

LIBERTY MEDIA INTERNATIONAL INC

Form PREM14A

February 14, 2005

**Table of Contents**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934**

Filed by the Registrant:  b

Filed by a Party other than the Registrant:  o

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

Liberty Media International, Inc.

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(Name of Registrant as Specified in its Charter)

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N/A

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(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Liberty Media International, Inc. Series A Common Stock, par value \$.01 per share  
Liberty Media International, Inc. Series B Common Stock, par value \$.01 per share  
UnitedGlobalCom, Inc. Class A Common Stock, par value \$.01 per share  
UnitedGlobalCom, Inc. Class C Common Stock, par value \$.01 per share

(2) Aggregate number of securities to which transaction applies:

As of December 31, 2004, (1) 167,205,861 outstanding shares of LMI Series A Common Stock, which include options to acquire 1,690,899 shares of LMI Series A Common Stock, (2) 10,331,016 outstanding shares of LMI Series B Common Stock, which include options to acquire 3,066,716 shares of LMI Series B Common Stock, (3) 429,845,505 outstanding shares of UGC Class A Common Stock, which include (x) equity incentive awards to acquire 48,617,610 shares of UGC Class A Common Stock, (y) 1,629,284 shares of UGC Class A Common Stock placed in escrow in connection with a pending transaction and (z) 15,396,224 shares of UGC Class A Common Stock reserved for issuance in connection with certain outstanding claims, and (4) 2,141,272 outstanding shares of UGC Class C Common Stock.

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

Based upon the averages of the high and low prices reported for the LMI Series A Common Stock, LMI Series B Common Stock and UGC Class A Common Stock, respectively, on the Nasdaq National Market on February 10, 2005, which were \$44.54, \$47.18 and \$9.64, respectively. The filing fee is being calculated based upon an aggregate transaction value of \$12,099,118,914.10, which is obtained by: (1) multiplying (x) the number of outstanding shares of LMI Series A Common Stock listed above by (y) \$44.54, and (2) adding thereto the product of (x) the number of outstanding shares of LMI Series B Common Stock listed above and (y) \$47.18, and (3) adding thereto the product of (x) the number of outstanding shares of UGC Class A Common Stock listed above and (y) \$9.64, and (4) adding thereto the product of (x) the number of outstanding shares of UGC Class C Common Stock listed above and (y) \$9.64 (shares of UGC Class C Common Stock are not publicly traded, but they are convertible at the option of the holder into shares of UGC Class A Common Stock, on a one-to-one basis).

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**Table of Contents**

(4) Proposed maximum aggregate value of transaction:  
\$12,099,118,914.10

(5) Total fee paid:  
\$1,424,066.30, estimated pursuant to Section 14(g) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, on the basis of \$117.70 per million of the estimated maximum aggregate value of the transaction.

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

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**Table of Contents**

*The information in this joint proxy statement/prospectus is not complete and may be changed. We may not sell the securities offered by this joint proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where an offer or solicitation is not permitted.*

**Subject to completion dated February 14, 2005**

[LMI LOGO]

[UGC LOGO]

[\_\_\_\_\_], 2005

To the stockholders of Liberty Media International, Inc. and UnitedGlobalCom, Inc.:

Liberty Media International, Inc. (LMI) and UnitedGlobalCom, Inc. (UGC) have entered into a merger agreement providing for the combination of our two companies under a new parent company named Liberty Global, Inc. The combination of our two companies will create a global broadband company with significant scale outside of the United States. LMI and UGC will each designate one-half of the directors of Liberty Global, and the senior management of Liberty Global will consist of senior executives of LMI and UGC.

LMI currently controls UGC. In the mergers combining LMI and UGC:

LMI stockholders will receive, for each share of LMI Series A or Series B common stock they own, one share of the corresponding series of Liberty Global stock; and

UGC stockholders (other than LMI and its wholly owned subsidiaries) will have the right to elect to receive, for each share of UGC common stock they own, 0.2155 of a share of Liberty Global Series A common stock or \$9.58 in cash. The cash election will be subject to proration, so that the total cash consideration paid does not exceed 20% of the aggregate value of the merger consideration payable to the public stockholders of UGC.

The exchange ratios at which LMI shares and UGC shares will be converted into Liberty Global shares are fixed, and there will be no adjustment in the exchange ratios for any changes in the market price of either the LMI or UGC common stock. Depending on the number of UGC stockholders who make the cash election, we estimate that former UGC stockholders will own between 27% and 31% of the equity and between 21% and 25% of the aggregate voting power of Liberty Global, with the remaining percentages of equity and voting power being owned by the former LMI stockholders (based upon the LMI Series A closing stock price on February 7, 2005 and outstanding share information for UGC as of December 31, 2004). It is anticipated that Liberty Global Series A and Series B common stock will be listed on the Nasdaq National Market.

LMI and UGC are each calling special meetings of their stockholders to consider and vote on the merger agreement and the mergers. Information concerning the date, time and place of the LMI and UGC special meetings can be found in the accompanying Notice of Special Meeting of Stockholders of LMI and Notice of Special Meeting of Stockholders of UGC, respectively.

The board of directors of LMI has approved the merger agreement and the merger involving LMI and recommends that LMI stockholders vote **FOR** the adoption of the merger agreement, and the board of directors of UGC has approved the merger agreement and the merger involving UGC and recommends that UGC stockholders vote **FOR** the adoption of the merger agreement. In approving the merger agreement and making its recommendation, the UGC board considered (1) the unanimous determination of a special committee of members of the UGC board (who are independent under the rules of the Nasdaq Stock Market and have no relationship with LMI or any of its affiliates that the special committee viewed as undermining its independence) that the merger agreement and the UGC merger are

fair to, and in the best interests of, UGC stockholders (other than LMI and its affiliates) and (2) the approval by the special committee of the merger agreement in compliance with the rules of the

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**Table of Contents**

Nasdaq Stock Market. The special committee was formed in compliance with the rules of the Nasdaq Stock Market for purposes of negotiating exclusively on UGC's behalf any transaction with LMI.

***Your vote is very important, regardless of the number of shares you own. Whether or not you plan to attend either special meeting, please vote as soon as possible to make sure that your shares are represented. If you do not vote, it will have the same effect as a vote AGAINST the adoption of the merger agreement.***

We are very excited about the prospective business combination of our companies, and we look forward to obtaining your approval at the special meetings.

Sincerely,

John C. Malone  
Chairman of the Board, Chief  
Executive Officer  
and President  
Liberty Media International, Inc.

Sincerely,

Gene W. Schneider  
Chairman of the Board  
UnitedGlobalCom, Inc.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the mergers or the securities being offered in the mergers, has passed upon the merits or fairness of the mergers or passed upon the adequacy or accuracy of the disclosure in this booklet. Any representation to the contrary is a criminal offense.**

The accompanying joint proxy statement/prospectus is dated [\_\_\_], 2005 and is first being mailed on or about [\_\_\_], 2005 to stockholders of record as of [\_\_\_], 2005.

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**Table of Contents**

**REFERENCES TO ADDITIONAL INFORMATION**

LMI and UGC are each subject to the information and reporting requirements of the Securities Exchange Act of 1934 and, in accordance with the Exchange Act, LMI and UGC each file periodic reports and other information with the Securities and Exchange Commission. In addition, this joint proxy statement/prospectus incorporates important business and financial information about UGC from other documents that are not included in or delivered with this joint proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain copies of documents filed by LMI and UGC with the Securities and Exchange Commission, including the UGC documents incorporated by reference in this joint proxy statement/prospectus, through the Securities and Exchange Commission website at <http://www.sec.gov> or by contacting LMI or UGC, as applicable, by writing or telephoning the office of Investor Relations:

Liberty Media International, Inc.  
12300 Liberty Boulevard  
Englewood, Colorado 80112  
Telephone: (877) 783-7676

UnitedGlobalCom, Inc.  
4643 South Ulster Street, Suite 1300  
Denver, Colorado 80237  
Telephone: (303) 770-4001

**If you would like to request any documents, please do so by [\_\_\_], 2005 in order to receive them before the special meetings.** If you request any documents, they will be mailed to you by first class mail, or another equally prompt means, within one business day after your request is received.

See Additional Information Where You Can Find More Information beginning on page 148.

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**Table of Contents**

[LMI LOGO]

**LIBERTY MEDIA INTERNATIONAL, INC.**

**Notice of Special Meeting of Stockholders  
to be Held [\_\_\_\_], 2005**

Dear Liberty Media International, Inc. Stockholder:

You are cordially invited to attend, and notice is hereby given of, a special meeting of stockholders of Liberty Media International, Inc. (LMI) to be held at [\_\_\_\_], on [\_\_\_\_], 2005 at [\_\_\_\_] a.m., local time, for the following purposes:

1. To consider and vote upon a proposal (which we refer to as the merger proposal) to adopt the Agreement and Plan of Merger, dated as of January 17, 2005, among LMI, UnitedGlobalCom, Inc. (UGC), Liberty Global, Inc. and two subsidiaries of Liberty Global pursuant to which, among other things, LMI and UGC would become wholly owned subsidiaries of Liberty Global and each outstanding share of LMI common stock would be exchanged for one share of the corresponding series of Liberty Global common stock; and

2. To transact such other business as may properly be presented at the meeting or any postponements or adjournments of the meeting.

The approval of the merger proposal requires the affirmative vote of the holders of at least a majority of the aggregate voting power of the outstanding shares of LMI common stock, voting together as a single class. Holders of record of LMI common stock as of 5:00 p.m., New York City time, on [\_\_\_\_], 2005, the record date for the LMI special meeting, will be entitled to notice of and to vote at that meeting or any adjournment or postponement thereof. A list of stockholders entitled to vote at the LMI special meeting will be available at the office of LMI for review by any LMI stockholder, for any purpose germane to the LMI special meeting, for at least 10 days prior to the LMI special meeting.

Pursuant to a voting agreement entered into between John C. Malone, the Chairman of the Board, Chief Executive Officer and President of LMI, and UGC, Mr. Malone has agreed to vote the shares of LMI Series A common stock and LMI Series B common stock owned by him or which he has the right to vote (currently representing approximately 26.5% of the outstanding voting power of LMI) **FOR** the merger proposal.

We describe the merger proposal in more detail in the accompanying joint proxy statement/prospectus. We encourage you to read the joint proxy statement/prospectus in its entirety before voting.

**The board of directors of LMI unanimously recommends that you vote FOR the approval of the merger proposal.**

Your vote is very important, regardless of the number of shares you own. To make sure your shares are represented at the meeting, please vote as soon as possible, whether or not you plan to attend the meeting. You may vote by proxy in any one of the following ways:

Use the toll-free telephone number shown on the proxy card;

Use the internet website shown on the proxy card; or

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Complete, sign, date and promptly return the enclosed proxy card in the postage-paid envelope. It requires no postage if mailed in the United States.

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**Table of Contents**

You may revoke your proxy in the manner described in the accompanying joint proxy statement/prospectus. If you attend the LMI special meeting, you may vote your shares in person even if you have previously submitted a proxy.

By Order of the Board of Directors,

Elizabeth M. Markowski  
Secretary

Englewood, Colorado  
[\_\_\_\_\_], 2005

**PLEASE COMPLETE, EXECUTE AND RETURN THE ENCLOSED PROXY CARD PROMPTLY OR VOTE BY TELEPHONE OR OVER THE INTERNET, WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE LMI SPECIAL MEETING. IF YOU HAVE ANY QUESTIONS ABOUT THE MERGER PROPOSAL OR ABOUT VOTING YOUR LMI SHARES, PLEASE CALL D.F. KING & CO. AT [\_\_\_\_\_].**

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**Table of Contents**

[UGC LOGO]

**UNITEDGLOBALCOM, INC.**

**Notice of Special Meeting of Stockholders  
to be Held [\_\_\_\_], 2005**

Dear UnitedGlobalCom, Inc. Stockholder:

You are cordially invited to attend, and notice is hereby given of, a special meeting of stockholders of UnitedGlobalCom, Inc. (UGC) to be held at [\_\_\_\_], on [\_\_\_\_], 2005 at [\_\_\_\_] a.m., local time, for the following purposes:

1. To consider and vote upon a proposal (which we refer to as the merger proposal) to adopt the Agreement and Plan of Merger, dated as of January 17, 2005, among Liberty Media International, Inc. (LMI), UGC, Liberty Global, Inc. and two subsidiaries of Liberty Global pursuant to which, among other things, UGC and LMI would become wholly owned subsidiaries of Liberty Global and UGC stockholders (other than LMI and its wholly owned subsidiaries) would have the right to elect to receive, for each share of UGC common stock they own, 0.2155 of a share of Liberty Global Series A common stock or \$9.58 in cash (with the cash election subject to proration so that the total cash consideration paid does not exceed 20% of the aggregate value of the merger consideration payable to the public stockholders of UGC); and

2. To transact such other business as may properly be presented at the meeting or any postponements or adjournments of the meeting.

The approval of the merger proposal requires a vote of the holders of UGC common stock, with all classes voting together as a single class, that satisfies two criteria:

first, the merger proposal must be approved by the affirmative vote of the holders of at least a majority of the aggregate voting power of the outstanding shares of UGC common stock; and

second, the merger proposal must be approved by the affirmative vote of the holders of at least a majority of the aggregate voting power of the outstanding shares of UGC common stock, exclusive of the shares beneficially owned by LMI, Liberty Media Corporation (Liberty) or any of their respective subsidiaries or any of the executive officers or directors of LMI, Liberty or UGC.

As LMI has agreed in the merger agreement to vote its UGC shares (representing approximately 91% in aggregate UGC voting power) **FOR** the merger proposal, the first criteria will be met.

Holders of record of UGC common stock as of 5:00 p.m., New York City time, on [\_\_\_\_], 2005, the record date of the UGC special meeting, will be entitled to notice of and to vote at that meeting or at any adjournment or postponement thereof. A list of stockholders entitled to vote at the UGC special meeting will be available at UGC's office for review by any UGC stockholder, for any purpose germane to the UGC special meeting, for at least 10 days prior to the UGC special meeting.

We describe the merger proposal in more detail in the accompanying joint proxy statement/prospectus. We encourage you to read the joint proxy statement/prospectus in its entirety before voting.

**The board of directors of UGC, after consideration of the favorable recommendation of, and approval of the merger agreement in compliance with the rules of the Nasdaq Stock Market by, a special committee of**

**independent directors of the UGC board, unanimously recommends that you vote FOR the approval of the merger proposal.**

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**Table of Contents**

Your vote is very important, regardless of the number of shares you own. To make sure your shares are represented at the meeting, please vote as soon as possible, whether or not you plan to attend the meeting. You may vote by proxy in any one of the following ways:

Use the toll-free telephone number shown on the proxy card;

Use the internet website shown on the proxy card; or

Complete, sign, date and promptly return the enclosed proxy card in the postage-paid envelope. It requires no postage if mailed in the United States.

You may revoke your proxy in the manner described in the accompanying joint proxy statement/prospectus. If you attend the UGC special meeting, you may vote your shares in person even if you have previously submitted a proxy.

By Order of the Board of Directors,

Ellen P. Spangler  
Secretary

Denver, Colorado  
[\_\_\_\_\_], 2005

**PLEASE COMPLETE, EXECUTE AND RETURN THE ENCLOSED PROXY CARD PROMPTLY OR VOTE BY TELEPHONE OR OVER THE INTERNET, WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE UGC SPECIAL MEETING. IF YOU HAVE ANY QUESTIONS ABOUT THE MERGER PROPOSAL OR ABOUT VOTING YOUR UGC SHARES, PLEASE CALL D.F. KING & CO. AT [\_\_\_\_\_].**

---

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<u>QUESTIONS AND ANSWERS ABOUT THE MERGERS</u>	4
<u>SUMMARY</u>	9
<u>The Companies</u>	9
<u>Structure of The Mergers</u>	10
<u>What You Will Receive in the Mergers</u>	10
<u>The Special Meetings</u>	11
<u>Our Recommendations to Stockholders</u>	12
<u>Our Reasons for the Mergers</u>	13
<u>Fairness of the UGC Merger</u>	14
<u>Opinions of the Financial Advisors</u>	15
<u>Management of Liberty Global</u>	15
<u>Interests of Certain Persons in the Mergers</u>	16
<u>Material United States Federal Income Tax Consequences of the Mergers</u>	16
<u>Merger Agreement</u>	17
<u>Appraisal or Dissenters' Rights</u>	18
<u>Regulatory Matters</u>	18
<u>Voting Agreement</u>	18
<u>Risk Factors</u>	18
<u>Selected Summary Historical Financial Data of LMI</u>	20
<u>Selected Summary Historical Financial Data of UGC</u>	22
<u>Selected Unaudited Condensed Pro Forma Combined Financial Data of Liberty Global</u>	24
<u>Comparative Per Share Financial Data</u>	25
<u>Comparative Per Share Market Price and Dividend Information</u>	26
 <u>RISK FACTORS</u>	 28
<u>Factors Relating to the Mergers</u>	28
<u>Factors Relating to Overseas Operations and Regulations</u>	30
<u>Factors Relating to Technology and Competition</u>	32
<u>Factors Relating to Certain Financial Matters</u>	34
<u>Factors Relating to Governance Matters</u>	36
 <u>INFORMATION REGARDING FORWARD-LOOKING STATEMENTS</u>	 39
 <u>THE COMPANIES</u>	 41
<u>Liberty Media International, Inc.</u>	41
<u>UnitedGlobalCom, Inc.</u>	41
<u>Liberty Global, Inc.</u>	42
<u>Cheetah Acquisition Corp. (LMI Merger Sub)</u>	42
<u>Tiger Global Acquisition Corp. (UGC Merger Sub)</u>	42
 <u>THE SPECIAL MEETINGS AND PROXY SOLICITATIONS</u>	 43

<u>Time, Place &amp; Date</u>	43
<u>Purposes</u>	43
<u>Quorum</u>	43
<u>Record Date</u>	43
<u>Shares Entitled to Vote</u>	43
<u>Votes You Have</u>	43
<u>Recommendation of the Board of Directors</u>	44
<u>Votes Required</u>	44
<u>Shares Outstanding</u>	45
<u>Numbers of Holders</u>	45

---



**Table of Contents**

	<b>Page</b>
<u>Voting Procedures</u>	46
<u>Revoking a Proxy</u>	46
<u>Solicitation of Proxies</u>	46
<u>Shares Held in Street Name</u>	47
<u>Auditors</u>	47
 <u>SPECIAL FACTORS</u>	 48
 <u>Background of the Mergers</u>	 48
<u>Recommendations of the Special Committee and the UGC Board; Fairness of the Offer and the UGC Merger</u>	54
<u>Opinion of the Financial Advisor to the Special Committee</u>	59
<u>Recommendation of the LMI Board; Purposes and Reasons for the Mergers</u>	66
<u>Position of LMI Regarding the Fairness of the UGC Merger</u>	68
<u>Opinion of LMI's Financial Advisor</u>	70
<u>Availability of Opinions and Reports</u>	78
<u>Conduct of the Business of UGC if the Mergers are Not Completed</u>	78
<u>Amount and Source of Funds and Financing of the Mergers; Expenses</u>	78
<u>Interests of Certain Persons in the Mergers</u>	78
<u>Accounting Treatment</u>	79
<u>Regulatory Matters</u>	80
<u>Appraisal or Dissenters' Rights</u>	80
<u>Federal Securities Law Consequences</u>	80
<u>Class Action Lawsuits Relating to the UGC Merger</u>	80
<u>Provisions for Unaffiliated Stockholders of UGC</u>	81
<u>Plans for UGC After the Mergers; Certain Effects of the Mergers</u>	81
 <u>MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGERS</u>	 84
 <u>Tax Opinions</u>	 85
<u>U.S. Federal Income Tax Consequences of the LMI Merger</u>	86
<u>U.S. Federal Income Tax Consequences of the UGC Merger</u>	87
 <u>THE TRANSACTION AGREEMENTS</u>	 91
 <u>Merger Agreement</u>	 91
<u>Voting Agreement</u>	103
 <u>MANAGEMENT OF LIBERTY GLOBAL</u>	 104
 <u>Executive Officers and Directors</u>	 104
<u>Board Composition</u>	105
<u>Executive Compensation</u>	106
<u>Compensation of Directors</u>	106
 <u>EXECUTIVE OFFICERS, DIRECTORS AND PRINCIPAL STOCKHOLDERS OF LMI</u>	 107

<u>Executive Officers and Directors</u>	107
<u>Executive Compensation</u>	109
<u>Employment Contracts and Termination of Employment and Change in Control Arrangements</u>	112
<u>Director Compensation</u>	112
<u>Security Ownership of Certain Beneficial Owners and Management</u>	113
<u>EXECUTIVE OFFICERS, DIRECTORS AND PRINCIPAL STOCKHOLDERS OF UGC</u>	117
<u>Executive Officers and Directors</u>	117
<u>Security Ownership of Certain Beneficial Owners and Management</u>	120
<u>DESCRIPTION OF LIBERTY GLOBAL CAPITAL STOCK</u>	125
<u>Authorized Capital Stock</u>	125
<u>Common Stock</u>	125
<u>Preferred Stock</u>	127
<u>Dividend Policy</u>	127

**Table of Contents**

	<b>Page</b>
<u>Anti-Takeover Effects of Provisions of Restated Certificate of Incorporation and Bylaws</u>	128
<u>Section 203 of the Delaware General Corporation Law</u>	130
<u>Transfer Agent and Registrar</u>	130
 <u>COMPARISON OF THE RIGHTS OF STOCKHOLDERS OF LMI, UGC AND LIBERTY GLOBAL</u>	 131
 <u>LIBERTY GLOBAL UNAUDITED CONDENSED PRO FORMA COMBINED FINANCIAL STATEMENTS</u>	 140
 <u>ADDITIONAL INFORMATION</u>	 148
 <u>Legal Matters</u>	 148
<u>Stockholder Proposals</u>	148
<u>Where You Can Find More Information</u>	148
 APPENDIX Information Concerning Liberty Media International, Inc.	
A:	
Part 1: Description of Business	
Part 2: Certain Relationships and Related Party Transactions	
Part 3: Management's Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures About Market Risk	
Part 4: Historical Financial Statements of LMI and its Significant Affiliates and Acquirees	
 APPENDIX Agreement and Plan of Merger	
B:	
 APPENDIX Voting Agreement	
C:	
 APPENDIX Opinion of Morgan Stanley & Co. Incorporated	
D:	
 APPENDIX Opinion of Banc of America Securities LLC	
E:	
 APPENDIX Form of Restated Certificate of Incorporation of Liberty Global, Inc.	
F:	
 APPENDIX Form of Bylaws of Liberty Global, Inc.	
G:	
 APPENDIX Section 262 of the Delaware General Corporation Law	
H:	



**Table of Contents**

**QUESTIONS AND ANSWERS ABOUT THE MERGERS**

*The questions and answers below highlight only selected information from this joint proxy statement/prospectus. They do not contain all of the information that may be important to you. You should read carefully the entire joint proxy statement/prospectus, including the appendices included herein, and the additional documents incorporated by reference in this joint proxy statement/prospectus to fully understand the matters being considered at the special meetings.*

**Q: What is the proposed transaction for which I am being asked to vote?**

A: LMI and UGC have agreed to combine their businesses by each merging with a separate wholly owned subsidiary of a new parent company named Liberty Global, Inc. The merger involving LMI requires the approval of the stockholders of LMI, while the merger involving UGC requires the approval of the stockholders of UGC (including a majority of the minority approval). Stockholders of LMI and stockholders of UGC (other than LMI and its wholly owned subsidiaries) would become stockholders of Liberty Global.

**Q: What will holders of LMI common stock receive as a result of the mergers?**

A: Each share of LMI Series A common stock or LMI Series B common stock owned by an LMI stockholder will be exchanged for one share of the corresponding series of Liberty Global common stock. Each series of Liberty Global common stock will have the same rights, powers and preferences as the corresponding series of LMI common stock.

**Q: What will holders of UGC common stock receive as a result of the mergers?**

A: Stockholders of UGC (other than LMI and its wholly owned subsidiaries) may elect to receive, for each share of UGC common stock owned by them, either:

0.2155 of a share of Series A common stock of Liberty Global (plus cash in lieu of any fractional share interest), which we refer to as the stock election; or

\$9.58 in cash, without interest, which we refer to as the cash election.

UGC stockholders who make the cash election will be subject to proration so that, in the aggregate, the cash consideration paid to UGC stockholders does not exceed 20% of the aggregate value of the merger consideration payable to UGC's public stockholders. If proration is made, any share as to which a UGC stockholder elected to receive cash but with respect to which such election is denied due to proration will be converted into 0.2155 of a share of Series A common stock of Liberty Global (plus cash in lieu of any fractional share interest). See The Transaction Agreements Merger Agreement UGC Stockholders Making Stock and Cash Elections; Proration.

**Q: Where will Liberty Global common stock trade?**

A: We expect Liberty Global Series A common stock and Liberty Global Series B common stock to trade on the Nasdaq Stock Market under the symbols [\_\_\_\_] and [\_\_\_\_], respectively, following the mergers.

**Q: How do UGC stockholders make their cash election or stock election?**

A: A form of election is included with the joint proxy statement/prospectus mailed to UGC stockholders. To make a cash election or a stock election, UGC stockholders must properly complete, sign and send the form of election, together with the shares of UGC common stock as to which the election relates, to EquiServe Trust Company N.A., the exchange agent, at the following address:

**Table of Contents**

EquiServe Trust Company N.A.

[\_\_\_\_\_]

[\_\_\_\_\_]

Questions regarding the cash or stock elections should be directed to D.F. King & Co. at:

[\_\_\_\_\_]

[\_\_\_\_\_]

The exchange agent must receive the form of election and stock certificates (or book-entry shares) by the election deadline. **The election deadline will be 5:00 p.m., New York City time, on [\_\_\_\_], 2005, which we will extend if the mergers are not expected to be completed on or before the fourth business day after the initial election deadline.**

If you own shares of UGC common stock in street name through a broker, bank or other nominee and you wish to make an election, you should seek instructions from the broker, bank or other nominee holding your shares concerning how to make a valid election.

**Q: May UGC stockholders make the cash election for some of their UGC shares and the stock election for other UGC shares they own?**

A: Yes. UGC stockholders who properly complete the form of election may make the cash election for some of their shares and the stock election for other UGC shares they own. As mentioned above, a UGC stockholder who makes a cash election will be subject to possible proration.

**Q: May UGC stockholders change their election after they have submitted their form of election?**

A: Yes, as long as the exchange agent receives from the stockholder, before the election deadline, a written notice of revocation or a new election form. If an election form was submitted by a broker, bank or other nominee, that person should be contacted as to how to revoke or change the election submitted by them.

**Q: Where can UGC stockholders obtain additional forms of election?**

A: Additional forms of election can be obtained by calling EquiServe Trust Company N.A. at [\_\_\_\_\_].

**Q: May UGC stockholders trade their shares of UGC common stock after making an election and submitting their shares to the exchange agent?**

A: No. UGC stockholders will be unable to sell or otherwise transfer their shares of UGC common stock once they have been submitted to the exchange agent in connection with their election, unless and until their election is

revoked and their shares are returned to them. The exchange agent will promptly return shares of UGC common stock following receipt of a written notice of revocation as to those shares or if the merger agreement is terminated.

**Q: What if a UGC stockholder fails to timely submit an election form?**

A: If the exchange agent does not receive a properly completed form of election from a UGC stockholder before the election deadline, together with the shares of UGC common stock as to which the election relates, then that stockholder will be treated as though he or she made the stock election. UGC stockholders bear the risk of delivery and should send their election form and stock certificates by courier or by hand to the appropriate addresses shown in the form of election. UGC stockholders who hold their shares in street name should promptly contact their broker, bank or other nominee as to their choice of election to ensure that their election and shares of UGC stock are timely received by the exchange agent.



**Table of Contents**

**Q: May a UGC stockholder who votes against the UGC merger submit a form of election?**

A: Yes. Irrespective of the manner in which a UGC stockholder votes on the merger proposal, that stockholder should submit a form of election in the event the merger proposal is adopted. UGC stockholders who do not make an election will not be entitled to any portion of the cash consideration and will be treated as though they had made the stock election as to all of their shares of UGC common stock.

**Q: Can LMI stockholders make the cash election?**

A: No. If the mergers are approved, each share of LMI Series A common stock or LMI Series B common stock owned by an LMI stockholder will be exchanged for one share of the corresponding series of Liberty Global common stock. Because LMI stockholders do not have an election, they will not receive an election form with the joint proxy statement/prospectus mailed to them.

**Q: What stockholder approvals are required to approve the merger proposal?**

A: In order for the mergers to occur, the LMI stockholders must approve the merger proposal at the LMI special meeting and the UGC stockholders must approve the merger proposal at the UGC special meeting.

For LMI, the approval of the merger proposal requires the affirmative vote of the holders of at least a majority of the aggregate voting power of the shares of LMI common stock outstanding on the record date for the LMI special meeting, voting together as a single class.

Pursuant to a voting agreement entered into between John C. Malone, the Chairman of the Board, Chief Executive Officer and President of LMI, and UGC, Mr. Malone has agreed to vote the shares of LMI Series A common stock and LMI Series B common stock owned by him or which he has the right to vote (currently representing approximately 26.5% of the aggregate voting power of LMI) in favor of the approval of the merger proposal. See The Transaction Agreements Voting Agreement.

For UGC, the approval of the merger proposal requires a vote of the holders of the shares of UGC common stock outstanding on the record date for the UGC special meeting, with all classes voting together as a single class, that satisfies two criteria:

first, the merger proposal must be approved by the affirmative vote of the holders of at least a majority of the aggregate voting power of the outstanding shares of UGC common stock, which we refer to as the statutory approval; and

second, the merger proposal must be approved by the affirmative vote of the holders of at least a majority of the aggregate voting power of the outstanding shares of UGC common stock, exclusive of shares beneficially owned by LMI, Liberty Media Corporation (Liberty) or any of their respective subsidiaries or any of the executive officers or directors of LMI, Liberty or UGC, which we refer to as the minority approval.

LMI, which currently beneficially owns shares of UGC common stock representing approximately 91% of the aggregate voting power of all UGC shares, has agreed in the merger agreement to vote those shares in favor of the merger proposal. As a result, the statutory approval is assured. However, because LMI's shares do not count for purposes of the minority approval, approval of the merger proposal at the UGC special meeting is dependent upon the vote of the public stockholders of UGC.

**Q: What do LMI and UGC stockholders need to do to vote?**

A: After carefully reading and considering the information contained in this joint proxy statement/prospectus, LMI and UGC stockholders should complete, sign and date their proxy card and mail it in the enclosed return envelope, or vote by the telephone or through the Internet, in each case as soon as possible so that their shares are represented and voted at the applicable special meeting. Stockholders who have shares registered in the name of

**Table of Contents**

a broker, bank or other nominee should follow the voting instruction card provided by their broker, bank or other nominee in instructing them how to vote their shares.

**Q: If shares are held in street name by a broker, bank or other nominee, will the broker, bank or other nominee vote those shares for the beneficial owner?**

A: If you hold your shares in street name and do not provide voting instructions to your broker, bank or other nominee, your shares will not be voted on the merger proposal. Accordingly, your broker, bank or other nominee will vote your shares held by it in street name only if you provide instructions to it on how to vote. You should follow the directions your broker, bank or other nominee provides to you regarding how you would like them to vote your shares.

**Q: What if an LMI or UGC stockholder does not vote on the merger proposal?**

A: If you fail to respond with a vote on the merger proposal, it will have the same effect as a vote **AGAINST** the merger proposal. If you respond but do not indicate how you want to vote, your proxy will be counted as a vote **FOR** the merger proposal. If you respond and indicate that you are abstaining from voting, your proxy will have the same effect as a vote **AGAINST** the merger proposal.

**Q: May stockholders change their vote after returning a proxy card or voting by telephone or over the Internet?**

A: Yes. Before their proxy is voted, LMI or UGC stockholders who want to change their vote may do so by telephone or over the Internet (if they originally voted by telephone or over the Internet), by voting in person at the applicable special meeting or by delivering a signed proxy revocation or a new signed proxy with a later date to the address below:

in the case of an LMI stockholder, to: Liberty Media International, Inc., c/o EquiServe Trust Company, N.A., P.O. Box [\_\_\_], Edison, New Jersey 08818-[\_\_\_]; and

in the case of a UGC stockholder, to: UnitedGlobalCom, Inc., c/o Mellon Investor Services LLC, Proxy Processing, P.O. Box [\_\_\_], South Hackensack, New Jersey 07606-[\_\_\_].

Any signed proxy revocation or new signed proxy must be received before the start of the applicable special meeting. Your attendance at the applicable special meeting will not, by itself, revoke your proxy.

If your shares are held in an account by a broker, bank or other nominee who you previously contacted with voting instructions, you should contact your broker, bank or other nominee to change your vote.

**Q: When do LMI and UGC expect to complete the mergers?**

A: We expect to complete the mergers as quickly as possible once all the conditions to the mergers, including obtaining the approvals of our stockholders at the special meetings, are fulfilled. We currently expect to complete the mergers within a few days following the special meetings.

**Q: Should UGC stockholders send their proxy cards to the same address as they send their form of election and stock certificates?**

A: No. Separate envelopes are enclosed for UGC stockholders to return (1) their form of election and stock certificates and (2) their proxy cards. UGC stockholders should check to be sure they are mailing their materials in the proper envelope and to the proper address. **UGC stockholders are urged to please NOT send their election form and UGC stock certificates with their proxy card, or vice versa.**

**Table of Contents**

**Q: Should LMI stockholders send their stock certificates with their proxy cards?**

A: No. LMI stockholders will receive written instructions from the exchange agent after the mergers are completed on how to exchange their LMI stock certificates for Liberty Global stock certificates. **LMI stockholders are urged to please NOT send their LMI stock certificates with their proxy cards.**

**Q: Who can help answer questions about the voting and election procedures and the mergers?**

A: LMI and UGC have retained D.F. King & Co. to serve as an information agent and proxy solicitor in connection with the special meetings and the mergers.

LMI stockholders who have questions about the LMI special meeting, including the voting procedures, or the mergers should call D.F. King & Co. at [\_\_\_\_] with their questions.

UGC stockholders who have questions about the UGC special meeting, including the voting and election procedures, or the mergers should call D.F. King & Co. at [\_\_\_\_] with their questions.

In addition, LMI stockholders may call LMI's Investor Relations Department at (877) 783-7676, and UGC stockholders may call UGC's Investor Relations Department at (303) 770-4001.

**Table of Contents**

**SUMMARY**

*The following summary includes information contained elsewhere in this joint proxy statement/prospectus. This summary does not purport to contain a complete statement of all material information relating to the merger agreement, the mergers and the other matters discussed herein and is subject to, and is qualified in its entirety by reference to, the more detailed information and financial statements contained or incorporated in this joint proxy statement/prospectus, including the appendices included herein. You may obtain the information about UGC that we incorporate by reference into this joint proxy statement/prospectus without charge by following the instructions in the section entitled *Additional Information Where You Can Find More Information*. You should carefully read this joint proxy statement/prospectus in its entirety, as well as the merger agreement included with this proxy statement/prospectus as Appendix B and the other Appendices included herein.*

**The Companies**

**(see page 41)**

*Liberty Media International, Inc.  
12300 Liberty Boulevard  
Englewood, Colorado 80112  
Telephone: (720) 875-5800*

LMI is a holding company that, through its ownership of interests in subsidiaries and affiliates, provides broadband distribution services and video programming services to subscribers in Europe, Japan, Latin America and Australia. LMI's broadband distribution services consist primarily of cable television distribution, Internet access and, in selected markets, telephony and satellite distribution. LMI's broadband distribution services include those of UGC, which is a controlled subsidiary of LMI. LMI's programming networks create original programming and also distribute programming obtained from international and home-country content providers. LMI's principal assets include interests in UGC, Jupiter Telecommunications Co., Ltd. (J-COM), Jupiter Programming Co., Ltd. (JPC), Liberty Cablevision of Puerto Rico Ltd. and Pramer S.C.A.

*UnitedGlobalCom, Inc.  
4643 South Ulster Street  
Suite 1300  
Denver, Colorado 80237  
Telephone: (303) 770-4001*

UGC is a leading international broadband communications provider of video, voice and Internet services with operations in 16 countries outside the United States. UGC's networks pass approximately 16.0 million homes and serve approximately 8.7 million video subscribers, 0.8 million voice subscribers and 1.4 million Internet access subscribers. UGC Europe, Inc., UGC's largest consolidated operation, is a leading pan-European broadband communications company. VTR GlobalCom S.A., UGC's primary Latin American operation, is Chile's largest multi-channel television and high-speed Internet access provider in terms of homes passed and number of subscribers, and Chile's second largest provider of residential telephone services in terms of lines in service. UGC also has an approximate 19% interest in SBS Broadcasting S.A., a European commercial television and radio broadcasting company, and an approximate 34% interest in Austar United Communications Limited, a leading pay-TV provider in Australia.

*Liberty Global, Inc.*  
*12300 Liberty Boulevard*  
*Englewood, Colorado 80112*  
*Telephone: (720) 875-5800*

Liberty Global is a newly-formed corporation and currently a wholly owned subsidiary of LMI. Liberty Global has not conducted any activities other than those incident to its formation, the matters contemplated by the

## **Table of Contents**

merger agreement and the preparation of applicable filings under the federal securities laws. Upon consummation of the mergers, LMI and UGC will become wholly owned subsidiaries of Liberty Global, and Liberty Global will become a publicly traded company.

*Cheetah Acquisition Corp.*  
12300 Liberty Boulevard  
Englewood, Colorado 80112  
Telephone: (720) 875-5800

Cheetah Acquisition Corp, which we refer to as LMI merger sub, is a wholly owned transitory merger subsidiary of Liberty Global, recently formed solely for the purpose of merging with and into LMI.

*Tiger Global Acquisition Corp.*  
12300 Liberty Boulevard  
Englewood, Colorado 80112  
Telephone: (720) 875-5800

Tiger Global Acquisition Corp., which we refer to as UGC merger sub, is a wholly owned transitory merger subsidiary of Liberty Global, recently formed solely for the purpose of merging with and into UGC.

## **Structure of The Mergers** (see page 91)

To accomplish the combination of the businesses of LMI and UGC under a new parent company, Liberty Global was formed with two wholly owned subsidiaries, LMI merger sub and UGC merger sub. At the effective time of the mergers:

LMI merger sub will merge with and into LMI, and LMI will be the surviving corporation in that merger (which we refer to as the LMI merger); and

UGC merger sub will merge with and into UGC, and UGC will be the surviving corporation in that merger (which we refer to as the UGC merger).

As a result of the mergers described above and the conversion and exchange of securities described in this joint proxy statement/prospectus, LMI will become a direct, wholly owned subsidiary of Liberty Global, and UGC will become an indirect, wholly owned subsidiary of Liberty Global. Following the mergers, Liberty Global will own directly 46.4% of the common stock of UGC and indirectly through Liberty Global's wholly owned subsidiary LMI 53.6% of the common stock of UGC (based upon outstanding UGC share information as of December 31, 2004).

## **What You Will Receive in the Mergers** (see page 91)

*LMI Stockholders.* In the LMI merger, LMI stockholders will receive, for each share of LMI Series A common stock or LMI Series B common stock owned by them, one share of the corresponding series of Liberty Global common stock. Each series of Liberty Global common stock will have the same rights, powers and preferences as the corresponding series of LMI common stock.

*UGC Stockholders.* In the UGC merger, UGC stockholders (other than LMI and its wholly owned subsidiaries) will have the right to elect to receive, for each share of UGC common stock owned by them, either (i) \$9.58 in cash,



without interest (subject to proration), or (ii) 0.2155 of a share of Liberty Global Series A common stock (plus cash in lieu of any fractional share interest). Those UGC stockholders who make the cash election as to some or all of their UGC shares will be subject to the proration procedures described later in this joint proxy statement/prospectus. These proration procedures are designed to ensure that the total cash consideration paid represents no more than 20% of the aggregate value of the merger consideration payable to UGC stockholders (other

## **Table of Contents**

than those stockholders who are Permitted Holders under UGC's indenture with respect to 34% convertible senior notes due 2024). If the aggregate number of shares of UGC common stock for which cash elections are made exceeds this threshold, then a portion of the shares of UGC common stock for which valid cash elections are made will be exchanged for cash and the remaining portion of such shares will be converted, on a per share basis, into 0.2155 of a share of Liberty Global Series A common stock (plus cash in lieu of any fractional share interest).

In order to make a cash election or a stock election, UGC stockholders must submit a properly completed form of election by the election deadline of 5:00 p.m., New York City time, on [\_\_\_], 2005. We will extend the election deadline to 5:00 p.m., New York City time, on the second business day preceding the completion of the mergers, if we anticipate that the mergers will not be completed within four business days after the initial election deadline. If the election deadline is extended, LMI and UGC will publicly announce the extended election deadline by no later than 9:00 a.m. on the business day immediately following the initial deadline by issuing a release to the Dow Jones News Service. If you do not properly make a cash election or stock election by the election deadline, each share of UGC common stock you hold will be converted into the right to receive 0.2155 of a share of Liberty Global Series A common stock (plus cash in lieu of any fractional share interest).

If you are a UGC stockholder and you need additional forms of election, you may contact EquiServe Trust Company N.A. at [\_\_\_].

## **The Special Meetings**

(see page 43)

### *LMI Special Meeting*

**Where and When.** The LMI special meeting will take place at [\_\_\_], [\_\_\_], [\_\_\_], [\_\_\_] [\_\_\_], on [\_\_\_], 2005, at [\_\_\_] a.m., local time.

**What You Are Being Asked to Vote on.** At the LMI special meeting, LMI stockholders will vote on the merger proposal. LMI stockholders also may be asked to consider other matters that properly come before the LMI special meeting. At the present time, LMI knows of no other matters that will be presented for consideration at the LMI special meeting.

**Who May Vote.** You may vote at the LMI special meeting if you were the record holder of LMI Series A common stock or LMI Series B common stock as of 5:00 p.m., New York City time, on [\_\_\_], 2005, the record date for the LMI special meeting. On that date, there were [\_\_\_] shares of LMI Series A common stock outstanding and entitled to vote and 7,264,300 shares of LMI Series B common stock outstanding and entitled to vote. The holders of LMI Series A common stock and the holders of LMI Series B common stock will vote together as a single class. You may cast one vote for each share of LMI Series A common stock that you owned on that date and ten votes for each share of LMI Series B common stock that you owned on that date.

**What Vote is Needed.** The affirmative vote, cast in person or by proxy, of the holders of at least a majority of the aggregate voting power of the shares of LMI Series A common stock and LMI Series B common stock outstanding on the record date for the LMI special meeting, voting together as a single class, is required to approve the merger proposal. Pursuant to a voting agreement entered into between John C. Malone, the Chairman of the Board, Chief Executive Officer and President of LMI, and UGC, Mr. Malone has agreed to vote the shares of LMI Series A common stock and LMI Series B common stock owned by him or which he has the right to vote (currently representing approximately 26.5% of the aggregate voting power of LMI) **FOR** the merger proposal. See The

Transaction Agreements -Voting Agreement.

Intentions of Directors and Executive Officers. The directors and executive officers of LMI (other than Mr. Malone), who together beneficially own shares of LMI common stock representing approximately 3.3% of LMI's aggregate voting power, have indicated to LMI that they intend to vote **FOR** the merger proposal at the LMI special meeting.

## **Table of Contents**

### *UGC Special Meeting*

**Where and When.** The UGC special meeting will take place at [\_\_\_], [\_\_\_], [\_\_\_], [\_\_\_] [\_\_\_], on [\_\_\_], 2005, at [\_\_\_] a.m., local time.

**What You Are Being Asked to Vote on.** At the UGC special meeting, UGC stockholders will vote on the merger proposal. UGC stockholders also may be asked to consider other matters that properly come before the UGC special meeting. At the present time, UGC knows of no other matters that will be presented for consideration at the UGC special meeting.

**Who May Vote.** You may vote at the UGC special meeting if you were the record holder of UGC Class A common stock, UGC Class B common stock or UGC Class C common stock as of 5:00 p.m., New York City time, on [\_\_\_], 2005, the record date for the UGC special meeting. On that date, there were [\_\_\_] shares of UGC Class A common stock outstanding and entitled to vote, 10,493,461 shares of UGC Class B common stock outstanding and entitled to vote and 379,603,223 shares of UGC Class C common stock outstanding and entitled to vote. The holders of UGC Class A common stock, the holders of UGC Class B common stock and the holders of UGC Class C common stock will vote together as a single class. You may cast one vote for each share of UGC Class A common stock that you owned on that date and ten votes for each share of UGC Class B common stock and for each share of UGC Class C common stock that you owned on that date.

**What Vote is Needed.** Under Delaware law, the affirmative vote, cast in person or by proxy, of the holders of at least a majority of the aggregate voting power of the shares of UGC Class A common stock, UGC Class B common stock and UGC Class C common stock outstanding on the record date for the UGC special meeting, with all classes voting together as a single class, is required to approve the merger proposal (which we refer to as the statutory approval). LMI, which currently beneficially owns shares of UGC common stock representing approximately 91% of the aggregate voting power of UGC, has agreed pursuant to the merger agreement to vote, and to cause its subsidiaries to vote, such shares **FOR** the merger proposal. See The Transaction Agreements - Merger Agreement. Accordingly, the statutory approval of the merger proposal as required by Delaware law is assured.

The merger agreement requires that the approval of the merger proposal also include the affirmative vote of the holders of at least a majority of the aggregate voting power of the outstanding shares of UGC common stock entitled to vote at the UGC special meeting, exclusive of the shares of UGC common stock held by LMI, Liberty or any of their respective subsidiaries or any of the executive officers or directors of LMI, Liberty or UGC (which we refer to as the minority approval). Accordingly, approval of the merger proposal at the UGC special meeting will depend on the number of votes cast in favor of the merger proposal by UGC's public stockholders at the UGC special meeting.

**Intentions of Certain Persons.** The directors and executive officers of UGC, who together beneficially own shares of UGC common stock representing less than 1% of UGC's aggregate voting power, have indicated to UGC that they intend to vote **FOR** the merger proposal at the UGC special meeting. Also, as noted above, LMI, which beneficially owns shares of UGC common stock representing approximately 91% of UGC's aggregate voting power, has agreed to vote, and to cause its subsidiaries to vote, **FOR** the merger proposal at the UGC special meeting. The directors and executive officers of LMI (including Mr. Malone), who together beneficially own shares of UGC common stock representing less than 1% of UGC's aggregate voting power, have indicated to UGC that they intend to vote **FOR** the merger proposal at the UGC special meeting. The votes of UGC's directors and executive officers, the votes of LMI and its wholly owned subsidiaries and the votes of LMI's directors and executive officers will not be counted toward the minority approval.

## **Our Recommendations to Stockholders**

*UGC Stockholders (see page 54)*

A special committee of the board of directors of UGC, which we refer to as the Special Committee, consisting of three UGC directors (who are independent under the rules of the Nasdaq Stock Market and have no relationship with LMI or any of its affiliates that the Special Committee viewed as undermining its independence) evaluated the fairness of the UGC merger and negotiated the terms of the mergers. The Special Committee recommended that the full UGC board of directors approve the UGC merger. Based upon this recommendation, UGC's board of directors unanimously approved the merger agreement and determined that the merger agreement and the UGC merger are advisable, fair to and in the best interests of UGC and its stockholders. Accordingly, the UGC board of directors recommends that UGC stockholders vote **FOR** the merger proposal.

*LMI Stockholders (see page 66)*

LMI's board of directors unanimously approved the merger agreement and determined that the merger agreement and the LMI merger are advisable, fair to and in the best interests of LMI and its stockholders.

**Table of Contents**

Accordingly, the LMI board recommends that LMI stockholders vote **FOR** the merger proposal at the LMI special meeting.

**Our Reasons for the Mergers**

*UGC's Reasons for the Merger (see page 54)*

UGC's board of directors considered various factors in approving the merger agreement and the UGC merger, including, among others:

the recommendation of the Special Committee;

the opinion of Morgan Stanley & Co. Incorporated, financial advisor to the Special Committee, directed to the Special Committee that, as of the date of the opinion and based upon and subject to the assumptions, qualifications and limitations set forth in the opinion, the consideration to be received by holders of shares of UGC Class A common stock (other than LMI and its affiliates) pursuant to the merger agreement was fair from a financial point of view to such stockholders;

that the UGC merger would be conditioned on the approval of the holders of a majority of UGC's publicly traded shares (other than shares owned by LMI, Liberty or any of their respective subsidiaries or any of the executive officers or directors of LMI, Liberty or UGC);

the premium presented to the UGC stockholders (other than LMI and its affiliates) by the merger consideration in relation to various benchmarks, including the relative trading prices of UGC common stock and LMI common stock prior to the commencement of merger discussions;

the protection provided to the UGC stockholders (other than LMI and its affiliates) by the cash election in the event the price of LMI's stock declines prior to closing;

the opportunity presented to the UGC stockholders (other than LMI and its affiliates) by the stock election to participate in the benefits expected to be realized by the combined companies in the future;

that the implied valuation in the mergers of the Japanese distribution and content assets of LMI is attractive as a financial matter, and such assets offer opportunities in diverse markets;

that Michael T. Fries, the current Chief Executive Officer of UGC, would be the Chief Executive Officer of the combined company;

that Liberty Global would have no single stockholder or group of stockholders exercising voting control over the combined company;

that the opportunity for growth is greater as a part of the combined company;

**Table of Contents**

that UGC stockholders would own interests in a company with a more diverse portfolio of investments, which would be better able to weather economic change, including fluctuations in foreign exchange rates;

the absence of the ability to sell UGC to a third party as a result of LMI's controlling equity position in UGC;

that the receipt of Liberty Global stock by UGC stockholders (other than LMI and its affiliates) in the mergers will generally not be taxable to such stockholders; and

the other matters referred to under Special Factors -Recommendations of the Special Committee and the UGC Board; Fairness of the Offer and the UGC Merger.

*LMI's Reasons for the Merger (see page 66)*

LMI's board of directors considered various factors in approving the merger agreement and the LMI merger, including, among others:

that the mergers would eliminate the current dual public holding company structure in which LMI's principal consolidated asset is its interest in another public company, UGC;

that the elimination of the holding company structure would eliminate the holding company discount in LMI's stock price;

the opinion of Banc of America Securities LLC, financial advisor to LMI, directed to the LMI board that, as of the date of the opinion, and based upon and subject to the factors, limitations and assumptions set forth in the opinion, the consideration to be received by LMI stockholders (other than affiliates of LMI) in the transactions contemplated by the merger agreement was fair from a financial point of view to such stockholders;

that the strengths of the respective management teams of LMI and UGC would complement each other, and that there was little if any overlap at the operating level that would impede a smooth integration of the two companies;

that the consummation of the mergers would eliminate any potential competition between LMI and UGC, including in the pursuit of acquisition opportunities and capital raising activities;

that the receipt of the merger consideration in the LMI merger would be tax-free to the LMI stockholders;

that the merger agreement included a limitation on the cash election and that LMI had sufficient cash to fund the maximum amount of cash anticipated to be payable if the cash elections were fully exercised; and

the other matters referred to under Special Factors Recommendation of the LMI Board; Purposes and Reasons for the Mergers.

**Fairness of the UGC Merger**

*Position of UGC (see page 54)*

UGC believes that the UGC merger is fair to the unaffiliated stockholders of UGC. For more information regarding this belief, including the factors considered in arriving at this belief, see Special Factors Recommendations of the Special Committee and the UGC Board; Fairness of the Offer and the UGC Merger.



## **Table of Contents**

Throughout this joint proxy statement/prospectus, when we refer to unaffiliated stockholders of UGC, we mean holders of UGC Class A common stock other than LMI and its affiliates.

### *Position of LMI (see page 68)*

The UGC merger is considered a 13E-3 transaction because LMI is an affiliate of UGC and unaffiliated stockholders of UGC are entitled to receive consideration in the UGC merger other than Liberty Global common stock. As a result, under the federal securities laws, LMI is required to state its position as to the fairness of the UGC merger to the unaffiliated stockholders of UGC.

LMI believes that the UGC merger is fair to the unaffiliated stockholders of UGC. For more information regarding this belief, including the factors considered in arriving at this belief, see Special Factors Position of LMI Regarding the Fairness of the UGC Merger.

## **Opinions of the Financial Advisors**

### *Opinion of the Financial Advisor to the Special Committee (see page 59)*

Morgan Stanley, financial advisor to the Special Committee, delivered a written opinion to the Special Committee to the effect that, as of January 17, 2005 and based upon and subject to the assumptions, qualifications and limitations set forth in the opinion, the consideration to be received by the unaffiliated stockholders of UGC pursuant to the merger agreement was fair from a financial point of view to such stockholders. The full text of Morgan Stanley's opinion, dated January 17, 2005, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by Morgan Stanley in rendering its opinion, is included as Appendix D to this joint proxy statement/prospectus. UGC stockholders should read this opinion carefully and in its entirety. The opinion does not constitute a recommendation to any UGC stockholder as to how to vote with respect to the UGC merger or as to what form of consideration to elect.

### *Opinion of LMI's Financial Advisor (see page 70)*

Banc of America Securities, LMI's financial advisor, delivered a written opinion to the LMI board of directors to the effect that, as of January 17, 2005 and based upon and subject to the factors, limitations and assumptions set forth in the opinion, the consideration to be received by the stockholders of LMI (other than affiliates of LMI) in the transactions contemplated by the merger agreement was fair from a financial point of view to such stockholders. The full text of Banc of America Securities' opinion, dated January 17, 2005, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by Banc of America Securities in rendering its opinion, is included as Appendix E to this joint proxy statement/prospectus. LMI stockholders should read this opinion carefully and in its entirety. The opinion does not constitute a recommendation to any LMI stockholder as to how any LMI stockholder should vote with respect to the LMI merger.

## **Management of Liberty Global**

**(see page 104)**

Following the mergers, the board of directors of Liberty Global will consist of ten members, of whom five are current members of LMI's board of directors and five are current members of UGC's board of directors. The members

of the Liberty Global board of directors will be:

John C. Malone, currently Chairman of the Board, Chief Executive Officer, President and a director of LMI and a director of UGC;

Michael T. Fries, currently President, Chief Executive Officer and a director of UGC;

John P. Cole, Jr., currently a director of UGC and a member of the Special Committee;

15

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**Table of Contents**

John W. Dick, currently a director of UGC and a member of the Special Committee;

Paul A. Gould, currently a director of UGC and a member of the Special Committee;

David E. Rapley, currently a director of LMI;

Larry E. Romrell, currently a director of LMI;

Gene W. Schneider, currently the Chairman of the Board of Directors of UGC;

J.C. Sparkman, currently a director of LMI; and

J. David Wargo, currently a director of LMI.

The management of Liberty Global will be comprised of certain executive officers from each of LMI and UGC, including Mr. Malone who has agreed to serve as the Chairman of the Board of Liberty Global and Mr. Fries who has agreed to serve as the Chief Executive Officer and President of Liberty Global. For more information on the proposed directors and executive officers of Liberty Global, see Management of Liberty Global, Executive Officers, Directors and Principal Stockholders of LMI and Executive Officers, Directors and Principal Stockholders of UGC.

**Interests of Certain Persons in the Mergers**

**(see page 78)**

In considering the recommendations of LMI's and UGC's boards of directors to vote to approve the merger proposal, stockholders of LMI and UGC should be aware that members of LMI's and UGC's boards of directors and members of LMI's and UGC's executive management teams have relationships, agreements or arrangements that provide them with interests in the mergers that may be in addition to or different from those of LMI's or UGC's public stockholders. Both LMI's and UGC's boards of directors were aware of these interests and considered them when approving the merger agreement and the mergers.

**Material United States Federal Income Tax Consequences of the Mergers**

**(see page 84)**

Completion of the mergers is conditioned upon the receipt by LMI of the opinion of Baker Botts L.L.P., or another nationally recognized law firm, to the effect that the LMI merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, and upon the receipt by UGC of the opinion of a nationally recognized law firm, to the effect that, when integrated with the LMI merger, the conversion of shares of UGC common stock into shares of Liberty Global Series A common stock that is effected pursuant to the UGC merger will qualify as an exchange within the meaning of Section 351 of the Internal Revenue Code. The opinions will be based upon factual representations and covenants, including those contained in letters provided by LMI, UGC, Liberty Global and/or others, and certain assumptions set forth in the opinions. No rulings have been or will be requested from the Internal Revenue Service with respect to any tax matters relating to the mergers.

Assuming the mergers are treated as described above, the mergers generally will not result in the recognition of gain or loss by LMI, UGC, Liberty Global, the LMI stockholders or, except to the extent that they receive cash, the UGC stockholders. The taxation of the receipt of cash by a holder of UGC common stock is very complicated and subject to uncertainties. Due to the uncertainties concerning the taxation of the receipt of cash, Liberty Global or the

exchange agent, as applicable, expect to withhold 30% (unless reduced by an applicable treaty) of all cash payments made to UGC stockholders that are non-U.S. holders as a result of making a valid cash election. **UGC stockholders should consult their tax advisors if they are considering making a cash election with respect to their UGC common stock.**

LMI stockholders and UGC stockholders should be aware that the tax consequences to them of the applicable merger may depend upon their own situations. In addition, LMI stockholders and UGC stockholders may

**Table of Contents**

be subject to state, local or foreign tax laws that are not discussed in this joint proxy statement/prospectus. **LMI stockholders and UGC stockholders should therefore consult with their own tax advisors for a full understanding of the tax consequences to them of the mergers.**

**Merger Agreement**

**(see page 91 and Appendix B)**

The merger agreement is included as Appendix B to this joint proxy statement/prospectus. We encourage you to read the merger agreement because it is the legal document that governs the mergers.

*Conditions to Completion of the Mergers*

LMI's and UGC's respective obligations to complete the mergers are subject to the satisfaction or waiver of a number of conditions, including, among others:

the statutory approval and the minority approval, each having been obtained at the UGC special meeting;

the approval of the merger proposal by the LMI stockholders at the LMI special meeting;

approval for listing on the Nasdaq National Market of the Liberty Global common stock to be issued in connection with the mergers;

LMI and Liberty Global having received an opinion that the mergers should not cause the spin off of LMI by Liberty, which occurred on June 7, 2004, to fail to qualify as a tax-free distribution to Liberty under Section 355(e) of the Internal Revenue Code of 1986, as amended (the Code); and

LMI and UGC each having received an opinion from its respective tax counsel as to the treatment of the mergers for U.S. federal income tax purposes.

We expect to complete the merger as promptly as practicable after all of the conditions to the mergers have been satisfied or, if applicable, waived. Neither the condition relating to the minority approval at the UGC special meeting nor the conditions relating to the receipt of the tax opinions may be waived.

*Termination of the Merger Agreement*

We may jointly agree to terminate the merger agreement at any time without completing the mergers, even after receiving the requisite stockholder approvals of the merger proposal. In addition, either UGC (with the approval of the Special Committee) or LMI may terminate the merger agreement if, among other things:

the mergers have not been consummated before September 30, 2005;

any order, decree or ruling that permanently restrains, enjoins or prohibits the mergers becomes final and non-appealable; or

any of the stockholder approvals required to approve the merger proposal have not been obtained.

In addition, LMI may terminate the merger agreement under the following circumstances:

if UGC has not filed its Annual Report on Form 10-K with the Securities and Exchange Commission by May 15, 2005, which date may be extended by LMI to June 15, 2005; or

if the board of directors of UGC (with the approval of the Special Committee) has withdrawn or modified, in any manner adverse to LMI, its recommendation to the UGC stockholders.

**Table of Contents**

No termination fee will be payable by any party to the merger agreement if the merger agreement is terminated.

**Appraisal or Dissenters Rights**

(see page 80)

Under Delaware law, holders of shares of UGC Class A common stock will not be entitled to appraisal rights in connection with the UGC merger, but any holders of shares of UGC Class B common stock (other than LMI and its wholly owned subsidiaries) or UGC Class C common stock (other than LMI and its wholly owned subsidiaries) will be entitled to appraisal rights in connection with the UGC merger.

Under Delaware law, LMI stockholders are not entitled to appraisal rights in connection with the LMI merger.

**Regulatory Matters**

(see page 80)

At the date of this joint proxy/statement prospectus, LMI has obtained all regulatory approvals required for LMI to complete the mergers.

At the date of this joint proxy/statement prospectus, UGC has obtained all regulatory approvals required for UGC to complete the mergers.

**Voting Agreement**

(see page 103 and Appendix C)

On January 17, 2005, at the insistence of the Special Committee and at the request of the LMI board of directors, John C. Malone, the Chairman of the Board, Chief Executive Officer and President of LMI, entered into a voting agreement with UGC, pursuant to which Mr. Malone has agreed to vote the shares of LMI Series A common stock and LMI Series B common stock owned by him or which he has the right to vote (currently representing approximately 26.5% of the aggregate voting power of LMI) in favor of the approval of the merger proposal. A copy of the voting agreement is included as Appendix C to this joint proxy statement/statement.

**Risk Factors**

(see page 28)

The mergers entail several risks, including:

risks relating to the value of the merger consideration received compared with the value of the securities exchanged therefor;

risks relating to the value of the merger consideration received by UGC stockholders compared to the value of the merger consideration at the time elected by UGC stockholders;

risks associated with the ability of the parties to realize the anticipated benefits of the mergers;

risks associated with class action lawsuits relating to the UGC merger; and

risks associated with transaction costs.

In addition, the parties to the mergers face risks and uncertainties relating to:

overseas operations and regulations;

technology and competition;



**Table of Contents**

certain financial matters; and

governance matters.

**Please carefully read the information included under the heading Risk Factors.**

**Table of Contents****Selected Summary Historical Financial Data of LMI**

The following tables present selected historical financial information of (1) certain international cable television and programming subsidiaries and assets of Liberty (LMC International), for periods prior to the June 7, 2004 spin off transaction, whereby LMI's common stock was distributed on a pro rata basis to Liberty's shareholders as a dividend, and (2) LMI and its consolidated subsidiaries for periods following such date. Upon consummation of the spin off, LMI became the owner of the assets that comprise LMC International. The following selected summary financial data was derived from the audited financial statements of LMC International as of December 31, 2003 and 2002 and for the each of the three years ended December 31, 2003, and from the condensed financial statements of LMI for the nine months ended September 30, 2004 and 2003. Data for other periods has been derived from unaudited information. This information is only a summary, and you should read it together with the historical financial statements of LMI included elsewhere herein.

	September 30, 2004 (1)	2003	2002	2001	2000	1999
	December 31,					
	amounts in thousands					
<i>Summary Balance Sheet Data:</i>						
Investment in affiliates	\$ 1,940,372	1,740,552	1,145,382	423,326	1,189,630	892,335
Other investments	\$ 1,068,734	450,134	187,826	916,562	134,910	140,832
Property and equipment, net	\$ 3,972,773	97,577	89,211	80,306	82,578	95,924
Intangible assets, net	\$ 2,817,004	689,026	689,046	701,935	803,514	825,220
Total assets	\$ 12,630,592	3,687,037	2,800,896	2,169,102	2,301,800	1,989,230
Debt, including current portion	\$ 4,348,862	54,126	35,286	338,466	101,415	59,715
Stockholders' equity	\$ 5,183,554	3,418,568	2,708,893	2,039,593	1,907,085	1,578,109
						Ten months ended December 31, 1999 (5)
	Nine months ended September 30,		Year ended December 31,			
	2004 (1)	2003	2003	2002	2001	2000
	amounts in thousands, except per share amounts					
<i>Summary Statement of Operations Data:</i>						
Revenue	\$ 1,865,769	80,416	108,634	103,855	139,535	125,246
						92,438

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Operating income (loss)	\$ (160,880)	2,977	(1,211)	(35,545)	(122,623)	3,828	(69,621)
Share of earnings (losses) of affiliates (2)	\$ 54,518	10,833	13,739	(331,225)	(589,525)	(168,404)	(101,510)
Net earnings (loss) (3)	\$ (10,626)	26,352	20,889	(568,154)	(820,355)	(129,694)	(133,635)
Earnings (loss) per common share basic and diluted (pro forma for spin off) (4)	\$ (0.07)	0.17	0.14	NA	NA	NA	NA

(1) Prior to January 1, 2004, the substantial majority of LMI operations were conducted through equity method affiliates, including UGC, J-COM and JPC. As more fully discussed in the notes to LMI's historical financial statements included elsewhere herein, in January 2004, LMI completed a transaction that

**Table of Contents**

increased LMI's ownership in UGC and enabled LMI to fully exercise its voting rights with respect to its historical investment in UGC. As a result, UGC has been accounted for as a consolidated subsidiary and included in LMI's financial position and results of operations since January 1, 2004. See Liberty Global's unaudited condensed pro forma combined financial statements included elsewhere herein for the pro forma effects of consolidating UGC on Liberty Global's results of operations. See also Appendix A: Information Concerning Liberty Media International, Inc. Part 4: Historical Financial Information of LMI and its Significant Affiliates and Acquirees to this joint proxy statement/prospectus.

- (2) Effective January 1, 2002, LMI adopted Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* (Statement 142), which, among other matters, provides that goodwill, intangible assets with indefinite lives and excess costs that are considered equity method goodwill are no longer amortized, but are evaluated for impairment under Statement 142 and, in the case of equity method goodwill, APB Opinion No. 18. Share of losses of affiliates includes excess basis amortization of \$92,902,000, \$41,419,000, and \$31,788,000 for the years ended December 31, 2001 and 2000, and the ten months ended December 31, 1999, respectively.
- (3) LMI's net loss for the years ended December 31, 2002 and 2001 included LMI's share of UGC's net losses of \$190,216,000 and \$439,843,000, respectively. Because LMI had no commitment to make additional capital contributions to UGC, LMI suspended recording its share of UGC's losses when LMI's carrying value was reduced to zero in 2002. In addition, LMI's net loss for the year ended December 31, 2002 included \$247,386,000 of other-than-temporary declines in fair values of investments, and LMI's net loss for the year ended December 31, 2001 included \$534,962,000 of realized and unrealized losses on derivative instruments.
- (4) Earnings (loss) per common share amounts were computed assuming that the shares issued in the spin off were outstanding since January 1, 2003. In addition, the weighted average share amounts for periods prior to July 26, 2004, the date that certain subscription rights were distributed to stockholders pursuant to a rights offering by LMI, have been increased to give effect to the benefit derived by LMI's stockholders as a result of the distribution of such subscription rights.
- (5) Liberty was a wholly owned subsidiary of Tele-Communications, Inc. (TCI) from August 1994 to March 9, 1999. On March 9, 1999, AT&T Corp. acquired TCI in a merger transaction (the AT&T Merger). For financial reporting purposes, the AT&T Merger is deemed to have occurred on March 1, 1999. In connection with the AT&T Merger, Liberty's, and accordingly LMC International's, assets and liabilities were adjusted to their respective fair values pursuant to the purchase method of accounting. Selected summary financial historical data of LMC International for the two months ended February 28, 1999 has been excluded from the tables. Liberty was split off from AT&T on August 10, 2001.

**Table of Contents****Selected Summary Historical Financial Data of UGC**

The following summary financial data of UGC was derived from the audited financial statements of UGC for the years ended December 31, 1999 through December 31, 2003 and the unaudited financial statements of UGC for the nine months ended September 30, 2004 and 2003. This information is only a summary, and is not necessarily comparable from period to period as a result of certain impairments, restructuring charges, gains on extinguishments of debt, acquisitions and dispositions, gains on issuance of common equity securities by subsidiaries and cumulative effects of changes in accounting principles. For this and other reasons, you should read it together with UGC's historical financial statements and related notes and also with UGC's management's discussion and analysis of financial condition and results of operations incorporated by reference herein.

	September 30, 2004	2003	2002	December 31, 2001	2000	1999	
				amounts in thousands			
<i>Summary Balance Sheet Data:</i>							
Cash, cash equivalents and short term liquid investments	\$ 1,093,174	312,495	456,039	999,086	2,223,912	2,555,604	
Property, plant and equipment, net	\$ 3,787,933	3,342,743	3,640,211	3,692,485	3,880,657	2,462,832	
Goodwill and other intangible assets, net	\$ 2,479,391	2,772,067	1,264,109	2,843,922	5,154,907	2,944,802	
Total assets	\$ 8,123,285	7,099,671	5,931,594	9,038,640	13,146,952	9,002,853	
Long-term debt, including current portion, not subject to compromise	\$ 4,261,844	3,926,706	3,838,906	10,033,387	9,893,044	6,041,635	
Long-term debt, including current portion, subject to compromise	\$ 24,627	317,372	2,812,988				
Stockholders' equity (deficit)	\$ 2,234,310	1,472,492	(4,284,874)	(4,555,580)	(85,234)	1,114,306	
	Nine months ended September 30, 2004	2003	2003(1)	Year ended December 31, 2002(2)	2001(3)	2000(4)	1999(5)
				amounts in thousands, except per share amounts			

*Summary Statements of Operations Data:*

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Revenue	\$ 1,750,877	1,375,666	1,891,530	1,515,021	1,561,894	1,251,034	720,762
Operating loss	\$ (118,024)	(190,431)	(656,014)	(899,282)	(2,872,306)	(1,140,803)	(775,625)
Net income (loss)	\$ (314,746)	2,376,062	1,995,368	(356,454)	(4,494,709)	(1,220,890)	636,318
Earnings per share:							
Basic net income (loss) per share	\$ (0.41)	8.31	7.41	(0.84)	(41.29)	(12.00)	6.83
Diluted net income (loss) per share	\$ (0.41)	8.31	7.41	(0.83)	(41.29)	(12.00)	6.13

**Table of Contents**

- (1) Includes impairments, gains on extinguishment of debt and gains on sales of investments in affiliates totaling \$402.2 million, \$2.2 billion and \$279.4 million, respectively.
- (2) Includes impairments, gains on extinguishment of debt and gains on sales of investments in affiliates totaling \$436.2 million, \$2.2 billion and \$117.3 million, respectively. Effective January 1, 2002, UGC adopted Statement 142, which, among other things, provides that goodwill, intangible assets with indefinite lives and excess costs on equity method investments are no longer amortized, but are evaluated for impairment under Statement 142. The cumulative effect of the adoption of Statement 142 was a charge of \$1.3 billion.
- (3) Includes impairments, restructuring charges, gains on sales of investments in affiliates, other-than-temporary losses on investments and amortization of indefinite-lived intangible assets totaling \$1.3 billion, \$204.1 million, \$416.8 million, \$342.4 million and \$447.2 million, respectively.
- (4) Includes amortization of indefinite-lived intangible assets totaling \$287.5 million.
- (5) Includes gain on issuance of common equity securities by subsidiaries of \$1.5 billion.  
*Ratio (Deficiency) of Earnings to Fixed Charges of UGC*

	<b>Nine Months Ended September 30, 2004</b>	<b>Year Ended December 31, 2003                      2002</b>	
	<b>(amounts in thousands, except ratios)</b>		
Income (loss) from continuing operations before other items	\$ (292,360)	1,600,075	1,403,938
Fixed charges:			
Interest within rental expense	18,000	20,970	14,550
Interest, whether expensed or capitalized, including amortization of discounts	204,709	327,132	680,101
Total fixed charges	222,709	348,102	694,651
Distributed income of equity investees	15,565	4,684	7,042
Adjusted earnings (losses)	(54,086)	1,952,861	2,105,631
Fixed charges	222,709	348,102	694,651
Ratio of earnings to fixed charges		5.61	3.03
Dollar amount of coverage deficiency	\$ (276,795)		





**Table of Contents****Selected Unaudited Condensed Pro Forma Combined Financial Data of Liberty Global**

We have included in this joint proxy statement/prospectus the selected unaudited condensed pro forma combined financial data of Liberty Global set forth below after giving effect to (1) the proposed mergers (the Proposed Mergers) and the resulting step acquisition of the UGC interest not already owned by LMI using the purchase method of accounting; and (2) certain transactions that were consummated in 2004 (the Consummated Transactions), based upon the assumptions and adjustments described in the unaudited condensed pro forma combined financial information and notes of Liberty Global contained elsewhere in this document.

The unaudited condensed pro forma combined balance sheet data as of September 30, 2004 gives effect to the Proposed Mergers as if they occurred on September 30, 2004. The unaudited condensed pro forma combined statement of operations data for the nine months ended September 30, 2004 and the year ended December 31, 2003 is presented as if the Proposed Mergers and the Consummated Transactions were consummated on January 1, 2003.

The selected unaudited condensed pro forma combined financial information is based upon estimates and assumptions, which are preliminary. The unaudited pro forma information does not purport to be indicative of the financial position and results of operations that Liberty Global will obtain in the future, or that Liberty Global would have obtained if the Proposed Mergers and Consummated Transactions were effective as of the dates indicated above. The selected unaudited condensed pro forma combined information of Liberty Global has been derived from and should be read in conjunction with the historical financial statements and related notes thereto of LMI and UGC. The LMI historical financial statements are included elsewhere herein and the UGC historical financial statements are incorporated by reference into this document.

**Selected Unaudited Condensed Pro Forma Combined  
Financial Data of Liberty Global  
(amounts in thousands, except per share amounts)**

	Nine months ended September 30, 2004	Year ended December 31, 2003
<i>Summary Statement of Operations Data:</i>		
Revenue	\$ 2,065,649	2,356,945
Depreciation and amortization	\$ (772,884)	(1,062,320)
Operating loss	\$ (184,386)	(1,441,825)
Net income (loss)	\$ (176,153)	48,735
Net income (loss) per share:		
Basic and diluted net income (loss) per share	\$ (0.69)	0.19
Shares used in computing basic and diluted net loss per share	254,348	254,348
		September 30, 2004
<i>Summary Balance Sheet Data:</i>		
Investment in affiliates		\$ 3,009,106
Property and equipment, net		\$ 3,972,773
Goodwill and other intangible assets, net		\$ 5,271,031
Total assets		\$ 15,084,619

Long-term debt, including current portion	\$ 4,348,862
Stockholders' equity	\$ 8,652,191

**Table of Contents****Comparative Per Share Financial Data**

The following table shows (1) the basic and diluted loss per common share and book value per share data for each of LMI and UGC on a historical basis, (2) the basic and diluted loss per common share and book value per share for Liberty Global on a pro forma basis and (3) the equivalent pro forma net income and book value per share attributable to the shares of Liberty Global common stock issuable at an exchange ratio of 0.2155 per UGC share. Pro forma per share data has been presented assuming UGC stockholders (other than LMI and its wholly owned subsidiaries) receive (1) all stock consideration or (2) 80% stock and 20% cash consideration.

The following information should be read in conjunction with (1) the separate historical financial statements and related notes of LMI included elsewhere herein, (2) the separate historical financial statements and related notes of UGC incorporated by reference herein and (3) the unaudited condensed pro forma combined financial statements of Liberty Global included elsewhere herein. The pro forma information is not necessarily indicative of the results of operations that would have resulted if the Proposed Mergers and the Consummated Transactions had been completed as of the assumed dates or of the results that will be achieved in the future.

We calculate historical book value per share by dividing stockholders' equity by the number of shares of common stock outstanding at September 30, 2004. We calculate pro forma book value per share by dividing pro forma stockholders' equity by the pro forma number of shares of Liberty Global common stock that would have been outstanding had the Proposed Mergers been consummated as of September 30, 2004.

Liberty Global pro forma combined loss applicable to common stockholders, pro forma stockholders' equity and the pro forma number of shares of Liberty Global common stock outstanding have been derived from the unaudited condensed pro forma combined financial information for Liberty Global appearing elsewhere herein.

We calculate the UGC equivalent pro forma per share data by multiplying the pro forma per share amounts by the exchange ratio of 0.2155 shares of Liberty Global common stock for each share of UGC common stock.

Neither LMI nor UGC has paid any cash dividends on its common stock during the periods presented.

	LMI		Liberty Global Pro forma 80% stock and 20% cash		UGC Pro forma equivalent 80% stock and 20% cash	
	Historical	All stock	Historical	All stock	Historical	All stock
Basic and diluted net income (loss) per common share:						
Nine months ended September 30, 2004	\$ (0.07)	(0.69)	(0.74)	(0.41)	(0.15)	(0.16)
Year ended December 31, 2003	\$ 0.14	0.19	0.20	7.41	0.04	0.04
Book value per share as of:						
September 30, 2004	\$ 29.55	34.02	36.27	2.85	7.33	7.82
Cash dividends	\$					

**Table of Contents****Comparative Per Share Market Price and Dividend Information***Market Price*

The following table sets forth high and low sales prices for a share of LMI Series A common stock, LMI Series B common stock and UGC Class A common stock for the periods indicated.

LMI Series A common stock and LMI Series B common stock trade on The Nasdaq National Market under the symbols LBTYA and LBTYB, respectively. In connection with LMI's June 7, 2004 spin off from Liberty, LMI common stock first began trading on a when-issued basis on June 2, 2004.

UGC Class A common stock trades on The Nasdaq National Market under the symbol UCOMA. There is no trading market for the UGC Class B common stock or UGC Class C common stock.

	LMI				UGC	
	Series A		Series B		Class A	
	High	Low	High	Low	High	Low
<b>2003</b>						
First quarter					\$ 3.22	\$ 2.20
Second quarter					\$ 5.63	\$ 2.81
Third quarter					\$ 7.70	\$ 4.92
Fourth quarter					\$ 9.00	\$ 5.95
<b>2004</b>						
First quarter					\$ 10.90	\$ 7.22
Second quarter (1)	\$ 39.15	\$ 33.98	\$ 41.25	\$ 38.79	\$ 8.34	\$ 6.50
Third quarter	\$ 37.00	\$ 28.60	\$ 41.25	\$ 34.05	\$ 7.51	\$ 5.80
Fourth quarter	\$ 47.27	\$ 33.25	\$ 49.31	\$ 36.19	\$ 9.79	\$ 7.18
<b>2005</b>						
First quarter through Feb. 10	\$ 46.44	\$ 42.46	\$ 48.91	\$ 45.77	\$ 10.18	\$ 8.97

(1) As to LMI common stock, from the period beginning on June 2 and ending on June 30.

On January 14, 2005, the last trading day before the public announcement of the mergers, LMI Series A common stock closed at \$43.69 per share, LMI Series B common stock closed at \$46.44 per share and UGC Class A common stock closed at \$9.64 per share. Based upon the exchange ratio in the stock election of 0.2155, the pro forma equivalent per share value of the UGC Class A common stock on January 14, 2005, was equal to approximately \$9.42 per share.

On February 10, 2005, LMI Series A common stock closed at \$44.41 per share, LMI Series B common stock closed at \$47.17 per share and UGC Class A common stock closed at \$9.59 per share. Based upon the exchange ratio in the stock election of 0.2155, the pro forma equivalent per share value of the UGC Class A common stock on February 10, 2005, was equal to approximately \$9.57 per share.

[Liberty Global has applied to list its Series A common stock and Series B common stock on the Nasdaq National Market under the symbols [ ] and [ ], respectively.]

*Dividends*

LMI. In July 2004, LMI distributed, as a dividend to its stockholders, 0.20 of a transferable subscription right for each share of LMI common stock owned by them as of 5:00 p.m., New York City time, on July 26, 2004, the record date for the LMI rights offering. Each whole right to purchase LMI Series A common stock entitled the holder to purchase one share of LMI Series A common stock at a subscription price of \$25.00 per share. Each whole

**Table of Contents**

right to purchase LMI Series B common stock entitled the holder to purchase one share of LMI Series B common stock at a subscription price of \$27.50 per share. In addition, each whole Series A and Series B right entitled the holder to subscribe, at the same applicable subscription price pursuant to an oversubscription privilege, for additional shares of the applicable series of LMI common stock, subject to proration. LMI has paid no other dividends since it became a publicly traded company.

Pursuant to the merger agreement, LMI may not pay any dividends (other than dividends payable in LMI common stock) until the mergers are completed or the merger agreement is terminated. Except for the foregoing, there are currently no restrictions on the ability of LMI to pay dividends in cash or stock. It is LMI's current dividend policy to not pay cash dividends. All decisions regarding the payment of future dividends by LMI will be made by its board of directors, from time to time, in accordance with applicable law.

UGC. In January 2004, UGC distributed, as a dividend to its stockholders, 0.28 of a transferable subscription right for each share of UGC common stock owned by them at the close of business on January 21, 2004, the record date for the UGC rights offering. Each whole right to purchase UGC Class A common stock entitled the holder to purchase one share of UGC Class A common stock at a subscription price of \$6.00 per share. Each whole right to purchase UGC Class B common stock entitled the holder to purchase one share of UGC Class B common stock at a subscription price of \$6.00 per share. Each whole right to purchase UGC Class C common stock entitled the holder to purchase one share of UGC Class C common stock at a subscription price of \$6.00 per share. In addition, each whole Class A, Class B and Class C right entitled the holder to subscribe, at the same subscription price pursuant to an oversubscription privilege, for additional shares of the applicable class of UGC common stock, subject to proration. UGC has paid no other dividends since it became a publicly traded company.

Pursuant to the merger agreement, UGC may not pay any dividends until the mergers are completed or the merger agreement is terminated. Except for the foregoing, there are currently no restrictions on the ability of UGC to pay dividends in cash or stock. It is UGC's current policy to not pay cash dividends. All decisions regarding the payment of future dividends by UGC will be made by its board of directors, from time to time, in accordance with applicable law.

Liberty Global. Following the consummation of the mergers, all decisions regarding the payment of dividends by Liberty Global will be made by its board of directors, from time to time, in accordance with applicable law after taking into account various factors, including its financial condition, operating results, current and anticipated cash needs, plans for expansion and possible loan covenants which may restrict or prohibit its payment of dividends.

**Table of Contents**

**RISK FACTORS**

*In addition to the other information contained in, incorporated by reference in or included as an appendix to this joint proxy statement/prospectus, you should carefully consider the following risk factors in deciding whether to vote to approve the merger proposal.*

**Factors Relating to the Mergers**

***Fluctuations in market prices may cause the value of the shares of Liberty Global common stock that you receive in the mergers to be less than the value of your shares of LMI common stock or UGC common stock prior to the mergers.*** The ratios at which shares of LMI common stock and shares of UGC common stock will be converted into shares of Liberty Global common stock in the mergers are fixed, and there will be no adjustment to these ratios for changes in the market price of LMI common stock or UGC common stock. Accordingly, the value of the stock consideration to be received by holders of LMI common stock and holders of UGC common stock upon completion of the mergers is not ascertainable at this time and will ultimately depend upon the market prices of LMI common stock and UGC common stock at the effective time of the mergers. Those market prices may be higher or lower than the market prices of those shares on the date on which the merger agreement was executed, the date of this joint proxy statement/prospectus or the date on which the LMI stockholders and UGC stockholders vote on the merger proposal. Neither LMI nor UGC is permitted to walk away from the mergers or resolicit the vote of its stockholders solely because of changes in the market price of either party's common stock at any time prior to the effective time of the mergers. Also, there is no collar or other adjustment mechanism that will ensure stockholders receive merger consideration with a minimum or maximum value.

***At the time UGC stockholders make their stock election or cash election, they may not know if 0.2155 of a share of Liberty Global common stock will be worth more or less than the cash election amount of \$9.58 per share.*** To make a valid stock election or cash election, UGC stockholders must submit their form of election and related UGC stock certificates (or book-entry shares) to the exchange agent by the election deadline. The election deadline is scheduled for 5:00 p.m., New York time, on [\_\_\_], 2005. We will extend the election deadline to no later than 5:00 p.m., New York time, on the second business day prior to the completion of the mergers if we anticipate that the mergers will not occur within four business days after the initial election deadline. As the initial trading price of the shares of Liberty Global Series A common stock is expected to approximate the trading price of the LMI Series A common stock immediately prior to the completion of the mergers, there can be no assurance that the value of the stock consideration will not fluctuate, with the trading price of the LMI Series A common stock, between the submission of a form of election and the completion of the mergers. Hence, while UGC stockholders will know the value of the stock consideration at the time they submit their form of election, there can be no assurance that the stock consideration will not have a lower value when the mergers are completed and the Liberty Global Series A common stock is first made available to UGC stockholders.

***UGC stockholders who make the cash election may not have all of their UGC shares exchanged for cash, and the average per share value of the merger consideration they receive could be less than \$9.58.*** The merger agreement limits the amount of cash payable to UGC stockholders who make the cash election to no more than 20% of the aggregate value of the merger consideration payable to UGC stockholders who are not Permitted Holders within the meaning of UGC's indenture with respect to its 3¼% convertible senior notes due 2024, which we refer to as the cash threshold amount. The term Permitted Holders is generally defined to include LMI and Liberty and the Chief Executive Officer and each member of the board of directors of each of UGC, LMI and Liberty as of April 1, 2004 and each of their respective affiliates. If the cash threshold amount is exceeded, those UGC stockholders making the cash election will have the number of their shares of UGC stock as to which they made the cash election reduced by a pro rata amount, and will receive the stock consideration for those shares which are not exchanged for the cash

consideration. Depending on the market price of the Liberty Global Series A common stock immediately after the mergers are completed, UGC stockholders who made only the cash election but who receive stock consideration for some of their shares due to proration may obtain aggregate consideration that is worth less than \$9.58 per share. See The Transaction Agreements Merger Agreement UGC Stockholders Making Stock and Cash Elections; Proration.

***Once UGC stockholders deliver their shares of UGC common stock to the exchange agent with their form of election, they will not be able to sell those shares unless they revoke their election prior to the election***



**Table of Contents**

***deadline.*** UGC stockholders may submit a form of election to the exchange agent at any time after the mailing of the joint proxy statement/prospectus and prior to the election deadline. To be valid, an election must be accompanied by the UGC shares as to which the election has been made. Once the exchange agent is in receipt of the UGC shares, they will not be available for settlement purposes in a trade unless and until the person who submitted the election and the shares revokes the election prior to the election deadline by written notice to the exchange agent.

***Liberty Global may fail to realize the anticipated benefits of the mergers.*** The success of the mergers will depend in part on the ability of Liberty Global to realize the anticipated synergies and growth opportunities from combining the two companies. In addition, the market may not quickly, if ever, eliminate or reduce the holding company discount that we believe has suppressed the historical trading price of LMI common stock. Any failure to realize the anticipated benefits of the mergers may adversely affect the stock price of Liberty Global.

***Significant transaction costs will be incurred as a result of the mergers.*** LMI and UGC expect to incur significant one-time transaction costs, currently estimated to be approximately \$22 million, related to the mergers. These transaction costs include investment banking, legal and accounting fees and expenses of approximately \$13.8 million and SEC filing fees, printing expenses, mailing expenses and other related charges of approximately \$6.5 million. LMI and UGC may also incur additional unanticipated transaction costs in connection with the mergers. A portion of the transaction costs related to the mergers, estimated to be approximately \$18 million, will be incurred regardless of whether the mergers are completed. LMI and UGC will each pay its own transaction costs incurred, except that they will share equally all costs associated with printing and mailing this joint proxy statement/prospectus.

***We are parties to pending class action lawsuits relating to the UGC merger.*** We are parties to twenty-one lawsuits filed by third parties seeking monetary damages or injunctive relief, or both, in connection with the UGC merger. Predicting the outcome of these lawsuits is difficult; and an adverse judgment for monetary damages could have a material adverse effect on the operations of Liberty Global after the mergers, a preliminary injunction could delay or jeopardize the completion of the mergers and an adverse judgment granting injunctive relief could permanently enjoin the consummation of the mergers.

***LMI's potential indemnity liability to Liberty if the spin off is treated as a taxable transaction as a result of the mergers could materially adversely affect Liberty Global's prospects and financial condition.*** LMI entered into a tax sharing agreement with Liberty in connection with its spin off from Liberty on June 7, 2004. In the tax sharing agreement, LMI agreed to indemnify Liberty and its subsidiaries, officers and directors for any loss, including any adjustment to taxes of Liberty, resulting from (1) any action or failure to act by LMI or any of LMI's subsidiaries following the completion of the spin off that would be inconsistent with or prohibit the spin off from qualifying as a tax-free transaction to Liberty and to Liberty's stockholders under Section 355 of the Code or (2) any breach of any representation or covenant given by LMI or one of LMI's subsidiaries in connection with any tax opinion delivered to Liberty relating to the qualification of the spin off as a tax-free distribution described in Section 355 of the Code. LMI's indemnification obligations to Liberty and its subsidiaries, officers and directors are not limited in amount or subject to any cap. If LMI is required to indemnify Liberty and its subsidiaries, officers and directors under the circumstances set forth in the tax sharing agreement, LMI may be subject to substantial liabilities. For more information about the tax sharing agreement, see Appendix A: Information Concerning Liberty Media International, Inc. Part 2: Certain Relationships and Related Party Transactions Agreements Between LMI and Liberty Tax Sharing Agreement.

It is a non-waivable condition to the mergers that LMI and Liberty Global shall have received the opinion of Skadden, Arps, Slate, Meagher & Flom LLP or another nationally recognized law firm reasonably acceptable to UGC (acting with the approval of the Special Committee), dated the closing date of the mergers, to the effect that, for U.S. federal income tax purposes, provided that the spin off would otherwise have qualified as a tax-free distribution under Section 355 of the Code to Liberty and the Liberty stockholders, the mergers should not cause the spin off to fail to

qualify as a tax-free distribution to Liberty under Section 355(e) of the Code. In rendering such opinion, Skadden, Arps, Slate, Meagher & Flom LLP or such other alternate firm may rely upon factual representations and covenants, including those contained in certificates of officers of LMI, Liberty Global and UGC, and customary factual assumptions. Any inaccuracy in the representations, covenants and assumptions upon which such tax opinion is based could alter the conclusions reached in such opinion. Neither LMI nor Liberty Global have

## **Table of Contents**

requested a ruling from the Internal Revenue Service as to the effect, if any, that the mergers would have on the spin off. Therefore, there can be no assurance that the Internal Revenue Service will agree with the conclusions in such opinion.

### **Factors Relating to Overseas Operations and Regulations**

*The businesses of LMI and UGC are, and the businesses of Liberty Global will be, conducted almost exclusively outside of the United States, which gives rise to numerous operational risks.* The businesses of LMI and UGC are, and the businesses of Liberty Global will be, operated almost exclusively in countries other than the United States and are thereby subject to the following inherent risks:

longer payment cycles by customers in foreign countries that may increase the uncertainty associated with recoverable accounts;

difficulties in staffing and managing international operations;

economic instability;

potentially adverse tax consequences;

export and import restrictions, tariffs and other trade barriers;

increases in taxes and governmental royalties and fees;

involuntary renegotiation of contracts with foreign governments;

changes in foreign and domestic laws and policies that govern operations of foreign-based companies; and

disruptions of services or loss of property or equipment that are critical to overseas businesses due to expropriation, nationalization, war, insurrection, terrorism or general social or political unrest.

*LMI and UGC are, and Liberty Global is expected to be, exposed to potentially volatile fluctuations of the U.S. dollar (their functional currency) against the currencies of their operating subsidiaries and affiliates.* Any increase (decrease) in the value of the U.S. dollar against any foreign currency that is the functional currency of an operating subsidiary or affiliate of LMI or UGC, and, following the mergers, Liberty Global, will cause the parent company to experience unrealized foreign currency translation losses (gains) with respect to amounts already invested in such foreign currencies. In addition, LMI, UGC and their operating subsidiaries and affiliates are, and Liberty Global and its operating subsidiaries and affiliates are expected to be, exposed to foreign currency risk to the extent that they enter into transactions denominated in currencies other than their respective functional currencies, such as investments in debt and equity securities of foreign subsidiaries, equipment purchases, programming costs, notes payable and notes receivable (including intercompany amounts) that are denominated in a currency other than their own functional currency. Changes in exchange rates with respect to these items will result in unrealized (based upon period-end exchange rates) or realized foreign currency transaction gains and losses upon settlement of the transactions. In addition, LMI and UGC are, and Liberty Global is expected to be, exposed to foreign exchange rate fluctuations related to operating subsidiaries' monetary assets and liabilities and the financial results of foreign subsidiaries and affiliates when their respective financial statements are translated into U.S. dollars for inclusion in their consolidated financial statements. Cumulative translation adjustments are recorded in accumulated other comprehensive income (loss) as a separate component of equity. As a result of foreign currency risk, LMI, UGC and, following the mergers, Liberty Global may experience economic loss and a negative impact on earnings and equity

with respect to their holdings solely as a result of foreign currency exchange rate fluctuations. The primary exposure to foreign currency risk for LMI and UGC is, and for Liberty Global is expected to be, to the euro as over 50% of the U.S. dollar revenue of LMI and UGC is, and of Liberty Global following the mergers is expected to be, derived from countries where the euro is the functional currency. In addition, the operating results of LMI and UGC are, and of Liberty Global following the mergers are expected to be, significantly impacted by changes in the

## **Table of Contents**

exchange rates for the Japanese yen, Chilean peso and, to a lesser degree, other local currencies in Europe. In the past, LMI and UGC generally have not, and Liberty Global following the mergers is not expected to, enter into derivative transactions that are designed to reduce their long-term exposure to foreign currency exchange risk.

***The businesses of LMI and UGC are, and the businesses of Liberty Global will be, subject to risks of adverse regulation by foreign governments.*** The businesses of LMI and UGC are, and the businesses of Liberty Global will be, subject to the unique regulatory regimes of the countries in which they operate. Cable and telecommunications businesses are subject to licensing eligibility rules and regulations, which vary by country. The provision of telephony services requires licensing from, or registration with, the appropriate regulatory authorities and entrance into interconnection arrangements with the incumbent phone companies. It is possible that countries in which LMI, UGC and, following the mergers, Liberty Global operate may adopt laws and regulations regarding electronic commerce which could dampen the growth of the Internet access services being offered and developed by these businesses. Programming businesses are subject to regulation on a country by country basis, including programming content requirements, requirements to carry specified programming, service quality standards, price controls and ownership restrictions. Consequently, such businesses must adapt their ownership and organizational structure as well as their services to satisfy the rules and regulations to which they are subject. A failure to comply with these rules and regulations could result in penalties, restrictions on such business or loss of required licenses.

Businesses that offer multiple services, such as video distribution as well as Internet access and telephony, or both video distribution and programming content, are facing increased regulatory review from competition authorities in several countries in which LMI and UGC operate, and, following the mergers, Liberty Global will operate, with respect to their businesses and proposed business combinations. For example, regulatory authorities in several countries in which LMI and UGC do business, and in which Liberty Global will do business, are considering what access rights, if any, should be afforded to third parties for use of existing cable television networks. If third parties were to be granted access to the distribution infrastructure of LMI and UGC, and, following the mergers, Liberty Global, for the delivery of video, audio, Internet or other services, those providers could compete with services similar to those which the businesses of LMI and UGC offer, and, following the mergers, Liberty Global will offer, which could lead to significant price competition and loss of market share.

LMI, UGC and, following the mergers, Liberty Global may determine to acquire additional communications companies. These acquisitions may require the approval of governmental authorities, which can block, impose conditions on or delay an acquisition.

***LMI, UGC and, following the mergers, Liberty Global cannot be certain that they will be successful in acquiring new businesses or integrating acquired businesses with their existing operations.*** Historically, the businesses of LMI and UGC have grown, in part, through selective acquisitions that enabled them to take advantage of existing networks, local service offerings and region-specific management expertise. LMI, UGC and, following the mergers, Liberty Global may seek to continue growing their businesses through acquisitions in selected markets. Their ability to acquire new businesses may be limited by many factors, including debt covenants, availability of financing, the prevalence of complex ownership structures among potential targets and government regulation. Even if they were successful in acquiring new businesses, the integration of new businesses may present significant challenges, including: realizing economies of scale in interconnection, programming and network operations; eliminating duplicative overheads; and integrating networks, financial systems and operational systems. We cannot assure you that LMI, UGC and, following the mergers, Liberty Global will be successful in acquiring new businesses or realizing the anticipated benefits of any completed acquisition.

In addition, we anticipate that most, if not all, companies acquired by LMI, UGC or, following the mergers, Liberty Global will be located outside the United States. Foreign companies may not have disclosure controls and procedures or internal controls over financial reporting that are as thorough or effective as those required by U.S.

securities laws. While LMI, UGC and, following the mergers, Liberty Global intend to implement appropriate controls and procedures as they integrate acquired companies, they may not be able to certify as to the effectiveness of these companies' disclosure controls and procedures or internal controls over financial reporting until they have fully integrated them.

***LMI and UGC are, and Liberty Global will be, subject to the risk of revocation or loss of their telecommunications and media licenses.*** In certain operating regions, the services provided by the businesses of

## **Table of Contents**

LMI, UGC and, following the mergers, Liberty Global require receipt of a license from the appropriate national, provincial and/or local regulatory authority. In those regions, regulatory authorities may have significant discretion in granting licenses, including the term of the licenses, and are often under no obligation to renew them when they expire. The breach of a license or applicable law, even if inadvertent, can result in the revocation, suspension, cancellation or reduction in the term of a license or the imposition of fines. In addition, regulatory authorities may grant new licenses to third parties, resulting in greater competition in territories where the businesses of LMI, UGC and, following the mergers, Liberty Global may already be licensed. In order to promote competition, licenses may also require that third parties be granted access to the bandwidth, frequency capacity, facilities or services of LMI, UGC and, following the mergers, Liberty Global. There can be no assurance that LMI or UGC or, following the mergers, Liberty Global will be able to obtain or retain any required license, or that any renewal of a required license will not be on less favorable terms.

***LMI, UGC and, following the mergers, Liberty Global may have to pay U.S. taxes on earnings of certain of their foreign subsidiaries regardless of whether such earnings are actually distributed to them, and they may be limited in claiming foreign tax credits; since primarily all of their revenue is generated through their foreign investments, these tax risks could have a material adverse impact on their effective income tax rate, financial condition and liquidity.*** Certain foreign corporations in which LMI and UGC have, and in which Liberty Global will have, interests particularly those in which they have or will have controlling interests, are considered to be controlled foreign corporations under U.S. tax law. In general, their pro rata share of certain income earned by their subsidiaries that are controlled foreign corporations during a taxable year when such subsidiaries have current or accumulated earnings and profits will be included in their income when the income is earned, regardless of whether the income is distributed to them. This income, typically referred to as Subpart F income, generally includes, but is not limited to, such items as interest, dividends, royalties, gains from the disposition of certain property, certain currency exchange gains in excess of currency exchange losses, and certain related party sales and services income. In addition, a U.S. stockholder of a controlled foreign corporation may be required to include in income its pro rata share of the controlled foreign corporation's increase for the year in current or accumulated earnings and profits (other than Subpart F income) invested in U.S. property, regardless of whether the U.S. stockholder received any actual cash distributions from the controlled foreign corporation. Since LMI and UGC are investors in, and Liberty Global will be an investor in, foreign corporations, they could have significant amounts of Subpart F income. Although they intend to take reasonable tax planning measures to limit their tax exposure, we cannot assure you that they will be able to do so.

In general, a U.S. corporation may claim a foreign tax credit against its U.S. federal income taxes for foreign income taxes paid or accrued. A U.S. corporation may also claim a credit for foreign income taxes paid or accrued on the earnings of certain foreign corporations paid to the U.S. corporation as a dividend. The ability of LMI, UGC and, following the mergers, Liberty Global to claim a foreign tax credit for dividends received from their foreign subsidiaries is subject to various limitations. Some of their businesses are located in countries with which the United States does not have income tax treaties. Because LMI and UGC lack, and Liberty Global will lack, treaty protection in these countries, they may be subject to high rates of withholding taxes on distributions and other payments from their businesses and may be subject to double taxation on their income. Limitations on the ability of LMI, UGC and, following the mergers, Liberty Global to claim a foreign tax credit, their lack of treaty protection in some countries, and their inability to offset losses in one foreign jurisdiction against income earned in another foreign jurisdiction could result in a high effective U.S. federal income tax rate on their earnings. Since a significant portion of their revenue is generated abroad, including in jurisdictions that do not have tax treaties with the United States, these risks are proportionately greater for them than for companies that generate most of their revenue in the United States or in jurisdictions that have such treaties.

## **Factors Relating to Technology and Competition**

***Changes in technology may limit the competitiveness of and demand for services, which may adversely impact the business and stock value of LMI, UGC, and following the mergers, Liberty Global.*** Technology in the video, telecommunications and data services industries is changing rapidly. This significantly influences the demand for the products and services that are offered by the businesses of LMI, UGC and, following the mergers, Liberty Global. The ability to anticipate changes in technology and consumer tastes and to develop and introduce new and enhanced products on a timely basis will affect the ability of LMI, UGC, and, following the mergers, Liberty Global to continue to grow, increase their revenue and number of subscribers and remain competitive. New products, once



**Table of Contents**

marketed, may not meet consumer expectations or demand, can be subject to delays in development and may fail to operate as intended. A lack of market acceptance of new products and services which LMI, UGC and, following the mergers, Liberty Global may offer, or the development of significant competitive products or services by others, could have a material adverse impact on the revenue, growth and stock price of LMI, UGC and, following the mergers, Liberty Global. Alternatively, if consumer demand for new services in a specific country or region exceeds our expectations, meeting that demand could overburden our infrastructure, which could result in service interruptions and a loss of customers.

***LMI and UGC operate, and, following the mergers, Liberty Global will operate, in an increasingly competitive market, and there is a risk that LMI, UGC and, following the mergers, Liberty Global will not be able to effectively compete with other service providers.*** The market for cable television, high-speed Internet access and telecommunications in many of the regions in which LMI and UGC operate, and Liberty Global will operate, are highly competitive and highly fragmented. In the provision of video services, LMI and UGC face, and Liberty Global will face, competition from other cable television service providers, direct-to-home satellite service providers, digital terrestrial television broadcasters and video over asymmetric digital subscriber line providers, among others. Their operating businesses in The Netherlands, France and Japan are facing increasing competition from video services provided by or over the networks of incumbent telecommunications operators. In the provision of telephone services, LMI and UGC face, and Liberty Global will face, competition from the incumbent telecommunications operators in each country in which they operate. These operators have substantially more experience in providing telephone services and have greater resources to devote to the provision of telephone services. In addition, in many countries, LMI and UGC face, and Liberty Global will face, competition from wireless telephone providers, facilities-based and resale telephone operators, voice over Internet protocol providers and other providers. In the provision of Internet access services and online content, LMI and UGC face, and Liberty Global will face, competition from incumbent telecommunications companies and other telecommunications operators, other cable-based Internet service providers, non-cable based Internet service providers, Internet portals and satellite, microwave and other wireless providers. The Internet services offered by these competitors include both traditional dial-up access services and high-speed access services. Digital subscriber line is a technology that provides high-speed Internet access over traditional telephone lines. Both incumbent and alternative providers offer digital subscriber line services. We expect digital subscriber line to be an increasingly strong competitor in the provision of Internet services.

The market for programming services is also highly competitive. Programming businesses compete with other programmers for distribution on a limited number of channels. Once distribution is obtained, program offerings must then compete for viewers and advertisers with other programming services as well as with other entertainment media, such as home video, online activities and movies.

We expect the level and intensity of competition to increase in the future from both existing competitors and new market entrants as a result of changes in the regulatory framework of the industries in which LMI and UGC operate, and in which Liberty Global will operate, the influx of new market entrants and strategic alliances and cooperative relationships among industry participants. Increased competition may result in increased customer churn, reduce the rate of customer acquisition and lead to significant price competition, in each case resulting in decreases in cash flows, operating margins and profitability. The inability to compete effectively, may result in the loss of subscribers, and revenues and the stock price of LMI and UGC, and, following the mergers, Liberty Global, may suffer.

***LMI, UGC and, following the mergers, Liberty Global may not be able to obtain attractive programming for their digital video services, thereby lowering demand for their services.*** LMI and UGC rely, and, following the mergers, Liberty Global will rely, on programming suppliers for the bulk of their programming content. They may not be able to obtain sufficient high-quality programming for their digital video services on satisfactory terms or at all in order to offer compelling digital video services. This may reduce demand for their services, thereby lowering their

future revenues. It may also limit their ability to migrate customers from lower tier programming to higher tier programming, thereby inhibiting their ability to execute their business plans. Furthermore, LMI, UGC and, following the mergers, Liberty Global may not be able to obtain attractive country-specific programming for video services. This could further lower revenues and profitability. In addition, must-carry requirements may consume channel capacity otherwise available for other services.

## **Table of Contents**

***Some of the operating businesses of LMI, UGC and, following the mergers, Liberty Global depend upon third parties for the distribution of their products and services.*** In certain operating regions, the businesses of LMI, UGC and following the mergers, Liberty Global require access to utility poles, roadside conduits and leased fiber that interconnect their headends and/or connect their headends to telecommunications facilities of third parties. This infrastructure is, in some cases, owned by regional utility companies or other third party administrators, and access to the infrastructure is licensed to the businesses of LMI, UGC and, following the mergers, Liberty Global. In other operating regions, the transmission of cable programming content to regional headend facilities is accomplished via communications satellites owned by third parties, who, in some cases, are competitors. We cannot assure you that the businesses of LMI, UGC and, following the mergers, Liberty Global will be able to renew any existing access agreements with these third parties or enter into new agreements for additional access rights, which may be necessary for the expansion of their businesses in these regions. Any cancellation, delay or interruption in these access rights would disrupt the delivery of the products and services of LMI, UGC and, following the mergers, Liberty Global to customers in the affected regions. In addition, the failure to obtain additional access rights from such third parties could preclude expansionary efforts in these operating regions. We also cannot assure you that any alternative distribution means will be available in these regions, on reasonable terms or at all.

***Following the mergers, Liberty Global and Liberty may compete for business opportunities.*** LMI's former parent company, Liberty, has interests in various U.S. programming companies that have subsidiaries or controlled affiliates that own or operate foreign programming services that may compete with the programming services to be offered by Liberty Global's businesses. In addition, Liberty may seek to expand its foreign programming services to capitalize on the significant growth potential presented by the international cable market. As a result of these expansionary efforts, Liberty Global's programming services may find themselves in direct competition with those of Liberty. Liberty Global has no rights in respect of international programming opportunities developed by or presented to the subsidiaries or controlled affiliates of Liberty's U.S. programming companies and the pursuit of these opportunities by such subsidiaries or affiliates may adversely affect the interests of Liberty Global and its stockholders. Since Liberty Global will have overlapping directors with Liberty, the pursuit of these opportunities could create, or appear to create, potential conflicts of interest. See Management of Liberty Global.

## **Factors Relating to Certain Financial Matters**

***The liquidity and value of the interests of LMI, UGC and, following the mergers, Liberty Global in their subsidiaries and affiliates may be adversely affected by stockholder agreements and similar agreements to which they are a party.*** LMI and UGC own, and Liberty Global will own, equity interests in a variety of international broadband distribution and video programming businesses. Certain of these equity interests are, or will be, held pursuant to stockholder agreements, partnership agreements and other instruments and agreements that contain provisions that affect the liquidity, and therefore the realizable value, of those interests. Most of these agreements subject, or will subject, the transfer of such equity interests to consent rights or rights of first refusal of the other stockholders or partners. In certain cases, a change in control of the company or the subsidiary holding the equity interest will give rise to rights or remedies exercisable by other stockholders or partners. Some of the subsidiaries and affiliates of LMI and UGC and, following the mergers, Liberty Global are parties to loan agreements that restrict changes in ownership of the borrower without the consent of the lenders. All of these provisions will restrict the ability to sell those equity interests and may adversely affect the prices at which those interests may be sold.

LMI and UGC do not, and Liberty Global will not, have the right to manage the businesses or affairs of any of the companies in which they hold less than a majority voting interest. Rather, such rights may take the form of representation on the board of directors or a partners' or similar committee that supervises management or possession of veto rights over significant or extraordinary actions. The scope of veto rights varies from agreement to agreement. Although board representation and veto rights may enable LMI, UGC and, following the mergers, Liberty Global to

exercise influence over the management or policies of an affiliate, they do not enable LMI, UGC or, following the mergers, Liberty Global to cause those affiliates to take actions, such as paying dividends or making distributions to their stockholders or partners.

***Following the mergers, Liberty Global may not report operating income or net earnings.*** Each of UGC and LMI has a history of reporting operating and net losses. UGC's net earnings (losses) amounted to \$(314.7) million, \$1,955.4 million, \$(3,561.5) million and \$(4,494.7) million for the nine months ended September 30, 2004,

**Table of Contents**

and the years ended December 31, 2003, 2002 and 2001, respectively. Although UGC had net earnings in 2003, the net earnings were primarily attributable to a \$2.1 billion gain on debt extinguishment. During the same periods, LMI's net earnings (losses) amounted to \$(10.6) million, \$20.9 million, \$(568.2) million and \$(820.4) million for the nine months ended September 30, 2004, and the years ended December 31, 2003, 2002 and 2001, respectively. In light of the historical financial performance of UGC and LMI, we cannot assure you that Liberty Global will report operating income or net earnings in the near future or at all.

***If LMI, UGC or, following the mergers, Liberty Global fails to meet required capital calls to a company in which it holds interests, its interests in that company could be diluted or it could forfeit important rights.*** LMI and UGC are parties to, and, following the mergers, Liberty Global may be a party to, stockholder and partnership agreements that provide for possible capital calls on stockholders and partners. Failure to meet a capital call, or other commitment to provide capital or loans to a particular company in which LMI, UGC or, following the mergers, Liberty Global holds interests may have adverse consequences to LMI, UGC or, following the mergers, Liberty Global. These consequences may include, among others, the dilution of equity interest in that company, the forfeiture of the right to vote or exercise other rights or, in some instances, a breach of contract action for damages against LMI, UGC or, following the mergers, Liberty Global. The ability to meet capital calls or other capital or loan commitments is subject to the ability to access cash. See LMI, UGC and Liberty Global may not freely access the cash of their operating companies. below.

***LMI, UGC and Liberty Global may not freely access the cash of their operating companies.*** The operations of LMI and UGC are, and, following the mergers, Liberty Global will be, conducted through their respective subsidiaries. The potential sources of cash of LMI and UGC, and, following the mergers, Liberty Global will include their available cash balances, net cash from the operating activities of their subsidiaries, dividends and interest from their investments, availability under credit facilities and proceeds from asset sales. The ability of their operating subsidiaries to pay dividends or to make other payments or advances to them depends on their individual operating results and any statutory, regulatory or contractual restrictions to which they may be or may become subject. Some of LMI's and UGC's operating subsidiaries are, and, following the mergers, Liberty Global's operating subsidiaries will be, subject to loan agreements or bank facilities that restrict sales of assets and prohibit or limit the payment of dividends or the making of distributions, loans or advances to stockholders and partners, including LMI, UGC and, following the mergers, Liberty Global. In addition, because these subsidiaries are separate and distinct legal entities they have no obligation to provide LMI, UGC or, following the mergers, Liberty Global with funds for payment obligations, whether by dividends, distributions, loans or other payments. With respect to those companies in which LMI, UGC or, following the mergers, Liberty Global have less than a majority voting interest, LMI and UGC do not have, and, following the mergers, Liberty Global will not have, sufficient voting control to cause those companies to pay dividends or make other payments or advances to any of their partners or stockholders, including LMI, UGC or, following the mergers, Liberty Global.

***If, following the mergers, Liberty Global is unable to satisfy completely the regulatory requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or Liberty Global's internal control over financial reporting is not effective, the reliability of Liberty Global's financial statements may be questioned and Liberty Global's stock price may suffer.*** Section 404 of the Sarbanes-Oxley Act of 2002 requires companies to do a comprehensive evaluation of their internal control over financial reporting. To comply with this statute, Liberty Global will be required to document and test its internal control procedures; Liberty Global's management will be required to assess and issue a report concerning Liberty Global's internal control over financial reporting; and Liberty Global's independent auditors will be required to issue an opinion on management's assessment of those matters. Liberty Global's compliance with Section 404 of the Sarbanes-Oxley Act will first be tested in connection with the filing of its Annual Report on Form 10-K for the fiscal year ending December 31, 2005. The rules governing the standards that must be met for management to assess Liberty Global's internal control over financial reporting are new and complex and require significant documentation, testing and possible remediation to meet the detailed standards under the rules. During the

course of its testing, Liberty Global's management may identify material weaknesses or deficiencies which may not be remedied in time to meet the deadline imposed by the Sarbanes-Oxley Act. If, following the mergers, Liberty Global's management cannot favorably assess the effectiveness of Liberty Global's internal control over financial reporting or Liberty Global's auditors identify material weaknesses in those controls, investor confidence in Liberty Global's financial results may weaken, and Liberty Global's stock price may suffer.

## **Table of Contents**

*Certain subsidiaries of LMI and UGC are, and certain subsidiaries of Liberty Global will be, subject to various debt instruments that contain restrictions on how they finance their operations and operate their businesses, which could impede their ability to engage in beneficial transactions.* Certain subsidiaries of LMI and UGC are, and certain subsidiaries of Liberty Global will be, subject to significant financial and operating restrictions contained in outstanding credit agreements, indentures and similar instruments of indebtedness. These restrictions will affect, and in some cases significantly limit or prohibit, among other things, the ability of those subsidiaries to:

- borrow more funds;
- pay dividends or make other upstream distributions;
- make investments;
- engage in transactions with us or other affiliates; or
- create liens on their assets.

As a result of restrictions contained in these credit facilities, the companies party thereto, and their subsidiaries, could be unable to obtain additional capital in the future to:

- fund capital expenditures or acquisitions that could improve their value;
- meet their loan and capital commitments to their business affiliates;
- invest in companies in which they would otherwise invest;
- fund any operating losses or future development of their business affiliates;
- obtain lower borrowing costs that are available from secured lenders or engage in advantageous transactions that monetize their assets; or
- conduct other necessary or prudent corporate activities.

LMI and UGC are, and Liberty Global will be, typically prohibited from or significantly restricted in accessing the net cash of their subsidiaries that have outstanding credit facilities.

In addition, some of the credit agreements to which these subsidiaries are parties require them to maintain financial ratios, including ratios of total debt to operating cash flow and operating cash flow to interest expense. Their ability to meet these financial ratios and tests may be affected by events beyond their control, and we cannot assure you that they will be met. In the event of a default under such subsidiaries' credit agreements or indentures, the lenders may accelerate the maturity of the indebtedness under those agreements or indentures, which could result in a default under other outstanding credit facilities of these subsidiaries. We cannot assure you that any of these subsidiaries will have sufficient assets to pay indebtedness outstanding under their credit agreements and indentures. Any refinancing of this indebtedness is likely to contain similar restrictive covenants.

## **Factors Relating to Governance Matters**

*John C. Malone will have significant influence over corporate matters considered by Liberty Global and its stockholders.* Following the mergers, John C. Malone is expected to beneficially own shares of Liberty Global common stock representing approximately [\_\_\_]% of the aggregate voting power of Liberty Global (based upon his

beneficial ownership interests in LMI and UGC, respectively, as of the record dates for the special meetings, and assuming no cash elections are made by the UGC stockholders). By virtue of Mr. Malone's voting power in Liberty Global as well as his position as Liberty Global's Chairman of the Board, Mr. Malone will have significant influence over the outcome of any corporate transaction or other matters submitted to Liberty Global stockholders



**Table of Contents**

for approval, including the election of directors, mergers, consolidations and the sale of all or substantially all of Liberty Global's assets. Mr. Malone's rights to vote or dispose of his equity interests in Liberty Global will not be subject to any restrictions in favor of Liberty Global other than as may be required by applicable law and except for customary transfer restrictions pursuant to incentive award agreements.

***It may be difficult for a third party to acquire Liberty Global, even if doing so may be beneficial to Liberty Global stockholders.*** Certain provisions of Liberty Global's restated certificate of incorporation and bylaws may discourage, delay or prevent a change in control of Liberty Global that a stockholder may consider favorable. These provisions include the following:

authorizing a capital structure with multiple series of common stock: a Series B that entitles the holders to ten votes per share; a Series A that entitles the holders to one vote per share; and a Series C that, except as otherwise required by applicable law, entitles the holder to no voting rights;

authorizing the issuance of blank check preferred stock, which could be issued by its board of directors to increase the number of outstanding shares and thwart a takeover attempt;

classifying its board of directors with staggered three-year terms, which may lengthen the time required to gain control of its board of directors;

limiting who may call special meetings of stockholders;

prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of the stockholders;

establishing advance notice requirements for nominations of candidates for election to its board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings;

requiring stockholder approval by holders of at least 80% of its voting power or the approval by at least 75% of its board of directors with respect to certain extraordinary matters, such as a merger or consolidation of Liberty Global, a sale of all or substantially all of its assets or an amendment to its restated certificate of incorporation or bylaws; and

the existence of authorized and unissued stock which would allow its board of directors to issue shares to persons friendly to current management, thereby protecting the continuity of its management, or which could be used to dilute the stock ownership of persons seeking to obtain control of them.

Liberty Global's incentive plan may also discourage, delay or prevent a change in control of Liberty Global even if such change of control would be in the best interests of Liberty Global stockholders. For more information regarding the relative rights of the holders of LMI common stock, UGC common stock and Liberty Global common stock, see Comparison of the Rights of Stockholders of LMI, UGC and Liberty Global.

***Holders of any single series of Liberty Global common stock may not have any remedies if any action by Liberty Global's directors or officers has an adverse effect on only that series of Liberty Global common stock.***

Principles of Delaware law and the provisions of Liberty Global's restated certificate of incorporation may protect decisions of Liberty Global's board of directors that have a disparate impact upon holders of any single series of Liberty Global common stock. Under Delaware law, Liberty Global's board of directors has a duty to act with due care and in the best interests of all Liberty Global stockholders, including the holders of all series of Liberty Global common stock. Principles of Delaware law established in cases involving differing treatment of multiple classes or series of stock provide that a board of directors owes an equal duty to all common stockholders regardless of class or

series and does not have separate or additional duties to any group of stockholders. As a result, in some circumstances, Liberty Global's directors may be required to make a decision that is adverse to the holders of one series of their common stock. Under the principles of Delaware law referred to above, you may not be able to

**Table of Contents**

challenge these decisions if Liberty Global's board of directors is disinterested and adequately informed with respect to these decisions and acts in good faith and in the honest belief that it is acting in the best interests of all of its stockholders.

**Table of Contents**

**INFORMATION REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements in this joint proxy statement/prospectus constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be made directly in this joint proxy statement/prospectus or they may be made a part of this joint proxy statement/prospectus by appearing in other documents filed with the Securities and Exchange Commission and incorporated by reference in this joint proxy statement/prospectus. These statements may include statements regarding the period following completion of the mergers.

We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the federal securities laws. In some cases, you can identify these statements by our use of forward-looking words such as may, will, should, anticipate, estimate, expect, plan, believe, predict, and other terms of similar substance used in connection with any discussion of the mergers or the future operations or financial performance of LMI, UGC or Liberty Global. You should be aware that these statements and any other forward-looking statements in these documents only reflect our expectations and are not guarantees of performance. These statements involve risks, uncertainties and assumptions. Many of these risks, uncertainties and assumptions are beyond the control of LMI, UGC and Liberty Global, and may cause actual results and performance to differ materially from our expectations.

In addition to the risks and uncertainties set forth under the heading Risk Factors on page [\_\_\_] of this joint proxy statement/prospectus, important factors that could cause our actual results to be materially different from our expectations include, among others:

economic and business conditions and industry trends in the countries in which we operate;

currency exchange risks;

consumer disposable income and spending levels, including the availability and amount of individual consumer debt;

consumer acceptance of existing service offerings, including our newer digital video, voice and Internet access services;

consumer acceptance of new technology, programming alternatives and broadband services that we may offer;

our ability to manage rapid technological changes, and grow our digital video, voice and Internet access services;

spending on foreign television advertising;

the regulatory and competitive environment in the broadband communications and programming industries in the countries in which we operate;

continued consolidation of the foreign broadband distribution industry;

uncertainties inherent in the development and integration of new business lines and business strategies;

the expanded deployment of personal video recorders and the impact on television advertising revenue;

capital spending for the acquisition and/or development of telecommunications networks and services;  
39

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**Table of Contents**

uncertainties associated with product and service development and market acceptance, including the development and provision of programming for new television and telecommunications technologies;

future financial performance, including availability, terms and deployment of capital;

the ability of suppliers and vendors to timely deliver products, equipment, software and services;

the outcome of any pending or threatened litigation;

availability of qualified personnel;

changes in, or failure or inability to comply with, government regulations in the countries in which we operate and adverse outcomes from regulatory proceedings;

government intervention which opens our broadband distribution networks to competitors;

our ability to successfully negotiate rate increases with local authorities;

changes in the nature of key strategic relationships with partners and joint venturers;

uncertainties associated with our ability to comply with the internal control requirements of the Sarbanes Oxley Act of 2002;

competitor responses to our products and services, and the products and services of the entities in which we have interests; and

threatened terrorist attacks and ongoing military action in the Middle East and other parts of the world.

You should be aware that the video, voice and Internet access services industries are changing rapidly, and, therefore, the forward-looking statements and statements of expectations, plans and intent herein are subject to a greater degree of risk than similar statements regarding certain other industries.

We caution you not to place undue reliance on the forward-looking statements contained in this joint proxy statement/prospectus. These forward-looking statements speak only as of the date on which the statements were made. Except as may be required by law, none of LMI, UGC or Liberty Global has any obligation to update or alter these forward-looking statements, whether as a result of new information, future events or otherwise.

**Table of Contents**

**THE COMPANIES**

**Liberty Media International, Inc.**

LMI is a holding company that, through its ownership of interests in subsidiaries and affiliates, provides broadband distribution services and video programming services to subscribers in Europe, Japan, Latin America and Australia. LMI's broadband distribution services consist primarily of cable television distribution, Internet access and, in selected markets, telephony and satellite distribution. LMI's broadband distribution services include those of UGC, which is a controlled subsidiary of LMI. LMI's programming networks create original programming and also distribute programming obtained from international and home-country content providers. LMI's principal assets include interests in UGC, Jupiter Telecommunications Co., Ltd., Jupiter Programming Co., Ltd., Liberty Cablevision of Puerto Rico Ltd. and Pramer S.C.A.

LMI is a Delaware corporation, formed on March 16, 2004, in connection with the proposed spin off of Liberty's International Group business segment. LMI's assets and businesses, including its controlling stake in UGC, consist largely of those which Liberty attributed to its International Group business segment prior to the spin off. On June 7, 2004, Liberty distributed to its stockholders, on a pro rata basis, all of the outstanding shares of LMI's common stock, and LMI became an independent, publicly traded company.

LMI's principal executive offices are located at 12300 Liberty Boulevard, Englewood, Colorado 80112. LMI's main telephone number is (720) 875-5800, and its company website is [www.libertymediainternational.com](http://www.libertymediainternational.com).

*Additional Information*

For more information regarding LMI, please see Appendix A: Information Concerning Liberty Media International, Inc. to this joint proxy statement/prospectus, including, without limitation:

Part 1: Description of Business;

Part 2: Certain Relationships and Related Party Transactions;

Part 3: Management's Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures About Market Risk; and

Part 4: Historical Financial Statements of LMI and its Significant Affiliates and Acquirees; which is incorporated herein in its entirety by this reference.

**UnitedGlobalCom, Inc.**

UGC is a leading international broadband communications provider of video, voice and Internet services with operations in 16 countries outside the United States. UGC's networks pass approximately 16.0 million homes and serve approximately 8.7 million video subscribers, 0.8 million voice subscribers and 1.4 million Internet access subscribers. UGC Europe, Inc., UGC's largest consolidated operation, is a leading pan-European broadband communications company. VTR GlobalCom S.A., UGC's primary Latin American operation, is Chile's largest multi-channel television and high-speed Internet access provider in terms of homes passed and number of subscribers, and Chile's second largest provider of residential telephone services in terms of lines in service. UGC also has an approximate 19% interest in SBS Broadcasting S.A., a European commercial television and radio broadcasting company, and an approximate 34% interest in Austar United Communications Limited, a leading pay-TV provider in Australia.

UGC is a Delaware corporation, formed on February 5, 2001 in connection with a substantial investment by Liberty.



**Table of Contents**

UGC's principal executive offices are located at 4643 South Ulster Street, Suite 1300, Denver, Colorado 80237. UGC's main telephone number is (303) 770-4001, and its company website is [www.unitedglobal.com](http://www.unitedglobal.com).

*Additional Information*

For more information regarding UGC, please see [Additional Information](#) [Where You Can Find More Information](#).

**Liberty Global, Inc.**

Liberty Global, a wholly owned subsidiary of LMI, is a Delaware corporation, formed on January 13, 2005, for the purpose of effecting the mergers. Upon consummation of the mergers, Liberty Global will become the parent company of LMI and UGC. The businesses of Liberty Global will reflect the combination of the businesses currently conducted by each of LMI and UGC.

To date, Liberty Global has not conducted any activities other than those incident to its formation and the matters contemplated by the merger agreement, including the formation of each of LMI Merger Sub and UGC Merger Sub as wholly owned subsidiaries and the preparation of applicable filings under the securities laws.

*Additional Information*

For more information regarding the business of Liberty Global following the mergers, please see the description of LMI's business included in [Appendix A: Information Concerning Liberty Media International, Inc. Part 1: Description of Business](#), which includes a description of UGC's business. In addition, please carefully read the information provided in this joint proxy statement/prospectus, including the information provided under the heading [Liberty Global Unaudited Condensed Pro Forma Combined Financial Statements](#).

**Cheetah Acquisition Corp. (LMI Merger Sub)**

LMI Merger Sub, a wholly owned subsidiary of Liberty Global, is a Delaware corporation, formed on January 13, 2005, for the purpose of effecting the merger with LMI. LMI Merger Sub has not conducted any activities other than those incident to its formation and the matters contemplated by the merger agreement, including the preparation of applicable filings under the securities laws.

**Tiger Global Acquisition Corp. (UGC Merger Sub)**

UGC Merger Sub, a wholly owned subsidiary of Liberty Global, is a Delaware corporation, formed on January 13, 2005, for the purpose of effecting the merger with UGC. UGC Merger Sub has not conducted any activities other than those incident to its formation and the matters contemplated by the merger agreement, including the preparation of applicable filings under the securities laws.

**Table of Contents****THE SPECIAL MEETINGS AND PROXY SOLICITATIONS**

	<b>LMI</b>	<b>UGC</b>
<b>Time, Place &amp; Date</b>	[_____] , 2005 [___] a.m., local time [_____] [_____] [_____] , Colorado [_____]	[_____] , 2005 [___] a.m., local time [_____] [_____] [_____] , Colorado [_____]
	The LMI special meeting may be adjourned or postponed to another date, time or place for proper purposes, including for the purpose of soliciting additional proxies.	The UGC special meeting may be adjourned or postponed to another date, time or place for proper purposes, including for the purpose of soliciting additional proxies.
<b>Purposes</b>	To consider and vote on the merger proposal; and  To transact other business as may properly be presented at the LMI special meeting or any postponements or adjournments thereof.  At the present time, LMI knows of no other matters that will be presented at the LMI special meeting.	To consider and vote on the merger proposal; and  To transact other business as may properly be presented at the UGC special meeting or any postponements or adjournments thereof.  At the present time, UGC knows of no other matters that will be presented at the UGC special meeting.
<b>Quorum</b>	In order to carry on the business of the applicable special meeting, LMI or UGC, as the case may be, must have a quorum present. This means that at least a majority of the aggregate voting power represented by the outstanding shares of LMI common stock or UGC common stock, as the case may be, must be represented at the applicable special meeting, either in person or by proxy. For purposes of determining a quorum, your shares will be included as represented at the meeting even if you indicate on your proxy that you abstain from voting. In addition, if a broker, who is a record holder of shares, indicates on a form of proxy that the broker does not have discretionary authority to vote those shares on the proposal, or if those shares are voted in circumstances in which proxy authority is defective or has been withheld with respect to any proposal, these shares (which we refer to as broker non-votes) will be treated as present for purposes of determining the presence of a quorum. See -Shares Held in Street Name Effect of Broker Non-Votes and Abstentions below.	
<b>Record Date</b>	5:00 p.m., New York City time, on [___], 2005	5:00 p.m., New York City time, on [___], 2005
<b>Shares Entitled to Vote</b>	Holders of LMI Series A common stock and LMI Series B common stock, as recorded in LMI s stock register on the record date for the	Holders of UGC Class A common stock, UGC Class B common stock and UGC Class C common stock, as recorded in UGC s stock register

LMI special meeting, may vote at the LMI special meeting. on the record date for the UGC special meeting, may vote at the UGC special meeting.

**Votes You** At the LMI special meeting, holders of At the UGC special meeting, holders of

**Table of Contents**

	<b>LMI</b>	<b>UGC</b>
<b>Have</b>	<p>LMI Series A common stock will have one vote for each share of LMI Series A common stock that LMI's records show they owned as of 5:00 p.m., New York City time, on the record date for the LMI special meeting.</p> <p>At the special meeting, holders of LMI Series B common stock will have ten votes for each share of LMI Series B common stock that LMI's records show they owned as of 5:00 p.m., New York City time, on the record date for the LMI special meeting.</p>	<p>UGC Class A common stock will have one vote for each share of UGC Class A common stock that UGC's records show they owned as of 5:00 p.m., New York City time, on the record date for the UGC special meeting.</p> <p>At the special meeting, holders of UGC Class B common stock and holders of UGC Class C common stock will have ten votes for each share of UGC Class B common stock and for each share of UGC Class C common stock that UGC's records show they owned as of 5:00 p.m., New York City time, on the record date for the UGC special meeting.</p>
<b>Recommendation of the Board of Directors</b>	<p>LMI's board of directors has unanimously approved the merger agreement and the LMI merger and determined that the merger agreement and the LMI merger are advisable, fair to and in the best interests of LMI and its stockholders. Accordingly, LMI's board of directors recommends that LMI stockholders vote <b>FOR</b> the merger proposal.</p>	<p>UGC's board of directors, based upon the recommendation of the Special Committee, has unanimously approved the merger agreement and the UGC merger and determined that the merger agreement and the UGC merger are advisable, fair to and in the best interests of UGC and its stockholders. Accordingly, UGC's board of directors recommends that UGC stockholders vote <b>FOR</b> the merger proposal.</p>
<b>Votes Required</b>	<p>Approval of the merger proposal requires the affirmative vote of the holders of a majority of the aggregate voting power of the LMI Series A common stock and LMI Series B common stock outstanding as of the record date for the LMI special meeting, voting together as a single class.</p> <p>Pursuant to a voting agreement entered into between John C. Malone, the Chairman of the</p>	<p>Approval of the merger proposal requires a vote of the holders of UGC common stock, with all classes voting together as a single class, that satisfies two criteria:</p> <p><u>statutory approval</u>: the affirmative vote of the holders of at least a majority of the aggregate voting power of the shares of UGC Class A common stock, UGC Class B common stock and UGC Class C common stock</p>

Board, Chief Executive Officer and President of LMI, and UGC, Mr. Malone has agreed to vote the shares of LMI Series A common stock and LMI Series B common stock owned by him or which he has the right to vote (currently representing approximately 26.5% of the aggregate voting power of LMI) minority approval: the affirmative vote of the holders of a majority of the aggregate voting power of the outstanding shares of UGC common stock entitled to vote at the UGC special meeting, excluding the shares beneficially owned by LMI, Liberty or any of their respective subsidiaries or any of the executive officers or directors of LMI, Liberty or UGC.

**FOR** the approval of the merger proposal. See The Transaction Agreements Voting Agreement.

The directors and executive officers of LMI (other than Mr. Malone), who together beneficially own shares of LMI

**Table of Contents**

**LMI**

common stock representing approximately 3.3% of LMI's aggregate voting power, have indicated to LMI that they intend to vote **FOR** the merger proposal at the LMI special meeting.

**UGC**

LMI, which currently beneficially owns shares of UGC common stock representing approximately 91% of the aggregate voting power of UGC, has agreed to vote, and to cause its subsidiaries to vote, such shares in favor of the approval of the merger proposal. See The Transaction Agreements Merger Agreement. Accordingly, the statutory approval is assured.

The directors and executive officers of UGC, who together beneficially own shares of UGC common stock representing less than 1% of UGC's aggregate voting power, have indicated to UGC that they intend to vote **FOR** the merger proposal at the UGC special meeting.

The directors and executive officers of LMI (including Mr. Malone), who together beneficially own shares of UGC common stock representing less than 1% of UGC's aggregate voting power, have indicated to UGC that they intend to vote **FOR** the merger proposal at the UGC special meeting.

The votes of LMI and its wholly owned subsidiaries, the votes of UGC's directors and executive officers and the votes of LMI's directors and executive officers will not be counted toward the minority approval.

**Shares Outstanding**

As of the record date for the LMI special meeting, there were [\_\_\_] shares of LMI Series A common stock and 7,264,300 shares of

As of the record date for the UGC special meeting, there were [\_\_\_] shares of UGC Class A common stock, 10,493,461 shares of UGC

LMI Series B common stock outstanding and entitled to vote on the merger proposal at the LMI special meeting. See Executive Officers, Directors and Principal Stockholders of LMI.	Class B common stock and 379,603,223 shares of UGC Class C common stock outstanding and entitled to vote on the merger proposal at the UGC special meeting. See Executive Officers, Directors and Principal Stockholders of UGC.
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**Numbers of Holders**

As of the record date for the LMI special meeting, there were approximately [ ] and [ ] record holders of LMI Series A and Series B common stock, respectively (which amounts do not include the number of stockholders whose shares are held of record by banks, brokers or other nominees, but include each such institution as one holder).	As of the record date for the UGC special meeting, there were approximately [ ], [ ] and [ ] record holders of UGC Class A, Class B and Class C common stock, respectively (which amounts do not include the number of stockholders whose shares are held of record by banks, brokers or other nominees, but include each such institution as one holder).
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**Table of Contents**

	<b>LMI</b>	<b>UGC</b>
<b>Voting Procedures</b>	<p>Holders of LMI common stock and UGC common stock, as the case may be, as of the record date for the applicable special meeting may vote in person thereat. Alternatively, they may give a proxy by completing, signing, dating and returning the proxy card that has been included with the mailing of this joint proxy statement/prospectus, or by voting by telephone or over the Internet. Unless subsequently revoked, shares of LMI common stock or UGC common stock, as the case may be, represented by a proxy submitted as described below and received at or before the applicable special meeting will be voted in accordance with the instructions on the proxy.</p> <p><b>YOUR VOTE IS IMPORTANT.</b> It is recommended that you vote by proxy even if you plan to attend the special meeting. You may change your vote at the special meeting. To submit a written proxy by mail, you should complete, sign, date and mail the proxy in accordance with its instructions. If a proxy is signed and returned without indicating any voting instructions, the shares of LMI common stock or UGC common stock represented by the proxy will be voted <b>FOR</b> the approval of the merger proposal. You may also submit a proxy by telephone or over the Internet by following the instructions set forth on the proxy. Failure to submit a proxy or vote in person at the special meeting will have the same effect as a vote <b>AGAINST</b> the approval of the merger proposal.</p> <p>If any other matters are properly presented before the special meeting, the persons you choose as proxies will have discretion to vote or to act on these matters according to their best judgment, unless you indicate otherwise on your proxy.</p>	
<b>Revoking a Proxy</b>	<p>Before your proxy is voted, you may change your vote by telephone or over the Internet (if you originally voted by telephone or over the Internet), by voting in person at the LMI special meeting or by delivering a signed proxy revocation or a new signed proxy with a later date to Liberty Media International, Inc., c/o EquiServe Trust Company, N.A., P.O. Box [____], Edison, New Jersey 08818-[____]. Any signed proxy revocation or new signed proxy must be received before the start of the LMI special meeting.</p> <p>Your attendance at the LMI special meeting will not, by itself, revoke your proxy.</p> <p>If your shares are held in an account by a broker, bank or other nominee, you should contact your broker, bank or</p>	<p>Before your proxy is voted, you may change your vote by telephone or over the Internet (if you originally voted by telephone or over the Internet), by voting in person at the UGC special meeting or by delivering a signed proxy revocation or a new signed proxy with a later date to UnitedGlobalCom, Inc., c/o Mellon Investor Services LLC, Proxy Processing, P.O. Box [____], South Hackensack, New Jersey 07606-[____]. Any signed proxy revocation or new signed proxy must be received before the start of the UGC special meeting.</p> <p>Your attendance at the UGC special meeting will not, by itself, revoke your proxy.</p> <p>If your shares are held in an account by a broker, bank or other nominee, you should contact your broker, bank or other nominee to</p>



other nominee to change your vote.  
change your vote.  
vote.

**Solicitation of Proxies**

The accompanying proxy for the LMI special meeting is being solicited on behalf of LMI's board of directors. In addition to this mailing, LMI's employees may solicit proxies personally, electronically or by telephone. LMI pays the cost of soliciting these proxies. LMI also reimburses brokers and other nominees for their

The accompanying proxy for the UGC special meeting is being solicited on behalf of UGC's board of directors. In addition to this mailing, UGC's employees may solicit proxies personally, electronically or by telephone. UGC pays the cost of soliciting these proxies. UGC also reimburses brokers and other nominees for their

**Table of Contents**

<b>LMI</b>	<b>UGC</b>
expenses in sending these materials to you and getting your voting instructions.	expenses in sending these materials to you and getting your voting instructions.
In addition to this mailing, LMI has hired D.F. King & Co. to solicit proxies on LMI's behalf. D.F. King & Co. will receive \$7,000 as compensation for such services, plus expenses.	In addition to this mailing, UGC has hired D.F. King & Co. to solicit proxies on UGC's behalf. D.F. King & Co. will receive approximately \$11,500 as compensation for such services, plus expenses.

**Shares Held in** *General*  
**Street**  
**Name**

If you hold your shares in the name of a bank, broker or other nominee, you should follow the instructions provided by your bank, broker or nominee when voting your shares or when granting or revoking a proxy. Absent specific instructions from you, your broker is not permitted to vote your shares on the merger proposal.

*Effect of Broker Non-Votes and Abstentions*

Broker non-votes will be counted as present and represented at the applicable special meeting but will not be voted on the merger proposal or any other matter submitted to stockholders. As a result, a broker non-vote will have the same effect as a vote **AGAINST** the merger proposal. Similarly, if you indicate that you are abstaining from voting, your proxy will have the same effect as a vote **AGAINST** the merger proposal.

<b>Auditors</b>	KPMG LLP serves as LMI's independent auditors. Representatives of KPMG plan to attend the LMI special meeting and will be available to answer questions. A representative of KPMG is expected to attend the meeting with the opportunity to make a statement and/or respond to appropriate questions from shareholders at the meeting.	KPMG LLP serves as UGC's independent auditors. Representatives of KPMG plan to attend the UGC special meeting and will be available to answer questions. A representative of KPMG is expected to attend the meeting with the opportunity to make a statement and/or respond to appropriate questions from shareholders at the meeting.
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**Table of Contents**

**SPECIAL FACTORS**

**Background of the Mergers**

LMI was formerly a wholly owned subsidiary of Liberty. On June 7, 2004, Liberty distributed to its stockholders, on a pro rata basis, all of the issued and outstanding shares of LMI common stock, and LMI became an independent, publicly-traded company. From time to time following the spin off, LMI's board of directors and management reviewed the assets held by LMI to determine the available alternatives for enhancing the value of the company.

Among the alternatives discussed following the spin off was a potential combination of LMI with its subsidiary UGC, in which LMI owns capital stock representing 53.6% of the equity and 91% of the outstanding voting power. On November 12, 2004, John C. Malone, Chairman of the Board, Chief Executive Officer and President of LMI, stated in response to questions posed during a conference call with LMI investors that LMI would eventually like to combine with UGC, but not at the then-current market prices, which he believed undervalued LMI. During the period from June 2004 through early December 2004, LMI did not have any contact with UGC regarding a potential combination.

At a meeting of the LMI board of directors on December 10, 2004, Mr. Malone sought authorization from the board to contact and initiate discussions with UGC concerning a possible combination of LMI and UGC in a stock-for-stock transaction. Mr. Malone discussed with the board his view that a combination of the two companies should be approached as a merger of equals, with the board of directors and senior management team of the combined company being drawn from members of the boards and senior management teams of both companies. After discussion of the exchange ratio implied by the relative trading prices and sum-of-the parts values of the two companies, the board concluded that any valuation discussions with UGC should be on a market-to-market or fair value-to-fair value basis, with no premium to either company's stockholders. The LMI board authorized Mr. Malone to contact and initiate discussions with UGC on the basis discussed at that meeting.

On the evening of December 10, 2004, as a prelude to discussions with UGC, LMI delivered a letter to UGC stating that it wished to initiate discussions concerning a possible transaction involving the shares of UGC that LMI did not already own, and seeking a mutual confidentiality agreement in anticipation of such talks. This letter did not include any terms of a proposed transaction.

At a telephonic meeting of the UGC board of directors held on December 13, 2004, the board appointed three outside directors, John P. Cole, Jr., John W. Dick and Paul A. Gould, to serve as a Special Committee; to advise the UGC board with respect to the fairness of any transactions proposed by LMI; if deemed appropriate by the Special Committee, to negotiate the terms and conditions of a transaction with representatives of LMI; following such negotiations, to make a recommendation to the UGC board as to whether such proposal should be accepted or rejected by the UGC board; and to retain, at UGC's expense, such attorneys, investment bankers, accountants, actuaries or other advisors as the Special Committee might deem appropriate in order to advise and assist it. Messrs. Cole, Dick and Gould were selected to serve on the Special Committee because they were independent under the rules of the Nasdaq Stock Market and have no relationship with LMI or any of its affiliates that the Special Committee viewed as undermining the independence of the Special Committee, as further described under Recommendations of the Special Committee and the UGC Board; Fairness of the Offer and the UGC Merger.

Subsequently, by unanimous written consent effective as of December 22, 2004, the UGC board approved payment to each member of the Special Committee of a fee of \$95,000 for serving on the Special Committee and provided the Special Committee with certain additional powers in connection with the performance of its duties, including full access to UGC's records and personnel and the authority to execute and deliver any documents or agreements it deemed appropriate in connection with its duties.

After conducting interviews and follow-up conversations with three law firms, on December 14, 2004, the Special Committee retained Debevoise & Plimpton LLP to act as its legal advisor. Among the reasons for this selection were Debevoise's strong reputation, its experience in mergers and acquisitions transactions, its experience

**Table of Contents**

in representing other special committees, the seniority and experience of the attorneys who would be working on the transaction and the absence of any material prior relationship with LMI, UGC or any of their affiliates.

On December 15, 2004, the Special Committee, together with representatives of Debevoise, conducted preliminary interviews with representatives of two internationally recognized investment banking firms: Morgan Stanley & Co. Incorporated and another firm. Mr. Gould and Debevoise participated in these meetings in person, and Messrs. Cole and Dick joined by telephone. Each firm was asked to provide additional information to assist the Special Committee in its decision.

Also on December 15, 2004, the members of the Special Committee, together with their legal advisors, spoke by telephone with Mr. Malone. Mr. Malone noted that LMI was not making a formal offer and said that he would be interested in discussing with the Special Committee a stock-for-stock transaction based upon relative fair values in which LMI and UGC and their respective boards of directors and management teams would be combined. He indicated that in his view the recent market prices of LMI's and UGC's stocks reflected a fair relative valuation of the two companies. Mr. Malone asked the Special Committee whether they would be interested in discussing a transaction within that framework. In response to questions from the Special Committee, Mr. Malone expressed his views as to the benefits to be derived from a combination of LMI and UGC. The Special Committee also asked Mr. Malone whether LMI would be willing to sell its interest in UGC in a transaction for the entire company. Mr. Malone responded that LMI would not be willing to consider such a transaction and had no current intention of selling its interest in UGC to a third party.

On December 20, 2004, the Special Committee, together with representatives of Debevoise, conducted further interviews with representatives of Morgan Stanley and another investment banking firm. Mr. Gould and Debevoise participated in these meetings in person, and Messrs. Cole and Dick joined by telephone. The Special Committee and its legal advisor raised questions designed to ascertain any prior relationships of each firm with Liberty, LMI and UGC.

On December 21, 2004, the Special Committee had two separate telephone meetings during which the Special Committee extensively discussed the qualifications and fee expectations of the investment banking firms being considered for the position of financial advisor to the Special Committee. At the instruction of the Special Committee, Mr. Gould subsequently requested that each firm reduce its initial fee proposal.

On December 22, 2004, the Special Committee had a further telephonic meeting to discuss the selection of a financial advisor. The Special Committee reviewed the revised fee proposals made by Morgan Stanley and another investment banking firm in response to the committee's request. After discussion, the Special Committee agreed to choose Morgan Stanley provided it was able to meet the Special Committee's fee expectations. Morgan Stanley met those expectations and was retained on December 22, 2004, to act as the Special Committee's financial advisor. Among the reasons for selecting Morgan Stanley were Morgan Stanley's strong reputation, experience in transactions of this kind and knowledge of UGC, its business and the industries in which UGC and LMI operate.

On December 23, 2004, the Special Committee held a telephonic meeting with its legal and financial advisors. Participants discussed the Special Committee's December 15, 2004 conversation with Mr. Malone regarding a possible transaction. Participants also discussed the methodologies that Morgan Stanley anticipated using in advising the Special Committee, strategic issues and next steps with respect to Morgan Stanley's commencing its financial analysis, including due diligence plans. At this meeting, Debevoise also reviewed with the members of the Special Committee the Delaware law applicable to the potential transaction and their duties thereunder.

On December 28, 2004, the Special Committee held a telephonic meeting with its legal and financial advisors to discuss the status of Morgan Stanley's financial due diligence. The Special Committee agreed to arrange a call with

Mr. Malone on December 31, 2004.

On December 29, 2004, representatives of Debevoise contacted Elizabeth Markowski, the general counsel of LMI, and Ellen Spangler, the general counsel of UGC, regarding legal due diligence matters.

**Table of Contents**

On December 30, 2004, the Special Committee held a telephonic meeting with its legal advisors. The Special Committee discussed legal and strategic issues relating to a potential transaction.

On December 31, 2004, the Special Committee held a telephonic meeting with its legal and financial advisors. Morgan Stanley described the status of its financial due diligence and discussed its preliminary views as to the potential values of LMI and UGC and implied exchange ratios. The Special Committee discussed with Morgan Stanley the approach that Morgan Stanley took in formulating its preliminary views.

Later on December 31, 2004, the Special Committee and its legal and financial advisors spoke by telephone with Mr. Malone, Ms. Markowski and two other executives of LMI. On this call Mr. Malone expressed his views as to the prospects of the LMI and UGC businesses, benefits to be obtained by combining LMI and UGC, and why such a combination should be on a market-to-market or fair value-to-fair value basis. Mr. Malone insisted that LMI would not pay a premium for the UGC minority stake, as LMI already controlled UGC and UGC's stockholders would share in all of the benefits of the combined company. He said that any discussion should focus on the parties' respective views as to the relative values of the two companies. He further observed that when he had first approached UGC about discussing a possible combination, the relative market prices of the stocks of the two companies implied an exchange ratio between 0.1923 and 0.1961 shares of LMI Series A common stock for each share of UGC Class A common stock. Since that time, he noted, whether due to speculation regarding LMI's intentions towards its largest investment or currency exchange rate changes, UGC's stock price had moved and had already built in a premium. Following the call with Mr. Malone, the Special Committee reconvened by telephone with its legal and financial advisors to discuss its next steps. The Special Committee then continued the discussion with its legal advisors only.

On January 3, 2005, the Special Committee held a telephonic meeting with its legal and financial advisors. Morgan Stanley provided an update as to its preliminary views regarding the potential values of LMI and UGC, and discussed with the Special Committee potential combination benefits that might result from the proposed transaction and approaches to sharing those benefits, the implied exchange ratios and potential premiums with respect to various benchmark dates. The Special Committee discussed Morgan Stanley's views with them, inquired as to the status of Morgan Stanley's financial due diligence, and requested that Morgan Stanley obtain additional information. Debevoise made a presentation regarding potential strategic options for the consummation of a potential transaction. Subsequently, the Special Committee continued its discussions in executive session.

On January 4, 2005, the Special Committee held a telephonic meeting with its legal advisors. The Special Committee reviewed the merits of a public versus a private negotiating process and instructed Debevoise to discuss the matter with Ms. Markowski. Subsequently, the Special Committee met in executive session and had a conference call with Michael T. Fries, the Chief Executive Officer and President of UGC, to review various matters relating to the UGC business and the discussions with LMI. Morgan Stanley spoke separately with Mr. Fries by telephone to discuss similar matters.

On January 5, 2005, representatives of Debevoise called Ms. Markowski to discuss the possibility of pursuing a public process. Ms. Markowski stated that to date LMI had simply asked if the Special Committee would be interested in pursuing discussions on the basis outlined by Mr. Malone in earlier conversations, and that to her knowledge the Special Committee had yet to respond. She also noted that the parties had yet to exchange views on relative values. Ms. Markowski advised Debevoise that in the absence of an agreement in principle on the essential terms of a transaction, she did not believe LMI would be willing to make a formal offer and engage in a public negotiating process.

Later on January 5, 2005, the Special Committee met telephonically with its legal and financial advisors. Morgan Stanley reported on its recent conversation with Mr. Fries. Debevoise reported on its conversation with Ms. Markowski. The Special Committee agreed to convene in person in New York on January 10, 2005. The Special

Committee further agreed to dispatch its financial advisors to meet with Mr. Malone in person on the morning of January 10, 2005 to discuss the details of a possible transaction with LMI and the preliminary valuations of the two companies by Morgan Stanley. On the evening of January 5, 2005, Morgan Stanley spoke by telephone with Mr. Fries at the instruction of the Special Committee to follow up on certain financial due diligence matters.



**Table of Contents**

On January 7, 2005, the Special Committee met telephonically with its legal and financial advisors. Morgan Stanley provided the Special Committee with an overview of the points that it anticipated discussing with Mr. Malone and responded to the Special Committee's questions and comments.

On the morning of January 10, 2005, representatives of Morgan Stanley met in person with Mr. Malone and Ms. Markowski. Morgan Stanley provided preliminary views as to valuations of LMI and UGC and discussed those values and the implied exchange ratios with Mr. Malone. Morgan Stanley also explored with Mr. Malone LMI's willingness to consider a cash alternative or the addition of another component to the stock consideration to provide additional value to the UGC public stockholders.

On the afternoon of January 10, 2005, the Special Committee met in person in New York with its legal advisors to discuss the duties of the members of the Special Committee under Delaware law and legal and strategic issues, including whether the Special Committee should insist upon a requirement that a majority of the UGC stockholders unaffiliated with LMI approve any transaction, also known as a majority of the minority condition.

Representatives of Morgan Stanley subsequently joined the meeting and briefed the members of the Special Committee on the results of their conversations earlier in the day with the LMI representatives. Morgan Stanley informed the Special Committee that Mr. Malone had repeated his interest in a stock-for-stock transaction at an exchange ratio reflecting a price at or about market, which at that time implied an exchange ratio of 0.20 LMI shares for each share of UGC. Morgan Stanley reported that Mr. Malone had exhibited some very limited flexibility within that range, including a willingness to consider offering UGC stockholders a cash option for up to 20% of the aggregate value of the merger consideration, the possibility of providing a small amount of additional merger consideration in the form of structured securities and an interest in having the combined company pursue a stock buy-back strategy after the consummation of a transaction. After discussion, the members of the Special Committee agreed that while Mr. Malone's position was not acceptable, it provided the basis for further discussion.

Later on the evening of January 10, 2005, the Special Committee, Mr. Malone, Ms. Markowski, the respective legal advisors of LMI and the Special Committee, Morgan Stanley and LMI's financial advisor, Banc of America Securities, met to discuss further a possible transaction. Mr. Malone emphasized that he had not made an offer for UGC and that he would not engage in a public negotiating process. He expressed concern that recent increases in the UGC stock price raised doubts as to whether the UGC and LMI stock prices continued to reflect the relative fair values of the two companies, and again stated that LMI was unwilling to pay a premium for the UGC stock at its then-market price. He also repeated the statements made earlier that day to Morgan Stanley. Representatives of the Special Committee noted their strong interest in having a majority of the minority condition as an element of any transaction. Mr. Malone stated that LMI was not interested in pursuing a transaction with such a condition. At the request of the Special Committee, Mr. Malone stated his personal willingness as a significant stockholder of LMI to enter into a voting agreement to support the approval of a potential transaction by the LMI stockholders.

Subsequently, the Special Committee met with its legal and financial advisors to discuss its response to LMI.

On the morning of January 11, 2005, representatives of Morgan Stanley and Banc of America Securities met to discuss their respective preliminary views as to the valuations of UGC and LMI, as well as possible structured securities that might serve as additional merger consideration.

On the afternoon of January 11, 2005, Messrs. Dick and Gould met with the Special Committee's legal and financial advisors. Mr. Cole was not present. Morgan Stanley updated the members of the Special Committee on its discussions with Banc of America Securities. After discussion with its advisors, the Special Committee members concluded that the structured securities described by Mr. Malone and Banc of America Securities did not represent a fully developed proposal and that these securities were unlikely to provide significant value to UGC stockholders.

Later that afternoon, Messrs. Dick and Gould met with Mr. Malone, Ms. Markowski, and the respective legal and financial advisors of the Special Committee and LMI. The initial positions of the two sides were as follows: The Special Committee members and their representatives stated (based upon the prior evening's Special Committee discussions) that an exchange ratio of 0.23 LMI shares for each share of UGC would be acceptable. Mr.

**Table of Contents**

Malone and his representatives stated that an exchange ratio of 0.20 continued to reflect LMI's sense of an at-market transaction. The Special Committee noted that a majority of the minority condition was of key importance and that it would be interested in obtaining a standstill agreement with Mr. Malone and his affiliates with respect to acquisitions of LMI stock after the consummation of any transaction. Mr. Malone stated that a majority of the minority condition remained unacceptable to LMI and refused to sign a standstill agreement. After extensive further discussion and negotiation, Mr. Malone agreed that LMI would consider a majority of the minority condition if UGC agreed to include in any merger agreement certain termination rights for LMI to avoid a prolonged process. Messrs. Dick and Gould continued negotiations with Mr. Malone without the presence of advisors. At the conclusion of this discussion, each side summarized their last proposals. Mr. Malone had proposed that, subject to the approval of the LMI board, he would consider an exchange ratio of 0.213, reflecting an at-market transaction based upon that day's closing stock prices, with a 20% cash election option at \$9.50 per share of UGC, representing a premium over that day's UGC closing stock price of \$9.26 per share, and the majority of the minority condition if the merger agreement included certain termination rights for LMI. In response, Messrs. Dick and Gould proposed, subject to confirmation by the entire Special Committee, that they would consider an exchange ratio of 0.22 LMI shares for each share of UGC, a 20% cash election option at \$9.75 per share and that the Special Committee would drop its request that Mr. Malone sign a standstill agreement.

On the morning of January 12, 2005, the Special Committee met telephonically with its legal and financial advisors to update Mr. Cole on the prior day's negotiations and to discuss the Special Committee's response to LMI's proposed financial terms for a transaction.

Also on the morning of January 12, 2005, the board of directors of LMI met to discuss the terms of the potential transaction. Mr. Malone discussed with the LMI board the negotiations with the Special Committee over the prior two days. Noting that the closing prices of the two companies' stocks the prior day implied an exchange ratio of 0.213, Mr. Malone advised the board that he would be willing to support a transaction at that exchange ratio and compromise with a marginally higher exchange ratio. Mr. Malone then requested authority from the LMI board to propose an exchange ratio of 0.215 and a cash election alternative of \$9.55 per share. After discussing the concerns of the board with respect to the time to complete the transaction in light of the uncertainty created by the majority of the minority condition and the termination rights Mr. Malone was negotiating for, the LMI board authorized Mr. Malone to propose the foregoing exchange ratio and cash alternative election.

On the afternoon of January 12, 2005, the Special Committee reconvened by telephone with its legal and financial advisors and received reports on conversations with representatives of LMI, who had contacted Debevoise and Morgan Stanley to request a conference call with the Special Committee to continue negotiations.

Thereafter, the Special Committee and its legal and financial advisors met telephonically with Mr. Malone and Ms. Markowski. Mr. Malone informed the Special Committee that, after consultation with the LMI board, LMI's best and final proposal was an exchange ratio of 0.215 LMI shares for each share of UGC with a 20% cash election option at \$9.55 per share. Mr. Malone insisted that the price negotiations be concluded prior to market close in order to protect LMI against further movements in the stock price, which he believed continued to reflect speculation about a possible transaction, and stated that LMI would withdraw from negotiations if there was no agreement in principle on the exchange ratio before market close.

The Special Committee, after separate discussion with its legal and financial advisors, informed the LMI representatives that it would be prepared to recommend the transaction at an exchange ratio of 0.216 LMI shares for each share of UGC with a 20% cash election option at \$9.60 per share. Mr. Malone responded that, subject to receiving approval from the LMI board and only if this proposal was sufficient to obtain agreement, he was prepared to accept an exchange ratio of 0.2155 LMI shares for each share of UGC with a 20% cash election option at \$9.58 per share. The Special Committee and the LMI representatives agreed that they would instruct their respective legal

advisors to proceed to negotiate definitive documentation on that basis, with final agreement subject to the successful completion of such documentation, board approval and the receipt by each of LMI and the Special Committee from their respective financial advisors of an opinion as to the fairness, from a financial point of view, of the proposed merger consideration.

On the morning of January 13, 2005, Baker Botts L.L.P., counsel to LMI, delivered to Debevoise an initial draft of a proposed merger agreement. On the morning of January 14, 2005, Debevoise delivered to Baker Botts an

**Table of Contents**

initial draft of a proposed voting agreement and provided initial comments to the draft merger agreement. Also on January 14, 2005, the Special Committee met telephonically with its legal advisors to discuss the provisions of the proposed merger agreement.

From January 14 through January 17, 2005, the terms of the merger agreement and the voting agreement were negotiated, including the scope of the representations and warranties that would be provided by each of the parties and the scope of the termination right required by LMI in exchange for agreeing to provide UGC with a majority of the minority voting condition.

On January 17, 2005, the Special Committee met in person in New York with its legal and financial advisors. At this meeting, Morgan Stanley delivered its financial analysis in connection with the proposed transaction and its opinion that, as of the date of the opinion and based upon and subject to the assumptions, qualifications and limitations set forth in the opinion, the merger consideration to be received by the unaffiliated stockholders of UGC pursuant to the merger agreement was fair from a financial point of view to such stockholders. See Recommendations of the Special Committee and the UGC Board; Fairness of the Offer and the UGC Merger . The Special Committee then unanimously determined that the merger agreement and the UGC merger are fair to and in the best interests of the holders of UGC capital stock (other than shares held by LMI and its affiliates), approved the UGC merger and the merger agreement, the voting agreement and the transactions contemplated thereby and resolved to recommend that the UGC board of directors approve the UGC merger and the merger agreement, the voting agreement and the transactions contemplated thereby, and that the stockholders of UGC approve the UGC merger, the merger agreement and the transactions contemplated thereby.

Following the meeting of the Special Committee, the UGC board of directors met. The Special Committee reported its recommendation that the UGC board approve and declare advisable the UGC merger, the merger agreement, the voting agreement and the transactions contemplated thereby, and its recommendation that the stockholders of UGC approve the UGC merger, the merger agreement and the transactions contemplated thereby. Morgan Stanley discussed with the UGC board the opinion that it delivered to the Special Committee, as described under Opinion of the Financial Advisor to Special Committee. The UGC board then unanimously determined that the UGC merger, the merger agreement and the other transactions contemplated thereby are advisable, fair to and in the best interests of, UGC and its stockholders, approved the entry into the merger agreement and the other documents contemplated thereby, and resolved to recommend that the holders of UGC capital stock approve the UGC merger and approve and adopt the merger agreement.

On January 17, 2005, the LMI board of directors met to consider the business combination with UGC. At this meeting, Mr. Malone recounted for the LMI board the history of the negotiations with the Special Committee. He noted that the relative trading prices of LMI's and UGC's stock implied a ratio of 0.194 to 1 over a period of two to three weeks prior to his initiation of discussions, but that the market price of UGC's stock had climbed during the negotiations increasing the implied exchange ratio. Banc of America Securities then delivered its financial analysis in connection with the proposed transaction and its oral opinion, which was subsequently confirmed in writing, that, as of January 17, 2005 and based upon and subject to the factors, limitations and assumptions set forth in the opinion, the consideration to be received by the holders of LMI's common stock, other than affiliates of LMI, pursuant to the merger agreement is fair from a financial point of view to the holders of LMI's common stock, other than any affiliate of LMI. Ms. Markowski reviewed the terms of the merger agreement and the voting agreement to be signed by Mr. Malone, the negotiation of each of which had been completed in all material respects. The LMI board then unanimously determined that the LMI merger, the merger agreement and the other transactions contemplated thereby are advisable, fair to and in the best interests of, LMI and its stockholders, approved the entry into the merger agreement, and resolved to recommend that the holders of LMI common stock approve the LMI merger and approve and adopt the merger agreement.

On the evening of January 17, 2005, the parties finalized the merger agreement, including the disclosure schedules to the merger agreement, and, early on the morning of January 18, 2005, executed the merger agreement and the voting agreement. Also on January 18, 2005, LMI and UGC issued a joint press release announcing the merger agreement and the proposed mergers.

**Table of Contents**

**Recommendations of the Special Committee and the UGC Board; Fairness of the Offer and the UGC Merger**

*The Special Committee*

The UGC board of directors created the Special Committee to negotiate exclusively on UGC's behalf any transaction with LMI, because certain of the other directors of UGC have a conflict of interest in evaluating LMI's proposal on behalf of the stockholders of UGC (other than LMI and its affiliates). This conflict of interest exists because these directors also serve as LMI's officers or directors. In addition, the members of the management of UGC who serve on the UGC board could be viewed as having a conflict of interest because of LMI's position as the controlling stockholder of UGC. Therefore, the Special Committee is comprised of three members of the UGC board who are independent under the rules of the Nasdaq Stock Market and who have no relationship with LMI or any of its affiliates that the Special Committee viewed as undermining the independence of the Special Committee. The Special Committee considered that each member of the committee currently serves as a director of UGC, and that, assuming the consummation of the proposed transaction, each member of the committee expects to serve as a director of Liberty Global. The Special Committee also recognized the following, as to Paul A. Gould: (1) that Mr. Gould currently serves as a director of Liberty, that Mr. Gould served as a director of Liberty's predecessor (Old Liberty) prior to its 1994 business combination transaction with Tele-Communications, Inc. (TCI), each a company in which Mr. Malone was Chairman of the Board and a significant stockholder, and that Mr. Gould served as a member of the special committee of Old Liberty's board formed to evaluate the transaction with TCI and the consideration to be received by the public stockholders of Old Liberty in that transaction; (2) that subsequent to the 1994 business combination transaction between TCI and Old Liberty, Mr. Gould served as a member of the board of directors of TCI and several companies in which TCI or Liberty had a substantial investment or controlling interest; (3) that, in connection with the 1999 merger between TCI and AT&T Corp., Mr. Gould and another TCI director each received a fee of \$1 million for their services on a special committee of the TCI board formed to evaluate the merger transaction with AT&T and the consideration to be received by the public stockholders of TCI in the TCI-AT&T merger; and (4) that Mr. Gould joined the UGC board in conjunction with Liberty's acquisition of control of UGC in January 2004. The Special Committee determined that these factors would not undermine the independence of the Special Committee.

The members of the Special Committee are:

*John P. Cole, Jr.* Mr. Cole has served as a director of UGC and its predecessors since March 1998. Mr. Cole served as a member of the United Pan-Europe Communications N.V., or UPC, Supervisory Board from February 1999 to September 2003. Mr. Cole is a founder of the Washington, D.C. law firm of Cole, Raywid and Braveman, which specializes in all aspects of telecommunications and media law.

*John W. Dick.* Mr. Dick has served as a director of UGC since March 2003. He served as a member of the UPC Supervisory Board from May 2001 to September 2003, and a director of UGC Europe, Inc. from September 2003 to January 2004. He is the non-executive Chairman and a director of Hooper Industries Group, a privately held U.K. group consisting of: Hooper and Co (Coachbuilders) Ltd. (building special/bodied Rolls Royce and Bentley motorcars) and Hooper Industries (China) (providing industrial products and components to Europe and the U.S.). Until 2002, Hooper Industries Group also held Metrocab UK (manufacturing London taxicabs) and Moscab (a joint venture with the Moscow city government, producing left-hand drive Metrocabs for Russia). Mr. Dick has held his positions with Hooper Industries Group since 1984. Mr. Dick is also a director of Austar United Communications Limited, a public company in which UGC has an approximate 34% interest.

*Paul A. Gould.* Mr. Gould has served as a director of UGC since January 2004. Mr. Gould has served as Managing Director and Executive Vice President of Allen & Company L.L.C., an investment banking services company, for more than the last five years. Mr. Gould is also a director of Liberty and Ampco-Pittsburgh Corporation.





**Table of Contents**

*Recommendation of the Special Committee and the UGC Board*

On January 17, 2005, the Special Committee unanimously:

determined that the merger agreement and the UGC merger, on the terms and conditions set forth in the merger agreement, are fair to and in the best interests of the UGC stockholders (other than LMI and its affiliates); and

determined to approve, and to recommend that the UGC board of directors approve, the UGC merger, the merger agreement, the voting agreement and the transactions contemplated thereby, and that the UGC board recommend that the stockholders of UGC approve the UGC merger, the merger agreement and the transactions contemplated thereby.

Following the meeting of the Special Committee and based upon the recommendation of the Special Committee, the UGC board unanimously:

determined that the merger agreement, the UGC merger and the other transactions contemplated by the merger agreement are advisable, fair to and in the best interests of, UGC and its stockholders;

authorized UGC to enter into the merger agreement and the voting agreement;

resolved to recommend that UGC stockholders approve the UGC merger and approve and adopt the merger agreement; and

resolved to call a special meeting of the UGC stockholders for the purpose of submitting the merger agreement and the transactions set forth therein to the UGC stockholders.

*Reasons for the Recommendation of the Special Committee and the UGC Board*

The material factors considered by the Special Committee in making its recommendation and determining that the merger agreement and the UGC merger are fair to and in the best interests of the UGC stockholders (other than LMI and its affiliates) are:

**Supportive Factors**

*Negotiation Process and Procedural Fairness.* The terms of the UGC merger, the merger agreement, the voting agreement and the transactions contemplated thereby were the result of extensive arms -length negotiations conducted by the Special Committee, which is comprised of independent directors, with the assistance of independent financial and legal advisors. The Special Committee recognized that it had obtained increases in the exchange ratio and cash amount offered by LMI, and concluded that an exchange ratio of 0.2155 Liberty Global shares for each share of UGC or a cash amount of \$9.58 per UGC share at the election of the unaffiliated stockholders of UGC (up to an overall cap of 20% of the aggregate value of the merger consideration payable to such stockholders being paid in cash) were the most favorable financial terms that could be obtained from LMI and that further negotiation could have caused LMI to abandon the transaction.

*Independent Financial Advisor.* The Special Committee considered the presentation by its independent financial advisor, Morgan Stanley, and Morgan Stanley's opinion that, as of the date of the opinion and based upon and subject to the assumptions, qualifications and limitations set forth in Morgan Stanley's opinion, the merger consideration to be received by the unaffiliated stockholders of UGC pursuant to the merger agreement was fair from a financial point of view to such stockholders.

The Special Committee noted that Morgan Stanley had been selected as its financial advisor after a competitive process, based upon the firm's strong reputation, experience in transactions of this kind and knowledge of UGC, its business and the industries in which UGC and LMI operate.

**Table of Contents**

In evaluating the presentation and opinion of Morgan Stanley, the Special Committee considered that Morgan Stanley's compensation arrangements had been structured and negotiated to enhance the firm's ability to provide objective advice to the Special Committee for the benefit of the UGC stockholders (other than LMI and its affiliates). Morgan Stanley was entitled to receive an initial fee of \$1.0 million at the time the engagement letter was executed. Morgan Stanley became entitled to receive an additional fee of \$4.5 million at the time the Special Committee requested, and Morgan Stanley delivered, an opinion as to the fairness, from a financial point of view, of the merger consideration to be received by the unaffiliated stockholders of UGC. Morgan Stanley would have received the same fee had its opinion been as to the inadequacy of the merger consideration from a financial point of view. Morgan Stanley will not receive any additional compensation upon the successful completion of the UGC merger. The Special Committee believed that this fee arrangement helped advance the interests of the UGC stockholders (other than LMI and its affiliates) by ensuring that the Special Committee received the unbiased advice of its financial advisor.

*Holders of Majority of Public Shares Determine Whether Transaction is Completed.* The provisions of the merger agreement permit the holders of a majority of UGC's publicly held shares (excluding shares held by LMI, Liberty or any of their respective subsidiaries or any of the executive officers or directors of LMI, Liberty or UGC) to determine whether to approve the UGC merger. The Special Committee believed that this decision, which it expected would be taken in light of, among other things, the detailed information provided to UGC stockholders in this joint proxy statement/prospectus regarding the transaction and the factors considered by the Special Committee and the UGC board of directors in making their respective recommendations would allow the UGC stockholders to make their own informed judgment as to whether the proposed transactions are in their best interests.

*Premium Analysis.* Based upon a presentation made by Morgan Stanley, the Special Committee noted that the equity and cash merger consideration represented a premium to the UGC stockholders (other than LMI and its affiliates) in relation to various benchmarks, including an exchange ratio premium of 11.6% relative to the stock prices of UGC and LMI as of market close on Friday, December 10, 2004, the day on which LMI delivered a letter to UGC indicating that LMI wished to initiate discussions between the parties. The Special Committee took note of Morgan Stanley's observation that, in transactions involving stock consideration, premiums paid by the acquirer are generally smaller than in all-cash transactions in recognition of the target stockholders' continuing opportunity to benefit from the performance of the combined company and to realize the benefits of the combination. In reviewing the premium that the equity and cash merger consideration represented to the UGC stockholders (other than LMI and its affiliates) in relation to various benchmarks, the Special Committee also considered the fact, pointed out by Morgan Stanley to the Special Committee, that LMI's significant ownership interest in UGC meant that relatively significant increases in the implied value of UGC would likely be necessary in order to have a material impact on the relative exchange ratio and corresponding premium paid. After discussion, the Special Committee concluded that a very large premium in this context was therefore unlikely.

*Option to Receive Cash Provides Some Protection Against Stock Price Declines.* The Special Committee noted that the option to elect to receive cash for up to 20% of the aggregate value of the merger consideration payable to the public stockholders of UGC provides protection to the public UGC stockholders if the price of LMI's stock declines prior to closing.

*Opportunity Benefits of Participation in the Combined Company.* Because UGC stockholders (other than LMI and its affiliates) will have the option to receive up to 100% of the merger consideration in stock of the combined company, they will have the opportunity to participate in the benefits expected to be realized by the transaction in the future.

UGC management and Morgan Stanley discussed with the Special Committee potentially significant synergies, strategic opportunities and other benefits that the UGC stockholders (other than LMI and its affiliates) would have the opportunity to participate in as stockholders of the combined company. The benefits discussed included: the creation

of a company able to operate around the world and achieve the benefits of such scale; the creation of a more liquid stock with larger public float, which should also represent a stronger acquisition currency; the elimination of a holding company discount in the LMI stock price; enhanced position with vendors, manufacturers and content providers; enhanced growth potential given stronger position to pursue distribution, consolidation and content investment opportunities; a strong balance sheet, which should reduce the combined company's future financing costs; and organizational and corporate synergies.

## **Table of Contents**

*Confidence in Combined Company Management.* The Special Committee noted that the Chief Executive Officer of the combined company would be Michael T. Fries, the current Chief Executive Officer of UGC. The Special Committee considered that its familiarity with Mr. Fries' abilities and past performance gave increased confidence that the intended benefits of the UGC merger would be achieved.

*Investment in Japanese Distribution and Content Assets at an Attractive Valuation.* The Special Committee considered the valuations implied by Morgan Stanley's analysis of the Japanese distribution and content assets to be contributed to the combined company by LMI in the mergers and the other transactions contemplated by the UGC merger and, after discussions with Morgan Stanley regarding comparable valuation multiples for similar assets in the industry, found them attractive as a financial matter. In addition, the Special Committee observed that these assets offered growth opportunities to the UGC stockholders in diverse markets.

*Improved Management Attention and Focus.* Because LMI and UGC operate similar businesses in many respects, their current structure creates significant long-term potential for conflicts between the two companies over the exploitation of commercial opportunities. The Special Committee observed that uniting the two businesses under a single management team will eliminate any such conflicts and permit a unified management team to pursue opportunities more efficiently.

*Improved Equity Position.* The Special Committee noted that, as a result of the UGC merger and assuming that all UGC stockholders (other than LMI and its affiliates) elect to receive Liberty Global stock, the UGC stockholders (other than LMI and its affiliates) would hold approximately 25% of the aggregate voting power of Liberty Global, which would have no single stockholder or group of stockholders exercising voting control over the combined company. This contrasts to the current situation of UGC stockholders (other than LMI and its affiliates), who have a minority voting interest in a company controlled by LMI.

*Intention to Commence Share Repurchases.* The Special Committee noted that LMI had stated that, given the substantial liquidity and free cash flow profile of the combined company, LMI expected that the Liberty Global board of directors would authorize a stock repurchase program following the combination. The Special Committee noted that this expectation underscores LMI's belief in the value of the combined business. LMI and UGC subsequently announced that they expect the Liberty Global board to authorize such a program and that any share repurchases under the program would occur from time to time in the open market or in privately negotiated transactions, subject to market conditions.

*Growth Opportunities.* The Special Committee recognized the opportunity for growth to be greater as part of the combined company. Important opportunities to acquire assets from third parties are expected to arise in Europe in the near future, and UGC's ability to avail itself of these opportunities will be greatly enhanced by a combination with LMI. The Special Committee also observed that the Japanese business interests owned by LMI provide significant opportunities for growth, both within Japan and in other important Asian growth markets. The combined company is expected to have a significantly stronger balance sheet than UGC and the ability to offer stock as an acquisition currency at more favorable valuations.

*Diversification Benefits.* The Special Committee noted that by combining UGC's principally European and Latin American business with LMI's Japanese business, UGC stockholders would own a company with a more diverse portfolio of investments, which would be better able to weather economic change including fluctuations in foreign exchange rates.

*Absence of Ability to Sell UGC to Third Party.* LMI informed the Special Committee early in the negotiations that it was not interested in pursuing a sale of all of its interest in UGC. In light of LMI's intentions, the Special Committee concluded that realization of third party sale value or causing a sale of a substantial portion, in a liquidation, break-up

or similar transaction, of UGC's assets were not alternatives available to UGC. Consequently, the Special Committee considered a transaction with LMI or continuing UGC as a publicly traded entity, with LMI remaining as controlling stockholder, as the only practical alternatives available.

*Terms of Merger Agreement.* The Special Committee considered the draft merger agreement and the summary of the key terms and provisions thereof provided by its counsel. The Special Committee concluded that the terms and provisions of the merger agreement were customary for transactions of this kind and provided

## Table of Contents

appropriate protections to the UGC stockholders (other than LMI and its affiliates). The merger agreement provides only limited circumstances under which LMI is permitted to not close the transaction, and any termination of the merger agreement by UGC must be approved by the Special Committee. The voting agreement entered into by Mr. Malone, pursuant to which he agreed to vote the LMI shares that he owns or which he has the right to vote (currently representing approximately 26.5% of the aggregate voting power of LMI) in favor of the merger agreement and the LMI merger, increases the likelihood that the merger agreement and the LMI merger will be approved by the LMI stockholders.

*Financing of Transaction.* The Special Committee noted that LMI has available to it sufficient cash to pay the cash portion of the merger consideration and the combined company will have sufficient cash to fund the potential stock purchase program described above after the closing.

*Stock Consideration Non-Taxable.* The Special Committee noted that the receipt of Liberty Global stock by UGC stockholders (other than LMI and its affiliates) validly electing to receive stock as merger consideration will generally not be taxable to such stockholders.

## Negative Factors

*Market Price of Shares.* The Special Committee was aware that the relative trading prices of UGC and LMI at the market close on January 14, 2005 implied that LMI would be acquiring the shares of UGC held by UGC stockholders (other than LMI and its affiliates) at a very slight discount to market. The Special Committee determined that the relative underlying values of LMI and UGC implied by Morgan Stanley's analyses were not accurately reflected in the public market trading prices of the two companies.

*Exposure to Japanese Market.* While acknowledging the diversification opportunity that LMI's investments in the Japanese broadband and programming markets offers UGC stockholders (other than LMI and its affiliates), the Special Committee also considered that such diversification carried with it exposure to new and different risk factors for UGC stockholders, including exposure to downturns in the Japanese economy and new foreign currency exchange risks.

*Tax Treatment.* The Special Committee was aware that the receipt of the \$9.58 per share cash price available to the stockholders (other than LMI and its wholly owned subsidiaries) of UGC validly electing to receive cash consideration, subject to proration, will generally be taxable to such stockholders.

*Risks the Mergers May Not be Completed.* The Special Committee considered the risk that the conditions to the merger agreement may not be satisfied and, therefore, that the UGC merger may not be consummated.

## Matters Not Considered

The Special Committee did not consider the third party sale value or liquidation or break-up of UGC's assets because LMI stated that it was not willing to pursue these alternatives. As the beneficial owner of a majority of the aggregate voting power of UGC's stock, LMI can prevent the pursuit of these alternatives.

## Other Matters Considered

*Conflicts of Interest.* The Special Committee was aware of the conflicts of interest of the members of the UGC board of directors who are also officers or directors of LMI, as well as the potential conflicts of interest of management representatives on the UGC board. The Special Committee believes that the process of using a committee of independent directors, together with the condition that the UGC merger and the merger agreement be

approved by a majority of the stockholders of UGC (other than LMI, Liberty or any of their respective subsidiaries or any of the executive officers or directors of LMI, Liberty or UGC), effectively mitigates these potential conflicts.

This discussion summarizes the material factors considered by the Special Committee, including factors that support as well as weigh against the UGC merger, the voting agreement, the merger agreement and the transactions contemplated thereby. In view of the variety of factors and the amount of information considered, the



## **Table of Contents**

Special Committee did not find it practicable to, and did not, make specific assessments of, quantify, or otherwise assign relative weights to these factors in reaching its determination. In addition, individual members of the Special Committee may have given different weights to different factors. The determination that the UGC merger, the voting agreement and the merger agreement are fair to and in the best interests of the UGC stockholders (other than LMI and its affiliates) was made after consideration of all of these factors as a whole. The Special Committee concluded that the supportive factors outweighed the negative factors.

The recommendation of the UGC board of directors was based upon:

the recommendation of the Special Committee;

the Special Committee having received from Morgan Stanley an opinion that, as of the date of the opinion and based upon and subject to the assumptions, qualifications and limitations set forth in the opinion, the merger consideration to be received by the unaffiliated stockholders of UGC pursuant to the merger agreement was fair from a financial point of view to such stockholders; and

the understanding of the UGC board that the merger consideration and the terms and conditions of the merger agreement and the voting agreement were the result of arms -length negotiations between the Special Committee and LMI.

The UGC board did not find it practicable to, and therefore did not, quantify or otherwise assign relative weights to the individual factors considered in reaching its conclusion as to fairness.

## **Opinion of the Financial Advisor to the Special Committee**

The Special Committee engaged Morgan Stanley to provide financial advisory services in connection with the UGC merger. Morgan Stanley was selected by the Special Committee based upon Morgan Stanley's qualifications, expertise and reputation, as well as its knowledge of the business and affairs of UGC and the industry in which UGC operates. At a meeting of the Special Committee held on January 17, 2005, Morgan Stanley delivered its oral opinion, subsequently confirmed in writing, that, as of that date, and based upon and subject to the assumptions, qualifications and limitations set forth in the opinion, the consideration to be received by the unaffiliated stockholders of UGC pursuant to the merger agreement was fair from a financial point of view to such stockholders.

**The full text of Morgan Stanley's opinion, dated January 17, 2005, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion, is included as Appendix D to this joint proxy statement/prospectus. The summary of Morgan Stanley's fairness opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion. Stockholders should read this opinion carefully and in its entirety. Morgan Stanley's opinion is directed to the Special Committee and only addresses the fairness from a financial point of view of the consideration to be received by the unaffiliated stockholders of UGC pursuant to the merger agreement. Morgan Stanley's opinion does not address any other aspect of the mergers and does not constitute a recommendation to any UGC stockholder as to how to vote at the UGC stockholders' meeting or as to what form of consideration UGC stockholders should elect.**

In connection with rendering its opinion, Morgan Stanley, among other things:

reviewed certain publicly available financial statements and other information of UGC and LMI;

reviewed certain internal financial statements and other financial and operating data concerning UGC and LMI prepared by the managements of UGC and LMI, respectively;

reviewed certain financial projections prepared by the respective managements of UGC and LMI;

**Table of Contents**

discussed the past and current operations and financial condition and prospects of UGC and LMI with senior executives of UGC and LMI, respectively;

considered information relating to certain strategic, financial and operational benefits anticipated from the UGC merger, discussed with the management of UGC;

discussed the strategic rationale for the UGC merger with the senior executives of UGC;

reviewed the reported prices and trading activity of the UGC Class A common stock and the LMI Series A common stock;

compared the financial performance of UGC and LMI, as well as the prices and trading activity of the UGC Class A common stock and the LMI Series A common stock with that of certain other comparable publicly-traded companies and their securities;

reviewed the financial terms, to the extent publicly available, of selected minority buy-back transactions;

participated in discussions and negotiations among representatives of UGC and LMI and their respective financial and legal advisors;

reviewed the proposed merger agreement and certain related documents; and

performed such other analyses and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon without independent verification the accuracy and completeness of the information reviewed by Morgan Stanley for the purposes of its opinion. With respect to the internal financial statements, other financial and operating data, and financial forecasts, including information relating to certain strategic, financial and operational benefits anticipated from the UGC merger, Morgan Stanley assumed that they had been reasonably prepared on bases reflecting best available estimates and judgments of the future financial performance of UGC and LMI. Morgan Stanley also relied without independent investigation on the assessment by the executives of UGC regarding the strategic rationale for the UGC merger. In addition, Morgan Stanley assumed that the mergers will be consummated in accordance with the terms set forth in the proposed merger agreement, including, among other things, that the LMI merger and UGC merger will be treated as a tax-free reorganization and exchange, respectively, each pursuant to the Code, without material modification, delay or waiver. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities or technologies of UGC or LMI, nor was Morgan Stanley furnished with any such appraisals. Morgan Stanley's opinion is necessarily based upon financial, economic, market and other conditions as in effect on, and the information made available to it as of, January 17, 2005.

In arriving at its opinion, Morgan Stanley was not authorized to solicit, and did not solicit, interest from any party with respect to an acquisition, business combination or other extraordinary transaction involving UGC or its assets.

The following is a summary of the material financial analyses performed by Morgan Stanley in connection with its opinion. Some of these summaries include information presented in tabular format. In order to understand fully the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the analyses used by Morgan Stanley.

*Historical Share Price Analysis*

Morgan Stanley reviewed the historical price performance and trading volumes of UGC Class A common stock from January 20, 2004 through January 14, 2005, and of LMI Series A common stock from June 2, 2004 through January 14, 2005. For the period that Morgan Stanley reviewed UGC's share price, the high and low

**Table of Contents**

closing prices were \$10.60 and \$6.00, respectively, and for the period that Morgan Stanley reviewed LMI's share price, the high and low closing prices were \$47.27 and \$29.15, respectively.

Morgan Stanley also reviewed the respective recent stock price performances of UGC Class A common stock and LMI Series A common stock in comparison to the stock price performances of selected comparable companies, as well as with the S&P 500. Morgan Stanley observed the appreciation or depreciation in closing market prices over certain time periods as shown below:

<b>Company</b>	<b>Appreciation/(Depreciation) 1/20/04 to 1/14/05</b>	<b>Appreciation 6/2/04<sup>(1)</sup> to 1/14/05</b>
UGC	(9.1%)	29.4%
LMI	NA	13.8%
Comcast Corp.	(5.8%)	16.6%
NTL Inc.	(0.6%)	10.8%
Cablevision Systems Corp.	(9.9%)	13.5%
S&P500	4.0%	5.3%

<sup>(1)</sup> Date on which LMI common stock began trading on a when-issued basis prior to LMI's spin off from Liberty.

The foregoing historical share price analysis was presented to the Special Committee to provide it with background information and perspective with respect to the relative historical share prices and share price performances of UGC and LMI. No company used in the share price performance analysis is identical to UGC or LMI because of differences in business mix, operations and other characteristics.

*Comparable Company Analysis*

Morgan Stanley compared certain publicly available financial information of UGC with corresponding publicly available information for the following cable companies:

**U.S. Cable Companies**

Comcast Corp.

Cablevision Systems Corp.

Charter Communications, Inc.

Insight Communications Co.

**European Cable Companies**

NTL Inc.

Telewest Global Inc.

For each of the comparable companies, Morgan Stanley calculated the current cable aggregate value, defined as equity value plus net debt and minority interests and less unconsolidated and non-cable assets, as a multiple of 2005 estimated earnings before expenses for interest, taxes, depreciation and amortization, or EBITDA,

**Table of Contents**

based upon publicly available information, including reports of equity research analysts. The multiples calculated in this analysis are referred to in this section as the aggregate value/2005E EBITDA multiples.

Morgan Stanley calculated implied equity values per share of UGC common stock by applying aggregate value/2005E EBITDA multiples ranging from 8.0x to 9.0x to UGC's 2005 estimated EBITDA, as provided by UGC management, and to UGC's 2005 estimated EBITDA as provided by management and converted at a current spot rate of US\$1.31 per Euro. The following table presents the ranges of equity values per common share implied by this analysis:

	<b>Implied Equity Value Per Share of UGC Common Stock</b>	
	<b>Low</b>	<b>High</b>
2005E EBITDA, as provided by UGC management	\$ 8.17	\$ 9.53
2005E EBITDA, as provided by UGC management and converted at US\$1.31 per Euro spot exchange rate	\$ 8.82	\$ 10.27

Morgan Stanley noted that the implied value of the stock consideration per share of UGC common stock in the merger was \$9.42 as of January 14, 2005, and that the cash consideration was \$9.58 per share of UGC common stock.

No company used in the comparable company analysis is identical to UGC because of differences between the business mix, operations and other characteristics of UGC and the comparable companies. In evaluating the comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of UGC, such as the impact of currency exchange rates, competition on the business of UGC as well as on the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of UGC or the industry or in the markets generally.

*Discounted Cash Flow Analysis*

Morgan Stanley performed a discounted cash flow analysis of the projected unlevered free cash flows of UGC. This analysis was based upon 2005 projections and long-term growth assumptions for the period beginning January 1, 2005 and ending December 31, 2009 prepared by UGC management.

Morgan Stanley calculated implied equity values per share of UGC common stock by using discount rates ranging from 8% to 10% and terminal value multiples of estimated 2010 EBITDA ranging from 7.5x to 8.5x. Morgan Stanley calculated different ranges of equity values per share of UGC common stock by utilizing the 2005 projections and long-term growth rate guidance provided by UGC management, as well as sensitivities performed by Morgan Stanley adjusting for various revenue growth rates and EBITDA margins. The following table presents the ranges of implied equity values per share of UGC common stock implied by this analysis:

	<b>Implied Equity Value Per Share of UGC Common Stock</b>	
	<b>Low</b>	<b>High</b>
Analysis Utilizing Sensitivities	\$ 9.58	\$ 12.05
Analysis Utilizing UGC Management Projections and Guidance	\$ 12.83	\$ 15.89

Morgan Stanley noted that the implied value of the stock consideration per share of UGC common stock in the merger was \$9.42 as of January 14, 2005, and that the cash consideration was \$9.58 per share of UGC common stock.



**Table of Contents**

The discount rates used in the discounted cash flow analysis of UGC reflect UGC's weighted average cost of capital. The weighted average cost of capital represents the cost of capital for UGC based upon the relative proportion of debt, preferred equity and common equity employed by UGC. The terminal EBITDA multiple range used in the discounted cash flow analysis was based upon a review of the trading multiples for, and the business position of, UGC and other comparable companies, as well as reviewing implied perpetual growth rates.

While discounted cash flow analysis is a widely accepted and practiced valuation methodology, it relies on a number of assumptions including growth rates, terminal multiples, discount rates and currency exchange rates. The valuation stated above is not necessarily indicative of UGC's actual, present or future value or results, which may be more or less favorable than suggested by this type of analysis.

*Sum-of-the-Parts Analysis*

Morgan Stanley performed an analysis of LMI as the sum of its constituent businesses and performed financial analyses on the assets represented by LMI's investments in the following entities:

UGC

Jupiter Telecommunications Co., Ltd.

Jupiter Programming Co., Ltd.

Liberty Cablevision of Puerto Rico Ltd.

Mediatti Communications, Inc.

Chofu Cable, Inc.

Pramer S.C.A.

Metrópolis-Intercom S.A.

Torneos y Competencias, S.A.

The News Corporation Limited

The Wireless Group plc

ABC Family Worldwide, Inc.

This analysis was performed to determine an implied valuation range for LMI common stock.

Morgan Stanley reviewed various publicly available financial, operating and stock market information, as well as financial data and forecasts provided by LMI management, for the individual LMI businesses. Based upon this data, Morgan Stanley estimated implied value ranges for each constituent business by applying analyses as appropriate for the individual business segments, including analyses based upon book value, per subscriber value, multiples to 2004 and 2005 estimated EBITDA, as provided by LMI management and publicly available research reports, and public market value, taking into account applicable tax rates. The multiples for the various assets used in the sum-of-the-parts analysis were arrived at after a review of publicly traded companies with a similar operating profile to the LMI assets. Market position, growth prospects and profitability were a few of the many factors used in comparing the LMI assets

to the publicly traded comparables.

This analysis yielded an implied valuation range of LMI common stock of \$48.86 to \$51.13 per share. Morgan Stanley then applied discounts of 10%, 15% and 20% to approximate the holding company discount for

**Table of Contents**

LMI's UGC holdings that is widely acknowledged by the research community. Applying these discounts to the sum-of-the-parts analysis yielded an implied valuation range of LMI common stock of \$44.26 to \$48.83 per share. Morgan Stanley noted that the closing price per share of LMI Series A common stock was \$43.69 as of January 14, 2005.

In connection with its sum-of-the-parts analysis, Morgan Stanley noted in particular the values of Jupiter Telecommunications Co., Ltd., or J-COM, implied by the 0.2155x exchange ratio pursuant to the merger agreement, as well as the exchange ratios implied by deriving share prices for LMI based upon valuations of LMI's 45.45% ownership stake in J-COM. Morgan Stanley applied various analyses in order to arrive at an implied value range for J-COM, including analyses based upon multiples to 2005 EBITDA, which were included in the sum-of-the-parts analysis, as well as discounted cash flow analyses. Morgan Stanley observed that, applying the valuations of LMI's assets, other than UGC and J-COM, derived in connection with the sum-of-the-parts analysis, as well as both the exchange ratio of 0.2155x pursuant to the merger and LMI's share price of \$43.69 as of January 14, 2005, the implied forward EBITDA multiple for J-COM was 5.9x. In addition, Morgan Stanley observed that, based upon valuations of LMI's 45.45% stake in J-COM implied by Morgan Stanley's analyses and assuming values per share of UGC common stock of \$10.00, \$11.00 and \$12.00, the implied exchange ratios derived from the resulting implied LMI per share prices ranged from 0.1780x to 0.1954x.

*Equity Research Analysts' Price Targets*

Morgan Stanley reviewed the range of available price targets prepared and published by equity research analysts for UGC Class A common stock and LMI Series A common stock during the periods from September 22, 2004 to January 14, 2005 for UGC and from November 15, 2004 to December 8, 2004 for LMI. These price targets reflect each analyst's estimate of the future public market trading price of UGC Class A common stock or LMI Series A common stock, as applicable, at the end of the relevant period considered for each estimate. Applying a discount rate of 10% to these price targets, Morgan Stanley arrived at a range of present values for the per share price targets as of January 2005. The results of this analysis are set forth below:

	<b>Present Value of Research Price Targets for UGC Class A Common Stock</b>			
		<b>Low</b>		<b>High</b>
UGC	\$	9.70	\$	13.88
LMI	\$	37.57	\$	46.73

Morgan Stanley noted that the analysis summarized above included present values with respect to two research price targets for UGC Class A common stock that had been increased on January 14, 2005 from prior research reports. On January 14, 2005, Morgan Stanley issued a new research report increasing its price target for UGC Class A common stock from \$9.00, or \$8.31 at present value, to \$11.00, or \$10.00 at present value. Also on January 14, 2005, Janco Partners issued a new research report increasing its price target for UGC Class A common stock from \$12.43, or \$11.48 at present value, to \$15.27, or \$13.88 at present value.

Morgan Stanley also noted that the public market trading price targets published by the securities research analysts do not reflect current market trading prices and are subject to uncertainties, including the future financial performances of UGC and LMI, as applicable, and future financial market conditions.

*Precedent Transaction Analysis*

Morgan Stanley reviewed publicly available information with respect to selected minority buy-back transactions. The transactions reviewed included transactions involving cash and/or stock consideration with aggregate transaction values in excess of \$1 billion, referred to in this section as the cash/stock transactions, and stock only transactions with aggregate transaction values in excess of \$500 million, referred to in this section as the stock-only transactions. For each transaction, Morgan Stanley analyzed, as of the announcement date, the premium offered by the acquiror to the target's closing price one day prior to the announcement of the transaction. In the cash/stock transactions, the range of final premiums was 10.5% to 47.6%, with a median of 23.5%. In the stock-only transactions, the range of final premiums was 2.3% to 47.6%, with a median of 19.4%. The foregoing

**Table of Contents**

precedent transaction analysis was presented to the Special Committee to provide it with background information and perspective in connection with its review of the UGC merger.

No company or transaction utilized in the analysis of selected precedent transactions is identical to UGC, LMI or the UGC merger. Mathematical analysis, such as determining the average or median, is not in itself a meaningful method of using precedent transaction data.

*Exchange Ratio and Price Premium Analyses*

Morgan Stanley reviewed the ratios determined by dividing the closing prices of UGC Class A common stock by the closing prices of LMI Series A common stock for certain periods from June 2, 2004 to January 14, 2005. Morgan Stanley then examined the premiums represented by the exchange ratio of 0.2155 pursuant to the merger agreement as compared to these ratios of closing market prices of UGC common stock to LMI common stock. The results of this analysis are set forth below:

<b>Period/Benchmark</b>	<b>Ratio of UGC Price(s) to LMI Closing Price(s)</b>	<b>0.2155 Exchange Ratio % Premium / (Discount)</b>
January 14, 2005	0.2206x	(2.3%)
January 11, 2005	0.2131x	1.1%
December 14, 2004	0.1914x	12.6%
December 10, 2004	0.1931x	11.6%
November 11, 2004	0.2235x	(3.6%)
High UGC Class A Common Share Price since June 2, 2004	0.2239x	(3.8%)
Low UGC Class A Common Share Price since June 2, 2004	0.1853x	16.3%
Five Trading Day Average During the Period from June 2, 2004 to January 14, 2005	0.2178x	(1.0%)
Ten Trading Day Average During the Period from June 2, 2004 to January 14, 2005	0.2133x	1.0%
Twenty Trading Day Average During the Period from June 2, 2004 to January 14, 2005	0.2103x	2.5%
Three-Month Average During the Period from June 2, 2004 to January 14, 2005	0.2060x	4.6%

Average Since June 2, 2004

0.2053x

5.0%

Morgan Stanley also examined the implied percentage premium of the \$9.42 implied stock consideration, as of January 14, 2005, and of the \$9.58 cash consideration, each as compared to UGC's Class A common stock closing prices over various periods. The results of this analysis are set forth below:

<b>Time Period/Benchmark</b>	<b>UGC Share Price</b>	<b>Implied Price Premium/(Discount)</b>	
		<b>\$9.42 Implied Stock Consideration <sup>(1)</sup></b>	<b>\$9.58 Cash Consideration</b>
January 14, 2005	\$9.64	(2.3%)	(0.6%)
January 11, 2005	\$9.26	1.7%	3.5%
December 14, 2004	\$8.67	8.6%	10.5%
December 10, 2004	\$8.66	8.7%	10.6%
November 11, 2004	\$8.48	11.0%	13.0%
High Since June 2, 2004	\$9.78	(3.7%)	(2.0%)

**Table of Contents**

		<b>Implied Price Premium/(Discount)</b>	
<b>Time Period/Benchmark</b>	<b>UGC Share Price</b>	<b>\$9.42 Implied Stock Consideration <sup>(1)</sup></b>	<b>\$9.58 Cash Consideration</b>
Low Since June 2, 2004	\$6.00	56.9%	59.7%

(1) Based upon 0.2155x exchange ratio and current LMI share price of \$43.69 as of January 14, 2005

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any particular analysis or factor considered by it. The summary provided and the analyses described above must be considered as a whole, and selecting any portion of Morgan Stanley's analyses, without considering all analyses, would create an incomplete view of the process underlying Morgan Stanley's opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors and may have deemed various assumptions more or less probable than other assumptions, so that the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley's view of the actual value of UGC or LMI.

In performing its analysis, Morgan Stanley made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of UGC and LMI. Any estimates contained in the analyses performed by Morgan Stanley are not necessarily indicative of actual values, which may be significantly more or less favorable than suggested by such estimates. The analyses performed were prepared solely as a part of Morgan Stanley's analysis of the fairness from a financial point of view of the consideration to be received by the unaffiliated stockholders of UGC pursuant to the merger agreement and were conducted in connection with the delivery by Morgan Stanley of its opinion, dated January 17, 2005, to the Special Committee. Morgan Stanley's analyses do not purport to be appraisals or to reflect the prices at which shares of UGC common stock or LMI common stock might actually trade.

The consideration to be received by the unaffiliated stockholders of UGC pursuant to the merger agreement was determined through negotiations between the Special Committee and LMI and was approved by UGC's board of directors. Morgan Stanley's opinion to the Special Committee was one of many factors taken into consideration by the UGC board of directors in making its determination to approve the merger.

Morgan Stanley is an internationally recognized investment banking and advisory firm. Morgan Stanley, as part of its investment banking and financial advisory business, is continuously engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. In the past, Morgan Stanley and its affiliates have provided financial advisory and financing services for UGC and have received fees for the rendering of these services. In the ordinary course of its business, Morgan Stanley and its affiliates may from time to time trade in the securities or the indebtedness of UGC and LMI and its affiliates for its own account, the accounts of investment funds and other clients under the management of Morgan Stanley and for the accounts of its customers and accordingly, may at any time hold a long or short position in such securities or indebtedness for any such account.

Pursuant to an engagement letter dated December 22, 2004, UGC agreed to pay Morgan Stanley a financial advisory fee of \$1 million. In addition, UGC agreed to pay Morgan Stanley a transaction fee of \$4.5 million upon delivery of its opinion. UGC also agreed to reimburse Morgan Stanley for its expenses incurred in performing its services and to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including certain liabilities under federal securities laws, related to or arising out of Morgan Stanley's engagement and

any related transactions.

**Recommendation of the LMI Board; Purposes and Reasons for the Mergers**

LMI's purpose for engaging in the mergers is to acquire, through Liberty Global, all of the outstanding shares of UGC capital stock that LMI does not already own. LMI's board of directors unanimously approved the merger agreement and determined that the merger agreement and the LMI merger are advisable, fair to and in the best interests of LMI and its stockholders. Accordingly the LMI board recommends that the LMI stockholders vote



**Table of Contents**

**FOR** the merger proposal at the LMI special meeting. In determining that the merger agreement and the LMI merger are in the best interests of LMI and its stockholders, the LMI board considered that the mergers would eliminate the current dual public holding company structure in which LMI's principal consolidated asset is its interest in another public company, UGC. The LMI board determined that the principal benefit to LMI stockholders from the combination of the two companies under a single public company, Liberty Global, was the elimination of the holding company discount in LMI's stock price. The LMI board also considered the following matters in reaching its determination:

the presentation by its financial advisor, Banc of America Securities, and Banc of America Securities' oral opinion, subsequently confirmed in writing, that as of the date of such opinion and based upon and subject to the factors, limitations and assumptions set forth in Banc of America Securities' written opinion, the consideration to be received by LMI stockholders (other than affiliates of LMI) in the transactions contemplated by the merger agreement was fair from a financial point of view to such stockholders. In evaluating the presentation and opinion of Banc of America Securities, the LMI board was aware of the compensation arrangements with Banc of America Securities, including that a substantial portion of its fee was contingent upon completion of the mergers;

the integration of the management teams of the two companies, with Mr. Malone serving as Chairman of the Board of Liberty Global and Mr. Fries as Chief Executive Officer. The LMI board believed that the strengths of the respective management teams at the corporate level of the two companies would complement each other, and that there was little if any overlap at the operating level that would impede a smooth integration of the two companies;

that the consummation of the mergers would eliminate any potential competition between LMI and UGC, including in the pursuit of acquisition opportunities and capital raising activities;

that the receipt of the merger consideration in the LMI merger would be tax-free to the LMI stockholders;

the background of the negotiations between Mr. Malone and the Special Committee that resulted in the agreed exchange ratio and cash election alternative. Mr. Malone had advised the LMI board of his conclusion, based upon these negotiations, that the Special Committee would not approve the transaction at any lower exchange ratio. The LMI board took note of the premium that the exchange ratio represented for the shares of UGC stock, based upon the relative trading prices of the two companies prior to the initiation of discussions with the Special Committee, and the information provided by Banc of America Securities as to premiums paid in other transactions. Based upon the foregoing, the increase in the exchange ratio over the course of the negotiations did not detract from the LMI board's conclusion that the LMI merger would be in the best interests of LMI and its stockholders;

that the merger agreement included a limitation on the cash election, and that LMI had sufficient cash to fund the maximum amount of cash anticipated to be payable if the cash elections were fully exercised; and

the draft of the merger agreement and the voting agreement and the summary of the terms of each provided by LMI's counsel. In general, the terms of the merger agreement are customary for transactions of this nature and the Special Committee had insisted on the voting agreement as a condition to its approval of the merger agreement. The LMI board considered that the provision of the merger agreement requiring approval of the UGC merger by the vote of a majority of the minority stockholders of UGC was a negative factor from LMI's perspective because of the resulting uncertainty that the transaction would be consummated. Because the merger agreement also included provisions allowing LMI to terminate the merger agreement if UGC's annual report on Form 10-K is not filed by May 15, 2005 or if the mergers are

not consummated by September 30, 2005, the uncertainty resulting from the inclusion of the minority approval requirement did not

## **Table of Contents**

outweigh the other factors supporting the LMI board's conclusion that the LMI merger would be in the best interests of LMI and its stockholders.

The LMI board did not consider other alternatives to achieving the goal of acquiring the minority interest in UGC. It did, however, consider the alternative of maintaining the status quo in which LMI was the controlling stockholder of UGC and instituting a stock repurchase program for LMI stock. On balance, the LMI board determined that the proposed mergers would be preferable to maintaining the status quo for the reasons stated above. In addition, LMI believes that maintaining the Nasdaq National Market listing of the UGC Class A common stock and the registration of that stock under the Exchange Act, as well as separate boards of directors with different fiduciary duties, imposes direct and indirect compliance costs and administrative burdens on UGC that divert management's time and resources. These compliance costs and administrative burdens would be eliminated were the mergers completed.

If the mergers are completed, LMI stockholders will not have dissenters' rights of appraisal under Delaware law or the merger agreement because shares of LMI common stock are, and shares of Liberty Global common stock will be, listed on the Nasdaq National Market.

## **Position of LMI Regarding the Fairness of the UGC Merger**

The UGC merger is considered a 13e-3 transaction for purposes of Rule 13e-3 under the Exchange Act because LMI is an affiliate of UGC and public stockholders of UGC are entitled to receive consideration in the merger other than Liberty Global common stock. Under Rule 13e-3, LMI is required to consider the fairness of the UGC merger to the unaffiliated stockholders of UGC.

LMI believes that the UGC merger is fair to the unaffiliated stockholders of UGC. The factors considered by the LMI board in arriving at this belief include the following:

that the merger was negotiated with the Special Committee, which was advised by its own counsel and financial advisors;

that the merger is structured so that it is a condition to the completion of the merger that it be approved by at least a majority of the outstanding shares of UGC common stock not beneficially owned by LMI or Liberty or the directors and executive officers of LMI, Liberty and UGC;

that the 0.2155 to 1.0 exchange ratio represents an 8.6% premium over the closing sale price for the shares of UGC Class A common stock on December 14, 2004, the last trading day before Mr. Malone's first conversation with the Special Committee, and a slight premium over the closing sale price of those shares on January 11, 2005, the last trading day before LMI management and the Special Committee reached an agreement in principle on the financial terms of the UGC merger. LMI also considered that from the time of the LMI spin off in June 2004 through the last trading day before the public announcement of the mergers, the historical ratio in which the shares of UGC Class A common stock has traded relative to the LMI Series A common stock has predominantly been below the 0.2155 exchange ratio;

LMI's belief that since its spin off from Liberty in June 2004, UGC's historical trading price has included an acquisition premium attributable to market speculation that LMI would buy out the public minority stockholders of UGC;

LMI's belief that its common stock trades with a holding company discount of between 9% and 19%, implying a larger premium to the unaffiliated UGC stockholders on a fair value-to-fair value basis;

that the UGC unaffiliated stockholders who elect to receive Liberty Global stock will have the opportunity to participate in LMI's Japanese cable distribution and programming businesses at a

68

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**Table of Contents**

favorable valuation, as well as continue to participate in the potential growth of the businesses of UGC;

that LMI was foregoing its ability to obtain a control premium for its investment in UGC, while UGC unaffiliated stockholders who become stockholders of Liberty Global would participate as stockholders of the new company in any control premium because there will be no single controlling stockholder of the new company;

that LMI has sufficient voting power to determine a disposition of UGC, and informed the Special Committee that it would not be interested in a sale of UGC to a third party; and

the fact that the Special Committee received an opinion from Morgan Stanley to the effect that, as of the date of such opinion and based upon and subject to the assumptions, qualifications and limitations set forth in the opinion, the consideration to be received by the unaffiliated stockholders of UGC pursuant to the merger agreement was fair from a financial point of view to such stockholders. LMI management recognized that Morgan Stanley's opinion is directed solely to the Special Committee, and that LMI is not entitled to rely on that opinion.

In addition to the foregoing positive factors upon which LMI has formed its belief that the UGC merger is fair to the unaffiliated stockholders of UGC, LMI also evaluated the following negative factors, which LMI viewed as insufficient to outweigh the positive factors:

that on January 14, 2005, the last trading day prior to the LMI board meeting approving the merger agreement, the UGC Class A common stock was trading above the 0.2155 exchange ratio; and

that the holders of UGC Class A common stock are not entitled to appraisal rights under Delaware law, and that no provision is included in the merger agreement to provide them that right.

LMI further considered the prices at which each of LMI and, before its spin off from Liberty in June 2004, Liberty had purchased shares of UGC over the preceding two year period, including the range of prices paid in such purchases. With the exception of Liberty's acquisition of all of the UGC Class B common stock of the founders of UGC in January 2004, all UGC stock purchases during that two-year period were made at prices between \$3.62 and \$8.59 per share, which is below the \$9.58 cash consideration being offered to the unaffiliated stockholders of UGC in the cash election and the \$9.42 implied value of the exchange ratio being made available in the stock election, as of January 14, 2005, the last trading day prior to the LMI board meeting approving the merger agreement. Those purchases had all involved shares of UGC Class A common stock purchased pursuant to the exercise of contractual preemptive rights or pursuant to subscription rights that had been made available to all UGC stockholders. In the case of Liberty's acquisition of the shares of UGC Class B common stock from the UGC founders, the average per share price paid for those shares was \$19.93. LMI did not view the amount it paid for the shares of UGC Class B common stock it acquired from the UGC founders as relevant to its determination of the fairness of the consideration being paid to UGC stockholders in the mergers. That transaction involved a control premium due to the removal at that time of substantial constraints on the ability of Liberty to exercise control over UGC. By contrast, the stock consideration and cash consideration being made available to unaffiliated stockholders of UGC does not include a control premium as LMI already has a 53.6% equity interest and an approximate 91% voting interest in UGC.

LMI did not consider UGC's net book value (assets minus liabilities as reflected in UGC's financial statements for accounting purposes) in its evaluation of fairness to the unaffiliated stockholders of UGC, as net book value is not a metric that is used for valuing a company such as UGC, and UGC's net book value was substantially less than the value of the merger consideration. LMI did not consider the going concern or liquidation values of UGC as part of its fairness determination, except insofar as those values were encompassed in the discounted cash flow analyses of UGC and comparable company analyses prepared by Banc of America Securities and described under -Opinion of LMI's Financial Advisor. Banc of America Securities was not requested to and did not consider the fairness of the UGC

merger to the stockholders of UGC.

## **Table of Contents**

LMI did not find it practicable to, and therefore did not, quantify or otherwise assign relative weights to the individual factors considered in reaching its conclusion as to fairness. Rather, LMI's determination was made after consideration of all of the foregoing factors as a whole.

### **Opinion of LMI's Financial Advisor**

On January 10, 2005, the board of directors of LMI retained Banc of America Securities LLC to act as its financial advisor in connection with the possible acquisition of the minority interest of UGC. Banc of America Securities is a nationally recognized investment banking firm. Banc of America Securities is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions and has negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. LMI selected Banc of America Securities to act as its financial advisor on the basis of Banc of America Securities' experience and expertise in transactions similar to the mergers, and its reputation in the media industry and investment community and its historical investment banking relationship with LMI and its affiliates.

On January 17, 2005, Banc of America Securities delivered its oral opinion, subsequently confirmed in writing, to the LMI board of directors that as of the date of the opinion the consideration to be received by the holders of LMI's common stock, other than any affiliates of LMI, pursuant to the merger agreement is fair from a financial point of view to the holders of LMI's common stock, other than any affiliates of LMI. The amount of the consideration was determined by negotiations between LMI and the Special Committee and was not based upon recommendations from Banc of America Securities. LMI's board of directors did not limit the investigations made or procedures followed by Banc of America Securities in rendering its opinion.

**We have attached the full text of Banc of America Securities' written opinion to the LMI board of directors as Appendix E. You should read this opinion carefully and in its entirety in connection with this joint proxy statement/prospectus. The following summary of Banc of America Securities' opinion, is qualified in its entirety by reference to the full text of the opinion.**

**Banc of America Securities' opinion is directed to the LMI board of directors. It does not constitute a recommendation to any stockholder of LMI or UGC on how to vote with respect to the mergers. The opinion addresses only the financial fairness of the consideration to be received by the holders of LMI's common stock, other than any affiliates of LMI, pursuant to the merger agreement. The opinion does not address the relative merits of the mergers or any alternatives to the mergers, the underlying decision of the LMI board of directors to proceed with or effect the mergers or any other aspect of the transactions contemplated by the merger agreement. In furnishing its opinion, Banc of America Securities did not admit that it is an expert within the meaning of the term "expert" as used in the Securities Act, nor did it admit that its opinion constitutes a report or valuation within the meaning of the Securities Act. Statements to that effect are included in the Banc of America Securities' opinion.**

For purposes of rendering its opinion Banc of America Securities has:

reviewed certain publicly available financial statements and other business and financial information of LMI and UGC;

reviewed certain internal financial statements and other financial and operating data concerning LMI and UGC;

analyzed certain financial forecasts to which Banc of America Securities was directed by the management of LMI;

reviewed and discussed with senior executives of LMI information relating to certain benefits anticipated from the mergers;



**Table of Contents**

discussed the past and current operations, financial condition and prospects of LMI with senior executives of LMI and discussed the past and current operations, financial condition and prospects of UGC with senior executives of UGC;

reviewed the reported prices and trading activity for the LMI common stock and the UGC common stock;

compared the financial performance of UGC and the prices and trading activity of the UGC common stock with that of certain other publicly traded companies that Banc of America Securities deemed relevant;

compared the financial terms of the mergers to the financial terms, to the extent publicly available, of certain other business combination transactions that Banc of America Securities deemed relevant;

participated in discussions and negotiations among representatives of LMI and UGC and their financial and legal advisors;

reviewed the January 16, 2005 draft merger agreement and certain related documents; and

performed such other analyses and considered other factors as Banc of America Securities deemed appropriate.

Banc of America Securities reviewed the January 16, 2005 draft merger agreement in its preparation of its opinion. While LMI and UGC had the opportunity to agree to materially add, delete or alter material terms of the merger agreement before its execution, the final merger agreement was substantially similar to the January 16, 2005 draft merger agreement.

Banc of America Securities did not assume any responsibility to independently verify the information listed above. Instead, with the consent of the LMI board of directors, Banc of America Securities relied on the information as being accurate and complete in all material respects. Banc of America Securities also made the following assumptions with the consent of the LMI board of directors:

with respect to financial forecasts for LMI and UGC, Banc of America Securities was directed by the management of LMI to rely on certain publicly available financial forecasts in performing its analyses and has assumed that, in the good faith belief of the management of LMI, such forecasts reflect the best currently available estimates of the future financial performance of LMI and UGC;

that the LMI merger will qualify as a reorganization within the meaning of Section 368(a) of the Code and the regulations promulgated thereunder, and that the conversion of the UGC common stock into shares of Liberty Global Series A common stock pursuant to the merger agreement, will qualify as an exchange within the meaning of Section 351(a) of the Code and the regulations promulgated thereunder;

that the final executed merger agreement will not differ in any material respect from the January 16, 2005 draft merger agreement reviewed by Banc of America Securities, and that the mergers will be consummated as provided in the January 16, 2005 draft merger agreement, with full satisfaction of all covenants and conditions set forth in it and without any waivers thereof;

that all material governmental, regulatory or other consents and approvals necessary for the consummation of the mergers will be obtained without any adverse effect on LMI or UGC or the contemplated benefits of the mergers; and

## Table of Contents

that the terms of the merger agreement and the mergers are the most beneficial terms from LMI's perspective that could under the circumstances be negotiated among the parties to the merger agreement and the mergers.

In addition, for purposes of its opinion, Banc of America Securities has:

relied on advice of counsel to LMI as to all legal matters with respect to LMI, the mergers and the January 16, 2005 draft merger agreement; and

not assumed responsibility for making an independent evaluation, appraisal or physical inspection of any of the assets or liabilities, contingent or otherwise, of LMI or UGC, nor did Banc of America Securities receive any appraisals with respect thereto.

Banc of America Securities' opinion was based upon economic, monetary and market and other conditions in effect on, and the information made available to it as of, the date of the opinion. Accordingly, although subsequent developments may affect its opinion, Banc of America Securities did not assume any obligation to update, revise or reaffirm its opinion.

The following represents a brief summary of the material financial analyses performed by Banc of America Securities in connection with providing its opinion to the LMI board of directors. Some of the summaries of financial analyses performed by Banc of America Securities include information presented in tabular format. In order to fully understand the financial analyses performed by Banc of America Securities, you should read the tables together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data set forth in the tables without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by Banc of America Securities.

### *LMI and UGC Valuation Analyses*

#### *Valuation Approach*

Banc of America Securities conducted valuation analyses of both LMI and UGC to evaluate the respective exchange ratios of shares of LMI and UGC, which were designed to yield a range of exchange ratios for evaluating the fairness of the exchange ratio in the mergers. The exchange ratio ranges that resulted from the analyses conducted by Banc of America Securities were presented to the LMI board of directors in two forms, with one range of ratios reflecting the consideration to be received by UGC stockholders in Liberty Global shares and/or cash for each UGC share, and with the other range of ratios reflecting the consideration to be received by LMI stockholders in Liberty Global shares, expressed as the number of Liberty Global shares to be received for each LMI share.

These two ranges of exchange ratios are different ways of expressing the economic exchange involved in the creation of Liberty Global and the consummation of the mergers. For example, an exchange ratio expressed in terms of the number of shares of Liberty Global stock to be received by a holder of a share of stock of either UGC or LMI, respectively, can be converted into an exchange ratio expressed in terms of the number of shares of Liberty Global stock to be received by a holder of a share of the other by applying an implied exchange ratio and the number of outstanding shares of the companies immediately prior to the exchange. For the purposes of Banc of America Securities' analysis, the implied exchange ratios used were the exchange ratios derived from closing stock prices on January 14, 2005 and the outstanding shares used were 807.1 million for UGC and 173.7 million for LMI, respectively.

#### *Valuation Methodologies*

Exchange Ratio Analysis. Banc of America Securities reviewed the historical ratio of the closing price per share of LMI common stock and that of UGC common stock for several time periods since June 2, 2004 (the day on which LMI common stock began trading on a when-issued basis prior to LMI's spin off from Liberty). During this

**Table of Contents**

period, the historical exchange ratio calculated on a daily basis ranged from a low of 0.1853 on July 20, 2004 to a high of 0.2239 on September 30, 2004.

The weighted average exchange ratios for selected time periods since June 2, 2004 were:

<b>Period Prior to January 14, 2005</b>	<b>Weighted Average Exchange Ratio</b>
1 Week	0.2168
1 Month	0.2087
2 Months	0.2034
3 Months	0.2060
Since LMI common stock began trading on a when-issued basis prior to LMI's spin off from Liberty (June 2, 2004).	0.2054

**Premiums Paid Analysis.** Banc of America Securities reviewed the consideration paid in 19 merger and acquisition transactions announced after March 31, 1995 and involving U.S. companies in which the aggregate values paid exceeded \$500 million and in which the acquirer owned more than 50% of the target prior to the acquisition. Banc of America Securities calculated the premiums paid relative to the stock prices of the acquired companies in all cash or cash and stock deals and premiums paid relative to the exchange ratio for all stock deals one day, one week and one month prior to the announcement of the acquisition offer.

The Premiums Paid Analysis indicated the following median and mean premiums for these transactions, excluding pending transactions:

	<b>Premium One Day Before Announcement</b>	<b>Premium One Week Before Announcement</b>	<b>Premium One Month Before Announcement</b>
High (All Deals)	46.4%	42.7%	73.4%
Low (All Deals)	(12.0%)	(21.4%)	(17.9%)
Median (All Deals)	19.8%	19.8%	22.2%
Mean (All Deals)	19.2%	19.5%	26.1%
High (Stock Only)	29.2%	37.0%	73.4%
Low (Stock Only)	(12.0%)	(21.4%)	(17.9%)
Median (Stock Only)	19.2%	13.5%	14.6%
Mean (Stock Only)	15.7%	13.0%	23.1%

Based upon this analysis, Banc of America Securities established an exchange ratio premium range of 10% to 25% to the one day and one month prior exchange ratios. This exchange ratio premium range was selected because it encompassed substantively all the means and medians yielded by the Premiums Paid Analysis.

The table below sets forth the exchange ratios derived from applying the premium range to the exchange ratios derived from the closing stock prices of LMI and UGC on January 14, 2005.

**Table of Contents**

	<b>Consideration to be Received by UGC Stockholders</b>	<b>Consideration to be Received by LMI Stockholders</b>
10% Premium (1 Day Prior)	0.2427	0.8879
25% Premium (1 Day Prior)	0.2758	0.7813
10% Premium (1 Month Prior)	0.2105	1.0236
25% Premium (1 Month Prior)	0.2392	0.9008

Banc of America Securities noted that the per-share value of the stock consideration to be received by UGC stockholders pursuant to the merger agreement based upon LMI's closing stock price on January 14, 2005 implied a discount of 2.3% over UGC's closing stock price on January 14, 2005. The premium implied over UGC's closing stock price one week prior to January 14, 2005 was 2.5% and the implied premium over the price one month prior to that date was 8.6%.

**Holding Company Discount Analysis.** Banc of America Securities performed a sum-of-the-parts valuation of LMI to determine the net asset value of LMI, in part in order to derive the appropriate range of holding company discounts implicit in LMI's market price. In order to derive LMI's sum-of-the-parts value, LMI's ownership in UGC was taken at market value and the values of the other assets of LMI were calculated using publicly available information and management estimates. Banc of America Securities' sum-of-the-parts equity value for LMI ranged from approximately \$8.8 billion to \$9.1 billion, implying a current holding company discount of approximately 13% to 17%. In addition, Banc of America Securities reviewed several Wall Street analysts' reports, published over a three week period beginning in mid-November 2004, each of which provided (i) an estimated net asset value per share for LMI, and (ii) in all but one case, a target share price for LMI and the discount represented by the target share price relative to such net asset value per share. These reports were used by Banc of America Securities to derive a range of discounts or premiums at which Wall Street analysts estimate LMI's shares trade relative to its net asset value per share as well as a range of discounts to net asset value per share represented by those analysts' published target prices. The specific reports were selected because they were deemed to be sufficiently recent to be relevant and because they provided estimates of LMI's net asset value per share, which could be used to calculate an implied premium or discount to LMI's stock price (which we refer to as the holding company discount) as of the report date. Other available research was excluded from this analysis because it did not provide an estimated net asset value per share and could not, therefore, be used to quantify a holding company discount. The estimated net asset value per share included in the reports included a high of \$56.81 and a low of \$41.89, yielding a median estimated net asset value of \$49.22.

The holding company discount analysis yielded the following information regarding LMI's estimated holding company discount:

	<b>Premium (Discount) of Target Price to Net Asset Value per Share</b>
Median	(9%)
Low	(10%)
High	(2%)
	<b>Premium (Discount) of Market Price</b>

**to Net Asset Value per Share**

Median	(14%)
Low	(24%)
High	4%

74

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**Table of Contents**

The report that did not assign a target price for LMI stock was not included in the calculation of premium or discount of target price to net asset value above.

Banc of America Securities used the results of these analyses to determine what discount, if any, should be applied to the net asset valuations calculated in the relative valuation analysis of LMI and UGC (described below). Based upon the results of the holding company discount analysis, Banc of America Securities applied a holding company discount range of 0% to 20% to LMI's sum-of-the-parts value in the relative valuation analysis.

**Relative Valuation Analysis.** Banc of America Securities used a sum-of-the-parts approach to value LMI in relation to UGC. In establishing LMI's sum-of-the-parts valuation, the value of LMI's assets not including UGC was calculated using publicly available information and management estimates. In valuing UGC's contribution to LMI's sum-of-the-parts value, Banc of America Securities used three different valuation methodologies, each of which is described below.

For purposes of the analyses outlined below, Banc of America Securities used a holding company discount range between 0% and 20%.

A. **Public Market Valuation.** Based upon the closing market price of UGC's stock on January 14, 2005 and the fully diluted shares outstanding of UGC, Banc of America Securities established a valuation for UGC that was then applied to LMI's holdings in UGC for the purposes of the sum-of-the-parts valuation.

The public market valuation of UGC yielded exchange ratios as follows:

	<b>Consideration to be Received by UGC Stockholders</b>	<b>Consideration to be Received by LMI Stockholders</b>
20% Holding Company Discount	0.2357	0.9143
0% Holding Company Discount	0.1886	1.1429

Banc of America Securities noted that, assuming a public market valuation for UGC, LMI traded at a 15% holding company discount as of January 14, 2005.

B. **Comparable Company Analysis.** Based upon publicly available information, Banc of America Securities calculated the implied exchange ratio between LMI's stock and UGC's stock assuming respective valuations based upon application of multiples of aggregate value to estimated forward cable earnings before interest, taxes, depreciation and amortization (which we refer to as Cable EBITDA) for 2005 for five companies in the U.S. cable industry that Banc of America Securities deemed to be comparable to UGC.

Banc of America Securities defined aggregate value to mean:

equity value, defined as the product of the number of shares of common stock outstanding for a company multiplied by its stock price as of January 14, 2005; plus

outstanding funded debt; less

cash, cash equivalents and non-cable unconsolidated assets.



The following table sets forth multiples indicated by this analysis for these five companies:

<b>Aggregate Value to:</b>	<b>Range of Multiples</b>	<b>Median</b>
2005E Cable EBITDA	7.9x to 10.0x	8.9x

75

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**Table of Contents**

The comparable company analysis compared UGC to the five U.S. cable companies which were selected because they were all U.S. publicly traded companies and, given their scale, the scope of services provided by them and the quality of their respective businesses, Banc of America Securities considered them to be most relevant to UGC for purposes of its analysis. Banc of America Securities noted that the two largest publicly traded UK cable companies, NTL and Telewest, trade at a median multiple of 6.1x 2005 estimated Cable EBITDA. Banc of America Securities, however, did not view these two companies as being comparable to UGC for purposes of this analysis. Banc of America Securities did not include every company that could be deemed to be a participant in the same industry.

Based upon the median of US cable company trading multiples, which Banc of America Securities deemed to be the most relevant for purposes of the analysis, the comparable companies valuation of UGC yielded a range of exchange ratios as follows:

	<b>Consideration to be Received by UGC Stockholders</b>	<b>Consideration to be Received by LMI Stockholders</b>
20% Holding Company Discount	0.2262	0.9529
0% Holding Company Discount	0.1809	1.1911

Banc of America Securities noted that, assuming a comparable companies valuation for UGC, LMI traded at an 11% holding company discount as of January 14, 2005.

C. *Discounted Cash Flow Analysis.* Banc of America Securities used certain publicly available financial cash flow forecasts for UGC for 5 years (2005 through 2009), to which it was directed by the management of UGC, to perform discounted cash flow analysis. In conducting this analysis, Banc of America Securities first calculated the present values of the forecasted cash flows. Second, Banc of America Securities estimated the terminal value of UGC at the end of 2009 by applying multiples to UGC's estimated 2009 EBITDA, which multiples ranged from 8.0x to 10.0x. Banc of America Securities then discounted the cash flows and terminal values to present values using discount rates ranging from 8% to 12%. Banc of America Securities selected the range of discount rates to reflect a realistic range of the weighted average cost of capital for companies in UGC's industry and with capitalization profiles not dissimilar from UGC's.

This analysis indicated a range of aggregate value for UGC, expressed as multiples of estimated 2005E Cable EBITDA, as follows:

<b>Discount Rate</b>	<b>Multiple of Aggregate Value to 2005E Cable EBITDA</b>		
	<b>Terminal Multiple of 8.0x Projected Calendar Year 2009 EBITDA</b>	<b>Terminal Multiple of 9.0x Projected Calendar Year 2009 EBITDA</b>	<b>Terminal Multiple of 10.0x Projected Calendar Year 2009 EBITDA</b>
8.0%	9.8x	10.8x	11.7x
10.0%	9.1x	9.9x	10.7x
12.0%	8.4x	9.1x	9.9x

Based upon the mid-point using a terminal multiple of 9.0x and a discount rate of 10% the discounted cash flow valuation of UGC yielded exchange ratios as follows:

76

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**Table of Contents**

	<b>Consideration to be Received by UGC Stockholders</b>	<b>Consideration to be Received by LMI Stockholders</b>
20% Holding Company Discount	0.2447	0.8807
0% Holding Company Discount	0.1957	1.1009

Banc of America Securities noted that, assuming a discounted cash flow valuation of UGC, LMI traded at a 17% holding company discount as of January 14, 2005.

As noted above, the discussion above is merely a summary of the analyses and examinations that Banc of America Securities considered to be material to its opinion. It is not a comprehensive description of all analyses and examinations actually conducted by Banc of America Securities. The preparation of a fairness opinion is not susceptible to partial analysis or summary description. Banc of America Securities believes that its analyses and the summary above must be considered as a whole. Banc of America Securities further believes that selecting portions of its analyses and the factors considered, without considering all analyses and factors, would create an incomplete view of the process underlying the analyses set forth in its presentation to the LMI board of directors. Banc of America Securities did not assign any specific weight to any of the analyses described above. The fact that any specific analysis has been referred to in the summary above is not meant to indicate that that analysis was given greater weight than any other analysis. Accordingly, the ranges of valuations resulting from any particular analysis described above should not be taken to be Banc of America Securities' view of the actual value of LMI.

In performing its analyses, Banc of America Securities made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of LMI and UGC. The analyses performed by Banc of America Securities are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than those suggested by these analyses. These analyses were prepared solely as part of Banc of America Securities' analysis of the financial fairness of the consideration to be received by the holders of LMI's common stock, other than any affiliates of LMI, pursuant to the merger agreement and were provided to the LMI board of directors in connection with the delivery of Banc of America Securities' opinion. The analyses do not purport to be appraisals or to reflect the prices at which a company might actually be sold or the prices at which any securities have traded or may trade at any time in the future.

As described above, Banc of America Securities' opinion and presentation to the LMI board of directors were among the many factors taken into consideration by the LMI board of directors in making its determination to approve, and to recommend that LMI's stockholders approve, the merger agreement.

Pursuant to the engagement letter between LMI and Banc of America Securities, LMI has paid Banc of America Securities a fee of \$500,000 upon execution of the engagement letter and an additional \$500,000 upon rendering of Banc of America Securities' opinion described above and agreed to an additional fee of \$4,000,000, payable upon the consummation of the mergers. LMI has separately engaged Banc of America Securities to act as LMI's financial advisor in connection with a separate assignment, for which it has agreed to pay Banc of America Securities \$ 200,000 per quarter until December 31, 2005, and an additional \$500,000 upon delivery of a formal presentation to LMI. The LMI board of directors was aware of these fees and took them into account in considering Banc of America Securities' fairness opinion and in approving the merger agreement and the LMI merger. Each engagement letter calls for LMI to reimburse Banc of America Securities for its reasonable out-of-pocket expenses, and LMI has agreed to indemnify Banc of America Securities, its affiliates, and their respective partners, directors, officers, agents, consultants, employees and controlling persons against particular liabilities, including liabilities under the federal securities laws.

In the ordinary course of their business, Banc of America Securities and its affiliates may actively trade the debt and equity securities or loans of LMI, UGC and their affiliates for their own account and for the accounts of customers, and accordingly, Banc of America Securities and its affiliates may at any time hold a long or short position in such securities or loans. Banc of America Securities or its affiliates have also performed, and may in the future perform, various investment banking, lending and other financial services for LMI and UGC and their affiliates for which Banc of America Securities or its affiliates has received, and would expect to receive, customary fees.

## **Table of Contents**

### **Availability of Opinions and Reports**

Morgan Stanley's opinion and its report to the Special Committee (portions of which report will be omitted pursuant to a confidential treatment request filed with the SEC) will be made available for inspection and copying at the principal executive offices of UGC during its regular business hours by any interested stockholder of UGC or any representative of an interested stockholder of UGC who has been designated as such in writing. Banc of America Securities' opinion and its report to the LMI board of directors (portions of which report will be omitted pursuant to a confidential treatment request filed with the SEC) will be made available for inspection and copying at the principal executive offices of LMI during its regular business hours by any interested stockholder of LMI or any representative of an interested stockholder of LMI who has been designated as such in writing.

### **Conduct of the Business of UGC if the Mergers are Not Completed**

If the mergers are not completed, UGC intends to continue to operate its business substantially in the manner it is operated today with its existing capital structure and management team remaining. From time to time, UGC will evaluate and review its business operations, properties, dividend policy and capitalization, and make such changes as are deemed appropriate, and continue to seek to identify strategic alternatives to maximize stockholder value.

### **Amount and Source of Funds and Financing of the Mergers; Expenses**

Prior to the effective time of the mergers, LMI will loan to Liberty Global a sufficient amount of cash for Liberty Global to fund the cash consideration deliverable to the UGC stockholders (other than LMI and its wholly owned subsidiaries) in the UGC merger. LMI will fund this loan with its available cash. The mergers are not conditioned on the receipt of financing by LMI to pay the cash consideration deliverable to UGC stockholders.

It is expected that LMI and UGC will incur an aggregate of approximately \$22 million in expenses in connection with the mergers. These expenses will be comprised of:

approximately \$10.6 million in financial advisory fees;

approximately \$5 million of printing and mailing expenses associated with this joint proxy statement/prospectus;

approximately \$3.2 million in legal and accounting fees;

approximately \$1.5 million in SEC filing fees; and

approximately \$1.3 million in solicitation fees and other miscellaneous expenses.

It is expected that LMI's portion of these expenses will equal approximately \$11 million and UGC's portion of these expenses will equal approximately \$11 million.

### **Interests of Certain Persons in the Mergers**

#### *Interests of Directors and Executive Officers*

In considering the recommendation of UGC's board of directors to vote to approve the merger proposal, stockholders of UGC should be aware that members of UGC's board of directors and members of UGC's executive

management have relationships, agreements or arrangements that provide them with interests in the mergers that may be in addition to or different from those of the public stockholders of UGC. Similarly, in considering the recommendation of LMI's board of directors to vote to approve the merger proposal, stockholders of LMI should be aware that members of LMI's board of directors and members of LMI's executive management have relationships, agreements or arrangements that provide them with interests in the mergers that may be in addition to or different

## **Table of Contents**

from those of the public stockholders of LMI. In addition, the current directors of LMI and UGC will be entitled to the continuation of certain indemnification arrangements following completion of the mergers.

Following completion of the mergers, John C. Malone, Chairman of the Board, Chief Executive Officer and President of LMI, will become Chairman of the Board of Liberty Global, and Michael T. Fries, Chief Executive Officer and President of UGC, will become President and Chief Executive Officer of Liberty Global. Five of LMI's current directors, including Mr. Malone, and five of UGC's current directors, including Mr. Fries and the three members of the Special Committee, have agreed to together comprise the board of Liberty Global. In addition, Liberty Global's management will be comprised of members of LMI's and UGC's management teams. The directors and executive officers of Liberty Global are expected to beneficially own shares of Liberty Global common stock representing in the aggregate approximately [\_\_\_]% of the aggregate voting power of Liberty Global, based upon their beneficial ownership interests in LMI and UGC, respectively, as of the record dates for the special meetings, and assuming no cash elections are made by the UGC stockholders.

Both LMI's board of directors and UGC's board of directors were aware of these interests and arrangements and considered them when approving the mergers. For more information regarding these interests and arrangements, see Executive Officers, Directors and Principal Stockholders of LMI, Executive Officers, Directors and Principal Stockholders of UGC and Management of Liberty Global.

### *Voting Intentions*

The directors and executive officers of UGC, who together beneficially own shares of UGC common stock representing less than 1% of UGC's aggregate voting power, have indicated to UGC that they intend to vote in favor of the approval of the merger proposal at the UGC special meeting. Also, LMI, which beneficially owns shares of UGC common stock representing approximately 91% of UGC's aggregate voting power, has agreed in the merger agreement to vote, and to cause its subsidiaries to vote, in favor of the approval of the merger proposal at the UGC special meeting. The directors and executive officers of LMI (including Mr. Malone), who together beneficially own shares of UGC common stock representing less than 1% of UGC's aggregate voting power, have indicated to UGC that they intend to vote in favor of the approval of the merger proposal at the UGC special meeting.

### *Transactions in UGC Securities*

Except as described below, none of (1) LMI or its wholly owned subsidiaries, (2) the directors and executive officers of UGC, or (3) the directors and executive officers of LMI:

has effected any transactions in shares of UGC common stock during the 60 days preceding the date of this joint proxy statement/prospectus; or

intends to effect any such transactions prior to the special meetings.

On December 16, 2004, a subsidiary of LMI transferred its 100% ownership interest in Princes Holdings Limited, which operates under the name Chorus Communication Limited, to a subsidiary of UGC in exchange for 6,413,991 shares of UGC Class A common stock. The consideration in this transaction was based upon an aggregate purchase price of approximately \$55.1 million, and paid in shares of UGC Class A common stock valued based upon the average of the trading prices of shares of UGC Class A common stock for the ten trading days ending on the second trading day prior to the consummation of the transaction.

## **Accounting Treatment**



The mergers will be accounted for as a step acquisition by LMI of the remaining minority interest in UGC. The purchase price in this step acquisition will include the consideration issued to UGC public stockholders to acquire the UGC interest not already owned by LMI and the direct acquisition costs incurred by LMI. As UGC was a consolidated subsidiary of LMI prior to the mergers, the purchase price will first be applied to eliminate the minority interest in UGC from the consolidated balance sheet of LMI, and the remaining purchase price will be allocated on a pro rata basis to the identifiable assets and liabilities of UGC based upon their respective fair values at

## **Table of Contents**

the effective date of the mergers and the 46.4% interest in UGC to be acquired by Liberty Global pursuant to the mergers. Any excess purchase price that remains after amounts have been allocated to the net identifiable assets of UGC will be recorded as goodwill. As the acquiring company for accounting purposes, LMI will be the predecessor to Liberty Global and the historical financial statements of LMI will become the historical financial statements of Liberty Global. See Liberty Global Unaudited Condensed Pro Forma Combined Financial Statements.

## **Regulatory Matters**

At the date of this joint proxy/statement prospectus, LMI has obtained all regulatory approvals required for LMI to complete the mergers.

At the date of this joint proxy/statement prospectus, UGC has obtained all regulatory approvals required for UGC to complete the mergers.

## **Appraisal or Dissenters' Rights**

Under Section 262 of the Delaware General Corporation Law (DGCL), holders of shares of UGC Class A common stock will not be entitled to appraisal rights in connection with the UGC merger, but any holders of shares of UGC Class B common stock (other than LMI and its wholly owned subsidiaries) or UGC Class C common stock (other than LMI and its wholly owned subsidiaries) will be entitled to appraisal rights in connection with the UGC merger. Section 262 of the DGCL is included as Appendix H to this joint proxy statement/prospectus and is incorporated herein in its entirety by this reference.

Under Section 262 of the DGCL, LMI stockholders are not entitled to appraisal rights in connection with the LMI merger.

## **Federal Securities Law Consequences**

The issuance of shares of Liberty Global common stock in the mergers will be registered under the Securities Act, and the shares of Liberty Global common stock so issued will be freely transferable under the Securities Act, except for shares of Liberty Global common stock issued to any person who is deemed to be an affiliate of either LMI or UGC at the time of the special meetings. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or are under common control with either LMI or UGC and may include directors, executive officers and significant stockholders of each of LMI and UGC. Affiliates may not sell their shares of Liberty Global common stock acquired in connection with the mergers, except pursuant to:

an effective registration statement under the Securities Act covering the resale of those shares;

an exemption under paragraph (d) of Rule 145 under the Securities Act; or

any other applicable exemption under the Securities Act.

Liberty Global's registration statement on Form S-4, of which this document forms a part, does not cover the resale of shares of Liberty Global common stock to be received by affiliates in the mergers. The merger agreement requires that LMI and UGC each use its commercially reasonable efforts to cause each of their respective affiliates to deliver to Liberty Global a written agreement to the effect that these persons will not sell, transfer or otherwise dispose of any of the shares of Liberty Global common stock issued to them in the mergers in violation of the Securities Act or the

related rules and regulations of the Securities and Exchange Commission. See The Transaction Agreements Merger Agreement Covenants.

### **Class Action Lawsuits Relating to the UGC Merger**

Since January 18, 2005, twenty-one lawsuits have been filed in the Delaware Court of Chancery purportedly on behalf of the public stockholders of UGC regarding the announcement on January 18, 2005 of the execution by LMI and UGC of the merger agreement. The defendants named in these actions include Gene

## **Table of Contents**

Schneider, Michael Fries, David Koff, Robert Bennett, John Malone, John Cole, Bernard G. Dvorak, John W. Dick, Paul A. Gould and Gary S. Howard (directors of UGC), UGC and LMI. The allegations in each of the complaints, which are substantially similar, assert that the defendants have breached their fiduciary duties of loyalty, care, good faith and candor and that various defendants have engaged in self-dealing and unjust enrichment, affirmed an unfair price, and impeded or discouraged other offers for UGC or its assets in bad faith and for improper motives. In addition to seeking to enjoin the UGC merger, the complaints seek remedies including damages for the public holders of UGC stock and an award of attorney's fees to plaintiffs' counsel. In connection with these lawsuits, defendants have been served with one request for production of documents. The defendants believe the lawsuits are without merit.

## **Provisions for Unaffiliated Stockholders of UGC**

Delaware law provides stockholders of a Delaware corporation who have a proper purpose and who meet certain statutory requirements the right to inspect a list of stockholders and other corporate books and records. Other than in accordance with Delaware law or any action by a governmental authority, the unaffiliated stockholders of UGC will not be given any special access to the corporate files of UGC in connection with or in contemplation of the mergers.

Unless otherwise required by Delaware law or any action by a governmental authority, neither UGC nor LMI intends to obtain counsel or appraisal services for the unaffiliated stockholders of UGC in connection with the mergers.

## **Plans for UGC After the Mergers; Certain Effects of the Mergers**

### *UGC Business*

Following the mergers, the business and operations of UGC will be conducted substantially as they are currently being conducted with the exception that, among other things, UGC will become a subsidiary of a new parent company named Liberty Global, Inc. The centralized management, administration, finance, accounting, legal and other parent company tasks performed by UGC prior to the mergers will be performed by Liberty Global following the mergers.

### *UGC Directors and Officers*

Following the mergers, Liberty Global's management team will be responsible for the businesses of UGC. Liberty Global's management team will include certain members of UGC's current management team, including Michael T. Fries, the President and Chief Executive Officer of UGC, who has agreed to serve as the President and Chief Executive Officer of Liberty Global. Liberty Global will have a staggered board that will include five of UGC's ten directors, who will be assigned to board classes with different terms than those to which they are currently assigned on UGC's board. See Management of Liberty Global.

### *UGC Capital Structure*

UGC will be the surviving corporation in the UGC merger, and its existing capital structure will remain in place immediately following the mergers. Each share of UGC common stock acquired by Liberty Global in the UGC merger will be converted into one share of the corresponding class of common stock of UGC as the surviving corporation and will remain outstanding immediately following the mergers, and each share of UGC common stock held by LMI or any of its wholly owned subsidiaries, at the time of the UGC merger, will be converted into one share of the corresponding class of common stock of UGC as the surviving corporation and will remain outstanding immediately following the mergers. As a result, Liberty Global will own directly 46.4% of the common stock of UGC

as the surviving corporation in the UGC merger, and indirectly through Liberty Global's wholly owned subsidiary LMI 53.6% of the common stock of UGC as the surviving corporation in the UGC merger (based upon outstanding UGC share information as of December 31, 2004).

Liberty Global will have a different capital structure than UGC has. See Description of Liberty Global Capital Stock and Comparison of Rights of Stockholders of LMI, UGC and Liberty Global.

## **Table of Contents**

### *Outstanding Convertible Notes of UGC*

As of December 31, 2004, UGC had outstanding 500,000,000 aggregate principal amount of 3¼% convertible senior notes due April 15, 2024 (which we refer to as the UGC convertible notes). The UGC convertible notes were issued under an indenture dated as of April 6, 2004 between UGC and The Bank of New York, as trustee. The indenture provides that after the consummation of the UGC merger, the note holders will be entitled, subject to the restrictions on convertibility set forth in the indenture, to convert their notes into the number of shares of Liberty Global Series A common stock that they would have received in the UGC merger if they had converted their notes into UGC Class A common stock immediately prior to the UGC merger and had made the stock election. In connection with the mergers, UGC, Liberty Global and the trustee will enter into a supplemental indenture to implement this modification in the conversion right of the UGC convertible notes. In addition, under the indenture the UGC convertible notes will become convertible in connection with the UGC merger unless at least 90% of the aggregate value of the merger consideration (excluding cash payments for fractional share interests) into which the UGC Class A common stock is converted consists of Liberty Global Series A common stock. Hence, whether the UGC convertible notes become convertible in connection with the UGC merger will depend on the amount of cash paid to those UGC stockholders (if any) who make the cash election for their shares of UGC Class A common stock. Under the conversion provisions of the indenture, UGC convertible notes are convertible into, at the option of UGC, (1) shares of UGC Class A common stock at the conversion price of 9.7561 euros per share, (2) an amount in cash determined by multiplying the number of shares of UGC Class A common stock into which the surrendered note is convertible by a measure of the average trading price of UGC Class A common stock for the five trading days following the conversion date, or (3) a combination of such stock and cash. UGC will give the requisite notice under the indenture of any conversion rights accruing to holders of the UGC convertible notes in connection with the UGC merger at least 20 days prior to the anticipated effective date of the UGC merger, and the procedures to be followed to effect conversion. The merger will not constitute a change in control as defined in the indenture, which would have given the note holders the right to require UGC to repurchase the UGC convertible notes at par, plus accrued and unpaid interest.

### *Listing and Registration*

Following the mergers, UGC Class A common stock will be delisted from the Nasdaq National Market and deregistered under the Exchange Act.

Following the mergers, LMI Series A common stock and LMI Series B common stock will be delisted from the Nasdaq National Market and deregistered under the Exchange Act.

It is anticipated that the shares of Liberty Global common stock issuable in connection with the mergers will be registered under the Exchange Act, and it is a condition to the mergers that such shares be authorized for listing on the Nasdaq National Market, subject only to official notice of issuance. [Liberty Global has applied to list its Series A common stock and Series B common stock on the Nasdaq National Market under the symbols [\_\_\_\_] and [\_\_\_\_] , respectively.]

### *Reporting Obligations*

Following the mergers, each of UGC and LMI will cease to be a reporting company under the Exchange Act.

Liberty Global will become a reporting company under the Exchange Act contemporaneously with the consummation of the mergers.

### *Effect on Net Book Value and Net Earnings*

As the successor entity to LMI, Liberty Global would have experienced, on a pro forma basis (1) an increase in its net book value at September 30, 2004 of \$3,468,637 if the mergers had been consummated at September 30, 2004 and the UGC stockholders elected to receive all stock consideration; and (2) a decrease (increase) to its net loss for the nine months ended September 30, 2004 and the year ended December 31, 2003 of

**Table of Contents**

(\$148,292,000) and \$991,345,000, respectively, if the mergers had been consummated at January 1, 2003. For additional information, see Liberty Global Unaudited Condensed Pro Forma Combined Financial Statements.

*Other*

If the mergers are completed, and except as described in this joint proxy statement/prospectus, neither LMI nor Liberty Global has any plans or proposals that relate to or would result in:

any extraordinary transaction, such as a merger, reorganization or liquidation, involving UGC or any of its subsidiaries;

any purchase, sale or transfer of a material amount of assets of UGC or any of its subsidiaries;

the acquisition or disposition by any person of additional securities of UGC; or

any other material change in UGC's corporate structure and business.



**Table of Contents**

**MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGERS**

The following is a summary of the U.S. federal income tax consequences of the LMI merger and the UGC merger that are expected to be material to U.S. holders and non-U.S. holders (each as defined below) of LMI common stock and UGC common stock, subject to the limitations below. This summary is included for general information purposes only, is limited to the U.S. federal income tax consequences of the mergers and does not purport to be a complete technical analysis or listing of all potential tax consequences that may be relevant to holders of LMI common stock or UGC common stock. It is not intended to be, nor should it be construed as being, legal or tax advice. For this reason, holders of LMI common stock and UGC common stock should consult their own tax advisors concerning the tax consequences of the mergers. Further, this summary does not address any tax consequences arising under the income or other tax laws of any state, local or foreign jurisdiction or any tax treaties.

This summary is based upon the Internal Revenue Code of 1986, as amended (referred to as the Code), the applicable regulations of the U.S. Treasury Department, and publicly available judicial and administrative rulings and decisions, all as in effect on the date of this joint proxy statement/prospectus, any of which may change, possibly retroactively. Any changes could affect the continuing validity of this summary.

For purposes of this summary, the term U.S. holder means a beneficial owner of shares of LMI common stock or UGC common stock, as applicable, who is:

an individual who is a citizen of the United States or who is resident in the United States for U.S. federal income tax purposes;

a corporation or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state thereof or the District of Columbia;

a trust, if either (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person; or

an estate that is subject to U.S. federal income tax on its income regardless of its source.

For purposes of this summary, the term non-U.S. holder means a beneficial owner of shares of LMI common stock or UGC common stock, as applicable, that is not treated as a partnership for U.S. federal income tax purposes, and that is not a U.S. holder. For purposes of this summary, an entity that is classified as a partnership for U.S. federal income tax purposes is neither a U.S. holder nor a non-U.S. holder. The U.S. federal income tax treatment of a partnership and its partners depends upon a variety of factors, including the activities of the partnership and the partners. Holders of LMI common stock or UGC common stock that are partnerships for U.S. federal income tax purposes, and partners in any such partnership, should consult their tax advisors concerning the U.S. federal income tax consequences of the mergers.

This summary assumes that LMI stockholders and UGC stockholders hold their shares of LMI common stock and UGC common stock, respectively, as capital assets within the meaning of Section 1221 of the Code at the effective time of the mergers. Further, this summary does not address all aspects of U.S. federal income taxation that may be relevant to LMI stockholders or UGC stockholders in light of their particular circumstances or that may be applicable to them if they are subject to special treatment under the U.S. federal income tax laws, including if an LMI stockholder or UGC stockholder is:

a financial institution or thrift;

a tax-exempt organization;

an S corporation or other pass-through entity or an owner thereof;

84

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## Table of Contents

- an entity taxable as a partnership for U.S. federal income tax purposes or an owner thereof;
- an insurance company;
- a mutual fund;
- a dealer in stocks and securities or foreign currencies;
- a trader or an investor in LMI common stock or UGC common stock who elects the mark-to-market method of accounting for such stock;
- a stockholder who received LMI common stock or UGC common stock from the exercise of employee stock options, from an employee stock purchase plan or otherwise as compensation;
- a stockholder who received LMI common stock or UGC common stock from a tax-qualified retirement plan, individual retirement account or other qualified savings account;
- a U.S. holder that has a functional currency other than the U.S. dollar;
- an expatriate or former long-term resident of the United States; or
- a stockholder who holds LMI common stock or UGC common stock as part of a hedge against currency risk, straddle or a constructive sale or conversion transaction or other risk reduction or integrated investment transaction.

Further, this summary does not address the U.S. federal income tax consequences to any holder that actually or constructively owns both LMI common stock and UGC common stock, or to any holder of options or warrants to purchase LMI, UGC or Liberty Global common stock.

**This summary does not address tax consequences that may vary with, or are contingent upon, individual circumstances, including without limitation alternative minimum tax consequences, and does not address tax consequences to persons who exercise appraisal rights. Moreover, it does not address any non-income tax or any foreign, state or local tax consequences of the mergers. Tax matters are very complicated, and the tax consequences of the mergers to LMI stockholders and UGC stockholders will depend upon the facts of the individual stockholder's particular situation. Accordingly, LMI stockholders and UGC stockholders are strongly urged to consult with a tax advisor to determine the particular federal, state, local or foreign income or other tax consequences of the mergers.**

## **Tax Opinions**

It is a non-waivable condition of the LMI merger that LMI receive an opinion from Baker Botts L.L.P., counsel to LMI, or another nationally recognized law firm, dated the closing date, to the effect that, for U.S. federal income tax purposes:

- the LMI merger will qualify as a reorganization within the meaning of Section 368(a) of the Code;
- no gain or loss will be recognized by Liberty Global, LMI, any wholly owned subsidiary of LMI that owns shares of UGC common stock, or UGC as a result of the LMI merger or the UGC merger; and

no gain or loss will be recognized by the stockholders of LMI with respect to shares of LMI common stock converted solely into Liberty Global common stock as a result of the LMI merger.

## **Table of Contents**

It is a non-waivable condition of the UGC merger that UGC receive an opinion from a nationally recognized law firm, dated the closing date, to the effect that, for U.S. federal income tax purposes:

when viewed as a collective whole with the LMI merger, the conversion of shares of UGC common stock into shares of Liberty Global Series A common stock that is effected pursuant to the UGC merger will qualify as an exchange within the meaning of Section 351 of the Code;

no gain or loss will be recognized by Liberty Global or UGC as a result of the UGC merger; and

no gain or loss will be recognized by the stockholders of UGC with respect to shares of UGC common stock converted solely into Liberty Global Series A common stock pursuant to the UGC merger.

These opinions, which will be provided by Baker Botts L.L.P. and Holme Roberts & Owen LLP, respectively, will not address all of the U.S. federal income tax consequences relating to the mergers. Specifically, for example, the opinion concerning the recognition of gain or loss by stockholders of UGC does not address the receipt of cash by UGC stockholders, whether received as a result of a cash election or for fractional shares.

These opinions will be based upon factual representations and covenants, including those contained in letters provided by Liberty Global, LMI, UGC and/or others, and upon specified assumptions, and will assume that the mergers will be completed according to the terms of the merger agreement and that there will be no material changes in existing facts or in law. Any inaccuracy or change in the representations, covenants or assumptions upon which the opinions are based could alter the conclusions reached in the opinions.

The opinions to be delivered by Baker Botts L.L.P. and by Holme Roberts & Owen LLP will neither bind the Internal Revenue Service nor preclude the Internal Revenue Service from challenging the conclusions set forth therein, nor preclude a court from adopting a contrary position. Neither Liberty Global, LMI nor UGC intends to obtain a ruling from the Internal Revenue Service regarding the tax consequences of the mergers.

## **U.S. Federal Income Tax Consequences of the LMI Merger**

LMI has received the opinion of Baker Botts L.L.P. that the discussion under this heading, **U.S. Federal Income Tax Consequences of the LMI Merger**, is accurate in all material respects. This opinion is subject to the qualifications, assumptions and limitations referenced and summarized above under the heading **Material United States Federal Income Tax Consequences of the Mergers** and those summarized below under this heading, and is conditioned upon the accuracy of the representations, covenants and assumptions upon which the opinion is based. The opinion is included as an exhibit to the registration statement on Form S-4 of Liberty Global being filed in connection with the mergers. **The following summary of the U.S. federal income tax consequences of the LMI merger assumes that the LMI merger will qualify as a reorganization described in Section 368(a) of the Code, as described above under Tax Opinions.**

### *U.S. Federal Income Tax Consequences to U.S. Holders and Non-U.S. Holders of LMI Common Stock*

U.S. holders and non-U.S. holders of LMI common stock will not recognize gain or loss as a result of the receipt of Liberty Global common stock in the LMI merger in exchange for their LMI common stock. The aggregate tax basis of the Liberty Global common stock received by an LMI stockholder will be equal to the LMI stockholder's aggregate tax basis of the LMI common stock surrendered, and the holding period of the Liberty Global common stock received by an LMI stockholder will include the LMI stockholder's holding period of the LMI common stock surrendered.

Holders of LMI common stock will be required to file with their U.S. federal income tax return for the taxable year in which the LMI merger occurs a statement setting forth certain facts relating to the LMI merger, including their tax

basis in the shares of LMI common stock exchanged in the LMI merger and the number of shares of Liberty Global common stock received in the LMI merger. Holders of LMI common stock must also keep a

**Table of Contents**

permanent record of such facts relating to the exchange of their LMI common stock for Liberty Global common stock pursuant to LMI merger.

**U.S. Federal Income Tax Consequences of the UGC Merger**

UGC has received the opinion of Holme Roberts & Owen LLP that the discussion under this heading, U.S. Federal Income Tax Consequences of the UGC Merger, accurately summarizes the U.S. federal income tax consequences of the UGC merger that are expected to be material to U.S. holders and non-U.S. holders of UGC common stock. This opinion is subject to the qualifications, assumptions and limitations referenced and summarized above under the heading Material United States Federal Income Tax Consequences of the Mergers and those summarized below under this heading, and is conditioned upon the accuracy of the representations, covenants and assumptions upon which such opinion is based. The opinion is included as an exhibit to the registration statement on Form S-4 of Liberty Global being filed in connection with the mergers. **The following summary of the U.S. federal income tax consequences of the UGC merger assumes that the conversion of shares of UGC common stock into Liberty Global common stock that is effected pursuant to the UGC merger will qualify as an exchange within the meaning of Section 351 of the Code, as described above under Tax Opinions.**

*U.S. Federal Income Tax Consequences to U.S. Holders of UGC Common Stock*

U.S. Holders of UGC Common Stock Who Receive Only Liberty Global Common Stock (and Cash for Fractional Shares) in the UGC Merger. A U.S. holder of UGC common stock who receives solely Liberty Global common stock in exchange for UGC common stock surrendered in the UGC merger (and, as applicable, cash for fractional shares) will not recognize gain or loss as a result of the receipt of Liberty Global common stock, except to the extent that cash is received instead of fractional shares. The aggregate tax basis of the Liberty Global common stock received by a UGC stockholder will be equal to the UGC stockholder's aggregate tax basis of the UGC common stock surrendered, excluding the tax basis allocated to fractional shares, and the holding period of the Liberty Global common stock received by a UGC stockholder will include the UGC stockholder's holding period of the UGC common stock surrendered. If a UGC stockholder receives cash instead of fractional shares, the UGC stockholder will be treated as recognizing capital gain or loss equal to the difference between the amount of cash received with respect to the fractional shares and the ratable portion of the UGC stockholder's tax basis in the UGC common stock which is surrendered in the UGC merger and which is allocated to such fractional shares. Any capital gain or loss will be long-term capital gain or loss if the UGC stockholder's holding period in such UGC common stock is more than one year as of the closing date of the UGC merger. For non-corporate U.S. holders, long-term capital gain generally will be taxed at a maximum U.S. federal income tax rate of 15%. The deductibility of capital losses is subject to limits.

U.S. Holders of UGC Common Stock Who Receive Cash and Liberty Global Common Stock in the UGC Merger. A U.S. holder of UGC common stock who receives a combination of Liberty Global common stock and cash in exchange for UGC common stock surrendered in the UGC merger will recognize capital gain, but not capital loss, realized in the UGC merger (subject to the discussion below under Possible Dividend Treatment). The amount of capital gain recognized by the U.S. holder of UGC common stock generally will be calculated separately for each block of UGC common stock surrendered (i.e., shares of UGC common stock that have the same tax basis and holding period) and will be equal to the lesser of:

the amount of gain realized in respect of such block, i.e., the excess (if any) of (x) the sum of the amount of cash and the fair market value of the Liberty Global common stock received that is allocable to such block of UGC common stock surrendered in the UGC merger over (y) the tax basis of such block; and

the amount of cash that is allocable to such block.

For this purpose, the cash and the Liberty Global common stock received by a UGC stockholder generally will be allocated among the blocks of UGC common stock surrendered in the UGC merger proportionately based upon the fair market values of such blocks of UGC common stock. Because no loss will be recognized, a UGC



**Table of Contents**

stockholder will not be able to offset gain recognized on one block of UGC common stock by loss attributable to another block. The capital gain, if any, attributable to a block of UGC common stock will be long-term capital gain if the UGC stockholder's holding period in the block of UGC common stock is more than one year as of the closing date of the UGC merger. For non-corporate U.S. holders, long-term capital gain generally will be taxed at a maximum U.S. federal income tax rate of 15%.

The aggregate tax basis of the Liberty Global common stock received by a U.S. holder of UGC common stock in the UGC merger will be equal to the UGC stockholder's aggregate tax basis in the UGC common stock surrendered, decreased by the amount of cash received by the UGC stockholder and increased by the amount of gain recognized by the UGC stockholder in connection with the UGC merger. A UGC stockholder's holding period for the Liberty Global common stock received in exchange for UGC common stock will include the holding period for the UGC common stock surrendered. U.S. holders of multiple blocks of UGC common stock are urged to consult their tax advisors concerning the determination of the tax basis and holding period for the Liberty Global common stock received in the UGC merger.

**U.S. Holders of UGC Common Stock Who Receive Only Cash in the UGC Merger.** A U.S. holder of UGC common stock who receives solely cash in exchange for the holder's UGC common stock surrendered in the UGC merger will recognize capital gain or loss equal to the difference between the amount of cash received by the UGC stockholder and the holder's tax basis of the UGC common stock surrendered (subject to the discussion below under **Possible Dividend Treatment**). Gain or loss must be calculated separately for each block of UGC common stock (i.e., shares of UGC common stock that have the same tax basis and holding period). Such gain or loss will be long-term capital gain or loss if the UGC stockholder's holding period in such UGC common stock is more than one year as of the closing date of the UGC merger. For non-corporate U.S. holders, long-term capital gain generally will be taxed at a maximum U.S. federal income tax rate of 15%. The deductibility of capital losses is subject to limits.

**Possible Dividend Treatment.** It is possible that cash received in the UGC merger as a result of a cash election could be subject to taxation under the rules of Section 304 of the Code. If Section 304 were to apply, holders of UGC common stock would be treated as having exchanged a portion of their UGC common stock for Liberty Global common stock in a tax-free exchange under Section 351(a) of the Code (to the extent that they receive Liberty Global common stock in the UGC merger), and as having exchanged the remaining portion of their shares of UGC common stock for cash. The cash received would be treated as a distribution that, depending upon the circumstances of the holder of the UGC common stock and the earnings and profits of Liberty Global and UGC, would be taxable either as a dividend or as a payment received in exchange for the UGC common stock. There is some uncertainty about whether Section 304 applies in the circumstances of the UGC merger because its application depends upon the interpretation of certain provisions of Section 304 and the facts and circumstances existing at the time of the UGC merger, and we cannot provide any assurance that the rules of Section 304 will not apply to a UGC stockholder who makes a cash election. If Section 304 were to apply, and if the cash were taxable as a dividend (generally taxable at a maximum rate of 15% for U.S. federal income tax purposes), the U.S. holder of the UGC common stock would not be able to reduce the amount taxable by the amount of the U.S. holder's tax basis allocable to the portion of the shares of UGC common stock exchanged for cash. Dividend treatment would generally not apply to holders of UGC common stock that receive solely cash in exchange for their UGC common stock and that do not actually or constructively own any stock of Liberty Global or UGC (under specified attribution rules) after giving effect to the UGC merger.

**Reporting Requirements.** Holders of UGC common stock will be required to file with their U.S. federal income tax return for the taxable year in which the UGC merger occurs a statement setting forth certain facts relating to the UGC merger, including their tax basis in the shares of UGC common stock exchanged in the UGC merger and the number of shares of Liberty Global common stock and the amount of cash received in the UGC merger. Holders of UGC common stock must also keep a permanent record of such facts relating to the exchange of their UGC common stock for Liberty Global common stock and/or cash pursuant to UGC merger.

*U.S. Federal Income Tax Consequences to Non-U.S. Holders of UGC Common Stock*

Scope of Discussion With Respect to Non-U.S. Holders. As previously stated, this summary does not address the U.S. federal income tax consequences to stockholders that are subject to special rules. With respect to a UGC stockholder who is a non-U.S. holder, this summary also does not apply to (1) a UGC stockholder that holds

**Table of Contents**

its UGC common stock in connection with a trade or business conducted in the United States or in connection with an office or fixed place of business located in the United States; or (2) a UGC stockholder that is affected by the provisions of an income tax treaty to which the United States is a party. This summary also does not address currency exchange issues. **Any non-U.S. holder that may be subject to any of these tax rules is urged to consult his or her own tax advisor to determine the tax consequences to him or her of the UGC merger.**

The tax consequences to non-U.S. holders of UGC common stock could be materially different if UGC or Liberty Global are or have previously been a U.S. real property holding corporation as of the closing date of the UGC merger, and certain exemptions do not apply. We do not believe that UGC or Liberty Global will be or will have previously been a U.S. real property holding corporation as of the closing date of the UGC merger, and therefore, such tax consequences are not discussed below.

**Non-U.S. Holders of UGC Common Stock Who Receive Only Liberty Global Common Stock (and Cash for Fractional Shares) in the UGC Merger.** A non-U.S. holder of UGC common stock that receives only Liberty Global common stock (and, as applicable, cash for fractional shares) in exchange for UGC common stock surrendered in the UGC merger will not be subject to U.S. federal income or withholding tax, except with respect to any cash received instead of fractional shares. A non-U.S. holder of UGC common stock generally will not be subject to U.S. federal income or withholding tax with respect to cash received instead of fractional shares unless such UGC stockholder is an individual that is present in the United States for 183 days or more in the taxable year of the UGC merger and certain other conditions are met.

**Non-U.S. Holders of UGC Common Stock Who Elect to Receive Cash.** A non-U.S. holder of UGC common stock that receives either a combination of Liberty Global common stock and cash in the UGC merger, or solely cash in the UGC merger will not be subject to U.S. federal income tax with respect to any shares of Liberty Global common stock or cash received in the UGC merger unless either (i) such non-U.S. holder is an individual that is present in the United States for 183 days or more in the taxable year of UGC merger and certain other conditions are met or (ii) the cash received in the UGC merger is taxable as a dividend as described above under U.S. Federal Income Tax Consequences to U.S. Holders of UGC Common Stock Possible Dividend Treatment.

If a non-U.S. holder of UGC common stock is an individual that is present in the United States for 183 days or more in the taxable year of UGC merger, and if certain other conditions are met, such non-U.S. holder will be subject to U.S. federal income tax at a rate of 30% (unless otherwise reduced by treaty) on all or part of the gain attributable to the UGC common stock. For a non-U.S. holder of UGC common stock who receives both Liberty Global common stock and cash in the UGC merger, the gain subject to tax will be calculated as described under U.S. Federal Income Tax Consequences to U.S. Holders of UGC Common Stock U.S. Holders of UGC Common Stock Who Receive Cash and Liberty Global Common Stock in the UGC Merger. For a non-U.S. holder of UGC common stock who receives only cash in the UGC merger, the gain subject to tax will be calculated as described under U.S. Federal Income Tax Consequences to U.S. Holders of UGC Common Stock U.S. Holders of UGC Common Stock Who Receive Only Cash in the UGC Merger.

If the receipt of cash is taxable as a dividend, a non-U.S. holder of UGC common stock will be subject to U.S. federal income tax at a rate of 30%, unless the tax rate is reduced by treaty. In addition, to ensure payment of the income tax, Liberty Global or any exchange agent is required to withhold tax at a rate of 30% (or a lower rate as may be specified by treaty) on dividend payments to non-U.S. holders. Amounts withheld are creditable against the U.S. federal income taxes owing by non-U.S. holders. Taxes that have been withheld are not refundable by Liberty Global or the exchange agent, although the taxpayer may be able to claim a refund from the Internal Revenue Service if the amounts withheld exceed the tax due. **Due to the uncertainties about whether all or any portion of the cash payments will be taxable as a dividend, Liberty Global or the exchange agent expects to withhold tax at the required rate on all payments of cash to non-U.S. holders of UGC common stock (other than payments for**

**fractional shares).**

*Backup Withholding and Information Reporting*

In general, information reporting requirements will apply with respect to cash received pursuant to a cash election or in lieu of fractional shares by a U.S. holder in connection with the UGC merger. This information reporting obligation, however, does not apply with respect to certain U.S. holders, including corporations, tax-

**Table of Contents**

exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. In the event that a U.S. holder subject to the reporting requirements fails to supply its correct taxpayer identification number in the manner required by applicable law or is notified by the Internal Revenue Service that it has failed to properly report payments of interest and dividends, a backup withholding tax (at a rate that is currently 28%) generally will be imposed on the amount of the cash received pursuant to a cash election or in lieu of fractional shares. A U.S. holder may generally credit any amounts withheld under the backup withholding provisions against its U.S. federal income tax liability, and, as a result, may entitle the U.S. holder to a refund, provided the required information is furnished to the Internal Revenue Service. Such amounts, once withheld, are not refundable by Liberty Global or the exchange agent.

In general, information and backup withholding will apply with respect to cash received by a non-U.S. holder in connection with the UGC merger unless the non-U.S. holder certifies as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

**Table of Contents**

**THE TRANSACTION AGREEMENTS**

**Merger Agreement**

*The following is a summary of the material terms of the merger agreement. This summary may not contain all of the information that is important to you. It is qualified in its entirety by reference to the merger agreement, a copy of which is included as Appendix B and is incorporated herein by reference. You should read the merger agreement because it, and not this document, is the legal document that governs the terms of the mergers and will give you a more complete understanding of the mergers.*

*Structure of the Mergers*

To effect the combination of LMI and UGC, a new company, Liberty Global, Inc. was formed with two wholly owned subsidiaries, Cheetah Acquisition Corp., which we refer to as LMI merger sub, and Tiger Global Acquisition Corp., which we refer to as UGC merger sub. At the effective time of the mergers:

LMI merger sub will merge with and into LMI, and LMI will be the surviving corporation in that merger; and

UGC merger sub will merge with and into UGC, and UGC will be the surviving corporation in that merger.

As a result of the mergers described above and the conversion and exchange of securities described below, LMI will become a direct wholly owned subsidiary of Liberty Global and UGC will become an indirect wholly owned subsidiary of Liberty Global. Following the mergers, Liberty Global will own directly 46.4% of the common stock of UGC and indirectly through Liberty Global's wholly owned subsidiary LMI 53.6% of the common stock of UGC (based upon outstanding UGC share information as of December 31, 2004). See Conversion of Outstanding Shares of Common Stock of LMI and UGC below.

*Effective Time of the Mergers and Timing of Closing*

LMI and UGC will file certificates of merger with the Delaware Secretary of State on the second business day after the day on which the last condition to completing the merger is satisfied or, where permissible, waived or at such other time as LMI and UGC may agree. The LMI merger and the UGC merger will become effective at the time and on the date on which those documents are filed, or later if the parties so agree and specify in those documents, provided that the LMI merger and the UGC merger will become effective at the same time. The time that the LMI merger and the UGC merger become effective is referred to as the effective time of the mergers.

We cannot assure you when, or if, all the conditions to completion of the mergers will be satisfied or, where permissible, waived. See Conditions to Completion of the Mergers. The parties intend to complete the mergers as promptly as practicable, subject to receipt of the requisite approvals of the LMI stockholders and the UGC stockholders to the merger proposal.

*Conversion of Outstanding Shares of Common Stock of LMI and UGC*

LMI. At the effective time of the LMI merger:

each share of LMI Series A common stock issued and outstanding immediately prior to the effective time of the mergers will be converted into the right to receive one share of Liberty Global Series A common stock;

each share of LMI Series B common stock issued and outstanding immediately prior to the effective time of the mergers will be converted into the right to receive one share of Liberty Global Series B common stock;

and

91

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**Table of Contents**

each share of common stock of LMI merger sub issued and outstanding immediately prior to the effective time of the mergers will be converted into one share of common stock of LMI as the surviving corporation in the LMI merger.

UGC. At the effective time of the UGC merger:

each share of UGC common stock (other than shares of UGC common stock held by LMI or any of its wholly owned subsidiaries) will be converted into the right to receive 0.2155 of a share of Liberty Global Series A common stock plus cash in lieu of any fractional shares, *unless* the holder thereof has validly made and not validly revoked an election to have such share of UGC common stock converted into \$9.58 in cash, subject to certain limitations described in UGC Stockholders Making Stock and Cash Elections; Proration below;

each share of UGC common stock held by LMI or any of its wholly owned subsidiaries will be converted into the right to receive one share of the same class of common stock of UGC; and

the issued and outstanding shares of common stock of UGC merger sub will be converted into a number of shares of each class of common stock of UGC, as the surviving corporation in the UGC merger, that is identical to the number of shares of the same class of UGC common stock that are converted into the right to receive Liberty Global Series A common stock and/or cash in the UGC merger.

For information on how holders of UGC common stock can elect to receive Liberty Global Series A common stock and/or cash in the UGC merger, see UGC Stockholders Making Stock and Cash Elections; Proration below.

The rights pertaining to Liberty Global common stock will be the same in all material respects as the rights pertaining to LMI common stock, because the restated certificate of incorporation and bylaws of Liberty Global in effect immediately after the completion of the mergers will be substantially similar to the current restated certificate of incorporation and bylaws of LMI. For a description of Liberty Global's common stock, see Description of Liberty Global Capital Stock, and for a description of the comparative rights of holders of LMI common stock, UGC common stock and Liberty Global common stock, see Comparison of the Rights of Stockholders of LMI, UGC and Liberty Global.

If, before the effective time of the mergers, the outstanding shares of LMI common stock and/or UGC common stock are changed into a different number of shares as a result of a stock split, stock dividend or other reclassification or exchange, an appropriate adjustment will be made to the consideration to be received in the mergers to provide the holders of LMI and UGC common stock the same economic effect as contemplated by the merger agreement.

*UGC Stockholders Making Stock and Cash Elections; Proration*

UGC stockholders are receiving a form of election with this joint proxy statement/prospectus for making cash and stock elections. Any UGC stockholder who became a UGC stockholder after the record date for the UGC special meeting, or who did not otherwise receive a form of election, should contact the exchange agent to obtain a form of election. UGC stockholders who vote against the merger proposal are still entitled to make elections with respect to their shares. The form of election allows holders of UGC common stock to make cash or stock elections for some or all of their shares of UGC common stock. If a holder or the holder's affiliates are the registered holders of shares of UGC common stock represented by more than one certificate or held in more than one account, the holder may also specify on the form of election how to allocate cash consideration, if any, among those shares of UGC common stock. **Shares of UGC common stock as to which the holder has not made a valid election prior to the election deadline, including as a result of revocation, will be treated as though the holder made an election to receive the stock consideration for all shares with respect to which no valid election was made prior to the election deadline.**





**Table of Contents**

LMI stockholders do not need to make an election since each outstanding share of LMI common stock will be converted into one share of the corresponding series of Liberty Global common stock, with no cash option available.

The U.S. federal income tax consequences of the UGC merger to each UGC stockholder will depend upon whether the UGC stockholder receives cash or stock of Liberty Global, or a combination of cash and stock, in exchange for his or her shares of UGC common stock. However, at the time that a UGC stockholder is required to make a cash or stock election, the UGC stockholder will not know if, and to what extent, the proration procedures described below will change the mix of consideration that he or she will receive in the UGC merger. As a result of the proration, among other reasons, at the time that a UGC stockholder is required to make a cash or stock election, the UGC stockholder will not know the tax consequences to him or her with certainty. For more information regarding the tax consequences of the UGC merger to the UGC stockholders, please see Material United States Federal Income Tax Consequences of the Mergers U.S. Federal Income Tax Consequences of the UGC Merger.

Exchange Agent. EquiServe Trust Company N.A. will serve as the exchange agent for purposes of effecting the election and proration procedures.

Election Deadline. The election deadline will be 5:00 p.m., New York City time, on [\_\_\_] 2005. If the completion of the mergers is anticipated to occur more than four business days after [\_\_\_], 2005, LMI and UGC will publicly announce, by issuing a press release to the Dow Jones News Service by 9:00 a.m. on the business day immediately following the initial election deadline, the anticipated effective date of the mergers, which will not be earlier than the fourth business day after the date of the press release. The new election deadline will be 5:00 p.m., New York City time, on the second business day preceding the anticipated effective date of the mergers.

Form of Election. The form of election must be properly completed and signed and accompanied by certificates representing all of the shares of UGC common stock covered by the form of election, duly endorsed in blank or otherwise in a form acceptable for transfer on UGC's books (or appropriate evidence as to the loss, theft or destruction, appropriate evidence as to the ownership of that certificate by the claimant, and appropriate and customary indemnification, as described in the form of election).

In order to make a cash or stock election, the properly completed and signed form of election, together with the UGC stock certificates, must be actually received by the exchange agent at or prior to the election deadline in accordance with the instructions in the form of election.

If shares of UGC common stock are held in street name, to make an election the beneficial owner should contact his or her broker, bank or other nominee and follow their instructions as to how to make their election.

Inability to Sell Shares as to which an Election is Made. Stockholders who have made elections will be unable to sell their shares of UGC common stock after making the election, unless the election is properly revoked before the election deadline or the merger agreement is terminated.

Election Revocation and Changes. Generally, an election may be revoked or changed with respect to all or a portion of the shares of UGC common stock covered by the election by the holder who submitted the applicable form of election, but only by written notice received by the exchange agent prior to the election deadline. If an election is validly revoked, or the merger agreement is terminated, the exchange agent will promptly return the related stock certificates (or book-entry shares) to the stockholder who submitted them. UGC stockholders will not be entitled to revoke or change their elections following the election deadline. As a result, UGC stockholders who have made elections will be unable to revoke their elections or sell their shares of UGC common stock during the interval between the election deadline and the date of completion of the mergers.

Shares of UGC common stock as to which the holder has not made a valid election prior to the election deadline, including as a result of revocation, will be deemed non-electing shares. If it is determined that any purported cash election or stock election was not properly made, the purported election will be deemed to be of no force or effect and the holder making the purported election will be deemed not to have made an election for these purposes, unless a proper election is subsequently made on a timely basis.

**Table of Contents**

**Non-Electing Holders.** UGC stockholders who make no election to receive cash consideration or stock consideration in the UGC merger, whose elections are not received by the exchange agent by the election deadline, or whose forms of election are improperly completed or are not signed or not accompanied by the shares of UGC common stock to which they relate will be deemed not to have made an election. UGC stockholders not making an election in respect of their shares of UGC common stock will be deemed to have made an election to receive only Liberty Global common stock, and not to receive any cash (other than cash in lieu of fractional shares), for the shares of UGC common stock held by such stockholder.

**Proration Procedures.** UGC stockholders should be aware that cash elections they make may be subject to the proration procedures provided in the merger agreement. Regardless of the cash or stock elections made by UGC stockholders, these procedures are designed to ensure that the total cash consideration paid (exclusive of cash paid for fractional shares) represents no more than 20% of the aggregate value of the merger consideration payable to UGC stockholders (other than those stockholders who are Permitted Holders under UGC's indenture with respect to the UGC convertible notes). Accordingly, the proration procedures described below will be triggered if the number of shares of UGC common stock as to which a valid cash election is made and not revoked exceeds a number we refer to as the UGC share threshold number. Under the merger agreement, the UGC share threshold number is equal to (rounded down to the nearest whole number):

$$\begin{array}{l} \text{Last sales price of a share of LMI Series A} \\ \text{common stock on the trading day immediately} \\ \text{prior to the effective time of the mergers} \end{array} \times 0.2155 \times \begin{array}{l} \text{Outstanding shares of UGC Class A stock} \\ \text{(other than} \\ \text{shares held by Permitted Holders)} \\ \text{immediately prior} \\ \text{to the effective time of the mergers} \end{array}$$


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$$38.32 + \left( \begin{array}{l} \text{Last sales price of a share of LMI Series A} \\ \text{common stock on the trading day immediately} \\ \text{prior to the effective time of the mergers} \end{array} \times 0.2155 \right)$$

If the total number of shares of UGC common stock as to which cash elections are validly made and not validly revoked is greater than the UGC share threshold number, then each UGC stockholder who validly made and did not validly revoke a cash election will be entitled to receive \$9.58 in cash per share with respect to that number of shares of UGC common stock equal to (rounded down to the nearest whole number):

$$\begin{array}{l} \text{Number of shares of UGC common stock held} \\ \text{by} \\ \text{such stockholder as to which a cash election is} \\ \text{validly made and not validly revoked} \end{array} \times \frac{\text{UGC share threshold number}}{\text{Total number of shares of UGC common stock} \\ \text{as to which cash} \\ \text{elections are validly made and not validly} \\ \text{revoked.}}$$

The remaining number of such UGC stockholder's shares as to which such stockholder validly makes and does not validly revoke a cash election will be converted, on a per share basis, into the right to receive 0.2155 of a share of Liberty Global Series A common stock.

By way of illustration, assume that the last sales price of a share of LMI Series A common stock on the day immediately prior to the closing date is \$44.11, the number of outstanding shares of UGC Class A common stock

(other than shares held by Permitted Holders ) is 363,056,129 (based upon currently available share information for UGC) and the number of shares of UGC common stock as to which a valid cash election is made and not revoked is 100,000,000, which exceeds the UGC share threshold number of 72,160,033.

In this example, if you own 500 shares of UGC common stock and make a valid cash election with respect to all of those shares, then you would receive \$3,448.80 in cash for 360 of your shares of UGC common stock and 30 shares of Liberty Global Series A common stock for your remaining shares of UGC common stock (plus cash in lieu of any fractional share interest).

Each UGC stockholder who properly elected, or was deemed to have elected, to receive the stock consideration will receive 0.2155 of a share of Liberty Global Series A common stock for each share of UGC common stock with respect to which such election was made or deemed to have been made, plus cash in lieu of any fractional share interest.

**Table of Contents**

**None of Liberty Global, LMI or UGC is making any recommendation as to whether UGC stockholders should elect to receive cash consideration or stock consideration in the UGC merger. UGC stockholders must make their own decision with respect to such election.**

**No guarantee can be made that a UGC stockholder will receive the amount of cash consideration it elects. As a result of the proration procedures, UGC stockholders may receive cash consideration in amounts that are different from the amounts they elect to receive. Because the value of the stock consideration and cash consideration may differ, UGC stockholders may receive consideration having an aggregate value less than what they elected to receive.**

*Conversion of Shares; Exchange of Certificates; Dividends; Withholding*

**Conversion and Exchange of Shares.** The conversion of LMI shares and shares of UGC common stock into the right to receive the applicable merger consideration will occur automatically at the effective time of the mergers. The exchange agent will, as soon as reasonably practicable after the effective time of the mergers, exchange certificates (or book-entry shares) representing shares of LMI and UGC common stock for the applicable merger consideration to be received in the mergers pursuant to the terms of the merger agreement.

**Letter of Transmittal.** Promptly after the completion of the mergers, the exchange agent will send a letter of transmittal to those persons who were record holders of shares of LMI common stock at the effective time of the LMI merger and record holders of shares of UGC common stock at the effective time of the UGC merger who have not previously submitted a form of election (or validly revoked their form of election and did not resubmit a form of election by the election deadline) or have not properly surrendered shares of UGC common stock to the exchange agent. This mailing will contain instructions on how to surrender shares of LMI common stock and shares of UGC common stock in exchange for the applicable merger consideration the holder is entitled to receive under the merger agreement. When you deliver your LMI stock certificates or UGC stock certificates to the exchange agent along with a properly executed letter of transmittal and any other required documents, your stock certificates will be canceled.

**Except for UGC stockholders who submit their UGC stock certificates with the form of election to the exchange agent, do not submit your LMI or UGC shares for exchange until you receive the transmittal instructions and letter of transmittal from the exchange agent.**

If a certificate for LMI common stock or UGC common stock has been lost, stolen or destroyed, the exchange agent will issue the applicable merger consideration properly payable under the merger agreement upon compliance by the applicable stockholder with the replacement requirements established by the exchange agent.

**Fractional Shares.** You will not receive fractional shares of Liberty Global common stock in connection with the UGC merger. Instead, each holder of shares of UGC common stock exchanged in the UGC merger who would otherwise have received a fraction of a share of Liberty Global common stock will receive cash in an amount determined by multiplying the fractional interest to which such holder would otherwise be entitled by the closing price for a share of LMI Series A common stock as reported on the Nasdaq National Market on the last trading day immediately preceding the effective time of the mergers. Because each share of LMI common stock is being exchanged for a share of the corresponding series of Liberty Global common stock on a one-for-one basis, no fractional shares will arise as a result of that exchange.

**Dividends and Distributions.** Until LMI shares or UGC shares are surrendered for exchange, any dividends or other distributions declared after the effective time of the mergers with respect to shares of Liberty Global common stock into which shares of LMI common stock or shares of UGC common stock may have been converted will accrue but will not be paid. Liberty Global will pay to former LMI stockholders and UGC stockholders any unpaid dividends or

other distributions, without interest, only after they have duly surrendered their LMI shares or UGC shares. After the effective time of the mergers, there will be no transfers on the stock transfer books of LMI or UGC of any shares of LMI common stock or shares of UGC common stock, respectively. If LMI shares or UGC shares are presented for transfer after the completion of the mergers, they will be cancelled and exchanged for the applicable merger consideration into which such shares have been converted pursuant to the merger agreement.

**Table of Contents**

**Withholding.** Liberty Global and the exchange agent will be entitled to deduct and withhold from the merger consideration payable to any LMI stockholder or UGC stockholder the amounts it is required to deduct and withhold under the Code or any provision of any state, local or foreign tax law. If Liberty Global or the exchange agent withholds any amounts, these amounts will be treated for all purposes as having been paid to the stockholders from whom they were withheld. See Material United States Federal Income Tax Consequences of the Mergers.

*Treatment of Stock Options and Other Awards*

**LMI Stock Options and Other Awards.** Each outstanding option to purchase shares of LMI common stock will be converted into an option to purchase the same number of shares of the corresponding series of Liberty Global common stock at an exercise price per share equal to the exercise price per share of the LMI common stock subject to the option immediately prior to the effective time of the mergers and will continue to be governed by its applicable terms. Each outstanding stock appreciation right, if any, with respect to shares of any series of LMI common stock outstanding immediately prior to the effective time of the mergers will be converted into a stock appreciation right with respect to the same number of shares of the corresponding series of Liberty Global common stock as such converted LMI stock appreciation right, at an exercise price or base price per stock appreciation right equal to the exercise or base price of such converted LMI stock appreciation right immediately prior to the effective time of the mergers. In addition, each outstanding restricted share of LMI common stock outstanding immediately prior to the effective time of the mergers will be converted into one restricted share of the corresponding series of Liberty Global common stock, and will remain subject to the same restrictions applicable to such restricted share of LMI common stock as in effect immediately prior to the effective time of the mergers.

**UGC Stock Options and Other Awards.** Each outstanding option to purchase shares of UGC common stock will be converted into an option to purchase the number of shares of Liberty Global Series A common stock determined by multiplying the number of UGC common shares subject to the option immediately prior to the effective time of the mergers by 0.2155 and rounding the resulting number down to the nearest whole number. The exercise price per share of UGC common stock for each of the converted UGC options will be the exercise price per share of UGC common stock applicable to that option immediately prior to the effective time of the mergers divided by 0.2155, rounded up to the nearest whole cent. The UGC converted options will generally have the same terms and conditions as were applicable under the UGC option plan pursuant to which such option was granted. Each outstanding stock appreciation right with respect to shares of UGC common stock immediately prior to the effective time of the mergers will be converted into a stock appreciation right with respect to that number of shares of Liberty Global Series A common stock equal to the number of shares of UGC common stock that were subject to such converted UGC stock appreciation right immediately prior to the effective time of the mergers multiplied by 0.2155, rounded down to the nearest whole number. The exercise or base price per stock appreciation right of the related converted UGC stock appreciation right will be equal to:

in the case of a UGC stock appreciation right issued in tandem with, and at the same base or exercise price as, a UGC option, the base or exercise price per share of the related converted UGC option; and

in the case of a free standing UGC stock appreciation right or a UGC stock appreciation right issued in tandem with, and at a different base or exercise price as, a UGC option, the amount determined by dividing the base or exercise price per share of such UGC stock appreciation right immediately prior to the effective time of the mergers by 0.2155, rounded up to the nearest whole cent.

In addition, each outstanding restricted share of UGC common stock will be converted into 0.2155 of a restricted share of Liberty Global Series A common stock, with the total number of shares for each holder rounded down to the nearest whole number, and will remain subject to the same restrictions applicable to such restricted share of UGC common stock as in effect immediately prior to the effective time of the mergers.





**Table of Contents**

*Conditions to Completion of the Mergers*

Conditions to Each Company's Obligation to Effect the Mergers. The obligations of LMI and UGC to complete the mergers are subject to the satisfaction or, if applicable, waiver of the following conditions:

the approval by LMI stockholders and UGC stockholders, respectively, of the merger agreement and the LMI merger and UGC merger, respectively;

the approval of the merger agreement and the UGC merger by the holders of a majority of the aggregate voting power of the outstanding shares of UGC common stock entitled to vote at the UGC special meeting, exclusive of any shares of UGC common stock beneficially owned by LMI, Liberty or any of their respective subsidiaries or any of the executive officers or directors of LMI, Liberty or UGC, which condition we refer to as the minority approval and which condition is non-waivable;

the declaration of effectiveness of the registration statement of Liberty Global of which this document is a part by the Securities and Exchange Commission and the absence of any stop order or proceedings seeking a stop order or suspension of effectiveness with respect to the registration statement;

the absence of any order, injunction, statute, rule or regulation prohibiting the consummation of the mergers or making such consummation illegal, or permitting such consummation subject to any condition that would have a material adverse effect on UGC or LMI or the ability of either UGC or LMI to consummate the mergers;

the receipt by LMI and Liberty Global of a written opinion of Skadden, Arps, Slate, Meagher & Flom LLP or another nationally recognized law firm that, for U.S. federal income tax purposes, provided that the spin off of LMI by Liberty would otherwise have qualified as a tax-free distribution under Section 355 of the Code, the mergers should not cause such spin off to fail to qualify as a tax-free distribution to Liberty under Section 355(e) of the Code, which condition is non-waivable;

the approval for listing on the Nasdaq National Market of the shares of Liberty Global common stock to be issued in the mergers, subject only to official notice of issuance; and

all authorizations, consents, orders or approvals of, or declarations or filings with, or expiration of waiting periods imposed by, any governmental entity necessary for the completion of the mergers having been filed, expired or been obtained, other than those where the failure to so file, expire or obtain would not be reasonably likely to have a material adverse effect on LMI or UGC or the ability of either LMI or UGC to consummate the mergers.

Additional Conditions to Each Company's Obligations. The obligations of each of LMI and UGC to complete the mergers are subject to the following additional conditions, unless waived by the other party:

the performance by the other party in all material respects of its agreements and covenants contained in the merger agreement required to be performed at or before the effective time of the mergers;

as a condition to LMI's obligations, UGC's representations and warranties contained in the merger agreement must:

if specifically qualified by reference to a material adverse effect on UGC or UGC's ability to complete the mergers, be true and correct, and



**Table of Contents**

if not so qualified, be true and correct except where the failure to be so true and correct would not have a material adverse effect on UGC or UGC's ability to complete the mergers, except for UGC's representations and warranties relating to its capitalization, which must be true and correct in all material respects,

in each case, on the closing date (except to the extent any such representations or warranties speak only as of a specified earlier date, in which case, as of that earlier date);

as a condition to UGC's obligations, LMI's representations and warranties contained in the merger agreement must:

if specifically qualified by reference to a material adverse effect on LMI or LMI's ability to complete the mergers, be true and correct, and

if not so qualified, be true and correct except where the failure to be so true and correct would not have a material adverse effect on LMI or LMI's ability to complete the mergers, except for:

LMI's representations and warranties relating to its capitalization, which must be true and correct in all material respects, and

LMI's representation and warranty that, except as disclosed in its Exchange Act filings prior to January 17, 2005, since September 30, 2004 there has not been a material adverse change in the business, properties, operations or financial condition of LMI's Japanese businesses, taken as a whole, other than any such change arising out of or resulting from (1) general business or economic conditions in Japan or from general changes in or affecting the industries in which LMI's Japanese businesses operate (except to the extent any such change has a disproportionate impact on LMI's Japanese businesses), (2) any changes in applicable generally accepted accounting principles that affect generally entities such as the Japanese businesses or (3) the conduct of, or failure to conduct or successfully complete, any public offering of shares by any of the Japanese businesses, which must be true and correct in all respects,

in each case, on the closing date (except to the extent any such representations or warranties speak only as of a specified earlier date, in which case, as of that earlier date);

as a condition to LMI's obligations, there being no action taken, statute, rule, regulation, order, judgment or decree proposed, enacted, promulgated, entered, issued, enforced or deemed applicable by any governmental entity that imposes or is reasonably likely to result in the imposition of material limitations on the ability of Liberty Global to effectively exercise full rights of ownership of the shares of LMI and UGC after the effective time of the mergers or makes the holding by Liberty Global of such shares

illegal; and

the receipt of a written opinion of Baker Botts L.L.P. or another nationally recognized law firm, in the case of LMI, to the effect that the LMI merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, and of a nationally recognized law firm, in the case of UGC, to the effect that, when integrated with the LMI merger, the conversion of shares of UGC common stock into shares of Liberty Global Series A common stock that is effected pursuant to the UGC merger will qualify as an exchange within the meaning of Section 351 of the Code, which condition is non-waivable by either party. Holme Roberts & Owen LLP is delivering this opinion to UGC.

In the merger agreement, the phrase "material adverse effect" on LMI or UGC means a material adverse effect on the business, properties, operations or financial condition of such entity and its subsidiaries, taken as a whole, other than any effect arising out of or resulting from:

**Table of Contents**

any change in the trading prices of, in the case of LMI, the LMI Series A common stock and, in the case of UGC, UGC Class A common stock;

any changes in generally accepted accounting principles that affect entities such as LMI and UGC, as applicable;

general business or economic conditions or from general changes in or affecting the industries in areas in which LMI and its subsidiaries or UGC and its subsidiaries, respectively, operate, except to the extent that any such change has a disproportionate impact on LMI or UGC, respectively; or

the announcement of the merger agreement or the consummation of the mergers.

In the case of UGC, no material adverse effect can arise or result from any matter approved after the execution of the merger agreement that is an approved matter. When we refer to an approved matter, we mean any matter expressly approved by (1) the UGC board, provided that all of the directors of UGC who are also executive officers of LMI did not cast their votes against the approval of such matter, or (2) the executive committee of the UGC board, provided that at least one member of the executive committee of the UGC board is also an executive officer of LMI and all members of the executive committee who are also executive officers of LMI did not vote against such matter.

*Termination*

The merger agreement may be terminated and the mergers may be abandoned at any time prior to the effective time of the mergers by:

the mutual consent of UGC (with the approval of the Special Committee) and LMI;

LMI, if UGC has not filed its Annual Report on Form 10-K with the Securities and Exchange Commission by May 15, 2005 by providing notice to UGC within five business days after UGC fails to file such annual report by May 15, 2005; provided that LMI may extend this date to June 15, 2005 if LMI does not elect to terminate the merger agreement during the five business day period after UGC fails to file such annual report by May 15, 2005;

either UGC (with the approval of the Special Committee) or LMI, if the mergers have not been consummated before September 30, 2005, unless the party seeking to terminate the agreement failed to fulfill its obligations in the merger agreement and such failure resulted in the mergers having not occurred by such date;

either UGC (with the approval of the Special Committee) or LMI, if the other party has breached any representation, warranty, covenant or agreement contained in the merger agreement, such that the conditions to the non-breaching party's obligation to consummate the mergers cannot be satisfied;

either UGC (with the approval of the Special Committee) or LMI, if any order, decree or ruling that permanently restrains, enjoins or prohibits the mergers has been issued and becomes final and non-appealable;

LMI, if the board of directors of UGC (with the approval of the Special Committee) has withdrawn or modified in any manner adverse to LMI its recommendation to the UGC stockholders; or

either UGC (with the approval of the Special Committee) or LMI, if any of the stockholder approvals, which consist of the LMI stockholder approval, the UGC statutory approval and the UGC minority approval, has not been obtained at the applicable special meeting.



**Table of Contents**

Neither LMI nor UGC will be entitled to a termination fee upon any termination of the merger agreement.

*Covenants*

Conduct of UGC Business Pending the Merger. Under the merger agreement, UGC agreed that, prior to the completion of the mergers, UGC would, and would cause its subsidiaries (1) to, conduct its business in the ordinary and usual course of its business and consistent with past practices, (2) to submit to a vote of its board of directors (or executive committee thereof) or other governing body any matter of a nature or in an amount that, consistent with past practices or existing board or other governing body policies, would have been required, or would have been expected, to be submitted to such a vote prior to the date of the merger agreement, and (3) not to take specified actions, except that UGC is permitted to take any action:

that is permitted, required or specifically contemplated by the merger agreement;

as to approved matters;

as to matters contemplated in the most recent budget approved by the board of directors of UGC, provided that such budget is itself an approved matter; and

that is required by applicable law.

Subject to these exceptions, UGC agreed, and agreed to cause its subsidiaries, not to take the following specified actions:

amend its certificate of incorporation or bylaws or other governing instrument or document;

authorize for issuance, issue, grant, sell, deliver, dispose of, pledge or otherwise encumber any shares of its capital stock or any securities or rights convertible into, exchangeable for, or evidencing the right to subscribe for any shares of its capital stock or other equity or voting interests, or any rights, options, warrants, calls, commitments or other agreements of any character to purchase or acquire any shares of its capital stock or other equity or voting interests, or any securities or rights convertible into, exchangeable for, or evidencing the right to subscribe for, any shares of its capital stock or other equity or voting interests, subject to certain specified exceptions;

split, combine, subdivide or reclassify the outstanding shares of its capital stock or other equity or voting interests, or declare, set aside for payment or pay any dividend, or make any other actual constructive or deemed distribution in respect of any shares of its capital stock or other equity or voting interests, or otherwise make any payments to stockholders or owners of equity or voting interests in their capacity as such (other than dividends or distributions paid by any wholly owned subsidiary of UGC to UGC or another wholly owned subsidiary);

redeem, purchase or otherwise acquire, directly or indirectly, any outstanding shares of capital stock or other securities or equity or voting interests of UGC or any subsidiary of UGC;

make any other changes in its capital or ownership structure;

sell or grant a lien or restriction with respect to any stock, equity or partnership interest owned by it in any subsidiary of UGC;

enter into new employment agreements with, or increase compensation of, (a) any officer or director of UGC or (b) any member of senior executive management of any subsidiary of UGC whose annual income exceeds



\$100,000 per annum, other than in the case of (b), as required by written agreements in effect on the date of the merger agreement;

**Table of Contents**

establish, amend or modify any of its employee benefit plans, except in the ordinary course of business, consistent with past practice and to the extent not material, and except to the extent required by applicable law or the existing terms of the plans or the provisions of the merger agreement;

make any capital expenditures that individually or in the aggregate are in excess of the amount provided for capital expenditures in the most recent capital budget for UGC and its subsidiaries approved by the board of directors of UGC, provided that such budget is itself an approved matter;

incur any material amount of indebtedness or guarantee any material amount of indebtedness other than in the ordinary course of business, provided that UGC may renew, extend or refinance existing indebtedness if there is no increase in interest rate or principal amount of indebtedness pursuant to such renewal, extension or refinancing;

acquire or agree to acquire in any manner any business or any corporation or otherwise acquire any assets that are material to UGC other than in the ordinary course of business;

make any material change in any accounting, financial reporting or tax practice or policy;

take any action that would reasonably be expected to result in any of the conditions to the mergers not to be satisfied; and

authorize or enter into any contract, agreement, commitment or arrangement to effect any of the foregoing.

**No Solicitation.** In addition, UGC has agreed that it will not, and it will not knowingly permit its officers, directors, representatives and agents to, directly or indirectly, (1) take any action to solicit, initiate or knowingly encourage the submission of any offer or proposal concerning a tender offer, exchange offer, merger, share exchange, recapitalization, consolidation or other similar business combination, or a direct or indirect acquisition in any manner of a significant equity interest in, or a substantial portion of the assets of, UGC (each, an acquisition proposal) or (2) engage in discussions or negotiations with any person to facilitate an acquisition proposal. However, UGC may engage in discussions or negotiations with, and furnish nonpublic information or access to, any person in response to an unsolicited acquisition proposal, if (A) it has complied, prior to such response, with the foregoing non-solicitation covenant and (B) the UGC board determines in good faith after consultation with counsel that it is necessary to do so in order to discharge its fiduciary duties under applicable law. UGC must notify LMI of, and keep it informed of any material developments with respect to, any acquisition proposal.

**Conduct of LMI Pending the Mergers.** In the merger agreement, LMI agreed that, during the period before completion of the mergers, it would not declare, make or pay any dividend or distribution in respect of its capital stock (other than in shares of LMI common stock) or take any other action that would reasonably be expected to result in any of the condition to the mergers not being fulfilled.

**Additional Covenants.** Each of LMI and UGC agreed to duly call, give notice of, convene and hold, as soon as reasonably practicable after the date of the merger agreement, a meeting of such entity's stockholders for the purpose of considering and voting upon the merger agreement, and, at such meeting, each of the board of directors of LMI and UGC will, except as required by the fiduciary duties of such board, recommend to its stockholders the approval of the merger agreement and the applicable merger.

In the merger agreement, LMI and UGC agreed to use their commercially reasonable efforts to take all action and to do all things necessary, proper or advisable under applicable laws to consummate the mergers, including the use of commercially reasonable efforts to, among other things:

prepare and file with the Securities and Exchange Commission this joint proxy statement/prospectus, the registration statement of which it is a part and the required Schedule  
101

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**Table of Contents**

13E-3 transaction statement and seek to have such filings cleared and/or declared effective, as applicable, by the Securities and Exchange Commission as soon as reasonably practicable after filing;

cause the shares of Liberty Global common stock issuable in the mergers (and the shares of Liberty Global common stock reserved for issuance with respect to LMI and UGC options, stock appreciation rights and restricted stock) to be eligible for quotation on the Nasdaq National Market prior to the effective time of the mergers;

cause any injunctions or restraining orders to be lifted; and

obtain all necessary or appropriate consents, waivers or approvals of third parties or any governmental entity in connection with the mergers.

UGC and LMI agreed that, after the effective time of the mergers, each of them will indemnify its present and former directors and officers, and any person serving at the request of UGC or LMI, as applicable, as a director or officer of another entity, against all liabilities incurred by any such person in his or her capacity as a director or officer in connection with any action arising out of the fact that such person was a director or officer of UGC or LMI, as applicable, and pertaining to any matter existing at or prior to the effective time of the mergers, to the same extent as such persons are currently indemnified by UGC or LMI, as applicable. In addition, the merger agreement provides that all rights to indemnification or advancement of expenses currently existing in the organizational documents of UGC or LMI in favor of such officers and directors and persons serving at the request of UGC or LMI, as applicable, as a director or officer of another entity, will continue in force for no less than six years following January 17, 2005, the date on which the merger agreement was signed.

LMI, which currently beneficially owns shares of UGC common stock representing approximately 91% of the aggregate voting power of UGC, agreed to vote, and to cause its subsidiaries to vote, such shares in favor of the approval of the merger agreement and the UGC merger.

*Representations and Warranties*

The merger agreement contains customary and substantially reciprocal representations and warranties by each of LMI and UGC relating to, among other things:

corporate organization and qualification;

authorization and validity of the merger agreement, absence of conflicts and board approval of the merger agreement;

capital structure;

documents filed with the Securities and Exchange Commission and financial statements included in those documents;

information supplied in connection with this joint proxy statement/prospectus, the registration statement of which it is a part and the Schedule 13E-3 transaction statement;

absence of material breaches of organizational documents, laws or agreements as a result of the mergers;

absence of certain changes or events since September 30, 2004;

legal proceedings;

## **Table of Contents**

compliance with applicable laws;

tax and employee matters;

brokers and finders;

opinions of financial advisors; and

the stockholder vote required.

### *Amendment, Extension and Waiver*

LMI and UGC may amend the merger agreement by action taken or authorized by their respective boards of directors (in the case of UGC, with the approval of the Special Committee), at any time before or after the approval of the merger agreement and the applicable merger by the stockholders of LMI or UGC. After the stockholder approvals, no amendment may be made which by law requires further approval by those stockholders, unless LMI and/or UGC obtain that further approval. All amendments to the merger agreement must be in writing signed by all of the parties thereto.

### *Fees and Expenses*

Whether or not the mergers are completed, all costs and expenses incurred in connection with the merger agreement and the mergers will be paid by the party incurring the expense, except that all expenses and fees incurred in connection with the printing and mailing of this joint proxy statement/prospectus, the registration statement of which it is a part and the Schedule 13E-3 transaction statement will be shared equally by LMI and UGC.

## **Voting Agreement**

*The following is a summary of the material terms of the voting agreement. This summary may not contain all of the information that is important to you. It is qualified in its entirety by reference to the voting agreement, a copy of which is included as Appendix C and is incorporated herein by reference.*

The Special Committee made it a condition to UGC's execution of the merger agreement, and the board of directors of LMI requested, that John C. Malone enter into a voting agreement pursuant to which he would agree to vote certain of his shares of LMI common stock in favor of the merger agreement and the LMI merger. Accordingly, concurrently with the execution of the merger agreement, Mr. Malone entered into the voting agreement, dated as of January 17, 2005, with UGC, pursuant to which Mr. Malone agreed to vote the shares of LMI Series A common stock and LMI Series B common stock over which he possesses sole voting power, and, subject to his fiduciary duties as trustee, the shares of LMI Series A common stock and LMI Series B common stock held in two separate trusts of which Mr. Malone serves as the sole trustee, in favor of the adoption by LMI of the merger agreement and the approval of the LMI merger at any meeting of LMI stockholders at which the merger agreement and the LMI merger are submitted for a vote of LMI stockholders (or pursuant to written consent). The voting agreement also covers shares of LMI common stock acquired by Mr. Malone (including upon exercise of stock options) after January 17, 2005.

The voting agreement restricts Mr. Malone's ability to transfer any of the shares owned by him or any options to purchase shares, unless, among other things, he retains the right to vote such shares or the applicable transferee enters into an agreement with UGC having the same obligations and restrictions as the voting agreement. The voting agreement also provides that Mr. Malone will not grant any proxies or power of attorney or enter into a voting agreement or other arrangement relating to the matters covered by the voting agreement with respect to any of these

shares or options to acquire such shares or deposit any of these shares or options to acquire such shares into a voting trust.

The Voting Agreement will terminate upon the first to occur of the closing of the transactions contemplated by the merger agreement and the termination of the merger agreement in accordance with its terms.

**Table of Contents****MANAGEMENT OF LIBERTY GLOBAL****Executive Officers and Directors**

The following table sets forth certain information concerning the persons who have agreed to serve as Liberty Global's executive officers and directors immediately following the mergers, including a five year employment history and any directorships held in public companies:

<b>Name</b>	<b>Positions</b>
John C. Malone Born March 7, 1941	Chairman of the Board and a director of Liberty Global. Mr. Malone has served as President, Chief Executive Officer, Chairman of the Board and a director of LMI since March 2004. Mr. Malone has served as a director of UGC and its predecessors since November 1999. Mr. Malone has served as Chairman of the Board of Liberty since 1990. Mr. Malone served as Chairman of the Board and a director of Liberty Satellite & Technology, Inc. from December 1996 to August 2000. Mr. Malone also served as Chairman of the Board of Tele-Communications, Inc., the former parent company of Liberty (TCI), from November 1996 to March 1999 and as Chief Executive Officer of TCI from January 1994 to March 1999. Mr. Malone is also a director of Liberty and The Bank of New York.
Michael T. Fries Born February 6, 1963	Chief Executive Officer, President and a director of Liberty Global. Mr. Fries has served as Chief Executive Officer of UGC since January 2004. Mr. Fries has served as a director of UGC and its predecessors since November 1999 and as President of UGC and its predecessors since September 1998. He also served as Chief Operating Officer of UGC and its predecessors from September 1998 to January 2004. In addition, he serves or has served as an officer and/or director of various direct and indirect subsidiaries and affiliates of UGC, including as a member of the UPC Supervisory Board from September 1998 until September 2003 and as Chairman thereof from February 1999 until September 2003, a member of the Priority Telecom Supervisory Board since November 2000 and as Chairman thereof since March 2003 and as a director of Austar United Communications Limited since June 1999. He served as Chairman of Austar United from June 1999 to April 2003. Mr. Fries has been with UGC and its predecessors since 1990.
John P. Cole, Jr. Born January 12, 1930	A director of Liberty Global. Mr. Cole has served as a director of UGC and its predecessors since March 1998. Mr. Cole served as a member of the UPC Supervisory Board from February 1999 to September 2003. Mr. Cole is a founder of the Washington, D.C. law firm of Cole, Raywid and Braverman, which specializes in all aspects of telecommunications and media law.
John W. Dick Born January 9, 1938	A director of Liberty Global. Mr. Dick has served as a director of UGC since March 2003. Mr. Dick served as a member of the UPC Supervisory Board from May 2001 to September 2003 and as a director of UGC Europe from September 2003 to January 2004. He is the non-executive Chairman and a director of Hooper Industries Group, a privately held U.K. group consisting of: Hooper and Co (Coachbuilders) Ltd. (building special/bodied Rolls Royce and Bentley motorcars) and Hooper Industries (China) (providing industrial products and components to Europe and the U.S.). Until 2002, Hooper Industries Group also held Metrocab UK (manufacturing London



taxicabs) and Moscab (a joint venture with the Moscow city government, producing left-hand drive Metrocabs for Russia). Mr. Dick has held his positions with Hooper Industries Group since 1984. Mr. Dick is also a director of Astar United.

**Table of Contents**

<b>Name</b>	<b>Positions</b>
Paul A. Gould Born September 27, 1945	A director of Liberty Global. Mr. Gould has served as a director of UGC since January 2004. Mr. Gould has served as Managing Director and Executive Vice President of Allen & Company L.L.C., an investment banking services company, for more than the last five years. Mr. Gould is also a director of Liberty and Ampco-Pittsburgh Corporation.
David E. Rapley Born June 22, 1941	A director of Liberty Global. Mr. Rapley has served as a director of LMI since May 2004. Mr. Rapley served as Executive Vice President Engineering of VECO Corp. Alaska from January 1998 to December 2001. Mr. Rapley is also a director of Liberty.
Larry E. Romrell Born December 30, 1939	A director of Liberty Global. Mr. Romrell has served as a director of LMI since May 2004. Mr. Romrell served as an Executive Vice President of TCI from January 1994 to March 1999. Mr. Romrell also served, from December 1997 to March 1999, as Executive Vice President and Chief Executive Officer of TCI Business Alliance and Technology Co.; and from December 1997 to March 1999, as Senior Vice President of TCI Ventures Group. Mr. Romrell is also a director of Liberty.
Gene W. Schneider Born September 8, 1926	A director of Liberty Global. Mr. Schneider has served as Chairman of the Board of UGC and its predecessors since 1989. Mr. Schneider also served as Chief Executive Officer of UGC and its predecessors from 1995 to January 2004. Mr. Schneider has served as an officer and/or director of various direct and indirect subsidiaries of UGC. In addition, from 1995 until 1999, Mr. Schneider served as a member of the UPC Supervisory Board, and an advisor to the Supervisory Board of UPC from 1999 until September 2003. Mr. Schneider has been with UGC and its predecessors since 1989. Mr. Schneider is also a director of Austar United.
J.C. Sparkman Born September 12, 1932	A director of Liberty Global. Mr. Sparkman has served as a director of LMI since November 2004. Mr. Sparkman served as the Chairman of the Board of Broadband Services, Inc. from September 1999 through December 2003. Mr. Sparkman is also a director of Universal Electronics, Inc. and Shaw Communications Inc.
J. David Wargo Born October 1, 1953	A director of Liberty Global. Mr. Wargo has served as a director of LMI since May 2004. Mr. Wargo has served as the President of Wargo & Company, Inc., a private investment company specializing in the communications industry, since January 1993. Mr. Wargo is also a director of OpenTV Corp. and Strayer Education, Inc.

The executive officers named above will serve in such capacities until the first annual meeting of our board of directors, or until their respective successors have been duly elected and have been qualified, or until their earlier death, resignation, disqualification or removal from office. There is no family relationship between any of the directors, by blood, marriage or adoption.

During the past five years, none of the above persons has had any involvement in such legal proceedings as would be material to an evaluation of his or her ability or integrity.

**Board Composition**

The board of directors of Liberty Global will initially consists of ten directors, divided among three classes. Liberty Global's Class I directors, whose term will expire at the annual meeting of its stockholders in 2006, are Gene W. Schneider, John P. Cole, Jr. and David E. Rapley. Liberty Global's Class II directors, whose term will expire at the annual meeting of its stockholders in 2007, are J. David Wargo, J.C. Sparkman and John W. Dick. Liberty Global's Class III directors, whose term will expire at the annual meeting of its stockholders in 2008, are John C. Malone, Paul A. Gould, Michael T. Fries and Larry Romrell. At each annual meeting of Liberty Global stockholders, the successors of that class of directors whose term(s) expire at that meeting shall be elected to hold

## **Table of Contents**

office for a term expiring at the annual meeting of Liberty Global stockholders held in the third year following the year of their election. The directors of each class will hold office until their respective death, resignation or removal and until their respective successors are elected and qualified.

## **Executive Compensation**

Liberty Global has not yet paid any compensation to any of its executive officers or any person expected to become an executive officer of Liberty Global. The form and amount of the compensation to be paid to each of Liberty Global's executive officers in any future period will be determined by the compensation committee of Liberty Global's board of directors.

For information concerning the compensation paid to the Chief Executive Officer of LMI and the four most highly compensated executive officers of LMI during the year ended December 31, 2004, see Executive Officers, Directors and Principal Stockholders of LMI Executive Compensation.

For information concerning the compensation paid to, and any employment agreements with, the Chief Executive Officer of UGC and the four most highly compensated executive officers of UGC for the year ended December 31, 2003, see UGC's Annual Report on Form 10-K for the fiscal year ended December 31, 2003, which has been incorporated by reference in this joint proxy statement/prospectus.

## **Compensation of Directors**

In accordance with existing practice of LMI and UGC, it is expected that directors of Liberty Global who are also employees of Liberty Global will receive no additional compensation for their services as directors. Each non-employee director of Liberty Global will receive compensation for services as a director of Liberty Global and, if applicable, for services as a member of any board committee, as will be determined by Liberty Global's board of directors.

For information concerning the compensation policy for directors of LMI, see Executive Officers, Directors and Principal Stockholders of LMI Director Compensation.

For information concerning the compensation policy for directors of UGC, see UGC's Annual Report on Form 10-K for the fiscal year ended December 31, 2003, which has been incorporated by reference in this joint proxy statement/prospectus.

**Table of Contents**

**EXECUTIVE OFFICERS, DIRECTORS AND PRINCIPAL STOCKHOLDERS OF LMI**

**Executive Officers and Directors**

The name and present principal occupation of each executive officer and director of LMI is set forth below. Unless otherwise noted, the business address for each person listed below is c/o Liberty Media International, Inc., 12300 Liberty Boulevard, Englewood, Colorado 80112. To the knowledge of LMI, all executive officers and directors listed below are United States citizens, except for Miranda Curtis, who is a citizen of the United Kingdom.

<b>Name</b>	<b>Positions</b>
John C. Malone	President, Chief Executive Officer, Chairman of the Board and a director of LMI since March 2004. Mr. Malone has served as Chairman of the Board of Liberty since 1990. Mr. Malone served as Chairman of the Board and a director of Liberty Satellite & Technology, Inc. from December 1996 to August 2000. Mr. Malone also served as Chairman of the Board of TCI from November 1996 to March 1999 and as Chief Executive Officer of TCI from January 1994 to March 1999. Mr. Malone is also a director of Liberty, The Bank of New York and UGC.
Miranda Curtis	Senior Vice President of LMI and President of its Asia division since March 2004. Ms. Curtis has served as a Senior Vice President of LMI's subsidiary, Liberty Media International Holdings, LLC (Old LMINT), since June 2004, and she served as President of Old LMINT and its predecessors from February 1999 to June 2004.
Bernard G. Dvorak	Senior Vice President and Controller of LMI since March 2004. Mr. Dvorak served as Senior Vice President, Chief Financial Officer and Treasurer of On Command Corporation, a subsidiary of Liberty, from July 2002 until May 17, 2004. Mr. Dvorak was the Chief Executive Officer and a member of the board of directors of Formus Communications, Inc., a provider of fixed wireless services in Europe, from September 2000 until June 2002, and, from April 1999 until September 2000, he served as Chief Financial Officer of Formus. On March 28, 2001, an involuntary petition under Chapter 7 of the United States Bankruptcy Code was filed against Formus in the United States Bankruptcy Court for the District of Colorado. Mr. Dvorak is also a director of UGC.
Graham Hollis	Senior Vice President and Treasurer of LMI and Executive Vice President of its Asia division since March 2004. Mr. Hollis has served as a Senior Vice President of Old LMINT since June 2004, and he served as Executive Vice President and Chief Financial Officer of Old LMINT and its predecessors from May 1995 to June 2004.
David B. Koff	Senior Vice President of LMI and President of its Europe division since March 2004. Mr. Koff served as a Senior Vice President of Liberty from February 1998 through May 2004. Mr. Koff is a director of UGC.
David J. Leonard	

Senior Vice President of LMI and President of its Latin America division since March 2004. Mr. Leonard served as the President of Liberty's Latin America Group, a subgroup of Liberty's International Group, from January 2004 through June 2004. From May 2002 through December 2003, Mr. Leonard was the founder and managing director of VLG Acquisition Corp., which owned interests in selected telecommunications companies in Latin America. From 1998 to 2002, Mr. Leonard was the founder, president and Chief Executive Officer of VeloCom Inc., a competitive local exchange carrier which provided wireless communications services throughout Brazil and Argentina.

**Table of Contents**

<b>Name</b>	<b>Positions</b>
Elizabeth M. Markowski	Senior Vice President, General Counsel and Secretary of LMI since March 2004. Ms. Markowski served as a Senior Vice President of Liberty from November 2000 through December 2004. Prior to joining Liberty, Ms. Markowski was a partner in the law firm of Baker Botts L.L.P. for more than five years.
Robert R. Bennett c/o Liberty Media Corporation 12300 Liberty Boulevard Englewood, Colorado 80112	A director of LMI and Vice-Chairman of the Board since March 2004. Mr. Bennett has served as President and Chief Executive Officer of Liberty since April 1997, and he held various other executive positions with Liberty since its inception in 1990. Mr. Bennett served as Executive Vice President of TCI from April 1997 to March 1999. Mr. Bennett is also a director of Liberty, OpenTV Corp. and UGC.
Donne F. Fisher Fisher Capital Partners, Ltd. 5619 DTC Parkway Suite 1150 Greenwood Village, Colorado 80111	A director of LMI since May 2004. Mr. Fisher has served as President of Fisher Capital Partners, Ltd., a venture capital partnership, since December 1991. Mr. Fisher has served as a consultant to the subsidiary of Comcast Corporation that is the successor entity to TCI since 1996. Mr. Fisher is also a director of Liberty, General Communication, Inc. and Sorrento Networks Corporation.
David E. Rapley	A director of LMI since May 2004. Mr. Rapley served as Executive Vice President Engineering of VECO Corp. Alaska from January 1998 to December 2001. Mr. Rapley is also a director of Liberty.
M. LaVoy Robison The Anschutz Foundation 1727 Tremont Place Denver, Colorado 80202	A director of LMI since June 2004. Mr. Robison has served as an executive director and board member of The Anschutz Foundation (a private foundation) since January 1998. Mr. Robison is also a director of Liberty.
Larry E. Romrell	A director of LMI since May 2004. Mr. Romrell served as an Executive Vice President of TCI from January 1994 to March 1999. Mr. Romrell also served, from December 1997 to March 1999, as Executive Vice President and Chief Executive Officer of TCI Business Alliance and Technology Co.; and from December 1997 to March 1999, as Senior Vice President of TCI Ventures Group. Mr. Romrell is also a director of Liberty.
J.C. Sparkman	A director of LMI since November 2004. Mr. Sparkman served as the Chairman of the Board of Broadband Services, Inc. from September 1999 through December 2003. Mr. Sparkman is also a director of Universal Electronics, Inc. and Shaw Communications Inc.
J. David Wargo Wargo & Company, Inc. 712 Fifth Avenue New York, New York 10019	A director of LMI since May 2004. Mr. Wargo has served as the President of Wargo & Company, Inc., a private investment company specializing in the communications industry, since January 1993. Mr. Wargo is also a director of OpenTV Corp. and Strayer Education, Inc.

During the past five years, none of the above persons was convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or was party to any judicial or administrative proceeding (except for matters that

were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws.



**Table of Contents****Executive Compensation***Summary Compensation*

The table below sets forth information for the year ended December 31, 2004 relating to compensation paid to LMI's Chief Executive Officer and LMI's four other most highly compensated executive officers, who we refer to as the LMI named executive officers, for services rendered to LMI and its subsidiaries. Prior to June 7, 2004, LMI was a subsidiary of Liberty. Accordingly, all compensation earned by the LMI named executive officers from January 1, 2004 through the date of the spin off was paid by Liberty. All compensation earned by the LMI named executive officers (other than by Elizabeth M. Markowski, see note (2) below) after the date of the spin off was paid by LMI.

Although certain of the individuals who are LMI named executive officers were performing services in connection with LMI's businesses prior to January 1, 2004, those individuals were employed by Liberty during that period, were not dedicated exclusively to LMI's businesses (with the exception of Miranda Curtis), and devoted substantial time and effort to other Liberty businesses or to the Liberty organization in general. Accordingly, no information on the compensation of the LMI named executive officers for periods prior to January 1, 2004 is reported.

**Summary Compensation Table****Annual Compensation**

Name and Principal Position with Our Company	Year	Salary (\$)	Other Annual Compensation	Long-Term Compensation Restricted Securities		All Other Compensation (\$)
				Stock Awards	Underlying Options/SARs	
John C. Malone President and Chief Executive Officer	2004	\$	\$	\$	1,568,562(4)	\$
Miranda Curtis Senior Vice President	2004	\$ 716,330(1)	\$	\$	63,830(4)	\$ 22,019(5)
David B. Koff Senior Vice President	2004	\$ 595,808	\$ 742,003(3)	\$	53,192(4)	\$ 20,500(6)
David J. Leonard Senior Vice President	2004	\$ 403,077	\$	\$	42,554(4)	\$ 16,000(6)
Elizabeth M. Markowski Senior Vice President, General Counsel and Secretary	2004	\$ 676,866(2)	\$	\$	63,830(4)	\$ 20,500(6)

(1)

Ms. Curtis' compensation is paid in U.K. pounds, which, for purposes of the foregoing presentation, has been converted to U.S. Dollars based upon the average exchange rate in effect during 2004.

- (2) Ms. Markowski continued to be an officer and employee of Liberty through December 31, 2004, and during the period from the date of the spin off through December 31, 2004, LMI reimbursed Liberty for 75% of Ms. Markowski's compensation expenses. This allocation was based upon the amount of time she spent on the respective businesses of LMI and Liberty. The numbers in the table represent 100% of Ms. Markowski's compensation for 2004, rather than LMI's allocable share.
- (3) Represents reimbursement for housing and other costs incurred by Mr. Koff as an expatriate working in London, England.

**Table of Contents**

- (4) The numbers of shares reflect adjustments for LMI's July 2004 rights offering which concluded in August 2004.
- (5) Amounts represent contributions made during 2004 to a pension fund maintained for the benefit of Ms. Curtis under applicable United Kingdom law. With respect to these contributions, Ms. Curtis is fully vested.
- (6) Amounts represent contributions to the Liberty 401(k) Savings Plan during 2004 prior to the date of the spin off. The Liberty 401(k) Savings Plan provides employees with an opportunity to save for retirement. The Liberty 401(k) Savings Plan participants may contribute up to 10% of their compensation, and Liberty makes a matching contribution of 100% of the participants' contributions. Participant contributions to the Liberty 401(k) Savings Plan are fully vested upon contribution.

Generally, participants acquire a vested right in Liberty contributions as follows:

	Years of service	Vesting Percentage
Less than 1		0%
1-2		33%
2-3		66%
3 or more		100%

With respect to Liberty contributions made to the Liberty 401(k) Savings Plan in 2004, Mr. Koff and Ms. Markowski were fully vested and Mr. Leonard was not vested as of December 31, 2004.

*Option and SAR Grants in Last Fiscal Year*

The table below sets forth certain information concerning stock options granted to the LMI named executive officers during the year ended December 31, 2004.

Name	Number of securities underlying options granted (1)	Percent of total options granted to employees in fiscal year	Exercise or base price (\$/sh) (2)	Expiration Date	Grant date present value (3)
John C. Malone Series A Series B	1,568,562(4)	100%	\$ 36.75	June 7, 2014	\$ 27,557,433
Miranda Curtis Series A Series B	63,830	14.6%	\$ 33.41	June 22, 2014	\$ 1,019,580
David B. Koff Series A Series B	53,192	12.1%	\$ 33.41	June 22, 2014	\$ 849,650

David J. Leonard					
Series A	42,554	9.7%	\$ 33.41	June 22, 2014	\$ 679,720
Series B					
Elizabeth M. Markowski					
Series A	63,830	14.6%	\$ 33.41	June 22, 2014	\$ 1,019,580
Series B					

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- (1) The numbers of shares reflect adjustments for LMI's July 2004 rights offering which concluded in August 2004.
- (2) The exercise prices reflect adjustments for LMI's July 2004 rights offering which concluded in August 2004.

**Table of Contents**

- (3) The value shown is based upon the Black-Scholes model and is stated on a present value basis. The key assumptions used in the model for purposes of this calculation include the following: (a) a 4.7% discount rate; (b) a 25.25% volatility factor; (c) the 10-year option term; (d) the fair value of the LMI Series A or Series B common stock on the grant date, as applicable; and (e) a per share exercise price of \$33.41, in the case of LMI Series A options, and a per share exercise price of \$36.75, in the case of LMI Series B options. The actual value realized will depend upon the extent to which the stock price exceeds the exercise price on the date the option is exercised. Accordingly, the realized value, if any, will not necessarily be the value determined by the model.
- (4) The options granted to Mr. Malone were awarded as the primary form of compensation to be paid to Mr. Malone by LMI. See Employment Contracts and Termination of Employment and Change in Control Arrangements.

*Aggregate Option/SAR Exercises in Last Fiscal Year and Fiscal Year-End Option/SAR Values*

The following table sets forth certain information concerning exercises of LMI options by the named executive officers during the year ended December 31, 2004:

**Aggregated Option/SAR Exercises in the Last Fiscal Year and Fiscal Year-End Option/SAR Values**

Name	Shares		Number of Securities Underlying Unexercised Options/SARs at December 31, 2004 (#) Exercisable/ Unexercisable (1)	Value of Unexercised In-the-Money Options/SARs at December 31, 2004 Exercisable/ Unexercisable (\$)
	Acquired on Exercise (#)	Value Realized (\$)		
John C. Malone				
Series A				
Exercisable		\$	221	\$ 2,721
Unexercisable		\$		
Series B				
Exercisable		\$	1,965,665	\$ 23,630,664
Unexercisable		\$	213,824	\$ 2,377,728
Miranda Curtis				
Series A				
Exercisable		\$	81,361	\$ 1,001,558
Unexercisable		\$	76,713	\$ 976,949
Series B				
Exercisable		\$		
Unexercisable		\$		
David B. Koff				
Series A				

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Exercisable	100,551	\$	657,101		21,594	\$	265,822
Unexercisable		\$			127,872	\$	1,601,232
Series B							
Exercisable		\$					
Unexercisable		\$					
David J. Leonard							
Series A							
Exercisable		\$			1,596	\$	19,644
Unexercisable		\$			48,937	\$	624,119
Series B							
Exercisable		\$					
Unexercisable		\$					

**Table of Contents**

Name	Shares		Number of Securities Underlying Unexercised Options/SARs at December 31, 2004 (#)	Value of Unexercised In-the-Money Options/SARs at December 31, 2004
	Acquired on Exercise (#)	Value Realized (\$)	Exercisable/Unexercisable (1)	Exercisable/Unexercisable (\$)
Elizabeth M. Markowski Series A				
Exercisable		\$	53,804	\$ 662,331
Unexercisable		\$	92,199	\$ 1,167,520
Series B				
Exercisable		\$		
Unexercisable		\$		

- (1) Includes options to acquire LMI common stock that were issued to the LMI named executive officers as a result of adjustments made, in connection with the spin off, to their outstanding Liberty stock incentive awards, all of which were granted to them by Liberty prior to January 1, 2004. Each option and stock appreciation right with respect to Liberty common stock outstanding as of the record date for the spin off was adjusted by the incentive plan committee of Liberty's board of directors in connection with the spin off. Liberty options held, as of the spin off record date, by the LMI named executive officers, among others, were divided into two options: (1) an option to purchase the number and series of shares of LMI common stock that would have been issued in the spin off in respect of the shares of Liberty common stock subject to the applicable Liberty option, as if such Liberty option had been exercised in full immediately prior to the record date for the spin off, and (2) an adjusted Liberty option. The aggregate exercise price of each such outstanding Liberty option was allocated between the LMI option and the adjusted Liberty option. Stock appreciation rights related to Liberty Series A common stock held, as of the spin off record date, by the LMI named executive officers, among others, were divided into two awards (in a manner similar to the adjustment made to outstanding Liberty options): (1) an LMI option and (2) an adjusted Liberty stock appreciation right. The aggregate base price of each outstanding Liberty stock appreciation right was allocated between the LMI option and the adjusted Liberty stock appreciation right. Each LMI option issued as a result of these adjustments had an exercise price per share equal to the fair market value per share of the applicable series of LMI common stock, which, in the case of Series A options, was \$33.92 (as adjusted for LMI's July 2004 rights offering) and, in the case of Series B options, was \$37.88 (as adjusted for LMI's July 2004 rights offering).

**Employment Contracts and Termination of Employment and Change in Control Arrangements**

Except as described below, LMI has no employment contracts, termination of employment agreements or change of control agreements with any of its named executive officers.

LMI entered into an option agreement with John C. Malone, LMI's Chairman of the Board, Chief Executive Officer and President, pursuant to which LMI granted to Mr. Malone, under the Liberty Media International, Inc. 2004 Incentive Plan, options to acquire 1,568,562 shares of LMI Series B common stock (as adjusted for LMI's July 2004 rights offering) at an exercise price per share of \$36.75 (as adjusted for LMI's July 2004 rights offering). The options

represent the primary form of compensation to be paid to Mr. Malone by LMI. The options are fully exercisable; however, Mr. Malone's rights with respect to the options and any shares issued upon exercise will vest at the rate of 20% per year on each anniversary of the date on which the spin off was completed (which was June 7, 2004), provided that Mr. Malone continues to have a qualifying relationship (whether as a director, officer, employee or consultant) with LMI or any successor to LMI. (Liberty Global will be the successor to LMI under the option agreement.) If Mr. Malone ceases to have such a qualifying relationship (subject to certain exceptions for his death or disability or termination without cause), his unvested options will be terminated and/or LMI will have the right to require Mr. Malone to sell to LMI, at the exercise price of the options, any shares of LMI Series B common stock previously acquired by Mr. Malone upon exercise of options which have not vested as of the date on which Mr. Malone ceases to have a qualifying relationship with LMI.

### **Director Compensation**

Each LMI director who is not an employee of LMI is entitled to a fee of \$1,000 for each board meeting he attends. In addition, the chairman and each other member of the audit committee of LMI's board of directors is entitled to a fee of \$5,000 and \$2,000, respectively, for each audit committee meeting he attends. Each member of the compensation committee is entitled to a fee of \$1,000 for each committee meeting he attends. Fees to LMI directors are payable in cash. LMI also reimburses members of its board for travel expenses incurred to attend any meetings of its board or any committee thereof.



## **Table of Contents**

Each LMI director who is not an employee of LMI (other than J.C. Sparkman) was granted options to acquire 3,000 shares of LMI Series A common stock on June 22, 2004. All of these options were granted pursuant to the Liberty Media International, Inc. 2004 Nonemployee Director Incentive Plan, vest on the first anniversary of the grant date and were granted at a per share exercise price of \$35.55, which was the closing price of LMI Series A common stock on the grant date. These options, together with all of LMI's then-outstanding stock incentive awards, were adjusted in connection with LMI's July 2004 rights offering. As a result, these options now represent the right to acquire 3,192 shares of LMI Series A common stock at a per share exercise price of \$33.41. All other terms of these options remained the same. Mr. Sparkman, who is also not an employee of LMI, joined the board of directors of LMI on November 9, 2004 and, consistent with LMI's director compensation policy, Mr. Sparkman was granted options to acquire 3,000 shares of LMI Series A common stock on that date. The options were granted pursuant to the Liberty Media International, Inc. 2004 Nonemployee Director Incentive Plan, vest on the first anniversary of the grant date and were granted at a per share exercise price of \$37.42, which was the closing price of LMI Series A common stock on the grant date.

Following each annual meeting of LMI stockholders, each LMI director who is not an employee of LMI will be granted options to acquire an additional 3,000 shares of LMI Series A common stock. All of these options will be granted pursuant to the Liberty Media International, Inc. 2004 Nonemployee Director Incentive Plan, will vest on the first anniversary of the applicable grant date and will be granted at an exercise price equal to the fair market value of LMI Series A common stock.

## **Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth information with respect to the beneficial ownership by each LMI director and each of the LMI named executive officers and by all of LMI's directors and executive officers as a group of (1) shares of LMI Series A common stock, (2) shares of LMI Series B common stock and (3) shares of UGC Class A common stock. Except as set forth in the table, no person or entity is known by LMI to own more than five percent of the outstanding shares of LMI common stock.

The security ownership information for LMI common stock is given as of December 31, 2004, and, in the case of percentage ownership information, is based upon (1) 165,514,962 shares of LMI Series A common stock, and (2) 7,264,300 shares of LMI Series B common stock, in each case, outstanding on that date. The security ownership information for UGC Class A common stock is given as of January 1, 2005, and, in the case of percentage ownership information, is based upon 400,031,697 shares of UGC Class A common stock outstanding on that date.

Shares of LMI common stock issuable upon exercise or conversion of options that were exercisable or convertible on or within 60 days after December 31, 2004, are deemed to be outstanding and to be beneficially owned by the person holding the options for the purpose of computing the percentage ownership of the person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Shares of UGC common stock issuable upon exercise or conversion of options that were exercisable or convertible on or within 60 days after January 1, 2005, are deemed to be outstanding and to be beneficially owned by the person holding the options for the purpose of computing the percentage ownership of the person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

For purposes of the following presentation, beneficial ownership of shares of LMI Series B common stock, though convertible on a one-for-one basis into shares of LMI Series A common stock, is reported as beneficial ownership of LMI Series B common stock only, and not as beneficial ownership of LMI Series A common stock. In addition, although outstanding shares of UGC Class B common stock and UGC Class C common stock are convertible into UGC Class A common stock, share data set forth in the following presentation with respect to UGC Class A common

stock excludes any dilution associated with the potential conversion of UGC Class B common stock or UGC Class C common stock into UGC Class A common stock. So far as is known to LMI, the persons indicated below have sole voting power with respect to the shares indicated as owned by them, except as otherwise stated in the notes to the table.

**Table of Contents**

<b>Name of Beneficial Owner</b>	<b>Title of Class</b>	<b>Amount and Nature of Beneficial Ownership (in thousands)</b>	<b>Percent of Class</b>	<b>Voting Power</b>
John C. Malone	LMI Series A	953(1)(2)(4)(5)	*	33.2%
	LMI Series B	8,499(1)(3)(5)	91.0%	
	UGC Class A	89(6)	*	*
Miranda Curtis	LMI Series A	85(7)	*	*
	LMI Series B	0		
	UGC Class A	0		
David B. Koff	LMI Series A	65(8)(9)(10)	*	*
	LMI Series B	0		
	UGC Class A	0		
David J. Leonard	LMI Series A	2(11)(12)	*	*
	LMI Series B	0		
	UGC Class A	7(13)		
Elizabeth M. Markowski	LMI Series A	62(14)(15)(16)(17)	*	*
	LMI Series B	0		
	UGC Class A	0		
Robert R. Bennett	LMI Series A	240(18)(19)(20)	*	3.1%
	LMI Series B	732(18)(20)	9.2%	
	UGC Class A	205(21)	*	*
Donne F. Fisher	LMI Series A	15(22)	*	*
	LMI Series B	32	*	
	UGC Class A	0		
David E. Rapley	LMI Series A	1(22)	*	*
	LMI Series B	0		
	UGC Class A	0		
M. LaVoy Robison	LMI Series A	1(22)	*	*
	LMI Series B	0		
	UGC Class A	0		
Larry E. Romrell	LMI Series A	13(22)	*	*
	LMI Series B	0		
	UGC Class A	0		
J.C. Sparkman	LMI Series A	14	*	*
	LMI Series B	0	*	*
	UGC Class A	0	*	*

J. David Wargo	LMI Series A	7(23)	*	*
	LMI Series B	0		
	UGC Class A	921(24)	*	*
All directors and executive officers as a group (14 persons)		1,499(2)(3)(18)(23)(25)		
	LMI Series A	(26)(27)(28)	*	35.3%
	LMI Series B	9,263(3)(18)(25)(28)	92.0%	
	UGC Class A	1,226(24)(29)(30)	*	*

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\* Less than one percent

**Table of Contents**

- (1) Includes 90,303 shares of LMI Series A common stock and 204,566 shares of LMI Series B common stock held by Mr. Malone's wife, Leslie Malone, as to which shares Mr. Malone has disclaimed beneficial ownership.
- (2) Includes 198 shares of LMI Series A common stock held by a trust with respect to which Mr. Malone is the sole trustee and, with his wife, Leslie Malone, retains a unitrust interest in the trust.
- (3) Includes 1,036,028 shares of LMI Series B common stock held by a trust with respect to which Mr. Malone is the sole trustee and holder of a unitrust interest in the trust.
- (4) Includes 46,819 shares of LMI Series A common stock held by the Liberty 401(k) Savings Plan.
- (5) Includes 221 shares of LMI Series A common stock and 2,072,577 shares of LMI Series B common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, December 31, 2004. Mr. Malone has the right to convert options to purchase 504,015 shares of LMI Series B common stock into options to purchase shares of LMI Series A common stock.
- (6) Includes 89,166 shares of UGC Class A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, January 1, 2005.
- (7) Includes 85,143 shares of LMI Series A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, December 31, 2004.
- (8) Includes 674 shares of LMI Series A common stock held by the Liberty 401(k) Savings Plan.
- (9) Includes 1,250 restricted shares of LMI Series A common stock, none of which were vested at December 31, 2004.
- (10) Includes 53,615 shares of LMI Series A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, December 31, 2004.
- (11) Includes 7 shares of LMI Series A common stock held by the Liberty 401(k) Savings Plan.
- (12) Includes 1,596 shares of LMI Series A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, December 31, 2004.
- (13) Includes 1,966 shares of UGC Class A common stock held by the UGC 401(k) Plan.
- (14) Includes 136 shares of LMI Series A common stock held by Mrs. Markowski's husband, Thomas Markowski, as to which shares Mrs. Markowski disclaims beneficial ownership.
- (15) Includes 301 shares of LMI Series A common stock held by the Liberty 401(k) Savings Plan.
- (16) Includes 44 restricted shares of LMI Series A common stock, none of which were vested at December 31, 2004.
- (17) Includes 57,214 shares of LMI Series A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, December 31, 2004.

- (18) Includes 75,084 shares of LMI Series A common stock and 24 shares of LMI Series B common stock held by Hilltop Investments, Inc. which is jointly owned by Mr. Bennett and his wife, Deborah Bennett.
- (19) Includes 1,652 shares of LMI Series A common stock held by the Liberty 401(k) Savings Plan.
- (20) Includes 12,002 shares of LMI Series A common stock and 731,962 shares of LMI Series B common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, December 31, 2004. Mr. Bennett has the right to convert the options to purchase shares of LMI Series B common stock into options to purchase shares of LMI Series A common stock.
- (21) Includes 77,082 shares of UGC Class A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, January 1, 2005.
- (22) Includes 586 shares of LMI Series A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, December 31, 2004.
- (23) Includes 7,142 shares of LMI Series A common stock held in various accounts managed by Mr. Wargo, as to which shares Mr. Wargo disclaims beneficial ownership.
- (24) Includes 498,757 shares of UGC Class A common stock held in various accounts managed by Mr. Wargo, as to which shares Mr. Wargo disclaims beneficial ownership.
- (25) Includes 96,003 shares of LMI Series A common stock and 204,566 shares of LMI Series B common stock held by relatives of certain directors and executive officers, as to which shares beneficial ownership by such directors and executive officers is disclaimed.
- (26) Includes 50,226 shares of LMI Series A common stock held by the Liberty 401(k) Savings Plan.

**Table of Contents**

- (27) Includes 1,294 restricted shares of LMI Series A common stock, none of which were vested at December 31, 2004.
- (28) Includes 247,102 shares of LMI Series A common stock and 2,804,539 shares of LMI Series B common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, December 31, 2004. The options to purchase 1,235,977 shares of LMI Series B common stock may be converted into options to purchase shares of LMI Series A common stock.
- (29) Includes 3,643 shares of UGC Class A common stock held by UGC's 401(k) defined contribution plan.
- (30) Includes 166,248 shares of UGC Class A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, January 1, 2005.

One of LMI's directors and two of its executive officers also hold interests in Liberty Jupiter, Inc., one of LMI's privately held subsidiaries. Mr. Bennett, Ms. Curtis, another executive officer and another individual hold 180, 320, 200 and 100 shares, respectively, of Class A common stock of Liberty Jupiter, representing a 20% aggregate common equity interest and less than 1% aggregate voting interest in Liberty Jupiter, based upon 800 shares of Liberty Jupiter Class A common stock, 3,198 shares of Liberty Jupiter Class B common stock, 2 shares of Liberty Jupiter Class C common stock and approximately 93,379 shares of Liberty Jupiter preferred stock outstanding, as of December 31, 2004. Pursuant to a stockholders' agreement among LMI, Liberty Jupiter and certain of Liberty Jupiter's stockholders, LMI has the right to cause all or any part of the Liberty Jupiter Class A common stock to be converted into shares of LMI Series A common stock. On or after April 24, 2005, each holder of Liberty Jupiter Class A common stock will have the right to cause all of the shares of Liberty Jupiter Class A common stock held by such holder to be converted into shares of LMI Series A common stock. Each share of Liberty Jupiter Class A common stock that is converted will be converted into that number of shares of LMI Series A common stock having an aggregate market price that is equal to the fair market value of the Liberty Jupiter Class A common stock so converted, as of the time of conversion. Liberty Jupiter owns an approximate 6% interest in LMI's affiliate, J-COM.

**Table of Contents****EXECUTIVE OFFICERS, DIRECTORS AND PRINCIPAL STOCKHOLDERS OF UGC****Executive Officers and Directors**

The name and present principal occupation of each executive officer and director of UGC is set forth below. Unless otherwise noted, the business address for each person listed below is c/o UnitedGlobalCom, Inc., 4643 South Ulster Street, Suite 1300, Denver, Colorado 80237. To the knowledge of UGC, all executive officers and directors listed below are United States citizens.

<b>Name</b>	<b>Positions</b>
Gene W. Schneider	Chairman of the Board of UGC and its predecessors since 1989. Mr. Schneider also served as Chief Executive Officer of UGC and its predecessors from 1995 to January 2004. Mr. Schneider has served as an officer and/or director of various direct and indirect subsidiaries of UGC. In addition, from 1995 until 1999, Mr. Schneider served as a member of the UPC Supervisory Board, and an advisor to the Supervisory Board of UPC from 1999 until September 2003. Mr. Schneider has been with UGC and its predecessors since 1989. Mr. Schneider is also a director of Austar United.
Michael T. Fries	Chief Executive Officer of UGC since January 2004. Mr. Fries has served a director of UGC and its predecessors since November 1999 and as President of UGC and its predecessors since September 1998. He also served as Chief Operating Officer of UGC and its predecessors from September 1998 to January 2004. In addition, he serves or has served as an officer and/or director of various direct and indirect subsidiaries and affiliates of UGC, including as a member of the UPC Supervisory Board from September 1998 until September 2003 and as Chairman thereof from February 1999 until September 2003, member of the Priority Telecom Supervisory Board since November 2000 and as Chairman thereof since March 2003 and as a director of Austar United since June 1999. He served as Chairman of Austar United from June 1999 to April 2003. Mr. Fries has been with UGC and its predecessors since 1990.
Frederick G. Westerman, III	Chief Financial Officer of UGC and its predecessors since June 1999 and UGC's Co-Chief Financial Officer since February 2004.



Mr. Westerman's responsibilities include oversight and planning of UGC's financial and treasury operations. He also serves as an officer and/or director of various direct and indirect subsidiaries of UGC.

Charles H.R.  
Bracken

Co-Chief Financial Officer of UGC since February 2004. Mr. Bracken has served as the Chief Financial Officer of UGC Europe and its predecessors since November 1999. Mr. Bracken served as a member of the UPC Board of Management from July 1999 to September 2003. Prior to November 1999, Mr. Bracken served as the Managing Director of Strategy, Acquisitions and Corporate Development at UPC from March 1999. Mr. Bracken also serves as an officer and/or director of various European subsidiaries, including as a member of the Priority Telecom Supervisory Board since July 2000.

Gene M. Musselman

President and Chief Operating Officer of UPC Broadband Division of UGC Europe, Inc., a subsidiary of UGC, since September 2003. Mr. Musselman has served as UPC's Chief Operating Officer since April 2000, and he served as a member of its Board of Management from June 2000 to September 2003. He also served as managing director of UPC from July 2003 until June 2004.

**Table of Contents**

<b>Name</b>	<b>Positions</b>
	Mr. Musselman serves as an officer and/or director of various European subsidiaries of UGC. Except when he was at Tevecap S.A. from 1995 to 1997, Mr. Musselman has been with UGC and its affiliates since 1991.
Shane O Neill	Chief Strategy Officer of UGC Europe since September 2003. He has served as UPC's Chief Strategy Officer since June 2000. Mr. O Neill served as a member of the UPC Board of Management from June 2000 to September 2003. From November 1999 to June 2000, Mr. O Neill served as the Managing Director, Strategy, Acquisitions and Corporate Development at UPC. Mr. O Neill was an Executive Director in the Advisory Group for Goldman Sachs in London where he worked on a number of mergers and acquisitions and corporate finance transactions for companies in the communications industry, including UGC. Mr. O Neill is a director of SBS Broadcasting S.A., a public company in which UGC has a 19.3% interest.
Robert R. Bennett c/o Liberty Media Corporation 12300 Liberty Boulevard Englewood, Colorado 80112	A director of UGC since January 2002. Mr. Bennett has served as President and Chief Executive Officer of Liberty since April 1997, and he held various other executive positions with Liberty since its inception in 1990. Mr. Bennett served as Executive Vice President of TCI from April 1997 to March 1999. Mr. Bennett is a Vice-Chairman of the Board and a director of LMI and is also a director of Liberty and OpenTV Corp.
John P. Cole, Jr.	A director of UGC and its predecessors since March 1998. Mr. Cole served as a member of the UPC Supervisory Board from February 1999 to September 2003. Mr. Cole is a founder of the Washington, D.C. law firm of Cole, Raywid and Braverman, which specializes in all aspects of telecommunications and media law.
John W. Dick	A director of UGC since March 2003. Mr. Dick served as a member of the UPC Supervisory Board from May 2001 to September 2003 and as a director of UGC Europe from September 2003 to January 2004. He is the non-executive Chairman

and a director of Hooper Industries Group, a privately held U.K. group consisting of: Hooper and Co (Coachbuilders) Ltd. (building special/bodied Rolls Royce and Bentley motorcars) and Hooper Industries (China) (providing industrial products and components to Europe and the U.S.). Until 2002, Hooper Industries Group also held Metrocab UK (manufacturing London taxicabs) and Moscab (a joint venture with the Moscow city government, producing left-hand drive Metrocabs for Russia). Mr. Dick has held his positions with Hooper Industries Group since 1984. Mr. Dick is also a director of Austar United.

Bernard G. Dvorak  
c/o Liberty Media  
International, Inc.  
12300 Liberty  
Boulevard  
Englewood,  
Colorado 80112

A director of UGC since November 2004. Mr. Dvorak has served as a director of various subsidiaries of UGC since January 2005. Mr. Dvorak has served as Senior Vice President and Controller of LMI since March 2004. From July 2002 until May 2004, Mr. Dvorak served as Senior Vice President, Chief Financial Officer and Treasurer of On Command Corporation, a subsidiary of Liberty. Mr. Dvorak was the Chief Executive Officer and member of the board of directors of Formus, a provider of fixed wireless services in Europe, from September 2000 until June 2002, and, from April 1999 until September 2000, he served as Chief Financial Officer of Formus.

Paul A. Gould  
Allen & Company  
L.L.C.  
711 5th Avenue, 8th  
Floor

A director of UGC since January 2004. Mr. Gould has served as Managing Director and Executive Vice President of Allen & Company L.L.C., an investment banking services company, for more than the last five years. Mr.

**Table of Contents**

<b>Name</b>	<b>Positions</b>
New York, New York 10022	Gould is also a director of Liberty and Ampco-Pittsburgh Corporation.
Gary S. Howard	A director of UGC since January 2002. Mr. Howard served as Executive Vice President and Chief Operating Officer of Liberty from July 1998 to February 2004. Mr. Howard served as Chief Executive Officer of Liberty Satellite & Technology, Inc. from December 1996 to April 2000.
David B. Koff c/o Liberty Media International, Inc. 12300 Liberty Boulevard Englewood, Colorado 80112	A director of UGC since August 2003. Mr. Koff has served as Senior Vice President of LMI since March 2004. Mr. Koff served as a Senior Vice President of Liberty from February 1998 through March 2004.
John C. Malone c/o Liberty Media International, Inc. 12300 Liberty Boulevard Englewood, Colorado 80112	A director of UGC and its predecessors since November 1999. Mr. Malone has served as President, Chief Executive Officer, Chairman of the Board and a director of LMI since March 2004. Mr. Malone has served as Chairman of the Board of Liberty since 1990. Mr. Malone served as Chairman of the Board and a director of Liberty Satellite & Technology, Inc. from December 1996 to August 2000. Mr. Malone also served as Chairman of the Board of TCI from November 1996 to March 1999 and as Chief Executive Officer of TCI from January 1994 to March 1999. Mr. Malone is also a director of Liberty and The Bank of New York.

During the past five years, none of the above persons was convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or was party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws.

On March 28, 2001, an involuntary petition under Chapter 7 of the U.S. Bankruptcy Code was filed against Formus in the United States Bankruptcy Court for the District of Colorado. Mr. Dvorak was a director and the Chief Executive Officer of Formus from September 2000 until June 2002.

On March 29, 2002, United Australia/Pacific, Inc. (UAP), then a subsidiary of UGC, filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the United States District Court for the Southern District of New York. UAP's reorganization closed on June 27, 2003, and UAP has since dissolved. Until February 11, 2002, Mr. Fries was a director and the President of UAP and, until November 14, 2001, Mr. Schneider was a director

and Chief Executive Officer of UAP. Mr. Westerman was a director of UAP from November 2001 and President thereof from March 2002 until UAP's dissolution in January 2004.

On December 3, 2002, UPC, now a subsidiary of UGC Europe, filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code, together with a pre-negotiated plan of reorganization, in the United States District Court of the Southern District of New York. In conjunction with such filing, also on December 3, 2002, UPC commenced a moratorium of payments in The Netherlands under Dutch bankruptcy law with the filing of a proposed plan of compulsory composition or the Akkoord with the Amsterdam Court (Rechtbank) under the Dutch Faillissementswet. These actions were completed on September 3, 2003, when UGC Europe acquired more than 99% of the stock of, and became a successor issuer to UPC. Messrs. Fries, Cole and Dick were Supervisory Directors of UPC and Mr. Schneider was an advisor to UPC's Supervisory Board. Also, Messrs. Bracken, Musselman and O'Neill were members of the UPC Board of Management.

In June 2003, UPC Polska executed an agreement with some of its creditors to restructure its balance sheet. On January 22, 2004, the U.S. Bankruptcy Court confirmed UPC Polska's Chapter 11 plan of reorganization. On February 18, 2004, UPC Polska emerged from the Chapter 11 proceedings. Mr. Musselman is a director of UPC Polska.

**Table of Contents**

On January 12, 2004, UGC's predecessor (Old UGC), filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code with the U.S. Bankruptcy Court for the Southern District of New York. On November 10, 2004, the U.S. Bankruptcy Court confirmed Old UGC's plan of reorganization and Old UGC emerged from the Chapter 11 proceedings on November 18, 2004. Until August 2003, Mr. Fries was the President of Old UGC, and Mr. Schneider was a director and Chief Executive Officer of Old UGC. Mr. Westerman has served as a director of Old UGC since August 2003 and as President thereof since November 2003.

**Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth information with respect to the beneficial ownership (1) by each UGC director and each of the UGC named executive officers (as defined in UGC's Annual Report on Form 10-K for the fiscal year ended December 31, 2003) and by all of UGC's directors and executive officers as a group of shares of all classes of UGC common stock and both series of LMI common stock, and (2) by each stockholder who is known by UGC to own beneficially more than five percent of any class of UGC common stock. None of UGC's directors or the UGC named executive officers beneficially owns any equity securities of any subsidiary of UGC.

At the election of the holder, shares of UGC Class B common stock are convertible immediately into shares of UGC Class A common stock on a one-for-one basis, and shares of UGC Class C common stock are convertible on a one-for-one basis into either shares of UGC Class A common stock or shares of UGC Class B common stock. For purposes of the following presentation, beneficial ownership of shares of UGC Class B common stock and UGC Class C common stock is reported as beneficial ownership of UGC Class B common stock and UGC Class C common stock, respectively, only, and not as beneficial ownership of any other class of UGC common stock. In addition, beneficial ownership of shares of LMI Series B common stock, though convertible on a one-for-one basis into shares of LMI Series A common stock, is reported as beneficial ownership of LMI Series B common stock only, and not as beneficial ownership of LMI Series A common stock.

The security ownership information for UGC common stock is given as of January 1, 2005, and, in the case of percentage ownership information, is based upon (1) 400,031,691 shares of UGC Class A common stock, (2) 10,493,461 shares of UGC Class B common stock, and (3) 379,603,223 shares of UGC Class C common stock, in each case, outstanding on that date. The security ownership information for LMI common stock is given as of December 31, 2004, and, in the case of percentage ownership information, is based upon (1) 165,514,962 shares of LMI Series A common stock, and (2) 7,264,300 shares of LMI Series B common stock, in each case, outstanding on that date.

Shares of UGC common stock issuable within 60 days of January 1, 2005 upon exercise of options, conversion of convertible securities, exchange of exchangeable securities or upon vesting of restricted stock awards are deemed to be outstanding for the purpose of computing the percentage ownership and aggregate voting power of persons beneficially owning such securities, but have not been deemed to be outstanding for the purpose of computing the percentage ownership or aggregate voting power of any other person. Shares of LMI common stock issuable upon exercise or conversion of options that were exercisable or convertible on or within 60 days after December 31, 2004, are deemed to be outstanding and to be beneficially owned by the person holding the options for the purpose of computing the percentage ownership of the person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

So far as is known to UGC, the persons indicated below have sole voting power with respect to the shares indicated as owned by them, except as otherwise stated in the notes to the table. The number of shares indicated as owned by the executive officers and directors of UGC, includes interests in shares held by UGC's defined contribution 401(k) plan (UGC 401(k) Plan) as of January 1, 2005. The shares held by the trustee of the UGC 401(k) Plan for the benefit

of these persons are voted as directed by such persons.

**Table of Contents**

<b>Name of Beneficial Owner</b>	<b>Title of Class</b>	<b>Amount and Nature of Beneficial Ownership (in thousands)</b>	<b>Percent of Class</b>	<b>Voting Power</b>
Charles H.R. Bracken	UGC Class A	0		
	LMI Series A	0		
	LMI Series B	0		
Robert R. Bennett	UGC Class A	205(1)	*	*
	LMI Series A	240(2)(3)(4)	*	3.1%
	LMI Series B	732(2)(4)	9.2%	*
John P. Cole, Jr.	UGC Class A	378(5)	*	*
	LMI Series A	1	*	*
	LMI Series B	0		
John W. Dick	UGC Class A	48(6)	*	*
	LMI Series A	0		
	LMI Series B	0		
Bernard G. Dvorak	UGC Class A	3(7)	*	*
	LMI Series A	0	*	*
	LMI Series B	0		
Michael T. Fries		2,427(8)	*	*



	UGC Class A LMI Series A	0		
	LMI Series B	0		
Paul A. Gould	UGC Class A LMI Series A	177(9)	*	*
	LMI Series B	101(10)	*	*
		37	*	*
Gary S. Howard	UGC Class A LMI Series A	77(11)	*	*
	LMI Series B	389(12)	*	*
		0		
David B. Koff	UGC Class A LMI Series A	0		
	LMI Series B	65(13)(14)(15)	*	*
		0		
John C. Malone	UGC Class A LMI Series A	89(16)	*	*
	LMI Series B	953(17)(18)(20)(21)	*	33.2%
		8,499(17)(19)(21)	91.0%	
Gene M. Musselman	UGC Class A LMI Series A	9(22)	*	*
	LMI Series B	104	*	*
		0		
Shane O Neill	UGC Class A	0		
		0		

	LMI Series A			
	LMI Series B	0		
Gene W. Schneider	UGC Class A	2,045(23)	*	*
	UGC Class B	2,901(24)	21.7%	*
	LMI Series A	555(25)	*	*
	LMI Series B	0		
	121			

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**Table of Contents**

Name of Beneficial Owner	Title of Class	Amount and Nature of Beneficial Ownership (in thousands)	Percent of Class	Voting Power
Frederick G. Westerman III	UGC Class A	846(26)	*	*
	LMI Series A	0		
	LMI Series B	0		
All directors and executive officers as a group	UGC Class A	6,304(1)(8)(23)(27)	1.6%	*
	UGC Class B	2,901(24)	21.7%	*
	LMI Series A	2,408(2)(4)(12)(14)(17)(18)(21)(25)(28)	1.4%	35.6%
	LMI Series B	9,268(2)(4)(17)(19)(21)	92.0%	
LMI(29)	UGC Class A	35,829	9.0%	
	UGC Class B	10,493	100.0%	
	UGC Class C	377,462	99.4%	91.0%(28)
Capital Research and Management Company(31)	UGC Class A	42,223,890	10.6%	*

\* Less than one percent.

(1) Includes 77,082 shares of UGC Class A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, January 1, 2005, and 128,186 shares of UGC Class A common

stock owned by Hilltop Investments, Inc., which is jointly owned by Mr. Bennett and his spouse.

- (2) Includes 75,084 shares of LMI Series A common stock and 24 shares of LMI Series B common stock held by Hilltop Investments, Inc. which is jointly owned by Mr. Bennett and his spouse.
- (3) Includes 1,652 shares of LMI Series A common stock held by the Liberty 401(k) Savings Plan.
- (4) Includes 12,002 shares of LMI Series A common stock and 731,962 shares of LMI Series B common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, December 31, 2004. Mr. Bennett has the right to convert the options to purchase shares of LMI Series B common stock into options to purchase shares of LMI Series A common stock.
- (5) Includes 199,166 shares of UGC Class A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, January 1, 2005.
- (6) Includes 47,916 shares of UGC Class A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, January 1, 2005.
- (7) Includes 1,677 shares of UGC Class A common stock held by the UGC 401(k) Plan.
- (8) Includes 2,400,000 shares of UGC Class A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, January 1, 2005, and 8,289 shares of UGC Class A common stock held by the UGC 401(k) Plan. Also includes 210 shares of UGC Class A common stock held by his spouse.
- (9) Includes 27,083 shares of UGC Class A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, January 1, 2005.
- (10) Includes 586 shares of LMI Series A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, December 31, 2004.
- (11) Includes 77,082 shares of UGC Class A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, January 1, 2005.
- (12) Includes 2,294 shares held by the Liberty 401(k) Savings Plan and 20,940 shares held by a Grantor Retained Annuity Trust. Also includes 614 shares owned by his spouse of which Mr. Howard disclaims beneficial ownership and 11,108 shares held by a Grantor Retained Annuity Trust established by his spouse of which Mr. Howard disclaims beneficial

**Table of Contents**

ownership and 302,640 shares that are subject to options which were exercisable as of, or will be exercisable within 60 days of, December 31, 2004.

- (13) Includes 674 shares of LMI Series A common stock held by the Liberty 401(k) Savings Plan.
- (14) Includes 1,250 restricted shares of LMI Series A common stock, none of which were vested at December 31, 2004.
- (15) Includes 53,615 shares of LMI Series A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, December 31, 2004.
- (16) Includes 89,166 shares of UGC Class A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, January 1, 2005.
- (17) Includes 90,303 shares of LMI Series A common stock and 204,566 shares of LMI Series B common stock held by Mr. Malone's spouse, as to which shares Mr. Malone has disclaimed beneficial ownership.
- (18) Includes 198 shares of LMI Series A common stock held by a trust with respect to which Mr. Malone is the sole trustee and, with his wife, Leslie Malone, retains a unitrust interest in the trust.
- (19) Includes 1,036,028 shares of LMI Series B common stock held by a trust with respect to which Mr. Malone is the sole trustee and holder of a unitrust interest in the trust.
- (20) Includes 46,819 shares of LMI Series A common stock held by the Liberty 401(k) Savings Plan.
- (21) Includes 221 shares of LMI Series A common stock and 2,072,577 shares of LMI Series B common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, December 31, 2004. Mr. Malone has the right to convert options to purchase 504,015 shares of LMI Series B common stock into options to purchase shares of LMI Series A common stock.
- (22) Includes 7,977 shares of UGC Class A common stock held by the UGC 401(k) Plan.
- (23) Includes 1,766,341 shares of UGC Class A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, January 1, 2005, and 9,931 shares of UGC Class A common stock held by the UGC 401(k) Plan. Also includes 712 shares of UGC Class A common stock held by a trust of which Mr. Schneider is a beneficiary and a trustee and 66 shares of UGC Class A common stock held by his spouse.
- (24) Includes 2,900,702 shares of UGC Class B common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, January 1, 2005.
- (25) Includes 199,261 shares held by G. Schneider Holdings, LLP of which Mr. Schneider is the general partner, 1,155 shares held by a trust of which Mr. Schneider is a beneficiary and a trustee, 1,577 shares held by his spouse, and an aggregate of 1,555 shares held by separate trusts for the benefit of his children and two of his grandchildren, respectively, of which Mr. Schneider is the sole trustee. Also includes 9 shares held by the UGC 401(k) Plan.
- (26) Includes 840,000 shares of UGC Class A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, January 1, 2005, and includes 6,332 shares of UGC Class A

common stock held by the UGC 401(k) Plan.

- (27) Includes 1,280,413 shares of UGC Class A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, January 1, 2005, and 15,986 shares of UGC Class A common stock held by the UGC 401(k) Plan for the benefit of the directors and executive officers.
- (28) Includes 54,201 shares of LMI Series A common stock that are subject to options which were exercisable as of, or will be exercisable within 60 days of, December 31, 2004, and 49,145 shares of LMI Series A common stock held by the Liberty 401(k) Savings Plan.
- (29) The number of shares of UGC Class A common stock, UGC Class B common stock and UGC Class C common stock in the table is based upon Amendment No. 1 to the Schedule 13D dated January 17, 2005, filed by LMI. The address of LMI is 12300 Liberty Boulevard, Englewood, Colorado 80112. Robert R. Bennett, Bernard G. Dvorak, David B. Koff, and John C. Malone, all directors of UGC, are also officers and/or directors of LMI.
- (30) Represents LMI's aggregate voting power.
- (31) The number of shares of UGC Class A common stock in the table is based upon Amendment No. 7 to the Schedule 13G dated December 31, 2003, filed by Capital Research and Management Company and The Growth Fund of America, Inc. with respect to the UGC Class A common stock. Capital Research, an investment advisor, is the beneficial owner of 42,223,890 shares of UGC Class A common stock, as a result of acting as investment advisor to various investments companies, but disclaims beneficial ownership pursuant to Rule 13d-4. Growth Fund, an investment company advised by Capital Research, is the beneficial owner of 18,540,000 shares of UGC Class A common stock. The Schedule 13G reflects that Capital Research has no voting power over said shares and sole dispositive power over the shares of UGC Class A

**Table of Contents**

common stock and that Growth Fund has sole voting power over its shares but no dispositive power. The address of Capital Research and Growth Fund is 333 South Hope Street, Los Angeles, CA 90071.

**Table of Contents**

**DESCRIPTION OF LIBERTY GLOBAL CAPITAL STOCK**

The following information reflects Liberty Global's restated certificate of incorporation and bylaws as these documents will be in effect at the time of the mergers.

**Authorized Capital Stock**

Liberty Global's authorized capital stock consists of one billion one hundred million (1,100,000,000) shares, of which one billion fifty million (1,050,000,000) shares are designated common stock, par value \$0.01 per share, and fifty million (50,000,000) shares are designated preferred stock, par value \$0.01 per share. Liberty Global's common stock is divided into three series. Liberty Global has authorized five hundred million (500,000,000) shares of Series A common stock, fifty million (50,000,000) shares of Series B common stock, and five hundred million (500,000,000) shares of Series C common stock.

Immediately following the effective time of the mergers, Liberty Global expects to have up to [\_\_\_] shares of its Series A common stock and [\_\_\_] shares of its Series B common stock outstanding, based upon the number of shares of LMI Series A common stock, LMI Series B common stock, UGC Class A common stock and UGC Class C common stock outstanding on [\_\_\_], 2005. The actual number of outstanding shares of Liberty Global Series A common stock will also depend on the number of UGC stockholders who make the cash election. No shares of Liberty Global Series C common stock or preferred stock will be outstanding immediately following the effective time of the merger.

**Common Stock**

The holders of Liberty Global Series A common stock, Series B common stock and Series C common stock have equal rights, powers and privileges, except as otherwise described below.

*Voting Rights*

The holders of Liberty Global Series A common stock will be entitled to one vote for each share held, and the holders of Liberty Global Series B common stock will be entitled to ten votes for each share held, on all matters voted on by Liberty Global stockholders, including elections of directors. The holders of Liberty Global Series C common stock will not be entitled to any voting powers, except as required by Delaware law. When the vote or consent of holders of Liberty Global Series C common stock is required by Delaware law, the holders of Liberty Global Series C common stock will be entitled to 1/100th of a vote for each share held. Liberty Global's charter does not provide for cumulative voting in the election of directors.

*Dividends; Liquidation*

Subject to any preferential rights of any outstanding series of Liberty Global's preferred stock created by Liberty Global's board from time to time, the holders of Liberty Global's common stock will be entitled to such dividends as may be declared from time to time by Liberty Global's board from funds available therefor. Except as otherwise described under Distributions, whenever a dividend is paid to the holders of one of Liberty Global Series of common stock, Liberty Global shall also pay to the holders of the other series of Liberty Global's common stock an equal per share dividend. For a more complete discussion of Liberty Global's dividend policy, please see Dividend Policy.

*Conversion*



Each share of Liberty Global Series B common stock is convertible, at the option of the holder, into one share of Liberty Global Series A common stock. Liberty Global Series A common stock and Liberty Global Series C common stock are not convertible.

**Table of Contents**

*Distributions*

Distributions made in shares of Liberty Global Series A common stock, Liberty Global Series B common stock, Liberty Global Series C common stock or any other security with respect to Liberty Global Series A common stock, Liberty Global Series B common stock or Liberty Global Series C common stock may be declared and paid only as follows:

a share distribution (1) consisting of shares of Liberty Global Series A common stock (or securities convertible therefor) to holders of Liberty Global Series A common stock, Liberty Global Series B common stock and Liberty Global Series C common stock, on an equal per share basis; or (2) consisting of shares of Liberty Global Series B common stock (or securities convertible therefor) to holders of Liberty Global Series A common stock, Liberty Global Series B common stock and Liberty Global Series C common stock, on an equal per share basis; or (3) consisting of shares of Liberty Global Series C common stock (or securities convertible therefor) to holders of Liberty Global Series A common stock, Liberty Global Series B common stock and Liberty Global Series C common stock, on an equal per share basis; or (4) consisting of shares of Liberty Global Series A common stock (or securities convertible therefor) to holders of Liberty Global Series A common stock and, on an equal per share basis, shares of Liberty Global Series B common stock (or securities convertible therefor) to holders of Liberty Global Series B common stock and, on an equal per share basis, shares of Liberty Global Series C common stock (or securities convertible therefor) to holders

of Liberty Global Series C  
common stock; and

a share distribution consisting of shares of any class or series of securities of Liberty Global or any other person, other than Liberty Global Series A common stock, Liberty Global Series B common stock or Liberty Global Series C common stock (or securities convertible therefor) on the basis of a distribution of (1) identical securities, on an equal per share basis, to holders of Liberty Global Series A common stock, Liberty Global Series B common stock and Liberty Global Series C common stock; or (2) separate classes or series of securities, on an equal per share basis, to holders of Liberty Global Series A common stock, Liberty Global Series B common stock and Liberty Global Series C common stock; or (3) a separate class or series of securities to the holders of one or more series of Liberty Global s common stock and, on an equal per share basis, a different class or series of securities to the holders of all other series of Liberty Global s common stock, *provided* that, in the case of (2) or (3) above, the securities so distributed do not differ in any respect other than their relative voting rights and related differences in designation, conversion and share distribution provisions, with the holders of shares of Liberty Global Series B common stock receiving securities of the class or series having the highest relative voting rights and the holders of shares of each other series of Liberty Global s common stock receiving securities of the class or series having lesser relative voting

rights, and *provided further* that, if different classes or series of securities are being distributed to holders of Liberty Global Series A common stock and Liberty Global Series C common stock, then such securities shall be distributed either as determined by Liberty Global's board of directors or such that the relative voting rights of the securities of the class or series of securities to be received by the holders of Liberty Global Series A common stock and Liberty Global Series C common stock corresponds, to the extent practicable, to the relative voting rights of each such series of Liberty Global's common stock, and *provided further* that, in each case, the distribution is otherwise made on an equal per share basis.

Liberty Global may not reclassify, subdivide or combine any series of Liberty Global's common stock without reclassifying, subdividing or combining the other series of Liberty Global's common stock, on an equal per share basis.

#### *Liquidation and Dissolution*

In the event of Liberty Global's liquidation, dissolution and winding up, after payment or provision for payment of Liberty Global's debts and liabilities and subject to the prior payment in full of any preferential amounts to which Liberty Global's preferred stock holders may be entitled, the holders of Liberty Global Series A common stock, Liberty Global Series B common stock and Liberty Global Series C common stock will share equally, on a

## **Table of Contents**

share for share basis, in Liberty Global's assets remaining for distribution to the holders of Liberty Global's common stock.

## **Preferred Stock**

Liberty Global's restated certificate of incorporation authorizes Liberty Global's board of directors to establish one or more series of Liberty Global's preferred stock and to determine, with respect to any series of Liberty Global's preferred stock, the terms and rights of the series, including:

the designation of the series;

the number of authorized shares of the series, which number Liberty Global's board may thereafter increase or decrease but not below the number of such shares then outstanding;

the dividend rate or amounts, if any, payable on the shares and, in the case of cumulative dividends, the date or dates from which dividends on all shares of the series shall be cumulative and the relative preferences or rights of priority or participation with respect to such dividends;

the rights of the series in the event of Liberty Global's voluntary or involuntary liquidation, dissolution or winding up and the relative preferences or rights of priority of payment;

the rights, if any, of holders of the series to convert into or exchange for other classes or series of stock or indebtedness and the terms and conditions of any such conversion or exchange, including provision for adjustments within the discretion of Liberty Global's board;

the voting rights, if any, of the holders of the series;

the terms and conditions, if any, for us to purchase or redeem the shares; and

any other relative rights, preferences and limitations of the series.

Liberty Global believes that the ability of Liberty Global's board of directors to issue one or more series of Liberty Global's preferred stock will provide them with flexibility in structuring possible future financing and acquisitions, and in meeting other corporate needs which might arise. The authorized shares of Liberty Global's preferred stock, as well as shares of Liberty Global's common stock, will be available for issuance without further action by Liberty Global stockholders, unless such action is required by applicable law or the rules of any stock exchange or automated quotation system on which Liberty Global's securities may be listed or traded. If the approval of Liberty Global stockholders is not required for the issuance of shares of Liberty Global's preferred stock or Liberty Global's common stock, Liberty Global's board may determine not to seek stockholder approval.

Although Liberty Global has no intention at the present time of doing so, it could issue a series of Liberty Global's preferred stock that could, depending on the terms of such series, impede the completion of a merger, tender offer or other takeover attempt. Liberty Global's board of directors will make any determination to issue such shares based upon its judgment as to the best interests of Liberty Global's stockholders. Liberty Global's board of directors, in so acting, could issue Liberty Global's preferred stock having terms that could discourage an acquisition attempt through which an acquirer may be able to change the composition of Liberty Global's board of directors, including a tender offer or other transaction that some, or a majority, of Liberty Global stockholders might believe to be in their best interests or in which stockholders might receive a premium for their stock over the then-current market price of the stock.

**Dividend Policy**

Liberty Global presently intends to retain future earnings, if any, to finance the expansion of Liberty Global's business. Therefore, Liberty Global does not expect to pay any cash dividends in the foreseeable future. All decisions regarding the payment of dividends by Liberty Global will be made by Liberty Global's board of directors,

## **Table of Contents**

from time to time, in accordance with applicable law after taking into account various factors, including Liberty Global's financial condition, operating results, current and anticipated cash needs, plans for expansion and possible loan covenants which may restrict or prohibit Liberty Global's payment of dividends.

### **Anti-Takeover Effects of Provisions of Restated Certificate of Incorporation and Bylaws**

#### *Board of Directors*

Liberty Global's restated certificate of incorporation and bylaws provide that, subject to any rights of the holders of any series of Liberty Global's preferred stock to elect additional directors, the number of Liberty Global's directors shall not be less than three and the exact number shall be fixed from time to time by a resolution adopted by the affirmative vote of 75% of the members of Liberty Global's board then in office. The members of Liberty Global's board, other than those who may be elected by holders of Liberty Global's preferred stock, are divided into three classes. Each class consists, as nearly as possible, of a number of directors equal to one-third of the then authorized number of board members. The term of office of Liberty Global's Class I directors expires at the annual meeting of Liberty Global stockholders in 2006. The term of office of Liberty Global's Class II directors expires at the annual meeting of Liberty Global stockholders in 2007. The term of office of Liberty Global's Class III directors expires at the annual meeting of Liberty Global stockholders in 2008. At each annual meeting of Liberty Global stockholders, the successors of that class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of Liberty Global stockholders held in the third year following the year of their election. The directors of each class will hold office until their respective successors are elected and qualified.

Liberty Global's restated certificate of incorporation provides that, subject to the rights of the holders of any series of Liberty Global's preferred stock, Liberty Global's directors may be removed from office only for cause upon the affirmative vote of the holders of at least a majority of the aggregate voting power of Liberty Global's outstanding capital stock entitled to vote at an election of directors, voting together as a single class.

Liberty Global's restated certificate of incorporation provides that, subject to the rights of the holders of any series of Liberty Global's preferred stock, vacancies on Liberty Global's board resulting from death, resignation, removal, disqualification or other cause, and newly created directorships resulting from any increase in the number of directors on Liberty Global's board, shall be filled only by the affirmative vote of a majority of the remaining directors then in office (even though less than a quorum) or by the sole remaining director. Any director so elected shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred or to which the new directorship is assigned, and until that director's successor shall have been elected and qualified or until such director's earlier death, resignation or removal. No decrease in the number of directors constituting Liberty Global's board shall shorten the term of any incumbent director, except as may be provided in any certificate of designation with respect to a series of Liberty Global's preferred stock with respect to any additional director elected by the holders of that series of Liberty Global's preferred stock.

These provisions would preclude a third party from removing incumbent directors and simultaneously gaining control of Liberty Global's board by filling the vacancies created by removal with its own nominees. Under the classified board provisions described above, it would take at least two elections of directors for any individual or group to gain control of Liberty Global's board. Accordingly, these provisions could discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to gain control of Liberty Global.

#### *No Shareowner Action by Written Consent; Special Meetings*

Liberty Global's restated certificate of incorporation provides that, except as otherwise provided in the terms of any series of preferred stock, any action required to be taken or which may be taken at any annual meeting or special meeting of stockholders may not be taken without a meeting and may not be effected by any consent in writing by such holders. Except as otherwise required by law and subject to the rights of the holders of any series of Liberty Global's preferred stock, special meetings of Liberty Global stockholders for any purpose or purposes may be called only by Liberty Global's Secretary at the request of at least 75% of the members of Liberty Global's board then in office. No business other than that stated in the notice of special meeting shall be transacted at any special meeting.



## **Table of Contents**

### *Advance Notice Procedures*

Liberty Global's bylaws establish an advance notice procedure for stockholders to make nominations of candidates for election as directors or to bring other business before an annual meeting of Liberty Global stockholders.

All nominations by stockholders or other business to be properly brought before a meeting of stockholders shall be made pursuant to timely notice in proper written form to Liberty Global's Secretary. To be timely, a stockholder's notice shall be given to Liberty Global's Secretary at Liberty Global's offices as follows:

(1) with respect to an annual meeting of Liberty Global stockholders that is called for a date not more than 30 days before or 70 days after the anniversary date of the immediately preceding annual meeting of Liberty Global stockholders, such notice shall be given no earlier than the close of business on the 120th day prior to such anniversary and no later than the close of business on the 90th day prior to such anniversary;

(2) with respect to an annual meeting of Liberty Global stockholders that is called for a date which is more than 30 days before or 70 days after the anniversary date of the immediately preceding annual meeting of Liberty Global stockholders, such notice shall be given no earlier than the close of business on the 120th day prior to the current annual meeting and not later than the close of business on the later of (A) the 90th day prior to the current annual meeting or (b) the 10th day following the day on which Liberty Global first publicly announces the date of the current annual meeting; and

(3) with respect to an election to be held at a special meeting of Liberty Global stockholders, not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting.

The public announcement of an adjournment or postponement of a meeting of Liberty Global stockholders does not commence a new time period (or extend any time period) for the giving of any such stockholder notice. However, if the number of directors to be elected to Liberty Global's board at any meeting is increased, and Liberty Global does not make a public announcement naming all of the nominees for director or specifying the size of the increased board at least 100 days prior to the anniversary date of the immediately preceding annual meeting, a stockholder's notice shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to Liberty Global's Secretary at Liberty Global's offices not later than the close of business on the 10th day following the day on which Liberty Global first made the relevant public announcement. For purposes of the first annual meeting of stockholders to be held in 2006, the first anniversary date shall be deemed to be [\_\_\_], 2006.

### *Amendments*

Liberty Global's restated certificate of incorporation provides that, subject to the rights of the holders of any series of Liberty Global's preferred stock, the affirmative vote of the holders of at least 80% of the aggregate voting power of Liberty Global's outstanding capital stock generally entitled to vote upon all matters submitted to Liberty Global stockholders, voting together as a single class, is required to adopt, amend or repeal any provision of Liberty Global's restated certificate of incorporation or the addition or insertion of other provisions in the certificate, provided that the foregoing voting requirement shall not apply to any adoption, amendment, repeal, addition or insertion (1) as to which Delaware law does not require the consent of Liberty Global stockholders or (2) which has been approved by at least 75% of the members of Liberty Global's board then in office. Liberty Global's restated certificate of incorporation further provides that the affirmative vote of the holders of at least 80% of the aggregate voting power of Liberty Global's outstanding capital stock generally entitled to vote upon all matters submitted to Liberty Global stockholders, voting together as a single class, is required to adopt, amend or repeal any provision of Liberty Global's bylaws,

provided that the foregoing voting requirement shall not apply to any adoption, amendment or repeal approved by the affirmative vote of not less than 75% of the members of Liberty Global's board then in office.

## **Table of Contents**

### *Supermajority Voting Provisions*

In addition to the supermajority voting provisions discussed under Amendments above, Liberty Global's restated certificate of incorporation provides that, subject to the rights of the holders of any series of Liberty Global's preferred stock, the affirmative vote of the holders of at least 80% of the aggregate voting power of Liberty Global's outstanding capital stock generally entitled to vote upon all matters submitted to Liberty Global stockholders, voting together as a single class, is required for:

Liberty Global's merger or consolidation with or into any other corporation, provided, that the foregoing voting provision shall not apply to any such merger or consolidation (1) as to which the laws of the State of Delaware, as then in effect, do not require the consent of Liberty Global stockholders, or (2) that at least 75% of the members of Liberty Global's board of directors then in office have approved;

the sale, lease or exchange of all, or substantially all, of Liberty Global's assets, provided, that the foregoing voting provisions shall not apply to any such sale, lease or exchange that at least 75% of the members of Liberty Global's board of directors then in office have approved; or

Liberty Global's dissolution, provided, that the foregoing voting provision shall not apply to such dissolution if at least 75% of the members of Liberty Global's board of directors then in office have approved such dissolution.

### **Section 203 of the Delaware General Corporation Law**

Section 203 of the Delaware General Corporation Law prohibits certain transactions between a Delaware corporation and an interested stockholder. An interested stockholder for this purpose is a stockholder who is directly or indirectly a beneficial owner of 15% or more of the aggregate voting power of a Delaware corporation. This provision prohibits certain business combinations between an interested stockholder and a corporation for a period of three years after the date on which the stockholder became an interested stockholder, unless: (1) the transaction which resulted in the stockholder becoming an interested stockholder is approved by the corporation's board of directors before the stockholder became an interested stockholder, (2) the interested stockholder acquired at least 85% of the aggregate voting power of the corporation in the transaction in which the stockholder became an interested stockholder, or (3) the business combination is approved by a majority of the board of directors and the affirmative vote of the holders of two-thirds of the aggregate voting power not owned by the interested stockholder at or subsequent to the time that the stockholder became an interested stockholder. These restrictions do not apply if, among other things, the corporation's certificate of incorporation contains a provision expressly electing not to be governed by Section 203. In Liberty Global's restated certificate of incorporation, Liberty Global has elected not to be governed by Section 203.

### **Transfer Agent and Registrar**

EquiServe Trust Company N.A. will be the transfer agent and registrar for Liberty Global's common stock.

**Table of Contents****COMPARISON OF THE RIGHTS OF STOCKHOLDERS OF LMI, UGC AND LIBERTY GLOBAL**

Liberty Global, LMI and UGC are each organized under the laws of the State of Delaware. Any differences, therefore, in the rights of holders of capital stock in Liberty Global, LMI and UGC arise primarily from differences in their respective charters and bylaws, in the case of LMI and UGC, as in effect on the date of this joint proxy statement/prospectus, and, in the case of Liberty Global, as will be in effect at the effective time of the mergers. Upon completion of the mergers, holders of LMI common stock and holders of UGC common stock will become holders of Liberty Global common stock and their rights will be governed by Delaware law and Liberty Global's restated certificate of incorporation and bylaws.

The following discussion summarizes the material differences between the rights of LMI stockholders, UGC stockholders and Liberty Global stockholders, as described in the applicable provisions of their respective charters and bylaws. This section does not include a complete description of all the differences among the rights of these stockholders, nor does it include a complete description of the specific rights of these stockholders. All LMI stockholders and UGC stockholders are urged to carefully read the relevant provisions of Delaware law as well as the form of restated certificate of incorporation and form of bylaws of Liberty Global included with this joint proxy statement/prospectus as Appendix F and Appendix G, respectively.

***Authorized Capital Stock***

<b>LMI</b>	<b>UGC</b>	<b>Liberty Global</b>
The authorized capital stock of LMI consists of (i) 1,050,000,000 shares of common stock, par value \$.01 per share, of which 500,000,000 shares are designated LMI Series A common stock 50,000,000 shares are designated LMI Series B common stock and 500,000,000 shares are designated LMI Series C common stock and (ii) 50,000,000 shares of LMI preferred stock, par value \$.01 per share. LMI's restated certificate of incorporation authorizes the board of directors to authorize the issuance of one or more series of preferred stock.	The authorized capital stock of UGC consists of (i) 2,400,000,000 shares of UGC common stock, par value \$.01 per share, of which 1,000,000,000 shares are designated UGC Class A common stock, 1,000,000,000 shares are designated UGC Class B common stock and 400,000,000 shares are designated UGC Class C common stock and (ii) 10,000,000 shares of UGC preferred stock, par value \$.01 per share. UGC's amended and restated certificate of incorporation authorizes the board of directors to authorize the issuance of one or more series of preferred stock.	Same as LMI.

***Voting Rights***

<b>LMI</b>	<b>UGC</b>	<b>Liberty Global</b>
Under LMI's restated certificate of incorporation, holders of LMI Series A common stock are entitled to one vote for each share of such stock held, and holders of LMI	Under UGC's amended and restated certificate of incorporation, holders of UGC Class A common stock are entitled to one vote for each share of such stock held, holders of UGC	Same as LMI.

Series B common stock are entitled to ten votes for each share of such stock held, on all matters submitted to a vote of LMI stockholders at any annual or special meeting. Holders of LMI Series C common stock are not entitled to any voting powers, except as required by Delaware law (in which case holders of LMI Series C common stock are entitled to 1/100th of a vote per share).

Class B common stock are entitled to ten votes for each share of such stock held and holders of Class C common stock are entitled to ten votes for each share of such stock held.

**Table of Contents**

***Cumulative Voting***

**LMI**  
Under Delaware law, stockholders of a Delaware corporation do not have the right to cumulate their votes in the election of directors, unless that right is granted in the certificate of incorporation of the corporation. LMI's restated certificate of incorporation does not permit cumulative voting by LMI stockholders.

**UGC**  
Same as LMI.

**Liberty Global**  
Same as LMI.

***Size of Board of Directors***

**LMI**  
LMI's board of directors has eight members. LMI's restated certificate of incorporation provides that the minimum number of directors is three, and that the actual number of directors may be fixed by the board of directors.

**UGC**  
UGC's board of directors has ten members. UGC's amended and restated certificate of incorporation provides that the number of directors shall not be fewer than nine nor more than twelve, and that the actual number of directors may be fixed by the board of directors.

**Liberty Global**  
Liberty Global's board of directors initially will have ten members. Liberty Global's restated certificate of incorporation and bylaws will provide that the minimum number of directors is three, and that the actual number of directors may be fixed by the board of directors.

***Classes of Directors***

**LMI**  
LMI's restated certificate of incorporation provides that its board of directors is divided into three classes of directors with each class being elected to a staggered three-year term.

**UGC**  
Same as LMI.

**Liberty Global**  
Same as LMI.

***Removal of Directors***

**LMI**  
Under LMI's restated certificate of incorporation, a director may be removed from office only for cause

**UGC**  
Under UGC's amended and restated certificate of incorporation, any and all directors

**Liberty Global**  
Same as LMI.



**Table of Contents**

**LMI**

upon the affirmative vote of the holders of a majority of the aggregate voting power of the outstanding shares of LMI Series A common stock, LMI Series B common stock and any series of preferred stock entitled to vote upon matters that may be submitted to an LMI stockholder vote.

**UGC**

may be removed from the board of directors with or without cause upon the affirmative vote of holders of at least 66-2/3% of the aggregate combined voting power of the UGC Class A common stock, UGC Class B common stock and UGC Class C common stock, voting together as a single class.

**Liberty Global**

***Vacancies on the Board of Directors***

**LMI**

LMI's restated certificate of incorporation provides that vacancies resulting from death, resignation, removal, disqualification or other cause, and newly created directorships resulting from any increase in the number of directors on the board of directors, shall be filled only by the affirmative vote of a majority of the remaining directors then in office.

**UGC**

UGC's amended and restated certificate of incorporation provides that any newly created directorship resulting from an increase in the number of directors or any other vacancy, however caused, shall be filled by a majority of the directors then in office.

**Liberty Global**  
Same as LMI.

***Limitation of Personal Liability of Directors***

**LMI**

Under Delaware law, a corporation may include in its certificate of incorporation a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director; however, the provision may not eliminate or limit the liability of a director for a breach of the duty of loyalty, acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, unlawful payments of dividends, certain stock repurchases or redemptions

**UGC**

Same as LMI.

**Liberty Global**  
Same as LMI.



or any transaction from which the director derived an improper personal benefit. LMI's restated certificate of incorporation limits the personal liability of LMI directors for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by Delaware law.

**Table of Contents**

*Indemnification of Directors and Officers*

**LMI**

Delaware law provides that, subject to certain limitations in the case of derivative suits brought by a corporation's stockholders in its name, a corporation may indemnify any person who is made a party to any third-party action, suit or proceeding (other than an action by or in the right of the corporation) on account of being a current or former director, officer, employee or agent of the corporation (or is or was serving at the request of the corporation in such capacity for another corporation, partnership, joint venture, trust or other enterprise) against expenses, including attorney's fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit or proceeding through, among other things, a majority of directors who were not parties to the suit or proceeding, if the person (i) acted in good faith and in a manner reasonably believed to be in the best interests of the corporation (or in some circumstances, at least not opposed to its best interests), and (ii) in a criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Delaware corporate law also permits indemnification by a corporation under similar circumstances for expenses (including attorneys' fees) actually and reasonably incurred by such persons in connection with the defense or settlement of a derivative action or suit, except that no indemnification may be

**UGC**

Same as LMI.

**Liberty Global**

Same as LMI.

made in respect of any claim, issue or matter as to which the person is adjudged to be liable to the corporation unless the Delaware Court of Chancery or the court in which the action or suit was brought determines upon application that the person is fairly and reasonably entitled to indemnity for the expenses which the court deems to be proper. To the extent

**Table of Contents**

<b>LMI</b>	<b>UGC</b>	<b>Liberty Global</b>
<p>that a current or former director, officer, employee or agent is successful in the defense of such an action, suit or proceeding, the corporation is required by Delaware corporate law to indemnify such person for reasonable expenses incurred thereby. Expenses (including attorneys' fees) incurred by such persons in defending any action, suit or proceeding may be paid in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of that person to repay the amount if it is ultimately determined that that person is not entitled to be so indemnified. LMI's restated certificate of incorporation provides for (i) the indemnification of its current or former directors and officers to the fullest extent permitted by law, and (ii) the prepayment of expenses (including attorneys' fees) upon receipt of an undertaking to repay such amounts if it is ultimately determined that the director or officer is not entitled to indemnification.</p>		

***Action by Written Consent***

<b>LMI</b>	<b>UGC</b>	<b>Liberty Global</b>
<p>LMI's restated certificate of incorporation specifically denies LMI stockholders the power to consent in writing, without a meeting, to the taking of any action.</p>	<p>UGC's amended and restated certificate of incorporation allows UGC stockholders to take action by written consent.</p>	<p>Same as LMI.</p>

***Amendments to Certificate of Incorporation***

<b>LMI</b>	<b>UGC</b>	<b>Liberty Global</b>
<p>LMI's restated certificate of incorporation requires, for the amendment, alteration or repeal of</p>	<p>UGC's amended and restated certificate of incorporation requires the affirmative vote of the holders</p>	<p>Same as LMI.</p>

any provision of or the addition or  
insertion of any provision in LMI s  
restated certificate of  
incorporation, the affirmative vote  
of the holders of at least 80% of  
the aggregate voting

of 66-2/3% of the aggregate voting  
power of the outstanding UGC  
common stock, voting together as a  
single class, to amend, alter, repeal  
or adopt

**Table of Contents**

**LMI**

power of the outstanding shares of LMI Series A common stock, LMI Series B common stock and any series of preferred stock entitled to vote upon matters submitted to a stockholder vote, unless the amendment (i) is not required to be approved by LMI stockholders under Delaware Law or (ii) has been approved by 75% of the LMI directors then in office.

**UGC**

provisions of the amended and restated certificate of incorporation relating to the following matters: (1) the classification of directors, (2) the election of directors, (3) the term of office of directors, (4) the filling of vacant directorships, (5) the removal of directors, (6) the nominations of directors, (7) the calling of special meetings of stockholders, (8) requirements concerning amendments to the bylaws and (9) requirements concerning amendments to the amended and restated certificate of incorporation. The items listed under (1) through (6) also require the affirmative vote of the holders of a majority of the voting power of the outstanding UGC Class C common stock, voting separately.

***Amendments to Bylaws***

**Liberty Global**

**LMI**

Delaware law provides that stockholders have the power to amend the bylaws of a corporation unless the certificate of incorporation grants such power to the board of directors, in which case either the stockholders or the board of directors may amend the bylaws. LMI's restated certificate of incorporation authorizes the board of directors, by the affirmative vote of not less than 75% of the directors then in office, to adopt, amend or repeal any provision of the bylaws.

**UGC**

Delaware law provides that stockholders shall have the power to amend the bylaws of a corporation unless the certificate of incorporation grants such power to the board of directors, in which case either the stockholders or the board of directors may amend the bylaws. UGC's amended and restated certificate of incorporation provides that the board of directors has the power to adopt, alter, amend or repeal the bylaws of UGC by a vote of the majority of the directors then in office. The holders of shares of outstanding equity securities of UGC entitled to vote in the election of directors, to the extent such power is conferred on them by application of law, also have the power to adopt, alter, amend or repeal the bylaws of UGC if approved by at least

**Liberty Global**  
Same as LMI.

66-2/3% of the aggregate voting  
power of the outstanding UGC  
common stock, voting together as a  
single class.

**Table of Contents**

***Special Meetings of Stockholders***

<b>LMI</b>	<b>UGC</b>	<b>Liberty Global</b>
LMI's restated certificate of incorporation and bylaws provide that the secretary may call special meetings of the stockholders, only at the request of 75% of the members of the board of directors then in office.	UGC's bylaws provide that special meetings may be called only (i) by the board of directors pursuant to a resolution approved by a majority of the directors then in office, (ii) by the chairman of the board of directors or (iii) at the request of holders of common stock representing a majority of the aggregate voting power of the outstanding equity securities entitled to vote in the election of director.	Same as LMI.

***Vote on Extraordinary Corporate Transactions***

<b>LMI</b>	<b>UGC</b>	<b>Liberty Global</b>
Under Delaware law, a sale or other disposition of all or substantially all of a corporation's assets, a merger or consolidation of a corporation with another corporation or a dissolution of a corporation requires the affirmative vote of the corporation's board of directors (except in limited circumstances) plus, with limited exceptions, the affirmative vote of a majority of the outstanding stock entitled to vote on the transaction. LMI's restated certificate of incorporation requires the affirmative vote of holders of at least 80% of the aggregate voting power of the outstanding shares of LMI Series A common stock, LMI Series B common stock and any series of preferred stock entitled to vote upon matters submitted to an LMI stockholder vote to authorize: (i) a merger or consolidation with and into any other corporation, unless (a) the laws of the state of Delaware do not require stockholder consent or (b) 75% of the members of the board of directors have approved the merger or	Under Delaware law, a sale or other disposition of all or substantially all of a corporation's assets, a merger or consolidation of a corporation with another corporation or a dissolution of a corporation requires the affirmative vote of the corporation's board of directors (except in limited circumstances) plus, with limited exceptions, the affirmative vote of a majority of the outstanding stock entitled to vote on the transaction. UGC's amended and restated certificate of incorporation and bylaws include no additional provisions in this regard, and the Delaware law applies without modification.	Same as LMI.



consolidation, (ii) the sale, lease or exchange of all, or substantially all, assets of LMI, unless 75% of the members of the board of directors then in office have approved the transaction or (iii) the

**Table of Contents**

<b>LMI</b>	<b>UGC</b>	<b>Liberty Global</b>
dissolution of LMI, unless 75% of the members of the board of directors then in office have approved the dissolution.		

***State Anti-Takeover Statutes***

<b>LMI</b>	<b>UGC</b>	<b>Liberty Global</b>
Subject to certain exceptions, Section 203 of the Delaware corporate statute generally prohibits public corporations from engaging in significant business transactions, including mergers, with a holder of 15% or more of the corporation's stock, referred to as an interested stockholder, for a period of three years after the interested stockholder becomes an interested stockholder, unless the certificate of incorporation contains a provision expressly electing not to be governed by such a section. LMI's restated certificate of incorporation expressly elects not to be governed by Section 203.	Same as LMI.	Same as LMI.

***Notice of Stockholder Proposals and Director Nominations***

<b>LMI</b>	<b>UGC</b>	<b>Liberty Global</b>
Under LMI's bylaws, for director nominations or other business to be properly brought before an LMI annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of LMI and any such proposed business other than the nominations of persons for election to the board of directors, must constitute a proper matter for stockholder action. To be timely, a stockholder's notice must be delivered to the Secretary at the principal executive offices of LMI not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred	Under UGC's bylaws, for director nominations or other business to be properly brought before a UGC annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of UGC and any such proposed business other than the nominations of persons for election to the board of directors, must constitute a proper matter for stockholder action. To be timely, a stockholder's notice must be delivered to the Secretary at the principal executive offices of UGC not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred	Same as LMI.

twentieth (120th) day prior to the first anniversary of the preceding year s  
annual meeting      twentieth (120th) day prior to the first anniversary of the preceding

**Table of Contents**

**LMI**

(provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by LMI).

**UGC**

year's annual meeting (provided, however, that in the event that the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by UGC).

**Liberty Global**

**Table of Contents**

**LIBERTY GLOBAL UNAUDITED CONDENSED PRO FORMA COMBINED FINANCIAL STATEMENTS**

*General*

The accompanying unaudited condensed pro forma combined financial statements reflect the pro forma effects of (1) the proposed mergers (the Proposed Mergers) contemplated by the merger agreement, whereby Liberty Global will acquire all of the capital stock of UGC that LMI does not already own and LMI and UGC will become wholly owned subsidiaries of Liberty Global; and (2) certain transactions that were consummated during 2004, as further described below (the Consummated Transactions).

The following unaudited condensed pro forma combined balance sheet of Liberty Global, dated as of September 30, 2004, assumes that the Proposed Mergers were effective as of such date. The following unaudited condensed pro forma combined statements of operations of Liberty Global for the nine months ended September 30, 2004 and the year ended December 31, 2003 include the pro forma effects of the Proposed Mergers and the Consummated Transactions, as if each of such transactions were effective as of January 1, 2003.

The unaudited pro forma results do not purport to be indicative of the financial position and results of operations that Liberty Global will obtain in the future, or that Liberty Global would have obtained if the Proposed Mergers and Consummated Transactions were effective as of the dates indicated above. These unaudited condensed pro forma combined financial statements of Liberty Global have been derived from and should be read in conjunction with the historical financial statements and related notes thereto of LMI and UGC. The LMI historical financial statements are included in Appendix A: Information Concerning Liberty Media International, Inc. Part 4: Historical Financial Statements of LMI and its Significant Affiliates and Acquirees and the UGC historical financial statements are incorporated by reference into this document. See Additional Information Where You Can Find More Information.

*Proposed Mergers*

At September 30, 2004, LMI owned 53.6% of the outstanding equity securities of UGC representing approximately 91.0% of UGC's outstanding voting power. Pursuant to the Proposed Mergers, each share of LMI Series A common stock or Series B common stock owned by an LMI stockholder will be exchanged for one share of the corresponding series of Liberty Global common stock. Stockholders of UGC (other than LMI and its wholly owned subsidiaries) may elect to receive, for each share of UGC common stock owned by them, either:

0.2155 of a share of Liberty Global Series A common stock (plus cash in lieu of any fractional share interest) (the stock election); or

\$9.58 in cash, without interest (the cash election).

UGC stockholders who make the cash election will be subject to proration so that, in the aggregate, the cash consideration paid to UGC stockholders does not exceed 20% of the aggregate value of the merger consideration payable to UGC public stockholders. If proration is made, any share for which a holder is not entitled to receive cash will be converted into 0.2155 of a share of Liberty Global Series A common stock (plus cash in lieu of any fractional share interest).

The Proposed Mergers will be accounted for as a step acquisition by LMI of the remaining minority interest in UGC. The purchase price in this step acquisition will include the consideration issued to UGC public stockholders to acquire the UGC interest not already owned by LMI and the direct acquisition costs incurred by LMI. As UGC was a consolidated subsidiary of LMI prior to the Proposed Mergers, the purchase price will first be applied to eliminate the minority interest in UGC from the consolidated balance sheet of LMI, and the remaining purchase price will be allocated on a pro rata basis to the identifiable assets and liabilities of UGC based upon their respective fair values at

the effective date of the Proposed Mergers and the 46.4% interest in UGC to be acquired by Liberty Global pursuant to the Proposed Mergers. Any excess purchase price that remains after amounts have been allocated to the net identifiable assets of UGC will be recorded as goodwill. As the acquiring company for

## Table of Contents

accounting purposes, LMI will be the predecessor to Liberty Global and the historical financial statements of LMI will become the historical financial statements of Liberty Global. As discussed further in the accompanying notes, the preliminary calculation of the purchase price reflected in the accompanying unaudited condensed pro forma combined financial statements is based upon the assumption that all UGC stockholders (other than LMI and its wholly owned subsidiaries) will elect to receive shares of Liberty Global in the Proposed Mergers. In addition, the preliminary purchase price allocation reflected in the accompanying unaudited condensed pro forma combined financial statements is subject to adjustment based upon the final assessment of the fair values of UGC's identifiable assets and liabilities.

### *Consummated Transactions*

#### Consolidation of UGC

On January 5, 2004, LMI completed a transaction pursuant to which UGC's founding stockholders transferred 8.2 million shares of UGC Class B Common Stock to LMI in exchange for 12.6 million shares of Liberty Series A Common Stock valued, for accounting purposes, at \$152,122,000 and a cash payment of \$15,827,000 (including acquisition costs). This transaction was the last of a number of independent transactions that occurred from 2001 to January 2004, pursuant to which LMI acquired its controlling interest in UGC. LMI's acquisition of 281.3 million shares of UGC common stock in January 2002 gave LMI a greater than 50% economic interest in UGC, but due to certain voting and standstill arrangements, LMI used the equity method to account for its investment in UGC through December 31, 2003. Upon closing of the January 5, 2004 transaction, the restrictions on the exercise by LMI of its voting power with respect to UGC terminated, and LMI gained voting control of UGC. Accordingly, UGC has been accounted for as a consolidated subsidiary and included in LMI's financial position and results of operations since January 1, 2004.

LMI has accounted for its acquisition of a controlling interest in UGC as a step acquisition, and has allocated its investment basis to its pro rata share of UGC's assets and liabilities at each significant acquisition date based upon the estimated fair values of such assets and liabilities on such dates. During 2002, LMI's investment basis in UGC was reduced to zero as a result of the prior recognition of LMI's share of UGC's losses.

#### Noos Acquisition

On July 1, 2004, UPC Broadband France SAS (UPC Broadband France), an indirect wholly owned subsidiary of UGC and the owner of UGC's French cable television operations, acquired Suez-Lyonnaise Télécom SA (Noos), from Suez SA (Suez). Noos is a provider of digital and analog cable television services and high-speed Internet access services in France. The preliminary purchase price for a 100% interest in Noos was approximately 623,450,000 (\$758,547,000 at July 1, 2004), consisting of 529,929,000 (\$644,761,000 at July 1, 2004) in cash, a 19.9% equity interest in UPC Broadband France valued at approximately 85,000,000 (\$103,419,000 at July 1, 2004) and 8,521,000 (\$10,367,000 at July 1, 2004) in direct acquisition costs. The preliminary purchase price and the value assigned to the 19.9% interest in UPC Broadband France are subject to a review of certain historical financial information of Noos and UPC Broadband France. In this regard, 100,000,000 (\$121,669,000) of the cash consideration was held in escrow at September 30, 2004 pending final determination of the purchase price.

UGC has accounted for this transaction as the acquisition of an 80.1% interest in Noos and the sale of a 19.9% interest in UPC Broadband France. Under the purchase method of accounting, the preliminary purchase price was allocated to the acquired identifiable tangible and intangible assets and liabilities based upon their respective fair values, and the excess of the purchase price over the fair value of such identifiable net assets was allocated to goodwill. The preliminary fair values assigned to property and equipment and intangible assets, and the excess purchase price assigned to goodwill have been adjusted to give effect to UGC's 80.1% ownership interest in Noos. The

preliminary accounting for the Noos transaction, as reflected in these unaudited condensed pro forma combined financial statements, is subject to adjustment based upon the (i) final determination of the Noos purchase price and the value assigned to the 19.9% equity interest in UPC Broadband France and (ii) the final assessment of the fair values of Noos identifiable assets and liabilities. Such potential adjustments are not expected to have a material impact on the pro forma results of operations of Liberty Global.



**Table of Contents**

**Liberty Global, Inc.**  
**Unaudited Condensed Pro Forma Combined Balance Sheet**  
**September 30, 2004**

	Historical	Pro forma (Proposed Mergers)		
		Adjustments		
		-		
	LMI	increase (decrease)		Liberty Global as adjusted
		(amounts in thousands)		
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,738,730			1,738,730
Receivables and other current assets	535,705			535,705
Investments and related receivables	3,009,106			3,009,106
Property and equipment, net	3,972,773			3,972,773
Intangible assets not subject to amortization	2,817,004	2,454,027	(1)	5,271,031
Other assets	557,274			557,274
<b>Total assets</b>	<b>12,630,592</b>	<b>2,454,027</b>		<b>15,084,619</b>
<b>Liabilities and Parent's Investment:</b>				
Current liabilities	1,289,207			1,289,207
Long-term debt, excluding current portion	4,258,810			4,258,810
Deferred income tax liabilities, excluding current portion	453,194			453,194
Other liabilities	328,795			328,795
<b>Total liabilities</b>	<b>6,330,006</b>			<b>6,330,006</b>
Minority interests in subsidiaries	1,117,032	(1,014,610)	(1)	102,422
<b>Stockholders' Equity:</b>				
Common stock	1,755	(1,755)	(1)	3,443
		3,443	(1)	
Additional paid-in capital	6,956,349	3,467,848	(1)	10,424,197
Accumulated deficit	(1,641,575)			(1,641,575)
Accumulated other comprehensive loss, net of taxes	(132,975)			(132,975)
Shares held by subsidiaries		(899)	(1)	(899)
<b>Total stockholders' equity</b>	<b>5,183,554</b>	<b>3,468,637</b>		<b>8,652,191</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 12,630,592</b>	<b>\$ 2,454,027</b>		<b>\$ 15,084,619</b>

See notes to unaudited condensed pro forma combined financial statements.



**Table of Contents**

Liberty Global, Inc.  
 Unaudited Condensed Pro Forma Combined Statement of Operations  
 Nine months ended September 30, 2004

	Historical	Pro forma (Consummated Transactions)		Pro forma (Proposed Mergers)		
		Noos (6 months ended June 30, 2004)	Adjustments increase (decrease)	As adjusted (amounts in thousands)	Adjustments increase (decrease)	Liberty Global as adjusted
	LMI					
Revenue	\$ 1,865,769	199,880		2,065,649		2,065,649
Operating, selling, general and administrative expenses	(1,210,533)	(147,126)		(1,357,659)		(1,357,659)
Stock compensation	(66,120)			(66,120)		(66,120)
Depreciation and amortization	(696,624)	(73,052)	(3,208) (3)	(772,884)		(772,884)
Other operating expenses	(53,372)			(53,372)		(53,372)
Operating loss	(160,880)	(20,298)	(3,208)	(184,386)		(184,386)
Other income (expense):						
Interest expense	(209,801)	(40,394)	37,703 (4)	(212,492)		(212,492)
Share of earnings of affiliates, net	54,518			54,518		54,518
Gain on exchange of investment security	168,301			168,301		168,301
Gain on extinguishment of debt	35,787			35,787		35,787
Other, net	41,675	727		42,402		42,402
	90,480	(39,667)	37,703	88,516		88,516
Loss before income tax and minority interest	(70,400)	(59,965)	34,495	(95,870)		(95,870)
Income tax expense	(91,027)	(101)	(10)	(91,128)	(10)	(91,128)
Minority interests in subsidiaries	150,801		8,336 (5)	159,137	(148,292) (11)	10,845
Net loss	\$ (10,626)	(60,066)	42,831	(27,861)	(148,292)	(176,153)
Loss per share	(0.07)			(0.18)		(0.69)

Weighted average shares outstanding (12)	158,363	158,363	254,348
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See notes to unaudited condensed pro forma combined financial statements.

**Table of Contents**

Liberty Global, Inc.  
 Unaudited Condensed Pro Forma Combined Statement of Operations  
 Year ended December 31, 2003

	Historical			Pro forma (Consummated Transactions) Adjustments		Pro forma (Proposed Mergers) Adjustments		Liberty Global as adjusted
	LMI	UGC	Noos	increase (decrease) (amounts in thousands)	As adjusted	increase (decrease)		
Revenue	\$ 108,634	1,891,530	356,781		2,356,945		2,356,945	
Operating, selling, general and administrative expenses	(90,643)	(1,262,648)	(276,641)		(1,629,932)		(1,629,932)	
Stock compensation	(4,088)	(38,024)		28,647	(2) (13,465)		(13,465)	
Depreciation and amortization	(15,114)	(808,663)	(196,055)	(42,488)	(3) (1,062,320)		(1,062,320)	
Impairment of long-lived assets		(438,209)	(654,844)		(1,093,053)		(1,093,053)	
Operating loss	(1,211)	(656,014)	(770,759)	(13,841)	(1,441,825)		(1,441,825)	
Other income (expense):								
Interest expense	(2,178)	(327,132)	(71,083)	72,898	(4) (327,495)		(327,495)	
Share of earnings of affiliates, net	13,739	294,464		(208,203)	(6) 100,000		100,000	
Gain on sales, net	3,759	279,442		(195,456)	(7) 87,745		87,745	
Gain on extinguishment of debt		2,183,997		(974,239)	(8) 1,209,758		1,209,758	
Other, net	34,779	87,773	775	(44,713)	(9) 78,614		78,614	
	50,099	2,518,544	(70,308)	(1,349,713)	1,148,622		1,148,622	
Earnings (loss) before income taxes and minority	48,888	1,862,530	(841,067)	(1,363,554)	(293,203)		(293,203)	

## interests

Income tax expense	(27,975)	(50,344)	(406)	(10)	(78,725)	(10)	(78,725)	
Minority interests in subsidiaries	(24)	183,182	(753,840)	(5)	(570,682)	991,345	(11)	420,663
Net earnings (loss)	\$ 20,889	1,995,368	(841,473)	(2,117,394)	(942,610)	991,345	48,735	
Earnings (loss) per share	\$ 0.14				(6.17)		0.19	
Weighted average shares outstanding (12)	152,841				152,841		254,348	

See notes to unaudited condensed pro forma combined financial statements.

**Table of Contents**

**LIBERTY GLOBAL, INC.**  
**Notes to Unaudited Condensed Pro Forma Combined Financial Statements**  
**September 30, 2004 and December 31, 2003**

- (1) Represents the adjustments required to reflect the Proposed Mergers, including adjustments to (i) record the issuance of 337,027,019 Liberty Global Series A shares (including 89,943,393 shares to be held by subsidiaries of LMI) and 7,264,300 Liberty Global Series B shares in connection with the Proposed Mergers, (ii) eliminate the minority interests in UGC's equity, (iii) record the preliminary allocation of the step acquisition purchase price and (iv) eliminate LMI's common stock. The number of shares assumed to be issued in connection with the proposed mergers is based upon (A) the number of issued and outstanding shares of LMI and UGC common stock as of September 30, 2004, and (B) the assumption that all UGC public stockholders will make an election to receive shares of Liberty Global Series A common stock.

As discussed in the headnote to these unaudited condensed pro forma combined financial statements, UGC stockholders other than LMI may make a stock or cash election. Stockholders who make the cash election will be subject to proration so that, in the aggregate, the cash consideration paid to UGC stockholders does not exceed 20% of the aggregate value of the merger consideration payable to UGC public stockholders. The accompanying unaudited condensed pro forma combined balance sheet and statements of operations for Liberty Global assume that all UGC stockholders (other than LMI and its wholly owned subsidiaries) make the stock election. A comparison of the preliminary purchase price calculation and allocation assuming UGC stockholders (other than LMI and its wholly owned subsidiaries) receive (i) all stock consideration or (ii) 80% stock and 20% cash consideration is set forth below (dollar amounts in thousands):

	All stock	80% stock and 20% cash
Liberty Global Series A shares issued to UGC public stockholders (a):	78,919,860	63,135,888
Fair value of shares issued (b)	\$ 3,457,637	2,766,110
Cash consideration		701,673
Estimated direct acquisition costs	11,000	11,000
Total purchase price	3,468,637	3,478,783
Eliminate minority interest in UGC	(1,014,610)	(1,014,610)
Allocate residual to goodwill (c)	\$ 2,454,027	2,464,173

- (a) Represents the number of shares that would have been issued to UGC stockholders (other than LMI and its wholly owned subsidiaries) based upon the number of shares of UGC common stock that were issued and outstanding on September 30, 2004. The actual number of shares issued in the Proposed Mergers will depend on the number of shares of UGC common stock outstanding on the closing date and the portion of the consideration that is paid in Liberty Global shares.

- (b) The fair value of the shares issued is based upon a fair value of \$43.812 per share, which is the average of the quoted market price of LMI Series A common stock for the period beginning two trading days before and ending two trading days after the date that the Proposed Mergers were announced (January 18, 2004).

- (c) For purposes of these unaudited condensed pro forma combined financial statements, it has been assumed that the historical cost of UGC's existing assets and liabilities approximate their fair value. Accordingly, the excess purchase price after the elimination of the UGC minority interest has been allocated to goodwill. Consistent with the requirements of Statement of Financial Accounting No. 142, *Goodwill and Other Intangible Assets*, the unaudited condensed pro forma combined statements of operations do not reflect any amortization of this goodwill. The final allocation of the purchase price will be based upon appraisals and may result in the allocation of



**Table of Contents**

consideration to identifiable assets and liabilities, including assets with definitive lives. To the extent that consideration is allocated to assets with definitive lives, the final allocation of the purchase price could result in additional depreciation and or amortization expense that in turn would result in higher operating losses, net losses and net loss per share in subsequent periods. For example, if \$500 million of the excess consideration had been allocated to property and equipment that had a weighted average life of 10 years, the accompanying unaudited condensed pro forma combined statements of operations of Liberty Global for the nine months ended September 30, 2004 and the year ended December 31, 2003 would have reflected increases in, (i) the pro forma operating loss of \$37,500,000 and \$50,000,000, respectively; (ii) the pro forma net loss of \$24,101,000 and \$32,135,000 (based upon LMI's weighted average statutory income tax rates), respectively, and (iii) the pro forma loss per share of \$0.09 and \$0.13, respectively.

- (2) Represents the reduction of stock compensation that results from the elimination of deferred stock compensation in connection with the application of purchase accounting in connection with the 2002 step acquisition of UGC.
- (3) The pro forma adjustment to depreciation and amortization expense consists of the following:

	Nine months ended September 30, 2004	Year ended December 31, 2003
	(amounts in thousands)	
Depreciation and amortization of the purchase accounting adjustments to property and equipment and amortizable intangible assets that were recorded in connection with the 2002 step acquisition of UGC.	\$	(36,082)
Depreciation and amortization of Noos purchase price allocations to property and equipment (estimated weighted average life of 9.5 years) and amortizable intangible assets (estimated lives ranging from 3 to 6 years).	(3,208)	(6,406)
	\$ (3,208)	(42,488)

- (4) The pro forma adjustment to interest expense consists of the following:

	Nine months ended September 30, 2004	Year ended December 31, 2003
	(amounts in thousands)	
Elimination of Noos' historical interest expense as UPC Broadband France did not assume the related debt	\$ 40,394	71,083
Interest expense on the debt incurred by UGC to finance a portion of the Noos acquisition	(2,691)	(5,383)
Reduction of UGC interest expense due to purchase accounting adjustments to debt and deferred financing costs that were recorded in connection with the 2002 step acquisition of UGC.		7,198

\$ 37,703

72,898

146

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**Table of Contents**

(5) The pro forma adjustment to minority interests in subsidiaries consists of the following:

	Nine months ended September 30, 2004	Year ended December 31, 2003
	(amounts in thousands)	
Minority interests share (19.9%) of Noos and UPC Broadband France's historical results of operations and pro forma adjustments	\$ 8,336	237,505
Minority interests share of UGC's results of operations after considering the pro forma adjustments related to the 2002 and 2004 step acquisitions of UGC		(991,345)
	\$ 8,336	(753,840)

- (6) Represents the elimination of the pro rata portion of the share of earnings of an equity method affiliate as a result of the application of purchase accounting in connection with the 2002 step acquisition of UGC.
- (7) Represents the elimination of pro rata portions of gains that were recognized by UGC during 2003 due to the application of purchase accounting in connection with the 2002 step acquisition of UGC.
- (8) Represents the elimination of a portion of the gain on extinguishment of debt of a subsidiary of UGC due to an increase in the carrying value of such debt as a result of a purchase accounting adjustment that was recorded in connection with the 2002 step acquisition of UGC.
- (9) Represents the elimination of other individually insignificant items in UGC's statement of operations as a result of purchase accounting adjustments that were recorded in connection with the 2002 step acquisition of UGC.
- (10) The pro forma adjustments associated with the Consummated Transactions and the Proposed Mergers had no impact on pro forma income tax expense due primarily to the fact that the pro forma adjustments relate to jurisdictions where valuation allowances have been provided against deferred tax assets.
- (11) Represents the elimination of the minority interests share of UGC's results as a result of the Proposed Mergers.
- (12) The historical weighted average shares outstanding assume that the June 7, 2004 distribution of LMI common stock to the stockholders of Liberty occurred on January 1, 2003 and the pro forma weighted average shares outstanding assume that the number of Liberty Global common shares that would have been issued and outstanding had the Proposed Mergers occurred on September 30, 2004 were outstanding since January 1, 2003.

**Table of Contents**

**ADDITIONAL INFORMATION**

**Legal Matters**

Legal matters relating to the validity of the securities to be issued in the mergers will be passed upon by Baker Botts L.L.P.

**Stockholder Proposals**

We currently expect that Liberty Global's first annual meeting of stockholders will be held during the [\_\_\_]. In order to be eligible for inclusion in Liberty Global's proxy materials for its first annual meeting, any stockholder proposal must be submitted in writing to Liberty Global's Corporate Secretary and received at Liberty Global's executive offices, by the close of business on [\_\_\_] or such later date as Liberty Global may determine and announce in connection with the actual scheduling of the annual meeting. To be considered for presentation at Liberty Global's first annual meeting, although not included in its proxy statement, any stockholder proposal must be received at the executive offices of Liberty Global on or before the close of business on [\_\_\_] or such later date as Liberty Global may determine and announce in connection with the actual scheduling of the annual meeting.

All stockholder proposals for inclusion in Liberty Global's proxy materials will be subject to the requirements of the proxy rules adopted under the Exchange Act and, as with any stockholder proposal (regardless of whether it is included in Liberty Global's proxy materials), Liberty Global's restated certificate of incorporation, Liberty Global's bylaws and Delaware law.

**Where You Can Find More Information**

Liberty Global has filed with the Securities and Exchange Commission a registration statement on Form S-4 under the Securities Act with respect to the securities being offered by this joint proxy statement/prospectus. This joint proxy statement/prospectus, which forms a part of the registration statement, does not contain all the information included in the registration statement and the exhibits thereto. You should refer to the registration statement, including its exhibits and schedules, for further information about Liberty Global and the securities being offered hereby.

LMI and UGC are each subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, LMI and UGC each file periodic reports and other information with the Securities and Exchange Commission. You may read and copy any document that they or Liberty Global file at the Public Reference Room of the Securities and Exchange Commission at 450 Fifth Street, NW, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at (800) SEC-0330. You may also inspect such filings on the Internet website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Information contained on any website referenced in this joint proxy statement/prospectus is not incorporated by reference in this prospectus. In addition, copies of documents filed by LMI and UGC with the Securities and Exchange Commission are also available by contacting LMI or UGC, as applicable, by writing or telephoning the office of Investor Relations:

Liberty Media International, Inc.  
12300 Liberty Boulevard  
Englewood, Colorado 80112  
Telephone: (877) 783-7676

UnitedGlobalCom, Inc.  
4643 South Ulster Street, Suite 1300  
Denver, Colorado 80237  
Telephone: (303) 770-4001

The Securities and Exchange Commission allows UGC to incorporate by reference information into this document, which means that we can disclose important information about UGC to you by referring you to other documents. The information incorporated by reference is an important part of this joint proxy statement/prospectus,

**Table of Contents**

and is deemed to be part of this document except for any information superseded by this document or any other document incorporated by reference into this document. Any statement, including financial statements, contained in UGC's Annual Report on Form 10-K for the year ended December 31, 2003 shall be deemed to be modified or superseded to the extent that a statement, including financial statements, contained in this joint proxy statement/prospectus or in any other later incorporated document modifies or supersedes that statement. We incorporate by reference the documents listed below and any future filings made by UGC with the Securities and Exchange Commission under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the offering described herein:

UGC's Annual Report on Form 10-K for the fiscal year ended December 31, 2003;

UGC's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2004, June 30, 2004 and September 30, 2004; and

UGC's Current Reports on Form 8-K as follows (other than the portions of those documents not deemed filed):

Date of Report	Date of Filing
January 17, 2005	January 24, 2005
January 17, 2005	January 18, 2005
January 10, 2005	January 12, 2005
December 15, 2004	January 7, 2005
December 16, 2004	December 20, 2004
December 7, 2004	December 13, 2004
December 2, 2004	December 8, 2004
November 9, 2004	November 9, 2004
October 14, 2004	October 18, 2004
October 1, 2004	October 4, 2004
September 22, 2004	September 22, 2004
September 16, 2004	September 16, 2004
August 9, 2004	August 9, 2004
July 1, 2004	September 7, 2004
July 1, 2004	July 9, 2004
June 29, 2004	July 1, 2004
June 7, 2004	June 21, 2004
June 10, 2004	June 10, 2004
April 23, 2004	May 5, 2004

April 16, 2004	April 19, 2004
April 6, 2004	April 7, 2004
March 31, 2004	April 1, 2004
February 20, 2004	February 20, 2004
February 18, 2004	February 19, 2004
February 13, 2004	February 13, 2004
January 21, 2004	January 23, 2004
January 20, 2004	January 21, 2004
January 12, 2004	January 12, 2004
January 7, 2004	January 8, 2004
January 5, 2004	January 6, 2004

Neither LMI nor UGC has authorized anyone to give any information or make any representation about the mergers, Liberty Global, LMI or UGC, that is different from, or in addition to, the information contained in this joint proxy statement/prospectus or in any of the materials that we have incorporated into this document by reference. Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this joint

**Table of Contents**

proxy statement/prospectus or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this joint proxy statement/prospectus does not extend to you. The information contained in this joint proxy statement/prospectus speaks only as of the date of this joint proxy statement/prospectus unless the information specifically indicates that another date applies.



**Table of Contents**

**APPENDIX A: INFORMATION CONCERNING LIBERTY MEDIA INTERNATIONAL, INC.  
PART 1: DESCRIPTION OF BUSINESS**

**General Development of Business**

We are a holding company that, through our ownership of interests in subsidiaries and affiliates, provides broadband distribution services and video programming services to subscribers in Europe, Japan, Latin America and Australia. Our principal assets are our subsidiaries, UnitedGlobalCom, Inc., Liberty Cablevision of Puerto Rico Ltd. and Pramer S.C.A., and our affiliates, Jupiter Telecommunications Co., Ltd. and Jupiter Programming Co., Ltd.

Liberty Media International, Inc. (together with its subsidiaries, LMI, we, us, our or similar terms) was formed March 2004 as a wholly owned subsidiary of Liberty Media Corporation, which we refer to as Liberty. Liberty transferred, and caused its other subsidiaries to transfer to us, substantially all of the assets comprising Liberty's International Group, together with cash and certain financial assets. On June 7, 2004, Liberty distributed to its shareholders, on a pro rata basis, all of our shares of common stock, which we refer to as the Spin Off, and we became an independent, publicly traded company.

**Recent Developments**

On January 5, 2004, Liberty completed a transaction pursuant to which the founding shareholders of UnitedGlobalCom, Inc., which we refer to as UGC, transferred to Liberty 8.2 million shares of Class B common stock in exchange for 12.6 million shares of Liberty's common stock and a cash payment. Upon closing of this exchange, the restrictions contained in the existing standstill agreement between Liberty and UGC on the amount of UGC's stock that Liberty could acquire and on the way Liberty could vote its shares of UGC stock terminated and Liberty gained control of UGC. Substantially all of Liberty's direct and indirect interest in UGC was transferred to us prior to the Spin Off.

On January 12, 2004, Old UGC, Inc., a wholly owned subsidiary of UGC that principally owns UGC's interests in businesses in Latin America and Australia, filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code. Old UGC's plan of reorganization, as amended, was confirmed by the Bankruptcy Court on November 10, 2004, and the restructuring of its indebtedness and other obligations pursuant to the plan was completed on November 24, 2004.

On January 23, 2004, we, Liberty and CristalChile Comunicaciones S.A., our partner in Metr polis-Intercom S.A., a cable operator in Chile, entered into an agreement pursuant to which each agreed to use its respective commercially reasonable efforts to combine the businesses of Metr polis and VTR GlobalCom S.A., a wholly owned subsidiary of UGC that owns UGC's Chilean operations. The combination is subject to certain conditions, including the execution of definitive agreements, Chilean regulatory approval, the approval of the respective boards of directors of the relevant parties (including, in the case of UGC, the independent members of UGC's board of directors) and the receipt of necessary third party approvals and waivers. The Chilean antitrust authorities approved the combination in October 2004 subject to certain conditions. However, an action has been filed with the Chilean Supreme Court seeking to reverse such approval. We, CristalChile and UGC are currently negotiating the terms of the definitive agreements for the combination.

In February 2004, UGC issued 83.0 million shares of its Class A common stock, 2.3 million shares of its Class B common stock and 84.9 million shares of its Class C common stock pursuant to a fully subscribed rights offering, resulting in gross proceeds to UGC of \$1.0 billion.

Also in February 2004, UPC Polska, Inc., an indirect subsidiary of UGC, emerged from its U.S. bankruptcy proceedings. Pursuant to UPC Polska's plan of reorganization, claim holders received aggregate consideration consisting of cash, new 9% UPC Polska Notes due 2007 and 2.0 million shares of UGC's Class A common stock in exchange for cancellation of their claims. On July 16, 2004, UPC Polska redeemed the new 9% UPC Polska Notes at par plus accrued but unpaid interest.

**Table of Contents**

On April 6, 2004, UGC sold \$500 million aggregate principal amount of its 3¼% convertible senior notes due April 15, 2024. The convertible notes are convertible into shares of UGC's Class A common stock at an initial conversion price of \$9.7561 per share.

In June 2004, UPC Distribution Holding B.V., an indirect subsidiary of UGC, amended its senior secured credit facility, which we refer to as the UPC Distribution Bank Facility, to add a new Facility E term loan to replace the undrawn Facility D term loan. Proceeds from Facility E totaled \$1.0 billion, which, in conjunction with \$450 million of cash contributed indirectly by UGC, was used to repay some of the indebtedness borrowed under the other tranches of the credit facility, to redeem the 9% UPC Polska Notes referred to above and to provide funding for the Noos acquisition described below. In December 2004, the UPC Distribution Bank Facility was amended to add a new Facility F term loan that increased UPC Distribution's average debt maturity and available liquidity, and reduced its average interest margin. The amendment consisted of a \$525.0 million tranche and a \$140.0 million tranche, totaling \$665.0 million in gross proceeds. These proceeds were applied to (1) repay \$245.0 million under the Facility A revolver (representing all then outstanding amounts), (2) prepay \$101.2 million of the term loan Facility B that matured in June 2006, (3) prepay \$177.0 million of Facility C debt and (4) pay transaction fees of \$11.8 million.

On May 20, 2004, we made secured loans to and acquired all of the issued and outstanding shares of Princes Holdings Limited, pursuant to a restructuring under Irish insolvency laws of the debt and other obligations of Princes Holdings and its wholly owned subsidiary, Chorus Communication Limited. In December 2004, we sold 100% of the equity of Princes Holdings to a subsidiary of UGC for 6.4 million shares of UGC's Class A common stock.

On July 1, 2004, UPC Broadband France SAS, an indirect wholly owned subsidiary of UGC and the owner of UGC's French cable television operations, completed its acquisition of Suez-Lyonnaise Telecom SA, which we refer to as Noos, France's largest cable operator, from Suez SA, a French utility group, for cash and a 19.9% equity interest in UPC Broadband France.

On July 19, 2004, our investment in Senior Notes and Senior Discount Notes of Telewest Communications plc was converted into approximately 7.5% of the outstanding common stock of Telewest Global, Inc.

In August 2004, we issued 28.2 million shares of our Series A common stock and 1.2 million shares of our Series B common stock pursuant to a fully subscribed rights offering, resulting in gross proceeds to us of \$739.4 million.

Also in August 2004, we, Sumitomo Corporation and Microsoft Corporation effectively converted a portion of our respective subordinated loans to Jupiter Telecommunications Co., Ltd., which we refer to as J-COM, into equity. Such conversions did not have a material impact on our, Sumitomo's or Microsoft's respective ownership interests in J-COM. In December 2004, J-COM repaid the balance of these subordinated shareholder loans in cash.

Subsequent to the Spin Off, our management and Board of Directors undertook a review of our assets and determined that it would be advisable to monetize or dispose of our financial assets and to consider disposing of other non-consolidated non-cash-flow producing assets if opportunities arose. Consistent with the foregoing, prior to December 31, 2004, we sold all of our shares of Telewest Global and 4.5 million shares of Class A common stock of News Corporation, Inc.

In October 2004, we also sold our 10% interest in Sky Multicountry and entered into agreements to sell our 10% interest in each of Sky Brasil and Sky Mexico. Sky Multicountry, Sky Brasil and Sky Mexico, which we refer to collectively as Sky Latin America, offer entertainment services via satellite through owned and affiliated distribution platforms in Latin America. The closing of the transfer of our interests in Sky Brasil and Sky Mexico are subject to receipt of regulatory approvals and other customary conditions.

Then, in November 2004, we entered into a put-call agreement with respect to our right and obligation to subscribe for newly issued shares of Cablevisión S.A., a cable television operator in Argentina, in the event that Cablevisión's pending restructuring under local law of its debt and other obligations is approved. Consummation of this transaction, which is expected to occur in the first quarter of 2005, will result in the elimination of our

**Table of Contents**

subscription right and obligation in consideration of a cash payment, 50% of which has been paid as a down payment. Separately, the counterparty to our total return debt swap with respect to certain bonds of Cablevisión, with our consent, entered into a participation agreement with a third party, which in January 2005 resulted in the termination of our liability under the total return debt swap and the return of our posted collateral.

On October 15, 2004, our indirect wholly owned subsidiary, Belgian Cable Holdings, entered into an agreement to restructure its investment in the debt of Cable Partners Europe, which we refer to as CPE, and one of its two indirect majority-owned subsidiaries, which we refer to as the InvestCos. In December 2004, two European subsidiaries of UGC acquired Belgian Cable Holdings from us for cash. Thereafter, Belgian Cable Holdings effected the debt restructuring by contributing cash and its investment in the debt of one of the InvestCos to Belgian Cable Investors, L.L.C., a wholly owned subsidiary of CPE, in exchange for 78.4% of the common equity and 100% of the preferred equity of Belgian Cable Investors. CPE owns the remaining 21.6% of the common equity of Belgian Cable Investors. Most of the proceeds of Belgian Cable Holdings' investment was then distributed by Belgian Cable Investors to CPE and used by CPE to purchase its debt held by Belgian Cable Holdings for a purchase price approximately equal to Belgian Cable Holdings' cost of acquiring the CPE debt plus accrued interest. As a result of the foregoing transaction, UGC holds 78.4% of an indirect 14.1% interest in Telenet Group Holding N.V., Belgium's largest cable system operator in terms of number of subscribers.

On November 16, 2004, chellomedia BV, an indirect wholly owned subsidiary of UGC, entered into an agreement with two Dutch investment groups to acquire parts of the Canal+ business in The Netherlands, including all of its content activities in that country, for cash and the assumption of certain guaranteed output payments to film studios. Canal+ currently packages and distributes premium sports and movie programming under the Canal+ brand name to customers in The Netherlands. The transaction is subject to regulatory approval. In a separate transaction, as part of a settlement of all existing litigation with Canal+, UPC Nederland, UGC's Dutch subsidiary, has agreed to enter into a new long-term wholesale distribution agreement for the Canal+ premium movie and sports channels.

In December 2004, a subsidiary of chellomedia BV entered into an agreement to sell its 28.7% interest in EWT Holding GmbH to the other investors in EWT Holding for cash. Chellomedia received 90% of the purchase price on January 31, 2005 and the remaining 10% is due and payable not later than June 30, 2005.

On December 7, 2004, we purchased 3.0 million shares of our Series A common stock from Comcast Corporation for cash.

During 2004 subsequent to the Spin Off, Liberty Japan MC, LLC, the subsidiary through which we hold our interest in Mediatti Communications, Inc., a Japanese broadband provider of cable and Internet access services, acquired additional shares of the stock of Mediatti, thereby increasing its interest from 23.6% to 37.3%. In December 2004, Sumitomo Corporation acquired a net 6.9% interest in Liberty Japan MC for a purchase price equal to the same percentage of our investment in Mediatti. Sumitomo has the option until February 2006 to increase its interest in Liberty Japan MC to up to 50%, at a purchase price equal to the greater of the then fair market value of the additional interests so acquired and our investment in such interests.

Pursuant to a contribution agreement between Sumitomo and us, on December 28, 2004, our approximate 45% equity interest in J-COM and most of Sumitomo's approximate 32% equity interest in J-COM were combined in LMI/Sumisho Super Media, LLC, which we refer to as Super Media. Prior to the contribution agreement closing, Super Media was our wholly owned subsidiary and owned an approximate 11.5% equity interest in J-COM. At the closing, we contributed our remaining 33.5% equity interest in J-COM to Super Media and Sumitomo contributed an approximate 20% equity interest in J-COM to Super Media, bringing Super Media's total equity interest in J-COM to approximately 65%. Subject to certain conditions, Sumitomo has the obligation to contribute to Super Media substantially all of its remaining 12% equity interest in J-COM during 2005.

On January 17, 2005, chellomedia acquired an 87.5% interest in Zone Vision Networks Ltd. from its current shareholders. Zone Vision is a programming company that owns three pay television channels and represents over 30 international channels. The consideration for the transaction consisted of cash and 1.6 million shares of UGC's Class A common stock, which are subject to a five-year vesting period. As part of the transaction,



**Table of Contents**

chellomedia will contribute to Zone Vision the 49% shareholding it already holds in Reality TV Ltd. and chellomedia's Club channel business.

On January 17, 2005, we entered into an agreement and plan of merger with UGC pursuant to which we each would merge with a separate wholly owned subsidiary of a new parent company named Liberty Global, Inc., which we have formed for purposes of the mergers. In the mergers, each outstanding share of our Series A common stock and Series B common stock would be exchanged for one share of the corresponding series of Liberty Global common stock. Stockholders of UGC (other than us and our wholly owned subsidiaries) may elect to receive for each share of UGC common stock owned either 0.2155 of a share of Liberty Global Series A common stock (plus cash instead of any fractional share interest) or \$9.58 in cash. Cash elections will be subject to proration so that the aggregate cash consideration paid to UGC's stockholders does not exceed 20% of the aggregate value of the merger consideration payable to UGC's public stockholders. Completion of the transactions is subject, among other conditions, to approval of both companies' stockholders, including in the case of UGC, the affirmative vote of a majority of the voting power of the UGC shares not beneficially owned by us, Liberty, any of our respective subsidiaries or any of the executive officers or directors of us, Liberty or UGC.

On February 9, 2005, J-COM entered into separate agreements with Sumitomo Corporation, Microsoft Corporation and us to acquire our respective interests in Chofu Cable, Inc., a small Japanese broadband communications provider, for cash. Closing on all three transactions is expected to occur at the end of February 2005 and will result in J-COM's owning an approximate 92% equity interest in Chofu Cable.

On February 10, 2005, UPC Broadband Holding, an indirect wholly owned subsidiary of UGC, acquired 100% of the shares in Telemach d.o.o., a broadband communications provider in Slovenia for cash.

**Narrative Description of Business**

**Overview**

*Broadband Distribution.*

We offer a variety of broadband distribution services over our cable television systems, including analog video, digital video, Internet access and telephony. Available service offerings depend on the bandwidth capacity of our cable systems and whether they have been upgraded for two-way communications. In select markets, we also offer video services through direct-to-home satellite television distribution or DTH. We operate our broadband distribution businesses in Europe principally through our subsidiary UGC; in Japan principally through our 45.45%-owned affiliate Jupiter Telecommunications, Co., Ltd., which we refer to as J-COM; and in Latin America principally through UGC's subsidiary VTR GlobalCom S.A., our subsidiary Liberty Cablevision of Puerto Rico Ltd., which we refer to as Puerto Rico Cable, and our 50%-owned affiliate Metr polis-Intercom S.A., which we refer to as Metr polis.

The following table presents certain operational data, as of December 31, 2004, with respect to the broadband distribution systems of our subsidiaries and affiliates in Europe, Japan and Latin America. For purposes of this presentation, we refer to Puerto Rico, the islands of the Caribbean and the countries of Central

A1-4

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**Table of Contents**

and South America collectively as Latin America. This table reflects 100% of the operational data applicable to each subsidiary or affiliate regardless of our ownership percentage.

	<b>Homes in Service Area</b>	<b>Homes Passed</b>	<b>Two-way Homes Passed</b>	<b>Video</b>		
				<b>Basic Cable Subscribers</b>	<b>DTH Subscribers</b>	<b>Digital Cable Subscribers</b>
				<b>(4)</b>	<b>(5)</b>	<b>(6)</b>
<b>Europe:</b>						
UGC*						
Western Europe	12,214,300	9,528,600	7,463,300	5,223,500		767,300
Central and Eastern Europe	5,159,300	4,552,200	1,739,800	2,650,300	245,100	
<b>Total Europe</b>	<b>17,373,600</b>	<b>14,080,800</b>	<b>9,203,100</b>	<b>7,873,800</b>	<b>245,100</b>	<b>767,300</b>
<b>Japan:</b>						
J-COM**	7,106,600	6,861,800	6,850,200	1,592,500		243,500
Other	1,047,800	868,400	868,400	121,400		6,200
<b>Total Japan</b>	<b>8,154,400</b>	<b>7,730,200</b>	<b>7,718,600</b>	<b>1,713,900</b>		<b>249,700</b>
<b>Latin America:</b>						
UGC*						
VTR						
GlobalCom(11)	2,350,000	1,793,900	1,070,700	518,500	4,500	
Other	950,600	82,200	45,700	21,400		6,300
Puerto Rico Cable	425,000	324,600	302,800	121,200		43,700
Metropolis(11)	2,250,000	1,213,800	224,000	224,800		7,500
<b>Total Latin America(11)</b>	<b>5,975,600</b>	<b>3,414,500</b>	<b>1,643,200</b>	<b>885,900</b>	<b>4,500</b>	<b>57,500</b>
<b>Total</b>	<b>31,503,600</b>	<b>25,225,600</b>	<b>18,564,900</b>	<b>10,473,600</b>	<b>249,600</b>	<b>1,074,500</b>

	<b>Internet</b>	<b>Telephony</b>
	<b>Homes Serviceable</b>	<b>Homes Subscribe</b>