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ACCESSION NUMBER: 0000891836-00-000518

CONFORMED SUBMISSION TYPE: SC 13D

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GROUP MEMBERS: MICROSOFT CABLE PARTNERSHIP HOLDINGS, INC.

GROUP MEMBERS: MICROSOFT CORP

GROUP MEMBERS: MICROSOFT U.K. CABLE, INC.

SUBJECT COMPANY:

COMPANY DATA:

COMPANY CONFORMED NAME:

TELEWEST COMMUNICATIONS PLC

CENTRAL INDEX KEY:

0000949606

STANDARD INDUSTRIAL CLASSIFICATION:

[4841

IRS NUMBER:

000000000

STATE OF INCORPORATION:

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FISCAL YEAR END:

1231

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FILING VALUES:

FORM TYPE:

SC 13D

SEC ACT:

SEC FILE NUMBER:005-53921

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STREET 2:

ALBERT DR WOKING

CITY:

SURREY GU21 5RK ENGL

STATE:

X0

BUSINESS PHONE:

1483750900

</BUSINESS-ADDRESS>

MAIL ADDRESS:

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ALBERT DRIVE WOKING

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FORMER COMPANY:

FORMER CONFORMED NAME:

TELEWEST PLC

DATE OF NAME CHANGE:

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

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)

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 Depositary Shares, each representing 10 Ordinary Shares of 10p each of Telewest Communications plc, is 879956P 10 5.

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1. NAME OF REPORTING PERSON

MICROSOFT CORPORATION

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

91-1144442

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(A) []
 (B) [x]

3. SEC USE ONLY

4. SOURCE OF FUNDS
 WC, 00

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS
 2(d) OR 2(e) []

NOT APPLICABLE

6. CITIZENSHIP OR PLACE OF ORGANIZATION

WASHINGTON STATE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7. SOLE VOTING POWER
	636,056,024 Ordinary Shares
	60,322,654 Limited Voting Shares
	8. SHARED VOTING POWER
	1,358,261,246 Ordinary Shares*
	62,507,747 Limited Voting Shares*
	9. SOLE DISPOSITIVE POWER
	636,056,024 Ordinary Shares
	60,322,654 Limited Voting Shares
	10. SHARED DISPOSITIVE POWER
1,358,261,246 Ordinary Shares*	
62,507,747 Limited Voting Shares*	

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
 1,358,261,246 Ordinary Shares*
 62,507,747 Limited Voting Shares*

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11)
 EXCLUDES CERTAIN SHARES

[]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

47.1% Ordinary Shares
 100% Limited Voting Shares

14. TYPE OF REPORTING PERSON
 CO

* All of the subject shares, including such shares beneficially owned by Liberty Media International Inc. and Liberty U.K., Inc., may be deemed to be beneficially owned, for the purposes of Section 13(d) of the Securities Exchange Act 1934, as amended (the "Exchange Act"), by Microsoft Corporation ("Microsoft") by virtue of the Revised New Relationship Agreement (as defined herein) and Operating Agreement (as defined herein) referred to in this statement on Schedule 13D. The filing of this statement

on Schedule 13D shall not be construed as an admission by Microsoft that it is, for the purposes of Section 13(d) of the Exchange Act, the beneficial owner of the subject shares as to which it does not have sole voting and dispositive power.

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1. NAME OF REPORTING PERSON

MICROSOFT CABLE PARTNERSHIP HOLDINGS, INC.

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

84-1126521

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(A) ☐

(B) ☒

3. SEC USE ONLY

4. SOURCE OF FUNDS

AF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) ☐

NOT APPLICABLE

6. CITIZENSHIP OR PLACE OF ORGANIZATION

COLORADO

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7. SOLE VOTING POWER
	40,385,202 Ordinary Shares
	8. SHARED VOTING POWER
	1,358,261,246 Ordinary Shares* 62,507,747 Limited Voting Shares*
	9. SOLE DISPOSITIVE POWER
	40,385,202 Ordinary Shares
	10. SHARED DISPOSITIVE POWER
	1,358,261,246 Ordinary Shares* 62,507,747 Limited Voting Shares*

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,358,261,246 Ordinary Shares*

62,507,747 Limited Voting Shares*

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11)
EXCLUDES CERTAIN SHARES

[]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

47.1% of Ordinary Shares
100% of Limited Voting Shares

14. TYPE OF REPORTING PERSON
CO

* All of the subject shares, including such shares beneficially owned by Liberty Media International Inc. and Liberty U.K., Inc., may be deemed to be beneficially owned, for the purposes of Section 13(d) of the Securities Exchange Act 1934, as amended (the "Exchange Act"), by Microsoft Cable Partnership Holdings, Inc., by virtue of the Revised New Relationship Agreement (as defined herein) and Operating Agreement (as defined herein) referred to in this statement on Schedule 13D. The filing of this statement on Schedule 13D shall not be construed as an admission by Microsoft that it is, for the purposes of Section 13(d) of the Exchange Act, the beneficial owner of the subject shares as to which it does not have sole voting and dispositive power.

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1. NAME OF REPORTING PERSON

MICROSOFT U.K. CABLE, INC.

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

81-1145944

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(A) []
(B) [x]

3. SEC USE ONLY

4. SOURCE OF FUNDS
AF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS
2(d) OR 2(e) []

NOT APPLICABLE

6. CITIZENSHIP OR PLACE OF ORGANIZATION

COLORADO

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7. SOLE VOTING POWER 540,648,982 Ordinary Shares* 57,312,938 Limited Voting Shares* 8. SHARED VOTING POWER 1,358,261,246 Ordinary Shares* 62,507,747 Limited Voting Shares* 9. SOLE DISPOSITIVE POWER 540,648,982 Ordinary Shares* 57,312,938 Limited Voting Shares 10. SHARED DISPOSITIVE POWER 1,358,261,246 Ordinary Shares* 62,507,747 Limited Voting Shares* 11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,358,261,246 Ordinary Shares* 62,507,747 Limited Voting Shares* 12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES [] 13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 47.1% Ordinary Shares 100% Limited Voting Shares 14. TYPE OF REPORTING PERSON CO

* All of the subject shares, including such shares beneficially owned by Liberty Media International Inc. and Liberty U.K., Inc., may be deemed to be beneficially owned, for the purposes of Section 13(d) of the Securities Exchange Act 1934, as amended (the "Exchange Act"), by Microsoft U.K. Cable, Inc., by virtue of the Revised New Relationship Agreement (as defined herein) and Operating Agreement (as defined herein) referred to in this statement on Schedule 13D. The filing of this statement on Schedule 13D shall not be construed as an admission by Microsoft that it is, for the purposes of Section 13(d) of the Exchange Act, the beneficial owner of the subject shares as to which it does not have sole voting and dispositive power.

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Item 1. Security and Issuer

This statement relates to the ordinary shares, par value 10 pence per share (the "Ordinary Shares"), and the Limited Voting Shares, par value 10 pence per share (the "Limited Voting Shares"),* of Telewest Communications plc, a public limited company incorporated under the laws of England and Wales ("Telewest"). The address of the principal executive offices of Telewest is Genesis Business Park, Albert Drive, Woking, Surrey, GU21 5RW, United Kingdom.

Item 2. Identity and Background:

This statement is filed on behalf of Microsoft Corporation, a Washington corporation ("Microsoft"), Microsoft U.K. Cable, Inc., a Colorado corporation ("UK Cable"), and Microsoft Cable Partnership Holdings, Inc., a Colorado corporation ("Cable Partnership", and together with Microsoft and UK Cable, the "Reporting Persons"). UK Cable and Cable Partnership are wholly-owned subsidiaries of Microsoft.

Microsoft develops, manufactures, licenses and supports a range of software products, including scalable operating systems, server applications, business/consumer productivity applications, software development tools and Internet software and technologies.

UK Cable and Cable Partnership hold a 50% interest in TW Holdings L.L.C., a Colorado limited liability company ("TW Holdings"). TW Holdings is the beneficial owner of 869,564,983 Ordinary Shares and 57,312,938 Limited Voting Shares representing 30.1% of the outstanding Ordinary Shares and 91.7% of the outstanding Limited Voting Shares. The other 50% of TW Holdings is held by Liberty

* The Ordinary Shares and the Limited Voting Shares have the same rights except that the Limited Voting Shares do not confer the right to vote on resolutions to appoint, re-appoint, elect or remove directors of Telewest. The Limited Voting shares are not listed or dealt in on any stock exchange. The Limited Voting Share maybe invested into Ordinary Shares on a one to one basis provided such conversion does not amount to a Debenture change of control of Telewest as provided in its Articles of Association a copy of which is filed as Exhibit 1 to this Schedule 13D.

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UK, Inc. ("Liberty UK", an affiliate of Liberty Media Group, Inc., "Liberty"). In addition Microsoft directly owns 55,021,840 Ordinary Shares and 3,009,716 Limited Voting Shares, representing 1.9% of the outstanding Ordinary Shares and 4.8% of the outstanding Limited Voting Shares.

The principal business address of Microsoft, UK Cable and Cable Partnership is Microsoft Corporation, One Microsoft Way, Redmond, Washington 98052.

(a)-(c);(f) The name, business address, present principal occupation or employment, and the name and principal business of any corporation or other organization in which such employment is conducted of each of the

directors and executive officers of the Reporting Persons is set forth in Schedule I hereto, which is incorporated herein by reference. Except as otherwise indicated in Schedule I, each person listed in Schedule I hereto is a citizen of the United States.

(d)-(e) During the last five years, neither the Reporting Persons nor, to the Reporting Persons' knowledge, any current director or executive officer of the Reporting Persons listed on Schedule I hereto (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, Federal or State securities laws or finding any violation of such laws.

Item 3. Source and Amount of Funds or Other Consideration.

On October 4, 1999, Telewest announced a rights issue on the basis of 1 new Ordinary Share (or Limited Voting Share in certain circumstances) for every 11 Ordinary Shares to Telewest shareholders (except for certain non-US overseas shareholders) at 213 pence per share to raise approximately (pound)410 million (net of expenses).

Under the agreement dated October 4, 1999, between Telewest, Liberty Media, Microsoft and Kleinwort Benson Securities Limited relating to the rights issue (the "Subscription Agreement"), Microsoft undertook to subscribe (whether directly or through TW Holdings) for

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58,031,556 new Ordinary Shares and Limited Voting Shares at a purchase price of (pound)123,607,214.28. Microsoft used readily available funds from its working capital to make this acquisition.

In a separate transaction, Microsoft, MediaOne U.K. Cable ("MOUK"), MediaOne Cable Partnership Holdings, Inc. ("MOCP"), MediaOne International Holdings, Inc. ("International") and MediaOne Group, Inc. ("MediaOne"), entered into a Merger Agreement, dated October 4, 1999 and amended pursuant to Amendment No. 1 thereto dated as of July 7, 2000 (as amended, the "Merger Agreement"). Pursuant to the Merger Agreement, Cable One Merger, Inc. was merged with and into MOUK and Cable Two Merger, Inc. was merged with and into MOCP with MOUK and MOCP surviving as wholly-owned subsidiaries of Microsoft and being renamed UK Cable and Cable Partnership, respectively (together, the "Mergers").

Pursuant to the Merger Agreement and in consideration for the Mergers, Microsoft exchanged 31,917,356 shares of common stock, par value \$0.0000125, of Microsoft ("Microsoft Common Stock") and \$8.09 for all of the Shares beneficially owned by MOUK and MOCP, respectively. Such shares of Microsoft Common Stock had a fair market value of \$2,617,223,192 on the effective date of the Mergers.

Except as set forth in Schedule II hereto, none of the persons listed on Schedule I hereto has contributed any funds or other consideration towards

the purchase of the securities reported in this Schedule 13D.

Item 4. Purpose of the Transaction.

The Reporting Persons currently hold their interest in Telewest's Ordinary Shares and Limited Voting Shares for investment purposes.

Each Reporting Person expects to evaluate on an ongoing basis Telewest's financial condition, business operations and prospects, market price of the Ordinary Shares, conditions in securities markets generally, general economic and industry conditions and other factors. Accordingly, each Reporting Person reserves the right to change its plans and intentions at any time, as it deems appropriate. In particular, each Reporting Person may at any time and from time to time determine to acquire or

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acquire additional Ordinary Shares or securities convertible or exchangeable for Ordinary Shares or Limited Voting Shares; may determine to dispose of or dispose of Ordinary Shares or Limited Voting Shares; and/or may determine to enter into or enter into privately negotiated derivative transactions with institutional counterparties to hedge the market risk of some or all of its positions in such shares. Any such transactions may be effected at any time and from time to time subject to any applicable limitations of the securities laws and the contractual restrictions described in this Item 4. To the knowledge of each Reporting Person, each of the persons listed on Schedule I hereto may make the same evaluation and reserves the same rights.

In connection with the Merger Agreement, Microsoft, Liberty Media, Liberty UK and Telewest entered into a relationship agreement, dated March 3, 2000 (the "Revised New Relationship Agreement"), which became effective on July 10, 2000, a copy of which is filed as Exhibit (2) to this Schedule 13D.

In connection with the Revised New Relationship Agreement, UK Cable, Cable Partnership and Liberty UK agreed to enter into an amended and restated Operating Agreement for TW Holdings, as of July 7, 2000 (the "Operating Agreement"), a copy of which is filed as Exhibit (3) to this Schedule 13D. Pursuant to the terms of the Operating Agreement, the managing directors of TW Holdings will consist of four persons, two appointed by the Microsoft Shareholder Group (as defined therein) and two appointed by the Liberty Shareholder Group (as defined therein), and the managing directors will act by majority vote subject to certain exceptions requiring unanimous vote. In addition, TW Holdings is not permitted to transfer its Telewest shares, subject to certain exceptions, without the unanimous vote of the managing directors. Furthermore, all the Telewest shares held by TW Holdings will be voted in favor of any candidate for director of Telewest which either the Microsoft Shareholder Group or the Liberty Shareholder Group is entitled to nominate in accordance with Telewest's Articles of Association or the Revised New Relationship Agreement.

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Pursuant to the Revised New Relationship Agreement and the Operating Agreement, the Microsoft Shareholders (as defined in the Revised New Relationship Agreement) and the Liberty Shareholders (as defined in the Revised New Relationship Agreement) have agreed that, on any matter requiring shareholder approval, they will vote their Telewest shares together in such manner as may be agreed by them or, in the absence of such agreement, will vote their Telewest shares together in the manner that would most likely continue the status quo without materially increasing Telewest's financial obligations or materially deviating from its approved budget and business plan. If the Liberty Shareholders or the Microsoft Shareholders, as the case may be, have a conflict of interest in any matter, they have agreed to abstain from voting (or the Telewest shares owned by TW Holdings and attributable to them will not be voted) and the members of the other affiliate group may vote the Telewest shares attributable to them on such matter as they deem appropriate. These voting restrictions will lapse if the Liberty Group (as defined in the Revised New Relationship Agreement) or the Microsoft Group (as defined in the Revised New Relationship Agreement) so notifies the other party following the disposal by such other party of more than 59,000,000 of its Ordinary Shares other than to an affiliate or pursuant to a Permitted Demerger (as defined in the Revised New Relationship Agreement) or with the other party's consent. Microsoft has agreed by way of a deed poll not to exercise certain of these rights, as described in more detail below.

The Liberty Shareholders and Microsoft Shareholders (as defined therein) have agreed that, on any matter requiring board approval, they will cause the directors designated by them to vote together as agreed by them (subject to each director's fiduciary duties to Telewest) or, in the absence of such agreement, to vote together in the manner that would be most likely to maintain the status quo without materially increasing Telewest's financial obligations or materially deviating from its approved budget and business plan.

Pursuant to Telewest's Articles of Association, for so long as the Liberty Group and/or Microsoft Group (as defined in the Articles of Association), as the case may be, owns 15% or more of the Ordinary Shares (or 12.5% or more following a Dilutive Issue (as defined in the

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Articles of Association) provided that the relevant party owned 15% prior to such issue, a "Qualifying Interest"), it (or they) will be entitled to appoint three directors to the board of Telewest. Similar provisions allow the Microsoft Group and/or the Liberty Media Group to appoint two directors to the board for so long as Microsoft or Liberty Media, as the case may be, owns 7.5% or more (or 5% or more following a Dilutive Issue (as defined in the Articles of Association) provided that the relevant party owned 7.5% prior to such issue, a "Lesser Qualifying Interest") of the Ordinary Shares.

In addition, for so long as the Liberty Group and/or Microsoft Group, as the case may be, owns a Qualifying Interest, such parties will ensure that, to the extent they are able to do so through the exercise of their votes, the majority of directors are independent of Liberty and Microsoft. The quorum for a meeting of the board consists of the majority of the directors. Any committee appointed by the board shall include one Liberty director, one Microsoft director and one independent non-executive director (unless Liberty and Microsoft consent otherwise).

The Revised New Relationship Agreement also provides that for so long as either the Liberty Group or the Microsoft Group (as defined therein) holds 15% or more of the Telewest shares (limited to Ordinary Shares in the case of (e) below), the consent of the Liberty Group and/or the Microsoft Group (as appropriate) must be obtained by Telewest before: (a) making any material acquisition or disposal out of the ordinary course of business; (b) incurring any borrowings or indebtedness in the nature of borrowings that exceed (pound)50 million in aggregate or granting any security interests in respect of assets valued at (pound)50 million or more in aggregate (excluding borrowings under facilities in place at the date the Revised New Relationship Agreement became effective and any borrowings or security interests consented to after that date); (c) allotting or issuing shares or securities convertible into shares or granting options; (d) appointing or removing the chief executive officer of Telewest; or (e) increasing the number of directors holding office beyond 16. Microsoft has agreed by way of a deed poll not to exercise its rights with respect to the appointment or removal of the chief executive officer of Telewest as described in more detail below.

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Any proposed transfers by a Microsoft Shareholder or a Liberty Shareholder (other than intra-group transfers) will be subject to rights of first refusal in favor of the other. The Revised New Relationship Agreement also contains provisions for rights of first offer as between Microsoft and Liberty in the event of certain changes of control of Microsoft or Liberty.

The Operating Agreement contains similar provisions concerning rights of first refusal and first offer. Each party to the Operating Agreement also agrees that if such party acquires additional shares of Telewest, the beneficial interest in such shares will be contributed to TW Holdings with a corresponding increase in such party's ownership interest in TW Holdings.

Pursuant to the Revised New Relationship Agreement, the Microsoft Group and the Liberty Group (as defined in the Revised New Relationship Agreement) have the right, on a dilutive issue of shares or convertible securities (a "Dilutive Issue"), to require Telewest to issue sufficient shares to them to enable them to maintain their current ownership interest on a fully diluted basis (the "Anti-Dilution Rights"). Such right will be a right to subscribe for Ordinary Shares or the relevant convertible securities to the extent such subscription does not result in a Debenture Change of Control (as defined in Telewest's Articles of Association), and the balance being a right to subscribe for Limited Voting Shares or convertible securities that convert into Limited Voting Shares, as applicable. To the extent that the

Liberty Group or Microsoft Group does not take up their Anti-Dilution Rights, the other party would have the right to subscribe for the balance of the Telewest shares or other relevant securities not so taken up under that option.

For so long as the Microsoft Group or the Liberty Group individually holds 15 percent or more of the Ordinary Shares (ignoring shares issued pursuant to or for the purposes of employee share options), they will have the right (other than in the case of a rights issue) to increase their holdings in Telewest to maintain their percentage ownership or to enable them to maintain their interest at 15 percent of the fully diluted ordinary share capital. Each of the Microsoft Group and the Liberty Group has the right, if their respective

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shareholdings fall below 15 percent, to maintain its interest at 7.5 percent of Telewest's fully diluted ordinary share capital for so long as it holds at least 7.5 percent of Telewest's Ordinary Shares in issue (assuming conversion of any Limited Voting Shares then in issue and ignoring shares issued pursuant to or for the purpose of share options). These rights entitle the relevant shareholder group to subscribe (at the time of the dilutive issue) for additional newly issued shares for cash at a subscription price per share based on the average of the prices quoted on the London Stock Exchange for the ten days ending on the day preceding the day on which the right is exercised. Such right will be a right to subscribe for Ordinary Shares to the extent such subscription does not result in a Debenture Change of Control (as defined in Telewest's Articles of Association), and the balance being a right to subscribe for Limited Voting Shares.

Telewest also has a general obligation to use its best efforts to ensure that any issue of shares is conducted in a manner that provides each shareholder, regardless of its then current shareholding in Telewest, with an opportunity to acquire additional shares to enable it to maintain its percentage of ownership.

Each of Liberty Media and Microsoft has agreed that, prior to each of them or their respective affiliates purchasing any Ordinary Shares from any third party, they shall notify Telewest and, prior to such purchase, redesignate a sufficient number of their existing Ordinary Shares into Limited Voting Shares. Any such notice shall be accompanied by an opinion from leading New York counsel stating that such purchase, when coupled with such redesignation, will not amount to a Debenture Change of Control (as defined in Telewest's Articles of Association).

Upon completion of the Mergers, the Registration Rights Agreement between MediaOne, Liberty Media and Telewest dated October 3, 1995 (the "Registration Rights Agreement") was amended ("Amendment No. 2 of the Registration Rights Agreement", a copy of which is filed as Exhibit (4) to this Schedule 13D), so that rights broadly equivalent to the rights of MediaOne under the Registration Rights Agreement are conferred on Microsoft, with the result that:

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(i) subject to certain limited exceptions, each of Microsoft and Liberty may require Telewest to include all or some of their Ordinary Shares in any public offering by Telewest; and

(ii) Microsoft and Liberty Media may require Telewest on up to four separate occasions (two exercisable by each of Microsoft and Liberty) to offer all or some of their Ordinary Shares in a public offering.

On July 7, 2000, Microsoft, notwithstanding any rights it has pursuant to the Revised New Relationship Agreement and the Operating Agreement, on behalf of itself and its subsidiaries, entered into the following legally binding obligations by way of deed poll, a copy of which is filed as Exhibit (5):

(i) to procure that the Microsoft directors do not withhold consent to any appointee to the board of directors of Telewest;

(ii) to procure that the Microsoft directors do not withhold consent to the appointment or removal of the Chief Executive Officer of Telewest;

(iii) to procure that for as long as the voting agreement referred to in the Revised New Relationship Agreement exists, the Microsoft Directors will vote their shares in accordance with the recommendation of the Independent Directors (as such term is defined in the Revised New Relationship Agreement) of Telewest where possible, or abstain from voting, or in cases of conflict with Liberty Media to vote their shares to maintain the status quo; and;

(iv) notwithstanding any provision of the Revised New Relationship Agreement to the contrary, in the event of a deadlock with Liberty Media, Microsoft will allow Liberty Media to vote Liberty Media shares as Liberty Media wishes.

Except as set forth in this Item 4 of this Schedule 13D and the exhibits hereto, neither the Reporting Persons, nor, to the best of the Reporting Persons' knowledge, any of the individuals named in Schedule I hereto, has any plans or proposals which relate to or which would result

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in or relate to any of the actions specified in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

All references to the agreements described in this Item 4 are summaries thereof and do not purport to be complete and are qualified in their entirety to the full text of the respective agreements which have been

attached hereto as exhibits and which are incorporated herein by reference.

Item 5. Interest in Securities of the Issuer.

(a)-(b) The percentage interest held by each Reporting Person presented below and by each person set forth in Schedule II is based on the number of Ordinary and Limited Voting Shares that Telewest reported to be issued and outstanding on July 5, 2000 (the "Outstanding Shares"):

Microsoft beneficially owns 636,056,024 Ordinary Shares representing approximately 22.0% of the outstanding Ordinary Shares. In addition Microsoft beneficially owns 60,322,654 Limited Voting Shares representing 96.5% of the outstanding Limited Voting Shares. Upon conversion of the Limited Voting Shares into Ordinary Shares, Microsoft would own 696,378,678 Ordinary Shares representing 23.6% of the Outstanding Shares (diluted only for such conversion).

UK Cable beneficially owns 540,648,982 Ordinary Shares representing approximately 18.7% of the Outstanding Shares. In addition UK Cable beneficially owns 57,312,938 Limited Voting Shares representing 91.7% of the Limited Voting Shares. Upon conversion of the Limited Voting Shares into Ordinary Shares, UK Cable would own 597,961,920 Ordinary Shares representing 20.3% of the Outstanding Shares (diluted only for such conversion).

Cable Partnership beneficially owns 40,385,202 Ordinary Shares representing approximately 1.4% of the outstanding Ordinary Shares.

Except as set forth in Schedule II, none of the Reporting Persons and to the knowledge of the Reporting Persons, none of the persons listed in Schedules I and II hereto, beneficially owns any Telewest securities except as set forth herein.

Liberty and its affiliates beneficially own 722,205,222 Ordinary Shares representing approximately 25.0% of the outstanding Ordinary Shares. In addition Liberty and its

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CUSIP NO. G87956P 105

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affiliates own 2,185,093 Limited Voting Shares representing approximately 3.5% of the outstanding Limited Shares. Upon conversion of the Limited Voting Shares into Ordinary Shares, Liberty and its affiliates would own 24.6% of the Outstanding Shares (diluted only for such conversion).

The filing of this 13D shall not be construed as an admission by Microsoft that it is, for purposes of Section 13(d) of the Exchange Act, the beneficial owner of the Ordinary Shares owned by Liberty and its affiliates.

(c) Other than as described in Item 4 above, neither the Reporting Persons, nor to the best knowledge of the Reporting Persons, any person set forth Schedule I, has effected any transaction in Ordinary Shares or Limited Voting Shares during the past 60 days.

(d) Not applicable.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

Other than as described in Items 4 and 5, above, to the best knowledge of each of the Reporting Persons, there are no contracts, arrangements, understandings or relationships (legal or otherwise) among the persons named in Item 2 and between such persons and any person with respect to any securities of Telewest, including, but not limited to, transfer or voting of any securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

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

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CUSIP NO. G87956P 105

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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)

Exhibit 5 -- Deed Poll by Microsoft Corporation, dated July 7, 2000.

Exhibit 6 -- Filing Agreement among Microsoft Corporation, Microsoft U.K. Cable, Inc. and Microsoft Cable Partnership Holdings, Inc., dated July 17, 2000

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<PAGE>

CUSIP NO. G87956P 105

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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 17, 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

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SCHEDULE I
DIRECTORS AND EXECUTIVE OFFICERS OF
THE REPORTING PERSONS

The name, present principal occupation or employment, and the name of any corporation or other organization in which such employment is conducted, of each of the directors and executive officers of each of the Reporting Persons is set forth below. With the exception of (i) Jean-Philippe Courtois, Michel Lacombe and Jean-Francois Heitz, who are citizens of France and (ii) Joachim Kempin, who is a citizen of Germany, each person listed in Schedule I hereto is a citizen of the United States. The business address of each executive officer and director is Microsoft Corporation, One Microsoft Way, Redmond, Washington 98052.

MICROSOFT CORPORATION

Directors

Title/Occupation

Steve Ballmer

President; Chief Executive Officer, Microsoft

Corporation

Paul G. Allen	Founder, Asymetrix Corp.; Owner, Interval Research Corp., Vulcan Ventures Inc.
Richard A. Hackborn	Chairman of Board, Hewlett-Packard Company
David F. Marquardt	General Partner, Technology Venture Investors and August Capital
Wm. G. Reed, Jr.	Chairman, Simpson Investment Company (retired)
Jon A. Shirley	President and Chief Operating Officer, Microsoft Corporation (Retired)
Ann McLaughlin	Chairman, Aspen Institute & Former U.S. Secretary of Labor

Executive Officer

Title

-----	-----
William H. Gates	Chairman of the Board; Chief Software Architect, Microsoft Corp.
Steven A. Ballmer	President & CEO, Microsoft Corp.

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Executive Officer

Title

-----	-----
Robert J. Herbold	Executive Vice President; Chief Operating Officer
Paul A. Maritz	Group Vice President, Platforms Strategy and Developer Group
Jeffery S. Raikes	Group Vice President, Worldwide Sales and Support
James E. Allchin	Group Vice President, Platforms Product Group
Orlando Ayala Lozano	Senior Vice President, South Pacific and Americas Region
Joachim Kempin	Senior Vice President, OEM Division
Robert L. Muglia	Group Vice President, Business Productivity Group
Craig Mundie	Senior Vice President, Consumer Strategy
William H. Neukom	Executive Vice President, Law and Corporate Affairs
Robert J. Bach	Senior Vice President, Home & Retail

Rick Belluzzo	Group Vice President, Consumer Group
Brad Chase	Senior Vice President, MSN.com
David Cole	Senior Vice President, Consumer Services Division, Consumer Group
John Connors	Senior Vice President, Finance & Administration; Chief Financial Officer
Jean-Philippe Courtois	President, Europe, Middle East, Africa (EMEA)
Jon DeVaan	Senior Vice President, TV Service and Platform Business
Paul Gross	Senior Vice President, Collaboration & Mobility Group
Michel Lacombe	President, Microsoft Europe

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<PAGE>

CUSIP NO. G87956P 105

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Executive Officer
-----Title

Steven Sinofsky	Senior Vice President, Microsoft Office
Rick Raschid	Senior Vice President, Research
Brian Valentine	Senior Vice President, Windows Division
David Vaskevitch	Senior Vice President, Distributed Applications Platform Division

MICROSOFT U.K. CABLE INC. AND MICROSOFT CABLE PARTNERSHIP
HOLDINGS, INC.

Directors
-----Title/Occupation

Jean-Francois Heitz	Controller
Robert A. Eshelman	General Counsel, Finance and Operations, and Assistant Secretary, Microsoft Corporation

Executive Officer
-----Title

Robert A. Eshelman	President and Secretary
Jean-Francois Heitz	Vice President and Treasurer

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CUSIP NO. G87956P 105

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SCHEDULE II

Between April 17 and April 19 of 1996, William.H. Gates III, Chief Software Architect of Microsoft, purchased 60,000 ADSs of Telewest at a price between \$23.88 and \$24.38 per ADS. On September 10, 1998, Mr. Gates purchased an additional 10,985 ADSs at a price of \$15.55 per ADS. On November 15, 1999 Mr. Gates purchased a further 6,453 ADSs at a price of \$34.63. Mr. Gates' total investment in 79,438 ADSs represents less than .1% of the Outstanding Shares. Mr. Gates made these purchases for his personal account with his personal funds for investment purposes only. Mr. Gates retains the sole power to vote or direct the vote of, dispose or direct the disposition of, and receive or direct the receipt of dividends of or proceeds from the sale of these Ordinary Shares.

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<PAGE>

CUSIP NO. G87956P 105

Page 22 of 22 Pages

EXHIBIT INDEX

- Exhibit 1 -- Articles of Association of Telewest Communications plc*
- Exhibit 2 -- Revised New Relationship Agreement, dated July 7, 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., dated 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, 1996, 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)*
- Exhibit 5 -- Deed Poll by Microsoft Corporation, dated July 7, 2000.
- Exhibit 6 -- Filing Agreement among Microsoft Corporation, Microsoft U.K. Cable, Inc. and Microsoft Cable Partnership Holdings, Inc., dated July 7, 2000

* To be filed by amendment.

-22-

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THIS INSTRUMENT is made by way of deed poll on the 7th day of July 2000 by MICROSOFT CORPORATION, a company incorporated in Washington, whose principal place of business is at One Microsoft Way, Washington 98052 6399, USA ("MICROSOFT").

By this deed poll, Microsoft declares as follows in respect of the revised new relationship agreement dated 3 March 2000 between Microsoft (1), Liberty Media International, Inc. (2), Liberty UK Holdings, Inc. (3), Liberty UK, Inc. (4) and Telewest Communications plc (5) (the "AGREEMENT"):

1. That Microsoft shall procure that the Microsoft Designated Directors shall not exercise any right under clause 4 of the Agreement to withhold their consent to the appointment of any appointee to the board of directors of Telewest Communications plc ("TELEWEST");
2. That Microsoft shall not exercise any right under clause 5.1.4 of the Agreement to withhold its consent to any appointment or removal of the Chief Executive Officer of Telewest;
3. That Microsoft shall procure that, for so long as the voting agreement between the Microsoft Shareholders and the Liberty Shareholders contained in clause 6.1 and 6.2 of the Agreement, or any agreement as to voting of Shares owned by TW Holdings pursuant to the TW Holdings Operating Agreement, remains in force, the Microsoft Shareholders shall exercise the voting rights attached to the ordinary shares and limited voting shares in Telewest owned by them (and shall exercise their rights under the TW Holdings Operating Agreement in respect of the voting rights attached to the Ordinary Shares owned by TW Holdings) and shall cause the directors of Telewest nominated by them to vote (subject to their fiduciary duties as directors of Telewest) in all matters in such manner as the Independent Directors (or a majority of them) may recommend, provided that:

<PAGE>

- (a) if the Microsoft Shareholders (or the directors nominated by them) have a conflict of interest in any matter, they shall abstain from voting and shall procure that TW Holdings shall abstain from voting in respect of the Pro Rata Shares of the Microsoft Group; and
- (b) if the Liberty Shareholders do not agree with the Microsoft Shareholders to vote in accordance with the recommendation of the Independent Directors (or a majority of them) following the implementation of the procedure set out in clause 6.2 of the Agreement and the Liberty Shareholders require the Microsoft Shareholders to vote in such manner that would be most likely to continue the status quo without materially increasing the financial obligations of

Telewest or materially deviating from its approved budget and business plan, then the Microsoft Shareholders shall comply with the requirement of the Liberty Shareholders (and the Pro Rata Shares of the Microsoft Group under the TW Holdings Operating Agreement shall also be voted accordingly); and

4. That Microsoft shall procure that, notwithstanding the provisions of clause 6.2 of the Agreement and clause 7.9 of the TW Holdings Operating Agreement, in the event that the procedures provided for resolving disagreements in the said clauses 6.2 and 7.9 are applied but the Microsoft Shareholders and the Liberty Shareholders or (in relation to the TW Holdings Operating Agreement) the relevant members of the Microsoft Group and the Liberty Group fail to agree on how the voting rights attached to the ordinary shares and limited voting shares owned by them or owned by TW Holdings in Telewest are to be exercised or how the directors of Telewest respectively nominated by them are to vote (subject to their fiduciary duties) in respect of board decisions, the Liberty Shareholders and the directors nominated by them shall at all times be free to vote as they so wish and the Liberty Group shall at all times be free to require TW Holdings to vote the Pro Rata Shares of the Liberty Group as the Liberty Group so wishes and

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Microsoft shall not enforce its entitlement under the said clauses 6.2 or 7.9 to require any of them to vote otherwise.

The definitions contained in the Agreement shall, unless the context otherwise requires, bear the same meanings in this deed poll.

This deed poll is intended to operate for the benefit of and be enforceable by Telewest and is governed by and shall be construed in accordance with English law.

Executed as a deed by Microsoft on the date first stated above.

SIGNED as a deed and)
DELIVERED by)
MICROSOFT CORPORATION)
acting by:)

.../s/ John Connors.....
Duly authorised
Name: John Connors
Title: Chief Financial Officer

-3-

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JOINT FILING STATEMENT

In accordance with Rule 13d-1(k)(1) promulgated under the Securities Exchange Act of 1934, the undersigned agree to the joint filing of this Schedule 13D (including any and all amendments thereto) with respect to the Ordinary Shares, par value 10 pence per share and Limited Voting Shares, par value 10 pence per share, of Telewest Communications plc, and further agree to the filing of this Agreement as an exhibit thereto. In addition, each party to this Agreement expressly authorizes each other party to this Agreement to file on its behalf any and all amendments to this Schedule 13D.

Dated: July 17, 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

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COMPANY DATA:

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IRS NUMBER:	223407945
FISCAL YEAR END:	1231

FILING VALUES:

FORM TYPE:	SC 13D
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CITY:	WAYNE
STATE:	NJ
ZIP:	07470
BUSINESS PHONE:	9738904070

MAIL ADDRESS:

STREET 1:	65 WILLOWBROOK BLVD
CITY:	WAYNE
STATE:	NJ
ZIP:	07470

FILED BY:

COMPANY DATA:

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CENTRAL INDEX KEY:	0000789019
STANDARD INDUSTRIAL CLASSIFICATION:	SERVICES-PREPACKAGED SOFTWARE
IRS NUMBER:	911144442
STATE OF INCORPORATION:	WA
FISCAL YEAR END:	0630

FILING VALUES:

FORM TYPE:	SC 13D

BUSINESS ADDRESS:

STREET 1:	ONE MICROSOFT WAY #BLDG 8

STREET 2: NORTH OFFICE 2211
CITY: REDMOND
STATE: WA
ZIP: 98052
BUSINESS PHONE: 4258828080

MAIL ADDRESS:

STREET 1: ONE MICROSOFT WAY - BLDG 8
STREET 2: NORTH OFFICE 2211
CITY: REDMOND
STATE: WA
ZIP: 98052-6399

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Expires: October 31, 2002

Estimated average burden
hours per response 14.9

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. ____)*

Audible, Inc.

(Name of Issuer)

Common and Series A Preferred

(Title of Class of Securities)

05069A104

(CUSIP Number)

John A. Seethoff
Associate General Counsel, Finance and Operations

One Microsoft Way
Redmond, Washington 98052-6399

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

February 23, 2001

(Date of Event which Requires Filing of this Statement)

<PAGE>

CUSIP NO. 05069A104

Names of Reporting Persons.

1. I.R.S. Identification Nos. of above persons (entities only).

Microsoft Corporation; IRS No. 91-1144442

Check the Appropriate Box if a Member of a Group (See Instructions)

2. (a) _____
(b) _____

SEC Use Only

- 3.

Source of Funds (See Instructions)

- 4.

WC

Check if Disclosure of Legal Proceedings Is Required Pursuant
to Items 2(d) or 2(e) _____

- 5.

Citizenship or Place of Organization

- 6.

Washington

Sole Voting Power:

- 7.

1,975,000 shares of common stock, including a
warrant for 100,000 shares of common stock, and
2,666,666 shares of Series A preferred stock, with
four votes per each share of Series A preferred
stock, based on the conversion ratio as of February
23, 2001.

Number of

Shares

Beneficially

Owned by

Each

Reporting

Person

Shared Voting Power

- 8.

Sole Dispositive Power:

- 9.

1,975,000 shares of common stock, including a
warrant for 100,000 shares of common stock, and
2,666,666 shares of Series A preferred stock, with
four votes per each share of Series A preferred

With stock, based on the conversion ratio as of February 23, 2001.

Shared Dispositive Power

10.

Aggregate Amount Beneficially Owned by Each Reporting Person

11. 1,975,000 shares of common stock, including a warrant for 100,000 shares of common stock, and 2,666,666 shares of Series A preferred stock convertible into 10,666,664 shares of common stock.

Check if the Aggregate Amount in Row (11) Excludes Certain Shares

12. (See Instructions)

Percent of Class Represented by Amount in Row (11)

13. 7.2% of common; 100% of Series A Preferred. Microsoft's ownership percentage of outstanding Audible stock on a fully converted basis would be 33.1% based on the conversion ratio as of February 23, 2001 and based on 38,213,653 shares outstanding following the conversion of all Series A preferred stock.

Type of Reporting Person:

14. CO

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Item 1. Security and Issuer

This statement relates to shares of common stock, par value \$0.01 per share, and shares of Series A preferred stock, par value \$0.01 per share, of Audible, Inc., a Delaware corporation ("Company"), with its principal office located at 65 Willowbrook Blvd., Wayne, NJ 07470.

Item 2. Identity and Background

This statement is filed on behalf of Microsoft Corporation, a Washington corporation ("Microsoft"), with its principal offices located at One Microsoft Way, Redmond, Washington 98052-6399. Microsoft develops, manufactures, licenses, and supports a wide range of software products for a multitude of computing devices. Microsoft's online efforts include MSN (TM) network of Internet products and services and alliances with companies involved with broadband access and various forms of digital interactivity. Microsoft also licenses consumer software programs; sells hardware devices; provides consulting services; trains and certifies system integrators; and researches and develops advanced technologies for future software products. During the past five years, Microsoft has neither been convicted in a criminal proceeding (excluding traffic violations and similar misdemeanors), nor has it been subject to a judgment, decree, or final order in a civil proceeding enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration

In December 1998, prior to Audible's initial public offering, Microsoft acquired 1,250,000 shares of Audible Series D preferred stock at a price of \$4.00 per

share for an aggregate purchase price of \$5,000,000, which amount was funded by Microsoft's working capital. In April 1999, Audible issued to Microsoft a warrant to purchase 100,000 shares of common stock at a price per share equal to the price to the public of Audible common stock in Audible's initial public offering (\$9.00 per share). This warrant may be exercised until November 18, 2003. Upon Audible's initial public offering on July 15, 1999, all of Audible's preferred stock converted into common stock and the 1,250,000 shares of Audible Series D preferred stock held by Microsoft became 1,875,000 shares of Audible common stock, par value \$0.01 per share, on a basis of three shares of Audible common stock for every two shares of Audible Series D preferred stock.

On February 8, 2001, Microsoft entered into an agreement with Audible to acquire 2,666,666 shares of Audible Series A convertible preferred stock, par value \$0.01 per share, at a price of \$3.75 per share for an aggregate purchase price of \$9,999,997.50, which amount was funded by Microsoft's working capital. The price per share was based on the closing price of Audible common stock on February 7, 2001 (a fifty percent (50%) premium was added to this closing price, which was then multiplied by four (4) for the purchase price per share of the Series A convertible preferred stock). The sale of shares to Microsoft under this agreement closed February 23, 2001.

Item 4. Purpose of Transaction

Microsoft's acquisitions of Audible shares have been made for investment purposes. Depending on future evaluations of the business prospects of Audible and other factors, including, but not limited to, general economic and business conditions, Microsoft may retain or, from time to time, increase its holdings or dispose of all or a portion of its holdings, subject to any applicable legal and contracted restrictions on its ability to do so. Microsoft has no present plan or intention that would result in or relate to any of the transactions in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

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Item 5. Interest in Securities of the Issuer

- (a) Microsoft beneficially owns 1,975,000 shares of Audible common stock, including a warrant for 100,000 shares of Audible common stock. The 1,975,000 shares represent 7.2% of Audible's common stock based on 27,546,989 shares of common stock outstanding as of November 10, 2000, as reported in Audible's Form 10-Q filed November 13, 2000 for the quarterly period ended September 30, 2000. Microsoft beneficially owns 2,666,666 shares of Audible Series A preferred stock. The 2,666,666 shares represent 100% of Audible Series A preferred stock based on 2,666,666 shares of Series A preferred stock outstanding as of February 23, 2001.
- (b)
 - (i) Sole Power to Vote or Direct the Vote:
1,975,000 shares of common stock, including a warrant for 100,000 shares of common stock, and 2,666,666 shares of Series A preferred stock, with four votes per each share of Series A preferred stock outstanding as of February 23, 2001.
 - (ii) Shared Power to Vote or Direct the Vote:
0 shares
 - (iii) Sole Power to Dispose or Direct the Disposition:
1,975,000 shares of common stock, including a warrant for 100,000 shares of common stock, and 2,666,666 shares of Series A preferred stock, with four votes per each share of

Series A preferred stock, based on the conversion ratio as of February 23, 2001.

- (iv) Shared Power to Dispose or Direct the Disposition:
0 shares

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Series A Convertible Preferred Stock Purchase Agreement

Pursuant to the Series A Convertible Preferred Stock Purchase Agreement between Audible and Microsoft, dated as of February 8, 2001, Microsoft agreed to acquire 2,666,666 shares of Audible Series A convertible preferred stock for a purchase price of \$3.75 per share. Microsoft has agreed to vote that number of voting securities it owns in excess of 19.4% of the outstanding voting securities of Audible in accordance with the recommendation of Audible's Board of Directors. However, Microsoft will not be subject to any restrictions regarding its voting securities in the event of any proposal for merger, consolidation, sale of substantially all of the assets or similar offer for any equity securities of Audible.

Item 7. Material to Be Filed as Exhibits
<PAGE>

Signature

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

March 7, 2001

Date

/s/ John A. Seethoff

Signature

John A. Seethoff, Associate General
Counsel, Finance and Operations

Name/Title

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DIGITAL SOUND CORP

CENTRAL INDEX KEY:

0000718576

STANDARD INDUSTRIAL CLASSIFICATION:

TELEPHONE & TELEGRAPH APPARA

IRS NUMBER:

953222624

STATE OF INCORPORATION:

CA

FISCAL YEAR END:

1231

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CITY:

CARPINTERIA

STATE:

CA

ZIP:

93013

BUSINESS PHONE:

8055662255X2154

MAIL ADDRESS:

STREET 1:

6307 CARPINTERIA AVE

CITY:

CARPINTERIA

STATE:

CA

ZIP:

93013

FILED BY:

COMPANY DATA:

COMPANY CONFORMED NAME:

MICROSOFT CORP

CENTRAL INDEX KEY:

0000789019

STANDARD INDUSTRIAL CLASSIFICATION:

SERVICES-PREPACKAGED SOFTWARE

IRS NUMBER:

911144442

STATE OF INCORPORATION:

WA

FISCAL YEAR END:

0630

FILING VALUES:

FORM TYPE:

SC 13D/A

BUSINESS ADDRESS:

STREET 1: ONE MICROSOFT WAY #BLDG 8
STREET 2: NORTH OFFICE 2211
CITY: REDMOND
STATE: WA
ZIP: 98052
BUSINESS PHONE: 2068828080

MAIL ADDRESS:

STREET 1: ONE MICROSOFT WAY - BLDG 8
STREET 2: NORTH OFFICE 2211
CITY: REDMOND
STATE: WA
ZIP: 98052-6399

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<TYPE>SC 13D/A

<SEQUENCE>1

<DESCRIPTION>AMENDMENT NO. 1 TO SCHEDULE 13D

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 1)*

Digital Sound Corporation
(Name of Issuer)

Common Stock
(Title of Class of Securities)

(CUSIP Number)

Robert A Eshelman, Esq.
General Counsel, Finance & Administration
Microsoft Corporation
One Microsoft Way
Redmond, Washington 98052-6399
(425) 882-8080

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

December 19, 1997
(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 which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box [].

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and

for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

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 ("Act") 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).

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CUSIP No.:

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1	NAME OF REPORTING PERSON	MICROSOFT CORPORATIO
	S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON	91-1144442

2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) []
		(b) [X]

3 SEC USE ONLY

4	SOURCE OF FUNDS	WC

5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	[]

6	CITIZENSHIP OR PLACE OF ORGANIZATION	STATE OF WASHINGTON

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		7 SOLE VOTING POWER	6,666,670
		8 SHARED VOTING POWER	-0-
		9 SOLE DISPOSITIVE POWER	6,666,670
		10 SHARED DISPOSITIVE POWER	-0-

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	6,666,670

12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	[]

13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)	24.5%

14	TYPE OF REPORTING PERSON	CO

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Item 1. Security and Issuer

This statement relates to the Common Stock, no par value (the "Common Stock"), of Digital Sound Corporation (the "Issuer"). Microsoft Corporation ("Microsoft") has purchased securities which are directly and indirectly

convertible into the Common Stock within 60 days.

The principal executive offices of the Issuer are located at 6307 Carpinteria Avenue, Carpinteria, California 93013.

Item 2. Identity and Background

This statement is being filed by Microsoft, which is a corporation organized under the laws of the State of Washington. It conducts its principal business operations in Redmond, Washington at One Microsoft Way, Redmond, Washington 98052-6399.

Microsoft develops, manufactures, markets, licenses, and supports a wide range of software products, including operating systems for personal computers, workstations, and servers; business and consumer programs for productivity, reference, education, and entertainment; and software development tools. Microsoft also offers an online service and markets personal computer books and hardware, and is engaged in the research and potential development of advanced technology software products.

Microsoft has not during the last five years been (i) convicted in a criminal proceeding, or (ii) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to judgment, decree and final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration

Microsoft purchased a total of 446,250 shares of Series B Convertible Preferred Stock (the "Preferred Stock") for a price of \$3,346,875.00 and \$1,653,127.50 principal amount of Convertible Promissory Notes (the "Promissory Notes"). Microsoft effectuated this purchase via a Preferred Stock Purchase Agreement (the "Agreement") between Microsoft and the Issuer dated December 19, 1997. Each share of the Preferred Stock is convertible into 10 shares of the Common Stock. Each \$7.50 of the principal amount of the Promissory Notes is convertible into one share of the Preferred Stock.

The source of Microsoft's consideration under the Agreement was Microsoft's working capital. Microsoft did not purchase any of the Preferred Stock and the Promissory Notes with borrowed funds.

Item 4. Purpose of Transaction

Microsoft acquired the Preferred Stock and the Promissory Notes, and will acquire the Common Stock, as an investment. Upon acquisition and in compliance with the federal securities laws, Microsoft may sell the Common Stock from time to time in the open market, subject to registration, or in privately negotiated transactions, and may also enter into short sales or other hedging transactions with broker-dealers or other financial institutions.

Except as set forth in this Item 4, Microsoft has no present intent or proposals that relate to or would result in: (i) the acquisition by any person of additional securities of the Issuer, or the disposition of securities of the Issuer; (ii) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Issuer or any of its subsidiaries; (iii) a sale or transfer of a material amount of assets of the Issuer or any of

its subsidiaries; (iv) any change in the present Board of Directors or management of the Issuer, including any plans or proposals to change the number or term of Directors or to fill any vacancies on the Board; (v) any material change in the present capitalization or dividend policy of the Issuer; (vi) any other material change in the Issuer's business or corporate structure; (vii) changes in the Issuer's charter, bylaws or instruments corresponding thereto or other

-3-

<PAGE>

actions which may impede the acquisition of control of the Issuer by any person; (viii) causing a class of securities of the Issuer to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association; (ix) a class of equity securities of the Issuer becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Exchange Act; or (x) any action similar to those enumerated above.

Microsoft reserves the right to determine in the future whether to change the purpose or purposes described above or whether to adopt plans or proposals of the type specified above.

Item 5. Interest in Securities of the Issuer

On December 19, 1997, Microsoft and the Issuer entered into the Agreement, whereby Microsoft purchased a total of 446,250 shares of the Preferred Stock for a price of \$3,346,875.00 and \$1,653,127.50 principal amount of the Promissory Notes. Each share of the Preferred Stock is convertible into 10 shares of the Common Stock. Each \$7.50 of the principal amount of the Promissory Notes is convertible into one share of the Preferred Stock. Due to this direct and indirect convertibility of the Preferred Stock and the Promissory Notes, respectively, Microsoft is deemed to presently be the beneficial owner of shares of the Common Stock pursuant to Exchange Act Rule 13d-3(d)(1)(i)(B). Microsoft's beneficial ownership of the Common Stock represents approximately 24.5% of the Issuer's outstanding Common Stock and 11.5% of the Issuer's outstanding Common Stock on a fully diluted basis.

Upon conversion, Microsoft will have sole voting power and sole dispositive power over the Common Stock that it holds. Microsoft has not been a party to any transaction in the Preferred Stock, the Promissory Note or the Common Stock, other than the Agreement, in the last 60 days. Microsoft knows of no other person that has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Preferred Stock, the Promissory Notes or the Common Stock.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect

to Securities of the Issuer

On December 19, 1997, Microsoft and the Issuer entered into the Agreement, whereby Microsoft purchased a total of 446,250 shares of the Preferred Stock for a price of \$3,346,875.00 and \$1,653,127.50 principal amount of the Promissory Notes (see Item 5). Other than the Agreement, Microsoft has no contracts, arrangements, understandings or relationships (legal or otherwise) with any person with respect to the Preferred Stock, the Promissory Notes or the Common Stock, including transfer or voting thereof, finder's fees, joint ventures, loan or option arrangements, put or calls, guarantees of profits, division of profits

or loss, or the giving or withholding of proxies.

Item 7. Materials to be Filed as Exhibits

None.

-4-

<PAGE>

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Schedule 13D is true, complete and correct.

MICROSOFT CORPORATION

By /s/ Robert A. Eshelman

Signature

January 6, 1998

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FILED AS OF DATE: 19980106

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IRS NUMBER:

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STATE OF INCORPORATION:

CA

FISCAL YEAR END:

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FORM TYPE:

SC 13D/A

SEC ACT:

SEC FILE NUMBER:005-49601

FILM NUMBER:

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BUSINESS ADDRESS:

STREET 1:

6307 CARPINTERIA AVE

CITY:

CARPINTERIA

STATE:

CA

ZIP:

93013

BUSINESS PHONE:

8055662255X2154

MAIL ADDRESS:

STREET 1:

6307 CARPINTERIA AVE

CITY:

CARPINTERIA

STATE:

CA

ZIP:

93013

FILED BY:

COMPANY DATA:

COMPANY CONFORMED NAME:

MICROSOFT CORP

CENTRAL INDEX KEY:

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STANDARD INDUSTRIAL CLASSIFICATION:

SERVICES-PREPACKAGED SOFTWARE

IRS NUMBER:

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STATE OF INCORPORATION:

WA

FISCAL YEAR END:

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FILING VALUES:

FORM TYPE:

SC 13D/A

BUSINESS ADDRESS:

STREET 1: ONE MICROSOFT WAY #BLDG 8
STREET 2: NORTH OFFICE 2211
CITY: REDMOND
STATE: WA
ZIP: 98052
BUSINESS PHONE: 2068828080

MAIL ADDRESS:

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STATE: WA
ZIP: 98052-6399

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<SEQUENCE>1

<DESCRIPTION>AMENDMENT NO. 1 TO SCHEDULE 13D

<TEXT>

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 1)*

Digital Sound Corporation
(Name of Issuer)

Common Stock
(Title of Class of Securities)

(CUSIP Number)

Robert A Eshelman, Esq.
General Counsel, Finance & Administration
Microsoft Corporation
One Microsoft Way
Redmond, Washington 98052-6399
(425) 882-8080

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

December 19, 1997

(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 which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b) (3) or (4), check the following box [].

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and

for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

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 ("Act") 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).

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CUSIP No.:

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	S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON	91-1144442

2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) []
		(b) [X]

3 SEC USE ONLY

4	SOURCE OF FUNDS	WC

5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	[]

6	CITIZENSHIP OR PLACE OF ORGANIZATION	STATE OF WASHINGTON

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		7 SOLE VOTING POWER	6,666,670
		8 SHARED VOTING POWER	-0-
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</TABLE>

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<PAGE>

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Microsoft develops, manufactures, markets, licenses, and supports a wide range of software products, including operating systems for personal computers, workstations, and servers; business and consumer programs for productivity, reference, education, and entertainment; and software development tools. Microsoft also offers an online service and markets personal computer books and hardware, and is engaged in the research and potential development of advanced technology software products.

Microsoft has not during the last five years been (i) convicted in a criminal proceeding, or (ii) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to judgment, decree and final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

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its subsidiaries; (iv) any change in the present Board of Directors or management of the Issuer, including any plans or proposals to change the number or term of Directors or to fill any vacancies on the Board; (v) any material change in the present capitalization or dividend policy of the Issuer; (vi) any other material change in the Issuer's business or corporate structure; (vii) changes in the Issuer's charter, bylaws or instruments corresponding thereto or other

-3-

<PAGE>

actions which may impede the acquisition of control of the Issuer by any person; (viii) causing a class of securities of the Issuer to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association; (ix) a class of equity securities of the Issuer becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Exchange Act; or (x) any action similar to those enumerated above.

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Upon conversion, Microsoft will have sole voting power and sole dispositive power over the Common Stock that it holds. Microsoft has not been a party to any transaction in the Preferred Stock, the Promissory Note or the Common Stock, other than the Agreement, in the last 60 days. Microsoft knows of no other person that has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Preferred Stock, the Promissory Notes or the Common Stock.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect

to Securities of the Issuer

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or loss, or the giving or withholding of proxies.

Item 7. Materials to be Filed as Exhibits

None.

-4-

<PAGE>

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Schedule 13D is true, complete and correct.

MICROSOFT CORPORATION

By /s/ Robert A. Eshelman

Signature

January 6, 1998

-5-

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GROUP MEMBERS: MICROSOFT CORP

GROUP MEMBERS: MICROSOFT U.K. CABLE, INC.

SUBJECT COMPANY:

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COMPANY CONFORMED NAME:

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IRS NUMBER:

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13D/A
(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.2)

Telewest Communications plc

(Name of Issuer)

Ordinary Shares, par value 10 pence per share

(Title of Class of Securities)

G8742C 10 2

(CUSIP Number)

Limited Voting Shares, par value 10 pence per share

(Title of Class of Securities)

Not applicable

(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)

August 9, 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).

- * The CUSIP number for the American Depositary Shares, each representing 10 of the Ordinary Shares, par value 10 pence per share, of Telewest Communications plc, is 87956P 10 5.

<PAGE>

CUSIP NO. G8742C 10 2

Page 2 of 6 Pages

Item 1. Security and Issuer

This constitutes Amendment No. 2 (the "Amendment") to the Statement on Schedule 13D, dated July 17, 2000, as amended by Amendment No. 1 to the Statement, dated July 18, 2000 (the "Statement"), relating to the ordinary shares, par value 10 pence per share (the "Ordinary Shares"), and the Limited Voting Shares, par value 10 pence per share (the "Limited Voting Shares"), of Telewest Communications plc, a public limited company incorporated under the laws of England and Wales ("Telewest").

Item 2. Identity and Background.

This statement is filed on behalf of Microsoft Corporation, a Washington corporation ("Microsoft"), Microsoft U.K. Cable, Inc., a Colorado

corporation ("UK Cable"), and Microsoft Cable Partnership Holdings, Inc., a Colorado corporation ("Cable Partnership", and together with Microsoft and UK Cable, the "Reporting Persons"). UK Cable and Cable Partnership are wholly-owned subsidiaries of Microsoft.

UK Cable and Cable Partnership have withdrawn the Ordinary Shares and Limited Voting Shares contributed by them to TW Holdings L.L.C., a Colorado limited liability company ("TW Holdings"), as described in more detail in Item 4 below. Upon the effectiveness of such withdrawal, UK Cable will directly own 540,648,982 Ordinary Shares and 57,312,938 Limited Voting Shares and Cable Partnership will directly own 40,385,202 Ordinary Shares. UK Cable and Cable Partnership will no longer hold any interest in TW Holdings. Microsoft continues to own directly 55,021,840 Ordinary Shares and 3,009,716 Limited Voting Shares.

Item 3. Source and Amount of Funds or Other Consideration.

The method of acquisition of the Ordinary Shares and Limited Voting Shares by UK Cable and Cable Partnership is described in Item 4 below.

Item 4. Purpose of the Transaction.

UK Cable, Cable Partnership and Liberty UK, Inc. ("Liberty UK", an affiliate of Liberty Media Group Inc. "Liberty") have executed the 2000 Amended and Restated

<PAGE>

CUSIP NO. G8742C 10 2

Page 3 of 6 Pages

Operating Agreement, which was made effective as of July 7, 2000 (the "Operating Agreement"), relating to TW Holdings. A conformed copy of the Operating Agreement is filed as Exhibit (7) to this Amendment. The Operating Agreement as executed was amended from the form filed as Exhibit (4) to the Statement to delete the requirement that any party to the Operating Agreement that acquires additional shares in Telewest contribute the beneficial interest in such shares to TW Holdings.

On August 9, 2000, following execution of the Operating Agreement, UK Cable and Cable Partnership requested pursuant to Section 6.5 of the Operating Agreement by notice to TW Holdings that their respective Pro Rata Shares (as defined in the Operating Agreement) be distributed to them by TW Holdings as soon as possible. Pursuant to the Operating Agreement, TW Holdings is required to distribute to UK Cable and Cable Partnership the Ordinary Shares and Limited Voting Shares originally contributed by them to TW Holdings, comprising 365,740,820 Ordinary Shares and 57,312,938 Limited Voting Shares in the case of UK Cable and 40,385,202 Ordinary Shares in the case of Cable Partnership. Following the effectiveness of such distribution, UK Cable and Cable Partnership will no longer be subject to the Operating Agreement with respect to such shares, although such shares will remain subject to the relationship agreement, dated as of March 3, 2000 (the "Revised New Relationship Agreement"), which became effective on July 10, 2000, by and among Microsoft, Liberty, Liberty UK and Telewest, a copy of which was filed as Exhibit (2) to the Statement. A copy of the notice by UK Cable and Cable Partnership to TW Holdings requesting distribution of their respective Pro Rata Shares is filed as Exhibit (8) to this Amendment.

All references to the agreements and documents described in this Item 4 are summaries thereof and do not purport to be complete and are qualified in their entirety to the full text of the respective agreements and documents, which have been attached hereto or to the Statement as exhibits and which are incorporated herein by reference.

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Item 5. Interest in Securities of the Issuer.

(a)-(b) The number and percentage of Ordinary Shares and Limited Voting Shares beneficially owned by Microsoft, UK Cable and Cable Partnership were not affected by the transaction described in Item 4 above.

Item 6. Material to be Filed as Exhibits.

Exhibit 7 -- 2000 Amended and Restated Operating Agreement of TW Holdings, L.L.C., dated as of July 7, 2000, among Liberty UK, Inc., Microsoft U.K. Cable, Inc. and Microsoft Cable Partnership Holdings, Inc.

Exhibit 8 -- Notice, dated August 9, 2000, by Microsoft U.K. Cable, Inc. and Microsoft Cable Partnership Holdings, Inc. to TW Holdings, L.L.C. requesting distribution of their respective Pro Rata Shares to them.

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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: August 9, 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

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EXHIBIT INDEX

- Exhibit 7 -- 2000 Amended and Restated Operating Agreement of TW Holdings, L.L.C., dated as of July 7, 2000, among Liberty UK, Inc., Microsoft U.K. Cable, Inc. and Microsoft Cable Partnership Holdings, Inc.
- Exhibit 8 -- Notice, dated August 9, 2000, by Microsoft U.K. Cable, Inc. and Microsoft Cable Partnership Holdings, Inc. to TW Holdings, L.L.C. requesting distribution of their respective Pro Rata Shares to them.

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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, immediately prior to the effectiveness of this amendment and restatement, 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.

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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,

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[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 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,

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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

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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.

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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 corporation, 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.

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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 and Microsoft.

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 Depository 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 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.

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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.

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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

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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

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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; [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.

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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

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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 11.4[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 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 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. 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.

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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

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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.

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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.

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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

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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 [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

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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.

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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

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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 11.4[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.

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- [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:

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- [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

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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 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.

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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.

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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.

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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.

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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,

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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

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have been furnished to the Office of the Director General of Fair Trading in accordance with the requirements of such Acts.

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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: /s/ Charles Tanabe

Its: Senior Vice President

MICROSOFT CABLE PARTNERSHIP
HOLDINGS, INC.

By: /s/ Robert A. Eshelman

Its: President and Secretary

MICROSOFT UK CABLE, INC.

By: /s/ Robert A. Eshelman

 Its: President and Secretary

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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%

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MICROSOFT UK CABLE, INC.
 MICROSOFT CABLE PARTNERSHIP HOLDINGS, INC.
 ONE MICROSOFT WAY
 REDMOND, WASHINGTON 98502

August 9, 2000

TW Holdings, L.L.C.
 1560 Broadway, Suite 2090
 Denver, Colorado 80202

Re: 2000 Amended and Restated Operating Agreement
 of TW Holdings, L.L.C., (the "Company") dated as
 of July 7, 2000 (the "Operating Agreement")

To TW Holdings, L.L.C.:

Pursuant to Section 6.5 of the Operating Agreement, Microsoft UK Cable, Inc. and Microsoft Cable Partnership Holdings, Inc., each as a Member (as defined in the Operating Agreement) of the Company, hereby request that the Company distribute to each of them their respective Pro Rata Shares (as defined in the Operating Agreement) as soon as possible.

MICROSOFT UK CABLE, INC.

By: /s/ Robert A. Eshelman

Name: Robert A. Eshelman

Title: President and Secretary

MICROSOFT CABLE PARTNERSHIP
HOLDINGS, INC.

By: /s/ Robert A. Eshelman

Name: Robert A. Eshelman

Title: President and Secretary

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PUBLIC DOCUMENT COUNT: 3

FILED AS OF DATE: 20000809

GROUP MEMBERS: MICROSOFT CABLE PARTNERSHIP HOLDINGS, INC.

GROUP MEMBERS: MICROSOFT CORP

GROUP MEMBERS: MICROSOFT U.K. CABLE, INC.

SUBJECT COMPANY:

COMPANY DATA:

COMPANY CONFORMED NAME: TELEWEST COMMUNICATIONS PLC

CENTRAL INDEX KEY: 0000949606

STANDARD INDUSTRIAL CLASSIFICATION: [4841

IRS NUMBER: 000000000

STATE OF INCORPORATION: X0

FISCAL YEAR END: 1231

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SEC ACT:

SEC FILE NUMBER: 005-53921

FILM NUMBER: 689454

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STREET 2: ALBERT DR WOKING

CITY: SURREY GU21 5RK ENGL

STATE: X0

BUSINESS PHONE: 1483750900

</BUSINESS-ADDRESS>

MAIL ADDRESS:

STREET 1: GENESIS BUSINESS PAR

STREET 2: ALBERT DRIVE WOKING

CITY: SURREY

STATE: X0

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FORMER CONFORMED NAME: TELEWEST PLC

DATE OF NAME CHANGE: 19950821

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FILED BY:

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WASHINGTON, DC 20549

SCHEDULE 13D/A
(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.2)

Telewest Communications plc

(Name of Issuer)

Ordinary Shares, par value 10 pence per share

(Title of Class of Securities)

G8742C 10 2

(CUSIP Number)

Limited Voting Shares, par value 10 pence per share

(Title of Class of Securities)

Not applicable

(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)

August 9, 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).

* The CUSIP number for the American Depository Shares, each representing 10 of the Ordinary Shares, par value 10 pence per share, of Telewest Communications plc, is 87956P 10 5.

<PAGE>

CUSIP NO. G8742C 10 2

Page 2 of 6 Pages

Item 1. Security and Issuer

This constitutes Amendment No. 2 (the "Amendment") to the Statement on Schedule 13D, dated July 17, 2000, as amended by Amendment No. 1 to the Statement, dated July 18, 2000 (the "Statement"), relating to the ordinary shares, par value 10 pence per share (the "Ordinary Shares"), and the Limited Voting Shares, par value 10 pence per share (the "Limited Voting Shares"), of Telewest Communications plc, a public limited company incorporated under the laws of England and Wales ("Telewest").

Item 2. Identity and Background.

This statement is filed on behalf of Microsoft Corporation, a Washington corporation ("Microsoft"), Microsoft U.K. Cable, Inc., a Colorado

corporation ("UK Cable"), and Microsoft Cable Partnership Holdings, Inc., a Colorado corporation ("Cable Partnership", and together with Microsoft and UK Cable, the "Reporting Persons"). UK Cable and Cable Partnership are wholly-owned subsidiaries of Microsoft.

UK Cable and Cable Partnership have withdrawn the Ordinary Shares and Limited Voting Shares contributed by them to TW Holdings L.L.C., a Colorado limited liability company ("TW Holdings"), as described in more detail in Item 4 below. Upon the effectiveness of such withdrawal, UK Cable will directly own 540,648,982 Ordinary Shares and 57,312,938 Limited Voting Shares and Cable Partnership will directly own 40,385,202 Ordinary Shares. UK Cable and Cable Partnership will no longer hold any interest in TW Holdings. Microsoft continues to own directly 55,021,840 Ordinary Shares and 3,009,716 Limited Voting Shares.

Item 3. Source and Amount of Funds or Other Consideration.

The method of acquisition of the Ordinary Shares and Limited Voting Shares by UK Cable and Cable Partnership is described in Item 4 below.

Item 4. Purpose of the Transaction.

UK Cable, Cable Partnership and Liberty UK, Inc. ("Liberty UK", an affiliate of Liberty Media Group Inc. "Liberty") have executed the 2000 Amended and Restated

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Operating Agreement, which was made effective as of July 7, 2000 (the "Operating Agreement"), relating to TW Holdings. A conformed copy of the Operating Agreement is filed as Exhibit (7) to this Amendment. The Operating Agreement as executed was amended from the form filed as Exhibit (4) to the Statement to delete the requirement that any party to the Operating Agreement that acquires additional shares in Telewest contribute the beneficial interest in such shares to TW Holdings.

On August 9, 2000, following execution of the Operating Agreement, UK Cable and Cable Partnership requested pursuant to Section 6.5 of the Operating Agreement by notice to TW Holdings that their respective Pro Rata Shares (as defined in the Operating Agreement) be distributed to them by TW Holdings as soon as possible. Pursuant to the Operating Agreement, TW Holdings is required to distribute to UK Cable and Cable Partnership the Ordinary Shares and Limited Voting Shares originally contributed by them to TW Holdings, comprising 365,740,820 Ordinary Shares and 57,312,938 Limited Voting Shares in the case of UK Cable and 40,385,202 Ordinary Shares in the case of Cable Partnership. Following the effectiveness of such distribution, UK Cable and Cable Partnership will no longer be subject to the Operating Agreement with respect to such shares, although such shares will remain subject to the relationship agreement, dated as of March 3, 2000 (the "Revised New Relationship Agreement"), which became effective on July 10, 2000, by and among Microsoft, Liberty, Liberty UK and Telewest, a copy of which was filed as Exhibit (2) to the Statement. A copy of the notice by UK Cable and Cable Partnership to TW Holdings requesting distribution of their respective Pro Rata Shares is filed as Exhibit (8) to this Amendment.

All references to the agreements and documents described in this Item 4 are summaries thereof and do not purport to be complete and are qualified in their entirety to the full text of the respective agreements and documents, which have been attached hereto or to the Statement as exhibits and which are incorporated herein by reference.

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Item 5. Interest in Securities of the Issuer.

(a)-(b) The number and percentage of Ordinary Shares and Limited Voting Shares beneficially owned by Microsoft, UK Cable and Cable Partnership were not affected by the transaction described in Item 4 above.

Item 6. Material to be Filed as Exhibits.

Exhibit 7 -- 2000 Amended and Restated Operating Agreement of TW Holdings, L.L.C., dated as of July 7, 2000, among Liberty UK, Inc., Microsoft U.K. Cable, Inc. and Microsoft Cable Partnership Holdings, Inc.

Exhibit 8 -- Notice, dated August 9, 2000, by Microsoft U.K. Cable, Inc. and Microsoft Cable Partnership Holdings, Inc. to TW Holdings, L.L.C. requesting distribution of their respective Pro Rata Shares to them.

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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: August 9, 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

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EXHIBIT INDEX

- Exhibit 7 -- 2000 Amended and Restated Operating Agreement of TW Holdings, L.L.C., dated as of July 7, 2000, among Liberty UK, Inc., Microsoft U.K. Cable, Inc. and Microsoft Cable Partnership Holdings, Inc.
- Exhibit 8 -- Notice, dated August 9, 2000, by Microsoft U.K. Cable, Inc. and Microsoft Cable Partnership Holdings, Inc. to TW Holdings, L.L.C. requesting distribution of their respective Pro Rata Shares to them.

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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, immediately prior to the effectiveness of this amendment and restatement, 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.

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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,

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[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 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,

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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

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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.

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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 corporation, 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.

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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 and Microsoft.

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 Depository 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 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.

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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.

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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

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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

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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; [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.

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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

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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 11.4[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 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 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. 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.

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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

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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.

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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.

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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

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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 [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

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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.

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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

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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 11.4[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.

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- [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:

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- [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

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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 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.

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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.

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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.

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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.

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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,

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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

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have been furnished to the Office of the Director General of Fair Trading in accordance with the requirements of such Acts.

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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: /s/ Charles Tanabe

Its: Senior Vice President

MICROSOFT CABLE PARTNERSHIP
HOLDINGS, INC.

By: /s/ Robert A. Eshelman

Its: President and Secretary

MICROSOFT UK CABLE, INC.

By: /s/ Robert A. Eshelman

 Its: President and Secretary

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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%

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MICROSOFT UK CABLE, INC.
 MICROSOFT CABLE PARTNERSHIP HOLDINGS, INC.
 ONE MICROSOFT WAY
 REDMOND, WASHINGTON 98502

August 9, 2000

TW Holdings, L.L.C.
 1560 Broadway, Suite 2090
 Denver, Colorado 80202

Re: 2000 Amended and Restated Operating Agreement
 of TW Holdings, L.L.C., (the "Company") dated as
 of July 7, 2000 (the "Operating Agreement")

To TW Holdings, L.L.C.:

Pursuant to Section 6.5 of the Operating Agreement, Microsoft UK Cable, Inc. and Microsoft Cable Partnership Holdings, Inc., each as a Member (as defined in the Operating Agreement) of the Company, hereby request that the Company distribute to each of them their respective Pro Rata Shares (as defined in the Operating Agreement) as soon as possible.

MICROSOFT UK CABLE, INC.

By: /s/ Robert A. Eshelman

Name: Robert A. Eshelman

Title: President and Secretary

MICROSOFT CABLE PARTNERSHIP
HOLDINGS, INC.

By: /s/ Robert A. Eshelman

Name: Robert A. Eshelman

Title: President and Secretary

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-----END PRIVACY-ENHANCED MESSAGE-----

-----BEGIN PRIVACY-ENHANCED MESSAGE-----

Proc-Type: 2001,MIC-CLEAR

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Originator-Key-Asymmetric:

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CONFORMED SUBMISSION TYPE: SC 13D/A

PUBLIC DOCUMENT COUNT: 2

FILED AS OF DATE: 20001004

GROUP MEMBERS: MICROSOFT CABLE PARTNERSHIP HOLDINGS, INC.

GROUP MEMBERS: MICROSOFT CORP

GROUP MEMBERS: MICROSOFT U.K. CABLE, INC.

SUBJECT COMPANY:

COMPANY DATA:

COMPANY CONFORMED NAME: TELEWEST COMMUNICATIONS PLC

CENTRAL INDEX KEY: 0000949606

STANDARD INDUSTRIAL CLASSIFICATION: [4841

IRS NUMBER: 000000000

STATE OF INCORPORATION: X0

FISCAL YEAR END: 1231

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SEC FILE NUMBER: 005-53921

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STREET 1: GENESIS BUSINESS PARK

STREET 2: ALBERT DR WOKING

CITY: SURREY GU21 5RK ENGL

STATE: X0

BUSINESS PHONE: 1483750900

</BUSINESS-ADDRESS>

MAIL ADDRESS:

STREET 1: GENESIS BUSINESS PAR

STREET 2: ALBERT DRIVE WOKING

CITY: SURREY

STATE: X0

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FORMER CONFORMED NAME: TELEWEST PLC

DATE OF NAME CHANGE: 19950821

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</SUBJECT-COMPANY>

FILED BY:

COMPANY DATA:

COMPANY CONFORMED NA
CENTRAL INDEX KEY:
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STATE OF INCORPORATI
FISCAL YEAR END:

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FORM TYPE:

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13D/A
(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.3)

<U>

Telewest Communications plc

<

(Name of Issuer)

<U> Ordinary Shares, par value 10 pence per share <
(Title of Class of Securities)

<U> G8742C 10 2* <
(CUSIP Number)

<U> Limited Voting Shares, par value 10 pence per share <
(Title of Class of Securities)

<U> Not applicable <
(CUSIP Number)

Robert A. Eshelman
General Counsel,
Finance and Operations
One Microsoft Way
Redmond, Washington 98052-6399

<U> (425) 882-8080 <
(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications)

<U> September 21, 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).

<U> </U>

* The CUSIP number for the American Depository Shares, each representing 10 of the Ordinary Shares, par value 10 pence per share, of Telewest Communications plc, is 87956P 10 5.

<PAGE>

CUSIP NO. G8742C 10 2

Page 2 of 5 Pages

Item 1. Security and Issuer

This constitutes Amendment No. 3 (the "Amendment") to the Statement on Schedule 13D, dated July 17, 2000, as amended by Amendment No. 1, dated July 18, 2000, and Amendment No. 2, dated August 9, 2000 (the "Statement"), relating to the ordinary shares, par value 10 pence per share (the "Ordinary Shares"), and the Limited Voting Shares, par value 10 pence per share (the "Limited Voting Shares"), of Telewest Communications plc, a public limited company incorporated under the laws of England and Wales ("Telewest").

Item 2. Identity and Background.

This statement is filed on behalf of Microsoft Corporation, a Washington corporation ("Microsoft"), Microsoft U.K. Cable, Inc., a Colorado corporation ("UK Cable"), and Microsoft Cable Partnership Holdings, Inc., a Colorado corporation ("Cable Partnership"). UK Cable and Cable Partnership are wholly-owned subsidiaries of Microsoft. UK Cable owns 540,648,982 Ordinary Shares and 57,312,938 Limited Voting Shares and Cable Partnership owns 40,385,202 Ordinary Shares. Microsoft continues to own directly 55,021,840 Ordinary Shares and 3,009,716 Limited Voting Shares.

Item 4. Purpose of the Transaction.

On September 21, 2000, Microsoft, on behalf of itself and its subsidiaries, entered into a deed poll (the "Second Deed Poll") relating to its rights under the Revised New Relationship Agreement, dated March 3, 2000 (the "Revised New Relationship Agreement"), a copy of which is filed as Exhibit (2) to the Statement. A copy of the Second Deed Poll is attached as Exhibit (9).

The Second Deed Poll provides that Microsoft and the Microsoft Group (as defined in the Revised New Relationship Agreement) will not exercise their right under the Revised New Relationship Agreement to withhold their consent (i) to any immaterial acquisition or disposal (with an acquisition or disposal being treated as immaterial if the fair value of the assets acquired or disposed represents 20 percent or less of the fair value

<PAGE>

CUSIP NO. G8742C 10 2

Page 3 of 5 Pages

of the total assets of the Telewest group immediately prior to such acquisition or disposal, as calculated by Microsoft), and (ii) to the incurrence of any borrowings or indebtedness or grant of any security interest by Telewest, in each case where Microsoft's consent is required under the Revised New Relationship Agreement. The Second Deed Poll will terminate immediately if Microsoft determines that the exercise of the rights covered by the Second Deed Poll would not require the equity method of accounting to be applied in relation to Microsoft's interest in Telewest under US GAAP and Microsoft notifies Telewest of this determination.

All references to the documents described in this Item 4 are summaries thereof and do not purport to be complete and are qualified in their entirety by the full text of the respective documents, which have been attached hereto or to the Statement as exhibits and which are incorporated herein by reference.

Item 7. Material to be Filed as Exhibits.

Exhibit 9 -- Deed Poll by Microsoft Corporation,
dated September 21, 2000.

<PAGE>

CUSIP NO. G8742C 10 2

Page 4 of 5 Pages

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: October 4, 2000

MICROSOFT CORPORATION

By: <U> /s/ Robert A. Eshelman </U>
Name: Robert A. Eshelman
Title: General Counsel,
Finance and Operations;
Assistant Secretary

MICROSOFT UK CABLE, INC.

By: <U> /s/ Robert A. Eshelman </U>
Name: Robert A. Eshelman
Title: Secretary

MICROSOFT CABLE PARTNERSHIP HOLDINGS,
INC.

By: <U> /s/ Robert A. Eshelman </U>
Name: Robert A. Eshelman
Title: Secretary

<PAGE>

CUSIP NO. G8742C 10 2

Page 5 of 5 Pages

EXHIBIT INDEX

Exhibit 9 -- Deed Poll by Microsoft Corporation, dated September 21, 2000.

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THIS INSTRUMENT is made by way of deed poll on the 21st day of September, 2000 by Microsoft Corporation, a company incorporated in Washington, whose principal place of business is at One Microsoft Way, Washington 98052 6399, USA ("**Microsoft**").

By this deed poll, Microsoft declares as follows in respect of the revised new relationship agreement dated 3 March 2000 between Microsoft (1), Liberty Media International, Inc. (2), Liberty UK Holdings, Inc. (3), Liberty UK, Inc. (4) and Telewest Communications plc ("**Telewest**") (5) (the "**Agreement**"):

That, subject to the provisos set out below, Microsoft shall not, and shall procure that the Microsoft Group shall not, at any time exercise any right under clause 5 of the Agreement to withhold its consent:

- (i) to any immaterial acquisition within the scope of business carried on by the Telewest Group in accordance with clause 11 of the Agreement or to any immaterial disposal for which, in either case, its consent is required under clause 5.1.1 of the Agreement (and so that for the purposes of this deed an acquisition or disposal is to be treated as immaterial where the fair value of the assets acquired or disposed of represents 20 per cent or less of the fair value of the total assets of the Telewest Group immediately prior to such acquisition or disposal with the said fair values being determined by Microsoft following the definitions provided by paragraph 7 of Statement of Financial Accounting Standards No. 121, <I>Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of</I>. For the avoidance of doubt, the Microsoft Group shall (subject only to the extent that it has expressly undertaken to surrender such rights under the foregoing provisions of this paragraph (i)) retain its full right and entitlement to withhold its consent under clause 5.1.1 at its absolute discretion; or
- (ii) to any matter for which its consent is required under clause 5.1.2 of the Agreement;

PROVIDED THAT the declarations and obligations of Microsoft set out above shall terminate and cease to have any effect in the event that Microsoft determines that the exercise of the rights which it is surrendering (or procuring to be surrendered) under this deed would not require the equity method of accounting to be applied in relation to the interests of the Microsoft Group in Telewest

under generally accepted accounting principles in the United States of America and Microsoft notifies Telewest in writing of such determination and the consequent termination of the said declarations and obligations.

In relation to the provisions of paragraph (i) above, Microsoft shall notify Telewest in writing of any determination of fair values that it makes for the purposes thereof and, in the event that Telewest notifies Microsoft in writing within five business days of the receipt of such notification that it disputes the determination of such fair values (a "Dispute Notice"), Microsoft sh permit the matter to be referred for determination to an independent valuation specialist agreed on by Microsoft and Telewest, subject to Telewest agreeing that (a) such independent valuation specialist shall act as an expert and not as an arbitrator, (b) the decision of such specialist shall be final and binding between Microsoft and Telewest and (c) the fees of such specialist shall be allocated for payment between Microsoft and Telewest as such specialist may determine to be fair.

The definitions contained in the Agreement shall, unless the context otherwise requires, bear the same meanings in this deed poll. The provisions as to the giving of notice in clause 23 of the Agreement shall apply as regards any notice given by Microsoft and Telewest to each other under this instrument.

<PAGE>

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This deed poll is intended to operate for the benefit of and be enforceable by Telewest and is governed by and shall be construed in accordance with English law.

Executed as a deed by Microsoft on the date first stated above.

SIGNED as a deed and)
 DELIVERED by)
 Microsoft Corporation)
 acting by:)

/s/ Jean-Francois Heitz

.....
 Duly authorised

Name: Jean Francois Heitz

Title: Deputy Chief Financial Officer

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CONFORMED SUBMISSION TYPE: SC 13D/A

PUBLIC DOCUMENT COUNT: 5

FILED AS OF DATE: 20000718

GROUP MEMBERS: MICROSOFT CABLE PARTNERSHIP HOLDINGS, INC.

GROUP MEMBERS: MICROSOFT CORP

GROUP MEMBERS: MICROSOFT U.K. CABLE, INC.

SUBJECT COMPANY:

COMPANY DATA:

COMPANY CONFORMED NAME: TELEWEST COMMUNICATIONS PLC

CENTRAL INDEX KEY: 0000949606

STANDARD INDUSTRIAL CLASSIFICATION: [4841

IRS NUMBER: 000000000

STATE OF INCORPORATION: X0

FISCAL YEAR END: 1231

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STREET 2: ALBERT DR WOKING

CITY: SURREY GU21 5RK ENGL

STATE: X0

BUSINESS PHONE: 1483750900

</BUSINESS-ADDRESS>

MAIL ADDRESS:

STREET 1: GENESIS BUSINESS PAR

STREET 2: ALBERT DRIVE WOKING

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FORMER CONFORMED NAME: TELEWEST PLC

DATE OF NAME CHANGE: 19950821

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

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 Depositary Shares, each representing 10 Ordinary Shares of 10p each of Telewest Communications plc, is 879956P 10 5.

<PAGE>

CUSIP NO. G87956P 105

Page 2 of 4 Pages

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)

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<PAGE>

CUSIP NO. G87956P 105

Page 3 of 4 Pages

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: SecretaryMICROSOFT CABLE PARTNERSHIP
HOLDINGS, INC.

By: /s/ Robert A. Eshelman

Name: Robert A. Eshelman
Title: Secretary

-3-

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CUSIP NO. G87956P 105

Page 4 of 4 Pages

EXHIBIT INDEX

- Exhibit 1 -- Articles of Association of Telewest Communications plc
- Exhibit 2 -- Revised New Relationship Agreement, dated July 7, 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., dated 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, 1996, 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)

-4-

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COMPANY NUMBER 2983307

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.

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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;

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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

Page 3

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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;

Page 4

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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;

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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

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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

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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

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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

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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

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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.

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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-

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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

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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

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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

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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

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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

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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.

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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.

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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.

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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.

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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.

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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

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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.

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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

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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.

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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:

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- (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.

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PROTECTION OF LICENCES UNDER THE BROADCASTING ACT 1990 AND THE

TELECOMMUNICATIONS ACT 1984

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

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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

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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

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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.

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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

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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.

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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

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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.

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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.

REVOCATION 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.

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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.

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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

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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.

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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:

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- (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

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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

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- 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;

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- (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:

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- (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;

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- (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;

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- (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

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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

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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.

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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.

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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.

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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

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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 Depositary (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 Depositary to enable payment of any dividend to be made to such Approved Depositary 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.

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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:

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- (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

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- (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.

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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

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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

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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

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- (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.

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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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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).

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(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

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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

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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

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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;

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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;

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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;

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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;

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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 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

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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,

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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

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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

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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

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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

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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

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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.

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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

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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;

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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

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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

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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

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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

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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)(i) 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

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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

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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.

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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

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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.

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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

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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

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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;

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- (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.

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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.

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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.

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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.]

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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

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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;

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- (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).

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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)
LIBERTY UK, INC.)

G. HOLLIS

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

G. HOLLIS

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

VICTORIA HULL

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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

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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.

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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

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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.

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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.

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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.

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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

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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.

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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.

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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;

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- [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

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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.

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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

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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.

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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.

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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

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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

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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.

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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

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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.

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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

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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

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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

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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

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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

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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

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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.

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- [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.

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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.

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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.

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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.

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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.

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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: _____

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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%

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<SEQUENCE>5

<FILENAME>0005.txt

<DESCRIPTION>AMENDMENT NO. 2 TO REGISTRATION RIGHTS AGREEMENT

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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

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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

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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.

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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

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-----END PRIVACY-ENHANCED MESSAGE-----

City of Las Vegas

Agenda Item No. 53

AGENDA SUMMARY PAGE

CITY COUNCIL MEETING OF: MAY 16, 2001

DEPARTMENT: FINANCE AND BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☒ CONSENT☐ DISCUSSION**SUBJECT:**

Approval of a Purchase Order for a single purchase requirement for SmartNet maintenance of Cisco Systems networking equipment (JDF) - Department of Information Technologies - Award recommended to: CISCO SYSTEMS INC. (\$76,686 - General Fund)

Fiscal Impact☐

No Impact

Amount: \$76,686

☒

Budget Funds Available

Dept./Division: Information Technologies

☐

Augmentation Required

Funding Source: General Fund

PURPOSE/BACKGROUND:

This requirement is for a one-year SmartNet maintenance contract on the Cisco networking equipment for the next year.

This item is exempt from competitive bidding under NRS 332.115.1(c), Maintenance for computers. However, to ensure fair and reasonable pricing, another quote was solicited, which was in the amount of \$150,824, almost twice the amount of the quote from Cisco Systems Inc.

POC: Pat Murphy - (702) 798-7989

RECOMMENDATION:

That City Council approve the issuance of a purchase order for one year of SmartNet maintenance in the amount of \$76,686 to Cisco Systems Inc.

BACKUP DOCUMENTATION:

None

MOTION:

REESE – Motion to APPROVE Items 3-7, 10-21, 23-54, 56-63, 65-68, and 70-73 – UNANIMOUS with MACK abstaining on Items 11, 12, and 13 because of his financial relationship with Mr. Marshall and on Item 22 because the concerned establishment is located near the Boys and Girls Club and he serves on that board, McDONALD abstaining on Item 22 for the same reason, and GOODMAN abstaining on Item 24 because it involves an establishment that is located in his neighborhood

*City of Las Vegas***Agenda Item No. 53**

CITY COUNCIL MEETING OF MAY 16, 2001

Finance and Business Services

Item 53 – Approval of a Purchase Order for a single purchase requirement for SmartNet of Cisco Systems networking equipment

MOTION – Continued:**Item 22: DENIED under separate action** (see individual item)**Items 55 and 69: APPROVED under separate actions** (see individual items)**Item 64: ABEYANCE to 6/20/2001 under separate action** (see individual item)**MINUTES:**

There was no related discussion.

(9:31 – 9:33)

1-776

City of Las Vegas

Agenda Item No. 54

AGENDA SUMMARY PAGE

CITY COUNCIL MEETING OF: MAY 16, 2001

DEPARTMENT: FINANCE AND BUSINESS SERVICES**DIRECTOR: MARK R. VINCENT**☒**CONSENT**☐**DISCUSSION****SUBJECT:**

Approval of the award of Bid Number 010057-TB (CW), Annual Requirements Contract for Plotter Supplies – Department of Information Technologies – Award recommended to: SOURCE GRAPHICS (Estimated annual amount of \$70,000 – General Fund)

Fiscal Impact☐**No Impact****Amount: \$70,000**☒**Budget Funds Available****Dept./Division: Information Technologies**☐**Augmentation Required****Funding Source: General Fund****PURPOSE/BACKGROUND:**

This requirement will provide the Information Technologies Department and other City Departments with an annual requirements contract for plotter supplies.

POC: Terry Brown - (800) 791-9042

RECOMMENDATION:

That the City Council approve the award of Bid Number 010057-TB(CW), Annual Requirements Contract for Plotter Supplies to Source Graphics for the period from date of award through April 30, 2002, with four (4) one year options to renew, in the estimated annual amount of \$70,000.

BACKUP DOCUMENTATION:

None

MOTION:

REESE – Motion to APPROVE Items 3-7, 10-21, 23-54, 56-63, 65-68, and 70-73 – UNANIMOUS with MACK abstaining on Items 11, 12, and 13 because of his financial relationship with Mr. Marshall and on Item 22 because the concerned establishment is located near the Boys and Girls Club and he serves on that board, McDONALD abstaining on Item 22 for the same reason, and GOODMAN abstaining on Item 24 because it involves an establishment that is located in his neighborhood

Item 22: DENIED under separate action (see individual item)

Items 55 and 69: APPROVED under separate actions (see individual items)

Item 64: ABEYANCE to 6/20/2001 under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:31 – 9:33)

1-776

City of Las Vegas

Agenda Item No. 55

AGENDA SUMMARY PAGE

CITY COUNCIL MEETING OF: MAY 16, 2001

DEPARTMENT: FINANCE AND BUSINESS SERVICES**DIRECTOR: MARK R. VINCENT**☒**CONSENT**☐**DISCUSSION****SUBJECT:**

Approval of rejection of all bids for Bid #01.1730.10-RC, Decatur Boulevard Dual Left Turn Lanes at Washington Avenue - Wards 1 & 5 (M. McDonald & Weekly)

Fiscal Impact☒**No Impact****Amount: 0**☐**Budget Funds Available****Dept./Division: Public Works/Eng. Design**☐**Augmentation Required****Funding Source: N/A****PURPOSE/BACKGROUND:**

This project consisted of installing dual left turn lanes on both the Northbound and Southbound directions of Decatur Boulevard at the intersection of Washington Avenue. The work would have included the removal and replacement of median islands, new pavement section, traffic signal modifications, striping and traffic signal undergrounds. All bids received exceeded the budgeted amount for this project. The scope of work for this project shall be incorporated into a future project to be performed in this area.

RECOMMENDATION:

That the City Council approve the rejection of all bids received for Bid #01.1730.10-RC, Decatur Boulevard Dual Left Turn Lanes.

BACKUP DOCUMENTATION:

None

MOTION:

M. McDONALD – APPROVED as recommended – UNANIMOUS

MINUTES:

RICHARD GOECKE, Director, Public Works Department, was present.

COUNCILMAN McDONALD asked MR. GOECKE when the lanes were approved and in which direction. MR. GOECKE replied that it is a Regional Transportation Commission funded traffic safety capacity project for dual left turn lanes for the northbound and southbound directions. (Approval of this matter would result in the project not moving forward.) The work will have to be incorporated into a future project and the bidding process would have to start over.

*City of Las Vegas***Agenda Item No. 55**

CITY COUNCIL MEETING OF MAY 16, 2001

Finance and Business Services

Item 55 – Approval of rejection of Bid No. 01.1730.10-RC

MINUTES – Continued:

NOTE: COUNCILMAN McDONALD directed MR. GOECKE to brief him and COUNCILMAN WEEKLY so that they can inform their constituents.

There was no further discussion.

(9:33 – 9:35)

1-862

City of Las Vegas

Agenda Item No. 56

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: MAY 16, 2001

DEPARTMENT: PLANNING & DEVELOPMENT**DIRECTOR: ROBERT S. GENZER**☒**CONSENT**☐**DISCUSSION****SUBJECT:**

Approval of a professional services agreement with Duncan Associates to rewrite Chapter 19A.14 of the City of Las Vegas Zoning Code (Sign Code) (\$86,100 - General Fund)

Fiscal Impact☐**No Impact****Amount: \$86,100**☒**Budget Funds Available****Dept./Division: Planning & Development**☐**Augmentation Required****Funding Source: General Fund****PURPOSE/BACKGROUND:**

The City of Las Vegas Sign Code (Title 19A.14) was not revised when Title 19A was adopted in November 1997. Although several ordinances have been subsequently passed which have affected the sign code, a complete revision of the Chapter is required to meet the changing needs of our community and neighborhoods. The Planning and Development Department reviewed several proposals before selecting a consultant for this task. Duncan Associates was ultimately selected based upon their extensive experience in drafting development regulations, their excellent reputation in the field, and the quality of their consulting team.

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

Professional Services Agreement

MOTION:

REESE – Motion to **APPROVE** Items 3-7, 10-21, 23-54, 56-63, 65-68, and 70-73 – **UNANIMOUS** with **MACK** abstaining on Items 11, 12, and 13 because of his financial relationship with Mr. Marshall and on Item 22 because the concerned establishment is located near the Boys and Girls Club and he serves on that board, **McDONALD** abstaining on Item 22 for the same reason, and **GOODMAN** abstaining on Item 24 because it involves an establishment that is located in his neighborhood

Item 22: **DENIED** under separate action (see individual item)

Items 55 and 69: **APPROVED** under separate actions (see individual items)

Item 64: **ABEYANCE** to 6/20/2001 under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:31 – 9:33)

1-776

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this 16th day of May, 2001, by and between the CITY OF LAS VEGAS, a municipal corporation of the State of Nevada, whose principal office is located at 400 East Stewart Avenue, Las Vegas, Nevada 89101 (hereinafter the "City") and Duncan Associates, a Texas corporation, whose principal office is located at 13276 Research Boulevard, Suite 208, Austin, Texas 78750 (hereinafter the "Consultant").

WITNESSETH:

WHEREAS, the City is desirous of retaining professional services relating to the preparation of a Sign Code Rewrite (hereinafter "Project"); and

WHEREAS, the Consultant represents that it possesses the requisite specialized knowledge, skill and experience to provide the services set forth below; and

WHEREAS, the Consultant shall sub-contract with Parsons, a Las Vegas planning and engineering firm, and

WHEREAS, the Consultant is willing to perform such services for the compensation and upon the terms and conditions that are hereinafter set forth;

NOW THEREFORE, in consideration of the mutual promises and agreements hereinafter contained, it is mutually agreed as follows:

I. DEFINITIONS

For purposes of this Agreement, the following definitions shall apply:

"Agreement" means this document and Exhibit "A" Disclosure of Principals, Exhibit "B" - Scope of Work, and Exhibit C - Work Products, Schedule and Cost, all of which are attached hereto and incorporated herein.

"Project Task" means the defined undertaking described in Exhibit "B" - Scope of Work.

"Deliverable" is the written document identified in Exhibit "B" - Scope of Work, which the Consultant is required to produce in connection with different Project Tasks.

"Project Manager" means the Consultant's employee assigned for coordinating, scheduling and executing the Project Tasks and Deliverables set forth in Exhibits "B" and "C".

II. COMPENSATION

- A. Compensation. For the services provided under this Agreement, the City agrees to compensate the Consultant upon the basis of the completion of certain services identified in Exhibit "C", Work Products, Schedule and Costs, in an amount not to exceed \$86,100.
- B. Invoice. The Consultant shall submit an invoice for payment of the services rendered for the designated incremental periods wherein certain Deliverables and Project Tasks are completed, as described in Exhibits "B" and "C". The City shall have thirty (30) to sixty (60) days to verify and pay the invoice. Payment shall be made to Duncan Associates, 13276 Research Boulevard, Suite 208, Austin, Texas 78750.
- C. Reimbursable Costs. There shall be no reimbursable costs for this Agreement. All costs associated with this Project shall be absorbed by the Consultant unless approved in writing by the City.

III. SUBCONTRACTS

The Consultant may retain the services of various subcontractors to assist in the performance of the Scope of Services and Deliverables set forth in Exhibits "B" and "C". The compensation to be paid to a retained subcontractor shall be the responsibility of the Consultant and shall not entitle the payment of any additional compensation under this Agreement.

IV. RIGHT OF TERMINATION

The City may, by written notice to the Consultant, terminate this Agreement, in whole or in part, for any reason whatsoever (i.e., without cause), or for failure of the Consultant to perform in a timely manner any of its obligations hereunder (i.e., with cause). Upon receipt of such notice, the Consultant shall:

1. Immediately discontinue the performance of any further services (unless the notice directs otherwise).
2. Deliver all work products as may have been prepared or developed by the Consultant, whether completed or in progress, to the City. Termination of this Agreement shall be as of the date that such notice is received by the Consultant unless otherwise specified in the notice.

If the termination is for the convenience of the City, the Consultant shall submit a final invoice within thirty (30) days of termination. The City shall pay the Consultant fees incurred up to the effective date of termination in accordance with Section 4 of Exhibit B. The Consultant shall deliver or otherwise make available to the City all deliverables up to the date of termination.

The right of termination by the City provided for under this Section is in addition to, and not in lieu of, any other rights and remedies provided by law or under other sections of this Agreement.

V.

CONFLICT OF INTEREST

Each party represents that it is unaware of any financial or economic interest of any public officer or employee of the City relating to this Agreement. Notwithstanding any other provision of this Agreement, it is further understood and agreed that if such a financial interest does exist, the City may immediately terminate this Agreement as provided in Section IV.

VI.

CONSULTANT IS AN INDEPENDENT CONTRACTOR

The Consultant represents that it is fully experienced and properly qualified, organized and financed to perform the services required under this Agreement. In the performance of the services required hereunder, the Consultant is acting as an independent contractor and not as an agent of the City. The Consultant shall maintain complete control over its employees and all of its subcontractors. Nothing contained in this Agreement or any subcontract awarded by the Consultant shall create any contractual relationship between any such subcontractor and the City. The Consultant shall perform in accordance with its own methods subject to compliance with this Agreement.

VII.

OWNERSHIP OF DOCUMENTS AND MATERIALS

A. Documents and Materials Prepared. All material documentation and materials prepared or developed by the Consultant pursuant to this Agreement shall become the property of the City without any restriction or limitation on their use, and shall be made available to the City upon request. The originals of such documents and materials shall be delivered to the City upon completion of the services or termination of services. The Consultant shall be permitted to retain copies of such items.

B. Right to Duplicate Documents and Material. The City shall have the right to use, duplicate, modify or disclose documents and material conveyed herein, in whole or in part, in any manner whatsoever, and to have or permit others to do so.

**VIII.
DOCUMENTS FURNISHED IN ELECTRONIC MEDIA**

Consultant shall provide final work products in electronic media. Consultant shall use its best professional efforts to assure that any instruments of professional service provided in electronic media form shall be free from inaccuracies, anomalies, and errors due to electronic translation, formatting or interpretation. Consultant is not responsible for errors and omissions resulting from conversion, modification, misinterpretation, misuse or reuse by the City or others after electronic media is released by the Consultant.

**IX.
INDEMNITY**

The Consultant shall protect, indemnify and hold harmless the City, its officers and employees, from any and all claims, damages, losses, suits, actions, decrees, judgments, attorney's fees, court costs and other expenses of any kind or character which the City, its officers or employees suffer to the extent caused directly and proximately by the negligence or willful misconduct of the Consultant, its subcontractors or agents or anyone employed by the Consultant or its subcontractors or agents, in fulfillment or performance of the terms, conditions or covenants of this Agreement.

**X.
AUTHORIZATION TO PROCEED**

The Consultant shall be authorized to proceed with the Scope of Services upon approval of this Agreement by the City Council. The Consultant shall not commence work until such authorization is granted.

**XI.
PROJECT REPRESENTATIVES**

The Planning and Development Director shall designate a member of the Planning and Development Department staff to manage the project.

Eric Kelly shall be designated the Consultant's Project Manager for the project.

**XII.
DISCLOSURE OF PRINCIPALS**

Pursuant to Resolution adopted by the City Council effective October 1, 1999, Duncan Associates warrants that it has disclosed, on the form attached hereto as Exhibit "A", all principals, including partners, of Duncan Associates, as well as all persons and entities holding more than a 1% interest in Duncan Associates or any principal of Duncan Associates

Throughout the term hereof, Duncan Associates shall notify the City in writing of any material change in the above disclosure within 15 days of such change.

XIII. CREDITS AND ACKNOWLEDGEMENTS

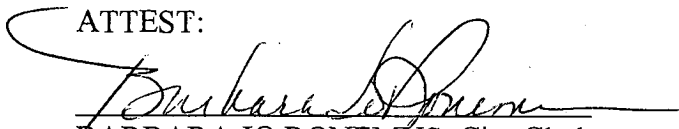
The Consultant shall be given proper credit and acknowledgment for all services rendered including, but not limited to, planning, design and implementation. Proper credit shall be defined as being named by the City in project identification boards, published articles, promotional brochures, and similar communication, when appropriate.

In Witness Whereof, the parties have caused this Professional Services Agreement to be executed the day and year first above written.

CITY OF LAS VEGAS

By: 
OSCAR B. GOODMAN, Mayor

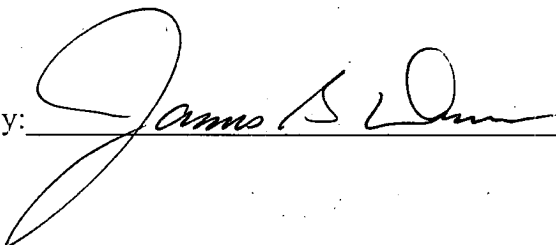
ATTEST:


BARBARA JO RONEMUS, City Clerk

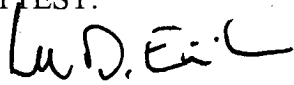
APPROVED AS TO FORM:

Thomas R. Green 4/30/01
Date

Duncan Associates

By: 

ATTEST:


On Behalf of Duncan Associates

CERTIFICATE DISCLOSURE OF OWNERSHIP/PRINCIPALS

1. Definitions

"City" means the City of Las Vegas.

"City Council" means the governing body of the City of Las Vegas.

"Contracting Entity," means the individual, partnership, or corporation seeking to enter into a contract or agreement with the City of Las Vegas.

"Principal" means, for each type of business organization, the following: (a) sole proprietorship – the owner of the business; (b) corporation – the directors and officers of the corporation; but not any branch managers of offices which are a part of the corporation; (c) partnership – the general partner and limited partners; (d) limited liability company – the managing member as well as all the other members

2. Policy

In accordance with Resolution 79-99 and 105-99 adopted by the City Council, Contracting Entities seeking to enter into certain contracts or agreements with the City of Las Vegas must disclose information regarding ownership interests and principals. Such disclosure generally is required in conjunction with a Request for Proposals (RFP). In other cases, such disclosure must be made prior to the execution of a contract or agreement.

3. Instructions

The disclosure required by the Resolutions referenced above shall be made through the completion and execution of this Certificate. The Contracting Entity shall complete Block 1, Block 2, and Block 3. The Contracting entity shall complete either Block 4 or its alternate in Block 5. Specific information, which must be provided, is highlighted. An Officer or other official authorized to contractually bind the Contracting Entity shall sign and date the Certificate, and such signing shall be notarized.

4. Incorporation

This Certificate shall be incorporated into the resulting contract or agreement, if any, between the City and the Contracting entity. Upon execution of such contract or agreement, the Contracting Entity is under a continuing obligation to notify the City in writing of any material changes to the information in this Certificate. This notification shall be made within fifteen (15) days of the change. Failure to notify the City of any material change may result, at the option of the City, in a default termination (in whole or in part) of the contract or agreement, and/or a withholding of payments due the Contracting Entity.

Block 1	Contracting Entity
JAMES B. DUNCAN	
Name DUNCAN ASSOCIATES	
13276 RESEARCH BLVD. #208	
Address	
AUSTIN TX 78750	
Telephone	
512/258-7347	
EIN or DUNS	

Block 2	Description
Professional Services Agreement for Multi-Gen Software and Consulting Services.	

Block 3	Type of Business
☐ Individual ☐ Partnership ☐ Limited Liability Company ☒ Corporation	

CERTIFICATE – DISCLOSURE OF OWNERSHIP/PRINCIPALS (CONTINUED)

Block 4 Disclosure of Ownership and Principals		
In the space below, the Contracting Entity must disclose all principals (including partners) of the Contracting Entity, as well as persons or entities holding more than one-percent (1%) ownership interest in the Contracting Entity.		
FULL NAME/TITLE	BUSINESS ADDRESS	BUSINESS PHONE
1. <i>JAMES B. DUNCAN</i>	<i>13276 RESEARCH, AUSTIN TX 78750</i>	<i>512/258-7347</i>
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

The Contracting Entity shall continue the above list on a sheet of paper entitled "disclosure of Principals – Continuation" until full and complete disclosure is made. If continuation sheets are attached, please indicate the number of sheets: _____

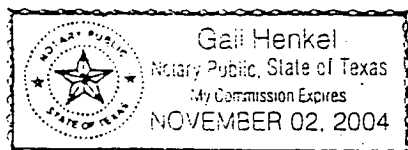
Block 5 DISCLOSURE OF OWNERSHIP AND PRINCIPALS – ALTERNATE

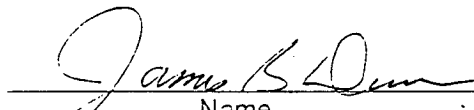
If the Contracting Entity, or its principals or partners, are required to provide disclosure (of persons or entities holding an ownership interest) under federal law (such as disclosure required by the Securities and Exchange Commission or the Employee Retirement Income Act), a copy of such disclosure may be attached to this Certificate in lieu of providing the information set forth in Block 4 above. A description of such disclosure documents must be included below.

Name of Attached Document: *SIGN CODE REWRITE PROPOSAL*

Date of Attached Document: *APRIL 18, 2001* Number of Pages: *24*

I certify under penalty of perjury, that all the information provided in this Certificate is current, complete and accurate. I further certify that I am an individual authorized to contractually bind the above named Contracting Entity




 Name
4/16/01
 Date

Subscribed and sworn to before me this *16th* day of

April, 2000

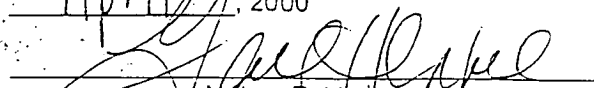

 Notary Public

Exhibit "B"

Scope of Work

Task A Analysis of Objectives

We will analyze the 66 Project Objectives identified by the City and break them into the following categories:

- Technical amendments. This category will include amendments that involve clarification of the existing ordinance and that are unlikely to affect adversely any significant number of existing signs.
- Legal/Technical Issues. This category will include those issues that require review against common practice in the industry, common practice among other local governments or against the substantial body of sign law evolving in the courts.
- Policy Issues. This category will include those issues that require policy resolution by the City.

We will deliver this analysis of the project objectives to the City within 16 days of receiving a signed contract and notice to proceed. After a brief staff review for accuracy, we will review this analysis with the steering committee or other stakeholder group that the City designates to guide this process. We will make appropriate revisions in the analysis, based on comments from that group.

Task B Technical Revisions to Ordinance

We will deliver a new draft of the ordinance containing all of the revisions identified under Task A as "technical amendments."

We will deliver this draft of the ordinance within seven days after delivering the report under Task A.

Task C Research Memo

We will conduct appropriate legal, field and other research to provide the City with answers to the questions raised under "legal/technical issues" from Task A. We will deliver this in the form of a research memo 14 days after the delivery of the report under Task A.

Task D Policy Memo

We will prepare a "white paper" or "policy directions memo" providing a policy analysis of each of the policy issues requiring resolution. We will place the policy analysis in the appropriate legal and technical context and provide illustrations where useful. We will deliver this policy memo 14 days after the delivery of the report under Task A.

Task E Resolution of Issues

We will facilitate one or two work sessions with professional staff and an advisory committee to resolve the issues identified as "legal and technical" issues in Task A. We will facilitate up to four work sessions with the planning commission, steering committee or other group designated to resolve issues identified as policy issues under Task A. We will summarize the results of those meetings in brief memos or addenda to the reports furnished under preceding tasks.

Task F Preparation of Revised Sign Ordinance

Based on the work in Tasks A, B, C, D and F - and, if the City elects it, Task E, we will prepare a revised sign ordinance incorporating all of the proposed changes. That ordinance will become the "public review draft" of the ordinance. With the cooperation of the City, we anticipate that the initial draft of the ordinance can be delivered to you on or before the last business day of June, 2001. We will then meet with you and with the planning commission or steering committee to review the draft ordinance before preparing a final ordinance. We will also receive your comments by mail, phone, or fax. We will then prepare a final draft of the ordinance, subject to review by the City's legal advisors. Throughout the drafting process, we will coordinate the drafting with both your legal advisors and the professional staff in the planning department, with appropriate participation by the inspections/enforcement staff.

Task G Public Participation

We will continue to meet with the steering committee and with appropriate stakeholder groups through July and August, for a total of up to 12 meetings on eight separate days. We will analyze their comments and respond to their questions, summarizing the results of the process for the City. We will bring the results of that process back to the planning commission, steering committee or other group identified by the City for policy resolution and seek the guidance of that group on further revisions to the draft ordinance. We will then deliver a "public hearing draft" of the ordinance.

Task H Adoption Support

We will conduct a pre-hearing workshop for City officials on the new sign ordinance. We will be available for continuous telephone consultation and reasonable additional revisions to the ordinance throughout the adoption process. We will also prepare (or work with the staff to prepare) presentation aids, comparing the new ordinance to the old.

Exhibit "C"
Work Products, Schedule and Costs

Task	Name	Product(s)	Price	Days to Completion*
A	Analysis of Objectives	Report	\$7,500	14
B	Technical Revisions	Revised Ordinance	\$7,500	21
C	Research Memo	Memo	\$9,500	28
D	Policy Memo	White Paper	\$7,500	28
E	Resolution of Issues	Summaries of Sessions	\$15,500	40
F	Preparation of Ordinance	Public Review Draft	\$6,600	42
G	Public Participation	Summaries of Meetings	\$23,500	90
H	Adoption Support	Work sessions, revisions	\$8,500	As needed
	TOTAL		\$86,100	

*in number of days from approval to proceed

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: MAY 16, 2001

DEPARTMENT: PUBLIC WORKS**DIRECTOR: RICHARD D. GOECKE**☒**CONSENT**☐**DISCUSSION****SUBJECT:**

Approval of a Fourth Supplemental Cooperative Agreement between Clark County and the City of Las Vegas for Traffic Capacity and Safety Improvements Second Program Year to increase funding for Right of Way (\$50,000 - Clark County) - All Wards

Fiscal Impact☐**No Impact****Amount: \$50,000**☒**Budget Funds Available****Dept./Division: PW/City Engineer**☐**Augmentation Required****Funding Source: Clark County****PURPOSE/BACKGROUND:**

This Fourth Supplemental Cooperative Agreement increases funding for Right-of-Way for the Traffic Capacity and Safety Improvements Second Program Year. Total cost of this project shall not exceed \$562,500.

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

Fourth Supplemental Cooperative Agreement

MOTION:

REESE – Motion to **APPROVE** Items 3-7, 10-21, 23-54, 56-63, 65-68, and 70-73 – **UNANIMOUS** with **MACK** abstaining on Items 11, 12, and 13 because of his financial relationship with Mr. Marshall and on Item 22 because the concerned establishment is located near the Boys and Girls Club and he serves on that board, **McDONALD** abstaining on Item 22 for the same reason, and **GOODMAN** abstaining on Item 24 because it involves an establishment that is located in his neighborhood

Item 22: **DENIED** under separate action (see individual item)

Items 55 and 69: **APPROVED** under separate actions (see individual items)

Item 64: **ABEYANCE** to 6/20/2001 under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:31 – 9:33)

1-776

FOURTH SUPPLEMENTAL COOPERATIVE AGREEMENT TO FUND

TRAFFIC CAPACITY AND SAFETY IMPROVEMENTS - SECOND PROGRAM YEAR

THIS FOURTH SUPPLEMENTAL COOPERATIVE AGREEMENT, made and entered into this 3rd day of July, 2001 by and between the County of Clark, a political subdivision of the State of Nevada, hereinafter referred to as "COUNTY", and the City of Las Vegas, a municipal corporation, hereinafter referred to as "CITY".

W I T N E S S E T H

WHEREAS, a Cooperative Agreement dated May 16, 1989, a Supplemental Cooperative Agreement dated January 6, 1993, a Second Supplemental Cooperative Agreement dated June 15, 1994 and a Third Supplemental Cooperative Agreement dated July 5, 1995 were entered into by the CITY and COUNTY for the design and construction of a Traffic Capacity and Safety Improvement Project - Second Year Capacity Program; and

WHEREAS, the CITY wishes to increase funding for right-of-way; and

NOW, THEREFORE, in consideration of the premises and terms contained herein, the parties agree as follows:

Section II - Project Costs is deleted in its entirety and hereby replaced with the following:

SECTION II - PROJECT COST

COUNTY agrees to fund PROJECT costs within the limits specified below:

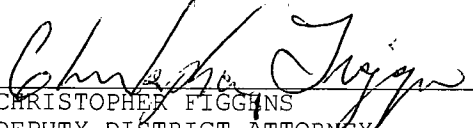
1. Preparation of right-of-way drawings, descriptions, right-of-way engineering, surveys, appraisals and negotiations at a cost not to exceed \$55,000.00.
2. Engineering design, drafting and preparation of contract documents at a cost not to exceed \$43,500.00.

3. Contract supervision, field staking, construction inspection and testing to ensure compliance with contract documents at a cost not to exceed \$10,000.00.
4. The cost of construction covered by this Agreement shall not exceed \$339,000.00, including change orders.
5. Right-of-way acquisition at a cost not to exceed \$115,000.00.
6. Change orders which are not in excess of \$10,000.00 each, and which do not exceed in the aggregate ten percent (10%) of the contract amount, may be authorized by the CITY.
7. Bond issue revenues shall not be used for any planning, survey, property appraisal, negotiation, acquisition, engineering, construction or any other costs which were incurred prior to the date of this Agreement.
8. The CITY shall have the obligation to require developers, individuals and others to dedicate needed right-of-way and to construct full off-site improvements including traffic signal improvements within the limits of the PROJECT as a condition for the approval of their development. This obligation exists and shall remain in force until the contract for the construction of the PROJECT has been awarded.
9. Administration and overhead costs shall not be reimbursed.
10. Bond issue revenues shall not be used to accomplish regional planning activities.
11. The maximum amount to be funded by the COUNTY pursuant to this Agreement shall not exceed \$562,500.00.

The remainder of the Cooperative Agreement dated May 16, 1989, the Supplemental Cooperative Agreement dated January 6, 1993, the Second Supplemental Cooperative Agreement dated June 15, 1994 and the Third Supplemental Cooperative Agreement dated July 5, 1995 remain unchanged.

IN WITNESS WHEREOF, this Fourth Supplemental Cooperative Agreement is hereby executed as of the date first set forth above.

APPROVED AS TO LEGALITY AND FORM:

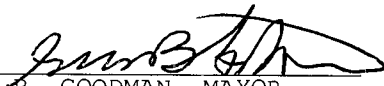

CHRISTOPHER FIGGINS
DEPUTY DISTRICT ATTORNEY

DATE OF COUNCIL ACTION:

5-16-2001
ATTEST:


BARBARA JO RONEMUS
CITY CLERK

CITY OF LAS VEGAS

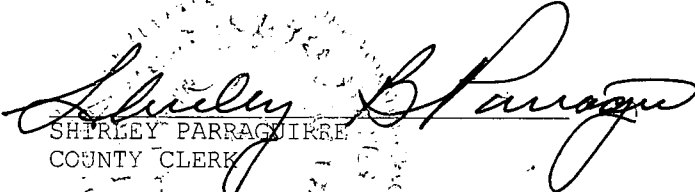
By: 
OSCAR B. GOODMAN, MAYOR

Approved as to form:

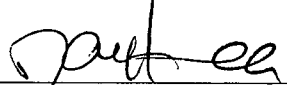
Robert S. Sylvain 4-19-01
Deputy District Attorney
City

DATE OF COMMISSION ACTION:

7-3-01
ATTEST:


SHIRLEY PARRAGUIRRE
COUNTY CLERK

COUNTY OF CLARK

By: 
DARIO HERRERA, CHAIR
BOARD OF COUNTY COMMISSIONERS

M:\WP51\DATA\AGREE\TRF2YR4S.DOC

AGENDA SUMMARY PAGE

CITY COUNCIL MEETING OF: MAY 16, 2001

DEPARTMENT: PUBLIC WORKS

DIRECTOR: RICHARD D. GOECKE

☒

CONSENT

☐

DISCUSSION

SUBJECT:

Approval of a Right-of-Way Grant to Nevada Division Central Telephone Company for a portion of the Northeast Quarter (NE 1/4) of Section 4, T21S, R60E, M.D.M., for a telephone easement to serve Buffalo Park located on the west side of Buffalo Drive, north of Del Rey Avenue - 163-04-502-005 - Ward 1 (M. McDonald)

Fiscal Impact

☒

No Impact

Amount:

☐

Budget Funds Available

Dept./Division: PW/City Engineer

☐

Augmentation Required

Funding Source:

PURPOSE/BACKGROUND:

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

None

MOTION:

REESE – Motion to **APPROVE** Items 3-7, 10-21, 23-54, 56-63, 65-68, and 70-73 – **UNANIMOUS** with **MACK** abstaining on Items 11, 12, and 13 because of his financial relationship with Mr. Marshall and on Item 22 because the concerned establishment is located near the Boys and Girls Club and he serves on that board, **McDONALD** abstaining on Item 22 for the same reason, and **GOODMAN** abstaining on Item 24 because it involves an establishment that is located in his neighborhood

Item 22: **DENIED under separate action** (see individual item)

Items 55 and 69: **APPROVED under separate actions** (see individual items)

Item 64: **ABEYANCE to 6/20/2001 under separate action** (see individual item)

MINUTES:

There was no related discussion.

(9:31 – 9:33)

1-776

RIGHT OF WAY GRANT

I (WE) THE CITY OF LAS VEGAS, a Municipal Corporation of the State of Nevada

For valuable consideration, the receipt of which is hereby acknowledged, do hereby grant and convey to NEVADA DIVISION CENTRAL TELEPHONE COMPANY, a DELAWARE CORPORATION, d/b/a SPRINT, and to their successors and assigns, a NON-EXCLUSIVE EASEMENT and right of way in perpetuity for an ABOVE GROUND ELECTRONIC SWITCHING SITE and for incidental telephone and communication purposes, together with the right to access electrical power and electrical circuits necessary to operate the site, and to construct, use, maintain, operate, alter, add to, enlarge, repair, replace, renew, inspect, improve, relocate, and/or remove any line or lines consisting of conduits, manholes, handholes, cables, wires, pull boxes and other fixtures and appurtenances, for telephone, and/or other communication circuits, on, over, in, under, across, above and along that certain real property situated in Clark County, State of Nevada, hereinafter described and the right of ingress and egress to and over said parcel(s):

THAT PORTION OF GOVERNMENT LOT 20 LYING WITHIN THE NORTHEAST QUARTER (NE 1/4) OF SECTION 4, TOWNSHIP 21 SOUTH, RANGE 60 EAST, M.D.M., CITY OF LAS VEGAS, CLARK COUNTY, NEVADA, AS DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID GOVERNMENT LOT 20;
THENCE NORTH 04°15'31" WEST ALONG THE EAST LINE THEREOF, 170.00 FEET;
THENCE SOUTH 85°44'29" WEST, 50.00 FEET TO THE POINT OF BEGINNING, BEING A POINT ON THE WEST RIGHT OF WAY LINE OF BUFFALO DRIVE (100.00 FEET WIDE);
THENCE CONTINUING SOUTH 85°44'29" WEST, 10.00 FEET;
THENCE NORTH 04°15'31" WEST PARALLEL WITH AND 10.00 FEET WEST OF SAID WEST RIGHT OF WAY LINE, 10.00 FEET;
THENCE NORTH 85°44'29" EAST, 10.00 FEET TO A POINT ON SAID WEST RIGHT OF WAY LINE;
THENCE SOUTH 04°15'31" EAST ALONG SAID WEST RIGHT OF WAY LINE, 10.00 FEET TO THE POINT OF BEGINNING.

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

R/W 21112

REFERENCE DOC. 20000509:01131

APN 163-04-502-005

THE GRANTEE, its successors and assigns and their respective agents and employees, shall have the right of ingress to and egress from said easement and every part thereof, at all times, for the purpose of exercising the rights herein granted and shall have the right to remove such growth as may endanger or interfere with the use of said easement. Such rights shall be reasonably exercised and the Grantee shall be liable for any damage negligently done by it to the above-described property.

The Grantor(s) retain(s) the right to fence, to plant, to maintain and to so use said parcel(s) for their own purpose so long as such use is consistent with standard telephone and electrical practices and does not interfere with the rights herein granted.

WHEN RECORDED RETURN TO:
SPRINT
330 S. VALLEY VIEW BLVD.
LAS VEGAS, NEVADA 89152
ATTN: RIGHT OF WAY DEPT.

WITNESS my (our) hand(s) this 6th day of July, 2001.

THE CITY OF LAS VEGAS

[Signature]
BY: OSCAR B. GOODMAN, MAYOR

[Signature]
ATTEST: BARBARA JO RONEMUS, CITY CLERK

STATE OF NEVADA
SS.
COUNTY OF CLARK

APPROVED AS TO FORM

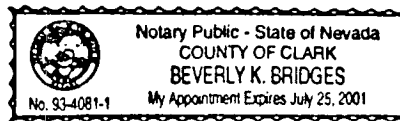
[Signature]
6/29/01 Date

This instrument was acknowledged before me on

7-6-2001

By BEVERLY K. BRIDGES

[Signature]
Notary Public



R/W 21112
REFERENCE DOC. 20000509:01131
APN 163-04-502-005

City of Las Vegas

Agenda Item No. 59

AGENDA SUMMARY PAGE

CITY COUNCIL MEETING OF: MAY 16, 2001

DEPARTMENT: PUBLIC WORKS**DIRECTOR: RICHARD D. GOECKE**☒**CONSENT**☐**DISCUSSION****SUBJECT:**

Approval of a Declaration of Utilization from the Bureau of Land Management for Sewer Purposes, lying within the Southeast Quarter (SE 1/4) of Section 30, T19S, R60E, M.D.M., located south of Tropical Parkway, east of Fort Apache Road - 125-30-704-006 & 125-29-303-001 - (County)

Fiscal Impact☒**No Impact****Amount:**☐**Budget Funds Available****Dept./Division: PW/City Engineer**☐**Augmentation Required****Funding Source:****PURPOSE/BACKGROUND:****RECOMMENDATION:**

Approval

BACKUP DOCUMENTATION:

None

MOTION:

REESE - Motion to **APPROVE** Items 3-7, 10-21, 23-54, 56-63, 65-68, and 70-73 - **UNANIMOUS** with **MACK** abstaining on Items 11, 12, and 13 because of his financial relationship with Mr. Marshall and on Item 22 because the concerned establishment is located near the Boys and Girls Club and he serves on that board, **McDONALD** abstaining on Item 22 for the same reason, and **GOODMAN** abstaining on Item 24 because it involves an establishment that is located in his neighborhood

Item 22: **DENIED** under separate action (see individual item)

Items 55 and 69: **APPROVED** under separate actions (see individual items)

Item 64: **ABEYANCE** to 6/20/2001 under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:31 - 9:33)

1-776

AGENDA SUMMARY PAGE

CITY COUNCIL MEETING OF: MAY 16, 2001

DEPARTMENT: PUBLIC WORKS

DIRECTOR: RICHARD D. GOECKE

☒

CONSENT

☐

DISCUSSION

SUBJECT:

Approval to file a Right-of-Way Grant application with the Bureau of Land Management for Sewer and Multi-Use Trail Easement purposes on portions of land lying within the East Half (E 1/2) of Section 30, T19S, R60E, M.D.M., located along Tropical Parkway, east of Fort Apache Road - 125-30-702-004 & 125-30-601-006 - (County)

Fiscal Impact

☒

No Impact

Amount:

☐

Budget Funds Available

Dept./Division: PW/City Engineer

☐

Augmentation Required

Funding Source:

PURPOSE/BACKGROUND:

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

None

MOTION:

REESE – Motion to APPROVE Items 3-7, 10-21, 23-54, 56-63, 65-68, and 70-73 – UNANIMOUS with MACK abstaining on Items 11, 12, and 13 because of his financial relationship with Mr. Marshall and on Item 22 because the concerned establishment is located near the Boys and Girls Club and he serves on that board, McDONALD abstaining on Item 22 for the same reason, and GOODMAN abstaining on Item 24 because it involves an establishment that is located in his neighborhood

Item 22: DENIED under separate action (see individual item)

Items 55 and 69: APPROVED under separate actions (see individual items)

Item 64: ABEYANCE to 6/20/2001 under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:31 – 9:33)

1-776

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: MAY 16, 2001

DEPARTMENT: PUBLIC WORKS

DIRECTOR: RICHARD D. GOECKE

☒

CONSENT

☐

DISCUSSION

SUBJECT:

Approval of an Encroachment request from Outback Steakhouse, Inc. on behalf of Lena Piccoli-Ostunio, owner (Merialdo Lane south of Charleston Boulevard) - Ward 2 (L. B. McDonald)

Fiscal Impact

☒

No Impact

Amount:

☐

Budget Funds Available

Dept./Division: PW/City Engineer

☐

Augmentation Required

Funding Source:

PURPOSE/BACKGROUND:

The proposed encroachment will consist of a 6' tall 30' long block-wall on the south side of the proposed Merialdo Lane cul-de-sac with an approximate 5' to 16' wide strip of rock landscaping and rock mulch between the block-wall and the curb extending approximately 30' along the Merialdo Lane property line to satisfy a condition of Z-71-00 for the proposed Odette Center. If approved, the applicant will be required to sign an Encroachment Agreement which has conditions of liability, maintenance, and removal.

RECOMMENDATION:

Approval.

BACKUP DOCUMENTATION:

Encroachment Exhibit "A"/Vicinity Map Merialdo Lane south of Charleston Boulevard.

MOTION:

REESE – Motion to **APPROVE** Items 3-7, 10-21, 23-54, 56-63, 65-68, and 70-73 – **UNANIMOUS** with **MACK** abstaining on Items 11, 12, and 13 because of his financial relationship with Mr. Marshall and on Item 22 because the concerned establishment is located near the Boys and Girls Club and he serves on that board, **McDONALD** abstaining on Item 22 for the same reason, and **GOODMAN** abstaining on Item 24 because it involves an establishment that is located in his neighborhood

Item 22: **DENIED** under separate action (see individual item)

Items 55 and 69: **APPROVED** under separate actions (see individual items)

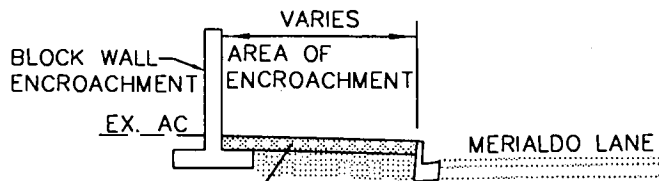
Item 64: **ABEYANCE** to 6/20/2001 under separate action (see individual item)

MINUTES:

There was no related discussion.

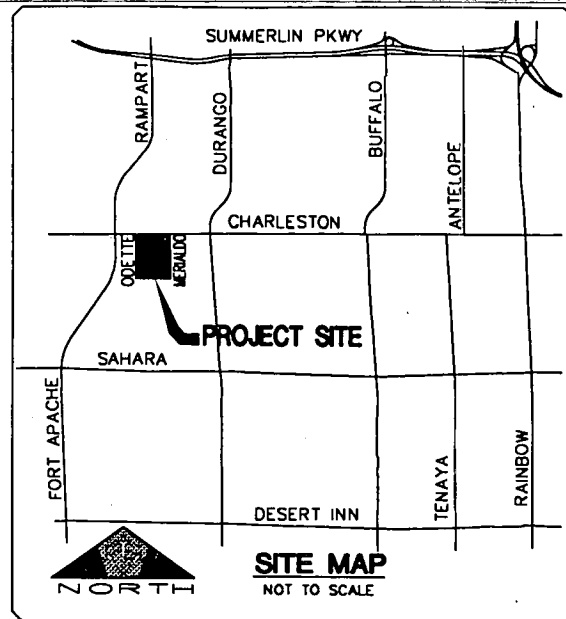
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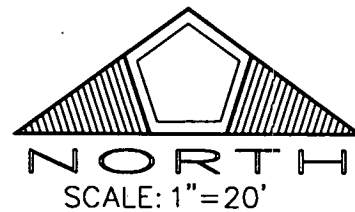
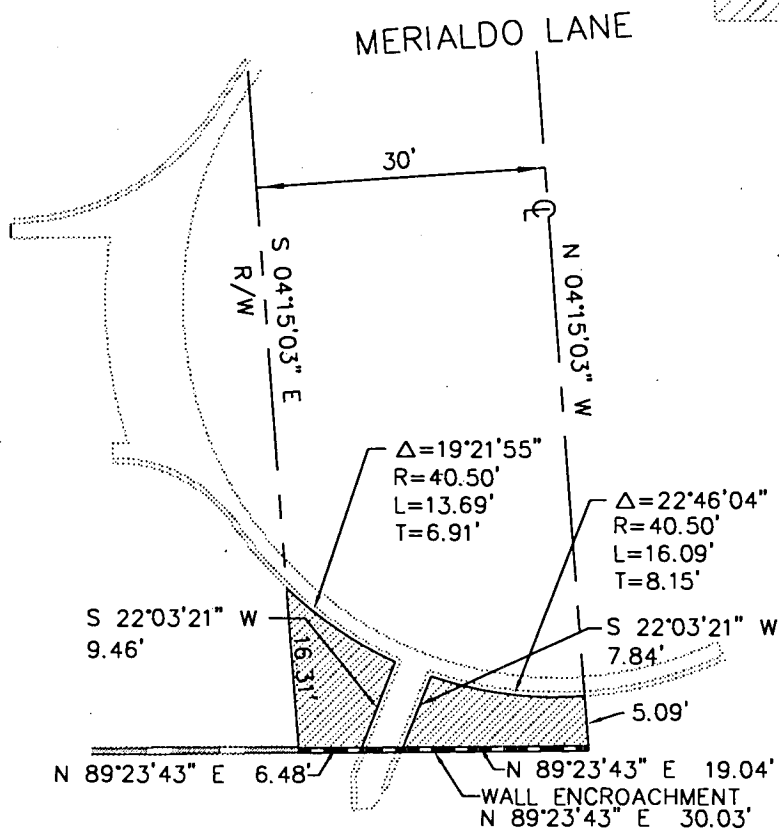


3/4" MINUS
2" MIN. DEPTH
(COLOR TO MATCH
PECOLLE RANCH
STREET SCAP
ROCK MULCH)

TYPICAL SECTION
NOT TO SCALE



AREAS OF LANDSCAPE
ENCROACHMENT



OUTBACK STEAKHOUSE INC.

ODETTE CENTER

ENCROACHMENT EXHIBIT



PENTACORE

CIVIL ENGINEERING • LAND SURVEYING • PLANNING
CONSTRUCTION MANAGEMENT • ADA CONSULTING
6763 WEST CHARLESTON BOULEVARD
LAS VEGAS, NEVADA 89102 (702)258-0115

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: May 16, 2001

DEPARTMENT: PUBLIC WORKS

DIRECTOR: RICHARD D. GOECKE

☒

CONSENT

☐

DISCUSSION

SUBJECT:

Approval of Interlocal Agreement No. 107439 with the Las Vegas Valley Water District to modify existing water facilities, install new water facilities and/or remove obsolete water facilities in conjunction with the Ann Road, US-95 to Ferrell Street project (\$20,000 - Las Vegas Valley Water District) - Ward 6 (Mack)

Fiscal Impact

☐

No Impact

Amount: \$20,000

☒

Budget Funds Available

Dept./Division: PW/City Engineer

☐

Augmentation Required

Funding Source: Las Vegas Valley Water District

PURPOSE/BACKGROUND:

The City of Las Vegas is currently designing full roadway reconstruction and flood control improvements on Ann Road from US-95 to Ferrell Street. This agreement will permit the City to modify existing water facilities, install new water facilities, and/or remove obsolete water facilities during the construction of the Ann Road project.

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

Interlocal Agreement No.107439

MOTION:

REESE - Motion to **APPROVE** Items 3-7, 10-21, 23-54, 56-63, 65-68, and 70-73 - **UNANIMOUS** with **MACK** abstaining on Items 11, 12, and 13 because of his financial relationship with Mr. Marshall and on Item 22 because the concerned establishment is located near the Boys and Girls Club and he serves on that board, **McDONALD** abstaining on Item 22 for the same reason, and **GOODMAN** abstaining on Item 24 because it involves an establishment that is located in his neighborhood

Item 22: DENIED under separate action (see individual item)

Items 55 and 69: APPROVED under separate actions (see individual items)

Item 64: ABEYANCE to 6/20/2001 under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:31 - 9:33)

1-776

**INTERLOCAL AGREEMENT
CONSTRUCTION AND FUNDING OF WATER FACILITIES
AS PART OF THE ANN ROAD IMPROVEMENT PROJECT**

THIS AGREEMENT is made and entered into this 5th day of June, 2001, by and between the Las Vegas Valley Water District, a quasi-municipal corporation of the State of Nevada, (hereinafter the "District"), and the City of Las Vegas, a municipal corporation within the State of Nevada, (hereinafter the "City").

WITNESSETH:

WHEREAS, the District is engaged in the business of distributing potable water in the City of Las Vegas, Nevada and the County of Clark, Nevada; and

WHEREAS, the City intends to construct road improvements in Ann Road, from US 95 to Ferrell Street, (hereinafter the "Project"); and

WHEREAS, the District desires to include construction of water facilities consisting of water mains on the north side of Ann Road at Rebecca Road, Mustang Street and Maverick Street, hereinafter referred to as "water facilities", shown on Exhibit I attached hereto and incorporated herein as a part of this Agreement, as part of the Project; and

WHEREAS, pursuant to the provisions of NRS 277.180, the City and the District may enter into an agreement for such construction in accordance with the provisions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

ARTICLE I

The District agrees:

1. To fund at its sole cost and expense the actual cost of constructing the water facilities which will be based upon the design and the contract item bid price.
2. To fund at its sole cost and expense the cost of contract administration fees at 10% of the actual water facilities construction cost.

3. To assist the City in obtaining any permits necessary for the proposed water facilities construction.
4. To provide to the City a Purchase Order number prior to bid opening, valid for an amount not to exceed the estimated additive alternate bid price as identified in Article II, paragraph 2, plus the contract administration fee identified in Article I, paragraph 2, to be used for construction of the water facilities.
5. To provide a decision to the City whether to include the construction of the water facilities in the award of the Project within five (5) business days after the bid opening if the actual additive alternative bid amount is greater than the estimated additive alternate bid amount covered by the Purchase Order as identified in Article I, paragraph 4.
6. To pay the City for each properly submitted invoice against the Purchase Order within 30 calendar days of receipt thereof.
7. To respond to all requests for clarification, shop drawings and change order requests necessary for the construction of the water facilities within five working days of receipt thereof.
8. To pay the full cost of change orders initiated by the District or caused by errors or omissions in the water facilities design, including the contract administration fee identified in Article I, paragraph 2.
9. To inspect the construction of the water facilities and coordinate the results of the inspection with the City's representative.

ARTICLE II

The City agrees:

1. To administer the contract for the construction of the water facilities, in accordance with District standards.
2. To advertise the water facilities as an additive alternate bid item to the Project pursuant to the requirements of the NRS Chapters 332 and 338 and, if approved by the District as required under Article I, paragraph 5, award the contract for the Project (including the water facilities construction) to the lowest responsive and responsible bidder.
3. To prepare and process, when appropriate and after communication with the District, construction change orders for the water facilities.

4. To provide an invoice to the District on a monthly basis for the water facilities construction based upon actual construction completed.

ARTICLE III

It is mutually agreed:

1. That this Agreement shall insure to the benefit of, and be binding upon, the District and the City. Nothing in this Agreement shall be construed to give any rights or benefits to any member of the general public or any other individual or entity. This Agreement is intended to benefit only the parties hereto.

2. That this Agreement represents the entire understanding of the District and the City relative to the construction of water facilities in conjunction with the City's Project.

3. That this Agreement shall remain in effect for a period commencing with the date of execution by both the District and the City and will terminate when construction of all improvements contemplated herein have been completed and the City has received the required reimbursement from the District in accordance with this Agreement for all costs related to the construction of water facilities or by written agreement by both the District and the City.

4. That this Agreement may be executed in any number of counterparts and when so executed each such counterpart shall be deemed to be an original hereof.

5. That this Agreement, or parts hereof, shall be subject to amendment as may be proposed by the District or the City provided, however, that all amendments to this Agreement must be in proper form and be properly executed by the District and the City.

6. That without waiving the limitations of Chapter 41 of the NRS, the District will be responsible for any loss, damage, liability, cost or expense, except those exempted by law, caused by the actions or inactions of its employees, consultants, contractors, or agents arising under this Agreement. Without waiving the limitation of Chapter 41 of the NRS, the City will be responsible for any loss, damage, liability, cost or expense, except those exempted by law, caused by the actions or inactions of its employees, consultants, contractors, or agents arising under this Agreement.

7. That the District and the City, their respective officers and employees shall be immune for any breach of this Agreement caused by the incorrect date being produced, calculated or generated by a computer or other information system that is owned or operated by the District or the City, their respective officers or employees, regardless of the cause of error (reference NRS 41.0321).

8. That should any part of this Agreement be rendered void, invalid, or unenforceable by any court of law, for any reason, such determination shall not render void, invalid or unenforceable any other part of this Agreement.

9. That the laws of the State of Nevada will govern as to the interpretation, validity, and effect of this Agreement.

Agreement No. 107439

IN WITNESS WHEREOF, the parties hereto have entered into this INTERLOCAL AGREEMENT as of the day and date first above written.

APPROVED AS TO FORM:

Robert S. Sloan 4-24-01
City Attorney

ATTEST:

CITY OF LAS VEGAS

Barbara Jo Ronemus
Barbara Jo Ronemus, City Clerk

By: Oscar B. Goodman
Oscar B. Goodman, Mayor

APPROVED AS TO FORM:

Charles K. Hauser
Charles K. Hauser, General Counsel

ATTEST:

LAS VEGAS VALLEY WATER DISTRICT

Patricia Mulroy
Patricia Mulroy, Secretary

By: Myrna Williams
Myrna Williams, President

Agreement No. 107439

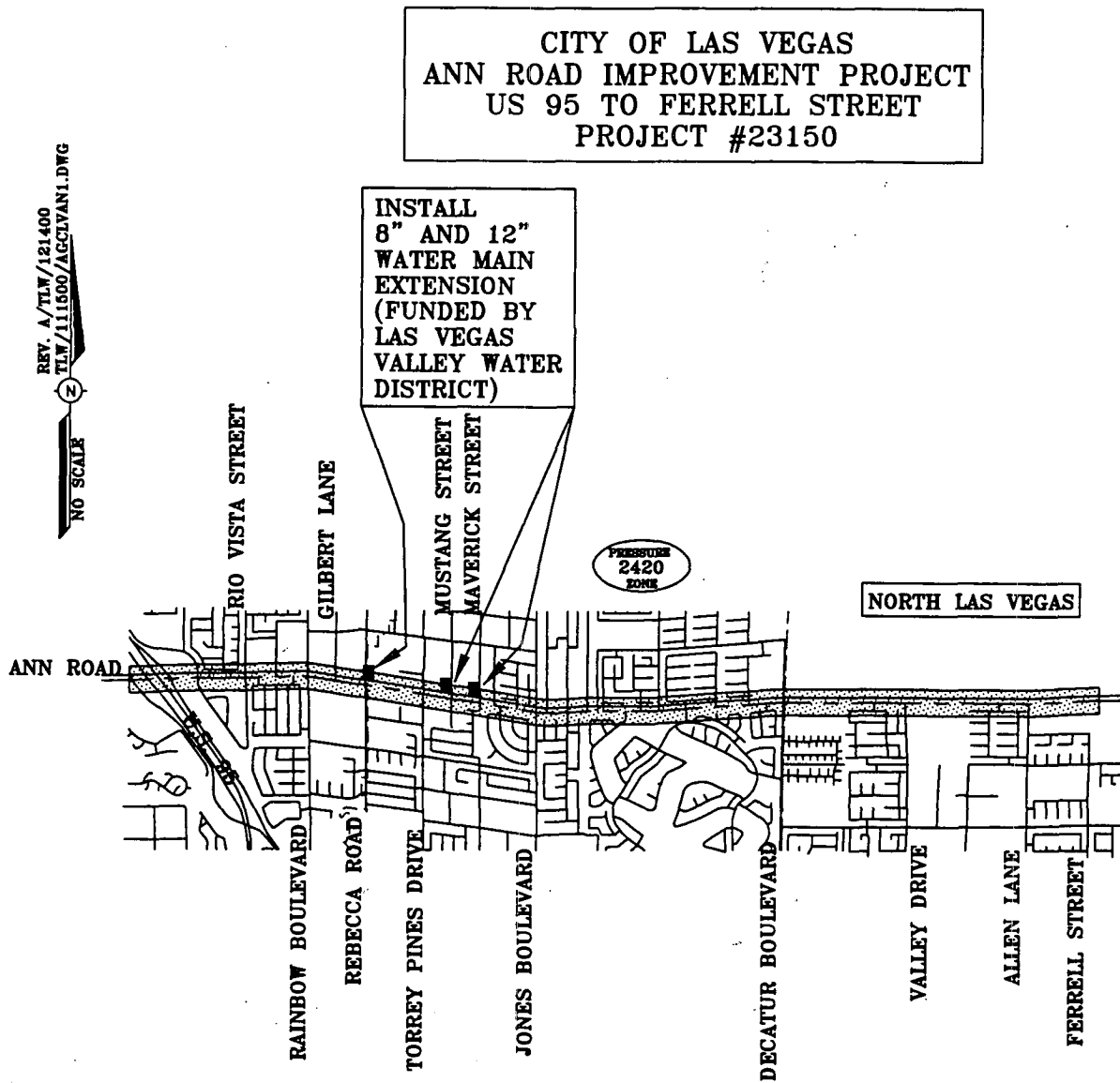


EXHIBIT I

AGENDA SUMMARY PAGE

CITY COUNCIL MEETING OF: MAY 16, 2001

DEPARTMENT: PUBLIC WORKS

DIRECTOR: RICHARD D. GOECKE

☒ **CONSENT**

☐ **DISCUSSION**

SUBJECT:

Approval of a Cooperative Agreement between the City of Las Vegas, the City of Henderson, Clark County Sanitation District and the Southern Nevada Water Authority, to fund phase III of the Las Vegas Wash alternative discharge study, the City of Las Vegas pays 38% of \$5,300,000 - (\$2,014,000 - Sanitation Fund) - (County)

Fiscal Impact

☐ **No Impact**

Amount: \$2,014,000

☒ **Budget Funds Available**

Dept./Division: PW/Environmental

☐ **Augmentation Required**

Funding Source: Sanitation Fund

PURPOSE/BACKGROUND:

The valley dischargers have formed a Clean Water Coalition to develop an Alternate Discharge system to bypass the Las Vegas Wash. This cooperative agreement defines and funds the scope of work for the Alternative Discharge Study phase III.

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

Cooperative Agreement, including Exhibit A - Scope of Services

MOTION:

REESE - Motion to **APPROVE** Items 3-7, 10-21, 23-54, 56-63, 65-68, and 70-73 - **UNANIMOUS** with **MACK** abstaining on Items 11, 12, and 13 because of his financial relationship with Mr. Marshall and on Item 22 because the concerned establishment is located near the Boys and Girls Club and he serves on that board, **McDONALD** abstaining on Item 22 for the same reason, and **GOODMAN** abstaining on Item 24 because it involves an establishment that is located in his neighborhood

Item 22: **DENIED** under separate action (see individual item)

Items 55 and 69: **APPROVED** under separate actions (see individual items)

Item 64: **ABEYANCE** to 6/20/2001 under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:31 - 9:33)

1-776

RESOLUTION NO. _____

RESOLUTION ADOPTING COOPERATIVE AGREEMENT

BE IT RESOLVED by the City Council of the City of Henderson, Nevada, the City Council of the City of Las Vegas, Nevada, the Board of Trustees of the Clark County Sanitation District and the Board of the Southern Nevada Water Authority that the following Cooperative Agreement is hereby adopted and approved:

COOPERATIVE AGREEMENT

THIS AGREEMENT is effective immediately upon approval by the CITY OF HENDERSON ("HENDERSON"), the CITY OF LAS VEGAS ("LAS VEGAS"), the CLARK COUNTY SANITATION DISTRICT ("DISTRICT"), and the SOUTHERN NEVADA WATER AUTHORITY ("SNWA"), all political subdivisions of the State of Nevada, located within Clark County, Nevada.

WHEREAS, the Las Vegas Valley watershed consists of 1,600 square miles which drains into Lake Mead via the Las Vegas Wash; and

WHEREAS, responsibility for treatment of wastewater generated within the watershed rests with three public agencies - the City of Henderson, the City of Las Vegas, and Clark County Sanitation District collectively known, as the Clean Water Coalition; and

WHEREAS, responsibility for protecting potable water sources and providing wholesale delivery of drinking water rests with the Southern Nevada Water Authority; and

WHEREAS, the protection of water quality and the environment of the Las Vegas Wash and Las Vegas Bay, as well as the enhancement of Southern Nevada's water resources, are of continued importance to the Clean Water Coalition and SNWA; and

WHEREAS, the Clean Water Coalition has previously entered into a Cooperative Agreement and completed Phases I and II of the Alternate Discharge Study, and is prepared to begin environmental services, design of an Effluent Interceptor, water quality studies, and modeling as part of the recommended Implementation Plan; and

WHEREAS, the Clean Water Coalition has been coordinating the findings of the Alternate Discharge Study with the Southern Nevada Water Authority and its Water Quality Citizens Advisory Committee to reduce wastewater flows in the Wash through development of an alternative discharge to Lake Mead; and

WHEREAS, there is a benefit for the Clean Water Coalition and the Southern Nevada Water Authority to design and construct a joint Effluent Interceptor and perform various water quality studies and modeling; and

WHEREAS, the parties hereby desire to enter into an agreement to share the cost of a the design of an Effluent Interceptor; and

WHEREAS, NRS 277.045 provides that two or more political subdivisions may enter into cooperative agreements for the performance of any governmental functions;

NOW THEREFORE, it is mutually agreed by and between the parties hereto as follows:

WITNESSETH:

1. HENDERSON, LAS VEGAS, DISTRICT, and SNWA shall each appoint one representative and designate an alternate representative to the steering committee which will develop an Effluent Interceptor design and oversee other studies. The steering committee shall be responsible for the administration of the Alternate Discharge Study Phase III A as attached as Exhibit "A".
2. HENDERSON, LAS VEGAS, DISTRICT, and SNWA hereby agree upon the scope of the Alternate Discharge Study Phase III A attached as Exhibit "A".
3. The total cost to develop the tasks for the Effluent Interceptor environmental services and design in an amount not to exceed \$5,300,000 as described in the attached Exhibit "A" shall be shared as follows: The SNWA shall pay \$200,000 of the cost of Task D-1, and will make available such studies and resources related to tasks in Phase III A as it may have available by reason of other work that SNWA is performing outside of this agreement. HENDERSON, LAS VEGAS, and the DISTRICT shall share all remaining costs of Phase III A as follows: HENDERSON, 15%, LAS VEGAS, 38%, and DISTRICT 47%. The shared cost will only apply to

the fees of the selected engineering consultant. Any other costs associated with this project shall be borne by the party which incurs those costs.

4. DISTRICT shall act as the lead agency for the project for the purposes of entering into a contract and making payments to the engineering consultant. DISTRICT shall provide copies of the engineering consultants billings to the other parties and invoice HENDERSON , LAS VEGAS, and SNWA according to the percentages listed in paragraph 3 of this agreement. HENDERSON, LAS VEGAS and SNWA agree to reimburse DISTRICT as invoiced for consultant services according to the allocations listed in paragraph 3 of this agreement.
5. This agreement shall terminate upon completion of the Alternate Discharge Study Phase III A as outlined in Exhibit "A" or at the mutual consent of the parties to this agreement.
6. This agreement shall not be deemed to be for the benefit of any entity or person who is not a party hereto, and neither this AGREEMENT, nor any interest therein, may be assigned without the prior written consent of the non-assigning parties.
7. All notices under this Agreement shall be in writing and shall be deemed to be delivered on the earlier to occur of (i) the date of actual receipt of the Notice (regardless of how it is delivered), and (ii) whether or not actually received, two days after the notice has been deposited in the United States Mail, postage paid, registered or certified mail, return receipt requested, addressed to the City or District, as the case may be at the addresses set forth below.

TO CITIES:

City Manager,
City of Las Vegas
400 E. Stewart Avenue
Las Vegas, NV 89101

City Manager,
City of Henderson
240 Water Street
Henderson, NV 89015

TO DISTRICT:

Director,
Clark County Sanitation District
5857 E. Flamingo Road
Las Vegas, NV 89122

TO SNWA:

General Manager
Southern Nevada Water Authority
1001 S. Valley View Blvd.
Las Vegas, NV 89153

The parties may change the name and address set forth above provided the parties give written notice of such change to the other party in the manner provided in this agreement.

8. The laws of the State of Nevada will govern as to the interpretation, validity, and effect of this Agreement.
9. If any term, provision, covenant or condition of this Agreement, or any application thereof, should be held by a court of competent jurisdiction to be invalid, void or unenforceable by the laws applicable thereto, such provision shall be deemed severable from, and shall in no way affect the enforceability and validity of the remaining provisions of this Agreement, and all provisions, covenants and conditions of this agreement, and all applications thereof, not held to be invalid, void or unenforceable shall continue in full force and effect.

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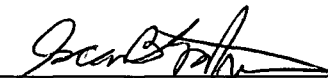
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IN WITNESS WHEREOF, the parties hereto have entered into this Agreement on the first day set forth above.

ATTEST

CITY OF LAS VEGAS


City Clerk

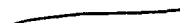
By 
Mayor

APPROVED AS TO FORM:

 7/10/01
City Attorney - DEPUTY

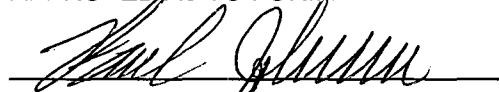
ATTEST

CLARK COUNTY SANITATION DISTRICT


Clerk

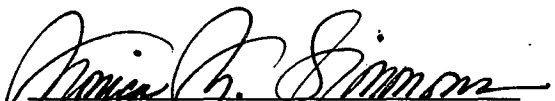
By 
Director

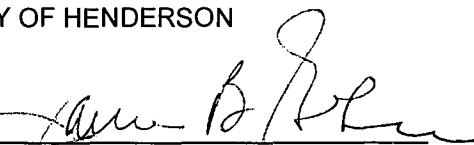
APPROVED AS TO FORM:


Deputy District Attorney

ATTEST

CITY OF HENDERSON


City Clerk

By 
Mayor

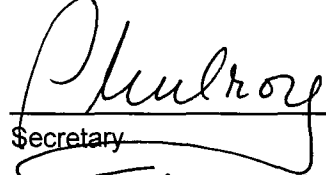
COUNCIL ACTION
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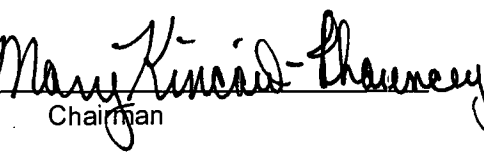
APPROVED AS TO FORM:


City Attorney

ATTEST

SOUTHERN NEVADA WATER AUTHORITY


Secretary

By 
Chairman

APPROVED AS TO FORM:

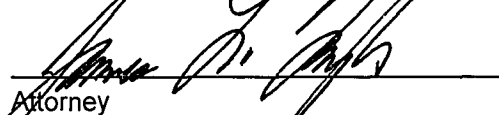

Attorney

Exhibit A

Scope of Services

Alternate Discharge Study Phase III

INTRODUCTION

The Scope of Services will be completed in the following sub-phases due to the need for inter-local cost sharing on several tasks and the need to complete certain areas of work prior to finalizing subsequent budgets.

Phase III A:

- Tasks A-1 through A-4: The BV+Team will complete the Permit Plan, prepare the Environmental Assessment (EA), the Biological Assessment and the Cultural Resources Assessment for the effluent interceptor.
- Tasks B-1 through B-7: The BV+Team will complete an Alignment Analysis, Aerial Mapping and a preliminary level of Design analysis and preparation of preliminary level plans for the effluent interceptor. A Design Criteria Report and a Preliminary Design Report will be completed and submitted to the CWC for review and approval. The Preliminary Design Report will include a scope, budget and schedule for completion of the design and bid documents for the effluent interceptor.
- Task C-1: The BV+Team will complete the review of potential sites for a Colorado River outfall and pipeline from the connection to the Effluent Interceptor to a location below Hoover Dam. Once this task is completed and the CWC has agreed to a potential site or sites for a river outfall, the environmental reviews included in work tasks C-2 through C-5 will be completed as part of Phase IIIB.
- Task D-1: The BV+Team will work with the participating agencies in the formation of the Model Evaluation Group. The BV+Team and the Model Evaluation Group will identify pre-modeling issues for the Boulder Basin and the Colorado River. The scope, budget and schedule for completing the assessment of Pre-Modeling issues will be determined. The work will be implemented in Phase III B.

- Task E-1: The BV+Team will meet with representatives of the Clean Water Coalition and the Southern Nevada Water Authority to establish the goals and priorities of the components of the Wash Management Plan. The scope, schedule and budget for Tasks E-2 through E-5 will be finalized with work implemented in Phase III B.
- Tasks F-1 and F-2: The BV+Team will coordinate, prepare for and participate in monthly progress meetings, informal progress meetings, and public presentations and briefings throughout the time frame of Phase III A, B, and C.
- Phase III B:**
- Task B-8 through B-14: The BV+Team will complete the design services for the effluent interceptor. The BV+Team will provide assistance with the acquisition of Right of Way and bidding services.
- Task A-5: The BV+Team will complete the US Army Corps of Engineers 404 Permit application for the construction of the effluent interceptor.
- Tasks C-2 through C-4: The BV+Team will complete an environmental review of the Colorado River outfall locations and the connecting pipeline determined through Task C-1, Phase III A.
- Tasks D2 through D-11: The BV+Team will complete the assessment of pre-modeling issues and, working with the Model Evaluation Group, select a model or models for the Boulder Basin and the Colorado River below Hoover Dam. The modeling efforts will be implemented in Phase III C.
- Tasks E-2 through E-5: The BV+Team will work with the CWC and the SNWA to develop a Wash Management and Monitoring Plan.
- Phase III C:**
- Task B-15: The BV+Team will provide construction services for the effluent interceptor.
- Task D-12 and D-13: The BV+Team will complete the modeling of the Boulder Basin and the Colorado River as specified through Tasks D-1 through D-11.
- Task F-3: The BV+Team will develop a Scope of Services, Estimated Budget, and Schedule for Phase IV.

The Detailed Scope of Services for all tasks is as follows:

A – Effluent Interceptor Environmental Services

Task A-1 – Develop a Permit Plan

An environmental permit plan will be developed for the effluent interceptor (Project) as determined in Task B-1, Alignment Analysis. This plan will be used to ensure that requisite permits are obtained expediently so that a right-of-way grant and construction can quickly follow the Decision Record.

The environmental permit plan will require the land ownership and Project description. After preliminary alignments are identified, the permit matrix developed during Phase I of the Alternate Discharge Study will be reviewed and updated to address the Project description, land ownership, and other site-specific issues. Application requirements, schedules, and permit application costs for the Project alternatives will be described in detail. The updated permit matrix will include federal, state, and local permits and approvals needed before the Project can proceed.

The Technical Memorandum will be reviewed by the Project Steering committee. Edits will be included in a final Permit Plan Technical Memorandum.

Task A-2 – Prepare an Environmental Assessment (EA)

This task includes preparation of the federally required EA of the potential impacts associated with the construction, operation, and maintenance of an effluent interceptor as determined in Task B-1, Alignment Analysis, which is expected to traverse private property and lands under the jurisdiction of the Bureau of Land Management and/or the Bureau of Reclamation, (Federal Lead).

The EA process consists of the following tasks:

1. Project Initiation – The BV+Team will begin the EA immediately upon approval of a short list of two alternative alignments. The BV+Team will:
 - Confirm proposed approach, establish communication protocols, review administration procedures process and review times with the Clean Water Coalition Steering Committee, and ensure special concerns are included and addressed in the EA.
 - Prepare a Memorandum of Agreement for execution by the Clean Water Coalition (Coalition), Federal Lead Agency.
 - Prepare a draft Purpose and Need statement for the Project; this is a crucial element because it strongly influences alternatives that must be addressed in the EA.
 - The Permit Plan Project description will be used to define the proposed action and alternatives. The definition of the proposed action and the alternatives will be submitted to the Project Steering Committee for review and acceptance prior to conducting technical analysis for the EA.
 - The BV+Team will prepare project instructions that include relevant data, maps, schedules, formats, and procedures for completing the EA. These instructions will include a summary of project purpose, objectives, approach, outline of deliverables, schedule, contact lists, and confidentiality protocols.
2. The BV+Team will schedule four public scoping meetings, two in Las Vegas and two in Henderson, Nevada. Two daytime and two evening meetings are planned. The

BV+Team will prepare and publish scoping meeting notices in three local newspapers. Up to five graphic displays will be prepared for use at the meetings. Up to four BV+Team project team members will assist with and present at the meetings. Sign-in sheets and comment cards will be prepared. Draft and final notes will be prepared to summarize comments received at the scoping meetings. A court reporter will be retained to record comments that can be included in the Final EA.

3. An inventory of baseline (existing) conditions will be compiled. Upon Federal Lead concurrence, an inventory from existing data sources such as previous environmental reports, EAs, maps, and other reports will be compiled. The BV+Team will contact agency staff for information as appropriate.

The EA will include but not be limited to an assessment of the following:

- Air Quality
- Geologic Resources (geology, soils and seismicity)
- Water Resources (surface and groundwater hydrology and water quality)
- Biological Resources
- Cultural Resources (archaeology, history, Traditional Cultural Properties and Indian Trust Assets)
- Paleontology
- Land Use and Jurisdiction
- Recreation
- Public Health
- Socioeconomics
- Transportation and Circulation
- Aesthetic Resources (visual, odor, and noise)
- Environmental Justice

Reconnaissance-level surveys will be conducted for all resource areas except biology and archeology, where comprehensive surveys are necessary (See Task A-4). The baseline inventory and the project description will form the basis for assessing impacts and planning mitigation strategies.

With the concurrence of the lead agency and U.S. Fish and Wildlife Service (USFWS), biological surveys for threatened and endangered species will be conducted only in areas that have not been previously evaluated. Because much of the information on aquatic species should be available in existing literature, surveys for aquatic species are not anticipated to be necessary. See Task A-3

4. Assess Impacts and Identify Mitigation – The BV+Team will assess potential impacts of the proposed Project for each environmental resource. Mitigation measures that reduce or avoid impacts will then be identified, based on the potential extent of the impacts.
5. Prepare Preliminary Administrative Draft EA – The BV+Team will prepare an Administrative Draft EA for Coalition review. Resource specialists on the team will prepare individual resource sections, which will be compiled, reviewed, and edited by the EA project manager or assistant project manager. The EA project manager or assistant project manager will prepare non-resource sections, such as purpose and need, project description, and alternatives description. It is assumed the EA will address the proposed project, one alignment alternative, and the no-action alternative.

Twenty copies of the Preliminary Administrative Draft EA will be submitted to the Coalition for internal review.

6. Prepare Administrative Draft EA - Written comments submitted by Coalition reviewers will be compiled in tabular form. A one-day meeting will be scheduled following receipt of the comments. The meeting objective will be to clarify comments and reach a group decision to resolve instances where reviewers have made conflicting comments.

The EA will be revised, as necessary, in response to written comments received and guidance provided in the meeting. Six copies of the Administrative Draft EA will be produced for the Federal Lead, and 20 copies will be produced for the Coalition.

7. Federal Lead Review of the Administrative Draft EA - Technical specialists from the BV+Team will be available to respond to agency questions and provide clarification and supporting material as requested.
8. Revise Administrative Draft EA - Written comments received by the Federal Lead will be incorporated into the document. It is anticipated that one meeting will be needed to discuss clarifications and resolve conflicting comments. Following that meeting, a check draft will be prepared and submitted to the Federal Lead project coordinator. Federal Lead -required changes will be incorporated into the document. It is anticipated that comments will be editorial and will not require additional field studies or research.
9. Federal Lead Compliance Check - A compliance check meeting will be held with the Federal Lead to ensure revisions are made to the agency's satisfaction. This process will expedite the compliance check and final approval of the EA.
10. Print Draft EA - Upon approval, up to 100 copies of the Draft EA will be printed. The Draft EA will be distributed according to a Federal Lead -approved mailing list.
11. 45-Day Public Comment Period - Notices will be published in the three newspapers, and copies of the Draft EA will be placed in public libraries and sent to the State Clearinghouse for the review by other agencies.
12. Revise and Finalize EA - Following the public comment period, the BV+Team will respond to comments. Letters will be coded with a number, and a corresponding number will be placed in the margin next to where a comment is made in each letter. A table will be prepared that lists each letter, followed by a brief description of each comment within that letter. The purpose of the summary table is to easily cross-reference similar comments and responses.

After comments are addressed, a Draft Final EA will be submitted to the Coalition for comment. Written comments will be addressed, and the EA will be finalized. At a minimum, the Final EA will be an addendum to the Draft EA and will include a summary, copies of comment letters and meeting transcripts, and responses to comments. It is assumed that not more than 25 comment letters will be received and that preparation of responses will require clarification rather than further analysis or field studies.

13. Federal Lead Finding of No Significant Impacts - Assuming the Federal Lead finds no significant impacts of the Project, Federal Lead will prepare a FONSI, which documents that the Project will not significantly affect the environment and that a more detailed EIS will not be required. If requested by Federal Lead, the BV+Team will prepare a Draft FONSI.

14. 30-Day Public Notice - Federal Lead will make the FONSI available for public comment.
15. Assist Federal Lead in preparation of Decision Record - To the extent requested, the BV+Team will assist Federal Lead in preparing its Decision Record for the project. If requested, the BV+Team will type the document and prepare a draft Decision Record. Documents and draft transmittal letters prepared on behalf of Federal Lead will be submitted both in hard copy and electronic format.

Task A-3 – Perform a Biological Assessment

Threatened and endangered species are known to occur in the Project area. The Endangered Species Act (ESA) of 1973, as amended, protects these species. The USFWS is responsible for compliance with the ESA. The USFWS will be contacted for a list of species of concern that they believe may inhabit the project area.

In accordance with Section 7 of the ESA, Federal Lead will consult with USFWS. The purpose of the Section 7 process is to obtain a Biological Opinion on whether development of the project will jeopardize the existence of the species. A non-jeopardy Biological Opinion functions as the USFWS permit and is needed before the project can proceed.

Completing the Section 7 consultation and obtaining a non-jeopardy Biological Opinion are critical for this Project. Because two federal agencies (Federal Lead and USFWS) are involved, the review and decision time can be protracted. Once Federal Lead is satisfied with the Biological Assessment, the document will be forwarded to USFWS, which will have 90 days to determine whether the document contains sufficient information to formulate a Biological Opinion. Once a determination is made, USFWS will have an additional 45 days to render a Biological Opinion.

A literature search will be completed to establish the baseline population information as well as agency requirements and restrictions. The potential to affect these species will be assessed. Where potential project-related impacts are identified, mitigation measures will be recommended. Implementation of the mitigation measures shall be designed to reduce potential impacts to a level of non-significance.

An Administrative Draft Biological Assessment documenting results of this effort will be prepared for Coalition review. Comments will be addressed, and a Draft Biological Assessment will be submitted to Federal Lead. Federal Lead comments will be addressed, and a Final Biological Assessment will be prepared for USFWS review. Twelve copies of each draft will be prepared for the Coalition, and six copies of each draft will be prepared for Federal Lead.

Task A-4 – Perform a Cultural Resources Assessment

Cultural resources are objects, sites, structures, buildings, or areas of architectural, archaeological, cultural, or scientific significance. These resources receive federal protection under Section 106 of the National Historic Preservation Act (36 CFR 800). Federal Lead will consult with the Nevada State Historic Preservation Officer and, if significant resources are affected, with the federal Advisory Council on Historic Preservation. Federal Lead cannot issue a FONSI until it obtains project approval from these agencies.

Archaeologists will study existing regional data, compile analyses, and interpret archaeological and historic data. The data will be used to develop an appropriate strategy for the field investigations. The literature search will include results of the following:

1. Archaeological records search - U.S. Geologic Survey (USGS) topographic maps at the Harry Reid Center for Environmental Studies, Barrick Museum of Natural History, University of Nevada, Las Vegas, will be reviewed to determine the extent of previous

research within the area of interest. Federal Lead and U.S. Bureau of Reclamation records will also be researched.

2. Historical resource inventories search - National and state register of historic resources will be reviewed to identify any registered sites within the area of interest.
3. Ethnographic resources - Previous ethnographic inventories will be reviewed to determine the locations of potentially sensitive ethnographic sites.

The Class I review and survey plans (research design, site prediction model) and field authorization form will be submitted to the Federal Lead for approval. Field work for the Class III Survey cannot begin until the written authorization to proceed has been received from the Federal Lead.

A Class III survey (or intensive field survey) of the project area will be completed, according to the research design approved by the Federal Lead. All cultural resources observed will be identified and inventoried. The recordation of cultural resources will include the completion of the appropriate site forms, site maps, illustration of diagnostic artifacts, photographs, and the location of sites on a USGS 7.5-minute topographic map. A benchmark will be placed in all newly identified and recorded sites. Isolated artifacts will be recorded, photographed, illustrated, and plotted on a USGS 7.5-minute topographic map. Geographic positioning system coordinates will be recorded. No artifacts or samples of any type will be collected from cultural sites. Site excavation or testing does not apply to the scope and budget of this project, and is not required at this time. Previously recorded sites within the project area will be located, and any negative impacts will be reported as an addendum to earlier site forms.

The cultural report will include a cultural history, previously recorded sites and surveys, site descriptions, historic context, and recommendations of eligibility to the National Register of Historic Places. Twelve copies of the report that documents results of the literature and field surveys will be prepared for the Federal Lead and for concurrent review by the Coalition. The report will follow a format accepted by Federal Lead and the State of Nevada on previous projects.

Because of the high sensitivity to human disturbance, the information on cultural resources is confidential; therefore, the report will be summarized in the EA. This approach will allow the cultural consultation process to run concurrently with the EA.

Task A-5 – Obtain a U.S. Army Corps of Engineers 404 Permit

This activity will include the delineation and mapping of the Section 404 jurisdictional areas affected by the Project. This task is required for activities that involve deposit of "fill material" into "Waters of the US" as defined by the Corps (wetlands, streams, lakes, ponds and ephemeral dry desert washes). Fill material includes earth, culverts, riprap, and pipelines. The Corps prefers that the project be mapped on aerial photographs at a 1 inch equals 100 feet scale, but they may accept a smaller scale considering the Project size.

It is anticipated that the Corps may permit the Project under a standard Nationwide permit or an Individual Permit. The Individual Permit is a more involved and time-consuming process. At this early stage, the BV+Team anticipates that a Nationwide, or a series of "stacked" Nationwide permits, would be acceptable to the Corps. Should the Corps determine an individual permit is required, a work plan with a revised scope and budget will be prepared.

Assuming Nationwide(s) permit(s) are approved, the terms of the permit would likely require preparation of a Mitigation and Monitoring Plan. If a Mitigation and Monitoring Plan becomes necessary, a revised scope and budget will be prepared to draft a Mitigation and Monitoring

Plan for Coalition review, written comments will be addressed, then the plan will be submitted to the Corps. Ten copies of each draft and 20 copies of the final Plan will be produced.

B – Effluent Interceptor Design

Task B-1 - Alternatives Development w/ Planning Level Aerial Mapping

The purpose of this task is to provide a broad review of possible project alternatives. At the conclusion of this task, two alternative projects will be evaluated under the screening analysis task.

Task B-1.1 Initial Alignment Reconnaissance. The initial reconnaissance will be completed to allow a screening of alternative alignments for the Effluent Interceptor from the City of Las Vegas Treatment Plant to the vicinity of the intake structures for Lake Las Vegas.

Task B-1.2 Geotechnical Reconnaissance Assessment. A screening study will be conducted of the alternative pipeline corridors to determine the general geotechnical conditions present in these areas and to identify significant design and construction issues.

The initial geotechnical investigations will characterize the geologic conditions and potential geologic and seismic hazards along each alternative corridor. Areas of difficult construction that may require special construction procedures shall be identified. Existing reports, published and unpublished geotechnical/geologic reports, and available data pertaining to the alternative corridors will be evaluated. A field reconnaissance of each alternative corridor will be completed and the findings summarized.

The findings from the geotechnical screening will be summarized in a draft Geotechnical Report. The Geotechnical Report will identify the key geotechnical issues and the significant geotechnical areas of design interest and will provide recommendations for a geotechnical investigation program to be performed for the recommended effluent interceptor alignment.

Task B-1.3 Alignment Alternatives Study. Initial investigations have identified a primary corridor that could provide the basis for the effluent interceptor pipeline alignment. A screening study will be performed to identify the recommended alignment for the effluent interceptor.

- (1) **Identify Alternative Routes.** Aerial digital orthophotography at a 1"=200' scale with an approximate 2,000' wide corridor and existing property and utility maps within the primary corridor will be compiled and evaluated to identify potential alternative alignments for consideration in the initial screening analysis.
- (2) **Conduct Field Reconnaissance.** A field surface reconnaissance will be performed for the alternative routes to determine the specific evaluation criteria relevant to each alternative. A summary memorandum of the field reconnaissance will be prepared.
- (3) **The alternative alignments will be evaluated and the advantages and disadvantages of each alternative alignment will be summarized.** Evaluation criteria will include geotechnical/geologic conditions, environmental conditions, hydraulic criteria, constructability, pipeline length, required size of pipe, right-of-way width, capital cost, and operation and maintenance costs.

The alignment evaluations shall consider impacts to property and structures, utility conflicts, road crossings, drainage course crossings, construction and maintenance access, construction de-watering, permitting, geologic hazards, environmentally sensitive areas, construction staging areas, waste material storage areas, and other relevant issues.

- (4) A plan and profile drawing for each alternative alignment studied will be prepared. Drawings will be prepared using computer generated drafting and will be suitable for reproduction at 11" by 17" size as part of the Design Criteria Report. The horizontal scale on the plan and profile drawings will be approximately 2 miles per inch for the 11" by 17" drawings.

Task B-1.4 Corrosion Control Investigation. A corrosion investigation will be performed which will identify significant corrosion concerns that would impact the project design criteria and potentially the total cost of the project. This analysis will be a broad scope analysis intended to identify fatal flaw issues associated with the alternatives.

Sources of corrosion that shall be considered are soils, water, and stray electrical currents from cathodically protected buried pipelines. The potential for electrical coupling with existing electrical power transmission lines will also be evaluated for personnel safety and acceleration of corrosion impacts. Preliminary recommendations for safety, corrosion protection, and mitigation of electrical coupling will be identified.

A Corrosion Report documenting the results of this task will be prepared.

Task B-1.5 Hydraulic Analysis. Initial hydraulic analysis shall be performed for each of the alternatives to provide a basis for evaluating the impacts associated with implementing the alternative. Hydraulic profiles illustrating system performance will be prepared for each alternative. Areas of hydraulic concern, such as high and/or low pressure areas, will be identified. Additional evaluations will be performed to assure compatibility with current and planned wastewater treatment and reclamation facilities and operations.

The hydraulic analysis will become a chapter in the Design Criteria Report and will summarize the methods used, assumptions, findings, and recommendations.

Task B-1.6 Fatal Flaw Analysis. The BV+Team will conduct a fatal flaw analysis for each alternative to determine if there are any "fatal flaws" that would preclude its construction. Fatal flaws may include technical, practical, or environmental constraints that would make completion of the project alternative virtually impossible.

Task B-1.7 Facilities Concepts Development. The basis for selection, sizing, and configuration of the major project components will be reviewed and defined. Each of the major project elements will be studied that comprise a complete project. The purpose of this analysis will be to provide sufficient definition to the project components to facilitate review and revision to the construction cost estimate. Concept development drawings will be prepared to illustrate each of the project components and for inclusion in the Design Criteria Report.

Task B-1.8 Design Criteria Report. Prepare the design criteria report that establishes the preliminary design criteria and operational and maintenance criteria for the project. The report will address surveying criteria, right-of-way needs, hydraulic design, material selection, excavation and backfill criteria, dewatering criteria, permitting, and other design elements. The Design Criteria Report will serve as the basis for design, evaluation of alternatives, material selection, and the development of plans and specifications for construction.

Task B-2 - Alternative Screening Analysis

The alternative projects developed in preceding tasks will be evaluated to define the recommended project.

Task B-2.1 Evaluation Criteria. The criteria to be used as the basis for performing the screening analysis will be developed by the BV+Team, reviewed and approved by the Coalition prior to the screening of the alternatives proceeding. Examples of screening criteria that may be applicable to this project include feasibility, constructability, right-of-way and land use impacts, environmental impacts, permitting, operations integration with the Coalition water treatment and reclamation facilities, construction cost, and operation and maintenance costs.

Task B-2.2 Cost Estimating. The definition of the project components will be the basis for development of the consultant's opinion of probable construction costs. The cost estimates will incorporate the consultant's experience with similar projects. Contact will be made with equipment suppliers and manufacturers to obtain budget pricing for major equipment items.

The opinion of probable construction cost will include construction costs, O&M costs, and a net present value. O&M costs shall be based on operating costs for similar effluent pipeline facilities. The opinion of probable construction cost will be provided at the completion of the screening work as a chapter in the Preliminary Design Report.

Task B-2.3 Evaluation Matrix. The BV+Team shall present the advantages and disadvantages associated with each alternative, and shall identify the recommended alternative for proceeding with the effluent interceptor. The evaluation data will be presented in a matrix format.

Task B-2.4 Design Criteria Workshop. The BV+Team will assemble, reproduce, and distribute the Design Criteria Report to participants in a Workshop.

The BV+Team will assist the Coalition in preparations for and conducting the Workshop.

Task B- 3 – Design Survey and Aerial Mapping

This activity will complete survey services to establish horizontal and vertical control for the Project and to provide alignment information for roadways; and the location and elevation of existing topographic features and manmade features that may affect the Project.

The aerial mapping will provide 1"=40' scale digital planimetric and topographic mapping with a 1 foot contour interval, approximately 400' wide centered on the preliminary design alignment. All mapping will meet or exceed ASPRS Class 1 Map Accuracy Standards.

Task B-4 – Perform a Geotechnical Analysis

Task B-4.1 Geotechnical Investigations. An expanded geotechnical investigation will be performed which will provide expanded data for evaluation of the alternatives and additional geotechnical information that will be applicable to the preliminary design.

Task B-4.2 Field Investigations. Collect and review geotechnical information along the selected pipeline alignment, proposed locations of critical structures and at the major flood controls crossings. Borings and/or test pits shall be performed at the locations of alignment changes and along the alternative pipeline alignment at an average spacing of approximately 5,000'. The geotechnical consultant shall secure the necessary permits and obtain underground utilities clearance and shall:

- Perform a field investigation program including borings to characterize the subsurface soil conditions, obtain shallow groundwater data, and collect soil samples.
- Perform laboratory testing on soils samples collected from the exploration to obtain engineering parameters.
- Perform engineering analyses to evaluate pipeline crossings, shallow groundwater, seismicity and faulting, liquefaction, seismically-induced settlement, slope stability, shoring requirements, and use of site soils as bedding and backfill materials.

The geotechnical investigations are limited by the following assumptions:

- Permits and Fees (During Geotechnical Field Investigation): The geotechnical consultant shall obtain all permits for the geotechnical investigations and shall coordinate with the appropriate State, County, and City agencies to obtain permits for conducting the field investigation.
- Spacing of Borings along the Pipeline Alignments: Borings shall be spaced approximately every 5,000'. The conditions between boring locations can vary significantly from that reported at the individual borings.
- Evaluation of Shallow Water Conditions: Shallow water conditions encountered in the borings during the field program shall be reported.

Task B-4.3 Geotechnical Report. A draft Geotechnical Report shall be prepared documenting the results of the field investigations and analysis of relevant information. The Geotechnical Report shall define the preliminary basis for design and shall also define the recommended geotechnical investigations to be performed during final design on the selected alignment.

Task B-5 – Perform a Utility Inventory

This activity is to provide the special engineering services to determine the elevations and locations of underground utilities and hydraulic structures that may be affected by the Project. The utility inventory includes a records search of all existing and planned facilities within the alignment corridor. A utility inventory TM will be prepared.

Task B-6 – Prepare Preliminary Plans

This activity will include the preparation of preliminary plans for the Effluent Interceptor. The drawings will include the following sheets:

- Title Sheet
- Index
- General Notes
- Plan View (Alignment, utilities, property owners, topography)
- Profile (slope and alignment)
- Detail Sheets (Major utility and road crossings, and outfall to Wash)

Task B-7 – Prepare a Pre-Design Report

This activity is to prepare a Pre-Design Report that will include the following:

- Design Criteria Report
- Right-of-Way Analysis
- Existing Facility Search
- Utility Inventory
- Geotechnical Report
- Preliminary Drawings
- Preliminary Cost Estimate, Scope of Service, Schedule and Budget for Phase III B effluent interceptor design services

Task B-8 – Prepare 50% Plans and Specifications

This activity will include the preparation of plans and specifications for the Effluent Interceptor.

The specifications shall be a legible first draft with all Divisions, including Supplemental Technical Specifications.

The drawings will include the following sheets:

- Title Sheet
- Index of drawings

- Location Map
- Abbreviations
- General Notes
- Plan and profile sheets are partially complete
- Detail Sheets laid out

Task B-9 – Prepare Legal Descriptions

This activity will consist of preparing the necessary Legal Descriptions for the acquisition of right of way and easements as identified in the alignment study and right-of-way analysis.

Task B-10 - Right of Way Acquisition

This activity will include obtaining the necessary right-of way-and easements to construct the Effluent Interceptor.

Task B-11 – Prepare 90% Plans and Specifications

This activity will include the preparation of plans, specifications, and cost estimate for the Effluent Interceptor.

The specifications shall be a final version of all Divisions, including Supplemental Technical Specifications incorporating all comments from the 50% design review.

Complete set of drawings including all information necessary to complete a 100% design package including all comments from the 50% design review.

Task B-12 - Obtain Permits

This activity will include applying for and obtaining all necessary permits to construct the Effluent Interceptor, with the exception of the permits the contractor must obtain. Because the list of permits has not yet been completed (Task A-1), the level of effort cannot be predicted with certainty.

Task B-13 – Prepare 100% Plans and Specifications

This activity will include the preparation of plans, specifications, and cost estimate for the Effluent Interceptor.

The specifications shall be the final version of all Divisions, including Supplemental Technical Specifications incorporating all comments from the 90% design review.

Complete set of drawings including all comments from the 90% design review.

Task B-14 – Bidding Services

Print and Distribute Bid Documents. Provide a sufficient number of sets of construction contract documents for bidding and construction purposes, and distribute to prospective bidders. Receive deposits for construction contract documents. Maintain a record of prospective bidders and suppliers to whom drawings or specifications have been issued.

Answer Contractor Questions. During the Bid Period, respond to questions raised by potential bidders. Provide Coalition with copies of all written correspondence to prospective bidders during the bid period.

Prepare Addenda. Prepare and issue clarifications and/or addenda to the construction contract documents when required.

Consultant's Opinion of Probable Construction Cost. Prepare the final Consultant's Opinion of Probable Construction Cost and provide to the Coalition.

Pre-Bid Conference. Conduct, at a date and time selected and a place provided by the Coalition, a prebid conference to:

Instruct prospective bidders and suppliers as to the types of information required by the contract documents and the format in which bids should be presented.

Review special project requirements and construction contract documents in general.

Receive requests for interpretations which will be issued by addendum.

Bid Opening. Attend the bid opening at a date, time and place selected by Coalition.

Prepare Bid Tabulation. Review the bids and prepare a tabulation comparing the bids received.

Evaluate Bids. Review the supporting and qualifying information provided by the bidders.

Prepare recommendations for the Coalition on award of the construction contract.

Task B-15 – Construction Services

Partnering Workshop. At a date and time selected by Coalition and at a facility provided by Coalition, attend a 2-day "Partnering Workshop." The Partnering Workshop will include representatives from the Coalition, Contractor, and Consultant. The Coalition will provide the facilitators for the workshop. The planned representatives from the Consultant's staff would include: Project Manager, Project Engineer, the Staff Engineer responsible for review of contractor's shop drawings, Resident Project Representative, and Assistant Resident Project Representative. Other members of the Consultant's staff may be requested to attend by the Coalition.

Answer Contractor Questions. Receive and respond to Requests for Information (RFIs) from the contractor during the performance of the work. Provide written responses to the RFIs.

Maintain a database of RFIs and other project-related correspondence on Primavera's *Expedition Contract Control Software*. Provide reports to Coalition with the regular progress reports.

Prepare Change Orders. Review requests from the Contractor for "changed conditions" in the Work. Prepare recommendations on acceptability, scope and cost of such requests and review with Coalition. Upon Coalition's concurrence, negotiate acceptable changes with Contractor. Provide documentation and assistance for Coalition in processing of change orders.

Site Visits. Make periodic visits to the construction site to observe progress of the work, and consult with the Coalition and the Contractor concerning problems and progress of the work. The anticipated schedule will be for the Project Engineer, or other Consultant staff, to make a one-day visit each month to the project site.

Upon substantial completion, inspect the construction work and assist the Resident Project Representative in preparing a "punch-list" of those items to be completed or corrected before final completion of the project.

Monitor Contractor's Schedule. Perform a review of the validity of the Contractor's initial project schedule, prepare a report on same, and deliver to Coalition and Contractor. Meet with Coalition and Contractor to discuss findings and resolve issues. Review and comment on the Contractor's monthly updated construction schedule and advise the Contractor and Coalition as to the validity of logic and acceptability.

Phase Administration. Provide management and oversight of Consultant's staff in providing services during this Construction Phase Services of the project. Provide Coalition with monthly reports on work under this phase.

Review drawings and other data submitted by the Contractor as required by the construction contract documents.

Assemble Manufacturer's O&M Information. Collect and organize four (4) sets of operation and maintenance data provided by the Contractor. Each set will be placed in separate binders, and the binders indexed and a table of contents provided. Binders will be submitted to Coalition.

Update O&M Manuals. Consultant will update the existing O&M Manuals to reflect the facilities added or modified under this construction contract. Coalition will provide electronic and paper copies of the text and graphic files, which the Coalition has in their possession, of the existing manuals to Consultant from which to work. Consultant will provide the modified electronic files and one set of camera-ready documents for reproduction and inclusion in the existing manuals.

Prepare As-Built Drawings. Upon completion of the project, revise the construction contract drawings to conform to the as-constructed field records. Submit one (1) set of reproducible original mylar drawings to the Coalition.

Construction Management. Consultant will furnish construction management staff with specific services to be determined at the completion of Task B-13.

Preparatory Studies For Future Environmental Impact Statement

Three separate studies will be completed to develop information needed for preparing an Environmental Impact Statement (EIS) for future stages of the project. These studies are focused on identifying outfall locations within the Colorado River downstream of Hoover Dam.

C – Colorado River Outfall Below Hoover Dam

This series of work tasks will identify potential sites below Hoover Dam that can accommodate a Colorado River Effluent Outfall. The initial work task will assess the physical and technical aspects for a potential outfall. Coordination of efforts with other programs such as the Hoover Dam Historical District and the alignment for the proposed highway corridor for a new access across the Colorado River will be included. In each work task, coordination with downstream interests including, but not limited to, the States of Arizona and California, Native American Tribes, the Metropolitan Water District of California, and Federal and State agencies involved with the Colorado River.

Phase I of the Alternate Discharge Study identified the need to develop the necessary information and models to assess a river outfall below Hoover Dam. This work task will include a thorough assessment of possible locations for a river outfall including the recreational uses along the river, cultural resources, biological and water quality requirements, assessment of potential impacts to downstream stakeholders such as Native American Tribes, the State of Arizona and the State of California including the Metropolitan Water District. Once alternative site locations are arrived at, a model of the Colorado River outfall will be conducted, through Task D.

Task C-1 – Location Analysis Study

Task C-1.1 – Define River Outfall Issues. The BV+Team will identify and meet with stakeholders with an interest and/or participation role in the Colorado River Outfall. The BV+Team will work with the Coalition to review alternatives, prepare alternative descriptions, participate in stakeholder interviews, prepare a summary of interview information and prepare a summary of issues associated with site location and operations of a river outfall.

The BV+Team will obtain data based on the specific alternative outfall sites and connecting pipelines. The intent of this task is to coordinate with ongoing efforts to avoid duplication of effort from previous work and expedite the assessment of potential outfall locations with connecting pipelines. Data gathering for each site and pipeline route will be compiled into a list of data that

will be used to evaluate the feasibility of each of the interim and short-listed alternatives for a river outfall system.

The BV+Team will develop a list of probable constraints that may impact the development and selection of an outfall alternative and must be resolved for that outfall alternative to be implemented. This will include identification and coordination of the range of options with the issues concerning impacts from State and Federal Regulatory processes, Clean Water Act-based regulations and rules, stewardship by BOR, BLM, USFWS, EPA and other federal agencies, NDEP, the State of Arizona, the State of California including the Metropolitan Water District, and Native American Tribes. This effort will be closely coordinated with the Coalition concerning the other categories considered for alternative evaluation.

Task C-1.2 – Develop Conceptual Plan for Interim Alternatives. The BV+Team will develop conceptual level analysis of Interim Alternatives in order to identify fatal flaws and to provide the basis for further evaluation and comparison of the alternatives. Conceptual development of each interim alternative is expected to consist of:

- Identifying the engineering issues and considerations associated with each alternative, e.g. the need for pumping stations, tunneling, etc.
- Identifying outfall site locations.
- Identifying pipeline corridors.
- Identifying potential power generation capabilities.
- Identifying land ownership / availability.
- Identifying pumping station and other facilities locations/sites.
- Identifying environmental and permitting issues, constraints, and considerations.
- Identifying geotechnical issues, considerations, and constraints associated with each alternative.
- Identifying river outfall modeling issues.
- Developing a conceptual level cost estimate for each alternative.
- Developing a conceptual schedule for implementing each alternative.
- Identifying public perception issues/concerns.

The BV+Team will prepare a Technical Memorandum including the following for each Interim alternative:

- Description of the alternative.
- A conceptual planning level map of the alternative.
- Discussion of the engineering issues associated with the alternative, including geotechnical issues.
- Discussion of modeling issues.
- Conceptual level cost estimate.
- Conceptual Regulatory/Permitting Assessment with assessment of issues with downstream stakeholders.
- Reconnaissance-level Environmental Evaluations to “Ground-Truth” the Environmental Issues.

Task C-1.3 – Prepare and Distribute TM package for Workshop Participants, Conduct Workshop. The BV+Team will assemble, reproduce, and distribute TM's to participants in a Workshop.

The BV+Team will develop a detailed list and description of recommended evaluation criteria. Criteria will be grouped by categories, and recommendations for weightings presented for use in a stakeholder workshop.

The BV+Team will assist the Coalition in preparations for and conducting the Workshop.

Task C-1.4 – Evaluation of Shortlist of Alternatives for a Colorado River Outfall. The BV+Team will prepare a preliminary engineering analysis of not more than three (3) short-list alternatives that emerge from the Workshop. This will include the development of preliminary engineering analysis for each alternative as defined by the following tasks:

- Description of the Alternative
- Routing alternatives
- Engineering considerations including power generation
- Resulting modifications to the Dischargers' treatment plant process
- Capital Cost analysis
- Constructability analysis
- Permitting issues
- Environmental issues
- Schedule for implementation including the review and approval process

Task C-1.5 – Prepare Final Report on Findings and Recommendations. The BV+Team will incorporate review comments from the Coalition into the final TM and distribute a final TM to the Coalition. This TM will define the short-listed alternatives for assessment in this stage of the project.

Task C-2 – Prepare a Recreation Technical Memorandum

An assessment of the historic, current, and anticipated future recreational use will be conducted in an area within a 2-mile radius of each short-listed alternative for a river outfall to the Colorado River. National Park Service records will be reviewed, and agency staff will be interviewed as appropriate. Each connecting pipeline alternative will be assessed for potential impacts to land based recreational activities.

The existing commercial rafting operation will be evaluated to determine the number of users and the economic costs and benefits. Using water quality information generated in other studies, the effects of possible esthetic changes and higher flows to the rafting operation and other recreational users will also be evaluated. A Technical Memorandum will be prepared documenting the Recreation Evaluation.

Task C-3 – Prepare a Biological Evaluation Technical Memorandum

Endangered species and sensitive habitats could be affected by changed flow regimes in this reach of the river. The BV+Team will conduct a literature search and interview agency personnel to determine the location of sensitive protected biological resources. The Technical Memorandum will contain detailed maps showing locations of these resources. In addition, potential effects on the downstream fish hatchery and protected species such as the endangered razorback sucker in Lake Mohave will be assessed.

Task C-4 – Prepare a Cultural Resources Assessment Technical Memorandum

An assessment of the cultural and historic resources and Traditional Cultural Properties will be conducted in an area within one-half mile of the Colorado River in Nevada between Hoover Dam and Gold Strike Canyon. Because cultural resources are often associated with water sources, evaluating this area will best meet the objective of determining the location and extent of highly sensitive resources.

A records search of previously recorded archaeological, ethnographic, and historic information sites and surveys within the study area will be conducted. Site and project files will be examined at the Harry Reid Center for Environmental Studies, the National Parks Service, and the U.S. Bureau of Reclamation. Previously recorded sites and surveys will be plotted on USGS maps and summarized in table format in the report. Ethnographic and historic information collected during the Hoover Dam Bypass Environmental Impact Statement will be reviewed. A Technical Memorandum documenting results of the literature search will be prepared.

Task C-5 – Prepare a Colorado River Outfall Technical Memorandum

This activity will combine the information obtained in Tasks C-1 through C-4 into one comprehensive Colorado River Outfall Technical Memorandum.

D – Modeling of Boulder Basin and Colorado River Below Hoover Dam

Pollutants of concern in Lake Mead and the downstream Colorado River include conventional constituents, endocrine disrupters, and other toxicants. Conventional constituents include nitrogen, phosphorus, suspended solids, dissolved solids, and bacteria.

To fully understand the transport and fate of pollutants in Lake Mead and the Colorado River requires development of separate reservoir and river simulation models. The simulated flows and constituents flowing out of the reservoir from Hoover Dam become inputs to the Colorado River Model.

The models will provide decision makers with a systematic evaluation tool that will have the capabilities to evaluate potential alternate discharge locations for the CWC highly treated effluent and the operations of the SNWA water intake structures. Impacts from different discharge locations will be compared with each other and with a base "No Action" scenario corresponding to the present discharge through the Las Vegas Wash.

Task D-1 – Form a Model Evaluation Group and Analyze Pre-Modeling Issues

The BV+Team will coordinate the formation of a Model Evaluation Group. The Model Evaluation Group will consist of representatives of the CWC, SNWA, and the BOR. The BV+Team and the Model Evaluation Group will work together to identify issues related to the following areas of influence:

- mixing within Lake Mead
- perchlorate
- endocrine disrupters, microbes, and other constituents of interest
- intake water quality for the SNWS plant
- limnology of the inner Las Vegas Bay
- Las Vegas Bay and Lake Mead fishery
- endangered species
- discharge below Lake Mead
- other issues identified by the group

Task D-1 includes meetings with the Model Evaluation Group and other stakeholders to resolve preliminary issues about the scope of the model. This evaluation will include but not be limited to including the areas of Boulder Basin to be covered, the constituents to be modeled, acceptable inputs, including data requirements and availability of data, modeling approach, the choice of the model program and the segmentation used, and acceptable precision and accuracy of required outputs, including procedures for calibration and verification.

The BV+Team will assess each pre-modeling issue listed in Tasks D-2 through D-11 and others as recommended by the Model Evaluation Group and authorized by the Coalition.

The BV+Team will prepare a TM summarizing the issues identified by the Model Evaluation Group. A scope of services, budget and schedule for completing Tasks D-2 through D-11 will be included in the TM.

Task D-2 – Pre-Modeling Mixing Issues For A Discharge In Lake Mead

In previous TMs, the BV+Team has presented the results of preliminary modeling on new points of discharge within Lake Mead, using a buoyant-plume model. However, several uncertainties remain, including the density of the effluent as it leaves the diffuser, and the spread of the discharge after it reaches its depth of equal buoyancy. For this TM, the range of possible densities will be assessed, taking into consideration the temperature of the effluent at the wastewater treatment plants, air temperature, soil temperature, heat loss in transit, and water temperature during each season and, if appropriate, during seasonal transition times, such as when the thermocline is descending. Using the range of possible densities, the BV+Team will determine the range of possible depths at which the effluent may reach neutral buoyancy as it rises or sinks at various times of the year.

Once the effluent has reached its depth of neutral buoyancy, it will begin spreading. The velocity of the spread will be estimated from the expected volumes to be discharged and the calculated mixing. The extent of the spread will be estimated from velocity, taking seasonal variation into account. If data are available, the effect of Colorado River flows through the lake will be considered.

In addition, the BV+Team will review existing data on hydrodynamics and mixing within Boulder Basin to determine whether the data are sufficient for resolving the issues to be modeled. Information on the operation of the penstocks at Hoover Dam will be collected and reviewed, and the shape and extent of the capture zone for withdrawals from Lake Mead will be estimated using the data, and calculated from hydrodynamic formulas.

The need for additional data on mixing and hydrodynamics will be considered. If generalized flow patterns within Boulder Basin cannot be determined from existing data, a dye study will be considered to determine whether necessary data can cost-effectively be obtained. For example, burst releases of dye might be initiated at two or three discrete locations at depths, and the direction and extent of the dye tracked at regular intervals for 2-4 days.

Task D-3 – Pre-Modeling Perchlorate Issues

The BV+Team will review existing data on historical perchlorate concentrations in Las Vegas Wash and on groundwater extraction and treatment programs designed to remove perchlorate. Future concentrations entering Lake Mead will be estimated for expected future flows in Las Vegas Wash, using assumptions about the proportion of the flow that continues to be discharged to the Wash, and the proportion that is moved to another point. In particular, the issue of whether moving most of the wastewater discharge is likely to exacerbate perchlorate issues will be examined. These estimates will be used for inputting Las Vegas Wash concentrations into the lake model.

Data on perchlorate distribution patterns within Las Vegas Bay and Boulder Basin will be reviewed and compared with perchlorate concentrations in the intake water at Saddle Island. Candidate models will be reviewed to assess their ability to simulate the patterns of perchlorate concentrations in Lake Mead, and the advantages and disadvantages of each type of modeling approach will be identified. Seasonal variations will also be considered, and appropriate lake conditions for optimum perchlorate modeling will be recommended.

Task D-4 – Pre-Modeling Issues For Endocrine Disrupters, Microbes, and Other Constituents

Data on endocrine disrupters, microbes, and other constituents of interest in Las Vegas Wash will be reviewed to evaluate future concentrations that are likely to enter Lake Mead under the

range of possible flow conditions. The data will be reviewed to assess whether they are sufficient for modeling purposes, and whether concentrations at the mouth of Las Vegas Wash may be estimated for inputting into the model. Available data on the distribution of endocrine disrupters, microbes, and other constituents of interest within Lake Mead will be reviewed, and compared with perchlorate data, to evaluate flow patterns and optimum modeling conditions.

Task D-5 – Pre-Modeling Issues For The SNWS Intake

The BV+Team will review existing data on intake water quality and Lake Mead profiles conducted in the vicinity of the intake, and from these data will attempt to estimate the shape and extent of the capture zone for the SNWS intake. In particular, data will be reviewed for times when there are depth related differences in Boulder Basin water quality, such as when the thermocline is sinking, when there are low-conductivity interflows from the Colorado River, and when there are zones of elevated perchlorate concentrations. Depth related differences will be compared with the quality of the intake water, to determine from what depths the intake is drawing. In addition, the intake capture zone will be calculated from hydrodynamic formulas.

In addition, a review of literature and available information will be conducted to assess whether issues related to intake quality may be resolved by localized direct action. For example, it may be possible to use air injection to generate localized water currents that allow the intake to avoid drawing from the descending thermocline. The amount of air needed for localized artificial destratification will be calculated, and the cost of equipment, installation, and operation and maintenance will be estimated. The cost of installing a multi-depth intake will also be estimated. Issues that might prevent the installation of localized direct action alternatives, or that might interfere with the operation of the intake or plant, will be identified.

Task D-6 – Pre-Modeling Issues For Inner Las Vegas Bay

Data on nutrient loadings at Northshore Road and chlorophyll concentrations in Inner Las Vegas Bay since 1979 will be collected and evaluated, using regression analysis and other graphical comparisons, to assess relationship between nutrient loading and water quality. Seasonal variation will be considered. Adjustments will be considered to evaluate changes in attenuation or other hydrodynamic characteristics.

Data on ammonia loads at Northshore Road and unionized ammonia concentrations in Inner Las Vegas Bay since 1979 will be collected and evaluated, using regression analysis and other graphical comparisons, to assess the relationship between ammonia loading and water quality. Seasonal variation and hydrodynamic changes will also be considered.

Task D-7 – Pre-Modeling Fishery Issues

One effect of moving the discharge will be to reduce nutrient loading to inner Las Vegas Bay. To help assess the effects of this reduction on fish, literature will be reviewed to obtain studies on the effects of reducing nutrient loading on lake fisheries. Creel census data and other available data on fish in Las Vegas Bay and Lake Mead will be obtained from the Nevada Department of Wildlife and the U.S. Fish & Wildlife Service, and reviewed to identify trends. Professional judgment will also be used to evaluate possible effects of reduced nutrient loading on the fishery.

Other effects of moving the discharge are likely to include decreased flows from Las Vegas Wash and increased salinity of the Wash discharge. The projected changes will be reviewed to examine whether decreased flows may affect spawning or other ecological or life cycle issues.

Studies on the presence and needs of the razorback sucker, an endangered species, will be reviewed to assess whether changes may affect the species, either positively or negatively. Among the changes considered will be the effects of decreased turbidity, which may result from reduced Las Vegas Wash flows combined with newly installed erosion control structures, and the possibility of additional predation or competition.

Task D-8 – Other Pre-Modeling Issues

The BV+Team will be prepared to develop TMs for additional issues identified by the Model Evaluation Group through supplemental services.

Task D-9 – Develop Modeling Objectives and Criteria

The first step in developing the modeling approach is to establish objectives and criteria for both the reservoir and river models.

It is anticipated that the Lake Mead Reservoir Model will be a 3-dimensional hydrodynamic and water quality model, which is capable of continuous simulations of flows and velocities in Boulder Basin and Las Vegas Bay. The model should be capable of predicting the interaction between flows in the Colorado River, Las Vegas Wash and the SNWS water intake facilities. It is anticipated that the model will be capable of simulating at a minimum: nutrients, phytoplankton, dissolved oxygen, and toxic constituents, including perchlorates.

It is anticipated that the Colorado River model will account for gains and losses from the water column of the various constituents simulated by the Lake Mead Model as the constituents travel downstream.

The modeling will include, but not be limited to, the following:

- Length of study reach in reservoir and river
- Constituents to be modeled
- Input data requirements
- Calibration approach
- Verification approach

The BV+Team will conduct a workshop to obtain input from the Model Evaluation Group in developing objectives and criteria for the reservoir and river models. The BV+Team will prepare a "Strawman" document that will be submitted to the Group in advance of the workshop. The document will include the BV+Team's initial recommendations on objectives and criteria and an inventory of the existing data that would be used to validate the models. The document will be used as a starting point for the workshop, and the objectives and criteria will be refined based on the input from the workshop and the Model Evaluation Group.

Task D-10 – Integration of Pre-Modeling Issues For Lake Mead and For A Discharge Below Hoover Dam

After the TMs identified in Tasks D-2 through D-9 have been prepared, their results and conclusions will be integrated into a Modeling Approach report, which will include the following information:

- Consensus opinions on objectives and criteria for the Lake Mead and Colorado River models based on the modeling workshop.
- Recommendations on how existing data and calculations can best be integrated into one or more models for Lake Mead.
- Recommendations on how well those models can resolve the issues that have been raised.
- Recommendations on appropriate model programs and modeling approach.
- Recommendation on potential additional data needs to develop models.
- Probable model development costs and schedule.

The TM will review the types of models available, their suitability for the issues raised, the uncertainty associated with their outputs, and their relative costs. It will identify the relative difficulty of resolving individual issues, and estimate how uncertain the model output is likely to

be for each issue. The TM will also consider how the individual issues affect each other, and whether the solution to one issue may exacerbate another.

The BV+Team will assemble existing data on water quality at and below Hoover Dam, and summarize existing conditions. Flow data will also be assembled, and the U.S. Geological Survey will be contacted to obtain available data on velocity, cross-section area, and the relationship between the two. The results and conclusions from tasks C-1 through C-4 will be integrated into the Modeling Approach report and the report will identify any additional information that should be obtained before modeling commences.

Task D-11 – Model Selection

The BV+Team, in consultation with the Model Evaluation Group, will recommend one or more models for Lake Mead, and a model for the Colorado River.

Interim Notice To Proceed

Following the selection of the models, the CWC will issue one or more interim notices to proceed for work to begin on Tasks D-12 and D-13.

Task D-12 – Run Selected Model For Lake Mead

Calibrate, run, and verify selected model or models.

Task D-13 – Run Selected Model For Colorado River

Calibrate, run, and verify selected model or models.

E – Water Quality Criteria Assessment

Task E-1 – Establish Objectives

The objective of the Water Quality Criteria Assessment is to develop beneficial uses and water quality criteria that will meet current regulatory requirements and emphasize the Clean Water Act present and future regulatory requirements regarding the National Permit Discharge Elimination System, Regional Storm Water permits and associated Environmental Guidelines. This analysis will complement the efforts of the CAMP and the Erosion Control Structures to establish in-channel riparian and enhanced wetlands, recreational wetlands and wildlife habitat. The Water Quality Criteria Assessment will provide:

Coordination between proposed actions and predicted outcomes,

Identification of key environmental indicators,

Determination of the areas of cause and effect relationships between actions,

Assistance in organizing a management approach between the many agencies involved within the Wash,

A guide for development of monitoring programs to perform flexible management functions.

Recommend implementation programs for meeting current and future water quality standards in the Las Vegas Wash and Boulder Basin.

The BV+Team will use the information generated in this work task to develop a scope of services, budget and schedule to complete work Tasks E-2 through E-5 to be completed in Phase IIIB.

Task E-2 – Establish Data and Information Needs

Review the existing monitoring programs for the Clark County Wetlands Park, Erosion Control Structures, Wash tributaries, storm water and Boulder Basin. Determine the need for additional monitoring including seasonal data, frequency of data gathering and testing for regulatory compliance with Clean Water Act permitting regulations.

Task E-3 – Establish Individual Components and Performance Goals

From the existing data develop a comprehensive water quality, sediment, and biological monitoring and management program for the Wash and Boulder Basin including:

- Identify goals for each component of Wash management, including but not limited to storm water, tributaries, wetlands, effluent interception, and erosion control structures.
- When the goals of one component may be detrimental for another, identify solutions to the potential conflicts.
- Identify instances where the goals and uses of Wash components may interfere with the water quality goals and regulatory requirements of the Wash and Boulder Basin, and identify solutions to the potential conflicts.
- Identify existing beneficial uses and water quality criteria that may need to be modified due to changes in the Wash.
- Propose beneficial uses and water quality criteria, suitable for consideration by the Nevada State Environmental Commission, to protect the goals and uses of the water quality related components of the Wash and Boulder Basin.
- Draft updates that may be needed to conform wash programs to the Las Vegas Valley Water Quality Plan.
- Coordinate the programs of the Water Quality Criteria Assessment with other water quality programs for Boulder Basin and the Lower Colorado River System.

Task E-4 – Prepare Water Quality Standards Setting Analysis Report

Based on the information compiled in Task E-1 through E-3 the BV+Team will prepare a draft Water Quality Criteria Assessment. The draft Water Quality Criteria Assessment will be submitted to the CWC, Las Vegas Wash Management Advisory Committee, and the SNWA for review and comments. Once comments are received, a final Water Quality Criteria Assessment will be prepared.

The process of preparing the draft and final Water Quality Criteria Assessment will include presentations and reviews with the Las Vegas Wash Coordinating Committee.

Task E-5 – Program Evaluation, Monitoring, Management

The BV+Team will provide coordination and assistance in monitoring the changes in the water quality characteristics of the components of the Water Quality Criteria Assessment. The BV+Team will make recommendations to the CWC on changes in flow rates, detention times, and other water quality issues that will have an impact on permitting, water quality standards, and treatment processes.

F – Project Management

Task F-1 – Project Administration

- **Monthly Progress Meetings.** Participate in the monthly CWC meetings to review Project progress and exchange ideas and information. Prepare and post an agenda ahead of each meeting, and prepare and post minutes following project meetings. Monthly deliverables will include: meeting agendas and meeting minutes; updated project schedule, and an update on postings on the Project Specific Web Site (PSWS), with a record copy of all documents provided to the CWC's Steering Committee.
- **Informal Project Meetings.** As required during the course of the Project, meet with the CWC and/or individual CWC members to review TMs and other Project information.
- **Other Stakeholder Meetings.** SNWA, LVWCC, LMWQF, WQCAC, SWAC, etc.
- **Coordination.** The BV+Team will coordinate with the CWC's consultant engineers on all outfall connections.

Task F-2 – Public Information Program

Develop and implement a comprehensive public Information/Outreach Plan that will include:

- Community education and participation activities.
 - Media Relations (media kits, press releases, etc.).
 - Interface with LVWCC and other government agency PIOs.

Prepare project videos, brochures, newsletters and other collateral materials needed for public information purposes

Task F-3 – Presentations and Briefings

Prepare material and/or conduct regular presentations and briefings on the project status to the CWC Senior Staff, Councils, and/or Boards, as requested by the CWC. As requested by the CWC, make presentations to civic and other public groups in the Las Vegas Valley on the project, through the Public Outreach program.

Task F-4 – Prepare Scope of Services for Phase IV

A preliminary Phase IV work plan will be prepared that describes the scope of services for environmental, scientific, and engineering studies needed to outfall into Lake Mead or the Colorado River. This detailed work plan will identify additional studies that must be completed and describe the steps and tasks needed to complete the NEPA process. A preliminary schedule and budget will also be prepared.

Supplemental Services

Task S-1 – Public Outreach and Education

This task includes providing support to the CWC, and interfacing with the LVWCC Administrative study team, in initiating a public outreach plan for the Alternative Discharge work. It is anticipated the Administrative study team will appoint a subcommittee with the specific focus of supporting the Alternative Discharge work.

Using available research and the stakeholder assessment findings, primary audiences will be identified, key messages developed, and program components outlined. It is anticipated the program will fall into the following categories:

Community Relations (i.e. speakers presentations)

- Media Relations (i.e. prepare selected press releases and briefings, in coordination with the LVWCC)
- Interface Public Affairs with the efforts of the LVWCC public information staff and study teams.
- Prepare a recommended public information program that the CWC may wish to implement as the project moves forward.

AGENDA SUMMARY PAGE

CITY COUNCIL MEETING OF: MAY 16, 2001

DEPARTMENT: PUBLIC WORKS

DIRECTOR: RICHARD D. GOECKE

☒ **CONSENT**

☐ **DISCUSSION**

SUBJECT:

Approval of an Easement from the City of Las Vegas to the Las Vegas Elks Lodge 1468 for placement of underground utilities and Ingress and Egress purposes at Fire Station #5 subject to the condition that the Elks Lodge pave the dirt parking lot at the Fire Station - Ward 1 (M. McDonald)

Fiscal Impact

☒ **No Impact**

Amount:

☐ **Budget Funds Available**

Dept./Division: Public Works

☐ **Augmentation Required**

Funding Source:

PURPOSE/BACKGROUND:

On March 27, 2001, the Real Estate Office received a letter from the Elks Lodge requesting the above referenced Easement. After discussion with the Fire Department, it was agreed that we would consent to the Easement in exchange for the Employee Parking Lot being paved.

RECOMMENDATION:

Staff recommends approval of the Easement subject to the condition being completed.

BACKUP DOCUMENTATION:

1. Legal Description
2. Site map

MOTION:

M. McDONALD – ABEYANCE to 6/20/2001 – UNANIMOUS with WEEKLY not voting

MINUTES:

CITY MANAGER VALENTINE indicated that she received a call about a concern regarding the requirement for the Elks Lodge to pave the parking lot. Unfortunately, she was not able to return the call. COUNCILMAN McDONALD requested the matter be held in abeyance so that he and CITY MANAGER VALENTINE could meet with the individual that called.

There was no further discussion.

(9:35 – 9:36)

1-930

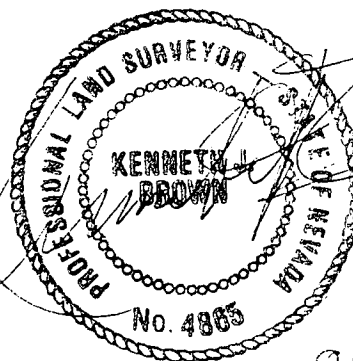
LEGAL DESCRIPTION

Fire Station #5

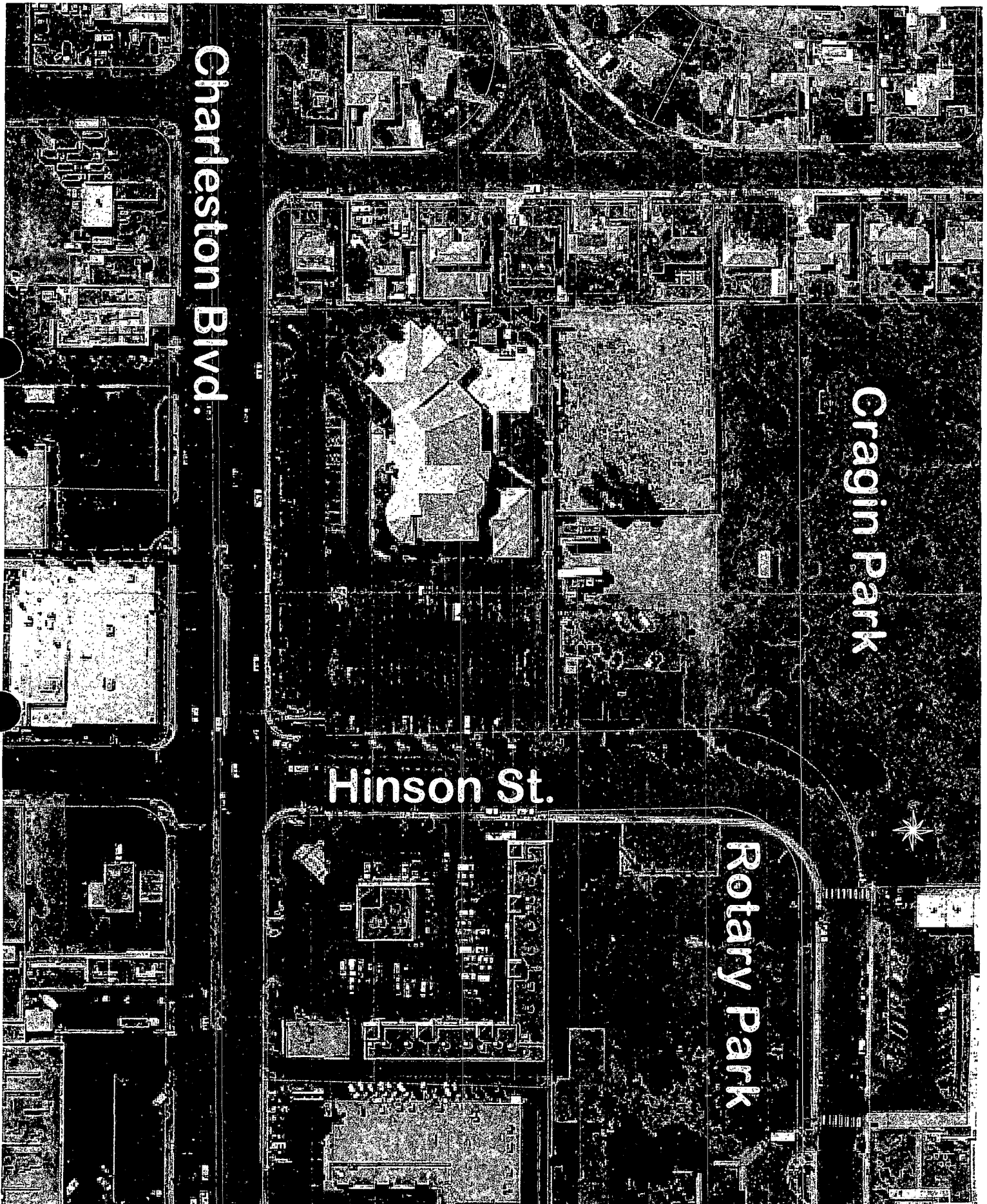
A THIRTY FOOT (30.00') EASEMENT FOR UTILITIES AND INGRESS AND EGRESS.

BEING A PORTION OF THE SOUTHWEST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER (SW $\frac{1}{4}$ SE $\frac{1}{4}$) OF SECTION 31, T20S, R61E, M.D.M., CITY OF LAS VEGAS, CLARK COUNTY, NEVADA MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THE SOUTHWEST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER (SW $\frac{1}{4}$ SE $\frac{1}{4}$) OF SECTION 31, T20S, R61E, M.D.M.; THENCE S 89°46'33"E, ALONG THE SOUTH LINE OF SAID SW $\frac{1}{4}$ SE $\frac{1}{4}$, 470.01'; THENCE N 01°07'44"E, ALONG THE CENTER LINE OF HINSON STREET, 503.40; THENCE S 89°23'48"W, ALONG A FENCE LINE AND EXTENSION THEREOF, 40.02' TO A POINT IN THE WESTERLY LINE OF SAID HINSON STREET, SAID POINT BEING THE **TRUE POINT OF BEGINNING**; THENCE S 01°07'44"W, ALONG SAID LINE, 30.02'; THENCE S 89°23'48"W PARALELL TO THE AFOREMENTIONED FENCE LINE, 235.48'; THENCE N 00°45'13"W, 30.00' TO SAID FENCE LINE; THENCE N 89°23'48"E, ALONG SAID FENCE LINE AND EXTENSION THEREOF, 236.46' TO THE **TRUE POINT OF BEGINNING**. AREA = 7080 SQUARE FEET±.



3 MAY 01



City of Las Vegas

Agenda Item No. 65

AGENDA SUMMARY PAGE**CITY COUNCIL MEETING OF: MAY 16, 2001****DEPARTMENT: FINANCE AND BUSINESS SERVICES****DIRECTOR: MARK R. VINCENT**☒ **CONSENT**☐ **DISCUSSION****SUBJECT:****RESOLUTIONS:**

R-60-2001 - Approval of a resolution directing the City Treasurer to give notice of the sale of properties subject to the lien of a delinquent assessment in Districts 404 and 707 located in Wards 2 & 4 (L. B. McDonald & Brown)

Fiscal Impact☒**No Impact****Amount:**☐**Budget Funds Available****Dept./Division:**☐**Augmentation Required****Funding Source:****PURPOSE/BACKGROUND:**

NRS 271.545 states that when an assessment or installment becomes delinquent, the City shall direct the City Treasurer to give notice of the sale of the property or properties subject to the lien of a delinquent installment.

RECOMMENDATION:

It is recommended that the City Council approve this resolution.

BACKUP DOCUMENTATION:

Resolution No. R-60-2001

MOTION:

REESE – Motion to **APPROVE** Items 3-7, 10-21, 23-54, 56-63, 65-68, and 70-73 – **UNANIMOUS** with **MACK** abstaining on Items 11, 12, and 13 because of his financial relationship with Mr. Marshall and on Item 22 because the concerned establishment is located near the Boys and Girls Club and he serves on that board, **McDONALD** abstaining on Item 22 for the same reason, and **GOODMAN** abstaining on Item 24 because it involves an establishment that is located in his neighborhood

Item 22: **DENIED** under separate action (see individual item)

Items 55 and 69: **APPROVED** under separate actions (see individual items)

Item 64: **ABEYANCE** to 6/20/2001 under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:31 – 9:33)

1-776

404 & 707

RESOLUTION NO. R-60-2001**A RESOLUTION DIRECTING THE CITY TREASURER TO GIVE NOTICE OF THE SALE OF PROPERTIES SUBJECT TO THE LIEN OF A DELINQUENT ASSESSMENT; AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO.**

WHEREAS, the City has heretofore created Special Improvement Districts Nos. 404 and 707 (the "District"); and

WHEREAS, the City has directed and hereby reaffirms its direction to the City Treasurer to collect and enforce the assessments in the District in the manner provided by the Consolidated Local Improvements Law; and

WHEREAS, the assessment installments on certain properties in the District have not been made and are delinquent; and

WHEREAS, the City Council desires that the City Treasurer proceed with a notice of sale of the delinquent property as provided in NRS ' 271.545.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAS VEGAS, NEVADA:

Section 1. The City Council hereby directs the City Treasurer to give notice of the sale of the properties subject to the lien of delinquent assessments in the Districts. The governing body hereby exercises its option to cause the whole amount of the unpaid principal of the assessments to become due and payable as provided in NRS '271.410. The sale shall take place at 2:00 p.m. on July 31, 2001 in the Council Chambers, Las Vegas City Hall Complex, 400 Stewart, Las Vegas, Nevada, which the Council hereby finds is a convenient location.

Section 2. The notice of sale shall be substantially as follows:

(Form of Notice of Sale)

Notice is hereby given that the City Treasurer of the City of Las Vegas will at the hour of 2:00 p.m. on July 31, 2001, at the Council Chambers, Las Vegas City Hall Complex, 400 South Stewart, Las Vegas, Nevada, sell the following parcels which are delinquent in the payment of assessments in the City's Special Assessment Districts Nos. 404 and 707 to the City of Las Vegas:

<u>Name of Owner</u>	<u>Description of Property</u>	<u>District No.</u>	<u>Total Amount Due to Date of Sale*</u>

[insert in notice as published as mailed a list containing the information described in the above table headings for each delinquent parcel.]

*Includes whole amount of unpaid assessment, accrued and delinquent interest to July 31, 2001, penalties and collection costs, including attorney fees.

Each property described above will be sold to satisfy the total amount due thereon as is stated above, to the first person at the sale offering to pay the amount due on that property as is listed above. The sale shall be held, and purchasers at the sale shall receive certificates of sale, as provided in NRS '271.555 to NRS '271.575. The sale shall be continued from day to day as provided in NRS '271.555. The property sold is subject to redemption as provided in NRS '271.595. If not redeemed as provided in that Section, after expiration of the period of redemption, the City Treasurer will issue a deed to the property on demand of the certificate holder in the manner provided in NRS '271.595.

The City Council has exercised its option to have the whole amount of the unpaid principal of the assessment be due and payable immediately with respect to the above parcels, as provided in NRS '271.410. As provided in that section, at any time prior to the date of sale the owner may pay the amount of delinquent installments with accrued interest, all penalties and costs of collection accrued including but not necessarily limited to any attorneys fees, and shall thereupon be restored the right to thereafter pay in installments in the same manner as if default had not been made.

A property owner may obtain from the Las Vegas City Treasurer the amount that he/she is required to pay to the City in order to be restored to the right to pay his/her assessments in installments pursuant to NRS '271.410(2).

+PLEASE TAKE NOTICE that according to records available to the City of Las Vegas, you are the owner of or have an interest in a mortgage, deed of trust, or other lien or other interest in one of the properties listed above. The City intends to conduct a sale of these properties in accordance with the provisions of the above notice and Nevada Revised Statutes. The sale is being held because the special assessments levied against the subject property have not been paid. **Your ownership of or mortgage, deed of trust, other lien or other interest in the property could be adversely affected by the sale.** Under Nevada law, deeds to property sold, which are issued after the period of redemption specified in NRS '271.595, convey the entire fee simple title to the property described, stripped of all liens and claims except the liens of other special assessments and general taxes. See NRS '271.600.+

IN WITNESS WHEREOF, I have affixed my signature as of this May 16, 2001.

/s/ Michael K. Olson
City Treasurer

*Insert in mailed notice only.

(End of Form of Notice of Sale)

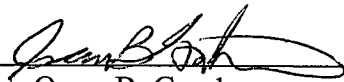
Section 3. The Notice provided in Section 2 above shall be published once a week for 3 consecutive weeks prior to the date of sale and shall be mailed by first class mail, postage prepaid, at least 20 days before the sale to each owner of a parcel which is subject to sale as provided in the Notice, and to each person who has a property interest in any of that property that is recorded, if that property interest could be adversely affected by the sale. The City Clerk is directed to make such publication and mailing. An affidavit of publication is hereby required to be filed with the City Clerk. The City Clerk shall also make out an affidavit that the mailing as described above has been made and file that affidavit in his/her records.

Section 4. The City Treasurer is directed to obtain the names and addresses of the property for which there is a delinquent assessment from the records of the County Assessor or such other source or sources as the City Clerk deems reliable. The list of names and addresses must have been revised within 12 months prior to the date of sale.

Section 5. The officers of the City are hereby authorized to take all action necessary to effectuate the provisions of this resolution.

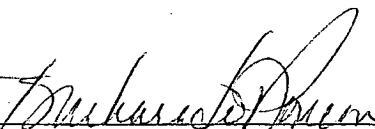
Section 6. This resolution is effective on passage and approval.

PASSED, ADOPTED AND APPROVED this 16th day of May, 2001.



Mayor Oscar B. Goodman

(SEAL)



Barbara Jo Ronemus, City Clerk

STATE OF NEVADA)
 :SS.
CITY OF LAS VEGAS)

I, Barbara Jo Ronemus, the duly chosen, qualified and acting City Clerk of Las Vegas (the "City"), in the State of Nevada, do hereby certify:

1. The foregoing pages numbered -1- through -4-, inclusive, are a true and correct copy of the proceedings of the Council of a resolution (the "Resolution") passed and adopted by the Council at a meeting of the Council held on May 16, 2001.

2. The adoption of the Resolution was duly moved and seconded and the Resolution was adopted by an affirmative vote of a majority of the members of the Council as follows:

Those Voting Aye:

Oscar Goodman
Gary Reese
Michael McDonald
Larry Brown
Lynette Boggs McDonald
Lawrence Weekly
Michael Mack

Those Voting Nay:

NONE

Those Absent:

NONE

3. The members of the Council were present at such meeting and voted on the passage of such resolution as set forth in such minutes.

4. The Resolution was approved and authenticated by the signature of the Mayor, sealed with the City seal, attested by the City Clerk and recorded in the minutes of the Council.

5. All members of the Council were given due and proper notice of the meeting. Pursuant to ' 241.020, Nevada Revised Statutes, written notice of the meeting was given no later than

9:00 a.m. on the third working day before the meeting including the notice the time, place, location, and agenda of the meeting:

(a) By posting a copy of the notice not later than 9:00 a.m. on the third working day before the meeting at the principal office of the Council, or if there is no principal office, at the building in which the meeting is to be held, and at least three (3) other separate, prominent places within the jurisdiction of the Council, to wit:

- (i) Court Clerk's Office Bulletin Board
City Hall Plaza
Las Vegas, Nevada
- (ii) City Hall Plaza
Special Outside Posting Bulletin Board
Las Vegas, Nevada
- (iii) Senior Citizens Center
Las Vegas, Nevada
- (iv) Clark County Government Center
Las Vegas, Nevada
- (v) Downtown Transportation Center
Las Vegas, Nevada

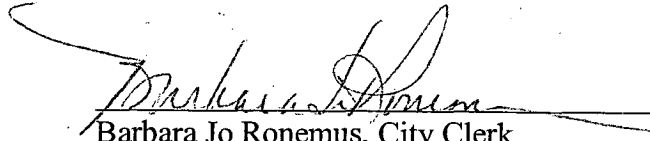
and

(b) By mailing a copy of the notice to each person, if any, who has requested notice of the meetings of the Council in the same manner in which notice is required to be mailed to a member of the Council. Such notice was delivered to the postal service no later than 9:00 a.m. on the third working day prior to the meeting.

6. Upon request, the Council provides at no charge, at least one copy of the agenda for its public meetings, any proposed resolution which will be discussed at the public meeting, and any other supporting materials provided to the Council for an item on the agenda, except for certain confidential materials and materials pertaining to closed meetings, as provided by law.

7. A copy of the notice so given of the meeting of the Council held on May 16, 2001 is attached to this certificate as Exhibit A.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the City this
May 16, 2001.


Barbara Jo Ronemus, City Clerk

(SEAL)

EXHIBIT A
(Attach Notice and Agenda of Meeting)

City of Las Vegas

CITY COUNCIL AGENDA

MAY 16, 2001

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**CITY COUNCIL AGENDA**

COUNCIL CHAMBERS • 400 STEWART AVENUE • PHONE 229-6011

CITY OF LAS VEGAS INTERNET ADDRESS: <http://www.ci.las-vegas.nv.us>

OSCAR B. GOODMAN, MAYOR (At-Large) • COUNCILMAN GARY REESE, MAYOR PRO TEM (Ward 3)

COUNCILMEMBERS: MICHAEL J. McDONALD (Ward 1), LARRY BROWN (Ward 4), LYNETTE BOGGS McDONALD (Ward 2),
LAWRENCE WEEKLY (Ward 5), MICHAEL MACK (Ward 6)

Facilities are provided throughout City Hall for the convenience of persons with disabilities. For meetings held in the Council Chambers, sound equipment is available for persons with hearing impairments. If you need an accommodation to attend and participate in this meeting, please call the City Clerk's office at 229-6311 and advise of your need at least 48 hours in advance of the meeting. The City's TDD number is 386-9108.

MAY 16, 2001**Morning Session begins at 9:00 a.m.****Afternoon Session begins at 1:00 p.m.**

ALL ITEMS ON THIS AGENDA ARE SCHEDULED FOR ACTION UNLESS SPECIFICALLY NOTED OTHERWISE.

THESE PROCEEDINGS ARE BEING PRESENTED LIVE ON KCLV, CABLE CHANNEL 2. THE PROCEEDINGS WILL BE REBROADCAST ON KCLV CHANNEL 2 THE WEDNESDAY OF THE MEETING AT 8:00 PM AND ARE ALSO REBROADCAST ON FRIDAY AT 4:00 AM, SATURDAY AT 7:00 PM, SUNDAY AT 7:00 AM AND THE FOLLOWING MONDAY AT 10:00 AM.

DUPLICATE AUDIO TAPES ARE AVAILABLE AT A COST OF \$5.00 PER TAPE AND DUPLICATE VIDEO TAPES ARE AVAILABLE AT A COST OF \$10.00 PER TAPE THROUGH THE CITY CLERK'S OFFICE.

NOTE: CELLULAR PHONES ARE TO BE TURNED OFF DURING COUNCIL MEETING.

CEREMONIAL MATTERS

- CALL TO ORDER
- ANNOUNCEMENT RE: COMPLIANCE WITH OPEN MEETING LAW
- INVOCATION - REVEREND JOEL RIVERS, CENTRAL CHRISTIAN CHURCH
- PLEDGE OF ALLEGIANCE
- RECOGNITION OF EMPLOYEE OF THE MONTH
- PRESENTATION TO SENIOR OF THE QUARTER
- PRESENTATION TO WENDY DOYLE
- ACKNOWLEDGEMENT OF EARL WHITE
- RECOGNITION OF JO MACKEY STUDENTS

BUSINESS ITEMS

1. Any items from the morning session that the Council, staff and/or the applicant wishes to be stricken or held in abeyance to a future meeting may be brought forward and acted upon at this time
2. Approval of the Final Minutes by reference of the Regular City Council Meeting of April 18, 2001 and Special City of Las Vegas City Council and Redevelopment Agency Meeting of April 25, 2001

CONSENT AGENDA

MATTERS LISTED ON THE CONSENT AGENDA ARE CONSIDERED TO BE ROUTINE AND HAVE BEEN RECOMMENDED FOR APPROVAL BY THE SUBMITTING DEPARTMENTS. ALL ITEMS ON THE CONSENT AGENDA MAY BE APPROVED IN A SINGLE MOTION. HOWEVER, IF A COUNCIL MEMBER SO REQUESTS, ANY CONSENT ITEM MAY BE MOVED TO THE DISCUSSION PORTION OF THE AGENDA AND OTHER ACTION, INCLUDING POSTPONEMENT OR DENIAL OF THE ITEM, MAY TAKE PLACE.

FINANCE & BUSINESS SERVICES DEPARTMENT - CONSENT

3. Approval of Service and Material Checks/Payroll Checks/Wire Transfers/Other Checks and Investments
4. Approval of a new Family Child Care Home License, Cheri Epps, dba ABC's and 123's, 1314 Griffith Ave., Cheri Epps, 100% - Ward 3 (Reese)
5. Approval of a new Family Child Care Home License, Heather Vander Meer, 8805 Big Bear Pines Ave., Heather Vander Meer, 100% - Ward 6 (Mack)
6. Approval of a new Child Care Center/Preschool License subject to the provisions of the fire and planning codes, Health Dept. and Licensing regulations, Reynaldo Martinez Early Childhood Center, 2901 Harris Ave., E. Diana Goff, Administrator, Licensee/License Holder, Child & Family Services Division, Economic Opportunity Board of Clark County - Ward 3 (Reese)
7. Approval of a new Child Care Center/Preschool License subject to the provisions of the fire and planning codes, Health Dept. and Licensing regulations, Seton Academy West, LLC, dba Seton Academy West, 3801 North Campbell, Mary J. Hayes, Licensee, 100% - Ward 4 (Brown)
8. Approval of Change of Licensee/License Holder for a Child Care Center/Nursery/Preschool License, ARAMARK Educational Resources, dba Children's World Learning Center, 2600 Lake Sahara Drive, From: Beverly O'Connell, Area VP, Licensee/License Holder, To: Cora J. Anderson, Reg Mgr, Licensee/License Holder - Ward 2 (L.B. McDonald)
9. Approval of Change of Licensee/License Holder for a Child Care Center/Nursery/Preschool License, ARAMARK Educational Resources, dba Children's World Learning Center, 2861 Business Park Court, From: Beverly O'Connell, Area VP, Licensee/License Holder, To: Cora J. Anderson, Reg Mgr, Licensee/License Holder - Ward 4 (Brown)
10. Approval of a new Beer/Wine/Cooler Off-sale Liquor License subject to the provisions of the fire codes and Health Dept. regulations, Albertson's, Inc., dba Albertson's Exsresss #6008, 4401 East Bonanza Rd., Kaye L. O'Riordan, Secy, John F. Boyd, Treas - Ward 3 (Reese)
11. Approval of a new Gift Shop Limited Liquor License, Marshall Management Company, dba Fremont Gift Shop, 200 Fremont St., Todd Marshall, Dir, Pres, Treas, 70%, Cari Marshall, Dir Secy, 30% - Ward 5 (Weekly)
12. Approval of a new Gift Shop Limited Liquor License, Marshall Management Company, dba California Gift Shop, 12 East Ogden Ave., Todd Marshall, Dir, Pres, Treas, 70%, Cari Marshall, Dir, Secy, 30% - Ward 5 (Weekly)
13. Approval of a new Gift Shop Limited Liquor License, Marshall Management Company, dba The Company Store, 200 North Main St., Todd Marshall, Dir, Pres, Treas, 70%, Cari Marshall, Dir, Secy, 30% - Ward 5 (Weekly)

FINANCE & BUSINESS SERVICES DEPARTMENT - CONSENT

14. Approval of Officer for a Beer/Wine/Cooler On-sale Liquor License, Rubio's Baja Grill, 9310 West Sahara Ave., Theodore E. Frumkin, II, Dir, Pres, Secy, Treas - Ward 2 (L.B. McDonald)
15. Approval of Officer for a Beer/Wine/Cooler Off-sale Liquor License, Albertson's, Inc., dba Albertson's Express, #6008, Peter L. Lynch, Pres - Ward 3 (Reese)
16. Approval of Officer for a Beer/Wine/Cooler On-sale Liquor License, Rubio's Baja Grill, 1910 Village Center Cir., Suite 9, Theodore E. Frumkin, II, Dir, Pres, Secy, Treas - Ward 4 (Brown)
17. Approval of Officer for a Package Liquor License, Albertson's, Inc., dba Albertson's #6011, 1650 North Buffalo Dr., Peter L. Lynch, Pres - Ward 4 (Brown)
18. Approval of Officer for a Package Liquor License, Albertson's, Inc., dba Albertson's #6090, 7075 West Ann Rd., Peter L. Lynch, Pres - Ward 6 (Mack)
19. Approval of Manager for a Restaurant Service Bar Liquor License, Hamada Resort, Inc., dba Hamada of Japan, 221 North Rampart Blvd., Suite 7144, Munenori Kawagoe, Gen Mgr - Ward 2 (L.B. McDonald)
20. Approval of Manager for a Supper Club Liquor License, Hamada Towers, Inc., dba Hamada Asian Village, 2000 Las Vegas Blvd., South, Munenori Kawagoe, Gen Mgr - Ward 3 (Reese)
21. Approval of Manager for a Tavern Liquor License and a Non-restricted Limited Gaming License for 20 slots subject to continued compliance with Gaming Control Board filing requirements, Loose Caboose-Nellis, Inc., dba Loose Caboose Saloon, 15 North Nellis Blvd., Suite A1, Randall W. Tidwell, Gen Mgr - Ward 3 (Reese)
22. Approval of a new Beer/Wine/Cooler Off-sale Liquor License and a new Restricted Gaming License for 7 slots, Jamil A. Nesson, dba J & D Mini Market, 900 North Martin L. King Blvd., Jamil A. Nesson, 100% - Ward 5 (Weekly)
23. Approval of a new Slot Operator Space Lease Location Restricted Gaming License for 7 slots, Cardivan Company, dba Albertson's Express #6008, 4401 East Bonanza Rd. - Ward 3 (Reese)
24. Approval of a new Hypnotist License subject to the provisions of the planning and fire codes, Christine Essex, dba Christine Essex, 1833 West Charleston Blvd., Christine S. Essex, 100% - Ward 1 (M. McDonald)
25. Approval of a new Independent Massage Therapist License, Vicki Leah Agao, dba Vicki Leah Agao, 9410 West Sahara Ave., Vicki L. Agao, 100% - Ward 2 (L.B. McDonald)
26. Approval of a new Independent Massage Therapist License, Celeste Harlow, dba Celestial Connection Massage Therapy, 9133 Jewel Crystal Court, Celeste S. Harlow, 100% - Ward 4 (Brown)
27. Approval of a new Independent Massage Therapist License, Sheryl Moody, dba Great Escape, 7310 Smoke Ranch Rd., Suite M, Sheryl L. Moody, 100% - Ward 4 (Brown)
28. Approval of a new Independent Massage Therapist License, Sheri Chanel, dba Sheri Chanel, 2451 North Rainbow Blvd., Unit 2090, Sheri L. Chanel, 100% - Ward 6 (Mack)
29. Approval of a new Independent Massage Therapist License, Rae Anne Cariker, dba Rae Anne Cariker, 7529 Pinto Bluff St., Rae A. Cariker, 100% - Ward 6 (Mack)
30. Approval of a new Independent Massage Therapist License, Candy Kay Hetzel, dba Candy Kay Hetzel, 5820 West La Madre Way, Candy K. Hetzel, 100% - Ward 6 (Mack)
31. Approval of Change of Location for an Independent Massage Therapist License subject to the provisions of the planning and fire codes, Rebecca A. Manor, dba Becca Kneads You, From: 8600 Starboard Dr., #1215, To: 7310 Smoke Ranch Rd., Suite M, Rebecca A. Manor, 100% - Ward 4 (Brown)

FINANCE & BUSINESS SERVICES DEPARTMENT - CONSENT

32. Approval of Change of Location for an Independent Massage Therapist License subject to the provisions of the planning and fire codes, Jerome Vital, dba Jerome Vital, From: 909 Cambridge Cross Place, To: 7310 Smoke Ranch Rd., Suite M, Jerome Vital, 100% - Ward 4 (Brown)
33. Approval of Change of Location for an Independent Massage Therapist License, Natalia E. Mendez, dba Natalia E. Mendez, From: 4942 Roswell St., To: 3800 South Nellis Blvd., #282, Natalia E. Mendez, 100% - (County)
34. Approval of Change of Location for an Independent Massage Therapist License, Sarah L. Devito, dba Artistic Kneads, From: 6436 Doby Peak Dr., To: 10028 West Cherokee Ave., Sara L. Devito, 100% - (County)
35. Approval of Change of Location for an Independent Massage Therapist License, Luke Jackson, dba Luke Jackson, From: 4428 Casa Sencia St., To: 3335 Deuce St., Luther E. Jackson, 100% - (County)
36. Approval of Change of Location for an Independent Massage Therapist License, Lucy M. Wojcik, dba Desert Escape, From: 5158 South Jones Blvd., Unit 108, To: 4975 Duneville St., Unit 208, Lucy M. Wojcik, 100% - (County)
37. Approval of a new Martial Arts License subject to the provisions of the fire codes, Reylson Gracie, Inc., dba Reylson Gracie Jiu-Jitsu, 1928 Rock Springs Dr., Reylson Gracie, 100% - Ward 4 (Brown)
38. Approval of Change of Location for a Martial Arts License subject to the provisions of the planning and fire codes, Mahato Karate Association of Nevada, Inc., dba Mahato Karate Association of Nevada, Inc., From: 820 South Valley View Blvd., Suite C, To: 8221 West Charleston Blvd., Suite 107, Howard D. Sawyer, Dir, Pres, Secy, Treas, 100% - Ward 1 (M. McDonald)
39. Approval of a new Massage Establishment License, Sharon Lane, dba Total Image Beauty Salon, 6010 West Cheyenne Ave., Suite 12, Sharon M. Lane, 100% - Ward 6 (Mack)
40. Approval of a new Psychic Art and Science License, Craig Norton, dba El Angel, 2210 East Bonanza Rd., Craig Norton, 100% - Ward 3 (Reese)
41. Approval of Change of Ownership and Business Name for a Class II Secondhand Dealer License subject to the provisions of the fire codes, From: RGL, Inc., dba American Jewelry & Coin, Robert G. Lartigaut, Dir, Pres, Secy, Treas, 100%, To: The Cash Exchange & Money Store, Inc., dba The Cash Exchange & Money Store, Inc., 616 Las Vegas Blvd., South, Suite C., Carl A. Jensen, Dir, Pres, Secy, Treas, 100% - Ward 3 (Reese)
42. Approval of Change of Ownership, Business Name and Reclassification for a Class I-B Secondhand Dealer License, From: Jolynn Renee Ayala, dba J.D. Enterprises, Jolynn R. Ayala, 100%, To: Class III-B Secondhand Dealer License, Silver State Pallets, Inc., dba Silver State Pallets, 1921 Western Ave., Michael J. Griffin, Dir, Pres, Secy, Treas, 100% - Ward 3 (Reese)
43. Approval of award of Bid Number 01.1730.13-RC, US 95/Rancho Sewer - Phase 1B, Coran Lane to Redondo Avenue; and approve the construction conflicts and contingency reserve set by Finance and Business Services - Department of Public Works - Award recommended to: LAS VEGAS PAVING CORPORATION (\$9,671,505 - Enterprise Fund) - Ward 5 (Weekly)
44. Approval to award Bid Number 01.15301.07-LED, Fire Station #10 and approve the construction conflicts and contingency reserve set by Finance and Business Services - Department of Public Works - Award recommended to: J.A. VAY & SONS, INC. (\$2,620,500 - Capital Projects Fund) - Ward 1 (M. McDonald)
45. Approval of award of Bid Number 01.1762.01-RC, 2000-2001 Annual Concrete Replacement - Department of Public Works - Award recommended to: MIKON CONSTRUCTION COMPANY INC. (Estimated annual amount \$1,800,000 - Special Revenue Fund) - All Wards
46. Approval of award of Bid Number 01.1762.02-RC, 2000-2001 Annual Small Asphalt Patching - Department of Public Works - Award recommended to: MIKON CONSTRUCTION COMPANY INC. (Estimated annual amount \$900,000 - Special Revenue Fund) - All Wards

FINANCE & BUSINESS SERVICES DEPARTMENT - CONSENT

47. Approval of award of Bid Number 01.1762.04-RC, Annual Crack Seal - Department of Public Works - Award recommended to: CPM WEST (Estimated annual amount \$500,000 - Special Revenue Fund) - All Wards
48. Approval of rejection of bidder and award of Bid Number 010079-TC, for the purchase of Street Sweepers and Tractor Loader Backhoe - Department of Field Operations - Award recommended to: Lot II, Tractor Loader Backhoe - HERTZ EQUIPMENT (\$57,749 - Capital Projects Fund) and Lot III, Regenerative Sweeper - SNE EQUIPMENT (\$201,130 - Capital Projects Fund)
49. Approval of the issuance of a Purchase Order for an Annual Requirements Contract for Hycor Bar Screen OEM Parts for the period from date of award through June 30, 2002, with renewal options as long as the bidding exemption exists (DR) - Department of Public Works - Award recommended to: PARKSON CORP. (\$250,000 - Enterprise Fund)
50. Approval of Contract Modification Number One of Bid Number 01.1730.12-LED, Annual Maintenance of Flood Control Facilities - Department of Public Works - Award recommended to: R.K. RICKS (\$200,000 - Capital Projects Fund) - All Wards
51. Approval of Joinder Agreement to authorize the use of Clark County Bid Number 4189-98 (KF) for an Annual Requirements Contract for portable wireless digital private & group two-way voice integrated telephones and service for the period from June 1, 2001 through May 31, 2002, with two (2) one-year options to renew - Department of Information Technologies - Award recommended to: RECOMM WIRELESS (Estimated annual amount of \$200,000 - General & Internal Service Funds)
52. Approval of Agreement and the issuance of a Purchase Order for an annual contract for technical support maintenance of Microsoft software for the city-wide computer network (CW) - Department of Information Technologies - Award Recommended to: MICROSOFT CORPORATION (Estimated annual amount of \$95,000 - General Fund)
53. Approval of a Purchase Order for a single purchase requirement for SmartNet maintenance of Cisco Systems networking equipment (JDF) - Department of Information Technologies - Award recommended to: CISCO SYSTEMS INC. (\$76,686 - General Fund)
54. Approval of the award of Bid Number 010057-TB (CW), Annual Requirements Contract for Plotter Supplies - Department of Information Technologies - Award recommended to: SOURCE GRAPHICS (Estimated annual amount of \$70,000 - General Fund)
55. Approval of rejection of all bids for Bid #01.1730.10-RC, Decatur Boulevard Dual Left Turn Lanes at Washington Avenue - Wards 1 & 5 (M. McDonald & Weekly)

PLANNING & DEVELOPMENT DEPARTMENT - CONSENT

56. Approval of a professional services agreement with Duncan Associates to rewrite Chapter 19A.14 of the City of Las Vegas Zoning Code (Sign Code) (\$86,100 - General Fund)

PUBLIC WORKS DEPARTMENT - CONSENT

57. Approval of a Fourth Supplemental Cooperative Agreement between Clark County and the City of Las Vegas for Traffic Capacity and Safety Improvements Second Program Year to increase funding for Right of Way (\$50,000 - Clark County) - All Wards
58. Approval of a Right-of-Way Grant to Nevada Division Central Telephone Company for a portion of the Northeast Quarter (NE 1/4) of Section 4, T21S, R60E, M.D.M., for a telephone easement to serve Buffalo Park located on the west side of Buffalo Drive, north of Del Rey Avenue - 163-04-502-005 - Ward 1 (M. McDonald)

PUBLIC WORKS DEPARTMENT - CONSENT

59. Approval of a Declaration of Utilization from the Bureau of Land Management for Sewer Purposes, lying within the Southeast Quarter (SE 1/4) of Section 30, T19S, R60E, M.D.M., located south of Tropical Parkway, east of Fort Apache Road - 125-30-704-006 & 125-29-303-001 - (County)
60. Approval to file a Right-of-Way Grant application with the Bureau of Land Management for Sewer and Multi-Use Trail Easement purposes on portions of land lying within the East Half (E 1/2) of Section 30, T19S, R60E, M.D.M., located along Tropical Parkway, east of Fort Apache Road - 125-30-702-004 & 125-30-601-006 - (County)
61. Approval of an Encroachment request from Outback Steakhouse, Inc. on behalf of Lena Piccoli-Ostunio, owner (Merrialdo Lane south of Charleston Boulevard) - Ward 2 (L. B. McDonald)
62. Approval of Interlocal Agreement No. 107439 with the Las Vegas Valley Water District to modify existing water facilities, install new water facilities and/or remove obsolete water facilities in conjunction with the Ann Road, US-95 to Ferrell Street project (\$20,000 - Las Vegas Valley Water District) - Ward 6 (Mack)
63. Approval of a Cooperative Agreement between the City of Las Vegas, the City of Henderson, Clark County Sanitation District and the Southern Nevada Water Authority, to fund phase III of the Las Vegas Wash alternative discharge study, the City of Las Vegas pays 38% of \$5,300,000 - (\$2,014,000 - Sanitation Fund) - (County)
64. Approval of an Easement from the City of Las Vegas to the Las Vegas Elks Lodge 1468 for placement of underground utilities and Ingress and Egress purposes at Fire Station #5 subject to the condition that the Elks Lodge pave the dirt parking lot at the Fire Station - Ward 1 (M. McDonald)

RESOLUTIONS - CONSENT

65. R-60-2001 - Approval of a resolution directing the City Treasurer to give notice of the sale of properties subject to the lien of a delinquent assessment in Districts 404 and 707 located in Wards 2 & 4 (L. B. McDonald & Brown)
66. R-61-2001 - Approval of a resolution directing the City Treasurer to give notice of the sale of properties subject to the lien of a delinquent assessment in District 505 and in certain other districts; and providing other matters properly relating thereto. District 505 is in Ward 6 (Mack) and the other districts are in various wards
67. R-62-2001 - Approval of a Resolution to establish the Fire Safety Initiative Special Revenue Fund
68. R-63-2001 - Approval of a resolution concerning the financing of improvements; authorizing the City Clerk to notify the Clark County Debt Management Commission (DMC) of a proposal to incur general obligation (G.O.) parking bonds (additionally secured by pledged revenues) in an aggregate principal amount not to exceed \$13,000,000; authorizing and directing the City Finance Director to submit an amended debt management policy and capital improvement plan to the DMC; and authorizing the reimbursement from bond proceeds prior expenditures related to the parking project - Ward 3 (Reese)
69. R-64-2001 - Approval of a resolution establishing the interest rate on the assessments in the City of Las Vegas, Nevada Special Improvement District No. 808 (Summerlin area) - Ward 2 (L.B. McDonald)
70. R-65-2001 - Approval of a Resolution directing the City Engineer to prepare preliminary plans regarding: Special Improvement District No. 1479 - Mayfair Area (Capital Projects Fund - Special Assessments) - Ward 5 (Weekly)
71. R-66-2001 - Approval of a Resolution directing the City Engineer to prepare preliminary plans regarding: Special Improvement District No. 1478 - Vegas Drive (Rancho Drive to I-15) (Capital Projects Fund - Special Assessments) - Ward 5 (Weekly)

REAL ESTATE COMMITTEE – CONSENT

72. Approval of a Land Lease Agreement with the Grace in the Desert Episcopal Diocese Church to replace the existing agreement that has expired on Parcel Number 138-19-613-001, located at 2002 Spring Gate Lane, to provide recreational programs during "Track Breaks" for the Department of Leisure Services - Ward 4 (Brown)
73. Approval of a Bill of Sale from the City of Las Vegas (CLV) to the Las Vegas Valley Water District (LVVWD) for the purpose of providing water services located at the Las Vegas Metropolitan Police Department Substation and Academy, located in the vicinity of Cheyenne Avenue and Jensen Street - Ward 4 (Brown)

DISCUSSION / ACTION ITEMS**ADMINISTRATIVE - DISCUSSION**

74. Report and possible action concerning the status of 2001 legislative issues and direct staff as deemed necessary
75. Discussion and possible action regarding the Second Amendment to the Operational Agreement of Las Vegas Village and to amend the Grant, Bargain and Sale Deed - Ward 5 (Weekly)

CITY ATTORNEY - DISCUSSION

76. Discussion and possible action on Appeal of Work Card Denial: Yolanda Renee Small, 451 N. Nellis Blvd. #1098, Las Vegas, Nevada 89110
77. Discussion and possible action on Appeal of Work Card Denial: Keith L. Wines, 1720 Walnut, Las Vegas, Nevada 89101
78. Discussion and possible action on proposed negotiated settlement of SUSAN J. TOOHEY v. CITY OF LAS VEGAS, et al.
79. Discussion and possible action to retain Harrison, Kemp & Jones to represent the City of Las Vegas in the Northwest Family Leisure Center and Palo Verde Family Leisure Center construction arbitration

FIELD OPERATIONS DEPARTMENT – DISCUSSION

80. ABEYANCE ITEM - Report on the functions and projects of the Department of Field Operations

FINANCE & BUSINESS SERVICES DEPARTMENT - DISCUSSION

81. Discussion and possible action regarding Temporary Approval of Change of Ownership and Business Name for a Package Liquor License, From: Raleys, a California Corporation, dba Food Source Store #133 (non-operational); Michael J. Teel, Dir, Pres, CEO, William W. Anderson, Treas, CFO, Neil J. Doerhoff, Secy, Joyce N. Teel, Dir, Co-Chair, Bd of Dir, James E. Teel, Dir, Co-Chair, Bd of Dir, Charles L. Collings, Dir, Teel Family Trust, 100%, James E. Teel, Trustor, Trustee, Joyce N. Teel, Trustor, Trustee, To: E & T Produce Co., LLC, dba King Ranch Market #9, 1570 North Eastern Ave., Aner J. Iglesias, Mmbr, 50%, William P. Miguel, Mmbr, 25 %, Constantino Miguel, Mmbr, 25% - Ward 5 (Weekly)

FINANCE & BUSINESS SERVICES DEPARTMENT - DISCUSSION

82. Discussion and possible action regarding Temporary Approval of a new Class II Secondhand Dealer License subject to the provisions of the planning and fire codes, Gilbert Levy, dba G & G Liquidators, 401 West Bonanza Rd., Gilbert Z. Levy, 100% - Ward 5 (Weekly)
83. Discussion and possible action regarding Change of Location and Business Name for a Psychic Art and Science License, Shirley Stevens, dba From: Readings by Shirley Stevens, 1924 East Charleston Blvd., To: Psychic Gallery, 1717 South Decatur Blvd., Booth B-6, Shirley Stevens, 100% [NOTE: Item to be heard in the afternoon session in conjunction with Item #127 - Special Use Permit U-0036-01] - Ward 1 (M. McDonald)
84. Discussion and possible action regarding Temporary Approval of a new Independent Massage Therapist License subject to the provisions of the fire codes, Xiao Ping Wang, dba Xiao Ping Wang, 1705 Hills of Red Dr., #104, Xiao P. Wang, 100% - Ward 4 (Brown)
85. Discussion and possible action regarding approval of a new Teenage Dance License subject to the provisions of the fire codes, The Black Hole, Inc., dba The Black Hole, Inc., 2828 Highland Dr., Cristo Fernandez, Dir, Pres, Secy, Treas, 95% - Ward 3 (Reese)
86. ABEYANCE ITEM - Discussion and possible action regarding Change of Location for a Beer/Wine/Cooler Off-sale Liquor License, Son & Son, dba Jackson Market, From: 1312 F Street, Suite D, To: 1218 D Street, Ki S. Son, Co-owner, 50%, Suk C. Son, Co-owner, 50% - Ward 5 (Weekly)

NEIGHBORHOOD SERVICES DEPARTMENT - DISCUSSION

87. Discussion and possible action regarding an Agreement to Loan Redevelopment Set Aside Housing Funds and HOME Investment Partnership ("HOME") Program funds to L'Octaine Limited Partnership to construct a 51-unit rental project at Las Vegas Blvd and Gass (\$850,000 Redevelopment Set Aside and \$1,650,000 HOME Grant Funds) - Ward 5 (Weekly)

PLANNING & DEVELOPMENT DEPARTMENT - DISCUSSION

88. Report on the status and impact of Parking Variances and Waivers within the area bounded by Fourth Street, Maryland Parkway, Charleston Boulevard and Fremont Street - Wards 3 & 5 (Reese & Weekly)

RESOLUTIONS - DISCUSSION

89. R-67-2001 -Discussion and possible action regarding a resolution consenting to certain undertakings of the City of Las Vegas Redevelopment Agency in connection with the Disposition and Development Agreement with L'Octaine Limited Partnership, a Nevada Limited Partnership (\$850,000 - Redevelopment Housing) (APN 139-34-401-002) - Ward 5 (Weekly) [NOTE: This item is related to Redevelopment Agenda Item IV-A]

BOARDS & COMMISSIONS - DISCUSSION

90. ABEYANCE ITEM - ETHICS REVIEW BOARD - Earle W. White, Jr., Term Expiration 4-14-2001; Robert J. Fleming, Term Expiration 4-14-2001; Linda Young, Term Expiration 5-12-2001 .
91. CHILD CARE LICENSING BOARD - Diane Simon-Jessen - Term Expiration 6-18-2001; Nona Carroll - Term Expiration 6-18-2001
92. CITIZENS PRIORITY ADVISORY COMMITTEE (CPAC) - Tom E. Paulus - Term Expiration 6-18-2001; Brian Craig Pearson - Term expiration 6-18-2001; Joseph Sayles - Term Expiration 6-2001; Lori Harrison - Term Expiration 6-2001

BOARDS & COMMISSIONS - DISCUSSION

93. NEIGHBORHOOD PARTNERS FUND BOARD, FISCAL YEAR 2002 – Anthony Longo – Term Expiration 6-2002
94. PLANNING COMMISSION – Byron A. Goynes – Term Expiration 6-2001; Hank Gordon – Term Expiration 6-2001
95. Discussion and possible action on appointments of Council members to various City of Las Vegas and other jurisdictional Boards, Commissions and Authorities

REAL ESTATE COMMITTEE - DISCUSSION

96. Discussion and possible action regarding the Reinstatement and First Amendment to Donation, Purchase and Sale Agreement and Escrow Instructions (Agreement) that was approved by the City Council on December 6, 2000, between Union Pacific Railroad and the City of Las Vegas for the purchase of land known as Parkway Center Lot 4 and Bonanza Street Property (\$4,182,415.25 - Industrial Revenue Fund) - Ward 5 (Weekly)
97. Discussion and possible action regarding a Real Property Purchase and Sale Agreement and Escrow (Agreement) between the City of Las Vegas and 21st Century Financial Ventures, LLC. for the sale of land known as Parkway Center Lot 4 and Bonanza Street Property (Gain \$4,973,683 - Industrial Revenue Fund) - Ward 5 (Weekly)
98. Discussion and possible action regarding the purchase and sale agreement between the City of Las Vegas and Bank of America for property which is approximately two thirds of a city block within the Central Business District bounded by 3rd and 4th Streets, Bonneville Avenue and Garces Avenue (\$2,738,000 - Parking Enterprise Fund) - Ward 3 (Reese)
99. Discussion and possible action to direct staff to initiate the process of providing parking to accommodate future development downtown - Ward 3 (Reese)
100. Discussion and possible action regarding a Real Property Purchase and Sale Agreement between the City of Las Vegas and Box Canyon Professional Park, LLC, for the sale of land in the Las Vegas Technology Center (Gain of \$2,955,766 - Industrial Park Fund) - Ward 4 (Brown)

RECOMMENDING COMMITTEE REPORTS - DISCUSSION**BILLS ELIGIBLE FOR ADOPTION AT A LATER MEETING**

THERE IS NO PUBLIC COMMENT ON THESE ITEMS AND NO ACTION WILL BE TAKEN BY THE COUNCIL AT THIS MEETING. PUBLIC TESTIMONY TAKES PLACE AT THE RECOMMENDING COMMITTEE MEETING HELD FOR THAT PURPOSE.

101. Bill No. 2001-43 – Annexation No. A-0030-98(A) – Property Location: Between Grand Teton Drive and Gilcrease Avenue, approximately 660 feet east of Hualapai Way; Petitioned By: City of Las Vegas; Acreage: Approximately 20.54 acres; Zoned: R-E (County Zoning), U (PCD) (City Equivalent); Sponsored by: Councilman Michael Mack
102. Bill No. 2001-44 – Annexation No. A-0013-99(A) – Property Location: On the northwest corner of Gowan Road and the Western Beltway; Petitioned By: City of Las Vegas; Acreage: Approximately 10.34 acres; Zoned: R-U (County Zoning), U (PCD) (City Equivalent); Sponsored by: Councilman Larry Brown
103. Bill No. 2001-45 – Annexation No. A-0005-00(A) – Property Location: On the northeast corner of Cheyenne Avenue and Fort Apache Road; Petitioned By: Fort Apache Convenience Limited Liability Company; Acreage: 2.67 acres; Zoned: C-2 (County Zoning), C-1 (City Equivalent); Sponsored by: Councilman Larry Brown
104. Bill No. 2001-46 – Expands the boundaries of the Downtown Casino Overlay District and allows the waiver of certain distance requirements within that District. Sponsored by: Mayor Oscar B. Goodman and Councilman Lawrence Weekly

NEW BILLS

THERE IS NO PUBLIC COMMENT ON THESE ITEMS. NEW BILLS ARE READ INTO THE RECORD AND REFERRED TO RECOMMENDING COMMITTEE FOR A SEPARATE HEARING TO RECEIVE PUBLIC TESTIMONY BEFORE ACTION BY THE COUNCIL AT A LATER MEETING. EXCEPTION: EMERGENCY BILLS.

105. Bill No. 2001-47 – Annexation No. A-0003-01(A) – Property Location: On the east side of Juliano Road approximately 330 feet south of Hickam Avenue; Petitioned By: Paul and Yvonne Milko Revocable Living Trust; Acreage: 2.59 acres; Zoned: R-E (County Zoning) U (DR) (City Equivalent); Sponsored by: Councilman Larry Brown
106. Bill No. 2001-48 – Annexation No. A-0007-01(A) – Property Location: On the west side of Mustang Street approximately 300 feet north of Cheyenne Avenue; Petitioned By: Karl and Susan Larsen Family Trust; Acreage: 0.64 acres; Zoned: R-E (County Zoning), R-E (City Equivalent); Sponsored by: Councilman Michael Mack
107. Bill No. 2001-49 – Requires persons who work as escorts to obtain a health card and to undergo initial and periodic medical examinations. Sponsored by: Mayor Oscar B. Goodman
108. Bill No. 2001-50 – Requires persons who work as outcall entertainers to obtain a health card and to undergo initial and periodic medical examinations. Sponsored by: Mayor Oscar B. Goodman
109. Bill No. 2001-51 – Amends the City's Uniform Administrative Code to increase the construction valuation basis for building permit fees. Proposed by: Paul Wilkins, Director of Building and Safety

1:00 P.M. - AFTERNOON SESSION

110. Any items from the afternoon session that the Council, staff and/or the applicant wishes to be stricken or held in abeyance to a future meeting may be brought forward and acted upon at this time

PUBLIC HEARINGS - DISCUSSION

111. Public hearing to consider the report of expenses to recover costs for abatement of dangerous building located at 1208 Purple Sage Avenue. PROPERTY OWNER: MARK AND ERNESTINE MARTINEZ - Ward 5 (Weekly)

PLANNING & DEVELOPMENT DEPARTMENT

The items listed below, where appropriate, have been reviewed by the various City departments relative to requirements for storm drainage and flood control, connection to sanitary sewer, traffic circulation, and building and fire regulations. Their comments and/or recommendations and requirements have been incorporated into the action.

PLANNING & DEVELOPMENT DEPARTMENT – CONSENT

PM SESSION - ALL ITEMS LISTED ON THE CONSENT AGENDA ARE CONSIDERED TO BE ROUTINE AND HAVE BEEN RECOMMENDED FOR APPROVAL. ALL ITEMS ON THE CONSENT AGENDA MAY BE APPROVED IN A SINGLE MOTION. HOWEVER, IF A COUNCIL MEMBER SO REQUESTS, ANY CONSENT ITEM MAY BE MOVED TO THE DISCUSSION PORTION OF THE AGENDA AND OTHER ACTION, INCLUDING POSTPONEMENT OR DENIAL OF THE ITEM, MAY TAKE PLACE.

112. EXTENSION OF TIME - SPECIAL USE PERMIT - U-0109-99(1) - RANGER BUILDING CORPORATION ON BEHALF OF D WESTWOOD, INC. - Request for an Extension of Time on an Approved Special Use Permit FOR A PROPOSED 20,198 SQUARE FOOT TAVERN at 2805 Westwood Drive (APN: 162-08-604-001), M (Industrial) Zone, Ward 3 (Reese). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

PLANNING & DEVELOPMENT DEPARTMENT – DISCUSSION

113. MINOR MODIFICATION - LONE MOUNTAIN WEST DEVELOPMENT MASTER PLAN - Z-0024-99(21) - STANPARK CONSTRUCTION COMPANY, INC. - Request for a Minor Modification to the Lone Mountain West Development Master Plan to amend subsections 3.6.1(i & l), 3.6.2(e), and 3.12(g) regarding retaining wall height and spacing, PD (Planned Development) Zone, Ward 4 (Brown). The Planning Commission (5-0 vote) and staff recommend APPROVAL
114. SITE DEVELOPMENT PLAN REVIEW - Z-0026-91(15) - CHRISTOPHER SULLIVAN - Request for a Site Development Plan Review and a Waiver of the Landscaping Requirements to allow a reduction in the amount of perimeter landscaping FOR A PROPOSED 1,500 SQUARE FOOT OFFICE BUILDING CONVERSION on 0.17 Acres at 332 South Jones Boulevard (APN: 138-36-210-008), R-1 (Single Family Residential) Zone under Resolution of Intent to P-R (Professional Office and Parking), Ward 1 (M. McDonald). The Planning Commission (5-0 vote) and staff recommend APPROVAL
115. SITE DEVELOPMENT PLAN REVIEW - Z-0105-97(5) - AREEJH INVESTMENTS CORPORATION ON BEHALF OF EQUITABLE DEVELOPMENT CORPORATION OF NEVADA, INC. - Request for a Site Development Plan Review FOR MODIFICATIONS TO AN APPROVED 10-THEATER MOVIE COMPLEX, RETAIL SHOPS, PROFESSIONAL OFFICE SPACE, RESTAURANT PAD, AND A 5-LEVEL PARKING GARAGE located north of Washington Avenue, approximately 575 feet east of Lamb Boulevard (APN: 140-29-212-004), R-E (Residence Estates) Zone under Resolution of Intent to C-1 (Limited Commercial) Zone, Ward 3 (Reese). The Planning Commission (5-0 vote) and staff recommend APPROVAL
116. AMENDMENT TO THE IRON MOUNTAIN RESIDENTIAL PLANNED DEVELOPMENT MASTER PLAN - PUBLIC HEARING - Z-0016-98(2) - WHISPERING TETON, LIMITED LIABILITY COMPANY - Request to amend the Iron Mountain Ranch Residential Planned Development Master Plan TO REMOVE 16.71 ACRES FROM THE OVERALL PLAN AREA located on the southwest corner of Bradley Road and Grand Teton Road (APN: 125-13-101-004), R-E (Residence Estates) Zone under Resolution of Intent to R-PD3 (Residential Planned Development - 3 Units per Acre), Ward 6 (Mack). Staff recommends DENIAL. The Planning Commission (5-0-1 vote) recommends APPROVAL
117. REZONING RELATED TO Z-0016-98(2) - PUBLIC HEARING - Z-0015-01 - WHISPERING TETON, LIMITED LIABILITY COMPANY - Request for a Rezoning FROM: R-E (Residence Estates) TO: R-PD3 (Residential Planned Development - 3 Units per Acre) for 16.71 Acres on the southwest corner of Bradley Road and Grand Teton Road (APN: 125-13-101-004), PROPOSED USE: 63 LOT SINGLE FAMILY RESIDENTIAL DEVELOPMENT, Ward 6 (Mack). Staff recommends DENIAL if Z-0016-98(2) is denied, and APPROVAL if Z-0016-98(2) is approved. The Planning Commission (5-0-1 vote) recommends APPROVAL
118. ABEYANCE ITEM - SITE DEVELOPMENT PLAN REVIEW - PUBLIC HEARING - SD-0076-00 - JAE SUN KIM ON BEHALF OF JOHN STALUPPI - Request for a Site Development Plan Review FOR A PROPOSED 25,932 SQUARE FOOT AUTO DEALERSHIP (RANCHO NISSAN) on the east side of Rancho Drive, approximately 700 feet north of Lone Mountain Road (APN: 125-35-401-003), C-2 (General Commercial), Ward 6 (Mack). The Planning Commission (6-0 vote) and staff recommend APPROVAL
119. ABEYANCE ITEM - SITE DEVELOPMENT PLAN REVIEW - PUBLIC HEARING - Z-0100-97(3) - UNION PACIFIC RAILROAD COMPANY ON BEHALF OF FURNITURE MART ENTERPRISES, LIMITED LIABILITY COMPANY - Request for a Site Development Plan Review FOR A PROPOSED 1,000,000 SQUARE FOOT COMMERCIAL DEVELOPMENT AND FOR A WAIVER OF THE OFF-STREET PARKING REQUIREMENTS on approximately 36.11 acres at the northwest corner of the intersection of Bonneville Avenue and Grand Central Parkway (APN: 139-33-610-002), Ward 5 (Weekly). The Planning Commission (4-0-2 vote) and staff recommend APPROVAL

PLANNING & DEVELOPMENT DEPARTMENT – DISCUSSION

120. ABEYANCE ITEM - SITE DEVELOPMENT PLAN REVIEW - PUBLIC HEARING - Z-0073-99(1) - KMW, LIMITED LIABILITY COMPANY - Request for a Site Development Plan Review FOR A PROPOSED 7,675 SQUARE FOOT OFFICE BUILDING on 2.18 acres located on the northeast corner of the intersection of Gowan Road and Buffalo Drive (APN: 138-10-201-012), U (Undeveloped) Zone [O (Office) General Plan Designation] under Resolution of Intent to O (Office), Ward 4 (Brown). The Planning Commission (4-1-0 vote) and staff recommend APPROVAL
121. SITE DEVELOPMENT PLAN REVIEW - PUBLIC HEARING - Z-0050-81(1) - MARIO AND NORMA QUINONEZ - Request for a Site Development Plan Review and a Waiver of the Required Landscaping FOR IMPROVEMENTS TO AN EXISTING 1,350 SQUARE FOOT BARBER SHOP located at 2220 East Bonanza Road (APN: 139-35-511-041), P-R (Professional Office and Parking) Zone, Ward 3 (Reese). The Planning Commission (7-0 vote) and staff recommend APPROVAL
122. VACATION - PUBLIC HEARING - VAC-0002-01 - KMW, LIMITED LIABILITY COMPANY ON BEHALF OF WINDSOR GROUP - Petition to Vacate U.S. Government Patent Easements generally located at the northeast corner of Buffalo Drive and Gowan Road, Ward 4 (Brown). The Planning Commission (4-0-1 vote) and staff recommend APPROVAL
123. VARIANCE - PUBLIC HEARING - V-0018-01 - LAULE BECKER II - Request for a Variance TO ALLOW A PROPOSED MINI-STORAGE BUILDING TO BE SETBACK 71 FEET FROM A RESIDENTIAL PROPERTY LINE WHERE THE RESIDENTIAL ADJACENCY STANDARDS REQUIRES A SETBACK OF 99 FEET on the northeast corner of Decatur Boulevard and Alta Drive (APN's: 139-31-202-002 through 006), Ward 1 (M. McDonald). Staff recommends DENIAL. The Planning Commission (6-0-1) recommends APPROVAL
124. VARIANCE - PUBLIC HEARING - V-0020-01 - LAULE BECKER II - Request for a Variance TO ALLOW 190 PARKING SPACES WHERE 230 SPACES ARE THE MINIMUM REQUIRED on the northeast corner of Decatur Boulevard and Alta Drive (APN's 139-31-202-002 through 006), C-2 (General Commercial) Zone, Ward 1 (M. McDonald). Staff recommends DENIAL. The Planning Commission (6-0-1 vote) recommends APPROVAL
125. SITE DEVELOPMENT PLAN REVIEW RELATED TO V-0018-01 AND V-0020-01 - PUBLIC HEARING - Z-0080-65(3) - LAULE BECKER II - Request for a Site Development Plan Review FOR A PROPOSED 48,116 SQUARE FOOT COMMERCIAL CENTER AND A WAIVER OF LANDSCAPING REQUIREMENTS TO ALLOW A REDUCTION IN THE AMOUNT OF PERIMETER AND PARKING LOT LANDSCAPING on the northeast corner of Decatur Boulevard and Alta Drive (APN's: 139-31-202-002 through 006), C-2 (General Commercial) Zone, Ward 1 (M. McDonald). Staff recommends DENIAL. The Planning Commission (6-0-1 vote) recommends APPROVAL
126. ABEYANCE ITEM - SPECIAL USE PERMIT - PUBLIC HEARING - U-0028-01 - GATEWAY MOTEL, INC. ON BEHALF OF REAGAN NATIONAL ADVERTISING - Appeal filed by Reagan Outdoor Nevada from the Denial by the Planning Commission of a request by Gateway Motel, Inc. on behalf of Reagan National Advertising for a Special Use Permit FOR A PROPOSED 45 FOOT TALL, 14 FOOT X 48 FOOT OFF-PREMISE ADVERTISING (BILLBOARD) SIGN at 928 Las Vegas Boulevard South (APN: 139-34-410-165), C-2 (General Commercial) Zone, Ward 5 (Weekly). The Planning Commission (5-1 vote) and staff recommend DENIAL
127. SPECIAL USE PERMIT - PUBLIC HEARING - U-0036-01 - BOLZ, LIMITED LIABILITY COMPANY, ET AL ON BEHALF OF SHIRLEY STEVENS - Request for a Special Use Permit FOR PSYCHIC ARTS at 1717 South Decatur Boulevard (APN: 162-06-301-002), C-1 (Limited Commercial) Zone, Ward 1 (M. McDonald). [Note: This item to be heard in conjunction with Morning Session Item #83] The Planning Commission (5-0 vote) and staff recommend APPROVAL
128. SPECIAL USE PERMIT - PUBLIC HEARING - U-0037-01 - VEGAN DEVELOPMENT CORPORATION ON BEHALF OF ON THE WEB MARKETING GROUP, INC. - Request for a Special Use Permit FOR A WAREHOUSE/DISTRIBUTION CENTER FOR A MAIL-ORDER BUSINESS at 7310 Smoke Ranch Road # D (APN: 138-15-410-022), C-PB (Planned Business Park) Zone, Ward 4 (Brown). The Planning Commission (5-0 vote) and staff recommend APPROVAL

PLANNING & DEVELOPMENT DEPARTMENT – DISCUSSION

129. SPECIAL USE PERMIT - PUBLIC HEARING - U-0039-01 - VEGAN DEVELOPMENT CORPORATION - Request for a Special Use Permit FOR A WAREHOUSE/ DISTRIBUTION CENTER at 7310 through 7340 Smoke Ranch Road (APN's: 138-15-410-003, 018 and 020 through 022) C-PB (Planned Business Park) Zone, Ward 4 (Brown). The Planning Commission (5-0 vote) and staff recommend APPROVAL
130. ABEYANCE ITEM - REZONING - PUBLIC HEARING - Z-0002-01 - ALBERT EUGENE, LIMITED PARTNERSHIP - Request for a Rezoning FROM: R-1 (Single Family Residential) TO: P-R (Professional Office and Parking) on 0.17 acres at 701 South Ninth Street (APN: 139-34-810-078), PROPOSED USE: 7,066 SQUARE FOOT OFFICE BUILDING, Ward 5 (Weekly). The Planning Commission (6-0 vote) and staff recommend APPROVAL
131. ABEYANCE ITEM - VARIANCE RELATED TO Z-0002-01 - PUBLIC HEARING - V-0002-01 - ALBERT EUGENE, LIMITED PARTNERSHIP - Request for a Variance TO ALLOW 9 PARKING SPACES WHERE 19 PARKING SPACES ARE REQUIRED, AND TO ALLOW A LOT WIDTH OF 50 FEET WHERE 60 FEET IS THE MINIMUM REQUIRED at 701 South Ninth Street (APN: 139-34-810-078), R-1 (Single Family Residential) Zone, [PROPOSED: P-R (Professional Offices and Parking)], Ward 5 (Weekly). The Planning Commission (6-0 vote) and staff recommend DENIAL of the parking request for 9 spaces, and APPROVAL of the 50 foot lot width
132. ABEYANCE ITEM - VARIANCE RELATED TO Z-0002-01 - PUBLIC HEARING - V-0006-01 - ALBERT EUGENE, LIMITED PARTNERSHIP - Request for a Variance TO ALLOW A ZERO FOOT CORNER SIDE YARD SETBACK WHERE 15 FEET IS THE MINIMUM SETBACK REQUIRED, AND TO ALLOW A FIVE FOOT SIDE YARD SETBACK WHERE 90 FEET IS THE MINIMUM SETBACK REQUIRED FOR RESIDENTIAL ADJACENCY at 701 South Ninth Street (APN: 139-34-810-078), R-1 (Single Family Residential) Zone [PROPOSED P-R (Professional Office and Parking)], Ward 5 (Weekly). The Planning Commission (6-0 vote) and staff recommend DENIAL
133. ABEYANCE ITEM - SITE DEVELOPMENT PLAN REVIEW RELATED TO Z-0002-01, V-0002-01 AND V-0006-01 - PUBLIC HEARING - Z-0002-01(1) - ALBERT EUGENE, LIMITED PARTNERSHIP - Request for a Site Development Plan Review FOR A PROPOSED 7,066 SQUARE FOOT OFFICE BUILDING AND FOR A WAIVER OF THE LANDSCAPING REQUIREMENTS on 0.17 acres at 701 South Ninth Street (APN: 139-34-810-078), R-1 (Single Family Residential) Zone, [PROPOSED: P-R (Professional Office and Parking)], Ward 5 (Weekly). The Planning Commission (6-0 vote) and staff recommend DENIAL
134. REZONING - PUBLIC HEARING - Z-0012-01 - CITY OF LAS VEGAS - Request for a Rezoning FROM: U (Undeveloped) [PF (Public Facility) General Plan Designation] and C-V (Civic) TO: C-V (Civic) on 16.3 Acres on the east side of Redwood Street, between Oakey Boulevard and O'Bannon Drive (APN's: 163-02-302-001 and 163-02-303-001), PROPOSED USE: CITY PARK, Ward 1 (M. McDonald). The Planning Commission (7-0 vote) and staff recommend APPROVAL
135. SITE DEVELOPMENT PLAN REVIEW RELATED TO Z-0012-01 - PUBLIC HEARING - Z-0012-01(1) - CITY OF LAS VEGAS - Request for a Site Development Plan Review FOR A PROPOSED 16.3 ACRE CITY PARK on the east side of Redwood Street, between Oakey Boulevard and O'Bannon Drive (APN's: 163-02-302-001 and 163-02-303-001), C-V (Civic) Zone and U (Undeveloped) Zone [PF (Public Facility) General Plan Designation], PROPOSED: C-V (Civic), Ward 1 (M. McDonald). The Planning Commission (7-0 vote) and staff recommend APPROVAL
136. GENERAL PLAN AMENDMENT - PUBLIC HEARING - GPA-0005-01 - CALVARY FOUR SQUARE GOSPEL CHURCH ON BEHALF OF SPRINT PCS - Request for a General Plan Amendment from M (Medium Density Residential) to PF (Public Facility) of 4.06 Acres at 2929 Cedar Avenue (APN: 139-36-110-036), Ward 3 (Reese). Staff recommends APPROVAL. The Planning Commission voted 4-1-2 on a motion for approval which is tantamount to DENIAL due to the failure of the Commission to obtain a super majority vote
137. REZONING RELATED TO GPA-0005-01 - PUBLIC HEARING - Z-0006-01 - CALVARY FOUR SQUARE GOSPEL CHURCH ON BEHALF OF SPRINT PCS - Request for a Rezoning FROM: R-E (Residence Estates) TO: C-V (Civic) on 4.06 Acres at 2929 Cedar Avenue (APN: 139-36-110-036), Ward 3 (Reese). Staff recommends APPROVAL. The Planning Commission has no recommendation because the related General Plan Amendment failed to pass

PLANNING & DEVELOPMENT DEPARTMENT – DISCUSSION

138. SITE DEVELOPMENT PLAN REVIEW RELATED TO GPA-0005-01 AND Z-0006-01 - PUBLIC HEARING - Z-0006-01(1) - CALVARY FOUR SQUARE GOSPEL CHURCH ON BEHALF OF SPRINT PCS - Request for a Site Development Plan Review FOR AN ADDITIONAL ANTENNA TO BE LOCATED ON AN EXISTING 70 FOOT MONOPOLE TOWER on 4.06 Acres at 2929 Cedar Avenue (APN: 139-36-110-036), R-E (Residence Estates) Zone, PROPOSED C-V (Civic), Ward 3 (Reese). Staff recommends APPROVAL. The Planning Commission has no recommendation because the related General Plan Amendment failed to pass
139. GENERAL PLAN AMENDMENT - PUBLIC HEARING - GPA-0006-01 - CHARLESTON LINDELL #31 4401C AND 4401D ON BEHALF OF MILLENNIUM PROPERTIES - Request to Amend the Southwest Sector of the General Plan FROM: SC (Service Commercial) TO: GC (General Commercial) of 4.62 Acres on the southeast corner of Charleston Boulevard and Lindell Road (APN's: 163-01-501-001 and 002), Ward 1 (M. McDonald). The Planning Commission (3-2-2 vote) and staff recommend DENIAL
140. REZONING RELATED TO GPA-0006-01 - PUBLIC HEARING - Z-0014-01 - CHARLESTON LINDELL #31 4401C AND 4401D ON BEHALF OF MILLENNIUM PROPERTIES - Request for a Rezoning FROM: U (Undeveloped) Zone [SC (Service Commercial) General Plan Designation] TO: C-2 (General Commercial) of 4.62 Acres on the southeast corner of Charleston Boulevard and Lindell Road (APN's: 163-01-501-001 and 002), PROPOSED USE: USED MOTOR VEHICLES AND BOAT DEALERSHIP, Ward 1 (M. McDonald). Staff recommends DENIAL. The Planning Commission has no recommendation because the related General Plan Amendment failed to pass
141. SPECIAL USE PERMIT RELATED TO GPA-0006-01 AND Z-0014-01 - PUBLIC HEARING - U-0040-01 - CHARLESTON LINDELL #31 4401C AND 4401D ON BEHALF OF MILLENNIUM PROPERTIES - Request for a Special Use Permit FOR A MINOR AUTO REPAIR GARAGE WITH SERVICE BAYS THAT FACE A PUBLIC RIGHT-OF-WAY on the southeast corner of Charleston Boulevard and Lindell Road (APN's: 163-01-501-001 and 002), U (Undeveloped) Zone [SC (Service Commercial) General Plan Designation], PROPOSED C-2 (General Commercial), Ward 1 (M. McDonald). Staff recommends DENIAL. The Planning Commission has no recommendation because the related General Plan Amendment failed to pass
142. SPECIAL USE PERMIT RELATED TO GPA-0006-01 AND Z-0014-01 - PUBLIC HEARING - U-0041-01 - CHARLESTON LINDELL #31 4401C AND 4401D ON BEHALF OF MILLENNIUM PROPERTIES - Request for a Special Use Permit FOR A NEW AND USED BOAT & TRAILER DEALERSHIP on the southeast corner of Charleston Boulevard and Lindell Road (APN's: 163-01-501-001 and 002), U (Undeveloped) Zone [SC (Service Commercial) General Plan Designation], PROPOSED C-2 (General Commercial), Ward 1 (M. McDonald). Staff recommends DENIAL. The Planning Commission has no recommendation because the related General Plan Amendment failed to pass
143. SPECIAL USE PERMIT RELATED TO GPA-0006-01 AND Z-0014-01 - PUBLIC HEARING - U-0042-01 - CHARLESTON LINDELL #31 4401C AND 4401D ON BEHALF OF MILLENNIUM PROPERTIES - Request for a Special Use Permit FOR USED MOTOR VEHICLE SALES on the southeast corner of Charleston Boulevard and Lindell Road (APN's: 163-01-501-001 and 002), U (Undeveloped) Zone [SC (Service Commercial) General Plan Designation], PROPOSED C-2 (General Commercial), Ward 1 (M. McDonald). Staff recommends DENIAL. The Planning Commission has no recommendation because the related General Plan Amendment failed to pass
144. SITE DEVELOPMENT PLAN REVIEW RELATED TO GPA-0006-01, Z-0014-01, U-0040-01, U-0041-01 AND U-0042-01 - PUBLIC HEARING - Z-0014-01(1) - CHARLESTON LINDELL #31 4401C AND 4401D ON BEHALF OF MILLENNIUM PROPERTIES - Request for a Site Development Plan Review FOR AN 11,400 SQUARE FOOT COMMERCIAL BUILDING AND A WAIVER OF THE LANDSCAPING REQUIREMENTS TO ALLOW A REDUCTION IN THE AMOUNT OF PERIMETER AND PARKING LOT LANDSCAPING on the southeast corner of Charleston Boulevard and Lindell Road, (APN's: 163-01-501-001 and 002), U (Undeveloped) Zone [SC (Service Commercial) General Plan Designation], PROPOSED C-2 (General Commercial), Ward 1 (M. McDonald). Staff recommends DENIAL. The Planning Commission has no recommendation because the related General Plan Amendment failed to pass

PLANNING & DEVELOPMENT DEPARTMENT – DISCUSSION

145.SET DATE ON ANY APPEALS FILED OR REQUIRED PUBLIC HEARINGS FROM THE CITY PLANNING COMMISSION AND HEARINGS OFFICER MEETINGS AND DANGEROUS BUILDINGS OR NUISANCE/LITTER ABATEMENTS

ADDENDUM**CITIZENS PARTICIPATION**

Items raised under this portion of the City Council Agenda cannot be deliberated or acted upon until the notice provisions of the Open Meeting Law have been met. If you wish to speak on a matter not listed on the agenda, please step up to the podium and clearly state your name and address. In consideration of others, avoid repetition, and limit your comments to no more than three (3) minutes. To ensure all persons equal opportunity to speak, each subject matter will be limited to ten (10) minutes.

THIS MEETING HAS BEEN PROPERLY NOTICED AND POSTED AT THE FOLLOWING LOCATIONS:

Downtown Transportation Center, City Clerk's Posting Board
Senior Citizen Center, 450 E. Bonanza Road
Clark County Government Center, 500 S. Grand Central Parkway
Court Clerk's Office Bulletin Board, City Hall Plaza
City Hall Plaza, Special Outside Posting Bulletin Board

EXHIBIT B

(Attach Affidavit of Publication of Notice of Sale)

AFFP DISTRICT COURT
Clark County, Nevada
AFFIDAVIT OF PUBLICATION

STATE OF NEVADA)
COUNTY OF CLARK), SS:

Donna Stark, being 1st duly sworn, deposes and says:

That she is the Legal Clerk for the Las Vegas Review-Journal and the Las Vegas Sun, daily newspapers regularly issued, published and circulated in the City of Las Vegas; County of Clark, State of Nevada, and that the advertisement, a true copy attached for,

LV CITY CLERK
1799031

2296311LV

was continuously published in said Las Vegas Review Journal and/or Las Vegas Sun in 1 edition(s) of said newspaper issued from 07/12/01 to 07/12/2001, on the following days: JULY 12, 2001

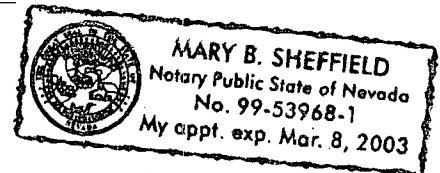
Signed: Donna Stark

SUBSCRIBED AND SWORN BEFORE ME THIS THE 19

day of July 2001

Mary B. Sheffield
Notary Public

Please See Attached



RECEIVED
CITY CLERK
2001 JUL 26 P 12:54

NOTICE OF SALE

Notice is hereby given that the City Treasurer of the City of Las Vegas will at the hour of 2:00 p.m. on Tuesday, July 31, 2001, at the Council Chambers, Las Vegas City Hall Complex, 400 Stewart, Las Vegas, Nevada, sell the following parcels which are delinquent in the payment of assessments in the City's Special Assessment Districts Nos. 404 and 707 to the City of Las Vegas:

Name of Owner	Description of Property	Amount Due Before 7/31/01 to Cure Default Prior to Sale	Total Amount Due on Date of Sale
KAUFMAN & BROAD NEVADA INC District: 404	13725615007 913 MIDPRIDE ST. SYCAMORE RIDGE UNIT 1, PLAT BOOK 70 PAGE 50 LOT 210 BLOCK C	\$688.93	\$3,124.23
WINDISCHMAN MICHAEL D & TRACY E District: 404	13725617018 904 CAMBRIDGE CROSS PL WESTRIDGE AT SUMMERLIN PHASE 1, PLAT BOOK 71 PAGE 2 LOT 18 BLOCK 1	\$512.22	\$3,946.32
SPURGEON BRIAN L District: 404	13725714067 406 BLUSH CREEK PL SUNSET MESA UNIT 1, PLAT BOOK 72 PAGE 59 LOT 45 BLOCK B	\$651.73	\$2,856.99
NUNLEY MICHAEL District: 404	13830317097 664 PEACHY CANYON CI UT 103 SOUTH HALF PARCEL H VILLAGE 3, PLAT BOOK 78 PAGE 57 UNIT 103 BLDG 15	\$512.26	\$1,684.53
SHAHPAR JOSEPH N SHAWN JANE District: 404	13830317155 813 PEACHY CANYON CI UT 101 SOUTH HALF PARCEL H VILLAGE 3, PLAT BOOK 78 PAGE 57 UNIT 101 BLDG 24	\$484.51	\$1,656.78
LUNA JOSE RODRIGUEZ District: 404	13830411018 9705 AMBER PEAK CT EAGLE ROCK, PLAT BOOK 73 PAGE 53 LOT 142 BLOCK 2	\$568.30	\$4,799.42
RICHARD DAVID C & JOANN District: 404	13830713027 9252 TOURNAMENT CANYON DR SUMMERLIN VILLAGE 3 CUSTOM LOTS UNIT #2, PLAT BOOK 75 PAGE 99 LOT 89 BLOCK A	\$1,698.19	\$10,370.25
SHUSTER HARRY & NITA District: 404	13830713031 9273 TOURNAMENT CANYON DR SUMMERLIN VILLAGE 3 CUSTOM LOTS UNIT #2, PLAT BOOK 75 PAGE 99 LOT 93 BLOCK A	\$1,698.19	\$10,370.25
NISHIMOTO WAYNE S & GRACE K District: 404	13830815006 300 HIGHLAND MESA CT SUMMERLIN VILLAGE 3 UNIT #18 CANYON TERRACE, PLAT BOOK 91 PAGE 20 LOT 6 BLOCK 1	\$1,029.51	\$6,260.77
RUSSELL DANIEL P & SUSAN T District: 404	13817413042 2432 TWIN FLOWER CI PANORAMA POINTE, PLAT BOOK 48 PAGE 26 LOT 145 BLOCK 3	\$686.11	\$3,041.06
KOUGIAS JESSE G District: 404	13818815005 9628 ANN ARBOR LA AMARANTE AT SUMMERLIN, PLAT BOOK 50 PAGE 95 LOT 48 BLOCK B	\$756.68	\$3,536.36
TRUSTEE CLARK COUNTY TREASURER MOORE BARRETT J District: 404	13818815052 2329 SATELLITE BEACH DR AMARANTE AT SUMMERLIN, PLAT BOOK 50 PAGE 95 LOT 121 BLOCK D	\$756.68	\$3,536.36
RAYKOV ROSSEN & NADIA District: 404	13818816042 9252 MAGIC FLOWER AV PANORAMA POINTE, PLAT BOOK 48 PAGE 26 LOT 88 BLOCK 3	\$438.64	\$2,690.35
ORTMAN NEIL A District: 404	13818817003 2337 BABCOCK DR HILLS AT SUMMERLIN PARCEL C UNIT 1, PLAT BOOK 48 PAGE 68 LOT 3 BLOCK 1	\$685.59	\$3,037.63
GROSKOPF MICHAEL & RENEE DIAMOND District: 404	13819513053 9448 AMBER VALLEY LA HILLS @ SUMMERLIN PARCEL C UNIT 2, PLAT BOOK 50 PAGE 13 LOT 82 BLOCK 4	\$687.36	\$3,050.01
ZAIDMAN CHRISTINA District: 404	13819515079 9532 SUMMER RAIN DR CYPRESS IN THE HILLS AT SUMMERLIN BY LEWIS HOMES, PLAT BOOK 48 PAGE 5 LOT 79 BLOCK C	\$461.72	\$3,082.92
WILLIAMS WALTER LAWRENCE District: 404	13819515111 2204 JUNIPER BERRY DR CYPRESS IN THE HILLS AT SUMMERLIN BY LEWIS HOMES, PLAT BOOK 48 PAGE 5 LOT 125 BLOCK D	\$667.73	\$2,912.34
HERNANDEZ FRANK District: 404	13819517016 2132 DESERT PEAK RD LAS COLINAS, PLAT BOOK 47 PAGE 61 LOT 22 BLOCK B	\$414.64	\$3,155.52
WELLS RONALD F & BARBARA A District: 404	13819611006 2101 WHITEBIRCH LA CHERRY CREEK, PLAT BOOK 49 PAGE 70 LOT 19 BLOCK 3	\$964.60	\$4,994.94

BAKER JEFFREY P & KATHERINE L District: 404	13820120001 2329 FLOWER SPRING ST WILLOW TREE #4 BY LEWIS HOMES, PLAT BOOK 55 PAGE 88 LOT 56 BLOCK B	\$812.43	\$3,927.55
GILMAN BERNARD & GERI District: 404	13820414002 1804 WINCANTON DR COUNTRY CLUB HILLS 2 IN THE HILLS AT SUMMERLIN UNIT 1, PLAT BOOK 59 PAGE 92 LOT 21 BLOCK A	\$2,288.90	\$14,287.22
ZAFFRON JAMES District: 404	13820615012 2012 SEDONA MORNING DR SEDONA IN THE PUEBLO AT SUMMERLIN, PLAT BOOK 49 PAGE 88 LOT 103 BLOCK D	\$857.11	\$4,241.04
ZAFFRON JAMES District: 404	13820615013 2016 SEDONA MORNING DR SEDONA IN THE PUEBLO AT SUMMERLIN, PLAT BOOK 49 PAGE 88 LOT 104 BLOCK D	\$857.11	\$4,241.04
SCHUTZBACH GARY M & CHERYL A District: 404	13820711010 1901 SEDONA PASEO LA SEDONA IN THE PUEBLO AT SUMMERLIN, PLAT BOOK 49 PAGE 88 LOT 12 BLOCK A	\$934.93	\$4,787.15
HURST TRACY District: 404	13820818035 8616 MIRADA DEL SOL DR SDNOMA AT SUMMERLIN BY COLEMAN HOMES PHASE 3, PLAT BOOK 63 PAGE 61 LOT 103 BLOCK 5	\$964.44	\$5,896.30
ORLIJAN DONALD & BETTY District: 404	13820819204 8732 RED BROOK DR UT 201 RED HILLS AT THE PUEBLO, PLAT BOOK 71 PAGE 5 UNIT 3432 BLDG 34	\$851.90	\$2,312.93
SECHRIST RICHARD G JR District: 404	13820820133 1708 SKY OF RED DR UT 103 RED HILLS AT THE PUEBLO AMD, PLAT BOOK 81 PAGE 12 UNIT 4611 BLDG 46	\$537.51	\$1,998.54
WHITE KENNETH D District: 404	13820820135 1708 SKY OF RED DR UT 203 RED HILLS AT THE PUEBLO AMD, PLAT BOOK 81 PAGE 12 UNIT 4621 BLDG 46	\$537.51	\$1,998.54
ZAFFRON JACK District: 404	13821210001 8332 SEDONA SUNSET DR SEDONA IN THE PUEBLO AT SUMMERLIN, PLAT BOOK 49 PAGE 88 LOT 93 BLOCK C	\$1,174.96	\$6,471.10
ZAFFRON JAMES District: 404	13821210002 8328 SEDONA SUNSET DR SEDONA IN THE PUEBLO AT SUMMERLIN, PLAT BOOK 49 PAGE 88 LOT 92 BLOCK C	\$874.29	\$4,361.58
FEDERAL NATIONAL MORTGAGE ASSN District: 404	13821210010 8244 SEDONA SUNSET DR SEDONA IN THE PUEBLO AT SUMMERLIN, PLAT BOOK 49 PAGE 88 LOT 84 BLOCK C	\$857.11	\$4,241.04
HARRIS SARAH L District: 404	13821210077 2017 SEDONA CREEK CI SEDONA IN THE PUEBLO AT SUMMERLIN, PLAT BOOK 49 PAGE 88 LOT 112 BLOCK D	\$873.93	\$4,358.63
BARAJAS MONICA District: 404	13821712081 7628 ALLERTON AV BUENA VISTA UNIT 1, PLAT BOOK 57 PAGE 56 LOT 18 BLOCK 3	\$453.59	\$2,338.42
TOLENTINO AGRIPINA R District: 404	13821814011 7700 HASKELL FLATS DR PLATEAU PHASE 2, PLAT BOOK 56 PAGE 92 LOT 34 BLOCK 4	\$689.67	\$3,066.17
JOHNSON EDWIN E District: 404	13821815020 7925 POTTERY CREEK DR SANTA FE PHASE 2, PLAT BOOK 57 PAGE 36 LOT 29 BLOCK 1	\$720.75	\$3,284.34
REBER JAMES M & DELORES District: 404	13821816046 7844 CALICO FLOWER AV VALENCIA PHASE 2, PLAT BOOK 58 PAGE 3 LOT 95 BLOCK 4	\$736.97	\$3,397.88
CHURCH WARREN D JR District: 404	13830513009 1304 ELK RIVER CI MONTAIRE PHASE 3, PLAT BOOK 58 PAGE 11 LOT 133 BLOCK 7	\$983.71	\$5,129.20
DEZHBAKHSH KEYVAN District: 404	13830513038 1315 FOX ACRES DR MONTAIRE PHASE 3, PLAT BOOK 58 PAGE 11 LOT 37 BLOCK 5	\$935.91	\$5,365.16
VERNON CONRAD & LINDA District: 404	13830611041 9213 EAGLE RIDGE DR MONTAIRE PHASE 2, PLAT BOOK 54 PAGE 84 LOT 172 BLOCK 4	\$845.41	\$4,158.94
LESHER CASEY A District: 404	13725112010 1909 SCENIC PEAK ST ASPENGLIN IN THE CROSSING AT SUMMERLIN UNIT #1, PLAT BOOK 66 PAGE 23 LOT 54 BLOCK B	\$733.61	\$3,421.52

RUDOLPH LARRY S & GAIL District: 404	13725113014 1105 VENTURA HILLS ST DISCOVERY HILLS UNIT 3; PLAT BOOK 72 PAGE 52 LOT 27 BLOCK B	\$958.55	\$5,024.07
FREGOSO CAROLYN E & GARY M District: 404	13725514055 10113 DESERT WIND DR WEST HILLS; PLAT BOOK 65 PAGE 76 LOT 107 BLOCK 3	\$363.39	\$3,338.05
STEVENS HOWARD W District: 404	13725521071 1501 CARDINAL PEAK LA UT 104 RED BLUFFS AT THE CROSSING UNIT 2; PLAT BOOK 88 PAGE 45 UNIT 941 BLDG 9	\$481.36	\$1,624.07
HOFFMAN KENNETH E & CHERYL J District: 404	13725612003 1013 CORSICA LA SAN MARINO; PLAT BOOK 68 PAGE 29 LOT 3 BLOCK A	\$508.40	\$2,997.72
CASTROVERDE SUSAN District: 404	13725612133 908 CORSICA LA SAN MARINO; PLAT BOOK 68 PAGE 29 LOT 196 BLOCK B	\$701.22	\$3,190.55
BENNETT MARK R District: 404	13725612185 10341 FORUM HILLS PL SAN MARINO; PLAT BOOK 68 PAGE 29 LOT 146 BLOCK E	\$701.22	\$3,190.55
MARGOLIN RICHARD A & YVETTE L District: 404	13819117003 9812 CANTEBURY ROSE LA COUNTRY ROSE EST AT THE TRAILS UNIT #2; PLAT BOOK 71 PAGE 96 LOT 30 BLOCK A	\$891.18	\$4,544.20
STONE STREET NICHOLAS A District: 404	13819118006 10000 MOON VALLEY PL HALF ACRES PHASE 2 AT SUMMERLIN VILLAGE 7 THE TRAILS; PLAT BOOK 78 PAGE 26 LOT 44 BLOCK 4	\$2,288.35	\$14,498.70
NEELY JAMES A & SHERYL District: 404	13819219007 9701 SWEET ROSE CT COUNTRY ROSE EST AT THE TRAILS UNIT #2; PLAT BOOK 71 PAGE 96 LOT 118 BLOCK D	\$891.18	\$4,544.20
DOWELL CHARLES R JR District: 404	13819315020 1901 SIERRA OAKS LA LAPAZ; PLAT BOOK 65 PAGE 53 LOT 20 BLOCK B	\$845.63	\$4,219.59
MOES JOHN J District: 404	13819415001 9724 PANORAMA CLIFF DR SEQUOIA PHASE 2; PLAT BOOK 65 PAGE 13 LOT 11 BLOCK 1	\$721.85	\$3,337.58
ROBINSON AQUILLA District: 404	13821716107 7613 AMATO AV BUENA VISTA UNIT 2; PLAT BOOK 63 PAGE 43 LOT 7 BLOCK 6	\$457.58	\$2,347.58
SOFIA MICHAEL A District: 404	13829311015 8900 PLAYERS CLUB DR TOURNAMENT HILLS UNIT 3; PLAT BOOK 55 PAGE 25 LOT 13 BLOCK B	\$3,392.24	\$22,363.81
WYNKOOP THOR C District: 404	13830515048 1405 SAN JUAN HILLS DR UT 104 TERRACES IN THE HILLS AT SUMMERLIN AMD; PLAT BOOK 69 PAGE 25 UNIT 8104 BLDG 8	\$681.55	\$3,050.57
TOOMEY CAROL A District: 404	13830618011 804 DANA HILLS CT UT 101 TERRACES 2 IN THE HILLS AT SUMMERLIN AMD; PLAT BOOK 77 PAGE 17 UNIT 3101 BLDG 3	\$667.49	\$2,978.48
HENDERSON RICHARD TODD & CARRIE District: 707	13723811056 11104 SUMMER SQUASH LA FALLBROOK; PLAT BOOK 82 PAGE 99 LOT 88 BLOCK 3	\$924.43	\$5,553.67
SCOTT ALAN & MARIA N District: 707	13724415018 10504 PERGOLA PEAK AV ARBOR GROVE UNIT 2; PLAT BOOK 82 PAGE 95 LOT 59 BLOCK A	\$927.66	\$5,580.75
PARKER KENNETH A District: 707	13725120029 1508 FRENCH MERLOT CT VINEYARDS UNIT 3; PLAT BOOK 89 PAGE 54 LOT 61 BLOCK D	\$1,899.66	\$13,709.08
SIMS DONNA District: 707	13725121013 10633 AMBLEWOOD AV WEST BROOK PHASE 2; PLAT BOOK 90 PAGE 53 LOT 22 BLOCK 1	\$1,022.39	\$6,372.85
WILLIAMS MISTY G & ALLEN District: 707	13725314042 508 SILVER GROVE ST CHARDONNAY #61 BY LEWIS HOMES; PLAT BOOK 78 PAGE 77 LOT 34 BLOCK B	\$528.68	\$6,046.91
WOLF RICHARD District: 707	13725419010 308 SILVER CASTLE ST CHARDONNAY #41 BY LEWIS HOMES; PLAT BOOK 80 PAGE 47 LOT 452 BLOCK D	\$388.34	\$4,708.46

GRANT SHARON District: 707	13725816042 200 N ROYAL ASCOT DR. PARCEL O SUMMERLIN VILLAGE 3 PHASE 1, PLAT BOOK 79 PAGE 96 LOT 41 BLOCK A	\$2,030.47	\$14,802.73
YADEN ELLIOTT LEIA A District: 707	13726513054 11204 ROSE REFLET PL BROOKFIELD, PLAT BOOK 84 PAGE 100 LOT 65 BLOCK 1	\$939.73	\$5,681.55
SHANNON MICHAEL R District: 707	13726611076 10900 SUMMER QUAIL AV QUAIL RIDGE, PLAT BOOK 85 PAGE 73 LOT 117 BLOCK 4	\$1,196.04	\$7,825.18
LIMON JOHN P & TINA M District: 707	13726614024 11160 SHADOW NOOK CT ARBOR VIEW, PLAT BOOK 88 PAGE 16 LOT 24 BLOCK 1	\$1,325.51	\$8,907.72
PORTOLA DEVELOPMENT CO L L C District: 707	13726714007 709 WHITE FALCON ST QUAIL RIDGE, PLAT BOOK 85 PAGE 73 LOT 64 BLOCK 1	\$1,196.04	\$7,825.17
HAMANO VOLCHI & NORIKO District: 707	13726715055 11017 SONOMA CREEK CT NAPA HILLS BY LEWIS HOMES, UNIT 3, PLAT BOOK 90 PAGE 78 LOT 235 BLOCK 4	\$844.82	\$4,888.11
OMURA TED T & SALLY S District: 707	13726717067 11025 OKEEFE CT SONOMA HILLS BY LEWIS HOMES UNIT 1, PLAT BOOK 88 PAGE 69 LOT 130 BLOCK 3	\$849.34	\$4,925.86
XAYADETH KHAM MEAUING & ARIYA District: 707	13735611023 10920 MOUNT ROYAL AV SUMMERLIN PARCEL MM, UNIT 1, PLAT BOOK 89 PAGE 84 LOT 89 BLOCK 1	\$447.64	\$7,561.80
WYSER WILLIAM G & DIONNE V District: 707	13736112051 10640 LACE VINE ARBOR AV ROSEWOOD BY PARDEE, PHASE 1, PLAT BOOK 79 PAGE 76 LOT 25 BLOCK 2	\$707.20	\$5,579.20
WHELLAMS JOSHUA R HARTMANN RALPH & LINDA District: 707	13736113079 300 PINE HAVEN ST. UT 202 SILVER PINES CONDO AMD, PLAT BOOK 82 PAGE 36 UNIT 202 BLDG 6	\$539.50	\$2,334.86
LATHAN JYAMESSETTA A District: 707	13736113130 353 AMBER PINE ST. UT 102 SILVER PINES CONDO AMD, PLAT BOOK 82 PAGE 36 UNIT 102 BLDG 10	\$336.01	\$2,131.37
RIVERA CARLOS M District: 707	13736113143 353 AMBER PINE ST. UT 207 SILVER PINES CONDO AMD, PLAT BOOK 82 PAGE 36 UNIT 207 BLDG 10	\$539.50	\$2,334.86
FINCH MICHELLE L District: 707	13736211061 604 BIANCA BAY ST GLENMERE #2 BY LEWIS HOMES, PLAT BOOK 82 PAGE 1 LOT 189 BLOCK E	\$1,095.88	\$6,987.33
GLEICH JAMES R & ANGELA District: 707	13736211083 504 JOE WILLIS ST GLENMERE #2 BY LEWIS HOMES, PLAT BOOK 82 PAGE 1 LOT 61 BLOCK A	\$662.55	\$6,554.00
HARRAH EDWIN M District: 707	13736411174 820 TITAN PEAK PL. UT 104 AMBER RIDGE CONDO IN THE ARBORS SUMMERLIN VILLAGE 11 12 PCL KK, PLAT BOOK 86 PAGE 13 UNIT 104 BLDG 24	\$635.60	\$3,138.50

* Includes whole amount of unpaid assessment, accrued and delinquent interest to July 31, 2001, penalties and collection costs, including attorney fees.

Each property described above will be sold to satisfy the total amount due thereon as is stated above, to the first person at the sale offering to pay the amount due on that property as is listed above. The sale shall be held, and purchasers at the sale shall receive certificates of sale, as provided in NRS § 271.555 to NRS § 271.575. The sale shall be continued from day to day as provided in NRS § 271.555. The property sold is subject to redemption as provided in NRS § 271.595. If not redeemed as provided in that Section, after expiration of the period of redemption, the City Treasurer will issue a deed to the property on demand of the certificate holder in the manner provided in NRS § 271.595.

The City Council has exercised its option to have the whole amount of the unpaid principal of the assessment be due and payable immediately with respect to the above parcels, as provided in NRS § 271.410. As provided in that section, at any time prior to the date of sale the owner may pay the amount of delinquent installments with accrued interest, all penalties and costs of collection accrued including but not necessarily limited to any attorneys fees, and shall thereupon be restored the right to thereafter pay in installments in the same manner as if default had not been made. A property owner may obtain from the Las Vegas City Treasurer the amount that he / she is required to pay to the City in order to be restored to the right to pay his / her assessments in installments pursuant to NRS § 271.410(2).

**For additional questions, please call (702) 796-0082

IN WITNESS WHEREOF, I have affixed my signature on this May 16, 2001.

/s/ Michael K. Olson, City Treasurer

EXHIBIT C

STATE OF NEVADA)
 : ss.
 COUNTY OF CLARK)

AFFIDAVIT OF MAILING
NOTICE OF SALE
DISTRICTS 404 & 707

The undersigned, Barbara Jo Ronemus, City Clerk of the City of Las Vegas, Nevada, hereby swears on oath or affirmation:

1. Pursuant to Section 3 of the resolution attached hereto, as evidenced by the affidavit attached as Exhibit 1 hereto, I caused to be mailed a Notice in substantially the form attached hereto as Exhibit 2 to the persons described in paragraph 2 hereof on July 10, 2001, being at least 20 days before the sale, which was held on July 31, 2001.

2. The Notice was mailed by certified mail to each owner of a parcel which was subject to the sale, and to each person who has a property interest in any of the property subject to the sale that is recorded in the records of the County Recorder.

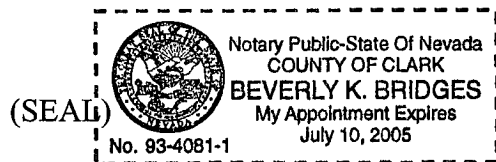
3. Receipts from the certified mailing and this affidavit will be retained in the records of the City for Districts 404 and 707 until all of the assessments for those Districts and all bonds pertaining thereto have been paid in full.

Dated this 27th day of August, 2001

Barbara Jo Ronemus
 City Clerk

SUBSCRIBED AND SWORN TO before me this 27th day of August, 2001,

by Barbara Jo Ronemus, City Clerk, City of Las Vegas, Nevada.



Beverly K. Bridges
 Notary Public

EXHIBIT 1

STATE OF NEVADA)

AFFIDAVIT OF MAILING

:ss.

NOTICE OF SALE

COUNTY OF CLARK)

The undersigned Keith B Davis, the President of Assessment Management Group of the City of Las Vegas, Nevada, hereby swears on oath or affirmation:

1. Pursuant to Section 3 of the resolution attached hereto, I mailed a Notice in substantially the form attached on the attachment hereto marked Exhibit 2 to the persons described in paragraph 2 hereof on July 10, 2001, being at least 20 days before the sale, which was held on July 31, 2001.

2. The Notice was mailed by certified mail to each owner of a parcel which was subject to the sale, and to each person who has property interest in any of the property subject to the sale that is recorded in the records of the County Recorder.

3. Receipts from the certified mailing and this affidavit will be retained in the records of the City for Districts 404 and 707 until all of the assessments for those Districts and all bonds pertaining thereto have been paid in full.

Dated this 2 day of August, 2001.

ASSESSMENT MANAGEMENT GROUP

Keith B Davis
Title: President

SUBSCRIBED AND SWORN TO before me this 2 day of August, 2001,
by Keith B Davis, President of Assessment Management Group.

[Signature]
Notary Public

(SEAL)

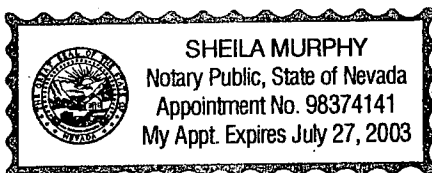


EXHIBIT 2

(Attach Copy of Notice as Mailed)

Notice is hereby given that the City Treasurer of the City of Las Vegas will at the hour of 2:00 p.m. on Tuesday, July 31, 2001, at the Council Chambers, Las Vegas City Hall Complex, 400 Stewart, Las Vegas, Nevada, sell the following parcels which are delinquent in the payment of assessments in the City's Special Assessment Districts Nos. 404 and 707 to the City of Las Vegas:

Name of Owner	Description of Property	Amount Due Before 7/31/01 to Cure Default Prior to Sale	Total Amount Due on Date of Sale
KAUFMAN & BROAD NEVADA INC District: 404	13725615007 913 MIDPRIDE ST SYCAMORE RIDGE_UNIT 1, PLAT BOOK 70 PAGE 50 LOT 210 BLOCK C	\$688.93	\$3,124.23
WINDISCHMAN MICHAEL D & TRACY E District: 404	13725617018 904 CAMBRIDGE CROSS PL WESTRIDGE AT SUMMERLIN_PHASE 1, PLAT BOOK 71 PAGE 2 LOT 18 BLOCK 1	\$512.22	\$3,946.32
SPURGEON BRIAN L District: 404	13725714067 406 BLUSH CREEK PL SUNSET MESA UNIT 1, PLAT BOOK 72 PAGE 59 LOT 45 BLOCK B	\$651.73	\$2,856.99
NUNLEY MICHAEL District: 404	13830317097 664 PEACHY CANYON CI_UT 103 SOUTH HALF PARCEL H_VILLAGE 3, PLAT BOOK 78 PAGE 57 UNIT 103 BLDG 15	\$512.26	\$1,684.53
SHAHPAR JOSEPH N SHAWN JANE District: 404	13830317155 813 PEACHY CANYON CI_UT 101 SOUTH HALF PARCEL H_VILLAGE 3, PLAT BOOK 78 PAGE 57 UNIT 101 BLDG 24	\$484.51	\$1,656.78
LUNA JOSE RODRIGUEZ District: 404	13830411018 9705 AMBER PEAK CT EAGLE ROCK, PLAT BOOK 73 PAGE 53 LOT 142 BLOCK 2	\$568.30	\$4,799.42
RICHARD DAVID C & JOANN District: 404	13830713027 9252 TOURNAMENT CANYON DR SUMMERLIN VILLAGE 3 CUSTOM LOTS UNIT #2, PLAT BOOK 75 PAGE 99 LOT 89 BLOCK A	\$1,698.19	\$10,370.25
SHUSTER HARRY & NITA District: 404	13830713031 9273 TOURNAMENT CANYON DR SUMMERLIN VILLAGE 3 CUSTOM LOTS UNIT #2, PLAT BOOK 75 PAGE 99 LOT 93 BLOCK A	\$1,698.19	\$10,370.25
NISHIMOTO WAYNE S & GRACE K District: 404	13830815006 300 HIGHLAND MESA CT SUMMERLIN VILLAGE 3_UNIT #1B CANYON TERRACE, PLAT BOOK 91 PAGE 20 LOT 6 BLOCK 1	\$1,029.51	\$6,260.77
RUSSOTTI DANIEL P & SUSAN T District: 404	13817413042 2432 TWIN FLOWER CI PANORAMA POINTE, PLAT BOOK 48 PAGE 26 LOT 145 BLOCK 3	\$686.11	\$3,041.06

KOUGIAS JESSE G District: 404	13818815005 9628 ANN ARBOR LA AMARANTE AT SUMMERLIN, PLAT BOOK 50 PAGE 95 LOT 48 BLOCK B	\$756.68	\$3,536.36
TRUSTEE CLARK COUNTY TREASURER MOORE BARRETT J District: 404	13818815052 2329 SATELLITE BEACH DR AMARANTE AT SUMMERLIN, PLAT BOOK 50 PAGE 95 LOT 121 BLOCK D	\$756.68	\$3,536.36
RAYKOV ROSSEN & NADIA District: 404	13818816042 9252 MAGIC FLOWER AV PANORAMA POINTE, PLAT BOOK 48 PAGE 26 LOT 88 BLOCK 3	\$438.64	\$2,690.35
ORTMAN NEIL A District: 404	13818817003 2337 BABCOCK DR HILLS AT SUMMERLIN PARCEL C UNIT 1, PLAT BOOK 48 PAGE 68 LOT 3 BLOCK 1	\$685.59	\$3,037.63
GROSKOPF MICHAEL & RENEE DIAMOND District: 404	13819513053 9448 AMBER VALLEY LA HILLS @ SUMMERLIN PARCEL C UNIT 2, PLAT BOOK 50 PAGE 13 LOT 82 BLOCK 4	\$687.36	\$3,050.01
ZAIDMAN CHRISTINA District: 404	13819515079 9532 SUMMER RAIN DR CYPRESS IN THE HILLS AT SUMMERLIN BY LEWIS HOMES, PLAT BOOK 48 PAGE 5 LOT 79 BLOCK C	\$461.72	\$3,082.92
WILLIAMS WALTER LAWRENCE District: 404	13819515111 2204 JUNIPER BERRY DR CYPRESS IN THE HILLS AT SUMMERLIN BY LEWIS HOMES, PLAT BOOK 48 PAGE 5 LOT 125 BLOCK D	\$667.73	\$2,912.34
HERNANDEZ FRANK District: 404	13819517016 2132 DESERT PEAK RD LAS COLINAS, PLAT BOOK 47 PAGE 61 LOT 22 BLOCK B	\$414.64	\$3,155.52
WELLS RONALD F & BARBARA A District: 404	13819611006 2101 WHITEBIRCH LA CHERRY CREEK, PLAT BOOK 49 PAGE 70 LOT 19 BLOCK 3	\$964.60	\$4,994.94
BAKER JEFFREY P & KATHERINE L District: 404	13820120001 2329 FLOWER SPRING ST WILLOW TREE #4 BY LEWIS HOMES, PLAT BOOK 55 PAGE 88 LOT 56 BLOCK B	\$812.43	\$3,927.55
GILMAN BERNARD & GERI District: 404	13820414002 1804 WINCANTON DR COUNTRY CLUB HILLS 2 IN THE HILLS AT SUMMERLIN UNIT 1, PLAT BOOK 59 PAGE 92 LOT 21 BLOCK A	\$2,288.90	\$14,287.22
ZAFFRON JAMES District: 404	13820615012 2012 SEDONA MORNING DR SEDONA IN THE PUEBLO AT SUMMERLIN, PLAT BOOK 49 PAGE 88 LOT 103 BLOCK D	\$857.11	\$4,241.04

ZAFFRON JAMES District: 404	13820615013 2016 SEDONA MORNING DR SEDONA IN THE PUEBLO AT SUMMERLIN, PLAT BOOK 49 PAGE 88 LOT 104 BLOCK D	\$857.11	\$4,241.04
SCHUTZBACH GARY M & CHERYL A District: 404	13820711010 1901 SEDONA PASEO LA SEDONA IN THE PUEBLO AT SUMMERLIN, PLAT BOOK 49 PAGE 88 LOT 12 BLOCK A	\$934.93	\$4,787.15
HURST TRACY District: 404	13820818035 8616 MIRADA DEL SOL DR SONOMA AT SUMMERLIN BY COLEMAN HOMES PHASE 3, PLAT BOOK 63 PAGE 61 LOT 103 BLOCK 5	\$964.44	\$5,896.30
ORLIJAN DONALD & BETTY District: 404	13820819204 8732 RED BROOK DR UT 201 RED HILLS AT THE PUEBLO, PLAT BOOK 71 PAGE 5 UNIT 3432 BLDG 34	\$851.90	\$2,312.93
SECHRIST RICHARD G JR District: 404	13820820133 1708 SKY OF RED DR UT 103 RED HILLS AT THE PUEBLO AMD, PLAT BOOK 81 PAGE 12 UNIT 4611 BLDG 46	\$537.51	\$1,998.54
WHITE KENNETH D District: 404	13820820135 1708 SKY OF RED DR UT 203 RED HILLS AT THE PUEBLO AMD, PLAT BOOK 81 PAGE 12 UNIT 4621 BLDG 46	\$537.51	\$1,998.54
ZAFFRON JACK District: 404	13821210001 8332 SEDONA SUNSET DR SEDONA IN THE PUEBLO AT SUMMERLIN, PLAT BOOK 49 PAGE 88 LOT 93 BLOCK C	\$1,174.96	\$6,471.10
ZAFFRON JAMES District: 404	13821210002 8328 SEDONA SUNSET DR SEDONA IN THE PUEBLO AT SUMMERLIN, PLAT BOOK 49 PAGE 88 LOT 92 BLOCK C	\$874.29	\$4,361.58
FEDERAL NATIONAL MORTGAGE ASSN District: 404	13821210010 8244 SEDONA SUNSET DR SEDONA IN THE PUEBLO AT SUMMERLIN, PLAT BOOK 49 PAGE 88 LOT 84 BLOCK C	\$857.11	\$4,241.04
HARRIS SARAH L District: 404	13821210077 2017 SEDONA CREEK CI SEDONA IN THE PUEBLO AT SUMMERLIN, PLAT BOOK 49 PAGE 88 LOT 112 BLOCK D	\$873.93	\$4,358.63
BARAJAS MONICA District: 404	13821712081 7628 ALLERTON AV BUENA VISTA UNIT 1, PLAT BOOK 57 PAGE 56 LOT 18 BLOCK 3	\$453.59	\$2,338.42
TOLENTINO AGRIPINA R District: 404	13821814011 7700 HASKELL FLATS DR PLATEAU PHASE 2, PLAT BOOK 56 PAGE 92 LOT 34 BLOCK 4	\$689.67	\$3,066.17

JOHNSON EDWIN E District: 404	13821815020 7925 POTTERY CREEK DR SANTA FE PHASE 2, PLAT BOOK 57 PAGE 36 LOT 29 BLOCK 1	\$720.75	\$3,284.34
REBER JAMES M & DELORES District: 404	13821816046 7844 CALICO FLOWER AV VALENCIA PHASE 2, PLAT BOOK 58 PAGE 3 LOT 95 BLOCK 4	\$736.97	\$3,397.88
CHURCH WARREN D JR District: 404	13830513009 1304 ELK RIVER CI MONTAIRE PHASE 3, PLAT BOOK 58 PAGE 11 LOT 133 BLOCK 7	\$983.71	\$5,129.20
DEZHBAKHSH KEYVAN District: 404	13830513038 1315 FOX ACRES DR MONTAIRE PHASE 3, PLAT BOOK 58 PAGE 11 LOT 37 BLOCK 5	\$935.91	\$5,365.16
VERNON CONRAD & LINDA District: 404	13830611041 9213 EAGLE RIDGE DR MONTAIRE PHASE 2, PLAT BOOK 54 PAGE 84 LOT 172 BLOCK 4	\$845.41	\$4,158.94
LESHER CASEY A District: 404	13725112010 1509 SCENIC PEAK ST ASPENGLIN IN THE CROSSING AT SUMMERLIN UNIT #1, PLAT BOOK 66 PAGE 23 LOT 54 BLOCK B	\$733.61	\$3,421.52
RUDOLPH LARRY S & GAIL District: 404	13725113014 1105 VENTURA HILLS ST DISCOVERY HILLS UNIT 3, PLAT BOOK 72 PAGE 52 LOT 27 BLOCK B	\$958.55	\$5,024.07
FREGOSO CAROLYN E & GARY M District: 404	13725514055 10113 DESERT WIND DR WEST HILLS, PLAT BOOK 65 PAGE 76 LOT 107 BLOCK 3	\$363.39	\$3,338.05
STEVENS HOWARD W District: 404	13725521071 1501 CARDINAL PEAK LA UT 104 RED BLUFFS AT THE CROSSING UNIT 2, PLAT BOOK 88 PAGE 45 UNIT 941 BLDG 9	\$481.36	\$1,624.07
HOFFMAN KENNETH E & CHERYL J District: 404	13725612003 1013 CORSICA LA SAN MARINO, PLAT BOOK 68 PAGE 29 LOT 3 BLOCK A	\$508.40	\$2,997.72
CASTROVERDE SUSAN District: 404	13725612133 908 CORSICA LA SAN MARINO, PLAT BOOK 68 PAGE 29 LOT 196 BLOCK B	\$701.22	\$3,190.55
BENNETT MARK R District: 404	13725612185 10341 FORUM HILLS PL SAN MARINO, PLAT BOOK 68 PAGE 29 LOT 146 BLOCK E	\$701.22	\$3,190.55

MARGOLIN RICHARD A & YVETTE L District: 404	13819117003 9812 CANTEBURY ROSE LA COUNTRY ROSE EST AT THE TRAILS_ UNIT #2, PLAT BOOK 71 PAGE 96 LOT 30 BLOCK A	\$891.18	\$4,544.20
STONESTREET NICHOLAS A District: 404	13819118006 10000 MOON VALLEY PL HALF ACRES_ PHASE 2 AT SUMMERLIN VILLAGE 7_ THE TRAILS, PLAT BOOK 78 PAGE 26 LOT 44 BLOCK 4	\$2,288.35	\$14,498.70
NEELY JAMES A & SHERYL District: 404	13819219007 9701 SWEET ROSE CT COUNTRY ROSE EST AT THE TRAILS_ UNIT #2, PLAT BOOK 71 PAGE 96 LOT 118 BLOCK D	\$891.18	\$4,544.20
DOWELL CHARLES R JR District: 404	13819315020 1901 SIERRA OAKS LA LAPAZ, PLAT BOOK 65 PAGE 53 LOT 20 BLOCK B	\$845.63	\$4,219.59
MOES JOHN J District: 404	13819415001 9724 PANORAMA CLIFF DR SEQUOIA PHASE 2, PLAT BOOK 65 PAGE 13 LOT 11 BLOCK 1	\$721.85	\$3,337.58
ROBINSON AQUILLA District: 404	13821716107 7613 AMATO AV BUENA VISTA UNIT 2, PLAT BOOK 63 PAGE 43 LOT 7 BLOCK 6	\$457.58	\$2,347.58
SOFIA MICHAEL A District: 404	13829311015 8900 PLAYERS CLUB DR TOURNAMENT HILLS_ UNIT 3, PLAT BOOK 55 PAGE 25 LOT 13 BLOCK B	\$3,392.24	\$22,363.81
WYNKOOP THOR C District: 404	13830515048 1405 SAN JUAN HILLS DR_ UT 104 TERRACES IN THE HILLS AT SUMMERLIN AMD, PLAT BOOK 69 PAGE 25 UNIT 8104 BLDG 8	\$681.55	\$3,050.57
TOOMEY CAROL A District: 404	13830618011 804 DANA HILLS CT_ UT 101 TERRACES 2 IN THE HILLS AT SUMMERLIN AMD, PLAT BOOK 77 PAGE 17 UNIT 3101 BLDG 3	\$667.49	\$2,978.48
HENDERSON RICHARD TODD & CARRIE District: 707	13723811056 11104 SUMMER SQUASH LA FALLBROOK, PLAT BOOK 82 PAGE 99 LOT 88 BLOCK 3	\$924.43	\$5,553.67
SCOTT ALAN & MARIA N District: 707	13724415018 10504 PERGOLA PEAK AV ARBOR GROVE UNIT 2, PLAT BOOK 82 PAGE 95 LOT 59 BLOCK A	\$927.66	\$5,580.75

PARKER KENNETH A District: 707	13725120029 1508 FRENCH MERLOT CT VINEYARDS UNIT 3, PLAT BOOK 89 PAGE 54 LOT 61 BLOCK D	\$1,899.66	\$13,709.08
SIMS DONNA District: 707	13725121013 10633 AMBLEWOOD AV WEST BROOK PHASE 2, PLAT BOOK 90 PAGE 53 LOT 22 BLOCK 1	\$1,022.39	\$6,372.85
WILLIAMS MISTY G & ALLEN District: 707	13725314042 508 SILVER GROVE ST CHARDONNAY #61 BY LEWIS HOMES, PLAT BOOK 78 PAGE 77 LOT 34 BLOCK B	\$528.68	\$6,046.91
WOLF RICHARD District: 707	13725419010 308 SILVER CASTLE ST CHARDONNAY #41 BY LEWIS HOMES, PLAT BOOK 80 PAGE 47 LOT 452 BLOCK D	\$388.34	\$4,708.46
GRANT SHARON District: 707	13725816042 200 N ROYAL ASCOT DR PARCEL O SUMMERLIN VILLAGE 3 PHASE 1, PLAT BOOK 79 PAGE 96 LOT 41 BLOCK A	\$2,030.47	\$14,802.73
YADEN ELLIOTT LEIA A District: 707	13726513054 11204 ROSE REFLET PL BROOKFIELD, PLAT BOOK 84 PAGE 100 LOT 65 BLOCK 1	\$939.73	\$5,681.55
SHANNON MICHAEL R District: 707	13726611076 10900 SUMMER QUAIL AV QUAIL RIDGE, PLAT BOOK 85 PAGE 73 LOT 117 BLOCK 4	\$1,196.04	\$7,825.18
LIMON JOHN P & TINA M District: 707	13726614024 11160 SHADOW NOOK CT ARBOR VIEW, PLAT BOOK 88 PAGE 16 LOT 24 BLOCK 1	\$1,325.51	\$8,907.72
PORTOLA DEVELOPMENT CO L L C District: 707	13726714007 709 WHITE FALCON ST QUAIL RIDGE, PLAT BOOK 85 PAGE 73 LOT 64 BLOCK 1	\$1,196.04	\$7,825.17
HAMANO YOLCHI & NORIKO District: 707	13726715055 11017 SONOMA CREEK CT NAPA HILLS BY LEWIS HOMES UNIT 3, PLAT BOOK 90 PAGE 78 LOT 235 BLOCK 4	\$844.82	\$4,888.11
OMURA TED T & SALLY S District: 707	13726717067 11025 OKEEFE CT SONOMA HILLS BY LEWIS HOMES UNIT 1, PLAT BOOK 88 PAGE 69 LOT 130 BLOCK 3	\$849.34	\$4,925.86
XAYADETH KHAM MEAUNG & ARIYA District: 707	13735611023 10920 MOUNT ROYAL AV SUMMERLIN PARCEL MM UNIT 1, PLAT BOOK 89 PAGE 84 LOT 89 BLOCK 1	\$447.64	\$7,561.80
WYSER WILLIAM G & DIONNE V District: 707	13736112051 10640 LACE VINE ARBOR AV ROSEWOOD BY PARDEE PHASE 1, PLAT BOOK 79 PAGE 76 LOT 25 BLOCK 2	\$707.20	\$5,579.20

WHELLAMS JOSHUA R HARTMANN RALPH & LINDA District: 707	13736113079 300 PINE HAVEN ST _UT 202 SILVER PINES CONDO AMD, PLAT BOOK 82 PAGE 36 UNIT 202 BLDG 6	\$539.50	\$2,334.86
LATHAN JYAMESETTA A District: 707	13736113130 353 AMBER PINE ST _UT 102 SILVER PINES CONDO AMD, PLAT BOOK 82 PAGE 36 UNIT 102 BLDG 10	\$336.01	\$2,131.37
RIVERA CARLOS M District: 707	13736113143 353 AMBER PINE ST _UT 207 SILVER PINES CONDO AMD, PLAT BOOK 82 PAGE 36 UNIT 207 BLDG 10	\$539.50	\$2,334.86
FINCH MICHELLE L District: 707	13736211061 604 BIANCA BAY ST GLENMERE #2 BY LEWIS HOMES, PLAT BOOK 82 PAGE 1 LOT 189 BLOCK E	\$1,095.88	\$6,987.33
GLEICH JAMES R & ANGELA District: 707	13736211083 504 JOE WILLIS ST GLENMERE #2 BY LEWIS HOMES, PLAT BOOK 82 PAGE 1 LOT 61 BLOCK A	\$662.55	\$6,554.00
HARRAH EDWIN M District: 707	13736411174 820 TITAN PEAK PL _UT 104 AMBER RIDGE CONDO IN THE ARBORS SUMMERLIN VILLAGE 11 12 PCL KK, PLAT BOOK 86 PAGE 13 UNIT 104 BLDG 24	\$635.60	\$3,138.50

* Includes whole amount of unpaid assessment, accrued and delinquent interest to July 31, 2001, penalties and collection costs, including attorney fees.

Each property described above will be sold to satisfy the total amount due thereon as is stated above, to the first person at the sale offering to pay the amount due on that property as is listed above. The sale shall be held, and purchasers at the sale shall receive certificates of sale, as provided in NRS § 271.555 to NRS § 271.575. The sale shall be continued from day to day as provided in NRS § 271.555. The property sold is subject to redemption as provided in NRS 271.595. If not redeemed as provided in that Section, after expiration of the period of redemption, the City Treasurer will issue a deed to the property on demand of the certificate holder in the manner provided in NRS § 271.595.

The City Council has exercised its option to have the whole amount of the unpaid principal of the assessment be due and payable immediately with respect to the above parcels, as provided in NRS § 271.410. As provided in that section, at any time prior to the date of sale the owner may pay the amount of delinquent installments with accrued interest, all penalties and costs of collection accrued including but not necessarily limited to any attorneys fees, and shall thereupon be restored the right to thereafter pay in installments in the same manner as if default had not been made. A property owner may obtain from the Las Vegas City Treasurer the amount that he / she is required to pay to the City in order to be restored to the right to pay his / her assessments in installments pursuant to NRS § 271.410(2).

****For additional questions, please call (702) 796-0082**

IN WITNESS WHEREOF, I have affixed my signature on this May 16, 2001.

/s/ Michael K. Olson
City Treasurer

(End of Form of Notice of Sale)