares immediately following such conversion or exchange and provided that, if in the opinion of leading external New York counsel of at least 10 years standing (such opinion to be obtained at the Company's expense and to be addressed to the Company) such subscription would result in a Debenture Change of Control then such option shall be an option to subscribe for Ordinary Shares to the maximum extent possible without, in the opinion of such leading New York counsel, causing such a Debenture Change of Control, with the balance of such option being a right to subscribe for Limited Voting Shares;

The Company agrees to give each of Microsoft and Liberty International 8 Trading Days' written notice of the issue of shares or securities which give rise to any option under this clause 9.3. Each of TW Holdings and/or the Microsoft/Liberty Shareholder shall, within 4 Trading Days after receipt of such notice by Microsoft and Liberty International notify the Company in writing whether, and to what extent, it wishes to exercise such option and whether it would like to subscribe any surplus Ordinary Shares, Equivalent Securities or, to the extent applicable, Limited Voting Shares or Limited Voting Equivalent Securities (as the case may be) under option but not taken up in accordance with this clause. If any Ordinary Shares, Equivalent Securities or, to the extent applicable, Limited Voting Shares or Limited Voting Equivalent Securities (as the case may be) under option under this clause in respect of a particular Dilutive Issue are not taken up in accordance with this clause the Company shall allocate such excess Ordinary Shares, Equivalent Securities or, to the extent applicable, Limited Voting Shares or Limited Voting Equivalent Securities (as the case may be) to those Microsoft/Liberty Shareholders who requested additional Ordinary Shares, Limited Voting Shares or Limited Voting Equivalent Securities or Equivalent Securities (as the case may be) and, in case of competition for such shares, pro rata to their existing holdings of Shares.

9.4 DELIBERATELY BLANK

9.5 The Qualifying Shareholders within each Qualifying Group shall:

- (i) on an issue of Ordinary Shares have the option to subscribe for that number of new Ordinary Shares (in such proportions as they may agree and otherwise among them pro rata according to their respective shareholdings) necessary to permit their Qualifying Group to have

ownership of sufficient issued Shares so as to maintain its Percentage Ownership immediately following a Dilutive Issue and provided that, if in the opinion of leading external New York counsel of at least 10 years standing (such opinion to be obtained at the Company's expense and to be addressed to the Company) such subscription would result in a Debenture Change of Control then such option shall be an option to subscribe for Ordinary Shares to the maximum extent possible without, in the opinion of such leading New York counsel, causing such a Debenture Change of Control, with the balance of such option being a right to subscribe for Limited Voting Shares; and

(ii) on an issue of securities by the Company that are convertible into or exchangeable for Ordinary Shares or which carry the right to vote at general meetings of the Company that would, assuming conversion or exchange of such Equivalent Securities, cause their ownership of issued Shares to fall below its Percentage Ownership, have the option to either:

(i) subscribe for that number of Equivalent Securities (in such proportions as they may agree and otherwise among them pro rata according to their respective shareholdings) necessary to permit their Qualifying Group to have ownership of sufficient issued Shares so as to maintain its Percentage Ownership immediately following such issue assuming that the options under clause 9.3 are exercised in full and provided that, if in the opinion of leading external New York counsel of at least 10 years standing (such opinion to be obtained at the Company's expense and to be addressed to the Company) such subscription would result in a Debenture Change of Control then such option shall be an option to subscribe for Equivalent Securities to the maximum extent possible without, in the opinion of such leading New York counsel, causing such a Debenture Change of Control, with the balance of such option being a right to subscribe for Limited Voting Equivalent Securities; or

(ii) on the conversion or exchange of the Equivalent Securities held by persons other than the Qualifying Shareholders, subscribe for that number of Ordinary Shares necessary to permit the Qualifying Shareholders to have ownership of sufficient issued Shares in aggregate so as to maintain its Percentage Ownership immediately following such conversion or exchange provided that, if in the opinion of leading external New York counsel of at least 10 years standing (such opinion to be obtained at the Company's expense and to be addressed to the Company) such subscription would result in a Debenture Change of Control then

such option shall be an option to subscribe for Ordinary Shares to the maximum extent possible without, in the opinion of such leading New York counsel, causing such a Debenture Change of Control, with the balance of such option being a right to subscribe for Limited Voting Shares.

The Company agrees to give each Qualifying Shareholder 8 Trading Days' written notice of the issue of shares or securities which give rise to any option under this clause 9.5. Each Qualifying Shareholder shall, within 4 Trading Days after receipt of such notice, notify the Company in writing whether, and to what extent, it wishes to exercise such option, which may be exercised in full or in part.

9.6 Prior to exercising their rights under clauses 9.3 or 9.5 the Microsoft Group and the Liberty Group agree with each other to consult each other and, if the exercise of their rights to the desired extent may have implications under Rule 9 of the City Code on Takeovers and Mergers, to consult the Panel. If within 7 Trading Days of receipt of notice from the Company of the proposed issue of such securities the Panel has not granted or has denied a waiver of all requirements under Rule 9 for the Liberty Group or the Microsoft Group to make a mandatory offer as a result of the exercise of their rights under clauses 9.3, or 9.5 or any shareholder approval required by the Panel has not been granted or has been denied and both the Microsoft Group and the Liberty Group wish to exercise their rights under clauses 9.3 or 9.5 to an extent which in aggregate would trigger the requirement for a mandatory offer under Rule 9, unless Liberty International and Microsoft otherwise agree, the Liberty Group and the Microsoft Group shall exercise their rights under clauses 9.3 or 9.5 only to the maximum extent practicable without triggering any requirement under Rule 9 for a mandatory offer and, in case of competition, pro rata to their then existing holdings of Shares.

9.7 Any Shares subscribed for by a Qualifying Shareholder, TW Holdings and/or the Microsoft/Liberty Shareholders pursuant to clause 9.3(i) or 9.5(i) shall be subscribed for in cash at a price per Share equal to the average Closing Price for the 10 consecutive Trading Days ending on the Trading Day on which TW Holdings and/or the Microsoft/Liberty Shareholders give notice to the Company as to their intentions under clause 9.3 or 9.5, as applicable. Such Shares shall be issued immediately before the issue of Ordinary Shares which gave rise to the option described in this clause 9.

9.8 Any Shares subscribed for by TW Holdings and/or the Microsoft/Liberty Shareholders pursuant to clause 9.3(ii)(BB) or 9.5(ii)(ii) shall be subscribed in cash at a price per Share equal to the average Closing Price for the 10 consecutive Trading Days ending on the Trading Day falling two Trading Days prior to the date of issue of the Ordinary Shares arising from the

conversion/exchange of the Equivalent Securities that gave rise to TW Holdings' and/or the Microsoft/Liberty Shareholders' right to subscribe. Such Shares shall be issued immediately before the issue of the Ordinary Shares which gave rise to the option arising on conversion/exchange of the Equivalent Securities.

9.9 Any Equivalent Securities or Limited Voting Equivalent Securities subscribed for by TW Holdings and/or the Microsoft/Liberty Shareholders pursuant to clause 9.3(ii)(AA) or 9.5(ii)(i) shall be subscribed in cash at a price per Equivalent Security or Limited Voting Equivalent Security equal to the subscription price of the Equivalent Securities to third party investors at the time of their issue.

9.10 The Company will seek statutory authority to allot Shares (pursuant to section 80 of the Act) and for the disapplication of the statutory pre-emption rights (pursuant to section 95 of the Act) in accordance with existing ABI guidelines and hereby agrees to use its reasonable endeavours to renew any and every such statutory authority to allot and for the disapplication of the pre-emption rights thereafter for so long as the Company is obligated by the anti-dilution provisions of this clause 9. The Company further undertakes that it shall only increase the Fully Diluted Ordinary Shares if thereafter there is sufficient authorised but unissued share capital for the Company to comply with its obligations pursuant to this clause 9 and also only if there are outstanding and valid a statutory authority to allot (pursuant to section 80 of the Act) and a disapplication of the statutory pre-emption rights (pursuant to section 95 of the Act) in respect of sufficient Shares for the Company to comply with its obligations under this clause. The Shareholders undertake to each other and to the Company to vote in favour of any such proposed resolutions.

9.11 The Company shall use all reasonable efforts to ensure that all Ordinary Shares issued pursuant to this clause 9 are admitted to the Official List by the London Stock Exchange.

9.12 Microsoft, Liberty International and TW Holdings agree that, if as a result of the conversion of the Company's outstanding 5.4% senior convertible notes due 2007, TW Holdings and/or the Microsoft/Liberty Shareholders become entitled to exercise their option to subscribe for Shares under clause 9.3(ii) (in relation to the threshold referred to in that clause), they shall seek to satisfy their right to subscribe for such shares by purchasing Ordinary Shares in the market and shall only exercise such option to the extent that such purchases are not possible either (i) at or close to the price per share that would be payable on exercise of their options in clause 9, (ii) without incurring an obligation to make a mandatory cash offer for the Company under Rule 9 or (iii) because in the opinion of leading New York counsel of at least 10 years

standing (such opinion to be obtained at the Company's expense and to be addressed to the Company and to the parties exercising such option) such purchase would result in a Debenture Change of Control, provided always that this clause 9.12 shall not apply to a conversion of such notes that would cause a Qualifying Shareholder's Qualifying Group to cease being a 15 Per Cent. Group or a 7.5 Per Cent. Group, as applicable.

9.13 The parties agree that if the Flextech Offer becomes unconditional in all respects each of TW Holdings, the Microsoft Group and the Liberty Group shall be entitled to exercise their rights under clause 9.3 on the same day on which Telewest issues Ordinary Shares by way of consideration under the Flextech Offer and any Dilutive Issue in connection with the Flextech Offer shall be deemed to take place at each time when Telewest so issues Ordinary Shares under the Flextech Offer.

9.14 In the event that TW Holdings and/or the Microsoft/Liberty Shareholders do not exercise their rights arising from the Flextech Offer under Clause 9.3 so as to maintain their ownership of sufficient issued Shares in aggregate as represent 50.1 per cent. of the Fully Diluted Ordinary Shares following the issue of all Shares pursuant to the Flextech Offer or in the event that this Agreement is entered into or becomes unconditional after such Dilutive Issue(s) has or have taken place, solely for the purpose of determining the rights of the Microsoft Group and the Microsoft Shareholders under this clause 9, then this clause 9 shall, following such event, be deemed to have been amended so that the figure of 50.1 per cent. wherever referred to in this clause 9 shall be the percentage which the Shares that TW Holdings, the Microsoft Group and the Liberty Group shall hold or own as at the date the Flextech Offer becomes unconditional in all respects (assuming completion of the MediaOne Merger Agreement and after taking into account any Shares which the Liberty Group may acquire pursuant to the Flextech Offer and any Ordinary Shares (acquired by MediaOne under the Flextech Offer) which Microsoft may acquire from MediaOne and any Shares which Microsoft may acquire by virtue of exercising anti-dilution rights under the 2000 First Relationship Agreement) represent to the Fully Diluted Ordinary Shares as enlarged by the number of Ordinary Shares which may from time to time be issued pursuant to the Flextech Offer (and the provisions of Part XIII A of the Act in consequence of the Flextech Offer) and any other Dilutive Issue occurring after 16 December 1999 and prior to the date the Flextech Offer becomes or is declared unconditional in all respects (or, if later, but subject to the Rules of the City Code, prior to the date when this Agreement becomes unconditional). Neither the Liberty Group nor the Liberty Shareholders nor TW Holdings shall be deemed to acquire any rights as a result of this clause 9.14.

9.15 Microsoft or Liberty International, as the case may be, shall remit the subscription moneys due to the Company in respect of any Shares, Equivalent Securities or Limited Voting Equivalent Securities subscribed by it pursuant to this clause against the issue to it of the relevant securities or, as the case may be, the crediting thereof to a relevant CREST account.

GENERAL RIGHTS OF SHAREHOLDER GROUPS TO MAINTAIN OWNERSHIP LEVEL

10. The Company agrees to use its best efforts, consistent with the interests of shareholders generally, to ensure that any issuance of Shares is done in a manner that provides each Shareholder Group with an opportunity to acquire additional Shares of the same class in amounts necessary from time to time to enable them to maintain their percentage Share ownership in the Company. The Company shall apply for all such Ordinary Shares to be admitted to the Official List by the London Stock Exchange.

SCOPE OF BUSINESS

11. The Company agrees with each of the Microsoft Group and the Liberty Group, for so long as it is a Qualifying Group, that the business of the Company and its Controlled Affiliates shall be limited to providing Cable Television, Cable Telephony, Wireless Telephony and any voice, video, internet or data services provided or able to be provided over a broadband cable network and (except as limited below with respect to television programming) all services or matters relevant or complementary thereto, in each case, in the United Kingdom, including television programming in the United Kingdom incidental to the Company's Cable Television business in the United Kingdom together with any business carried on by Flextech plc as at the date of this Agreement together with all matters incidental thereto (collectively, COMPANY BUSINESS), and such other businesses as such Shareholder Group shall approve by written consent. The Company shall not own or acquire an equity interest in any person that engages in a business other than those in which the Company is permitted to engage pursuant to this clause 11.

The Liberty Shareholders, the Microsoft Shareholders and their respective Affiliates shall not use the "Telewest" mark (or any mark confusingly similar to it) within the UK except with the prior written agreement of the Company.

CONTRACTUAL RESTRICTIONS

12. The Company undertakes to the Liberty Group that so long as the Liberty Shareholders own more than 5 per cent. of the Company's issued Ordinary Shares and so long as the contractual restrictions described in Schedule 1 remain in effect, that the Company will not knowingly take or omit

to take (and will not permit its Controlled Affiliates to take or omit to take) any action that could cause a breach or violation of the contractual restrictions (as such exist on the date hereof) described in Schedule 1 save that the restriction in paragraph (a) of Schedule 1 shall cease to apply 14 days after the date on which the Flextech Offer is declared unconditional in all respects.

GAIN RECOGNITION CONSENT REQUIREMENTS AND CONVERSION

13.1 The Company covenants to each of the Microsoft Group and the Liberty Group that for so long as (i) they each own or (ii) the Microsoft Group and the Liberty Group in aggregate own at least 7.5 per cent. of the Shares in issue the Company will not and will procure that no member of the Telewest Group will, (i) without the written consent of such Shareholder Group, dispose of assets (including securities of an Affiliate of the Company) in one transaction or a series of related transactions within any 18 month period having a Fair Market Value of (pound)20,000,000 or more if, in the judgement of such Shareholder Group, the disposition could require it to recognise gain under the Gain Recognition Agreements between it and the US Internal Revenue Service or (ii) in the case of the Microsoft and the Liberty Group dispose of or reorganise any interest in or Control of any member of the Telewest Group intra-group or acquire any equity interest in a Person not Affiliated with the Company immediately prior to such acquisition if the effect of any such disposition, reorganisation or acquisition would be to create an intermediate holding Person within the Telewest Group. The Company shall be entitled to conclusively rely on notice from either of Microsoft or Liberty International (as the case may be) as to any consent given by their respective Shareholder Groups.

13.2 Unless otherwise agreed in writing between Microsoft and Liberty International, in the event that the holders of Limited Voting Shares are entitled to convert any of the same into Ordinary Shares in accordance with the 2000 Articles, each such Group shall only be entitled to convert such proportion of the maximum number of Limited Voting Shares as can be converted at such time as the number of Limited Voting Shares held by their respective Groups bears to the aggregate number of Limited Voting Shares held by both Groups together at the relevant time.

CITY CODE ON TAKEOVERS AND MERGERS

14. If any Shareholder Group takes any action which causes another Shareholder Group or Groups to be under an obligation pursuant to Rule 9 of the City Code on Takeovers and Mergers (the CODE), the Shareholder Group which takes such action shall fulfil all the obligations of such other Shareholder Group or Groups (but not the Company) thereunder and shall pay all consideration and expenses attributable to such Shareholder Group or Groups in connection therewith.

CONFIDENTIALITY

15. Save as required by law or any regulatory authority, each Shareholder shall keep confidential, and shall procure that all members of its Shareholder Group will keep confidential, any confidential information of the Telewest Group which is or has been given to it by or on behalf of the Telewest Group unless the information is already in the public domain other than through the default of the Shareholder or a member of its Shareholder Group in complying with this clause.

JOINT AND SEVERAL LIABILITY FOR CONTROLLED AFFILIATES

16.1 Liberty International shall be jointly and severally liable with its Controlled Affiliates for any and all of the obligations and liabilities of such Controlled Affiliates under this Agreement.

16.2 Microsoft shall procure that promptly upon, and in any event within 5 days of, any of its Affiliates (from time to time) becoming, acquiring or merging with the registered shareholder of any Shares, such Affiliate(s) shall execute a deed of adherence in the form of Schedule 2 and on execution such Affiliates will take the benefit of the rights of a Shareholder (subject to the burden of the obligations of a Shareholder).

16.3 Microsoft shall be jointly and severally liable with its Affiliates for any and all obligations and liabilities of such Affiliates under this Agreement.

TERM

17. This Agreement shall continue whilst any party hereto retains any rights and/or obligations hereunder and shall terminate forthwith (in relation to a party no longer having any rights and/or obligations) upon that ceasing to be the case.

TERMINATION OF 2000 FIRST RELATIONSHIP AGREEMENT

18. As between Liberty, Liberty UK, Liberty UK Holdings and the Company this Agreement supersedes the 1999 First Relationship Agreement and the 2000 First Relationship Agreement (except for the provisions of clauses 15.1 and 15.2 of the 1999 First Relationship Agreement to the extent such clauses govern rights and obligations of the Company and Liberty to each other) and the rights and obligations thereunder of Liberty, Liberty UK, Liberty UK Holdings and the Company against and to one another shall cease upon this Agreement becoming unconditional provided that such rights and obligations accrued thereunder prior to such time (including, without limitation, all rights and claims under clause 15 of that agreement whether or not such a claim has been made or crystallised) shall not be affected. For the avoidance of doubt, the rights and obligations of such parties under the 1999 First Relationship

Agreement and the 2000 First Relationship Agreement against and to MediaOne and the MediaOne Shareholders shall not be affected by this Agreement.

COSTS

19. Each party shall pay its own costs relating to the negotiation, preparation, execution and performance by it of this Agreement and of each document referred to in it.

FURTHER ASSURANCE

20. The parties agree that they shall execute and deliver any other documents and instruments, and take any other actions reasonably requested by another party necessary or appropriate to give effect to this Agreement.

GENERAL

21.1 Whenever in this Agreement action by a Shareholder Group is required or permitted, that action shall be deemed taken if approved by members of that Shareholder Group owning a majority of the total number of Shares (entitled to vote on the action required or permitted to be taken hereunder) owned by all the members of that Shareholder Group.

21.2 A variation of this Agreement is valid only if it is in writing and signed by or on behalf of each party.

21.3 The parties agree that each party would be irreparably damaged if any party failed to perform any obligation under this Agreement, and that such party would not have an adequate remedy at law for money damages in such event. Accordingly, each party hereto will be entitled to specific performance and injunctive and other equitable relief to enforce the performance of this Agreement. This provision is without prejudice to any other rights that such party may have under this Agreement, at law or in equity.

21.4 The failure to exercise or delay in exercising a right or remedy provided by this Agreement or by law does not constitute a waiver of the right or remedy or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Agreement or by law prevents further exercise of the right or remedy or the exercise of another right or remedy.

21.5 The rights and remedies contained in this Agreement are cumulative and not exclusive of rights or remedies provided by law.

21.6 The invalidity or unenforceability of any provision of this Agreement in any jurisdiction shall not affect the validity or enforceability of the remainder of

this Agreement in that jurisdiction or the validity or enforceability of this Agreement, including such provision, in any other jurisdiction.

21.7 Each date, time or period referred to in this Agreement is of the essence. If the parties agree in writing to vary a date, time or period, the varied date, time or period is of the essence.

21.8 Subject to the provisions hereof, this Agreement sets out the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes any prior contract, arrangement, understanding or relationship, oral or written, among the parties relating hereto save for the provisions of a letter agreement amongst certain of the parties dated 16 December 1999 (as amended) other than sections 4(a)(iii), (iv) and (v) of that letter agreement (which are expressly superseded by this Agreement).

ASSIGNMENT

22.1 Subject to clause 22.2, a party may not assign or transfer or purport to assign a right or obligation under this Agreement without having first obtained the written consent of the other parties.

22.2 The benefit of the rights of a Shareholder (subject to the burden of the obligations of a Shareholder) under this Agreement shall be afforded to an assignee or transferee who is or becomes a member of the same Shareholders Group as the assignor or transferor provided that the assignee or transferee duly completes, executes and delivers to the Company a deed of adherence in the form set out in Schedule 2 and for this purpose Microsoft and Liberty International shall each be deemed to be a Shareholder.

NOTICES

23.1 Any notice under this Agreement shall be in writing and signed by or on behalf of the party giving it and may be served by leaving it or sending it by fax, prepaid recorded delivery or registered post (and air mail if overseas) to the address and for the attention of the party receiving it set out in clause 23.2 or as otherwise notified under this Agreement. In the absence of evidence of earlier receipt, any notice so served shall be deemed to have been received:

- (a) if delivered personally, when left at the relevant address;
- (b) if sent by first class mail to an address in the United Kingdom, 48 hours after posting it;
- (c) if sent by air mail to an address outside the United Kingdom, 72 hours after posting it;

(d) if sent by fax, on receipt of confirmation of its transmission.

23.2 The current addresses of the parties for the purpose of clause 23.1 are set out below. These may be altered by the parties by notice to the other parties at any time:

Microsoft: One Microsoft Way, Redmond WA 98052-6379

For the attention of: Bob Eshelman
Fax: 001 425 936 7329

Liberty International,
Liberty UK and Liberty UK
Holdings:

9197 South Peoria Street
Englewood
Colorado 80112 USA

For the attention of: Charles Tanabe
Fax: 1 720 875 5382

and
For the attention of: Robert Bennett
Fax: 00 1 720 875 5434

Company:

Genesis Business Park
Albert Drive
Woking
Surrey GU21 5RW

For the attention of: Victoria Hull
Fax: 01483 295165

GOVERNING LAW AND JURISDICTION

24.1 This Agreement is governed by and shall be construed in accordance with English law.

24.2 The courts of England have exclusive jurisdiction to hear and decide any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Agreement (respectively, PROCEEDINGS and DISPUTES) and, for these purposes, each party irrevocably submits to the jurisdiction of the courts of England.

24.3 Each party irrevocably waives any objection which it might at any time have to the courts of England being nominated as the forum to hear and decide any Proceedings and to settle any Disputes and agrees not to claim that the courts of England are not a convenient or appropriate forum.

24.4 Process by which any Proceedings are begun in England may be served on any party by being delivered in accordance with clause 23 or may be served on the parties without addresses in England (as set out in clause 23.2 above) by being delivered to the agents at the addresses indicated below (or such other agent or address as the party in question may notify to the other parties):

Microsoft: Sisec Limited, 21 Holborn Viaduct,
London EC1A 2DY

For the attention of: Richard Ufland
Fax: 0207 296 2001

Liberty International, Liberty UK
and Liberty UK Holdings: Grays Inn Secretaries Limited
5 Chancery Lane
London EC4 1BU

For the attention of Philip Goodwin/
Simon Brown
Fax: 0207 404 0087

Nothing contained in this clause 24.4 affects the right to serve process in another manner permitted by law.

COUNTERPARTS

25. This Agreement may be executed in any number of counterparts each of which when executed and delivered is an original, but all the counterparts together constitute the same document.

SCHEDULE 1

(a) Flextech plc has a right of first refusal with respect to participation in English language programming business in the United Kingdom and Europe under certain circumstances described in the IPO Documents.

(b) In an agreement relating to the establishment of a joint venture between BBC Worldwide and Flextech plc for the establishment and broadcast of television programme services in the United Kingdom, Liberty International has agreed that it will not itself, and that it will procure that no company of which it has voting control will, acquire an interest in excess of 20 per cent. of the issued share capital of a company which owns a commercial broadcast television channel which competes with one or more of the channels to be established under such joint venture.

SCHEDULE 2

DEED OF ADHERENCE

THIS DEED OF ADHERENCE is made on [] 199[]

BY[____ ____] of [____ ____] (the COVENANTOR) in favour of the persons whose names are set out in the schedule to this Deed and is supplemental to the Revised New Relationship Agreement dated [____ ____] 2000 made by (1) Microsoft Corporation (2) Liberty Media International, Inc., (3) Liberty UK, Inc., (4) Liberty UK Holdings, Inc., and (5) Telewest Communications plc (the RELATIONSHIP AGREEMENT).

THIS DEED WITNESSES as follows:

1. The Covenantor confirms that it has been given and read a copy of the Relationship Agreement and covenants with each person named in the schedule to this Deed to perform and be bound by all the terms of the Relationship Agreement as if the Covenantor were a party to the Relationship Agreement as a Shareholder.

2. This Deed is governed by English law.

IN WITNESS WHEREOF this Deed has been executed by the Covenantor and is intended to be and is hereby delivered on the date first above written.

SCHEDULE

[Parties to Relationship Agreement including those who have executed earlier deeds of adherence.]

SCHEDULE 3

PROVISIONS PRESERVED FROM THE OLD RELATIONSHIP AGREEMENT

1. COSTS RELATING TO TELEWEST INTERESTS

The Company undertakes to reimburse Liberty International (for itself and on behalf of TCI and its Affiliates) for all losses, damages, costs, liabilities, deficiencies, claims, suits, proceedings, demands, judgements, assessments, fines, interest, penalties, costs and expenses (including, without limitation, settlement costs and legal, accounting, experts' and other fees, costs and expenses) (but excluding taxes) based upon, arising out of or associated with (i) the ownership of the Telewest Interests prior to, on or following the Public Offering, (ii) the dissolution and liquidation of the UCs and obligations and liabilities of the UCs arising prior to, upon or subsequent to their dissolution relating to the ownership and operation of the Telewest Interests and (iii) the TCI Investors having been members of the UCs.

2. TAXATION COSTS RELATING TO TELEWEST INTERESTS

The Company undertakes to reimburse Liberty International (for itself and on behalf of TCI and its Affiliates) for all liabilities for taxes which they incur and which arise in respect of the operation of the businesses carried on by the Telewest Interests prior to or following the Public Offering including (but not limited to) Value Added Tax, income tax levied pursuant to the Pay As You Earn Regulations and income tax levied pursuant to the Income Tax (Sub-Contractors in the Construction Industry) Regulations and excluding (for the avoidance of doubt) any tax liabilities in respect of which Liberty International have agreed to indemnify Old Telewest under the Tax Deed.

3. LIMITATIONS ON REIMBURSEMENT AND PAYMENT OBLIGATIONS

No reimbursement or payment due pursuant to clause 1, 2 or 4 or arising out of any breach or violation of the Old Relationship Agreement or the Related Agreements shall be made unless the aggregate amount payable by that party on account of all such matters exceeds (pound)10,000, and if such amount is exceeded all payments and reimbursements shall be paid by that party in full.

4. INDEMNIFICATIONS

(a) The Company undertakes to indemnify and hold harmless Liberty International (for itself and on behalf of TCI and its Affiliates) from and against any costs, damages, liabilities and obligations (including but not limited to attorneys' fees and payment of any settlement or judgment) arising out of any claim, action or proceeding relating to the IPO

Documents and the Contemplated Transactions, except those matters as to which the Investors specifically made a representation or warranty to Old Telewest or agreed specifically to reimburse Old Telewest. If the indemnification provided in this clause 4(a) is at any time legally or procedurally unavailable to any Person, the Company shall contribute to the amount paid or payable by such Person on account of such claim, action or proceeding an amount equal to the amount the Company otherwise would be required to pay that Person as indemnification under this clause 4(a).

- (b) Liberty International and Liberty UK undertake to indemnify and hold harmless the Company from and against any costs, damages, liabilities and obligations (including but not limited to attorneys' fees and payment of any settlement or judgment) arising out of any claim, action or proceeding relating to any portion of the IPO Documents provided by the TCI Investors in writing for use in the IPO Documents. If the indemnification provided in this clause 4(b) is at any time legally or procedurally unavailable to any Person, Liberty International and Liberty UK shall contribute to the amount paid or payable by such Person on account of such claim, action or proceeding an amount equal to the amount Liberty International and Liberty UK otherwise would be required to pay that Person as indemnification under this clause 4(b).

5. DEFINITIONS

Set out below are the definitions of the defined terms which are only used in this Agreement in Schedule 3 above (which are accurate as at 22 November 1994 being the date of the Old Relationship Agreement):

CONTEMPLATED TRANSACTIONS means the transactions contemplated by the Old Relationship Agreement and the Related Agreements, including the transfer by the TCI Investors of the Telewest Interests to the UCs;

PUBLIC OFFERING means the public offering in 1994 of Ordinary Shares for sale to the public;

RELATED AGREEMENTS means the following agreements entered into on the date of the Old Relationship Agreement (22 November 1994):

- (a) Technology Licensing Agreements between (i) Old Telewest and Liberty, and (ii) Old Telewest and MediaOne Holdings;
- (b) Trademark Licensing Agreements between (i) Old Telewest and MediaOne, and (ii) Old Telewest and TCI;

- (c) Secondment Agreements between (i) Old Telewest and TCI, and (ii) Old Telewest and an Affiliate of the MediaOne Investors;
- (d) Tax Deed between Old Telewest, Liberty International and MediaOne Holdings; and
- (e) Registration Rights Agreements between (i) Old Telewest and the TCI Investors and (ii) Old Telewest and the MediaOne Investors;

TAX DEED means deed of indemnity against taxation entered into by Old Telewest, Liberty and MediaOne Holdings dated 22 November 1994;

TCI INVESTORS means Liberty UK and United Artists Cable Television UK Holdings, Inc.;

TELEWEST INTERESTS means the interests owned by the TCI Investors and the MediaOne Investors in the following partnerships, which were engaged in the Cable Television and Cable Telephony businesses in the UK on the date of the Old Relationship Agreement:

- (a) TCI/U S WEST Cable Communications Group;
- (b) Avon Cable Limited Partnership;
- (c) Edinburgh Cable Limited Partnership;
- (d) Estuaries Cable Limited Partnership;
- (e) United Cable (London South) Limited Partnership;
- (f) Tyneside Cable Limited Partnership; and
- (g) Cotswolds Cable Limited Partnership;

UCS means Theseus No. 1 (to whom the TCI Investors contributed their Telewest Interests on 21 November 1994) and Theseus No. 2 (to whom the MediaOne Investors contributed their Telewest Interests on 21 November 1994).

AS WITNESS this Agreement has been executed by the duly authorised representatives of the parties the day and year first before written.

SIGNED by JOHN CONNORS)
for and on behalf of MICROSOFT) J. CONNORS
CORPORATION)

SIGNED by GRAHAM HOLLIS)
for and on behalf of) G. HOLLIS
LIBERTY MEDIA)
INTERNATIONAL, INC.)

SIGNED by GRAHAM HOLLIS)
for and on behalf of) G. HOLLIS
LIBERTY UK, INC.)

SIGNED by GRAHAM HOLLIS)
for and on behalf of) G. HOLLIS
LIBERTY UK HOLDINGS,)
INC.)

SIGNED by VICTORIA HULL)
for and on behalf of) VICTORIA HULL
TELEWEST COMMUNICATIONS)
PLC)

2000 AMENDED AND RESTATED
OPERATING AGREEMENT

OF

TW HOLDINGS, L.L.C.

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2000 AMENDED AND RESTATED
OPERATING AGREEMENT

OF

TW HOLDINGS, L.L.C.

This 2000 AMENDED AND RESTATED OPERATING AGREEMENT is made as of July 7, 2000 by the members of TW HOLDINGS, L.L.C., a Colorado limited liability company (the "Company").

RECITALS

WHEREAS, Liberty UK, Inc., formerly named United Artists Programming-Europe, Inc., MediaOne UK Cable, Inc., formerly named U S WEST UK Cable, Inc. ("MediaOne UK"), and MediaOne Cable Partnership Holdings, Inc., formerly named U S WEST Cable Partnership Holdings, Inc. ("MediaOne Cable"), the members of the Company (collectively, the "Members"), entered into an Operating Agreement for the Company dated as of June 16, 1995 (the "Original Agreement");

WHEREAS, in September 1998 the Members made cash contributions to the Company to fund the purchase by the Company of additional ordinary shares of Telewest Communications plc ("Telewest"), purchased additional ordinary shares of Telewest, the beneficial interests in which they contributed to the Company, and entered into an Amended and Restated Operating Agreement dated as of September 11, 1998 (the "Amended Agreement");

WHEREAS, on July 7, 2000 MediaOne Cable (renamed Microsoft Cable Partnership Holdings, Inc.) and MediaOne UK (renamed Microsoft UK Cable, Inc.) became wholly owned indirect subsidiaries of Microsoft Corporation pursuant to a Merger Agreement, dated October 4, 1999, as amended (the "Microsoft/MediaOne Merger Agreement"), between Microsoft Corporation, MediaOne UK, MediaOne Cable, MediaOne Group, Inc. and the other parties thereto;

WHEREAS, Microsoft Corporation has entered into a Revised New Relationship Agreement dated as of March 3, 2000 with Liberty UK Inc., Liberty UK Holdings, Inc., Liberty Media International, Inc. and Telewest, which became effective upon the occurrence of certain conditions, including the merging of subsidiaries of Microsoft with MediaOne UK and MediaOne Cable pursuant to the Microsoft/MediaOne Merger Agreement; and

WHEREAS, the Members have determined that it is in their best interests to amend and restate the Amended Agreement as set forth herein.

NOW, THEREFORE, in consideration of their mutual promises, the Members agree as follows:

ARTICLE 1: FORMATION AND DEFINITIONS

1.1 FORMATION. The Company was formed on June 16, 1995 by filing Articles with the Colorado Secretary of State pursuant to the Act.

1.2 COMPANY NAME. The business of the Company will be conducted under the name "TW Holdings, L.L.C." or any other name determined from time to time by the Board in accordance with applicable law.

1.3 OFFICE AND AGENT. The registered office of the Company in Colorado is at 1560 Broadway, Suite 2090, Denver, Colorado 80202, and its registered agent is The Prentice-Hall Corporation System, Inc. The Company may subsequently change its registered office or registered agent in Colorado in accordance with the Act.

1.4 FOREIGN QUALIFICATION. The Company will apply for a certificate of authority to do business in any other jurisdiction where such authority is required.

1.5 TERM. The Company began on the date its Articles were filed with the Colorado Secretary of State and will continue until its Dissolution.

1.6 DEFINITIONS. The following capitalized terms, when used in this Agreement, have the meanings set forth below:

Act: the Colorado Limited Liability Company Act, as amended from time to time.

Additional Contribution: a capital contribution (other than the Initial Contributions) that a Member makes to the Company, as described in Section 4.4.

Affiliate: with respect to any Person, any other Person directly or indirectly Controlling, directly or indirectly Controlled by or under direct or indirect common Control with such Person.

Agreement: this 2000 Amended and Restated Operating Agreement, as amended from time to time.

Articles: the articles of organization of the Company filed under the Act, as amended from time to time.

Bankruptcy: of a Member will be deemed to occur when such Member [a] files a voluntary petition in bankruptcy, [b] is adjudged bankrupt or insolvent or has entered against such Member an order for relief in any bankruptcy or insolvency proceeding, [c] files a petition or answer seeking for such Member any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, [d] files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Member in any proceeding of that nature or [e] seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of all or any substantial part of such Member's property.

Board: as defined in Section 3.2.

Capital Account: the book capital account to be established and maintained for each Member in accordance with this Agreement.

Capital Contribution: any contribution by a Member to the Company which is either an Initial Contribution or an Additional Contribution.

Change in Control: [a] with respect to the Microsoft Shareholder Group, the acquisition (whether by merger, consolidation, sale, assignment, lease, transfer or otherwise, in one transaction or any related series of transactions) of beneficial ownership of equity interests in Microsoft or any of its Affiliates by any Person (except pursuant to a distribution in specie, spinoff, share dividend, demerger or similar transaction and other than any acquisition of beneficial ownership by Microsoft or

any of its Affiliates) as a result of which such Person has the power, directly or indirectly, to direct the voting and disposition of Shares held by Microsoft and its Affiliates representing at least 15 percent of the outstanding Shares of Telewest; provided that any change in the Control of Microsoft will not be deemed a Change in Control for purposes of this Agreement; and

[b] with respect to the Liberty Shareholder Group, the acquisition (whether by merger, consolidation, sale, assignment, lease, transfer or otherwise, in one transaction or any related series of transactions) of beneficial ownership of equity interests in Liberty International or any of its Affiliates by any Person (except pursuant to a distribution in specie, spinoff, share dividend, demerger or similar transaction and other than any acquisition of beneficial ownership by Liberty International or any of its Affiliates) as a result of which such Person has the power, directly or indirectly, to direct the voting and disposition of Shares held by Liberty International and its Affiliates representing at least 15 percent of the outstanding Shares of Telewest, provided that any change in the Control of AT&T Corp., TCI, Liberty Media Corporation or Liberty International will not be deemed a Change in Control for purposes of this Agreement.

A Change in Control will be deemed voluntary if it is the result of a transaction agreed to by Liberty International or any of its Affiliates or Microsoft or any of its Affiliates, as the case may be. A Change in Control will be deemed involuntary if it is the result of actions by Persons other than Liberty International or any of its Affiliates or Microsoft or any of its Affiliates, as the case may be, taken without the agreement or consent of Liberty International or any of its Affiliates or of Microsoft or any of its Affiliates, as the case may be.

Closing Price:

[a] with respect to Ordinary Shares to be offered on the London Stock Exchange, will be the sale price which appears on the relevant Reuters Screen No. for Telewest as of 11:00 a.m. (London time) on a Trading Day, provided that if such Ordinary Shares do not appear on such Reuters Screen or such Reuters Screen is temporarily unavailable, the sale price with respect to the Ordinary Shares will be the last reported sale price which appears in the Official List of the London Stock Exchange on a Trading Day and [b] with respect to Ordinary Shares to be offered on the New York Stock Exchange or another U.S. national securities exchange in the form of ADSs, will be the last reported sale price on a Trading Day on such exchange or, if no such sale takes place on such day, the average of the high and low sales prices for such day as reported on the New York Stock Exchange Composite Tape, or, if no such sales are reported, the reported last sale price (or, if no such sale takes place on such day, the average of the reported closing bid and asked prices), on the Nasdaq National Market, or if the ADSs are not quoted on such National Market, the average of the closing bid and asked prices in the over-the-counter market as furnished by any New York Stock Exchange member firm selected by the Board for that purpose.

Code:

the Internal Revenue Code of 1986, as amended from time to time (including corresponding provisions of subsequent revenue laws).

Control:

with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the Controlled Person, whether through equity ownership, by contract or otherwise, but a Person shall not be deemed to Control another Person solely by virtue of any veto rights granted to it as a minority equity owner or by virtue of super-majority voting rights.

Dissolution: the change in the relationship of the Members caused by the occurrence of an event described in Section 12.1.

Distribution: a distribution of money or other property made by the Company with respect to an Ownership Interest.

Event of Withdrawal: the occurrence of an event which terminates a Member's membership in the Company, as provided in Section 11.11.

Fair Market Value: as to any property, the price at which a willing seller would sell and a willing buyer would buy such property having full knowledge of the facts, in an arm's-length transaction without time constraints, and without being under any compulsion to buy or sell.

Fiscal Year: the fiscal and taxable year of the Company as determined under this Agreement, including both 12-month and short taxable years.

Initial Contribution: the initial capital contribution made by each Member to the Company, as set forth on EXHIBIT A.

Liberty Directors: as defined in Section 3.2.

Liberty International: Liberty Media International, Inc., a Delaware company, and its successors, whether by merger or otherwise.

Liberty Shareholders: Liberty UK, Inc., formerly named United Artists Programming - Europe, Inc., Liberty UK Holdings, Inc. and Liberty Flex Holdings Ltd.

Liberty Shareholder Group: each Liberty Shareholder and any member of the group consisting of Liberty International and its Affiliates to whom Ownership Interests or Shares originally issued to a Liberty Shareholder are Transferred in accordance with this Agreement or the Relationship Agreement.

Limited Voting Share: a limited voting convertible ordinary share, 10p par value, in the capital of Telewest, or any other shares of capital stock issued in substitution or replacement thereof in any merger, share exchange, conversion, recapitalization or other similar transaction.

Liquidation: the process of terminating the Company and winding up its business under Article 13 after its Dissolution.

Losses: the Company's net loss (including deductions) for any Fiscal Year, determined under Section 5.1.

Managing Director: as defined in Section 3.2.

MediaOne: MediaOne Group, Inc., a Delaware corporation formerly named U S WEST, Inc.

Member: a Person who is a Member on the date of this Agreement or who is subsequently admitted as a Member as provided in this Agreement.

Member Group: all of the Members included in any Shareholder Group.

Microsoft: Microsoft Corporation, a Washington corporation, and its successors, by merger or otherwise.

Microsoft Directors: as defined in Section 3.2.

Microsoft Shareholders: MediaOne UK, MediaOne Cable, Microsoft and any other Affiliate of Microsoft that holds Shares as of the date of this Agreement.

Microsoft Shareholder Group: each Microsoft Shareholder and any member of the group consisting of Microsoft and its Affiliates to whom Ownership Interests or Shares originally issued to a Microsoft Shareholder are Transferred in accordance with this Agreement or the Relationship Agreement.

Net Cash: cash receipts of the Company less payment of, or reasonable reserves for, operating expenses, capital requirements, improvements, debt service, and other

cash requirements of the Company as determined by the Board.

- Ordinary Share: an ordinary share, 10p par value (including ordinary shares represented by American Depositary Shares), in the capital of Telewest, or any other shares of capital stock issued in substitution or replacement thereof in any merger, share exchange, recapitalization or other similar transaction.
- Ownership Interest: with respect to each Person owning an interest in the Company, all of the interests of such Person in the Company (including, without limitation, an interest in the Profits and Losses, a Capital Account interest and all other rights and obligations of such Person under this Agreement) in the percentages set forth on EXHIBIT A, as the same may be amended from time to time in accordance with this Agreement.
- Permitted Transferee: a Person described in Section 11.3 to whom an Ownership Interest may be Transferred without the Transferor offering the other Member Group a right of first refusal under this Agreement.
- Person: an individual, corporation, trust, partnership, limited liability company, unincorporated organization, association or other entity.
- Pro Rata Shares: with respect to any Member, a portion of the number of Shares owned by the Company attributable to such Member's Ownership Interest, which will equal the product of [x] the aggregate number of Shares owned by the Company multiplied by [y] such Member's percentage Ownership Interest in the Company, expressed as a decimal. If any Member contributes Limited Voting Shares to the Company, all of such Shares shall be attributed to that Member as part of its Pro Rata Shares.
- Profits: the Company's net profit (including income and gains) for any Fiscal Year, determined under Section 5.1.

Related Transfer: a Transfer by means of a distribution, spin-off, stock dividend or other transaction as a result of which one or more Affiliates of the transferor beneficially own 80% or more of the Pro Rata Shares that immediately prior to such Transfer were beneficially owned by the Shareholder Group of which the transferor is a member.

Relationship Agreement: the Revised New Relationship Agreement dated as of March 3, 2000 among Telewest, Liberty Media International, Inc., the Liberty Shareholders and Microsoft.

Shareholder: each Liberty Shareholder, each Microsoft Shareholder and any other Person who acquires Shares in accordance with this Agreement or the Relationship Agreement and becomes a party to, or otherwise agrees to be bound by, the Relationship Agreement subsequent to the date hereof by signing a counterpart of the Relationship Agreement or another document to the same effect.

Shareholder Group: the Liberty Shareholder Group or the Microsoft Shareholder Group.

Shares: Ordinary Shares or Limited Voting Shares of Telewest (or any other shares of capital stock issued in substitution or replacement thereof in any merger, share exchange, recapitalization, scheme of arrangement or other similar transaction).

TCI: AT&T Broadband LLC, formerly Tele-Communications, Inc., a Delaware corporation.

Telewest: Telewest Communications plc, a public limited company organized under the laws of England and Wales, and its successors and assigns, whether by merger, scheme of arrangement or otherwise.

Third Party: with respect to any Member, a Person other than an Affiliate of such Member.

Trading Day: each Monday, Tuesday, Wednesday, Thursday and Friday, other than any day on which securities are not traded on the applicable exchange or market.

Transfer: a sale, exchange, assignment, transfer, pledge or other disposition, whether voluntary or by operation of law.

Transferee: a Person to whom an Ownership Interest is Transferred in compliance with this Agreement.

Transferor: a Person who Transfers an Ownership Interest in compliance with this Agreement.

Vote: the action of the Company by its Members or the Board, either in meeting assembled or by written consent without a meeting.

ARTICLE 2: PURPOSES AND POWERS

2.1 PURPOSE. The purpose of the Company shall be to own the Shares contributed to it by the Members, to acquire further Shares in accordance with the terms of this Agreement and to vote, dispose and otherwise take actions in respect of the Shares owned by the Company in accordance with the terms of this Agreement. The Company shall be permitted to conduct such lawful business [a] as may be necessary or appropriate to give full effect to the foregoing purpose and to all of the provisions of this Agreement and [b] as may be consented to by the unanimous Vote of the Members.

2.2 POWERS. The Company shall have any and all powers necessary or desirable to carry out the purpose and business of the Company to the extent the same may be legally exercised by limited liability companies under the Act. Without limiting the foregoing, and subject to the other provisions of this Agreement, the purposes of the Company may be accomplished through the following powers (which are not exclusive):

- [a] to acquire, hold, transfer, distribute, or otherwise dispose of Company assets (or rights or interests in such property);
- [b] to enter into any contracts or agreements concerning the assets of the Company;

- [c] to execute and deliver all instruments, including proxies, assignments, and other documents of transfer, as may be necessary or advisable for the administration of the Company;
- [d] to hold the assets of the Company in the name of a nominee;
- [e] to vote securities, exercise rights, and pay calls and assessments;
- [f] to settle claims and take or defend judicial and administrative proceedings;
- [g] to employ agents and independent contractors as may be necessary or advisable for the administration of the Company;
- [h] to establish reserves for taxes, assessments, insurance premiums, repairs, maintenance, improvements, depreciation, depletion and obsolescence out of the rents, profits or other income received;
- [i] to pay all expenses reasonably incurred in the administration of the Company; and
- [j] to do such other things and engage in such other activities related directly or indirectly to the foregoing as may be necessary, convenient or advisable to the conduct of the business of the Company.

ARTICLE 3: MEMBERS; MANAGEMENT; VOTING

3.1 ADMISSION OF TRANSFEREES AS MEMBERS. A Transferee shall be admitted as a Member of the Company only upon the affirmative unanimous Vote of Members, except that a Transferee which is an Affiliate of a Member shall automatically be admitted as a Member, subject to compliance with Section 11.6, without any action on the part of the other Members.

3.2 MANAGING DIRECTORS. Except as specifically set forth in Section 3.4, the management and policy-making functions of the Company shall reside in a board (the "Board") composed of four individuals (each, a "Managing Director") to be elected annually and who shall serve until their successors are elected and qualified. Such Managing Directors shall be elected by unanimous Vote of the Members. Members included in the Liberty Shareholder Group shall be entitled to nominate two Managing Directors ("Liberty Directors") and Members included in the Microsoft Shareholder Group shall be entitled to nominate the other two Managing Directors ("Microsoft Directors"). Each Member agrees to Vote all of its Ownership Interest in any election

of Managing Directors in favor of the Persons nominated in accordance with the preceding sentence. Upon the occurrence of a vacancy in the Board, the Member who nominated the Managing Director in respect of whom such vacancy exists may nominate a replacement, and the Members shall Vote in favor of such replacement, who shall serve until such replacement Managing Director's successor is elected.

3.3 BOARD VOTE. Except as set forth in Section 7.9 and except as provided in Section 3.4 relating to a unanimous Vote of Members, all decisions by the Company (including the incurrence of any liabilities by the Company other than those related solely to the ownership of the Shares) will be made by the affirmative Vote of a majority of the Managing Directors without regard to vacancies.

3.4 UNANIMOUS VOTE. The following decisions or actions will require the unanimous Vote of the Members: [a] the payment of compensation to any Member or any Affiliate of a Member for services rendered to the Company, other than such Member's share of Profits; [b] the approval of any voluntary Additional Contribution as provided in Section 4.4 (except those required by Section 11.12); [c] the making of any curative or remedial ss. 704(c) allocation under Section 5.6; [d] the voluntary Dissolution of the Company under Section 12.1; [e] any amendment of this Agreement; [f] the sale, exchange or other disposition of any of the Shares, other than a Transfer permitted under Article 11 or a distribution of Pro Rata Shares to a Member as permitted by Section 6.5 and [g] the admission of any new or substitute Member except pursuant to the last sentence of Section 11.8.

3.5 EXPENSE REIMBURSEMENT; INDEMNIFICATION. Except as otherwise provided in this Agreement, upon compliance with such policies and procedures as the Company may from time to time adopt, the Members and the Managing Directors will be reimbursed by the Company for all reasonable expenses incurred on behalf of the Company in connection with its business. The Company will indemnify its Managing Directors against liability incurred in any proceeding in which such Managing Director is made a party because he or she is or was a manager of the Company to the maximum extent permitted by the Act.

3.6 NO RESIGNATION OR RETIREMENT. Each Member agrees not to voluntarily resign or retire from the Company, except for permissible Transfers as provided in Article 11 and in connection with Pro Rata Share Distributions permitted by Section 6.5. However, if such voluntary resignation or retirement occurs in contravention of this Agreement, the withdrawing Member will, without further act, become a Transferee of its entire Ownership Interest with the limited rights of a Transferee who has not been admitted as a Member in accordance with this Agreement, as set forth in Section 11.7.

ARTICLE 4: CAPITAL AND CAPITAL ACCOUNTS

4.1 MAINTENANCE. A Capital Account will be maintained for each Member and credited, charged and otherwise adjusted as follows:

- [a] Credited with [i] the amount of money contributed by the Member as an Initial Contribution or Additional Contribution, [ii] the Fair Market Value of Shares and other property contributed by the Member as an Initial Contribution or Additional Contribution (net of liabilities secured by such property that the Company takes subject to or assumes), [iii] the Member's allocable share of Profits and [iv] all other items properly credited to its Capital Account in accordance with U.S. generally accepted accounting principles consistently applied; and
- [b] Charged with [i] the amount of money distributed to the Member by the Company, [ii] the Fair Market Value of Shares and other property distributed to the Member by the Company (net of liabilities secured by such property that the Member takes subject to or assumes), [iii] the Member's allocable share of Losses and [iv] all other items properly charged to its Capital Account in accordance with U. S. generally accepted accounting principles consistently applied.

Any unrealized appreciation or depreciation with respect to any asset distributed in kind will be allocated among the Members in accordance with the provisions of Article 5 as though such asset had been sold for its Fair Market Value on the date of Distribution, and the Members' Capital Accounts will be adjusted to reflect both the deemed realization of such appreciation or depreciation and the Distribution of such property.

4.2 REVALUATION. Upon a contribution of money, Shares or other property to the Company by a new or continuing Member as consideration for an Ownership Interest in the Company, and upon a Distribution of money, Shares or other property to a retiring or existing Member in consideration of an Ownership Interest in the Company that is being redeemed by the Company, the Capital Accounts of the Members will be increased or decreased to reflect the Fair Market Value of the assets of the Company as of the date of such contribution or Distribution. Adjustments made pursuant to the preceding sentence will reflect the manner in which any unrealized appreciation or depreciation with respect to the assets of the Company (which appreciation or depreciation is not reflected in the Capital Accounts as of the adjustment date) would be allocated among the Members if such assets were sold at Fair Market Value on the adjustment date. Following any adjustment under this Section 4.2, for purposes of computing Profits or Losses of the Company, items of depreciation, amortization, depletion, gain or loss relating to revalued property will be determined based upon the Fair Market Value of

such property at the adjustment date. For purposes of making any adjustment pursuant to this Section 4.2, Fair Market Value shall be determined by agreement of the Members or, if they cannot so agree within 7 days following the date on which a contribution or Distribution is made, by following the procedure set forth in Section 11.5[d].

4.3 CONTRIBUTIONS; OWNERSHIP INTERESTS. Each Member has made the Initial Contribution and the Additional Contributions to the Company as set forth opposite such Member's name on the attached EXHIBIT A. The Ownership Interests of the Members as of the date of this Agreement are as set forth on EXHIBIT A.

4.4 ADDITIONAL CONTRIBUTIONS. Except as required by Section 11.12 or upon the unanimous Vote of the Members, no Additional Contribution by any Member will be required or permitted unless otherwise required by law. If any Additional Contribution is made after the date of this Agreement, EXHIBIT A will be amended to reflect the Additional Contribution and any resulting change in the Ownership Interests of the Members. Upon the making of an Additional Contribution by any Member or Members, the percentage Ownership Interest of each Member will be adjusted (or, in the case of a Shareholder admitted as a new Member under Section 11.12, determined) to equal the percentage obtained by dividing the sum of [a] the Fair Market Value of the assets of the Company less the liabilities of the Company immediately prior to the Additional Contribution(s) ("Pre-Contribution Company Value"), multiplied by that Member's percentage Ownership Interest in the Company immediately prior to the Additional Contribution(s), plus [b] the Fair Market Value of that Member's Additional Contribution, if any, on that date, by the sum of [y] the Pre-Contribution Company Value plus [z] the Fair Market Value of all Members' Additional Contributions on that date. For purposes of this Section 4.4, any Shares contributed by a Shareholder admitted as a new Member under Section 11.12 shall be treated as an Additional Contribution by such Shareholder. In adjusting or determining Ownership Interests pursuant to this Section 4.4, Fair Market Value shall be determined by agreement of the Members or, if they cannot so agree within 7 days following the date on which an Additional Contribution is made to the Company, by following the procedure set forth in Section 11.5[d].

4.5 NO WITHDRAWAL OF CAPITAL. Except as specifically provided in Section 6.5, no Member will be entitled to withdraw all or any part of such Member's capital from the Company or, when such withdrawal of capital is permitted, to demand a Distribution of property other than money.

4.6 NO INTEREST ON CAPITAL. No Member will be entitled to receive interest on such Member's Capital Contributions or Capital Account.

4.7 NO DRAWING ACCOUNTS. The Company will not maintain a drawing account for any Member. All Distributions to Members will be governed by Article 6 (relating to Distributions) and by Article 13 (relating to Liquidation).

4.8 TRANSFERS OF CAPITAL ACCOUNTS. If all or any part of an Ownership Interest is Transferred in accordance with this Agreement, the Capital Account of the Transferor that is attributable to the Transferred Ownership Interest will carry over to the Transferee.

ARTICLE 5: ALLOCATION OF PROFITS AND LOSSES

5.1 PROFITS AND LOSSES. For each Fiscal Year, Profits or Losses of the Company will be an amount equal to the Company's income or loss determined in accordance with the accrual method of accounting and U.S. generally accepted accounting principles consistently applied, except as otherwise provided in the last sentence of Section 4.2.

5.2 GENERAL ALLOCATION RULE. Except as otherwise provided in (or until changed pursuant to) this Agreement, the Profits or Losses of the Company, including items of income, gain, loss and deduction for each Fiscal Year, will be allocated to the Members in proportion to their respective Ownership Interests.

5.3 EXCEPTION. Notwithstanding the general rule on allocation of Losses stated in Section 5.2, Losses of the Company attributable to any Member nonrecourse liability (which is nonrecourse to the Company, but for which one or more Members or a related party bears the economic risk of loss) will be allocated to the Member or Members bearing the economic risk of loss for the liability. The determination and allocation of deductions attributable to any Member nonrecourse liability will be made in accordance with regulations promulgated under ss. 752 of the Code and regulations promulgated under ss. 704(b) of the Code. Similarly, notwithstanding the general rule on allocation of Profits, any Profits of the Company will be determined and allocated to the Members in accordance with the chargeback rules promulgated under ss. 704(b) of the Code applying to nonrecourse debt minimum gain.

5.4 TAX ALLOCATIONS. Except as otherwise provided in Section 5.6, allocation of items of income, gain, loss and deduction of the Company for federal income tax purposes for a Fiscal Year will be allocated, as nearly as is practicable, in accordance with the manner in which such items are reflected in the allocations of Profits and Losses among the Members for such Fiscal Year. To the extent possible, principles identical to those that apply to allocations for federal income tax purposes will apply for state and local income tax purposes.

5.5 TRANSFER. If any Transfer of an Ownership Interest occurs during any Fiscal Year, the books of the Company will be closed as of the effective date of the Transfer. The Profits or Losses attributed to the period from the first day of such Fiscal Year through the effective date of Transfer will be allocated to the Transferor, and the Profits or Losses attributed to the period commencing on the effective date of Transfer will be allocated to the Transferee. In lieu of an interim closing of the books of the Company and with the agreement of the Transferor and Transferee, the Company may agree to allocate Profits and Losses for such Fiscal Year between the Transferor and Transferee based on a daily proration of items for such Fiscal Year or any other reasonable method of allocation (including an allocation of extraordinary Company items, as determined by the Company, based on when such items are recognized for federal income tax purposes).

5.6 CONTRIBUTED AND REVALUED PROPERTY. All items of income, gain, loss and deduction with respect to property contributed (or deemed contributed) to the Company or revalued under Section 4.2 will, solely for tax purposes, be allocated among the Members so as to take into account the variation between the tax basis of the property and its Fair Market Value at the time of contribution or revaluation. For example, if there is built-in gain with respect to contributed property, upon the Company's sale of that property the pre-contribution taxable gain (as subsequently adjusted under the ss. 704(c) Regulations during the period such property was held by the Company) would be allocated to the contributing Member (and such pre-contribution gain would not again create a Capital Account adjustment since the property was credited to Capital Account upon contribution at its Fair Market Value). Except as limited by the following sentence, the allocation of tax items with respect to ss. 704(c) property to Members not contributing such property will, to the extent possible, be equal to the allocation of the corresponding book items made to such noncontributing Members with respect to such property. If book allocations of cost recovery deductions (such as amortization or depreciation) exceed the tax allocations of those items so that the ceiling rule of the ss. 704(c) Regulations applies, the Company will make curative allocations or remedial allocations of tax items only upon the affirmative Vote of all Members. All tax allocations made under this Section 5.6 will be made in accordance with ss. 704(c) of the Code and the ss. 704(c) Regulations.

5.7 TAX CREDITS. To the extent that the federal income tax basis of an asset is allocated to the Members in accordance with the Regulations promulgated under ss. 46 of the Code, any tax credit attributable to such tax basis will be allocated to the Members in the same ratio as such tax basis. With respect to any other tax credit, to the extent that a Company expenditure gives rise to an allocation of loss or deduction, any tax credit attributable to such expenditure will be allocated to the Members in the same ratio as such loss or deduction. Consistent principles will apply in determining the Members' interests in tax credits that arise from taxable or non-taxable receipts of the Company. All allocations

of tax credits will be made as of the time such credit arises. Any recapture of a tax credit will, to the extent possible, be allocated to the Members in the same manner as the tax credit was allocated to them.

ARTICLE 6: DISTRIBUTIONS

6.1 NET CASH. Net Cash will be allocated and paid to the Members in proportion to their Ownership Interests. Distributions of Net Cash will be made to the Members at such times as the Members by unanimous Vote approve.

6.2 LIQUIDATING DISTRIBUTIONS. Upon the Liquidation of the Company following its Dissolution, liquidating Distributions will be made to the Members as provided in Article 13.

6.3 PAYMENT. Any Distribution will be made to a Member only if such Person owns an Ownership Interest on the date of Distribution, as reflected on the books of the Company.

6.4 WITHHOLDING. If required by the Code or by state or local law, the Company will withhold any required amount from Distributions to a Member for payment to the appropriate taxing authority. Any amount so withheld from a Member will be treated as a Distribution by the Company to such Member. Each Member agrees to timely file any agreement that is required by any taxing authority in order to avoid any withholding obligation that otherwise would be imposed on the Company.

6.5 IN KIND DISTRIBUTIONS. Each Member is entitled to require the Company to distribute such Member's Pro Rata Shares to it in whole or in part at any time if such Member so elects, without the consent of any other Person. If the Company distributes Shares to any Member who contributed Shares to the Company within seven years preceding the date of such Distribution, the Company will, to the extent of any such Shares then owned by the Company, distribute to such Member those Shares originally contributed by such Member. The Company will maintain records relating to contributed Shares in a manner sufficient to enable the Company to identify the Member who contributed such Shares.

6.6 DISTRIBUTION LIMITATION. Notwithstanding any other provision of this Agreement, the Company will not make any Distribution to the Members if, after the Distribution, the liabilities of the Company (other than liabilities to Members on account of their Ownership Interests) would exceed the Fair Market Value of the Company's assets. With respect to any property subject to a liability for which the recourse of creditors is limited to the specific property, such property will be included in assets only to the extent

the property's Fair Market Value exceeds its associated liability, and such liability will be excluded from the Company's liabilities.

ARTICLE 7: MANAGING DIRECTORS

7.1 ANNUAL MEETING. The annual meeting of the Board will be held on the second Tuesday of April in each year at 9:00 a.m. (local time) or at such other time as determined by resolution of a majority of the Managing Directors (without regard to any vacancies). The purpose of the annual meeting is to review the Company's operations for the preceding Fiscal Year and to transact such business as may come before the meeting.

7.2 SPECIAL MEETINGS. Special meetings of the Board, for any purpose or purposes, may be called by any Managing Director.

7.3 PLACE. Unless otherwise agreed by the Board, or if no designation is made, the place of meeting will be the Company's registered office in Colorado.

7.4 NOTICE. Notice of any meeting must be given not less than 5 days nor more than 30 days before the date of the meeting. Such notice must state the place, day and hour of the meeting and, in the case of a special meeting, the purpose for which the meeting is called.

7.5 WAIVER OF NOTICE. Any Managing Director may waive, in writing, any notice required to be given to such Managing Director, whether before or after the time stated in such notice. Any Managing Director who signs minutes of action (or written consent or agreement to action) will be deemed to have waived any required notice with respect to such action.

7.6 MEETINGS BY TELEPHONE. The Managing Directors may participate in a meeting by means of conference telephone or similar communications equipment by which all Managing Directors participating in the meeting can hear each other at the same time. Such participation will constitute presence in person at the meeting and waiver of any required notice.

7.7 ACTION WITHOUT A MEETING. Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, signed by at least a majority of all of the Managing Directors (without regard to any vacancies). Action so taken is effective when sufficient Managing Directors approving the action have signed the consent, unless the consent specifies a later effective date.

7.8 CERTAIN CONFLICTS. If any Member or any Affiliate of a Member has a conflict of interest with respect to any matter on which the Company is to vote its Shares, the Shares held by the Company shall be voted as follows: the Pro Rata Shares of any Member who has such conflict, or of any Member which is an Affiliate of such conflicted Person, shall be voted "abstain," and the remainder of the Shares held by the Company shall be voted as designated by the Managing Directors nominated by the Member that is not subject to such conflict. In addition, the Company shall vote all its Shares in favor of candidates for director of Telewest (or the removal of such director) which any Shareholder Group is entitled to nominate (or remove) in accordance with Telewest's Articles of Association or the Relationship Agreement.

7.9 RESOLUTION OF DISAGREEMENTS. All Shares shall be voted as the Liberty Directors and the Microsoft Directors agree. If the Liberty Directors and the Microsoft Directors cannot agree on any matter requiring a vote of the Shares within a period of 10 days after the matter is first presented for decision, the matter in dispute shall be referred to the Chief Executive Officers of Liberty International and of Microsoft (or other representatives designated by the Liberty Shareholders and the Microsoft Shareholders, respectively) and the Shares shall be voted on such matter in accordance with the joint decision of such officers. If those officers cannot agree on any matter presented to them prior to the earlier of the date the vote is to be taken or five days after the matter is first submitted to them, the Shares shall be voted in such manner that would be most likely to continue the status quo, without materially increasing Telewest's financial obligations or materially deviating from its approved budget and business plan.

7.10 TERMINATION OF VOTING ARRANGEMENTS. If after March 3, 2000, the Liberty Member Group or the Microsoft Member Group Transfers, in one or more transactions (other than as a result of a Transfer permitted by Section 11.3 or as a result of a Related Transfer), more than 59,000,000 Ordinary Shares, the other Member Group may elect, by notice to the Member Group whose Pro Rata Shares have been so Transferred, to terminate the provisions of Section 7.9. After any such termination the members of the Microsoft Member Group and the Liberty Member Group may direct the Board as to the manner in which their respective Pro Rata Shares are to be voted in their sole discretion, and any Shares owned by the Company that are not Pro Rata Shares of any Member shall be voted in the same way as the Pro Rata Shares of the Members are voted, in proportion to the Members' respective Ownership Interests.

ARTICLE 8: LIABILITY OF MEMBERS

8.1 LIMITED LIABILITY. Except as otherwise provided in the Act, the debts, obligations and liabilities of the Company (whether arising in contract, tort or otherwise) will be

solely the debts, obligations and liabilities of the Company, and no Member of the Company (including any Person who formerly held such status) is liable or will be obligated personally for any such debt, obligation or liability of the Company solely by reason of such status.

8.2 CAPITAL CONTRIBUTION. Each Member is liable to the Company for [a] the Initial Contribution made under Section 4.3 and any Additional Contribution required or agreed to be made under Section 4.4 and 11.12 and [b] any Capital Contribution or Distribution that has been wrongfully or erroneously returned or made to such Member in violation of the Act, the Articles or this Agreement.

ARTICLE 9: INTENTIONALLY OMITTED

ARTICLE 10: ACCOUNTING AND REPORTING

10.1 FISCAL YEAR. For income tax and accounting purposes, the Fiscal Year of the Company will end on December 31 in each year (unless subsequently changed as provided in the Code).

10.2 ACCOUNTING METHOD. For income tax and accounting purposes, the Company will use the accrual method of accounting (unless otherwise required by the Code).

10.3 TAX RETURNS. The Company will cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code, as well as all other tax returns required in any jurisdiction in which the Company does business.

10.4 REPORTS. The Company books will be closed at the end of each Fiscal Year and statements prepared showing the financial condition of the Company and its Profits or Losses from operations. Copies of these statements will be given to each Member. In addition, as soon as is practicable after the close of each Fiscal Year, and in any event by March 31 following the end of each Fiscal Year, the Company will provide each Member with all necessary tax reporting information.

10.5 BANKING. The Company may establish one or more bank or financial accounts and safe deposit boxes. The Company may authorize one or more individuals to sign checks on and withdraw funds from such bank or financial accounts and to have access to such safe deposit boxes, and may place such limitations and restrictions on such authority as the Company deems advisable.

ARTICLE 11: TRANSFER RESTRICTIONS

11.1 GENERAL RESTRICTION. No Person may Transfer all or any part of such Person's Ownership Interest in any manner whatsoever except as permitted by this Article 11, and in any case only if the requirements of Section 11.6 have been satisfied. Any other Transfer of all or any part of an Ownership Interest is null and void. The rights and obligations of any resigning Member or of any Transferee of an Ownership Interest will be governed by the other provisions of this Agreement.

11.2 NO MEMBER RIGHTS. Except as provided in Section 11.8, no Member has the right or power to confer upon any Transferee the attributes of a Member in the Company. Except as provided in Section 11.8, the Transferee of all or any part of an Ownership Interest by operation of law does not, by virtue of such Transfer, succeed to any rights as a Member in the Company.

11.3 PERMITTED TRANSFEREES. A Member may Transfer all or any part of such Member's Ownership Interest at any time:

- [a] to an Affiliate of such Member;
- [b] to another Member; and
- [c] to the Company.

11.4 RIGHTS OF FIRST REFUSAL.

- [a] If a Member proposes to Transfer all or part of its Ownership Interests to a Third Party or Parties (except pursuant to Section 11.3), the Member desiring to make the Transfer (for purposes of this Section 11.4 only, the "Offeror") shall prior to the entry into of an agreement for the transfer of shares (except for an agreement conditional upon the non-transferring party not exercising its right to purchase such shares under this Section 11.4) first make a written offer (for purposes of this Section 11.4 only, the "Offer") to sell such Ownership Interest to the Members included in the other Member Group (for purposes of this Section 11.4 only, the "Offerees") on the same or materially similar terms and conditions on which the Offeror proposes to Transfer the Ownership Interest to the Third Party or Parties. Such offer shall state the price and the other terms and conditions of the proposed Transfer and shall be accompanied by a copy of the offer from the proposed Transferee. The price as so determined or stated in the Offeror's notice shall be, for purposes of this Section 11.4 only, the "Offer Price." The Offeror, for so long as the Offer shall remain outstanding, shall not request, nor shall the Company be obligated to make, a distribution of Shares in an amount in excess of the number

of Pro Rata Shares that such Offeror shall have the right to receive in respect of the Ownership Interest, if any, to be retained by such Offeror after giving effect to such proposed Transfer.

- [b] The Offerees shall have the right for a period of 30 days after receipt of the Offer to elect to purchase all, but not less than all, of the Ownership Interest offered at the Offer Price by giving written notice of acceptance to the Offeror within that period. If the Offerees do not elect to purchase all the Ownership Interest offered, the Offeror may Transfer the offered Ownership Interest pursuant to the terms disclosed under Section 11.4[a]. If the offered Ownership Interest is not Transferred within 90 days after the Offerees' option period expires, a new offer shall be made to the Offerees before any such Transfer is made.
- [c] If the Third Party's offer involves consideration other than immediate payment of cash at closing, the Offerees may pay the Fair Market Value of such other consideration, as determined by agreement between the Offeror and the Offerees, in cash. If they cannot agree on such cash equivalent within seven days after the Offerees give notice of the election to purchase the offered Ownership Interest, the Offerees may, by written notice to the Offeror, initiate appraisal proceedings under Section 11.4[d] for determination of the Fair Market Value of such consideration. The Fair Market Value shall be determined without regard to income tax consequences to the Offeror as a result of receiving cash in lieu of other consideration. Once the Fair Market Value is determined, (i) the Offerees, in their sole discretion, may elect either to purchase the Ownership Interest in cash by giving notice of such election to the Offeror within 10 days after receipt of the appraiser's decision or to withdraw its acceptance of the Offer, and (ii) the Offeror may in its sole discretion withdraw the Offer provided that in such case it may not Transfer such Ownership Interests pursuant to the proposed Transfer.
- [d] Any appraisal of the Fair Market Value of consideration shall be made by an appraiser jointly appointed by the Members. If the Members fail to agree on an appraiser within 20 days after receipt of the notice requiring or permitting an appraisal of Fair Market Value, each Member Group shall appoint one appraiser, which shall be an investment banking firm of national repute. The two appraisers so selected shall each make an appraisal of Fair Market Value within 30 days after their selection. If such determinations vary by 20% or more of the higher determination, the two appraisers shall select a third appraiser with similar qualifications which shall make its determination of such Fair Market Value within 30 days after its selection. Such third appraiser shall not be informed of or otherwise consider the appraisals of the other two in reaching its determination. The Fair Market Value shall be the average of the two closest values if three appraisals are made or, if the determinations of the first two appraisers vary by less

than 20% of the higher of such two determinations, the average of those two determinations. If any Member Group fails to appoint an appraiser as required hereunder, the other Member Group may refer the matter to the American Arbitration Association, which shall promptly (and in any case within 10 days) appoint an appraiser hereunder on behalf of the Member Group failing to make such appointment. Appraisers appointed under this Section 11.5[d] shall act as experts and not as arbitrators and absent fraud or manifest error, the determination of an appraiser or appraisers hereunder shall be binding on the parties.

[e] The closing of the purchase of an Ownership Interest by the Offerees shall take place within 60 days following the timely delivery to the Offeror of a written notice of acceptance pursuant to Section 11.4[b] or, if the provisions of Section 11.4[c] apply, within 60 days following the delivery to the Offeror of a written notice of election pursuant to clause (i) of the last sentence of Section 11.4[c]. The Offeror shall give customary representations and warranties regarding the title of such Ownership Interests to the Offerees.

[f] The Offerees may rescind their notice of acceptance given pursuant to Section 11.4[b] at any time on or prior to the 30th day following the date of such notice of acceptance (but not thereafter) if (i) prior to the date of such notice of acceptance the Offerees had sought in good faith a waiver from the City Panel with respect to the application of any provision of Rule 9 of the City Code on Takeovers and Mergers which absent such waiver would require the Offerees to offer to purchase all of the outstanding Ordinary Shares and (ii) such waiver or any shareholder approval required by the City Panel has been denied (or has not been granted as of the last day of such rescission period).

11.5 CHANGE IN CONTROL OF A SHAREHOLDER GROUP.

[a] If at any time there is an involuntary Change in Control with respect to either the Liberty Shareholder Group or the Microsoft Shareholder Group, the Member Group included in the Shareholder Group experiencing the Change in Control (the "Subject Group") shall give notice to the other Member Group promptly after the Subject Group becomes aware of the Change in Control. If at any time either Shareholder Group experiences a voluntary Change in Control, the Subject Group shall give notice to the other Member Group promptly after the terms of the Change in Control are set forth in a binding agreement. The Member Group not affected by such Change in Control (the "Responding Group") must within 30 days after its receipt of such notice give notice to the Subject Group either [a] consenting to the Change in Control or [b] stating the price per percentage of Ownership Interest at which the Responding Group is willing to sell all of its Ownership Interests to the Subject Group or to buy all of the Subject Group's

Ownership Interests (the "Quoted Price"). Failure to give notice of such election within the time permitted shall be deemed consent to the Change in Control.

- [b] If the Responding Group does not consent to the Change in Control, the Subject Group must, within 30 days after its receipt of the Responding Group's notice, give notice to the Responding Group of its election to sell all of its Ownership Interests to the Responding Group or to buy all of the Responding Group's Ownership Interests, in either case at the Quoted Price. Following the giving of notice of a Change in Control pursuant to this Section 11.5 and prior to (i) receipt by the Subject Group (or deemed receipt) of consent to such Change of Control or (ii) the closing of the sale of the Subject Group's or the Responding Group's Ownership Interests, no Member shall request, nor shall the Company be obligated to make, any voluntary Distribution of Shares. Any purchase of Ownership Interests pursuant to this Section 11.5 may be made only by a Member.

11.6 GENERAL CONDITIONS ON TRANSFERS. No Transfer of an Ownership Interest will be effective unless all of the conditions set forth below are satisfied:

- [a] unless waived by the Company, the Transferor signs and delivers to the Company an undertaking in form and substance reasonably satisfactory to the Company to pay all reasonable expenses incurred by the Company in connection with the Transfer (including, but not limited to, reasonable fees of counsel and accountants and the costs to be incurred with any additional accounting required in connection with the Transfer, and the cost and fees attributable to preparing, filing and recording such amendments to the Articles or other organizational documents or filings as may be required by law);
- [b] the Transferor signs and delivers to the Company a copy of the assignment of the Ownership Interest to the Transferee in form and substance reasonably satisfactory to the Company;
- [c] the Transferee signs and delivers to the Company an agreement to be bound by this Agreement if the Transferee is not a Member or the Company; and
- [d] the Transfer is in compliance with the other provisions of this Article 11.

11.7 RIGHTS OF TRANSFEREES. Except as provided in Section 11.8, any Transferee of an Ownership Interest will, on the effective date of the Transfer, have only those rights of an assignee specified in the Act unless and until such Transferee is admitted as a Member. This provision limiting the rights of a Transferee will not apply if such Transferee is already a Member; provided that any Member who resigns or retires from the Company in contravention of Section 3.6 will have only the rights of a Transferee

who has not been admitted as a Member in accordance with this Agreement. Any Transferee of all or any part of an Ownership Interest who is not admitted as a Member in accordance with this Agreement has no right [a] to participate or interfere in the management or administration of the Company's business or affairs, [b] to vote or agree on any matter affecting the Company or any Member, [c] to require any information on account of Company transactions or [d] to inspect the Company's books and records. The only right of a Transferee of all or any part of an Ownership Interest who is not admitted as a Member in accordance with this Agreement is to receive the allocations and Distributions to which the Transferor was entitled (to the extent of the Ownership Interest Transferred). However, each Transferee of all or any part of an Ownership Interest (including both immediate and remote Transferees) will be subject to all of the obligations, restrictions and other terms contained in this Agreement as if such Transferee were a Member. With respect to any Ownership Interest Transferred, the Transferor Member shall not possess any right or power as a Member and may not exercise any such right or power directly or indirectly on behalf of the Transferee. Neither the Company nor any Member will owe any fiduciary duty to any Transferee who is not admitted as a Member.

11.8 ADMISSION. A Transferee of an Ownership Interest will become a Member of the Company only upon the affirmative unanimous Vote of Members, effective upon a date specified (which must be on or after the effective date of the Transfer, as determined under Section 11.6). Notwithstanding the foregoing, upon compliance with Section 11.6, a Transferee which is an Affiliate of a Member shall automatically become and be admitted as a Member without any action on the part of the other Members.

11.9 SATISFACTION OF LEGAL REQUIREMENTS. Notwithstanding any other provision of this Article 11, no Member may Transfer any Shares or Ownership Interests unless it has complied with all applicable legal requirements, including without limitation applicable United States federal and state securities laws. Upon the exercise of any option to acquire Shares or Ownership Interests hereunder, the Members shall use commercially reasonable efforts to obtain any necessary consents or approvals of any governmental authorities or other Third Parties necessary to effect such Transfer.

11.10 CLOSING. The closing of the purchase of any Ownership Interests by a Member pursuant to this Article 11 shall take place at the Company's principal offices on a day specified by the purchaser (other than a Saturday, Sunday or day on which banking institutions in New York are required by law to be closed) which is no more than 90 days after the date of exercise of the applicable purchase option (or within the period of time provided by Section 11.4[e], if applicable) or, if later, the date on which all necessary consents to such Transfer by governmental authorities shall have been obtained. At the closing the selling Member shall deliver a written assignment of Ownership Interests to be sold free and clear of any lien, charge or encumbrance, and such other documents as

may be reasonably necessary to effectuate the sale. The purchase price, to the extent it consists of cash, shall be paid in U.S. dollars in immediately available funds.

11.11 EVENTS OF WITHDRAWAL. An Event of Withdrawal of a Member occurs upon [a] such Member's resignation from the Company, [b] such Member's Bankruptcy or [c] the occurrence of any other event which terminates the continued membership of such Member in the Company (including the dissolution of that Member). Within 10 days after the occurrence of any such event, the Member experiencing the Event of Withdrawal (or such Member's legal representative or other successor in interest) will give notice to the Company of the occurrence of the Event of Withdrawal. Upon the occurrence of an Event of Withdrawal with respect to a Member, such Member will cease to have any voting and consent rights under Article 3 and will have only the limited rights of a Transferee who has not been admitted as a Member in accordance with this Agreement, as set forth in Section 11.7.

11.12 OBLIGATION TO CONTRIBUTE ADDITIONAL SHARES TO COMPANY. Each Member agrees that, unless waived by the other Member Group, if any Shareholder included in its Member Group acquires additional Shares after the date of this Agreement and before any Pro Rata Shares are distributed to any Member pursuant to Section 6.5, the beneficial interests in all of such Shares will be contributed to the Company as an Additional Contribution, with a corresponding increase in the Ownership Interest of such Member pursuant to Section 4.4 (or the issuance of an Ownership Interest to such Shareholder, who shall be admitted as a Member, if such Shareholder is not already a Member).

11.13 COVENANT RELATING TO RULE 9 OF CITY CODE. Each Member covenants to and agrees with the other Member that, in the event it or any member of the Shareholder Group in which it is included elects to purchase Shares or Ownership Interests, or is deemed to have made such an election pursuant to this Agreement, it shall fulfill all obligations arising pursuant to Rule 9 of the City Code on Takeovers and Mergers and shall pay all consideration and expenses attributable to the Shareholders, the Members and the Company (but not Telewest) in connection therewith.

ARTICLE 12: DISSOLUTION OF THE COMPANY

12.1 DISSOLUTION. Dissolution of the Company will occur upon the happening of any of the following events: [a] the sale or Distribution of all or substantially all of the Company's assets; [b] the unanimous Vote of the Members; [c] April 1, 2045, unless the Company is continued by the unanimous Vote of the Members; [d] a sale of all or substantially all the assets of Telewest (other than by merger, share exchange, scheme of arrangement, recapitalization or similar transaction); [e] a merger or consolidation of Telewest pursuant to which all the voting securities of the merged or consolidated entity

are held by Persons other than the Company and the Shareholders; or [f] a reduction in the number of Shares in respect of which the Company and the Liberty Shareholder Group and the Microsoft Shareholder Group in the aggregate hold voting rights so that such Shares represent, for a period of 10 consecutive days or longer, less than 50% of the voting power of all of Telewest's issued and outstanding share capital at that time (for this purpose only treating Limited Voting Shares as Ordinary Shares), unless the Members unanimously Vote to continue the Company.

12.2 EXCLUSIVE MEANS OF DISSOLUTION. The exclusive means by which the Company may be dissolved are set forth in Section 12.1. The Company will not be dissolved upon the death, retirement, resignation, expulsion, Bankruptcy or dissolution of any Member or upon the occurrence of any other event which terminates the continued membership of any Member in the Company.

ARTICLE 13: LIQUIDATION

13.1 LIQUIDATION. Upon Dissolution of the Company, the Company promptly will file a statement of intent to dissolve with the Colorado Secretary of State as required by the Act and will thereafter wind up its affairs and liquidate. The Member owning the largest Ownership Interest, or if such Member fails to act, any Person appointed by unanimous Vote of the Members, will act as liquidating trustee. The winding up and Liquidation of the Company will be accomplished in a businesslike manner as determined by the liquidating trustee. A reasonable time will be allowed for the orderly Liquidation of the Company and the discharge of liabilities to creditors so as to enable the Company to minimize any losses attendant upon Liquidation. Any gain or loss on disposition of any Company assets in Liquidation will be allocated to Members and credited or charged to Capital Accounts in accordance with the provisions of Articles 4 and 5. Any liquidating trustee is entitled to reasonable compensation for services actually performed, and may contract for such assistance in the liquidation process as such Person deems necessary. Until the filing of articles of dissolution under Section 13.6, the liquidating trustee may settle and close the Company's business, prosecute and defend suits, dispose of its property, discharge or make provision for its liabilities, and make distributions in accordance with the priorities set forth in Section 13.2.

13.2 PRIORITY OF PAYMENT. The assets of the Company will be distributed in Liquidation of the Company in the following order:

[a] Creditors. First, to creditors by the payment or provision for payment of the debts and liabilities of the Company (other than any loans or advances made by any Member or any of its Affiliates) and the expenses of Liquidation.

- [b] Reserves. Second, to the setting up of any reserves that are reasonably necessary for any contingent, conditional or unmatured liabilities or obligations of the Company.
- [c] Loans. Third, to the repayment of any loans or advances made by any Member or any Affiliate of a Member (proportionately if the amount available for such repayment is insufficient for payment in full).
- [d] Capital Accounts. Fourth, to the payment to the Members of their respective Capital Account balances as adjusted for their respective shares of liquidating Profits and Losses.
- [e] Balance. Fifth, the balance, if any, to the Members in the ratio of their Ownership Interests.

13.3 DISTRIBUTION TO MEMBERS. Distributions in Liquidation due to the Members will be made by distributing the Company assets to the Members at their net Fair Market Value in kind unless all Members unanimously agree in writing to the sale of the Company's assets and the Distribution of the proceeds thereof. Any liquidating Distribution in kind to the Members may be made either by a pro rata Distribution of Shares (pursuant to Section 6.5, if applicable) or, with respect to other assets, undivided interests in such assets or, if the Members unanimously agree in writing, by non-pro rata Distribution of specific assets at Fair Market Value on the effective date of Distribution. Any Distribution in kind may be made subject to, or require assumption of, liabilities to which such property may be subject, but in the case of any non-pro rata Distribution only upon the express written agreement of the Member receiving the Distribution. Each Member hereby agrees to save and hold harmless the other Members from such Member's share of any and all such liabilities which are taken subject to or assumed. Appropriate and customary prorations and adjustments shall be made incident to any Distribution in kind.

13.4 DEFICIT CAPITAL ACCOUNT. Except as otherwise specifically provided in Section 4.4, nothing contained in this Agreement imposes on any Member an obligation to make an Additional Contribution in order to restore a deficit Capital Account upon Liquidation of the Company. Each Member will look solely to the assets of the Company for the return of such Member's Capital Contribution.

13.5 LIQUIDATING REPORTS. A report will be submitted by the liquidating trustee with each liquidating Distribution to Members showing the collections, disbursements and distributions during the period which is subsequent to any previous report. A final report, showing cumulative collections, disbursements and Distributions, will be submitted by the liquidating trustee upon completion of the liquidation process.

13.6 ARTICLES OF DISSOLUTION. Upon Dissolution of the Company and the completion of the winding up of its business, the Company will file articles of dissolution with the Colorado Secretary of State pursuant to the Act. At such time, the Company also will file an application for withdrawal of its certificate of authority in any jurisdiction where it is then qualified to do business.

ARTICLE 14: GENERAL PROVISIONS

14.1 AMENDMENT. This Agreement may be amended only by the unanimous Vote of the Members. Any amendment will become effective upon such Vote, unless otherwise provided. Written notice of any proposed amendment must be given at least 5 days in advance of the meeting at which the amendment will be considered (unless the Vote is evidenced by duly signed minutes of action). Any amendment to this Agreement is binding upon, and inures to the benefit of, each Member who holds an Ownership Interest at or after the time of such amendment, without the requirement that such Member sign the amendment or any republication or restatement of this Agreement.

14.2 UNREGISTERED INTERESTS. Each Member [a] acknowledges that the Ownership Interests in the Company are being offered and sold without registration under the Securities Act of 1933, as amended, or under similar provisions of state law, [b] acknowledges that such Member is fully aware of the economic risks of an investment in the Company, and that such risk must be borne for an indefinite period of time, [c] represents and warrants that such Member is acquiring an Ownership Interest for such Member's own account, for investment, and with no view to the distribution of the Ownership Interest and [d] agrees not to Transfer, or to attempt to Transfer, all or any part of such Ownership Interest without registration under the Securities Act of 1933, as amended, and any applicable state securities laws, unless the Transfer is exempt from such registration requirements.

14.3 RELIANCE. Each Member will be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements by [a] any of the Company's other Members, employees or committees or [b] any other Person who has been selected with reasonable care as to matters such Member reasonably believes are within such other Person's professional or expert competence. Matters as to which such reliance may be made include the value and amount of assets, liabilities, Profits and Losses of the Company, as well as other facts pertinent to the existence and amount of assets from which Distributions to Members may properly be made.

14.4 EQUITABLE RELIEF. If any Person proposes to Transfer all or any part of such Person's Ownership Interest in violation of the terms of this Agreement, the Company or any Member may apply to any court of competent jurisdiction for an injunctive order prohibiting such proposed Transfer except upon compliance with the terms of this Agreement, and the Company or any Member may institute and maintain any action or proceeding against the Person proposing to make such Transfer to compel the specific performance of this Agreement. Any attempted Transfer in violation of this Agreement is null and void, and of no force and effect. The Person against whom such action or proceeding is brought irrevocably waives the claim or defense that an adequate remedy at law exists, and such Person will not urge in any such action or proceeding the claim or defense that an adequate remedy at law exists.

14.5 SPECIFIC PERFORMANCE. The Members agree that each would be irreparably damaged if any Member failed to perform any obligation under this Agreement, and that such Member would not have an adequate remedy at law for money damages in such event. Accordingly, each Member will be entitled to specific performance and injunctive and other equitable relief to enforce the performance of this Agreement. This provision is without prejudice to any other rights that such Member may have under this Agreement, at law or in equity.

14.6 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which taken together will constitute one agreement.

14.7 NOTICES. All notices under this Agreement will be in writing and will be delivered or mailed addressed [a] if to the Company, at the Company's principal business office, and [b] if to any Member, at such Person's address as then appearing on the records of the Company.

14.8 DEEMED NOTICE. All notices given to any Person in accordance with this Agreement will be deemed to have been duly given [a] on the date of receipt if personally delivered, [b] three days after being sent by registered or certified mail, postage prepaid, return receipt requested, [c] when sent by confirmed electronic facsimile transfer or [d] one business day after having been sent by a nationally recognized overnight courier service.

14.9 WAIVERS GENERALLY. No course of dealing will be deemed to amend or discharge any provision of this Agreement. No delay in the exercise of any right will operate as a waiver of such right. No single or partial exercise of any right will preclude its further exercise. A waiver of any right on any one occasion will not be construed as a bar to, or waiver of, any such right on any other occasion.

14.10 PARTIAL INVALIDITY. Wherever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law. However, if for any reason any one or more of the provisions of this Agreement are held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such holding will not affect any other provision of this Agreement. In such event, this Agreement will continue in force and will be construed as if such invalid, illegal or unenforceable provision had never been contained in it.

14.11 ENTIRE AGREEMENT. This Agreement and the Relationship Agreement contain the entire agreement and understanding of the Members with respect to their subject matter, and supersede all prior and contemporaneous written and oral agreements with respect thereto.

14.12 NO THIRD PARTY BENEFIT. The contribution obligations of each Member will inure solely to the benefit of the other Members and the Company, without conferring on any other Person any rights of enforcement or other rights.

14.13 BINDING EFFECT. This Agreement is binding upon, and inures to the benefit of, the Members and their permitted Transferees.

14.14 FURTHER ASSURANCES. Each Member agrees, without further consideration, to sign and deliver such other documents of further assurance as may reasonably be necessary to effectuate the provisions of this Agreement.

14.15 HEADINGS. Article and Section titles have been inserted for convenience of reference only. They are not intended to affect the meaning or interpretation of this Agreement.

14.16 TERMS. Terms used with initial capital letters will have the meanings specified, applicable to both singular and plural forms, for all purposes of this Agreement. All pronouns (and any variation) will be deemed to refer to the masculine, feminine or neuter, as the identity of the Person may require. The singular or plural include the other, as the context requires or permits. The word "include" (and any variation) is used in an illustrative sense rather than a limiting sense. The terms "shall" and "will" both refer to an obligation that is mandatory.

14.17 GOVERNING LAW. This Agreement will be governed by, and construed in accordance with, the laws of the State of Colorado without considering any conflicts of law principles. Any conflict or apparent conflict between this Agreement and the Act will be resolved in favor of this Agreement except as otherwise required by the Act.

14.18 RESTRICTIVE TRADE PRACTICES ACT. Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the Restrictive Trade Practices Acts 1976 and 1977 of England will not come into effect until the day following the date on which particulars of this Agreement and of any such arrangement have been furnished to the Office of the Director General of Fair Trading in accordance with the requirements of such Acts.

In Witness Whereof, the Members have signed this 2000 AMENDED AND RESTATED OPERATING AGREEMENT OF TW HOLDINGS, L.L.C. to be effective July 7, 2000.

LIBERTY UK, INC.

By: _____

Its: _____

MICROSOFT CABLE PARTNERSHIP
HOLDINGS, INC.

By: _____

Its: _____

MICROSOFT UK CABLE, INC.

By: _____

Its: _____

EXHIBIT A

CAPITAL CONTRIBUTIONS

	Initial Contribution -----	Additional Contributions -----	Ownership Interest -----
Liberty UK, Inc.	\$1,000 plus 378,750,000 Shares	84,688,961 Shares	50%
Microsoft UK Cable, Inc.	\$912.90 plus 345,744,800 Shares	77,308,958 Shares	45.6%
Microsoft Cable Partnership Holdings, Inc.	\$87.10 plus 33,005,200 Shares	7,380,002 Shares	4.4%

AMENDMENT NO. 2
TO
REGISTRATION RIGHTS AGREEMENT

This Amendment No. 2 to Registration Rights Agreement (this "Amendment No. 2") is made and entered into as of the 4th day of October 1999, by and among the following persons:

1. Microsoft Corporation ("Microsoft");
2. Telewest Communications plc (formerly known as Telewest plc) ("Telewest");
3. Liberty UK, Inc. (formerly named United Artists Programming - Europe, Inc.) (the "Liberty Media Affiliate"); and
4. MediaOne UK Cable, Inc. (formerly known as U S WEST UK Cable, Inc.) and MediaOne Cable Partnership Holdings, Inc. (formerly known as U S WEST Cable Partnership Holdings, Inc.) (collectively, the "MediaOne Affiliates").

RECITALS

WHEREAS, Telewest, the Liberty Media Affiliate and the MediaOne Affiliates are parties to a Registration Rights Agreement, dated October 3, 1995, as amended pursuant to Amendment No. 1 thereto dated as of June 29, 1998 (the "Registration Rights Agreement");

WHEREAS, Microsoft, MediaOne Group, Inc. ("MediaOne"), MediaOne International Holdings, Inc. and the MediaOne Affiliates are parties to that certain agreement dated October 4, 1999 (the "Merger Agreement") pursuant to which Microsoft has conditionally agreed to acquire via mergers the MediaOne Affiliates, and MediaOne has conditionally agreed to such mergers, upon the terms and conditions set forth therein;

WHEREAS, prior to Microsoft's acquisition via mergers of the MediaOne Affiliates, Telewest proposes to offer ordinary shares of 10 pence each ("Telewest Ordinary Shares") at a price of 213 pence per share by way of rights to qualifying shareholders, including the Liberty Media Affiliate and the MediaOne Affiliates (the "Rights Issue");

WHEREAS, pursuant to a subscription agreement (the "Subscription Agreement"), dated October 4, 1999, Microsoft has irrevocably undertaken to subscribe for such number of Telewest Ordinary Shares as represent the MediaOne Affiliates' full entitlements under the Rights Issue, Liberty Media International, Inc. has irrevocably undertaken to procure the subscription by the Liberty Media Affiliate of such number of Telewest Ordinary Shares as represent its full entitlement under the Rights Issue, and Microsoft and Liberty Media International, Inc. have undertaken to subscribe (or to procure subscription) to any further Telewest Ordinary Shares (in proportions and in the manner detailed in the Subscription Agreement) not otherwise subscribed to in the Rights Issue;

WHEREAS, Telewest and the MediaOne Affiliates have agreed that some of the MediaOne Affiliates' interest in Telewest should be redesignated as limited voting shares ("Limited Voting Shares") prior to Microsoft's acquisition via mergers of the MediaOne Affiliates;

WHEREAS, the parties hereto wish to amend the Registration Rights Agreement to provide that Microsoft and any affiliate thereof that holds Registrable Securities will constitute an "Investor" thereunder and, accordingly, will be entitled to the rights (including registration rights

in respect of the Telewest Ordinary Shares and Limited Voting Shares subscribed to pursuant to the Rights Issue), and be subject to the obligations, of an Investor thereunder;

NOW, THEREFORE, for valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

5. Amendment. The Registration Rights Agreement shall be amended as follows:
 - a. the term "Registrable Securities" will include (i) the Telewest Ordinary Shares and Telewest Ordinary Shares issuable upon conversion of the Limited Voting Shares acquired by Microsoft or

any affiliate thereof upon the consummation of its or its affiliates' acquisition via mergers of the MediaOne Affiliates, (ii) the Telewest Ordinary Shares and Telewest Ordinary Shares issuable upon conversion of the Limited Voting Shares subscribed to by the Liberty Media Affiliate or by Microsoft or any of its affiliates pursuant to the Rights Issue and (iii) any other Telewest Ordinary Shares or Telewest Ordinary Shares issuable upon conversion of Limited Voting Shares issued to, or otherwise acquired by, Microsoft or by the Liberty Media Affiliate at any time (including any securities issued by Telewest in exchange for, or in respect or upon conversion of, any such Telewest Ordinary Shares or Limited Voting Shares, whether upon a share dividend, share split, scrip issue, bonus issue, reclassification or otherwise);

- b. upon the earlier of (a) consummation of Microsoft's or its affiliates' acquisition via mergers of the MediaOne Affiliates pursuant to the Merger Agreement and (b) the purchase by Microsoft or any of its affiliates of any Telewest Ordinary Shares or Limited Voting Shares subscribed to pursuant to the Rights Issue, Microsoft and any affiliate thereof that holds Registrable Securities will constitute an "Investor" as defined in the Registration Rights Agreement and will have the rights (including Piggy-Back Registration and Demand Registration rights (as such terms are defined in the Registration Rights Agreement)), and be subject to the obligations, of an Investor under the Registration Rights Agreement as of the date this Agreement becomes effective, provided that for purposes of exercising the registration rights granted hereunder Microsoft and any affiliate thereof that holds Registrable Securities shall be treated as one entity; and
- c. The Liberty Media Affiliates, Microsoft and any affiliate of Microsoft that holds Limited Voting Shares will convert its Limited Voting Shares to Telewest Ordinary Shares prior to any sale to a third party to the extent it is permitted to do so unless such conversion causes a Debenture Change of Control (as defined in the articles of association of Telewest). To the extent any such third party transferee acquires Limited Voting Shares, the Liberty Media Affiliate, Microsoft or such affiliate of Microsoft may, notwithstanding any other provision of this agreement, assign to such transferee all or part of its registration rights with respect to the Telewest Ordinary Shares issuable upon conversion of such Limited Voting Shares, provided that the aggregate number of demand and piggyback registration rights held by the Liberty Media Affiliate or Microsoft and its affiliates (as the case may be) and such transferee does not exceed the number held by the Liberty Media Affiliate or Microsoft (as the case may be) and its affiliates immediately prior to such transfer.
6. Effectiveness. This Amendment No. 2 shall become effective upon the earlier of (a) the consummation of Microsoft's or its affiliates' acquisition via mergers of the MediaOne Affiliates pursuant to the Merger Agreement and (b) the purchase by

Microsoft or any of its affiliates of any Telewest Ordinary Shares or Limited Voting Shares subscribed to pursuant to the Rights Issue.

7. Governing Law. This Amendment No. 2 shall be governed by Delaware law, and interpreted in accordance with the laws of Delaware, without reference to its conflicts of laws principles.
8. Superseding Effect. This Amendment No. 2, together with the Registration Rights Agreement, supersedes all prior agreements among the parties hereto relating to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment No. 2 as of the date first above written.

MICROSOFT CORPORATION

By: /s/Greg Maffei

Name: Greg Maffei
Title: Chief Financial Officer

TELEWEST COMMUNICATIONS PLC

By: /s/ Victoria Hull

Name: Victoria Hull
Title: Company Secretary

LIBERTY UK, INC.

By: /s/ Miranda Curtis

Name: Miranda Curtis
Title: President

MEDIAONE UK CABLE, INC.

By: /s/ Gary Ames

Name: Gary Ames
Title: Attorney-in-Fact

MEDIAONE CABLE PARTNERSHIP
HOLDINGS, INC.

By: /s/ Gary Ames

Name: Gary Ames
Title: Attorney-in-Fact