

LIBERTY MEDIA INTERNATIONAL INC

Form DEFM14A

May 03, 2005

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. 3)**

Filed by the Registrant:

Filed by a Party other than the Registrant:

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.

(Name of Registrant as Specified in its Charter)

N/A

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

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 March 31, 2005, (1) 167,226,005 outstanding shares of LMI Series A Common Stock, which include options to acquire 1,670,674 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) 490,847,251 outstanding shares of UGC Class A Common Stock, which include (x) equity incentive awards to acquire 48,135,985 shares of UGC Class A Common Stock, (y) 25,396,224 shares of UGC Class A Common Stock reserved for issuance in connection with certain contingencies outstanding on that date, and (z) 51,250,000 shares of UGC Class A Common Stock issuable upon conversion of UGC's 1 3/4% convertible notes due April 15, 2024 in the principal amount of \$500 million 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 April 28, 2005, which were \$41.36, \$44.29 and \$8.90, respectively. The filing fee is being calculated based upon an aggregate transaction value of \$11,761,574,465.06, which is obtained by: (1) multiplying (x) the number of outstanding shares of LMI Series A Common Stock listed above by (y) \$41.36, and (2) adding thereto the product of (x) the number of outstanding shares of LMI Series B Common Stock listed above and (y) \$44.29, and (3) adding thereto the product of (x) the number of outstanding shares of UGC Class A Common Stock listed above and (y) \$8.90, and (4) adding thereto the product of (x) the number of outstanding shares of UGC Class C Common Stock listed above and (y) \$8.90 (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).

- (4) Proposed maximum aggregate value of transaction:
\$11,761,574,465.06
- (5) Total fee paid:
\$1,384,337.31, 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.

b Fee paid previously with preliminary materials.

b 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: \$1,424,066.30
 - (2) Form, schedule or registration statement no.: Schedule 14A
 - (3) Filing party: Liberty Media International, Inc.
 - (4) Date filed: February 14, 2005
-

May 3, 2005

To the stockholders of Liberty Media International, Inc.:

The 2005 Annual Meeting of Stockholders of Liberty Media International, Inc. (LMI) will be held at the Denver Marriott South at Park Meadows, 10345 Park Meadows Drive, Littleton, Colorado 80124, on June 15, 2005 at 9:00 a.m., local time. At the annual meeting, you will be asked to consider and vote on the merger proposal, a 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. If the merger proposal is approved, LMI and UGC will be combined under a new parent company named Liberty Global, Inc. The combination of the 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 LMI stockholders will own between 69% and 73% of the equity and between 75% and 79% of the aggregate voting power of Liberty Global, with the remaining percentages of equity and voting power being owned by the former UGC stockholders, other than LMI and its wholly owned subsidiaries (based upon the LMI Series A closing stock price on April 28, 2005 and outstanding share information for UGC as of March 31, 2005). It is anticipated that Liberty Global Series A and Series B common stock will be listed on the Nasdaq National Market under the symbols LBTYA and LBTYB, respectively, the same symbols under which LMI common stock currently trades.

At the annual meeting, you will also be asked to consider and vote upon:

the LMI election of directors proposal, a proposal to elect David E. Rapley and Larry E. Romrell to serve as Class I members of our board of directors until the 2008 annual meeting of LMI stockholders or until their successors are elected;

the LMI incentive plan proposal, a proposal to approve the Liberty Media International, Inc. 2004 Incentive Plan (As Amended and Restated Effective March 9, 2005);

the LMI auditors ratification proposal, a proposal to approve the selection of KPMG LLP as LMI's independent auditors for the year ending December 31, 2005; and

such other proposals, if any, as may properly come before the annual meeting.

This document describes the annual meeting, the proposals to be considered and voted upon at the annual meeting and related matters. Our board of directors has approved the merger agreement and the merger involving LMI and recommends that you vote FOR the adoption of the merger agreement. Our board has

also considered and approved each of the other proposals described above and recommends that you vote **FOR** each of them.

We are very excited about the prospective business combination of our company with UGC, and we look forward to obtaining your approval of the merger proposal and the other proposals being submitted to you at the annual meeting.

Your vote is very important, regardless of the number of shares you own. Whether or not you plan to attend the annual meeting, please vote as soon as possible to make sure that your shares are represented.

Thank you for your continued support and interest in our company.

Sincerely,

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

Investing in Liberty Global's securities involves risks. See Risk Factors beginning on page 59.

The accompanying joint proxy statement/ prospectus is dated May 3, 2005 and is first being mailed on or about May 9, 2005 to LMI stockholders of record as of 5:00 p.m., New York City time, on May 3, 2005.

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: (800) 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 from either LMI or UGC, please do so by June 6, 2005 in order to receive them before the applicable stockholders meeting. 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 164.

LIBERTY MEDIA INTERNATIONAL, INC.
Notice of Annual Meeting of Stockholders
to be Held June 15, 2005

Dear Liberty Media International, Inc. Stockholder:

You are cordially invited to attend, and notice is hereby given of, the 2005 Annual Meeting of Stockholders of Liberty Media International, Inc. (LMI) to be held at the Denver Marriott South at Park Meadows, 10345 Park Meadows Drive, Littleton, Colorado 80124, on June 15, 2005 at 9:00 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;
2. To consider and vote upon a proposal (which we refer to as the LMI election of directors proposal) to elect David E. Rapley and Larry E. Romrell to serve as Class I members of our board of directors until the 2008 annual meeting of LMI stockholders or until their successors are elected;
3. To consider and vote upon a proposal (which we refer to as the LMI incentive plan proposal) to approve the Liberty Media International, Inc. 2004 Incentive Plan (As Amended and Restated Effective March 9, 2005);
4. To consider and vote upon a proposal (which we refer to as the LMI auditors ratification proposal) to ratify the selection of KPMG LLP as LMI's independent auditors for the year ending December 31, 2005; and
5. To transact such other business as may properly be presented at the meeting or any postponements or adjournments of the meeting.

Holders of record of LMI common stock as of 5:00 p.m., New York City time, on May 3, 2005, the record date for the LMI annual meeting, will be entitled to notice of and to vote at the LMI annual meeting or any adjournment or postponement thereof. 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, voting together as a single class, is required to approve the merger proposal. A plurality of the affirmative votes of the shares of LMI common stock outstanding on the record date, voting together as a single class, that are voted in person or by proxy at the annual meeting is required to elect Messrs. Rapley and Romrell as Class I members of LMI's board of directors pursuant to the LMI election of directors proposal. 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 that are present at the annual meeting, in person or by proxy, voting together as a single class, is required to approve the LMI incentive plan proposal and the LMI auditors ratification proposal. A list of stockholders entitled to vote at the LMI annual meeting will be available at the office of LMI for review by any LMI stockholder, for any purpose germane to the LMI annual meeting, for at least 10 days prior to the LMI annual meeting.

If the merger proposal is approved, the LMI board of directors, including the members elected at the annual meeting, will be succeeded by a board of directors that we expect will be comprised of officers of Liberty Global because LMI will become a subsidiary of Liberty Global in the mergers.

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 (representing, as of March 31, 2005, approximately 26.5% of the outstanding voting power of LMI) **FOR** the merger proposal.

We describe the merger proposal, as well as the other enumerated proposals to be considered at the annual meeting, 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 and each of the other enumerated proposals to be considered and voted upon at the annual meeting. Your vote is very important, regardless of the number of shares you own. To make sure your shares are represented at the annual meeting, please vote as soon as possible, whether or not you plan to attend the annual 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 LMI annual 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

May 3, 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 ANNUAL MEETING. IF YOU HAVE ANY QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR LMI SHARES, PLEASE CALL D.F. KING & CO. AT (800) 829-6551.

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QUESTIONS AND ANSWERS

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 stockholders meetings.

Concerning the Mergers

Q: What is the proposed business combination transaction for which LMI stockholders and UGC stockholders are 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, following the mergers, under the symbols LBTYA and LBTYB, respectively, the same symbols under which LMI common stock currently trades.

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 being 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:
EquiServe Trust Company N.A.

| | | |
|------------------------------|------------------------------|------------------------------|
| By Mail: | By Overnight Delivery: | By Hand: |
| EquiServe Trust Company N.A. | EquiServe Trust Company N.A. | EquiServe Trust Company N.A. |
| LMI/UGC Transaction | LMI/UGC Transaction | LMI/UGC Transaction |
| Attn: Corp. Actions | Attn: Corp. Actions | Attn: Corp. Actions |
| P.O. Box 859208 | 161 Baystate Drive | 17 Battery Place, 11th Floor |
| Braintree, MA 02185-9208 | Braintree, MA 02184 | New York, NY 10004 |

Questions regarding the cash or stock elections should be directed to D.F. King & Co. at:
D.F. King & Co., Inc.
48 Wall Street
New York, NY 10005
(800) 628-8208

The exchange agent must receive the form of election and UGC shares to which the election relates by the election deadline. The election deadline will be 5:00 p.m., New York City time, on June 15, 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, the broker, bank or other nominee should be contacted as to how to revoke or change the election so submitted.

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

A: Additional forms of election can be obtained by calling D.F. King & Co. at (800) 628-8208.

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.

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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 have 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 being 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 annual 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 annual 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 (representing, as of March 31, 2005, 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. In addition, 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, as of March 31, 2005, have indicated to LMI that they intend to vote FOR the merger proposal at the LMI annual meeting.

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 beneficially owns shares of UGC common stock representing approximately 91% of the aggregate voting power of all UGC shares as of March 31, 2005, 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 the votes of LMI and its wholly owned subsidiaries, LMI's directors and executive officers and UGC's directors and executive officers 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 on the merger proposal?

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 cards and mail them 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 stockholders meeting. Stockholders who have shares registered in the name of 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.

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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 on the merger proposal?

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 in street name only if you provide instructions on how to vote. You should follow the directions your broker, bank or other nominee provides to you regarding how to vote your shares. If your shares are held in street name and they are not voted on the merger proposal, that will have the same effect as a vote **AGAINST** the merger proposal.

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 on the merger proposal after returning a proxy card or voting by telephone or over the Internet?

A: Yes. Before their proxy is voted at the applicable stockholders meeting, LMI or UGC stockholders who want to change their vote on the merger proposal 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 stockholders 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: LMI/UGC Transaction, EquiServe Trust Company, N.A.,
P.O. Box 8078, Edison, New Jersey 08818-8687; and

in the case of a UGC stockholder, to: EquiServe Trust Company, N.A., LMI/UGC Transaction,
P.O. Box 859208, Braintree, Massachusetts 02185.

Any signed proxy revocation or new signed proxy must be received before the start of the applicable stockholders meeting. Your attendance at the applicable stockholders 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 respective stockholders meetings of LMI and UGC, are fulfilled. We currently expect to complete the mergers within a few days following the stockholders meetings.

Q: Should UGC stockholders send their proxy cards to the same address as they send their forms of election and UGC shares?

A: No. Separate envelopes are enclosed for UGC stockholders to return (1) their forms of election and UGC shares 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 shares with their proxy cards, or vice versa.**

Q: Should LMI stockholders send their LMI shares 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 shares for Liberty Global shares. **LMI stockholders are urged to please NOT send their LMI shares 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 each of the stockholders meetings and the mergers.

LMI stockholders who have questions about the LMI annual meeting, including the voting procedures, or the mergers should call D.F. King & Co. at (800) 829-6551 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 (800) 628-8208 with their questions.

In addition, LMI stockholders may call LMI's Investor Relations Department at (800) 783-7676, and UGC stockholders may call UGC's Investor Relations Department at (303) 770-4001.

Concerning the LMI Annual Meeting

Q: Why is LMI having its annual meeting at this time?

A: LMI's common stock is traded on the Nasdaq National Market, and it is a requirement of the Nasdaq Stock Market that all issuers of securities traded on that market hold an annual meeting once a year. LMI's annual meeting will satisfy this requirement. If the merger proposal is approved and the mergers close, Liberty Global, as the successor to LMI, will not be required to hold an annual meeting until 2006.

Q: In addition to the merger proposal, what other proposals are to be considered and voted upon at the LMI annual meeting?

A: LMI stockholders are being asked to consider and vote on the following three proposals, which we refer to collectively as the annual business matter proposals, in addition to the merger proposal:

- the LMI election of directors proposal, a proposal to elect David E. Rapley and Larry E. Romrell to serve as Class I members of LMI's board of directors until the 2008 annual meeting of LMI stockholders or until their successors are elected;

- the LMI incentive plan proposal, a proposal to approve the Liberty Media International, Inc. 2004 Incentive Plan (As Amended and Restated Effective March 9, 2005); and

- the LMI auditors ratification proposal, a proposal to approve the selection of KPMG LLP as LMI's independent auditors for the year ending December 31, 2005.

We are not aware of any other matters to be acted upon at the annual meeting.

Q: What stockholder approval is required to approve the LMI election of directors proposal?

A: A plurality of the affirmative votes of the shares of LMI common stock outstanding on the record date, voting together as a single class, that are voted in person or by proxy at the annual meeting is required to elect Messrs. Rapley and Romrell as Class I members of LMI's board of directors.

Q: How will the vote on the merger proposal impact the LMI directors elected pursuant to the LMI election of directors proposal?

A: If the merger proposal receives the requisite stockholder approvals at the respective stockholders meetings of LMI and UGC, the LMI directors elected pursuant to the LMI election of directors proposal will serve until the closing of the mergers. At that time, the LMI board of directors, including the members elected as Class I directors at the annual meeting, will be succeeded by a board of directors that we expect will be comprised of officers of Liberty Global because LMI will become a subsidiary of Liberty Global in the mergers.

If the merger proposal does not receive the requisite stockholder approvals, or if for any other reason the merger agreement is terminated, then the persons elected as Class I directors at the LMI annual meeting will serve until the 2008 annual meeting of LMI stockholders or until their successors are elected.

Q: What stockholder approval is required to approve the LMI incentive plan proposal?

A: Approval of the LMI incentive plan 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 annual meeting that are present at the annual meeting, in person or by proxy, voting together as a single class.

Q: Why are LMI stockholders being asked to vote on the LMI incentive plan proposal?

A: The Liberty Media International, Inc. 2004 Incentive Plan was originally adopted by the LMI board of directors on May 11, 2004, and approved by LMI's sole stockholder at that time, Liberty Media Corporation. On March 9, 2005, the compensation committee of the LMI board of directors determined to amend the incentive plan in anticipation of Liberty Global assuming the incentive plan following the completion of the mergers. Prior to the amendment, the maximum number of shares of any series of Liberty Global common stock with respect to which awards could have been granted under the incentive plan following the mergers was 20 million. LMI's compensation committee determined to amend and restate the incentive plan to provide, among other things, that, if the mergers are completed, the maximum number of shares of any series of Liberty Global common stock with respect to which awards may be issued by Liberty Global under the incentive plan will be 25 million. The increase

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was deemed advisable because following the mergers equity incentive awards granted to the employees of UGC and its subsidiaries will be granted under the Liberty Global plan, instead of the various UGC stock incentive plans which will no longer be available for future awards, and because Liberty Global will have a significantly larger number of shares of common stock outstanding following the mergers than LMI has currently. In order for certain awards under the incentive plan to be eligible for favorable tax treatment under Section 162(m) of the Internal Revenue Code, the incentive plan, as amended and restated, must be approved by the public stockholders of LMI.

Q: How will the vote on the merger proposal impact the LMI incentive plan proposal?

A: If the merger proposal receives the requisite stockholder approvals at the respective stockholders meetings of LMI and UGC and the mergers are completed, the Liberty Media International, Inc. 2004 Incentive Plan (As Amended and Restated Effective March 9, 2005) will be assumed by Liberty Global, and Liberty Global will succeed LMI as the issuer under the incentive plan. In addition, the incentive plan will automatically be renamed the Liberty Global, Inc. 2005 Incentive Plan, and the number of shares with respect to which awards may be issued will increase from 20 million to 25 million, as described above.

Q: What stockholder approval is required to approve the LMI auditors ratification proposal?

A: The LMI auditors ratification 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 annual meeting that are present at the annual meeting, in person or by proxy, voting together as a single class.

Q: What do LMI stockholders need to do to vote on the annual business matter proposals?

A: After carefully reading and considering the information relating to the annual business matter proposals contained in this joint proxy statement/ prospectus, LMI stockholders should complete, sign and date their proxy cards and mail them 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 annual meeting. Stockholders who have shares registered in the name of a broker, bank or other nominee should follow the voting instruction card provided by their broker, bank or other nominee in instructing their broker, bank or other nominee how to vote their shares on each of the annual business matter proposals.

Q: If LMI 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 on each of the annual business matter proposals?

A: If LMI stockholders hold shares in street name and do not provide voting instructions to their broker, bank or other nominee, their shares will not be voted on the incentive plan proposal but may, in the discretion of the broker, bank or other nominee, be voted on the election of directors proposal and the auditors ratification proposal. Accordingly, their broker, bank or other nominee will vote their shares held in street name for or against the incentive plan proposal only if they provide instructions on how to vote.

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 joint proxy statement/prospectus as Appendix B and the other Appendices included herein.

The Companies

(see page 70)

Liberty Media International, Inc.

12300 Liberty Boulevard

Englewood, Colorado 80112

Telephone: (720) 875-5800

LMI, through its 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, telephony, and, in selected markets, direct-to-home 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, LMI/Sumisho Super Media, LLC, Jupiter Programming Co., Ltd. (JPC), Liberty Cablevision of Puerto Rico Ltd. and Pramer S.C.A. LMI's corporate website is located at www.libertymediainternational.com.

UnitedGlobalCom, Inc.

4643 South Ulster Street

Suite 1300

Denver, Colorado 80237

Telephone: (303) 770-4001

UGC is an international broadband communications provider of video, voice and broadband Internet access services with operations in 16 countries outside the United States. As of December 31, 2004, UGC's networks passed approximately 15.9 million homes and serve approximately 8.7 million video subscribers, 0.8 million voice subscribers and 1.4 million broadband Internet access subscribers. UGC Europe, Inc., UGC's largest consolidated operation, is a pan-European broadband communications company, providing video, high-speed Internet access and telephone services through its broadband networks in 13 European countries. UGC's primary Latin American operation, VTR GlobalCom S.A., provides video, high-speed Internet access and telephone services primarily to residential customers in Chile. UGC also has consolidated operations in Brazil and Peru; an approximate 19% interest in SBS Broadcasting S.A., a European commercial television and radio broadcasting company; an approximate 34% interest in Austar United Communications Ltd., a pay-TV provider in Australia; and an indirect investment in Telenet Group Holding N.V., a broadband communications provider in Belgium. UGC's corporate website is located at www.unitedglobal.com.

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 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. Following the mergers, Liberty Global's corporate website will be located at www.lgi.com.

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 85)

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 46.5% of the common stock of UGC and indirectly through Liberty Global's wholly owned subsidiary LMI 53.5% of the common stock of UGC (based upon outstanding UGC share information as of March 31, 2005).

The Stockholders Meetings and Proxy Solicitations

(see page 72)

LMI Annual Meeting

Where and When. The LMI annual meeting will take place at the Denver Marriott South at Park Meadows, 10345 Park Meadows Drive, Littleton, Colorado 80124, on June 15, 2005, at 9:00 a.m., local time.

Who May Vote. You may vote at the LMI annual 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 May 3, 2005, the record date for the LMI annual meeting. As of March 31, 2005, an aggregate of 165,555,331 shares of LMI Series A common stock and 7,264,300 shares of LMI Series B common stock were outstanding and would have been entitled to vote at the LMI annual meeting if March 31, 2005 had been the record date for the LMI annual meeting. 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 the record date for the LMI annual meeting and ten votes for each share of LMI Series B common stock that you owned on the record date for the LMI annual meeting.

UGC Special Meeting

Where and When. The UGC special meeting will take place at the Hyatt Regency Tech Center, 7800 E. Tufts Avenue, Denver, Colorado 80237, on June 14, 2005, at 10:00 a.m., local time.

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 May 3, 2005, the record date for the UGC special meeting. As of March 31, 2005, an aggregate of 401,894,352 shares of UGC Class A common stock, 10,493,461 shares of UGC Class B common stock and 379,603,223 shares of UGC Class C common stock were outstanding and would have been entitled to vote at the UGC special meeting if

March 31, 2005

had been the record date for the UGC special meeting. 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 the record date for the UGC special meeting and ten votes for each share of UGC Class B common stock or UGC Class C common stock that you owned on the record date for the UGC special meeting.

Fairness Determinations and Recommendations of the Special Committee and the UGC Board
(see page 21)

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.

Fairness Determination and Recommendation of the Special Committee (see page 22)

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 determined that the UGC merger, on the terms and conditions set forth in the merger agreement and voting agreement, is substantively and procedurally fair to, and in the best interests of, the unaffiliated stockholders of UGC. The Special Committee also determined to approve, and to recommend that the UGC board of directors approve, the merger agreement and the UGC merger. In making these determinations, the Special Committee considered various factors, including:

- 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 the unaffiliated stockholders of UGC 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 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);

- the premium presented to the unaffiliated stockholders of UGC 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;

- that the cash election provided the unaffiliated stockholders of UGC with some protection in the event the price of LMI's stock declines prior to closing;

- the opportunity presented to the unaffiliated stockholders of UGC 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;

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 the unaffiliated stockholders of UGC in the mergers will generally not be taxable to such stockholders, while the receipt of cash consideration generally will be taxable to such stockholders; and

the other factors referred to under Special Factors Fairness Determinations and Recommendations of the Special Committee and the UGC Board.

Fairness Determination and Recommendation of the UGC Board (see page 28)

Based upon the recommendation of the Special Committee and adopting the analysis of the Special Committee, the UGC board of directors unanimously determined that the UGC merger, on the terms and conditions set forth in the merger agreement and voting agreement, is substantively and procedurally fair to, and in the best interests of, the unaffiliated stockholders of UGC. The UGC board also unanimously determined that the UGC merger, on the terms and conditions set forth in the merger agreement and voting agreement, is 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 at the UGC special meeting.

**Opinion of the Financial Advisor to the Special Committee
(see page 28)**

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.

**Fairness Determinations of the Boards of Directors of LMI, Liberty Global, LMI Merger Sub and UGC Merger Sub
(see page 35)**

The UGC merger is considered a 13E-3 transaction because each of LMI, Liberty Global, LMI Merger Sub and UGC Merger Sub is an affiliate of UGC, and the 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, Liberty Global, LMI Merger Sub and UGC Merger Sub are each required to consider the substantive and procedural fairness of the UGC merger to the unaffiliated stockholders of UGC.

Fairness Determination of the LMI Board (see page 35)

The LMI board of directors determined that the transactions contemplated by the merger agreement, including the UGC merger, are, substantively and procedurally, fair to the unaffiliated stockholders of UGC. In making this determination, the LMI board considered various factors, including:

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

that the UGC merger is structured so that it is a condition to its completion 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;

its belief that since LMI's 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;

its belief that LMI's 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 unaffiliated stockholders of UGC who elect to receive Liberty Global stock will have the opportunity to participate in LMI's Japanese cable distribution and programming businesses, 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 the unaffiliated stockholders of UGC 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; and

the other factors referred to under "Special Factors - Fairness Determinations of the Boards of Directors of LMI, Liberty Global, LMI Merger Sub and UGC Merger Sub."

Fairness Determinations of the Boards of Liberty Global, LMI Merger Sub and UGC Merger Sub

(see page 37)

Adopting the analysis of the board of directors of LMI, the boards of directors of each of Liberty Global, LMI Merger Sub and UGC Merger Sub unanimously determined that the transactions contemplated by the merger agreement, including the UGC merger, are, substantively and procedurally, fair to the unaffiliated stockholders of UGC. Each of these boards of directors is comprised of two persons serving on the board of directors of LMI, each of whom was present for and participated in the adopted analysis of the LMI board.

Recommendation of and Reasons for the LMI Merger

(see page 37)

LMI's board of directors unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including 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 **FOR** the merger proposal at the LMI annual meeting.

LMI's board of directors considered various factors in approving the merger agreement and the LMI merger, including: 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 or significantly reduce 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 factors referred to under "Special Factors - Recommendation of and Reasons for the LMI Merger."

Opinion of LMI's Financial Advisor

(see page 38)

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 96)

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;

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, Management of LMI and Executive Officers, Directors and Principal Stockholders of UGC.

Interests of Certain Persons in the Mergers

(see page 46)

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 79)

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 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 85 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 annual 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 mergers 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 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.

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 48)

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.

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

Regulatory Matters

(see page 48)

At the date of this joint proxy statement/ prospectus, each of LMI and UGC has obtained all regulatory approvals required for the completion of the mergers.

Voting Agreement

(see page 95 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 (representing, as of March 31, 2005, 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/ prospectus.

Risk Factors

(see page 59)

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;

- certain financial matters; and

- governance matters.

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

Recommendations regarding the LMI Annual Business Matter Proposals

(see page 158)

LMI's board of directors has approved each of the annual business matter proposals and recommends that the LMI stockholders vote **FOR** the election of Messrs. Rapley and Romrell as Class I directors pursuant to the LMI election of directors proposal, **FOR** the LMI incentive plan proposal and **FOR** the LMI auditors ratification proposal. Prior to the LMI board approving the LMI auditors ratification proposal, KPMG LLP was selected by the audit committee of the LMI board to serve as the independent auditors of LMI for the year ending December 31, 2005.

Selected Summary Historical Financial Data of LMI

The following tables present selected historical financial information of (i) 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 stockholders as a dividend, and (ii) 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 financial data was derived from the audited consolidated financial statements of LMI as of December 31, 2004, 2003 and 2002 and for each of the four years ended December 31, 2004. 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 consolidated financial statements of LMI included elsewhere herein.

December 31,

2004(2) 2003 2002 2001 2000

as restated (1)

amounts in thousands

*Summary Balance Sheet**Data:*

| | | | | | | |
|---------------------------------|----|------------|-----------|-----------|-----------|-----------|
| Investment in affiliates | \$ | 1,865,642 | 1,740,552 | 1,145,382 | 423,326 | 1,189,630 |
| Other investments | \$ | 838,608 | 450,134 | 187,826 | 916,562 | 134,910 |
| Property and equipment, net | \$ | 4,303,099 | 97,577 | 89,211 | 80,306 | 82,578 |
| Intangible assets, net | \$ | 2,897,953 | 689,026 | 689,046 | 701,935 | 803,514 |
| Total assets | \$ | 13,702,363 | 3,687,037 | 2,800,896 | 2,169,102 | 2,301,800 |
| Debt, including current portion | \$ | 4,992,746 | 54,126 | 35,286 | 338,466 | 101,415 |
| Stockholders' equity | \$ | 5,240,506 | 3,418,568 | 2,708,893 | 2,039,593 | 1,907,085 |

Year ended December 31,

2004(2) 2003 2002 2001 2000

as restated (1)

amounts in thousands, except per share amounts

*Summary Statement of**Operations Data:*

| | | | | | | |
|-----------------------------------------------------------------------------------------|----|-----------|---------|-----------|-----------|-----------|
| Revenue | \$ | 2,644,284 | 108,390 | 100,255 | 139,535 | 125,246 |
| Operating income (loss) | \$ | (313,873) | (1,455) | (39,145) | (122,623) | 3,828 |
| Share of earnings (losses) of affiliates(3) | \$ | 38,710 | 13,739 | (331,225) | (589,525) | (168,404) |
| Earnings (loss) from continuing operations(4) | \$ | (18,058) | 20,889 | (329,887) | (820,355) | (129,694) |
| Earnings (loss) from continuing operations per common share (pro forma for spin off)(5) | \$ | (.11) | .14 | N/A | N/A | N/A |

- (1) See note 23 to the historical consolidated financial statements of LMI, included elsewhere herein.
- (2) 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 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 consolidated 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.
- (3) 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 and \$41,419,000 in 2001 and 2000, respectively.
- (4) LMI's loss from continuing operations in 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 loss from continuing operations in 2002 included \$247,386,000 of other-than-temporary declines in fair values of investments, and LMI's loss from continuing operations in 2001 included \$534,962,000 of realized and unrealized losses on derivative instruments.

- (5) 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. For additional information, see note 3 to the LMI consolidated financial statements included elsewhere herein.

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 five years ended December 31, 2004. 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, merger transactions, 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.

| | December 31, | | | | |
|----------------------------------------------------------------------|-----------------------------|------------------|------------------|------------------|-------------------|
| | 2004 | 2003 | 2002 | 2001 | 2000 |
| | as restated | | | | |
| | (1) | | | | |
| | amounts in thousands | | | | |
| <i>Summary Balance Sheet Data:</i> | | | | | |
| Cash, cash equivalents and short term liquid investments | \$ 1,077,958 | 312,495 | 456,039 | 999,086 | 2,223,912 |
| Property and equipment, net | \$ 4,193,095 | 3,342,743 | 3,640,211 | 3,692,485 | 3,880,657 |
| Goodwill and other intangible assets, net | \$ 2,615,877 | 2,772,067 | 1,264,109 | 2,843,922 | 5,154,907 |
| Total assets | \$ 9,134,297 | 7,099,671 | 5,931,594 | 9,038,640 | 13,146,952 |
| Long-term debt, including current portion, not subject to compromise | \$ 4,852,908 | 3,926,706 | 3,838,906 | 10,033,387 | 9,893,044 |
| Long-term debt, including current portion, subject to compromise | \$ | 317,372 | 2,812,988 | | |
| Stockholders' equity (deficit) | \$ 2,421,984 | 1,472,492 | (4,284,874) | (4,555,480) | (85,234) |

Year ended December 31,

2004(2) 2003(2) 2002(3) 2001(4) 2000(5)

as restated
(1)

amounts in thousands

*Summary Statements of**Operations Data:*

| | | | | | | |
|-------------------------------------------------------|----|-----------|-----------|-----------|-------------|-------------|
| Revenue | \$ | 2,525,446 | 1,891,530 | 1,515,021 | 1,561,894 | 1,251,034 |
| Operating loss | \$ | (240,547) | (656,014) | (899,282) | (2,872,306) | (1,140,803) |
| Income (loss) from continuing operations | \$ | (356,314) | 1,995,368 | 988,268 | (4,514,765) | (1,220,890) |
| Earnings (loss) per share from continuing operations: | | | | | | |
| Basic earnings (loss) per share | \$ | (0.46) | 7.41 | 2.29 | (41.47) | (12.00) |
| Diluted earnings (loss) per share | \$ | (0.46) | 7.41 | 2.29 | (41.47) | (12.00) |

- (1) See note 27 to the consolidated financial statements of UGC, incorporated by reference herein.
- (2) Includes impairments, gains on extinguishment of debt and gains on sales of investments in affiliates and other, net, totaling \$38.9 million, \$35.8 million and \$12.3 million, respectively.
- (3) Includes impairments, gains on extinguishment of debt and gains on sales of investments in affiliates and other, net, totaling \$402.2 million, \$2.2 billion and \$279.4 million, respectively.
- (4) Includes impairments, gains on extinguishment of debt and gains on sales of investments in affiliates and other, net, 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.
- (5) 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.
- (6) Includes amortization of indefinite-lived intangible assets totaling \$287.5 million.

Ratio (Deficiency) of Earnings to Fixed Charges of UGC

| | Year ended December 31, | | |
|-----------------------------------------------------------------------------------|--------------------------------------------|----------------|----------------|
| | 2004 | 2003 | 2002 |
| | as restated(1) | | |
| | amounts in thousands, except ratios | | |
| Income (loss) before income taxes and other items | \$ (472,790) | 1,568,066 | 1,328,695 |
| Fixed charges: | | | |
| Interest within rental expense | 25,851 | 20,970 | 14,540 |
| Interest, whether expensed or capitalized, including amortization of discounts | 301,763 | 327,132 | 680,101 |
| Total fixed charges | 327,614 | 348,102 | 694,641 |
| Distributed income of equity investees | 17,098 | 4,714 | 11,276 |
| Adjusted earnings (losses) | (128,078) | 1,920,882 | 2,034,612 |
| Fixed charges | 327,614 | 348,102 | 694,641 |
| Ratio of earnings to fixed charges | | 5.52 | 2.93 |
| Dollar amount of coverage deficiency | \$ (455,692) | | |

- (1) See note 27 to the consolidated financial statements of UGC, incorporated by reference herein.

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 (assuming, among other matters, that all UGC stockholders (other than LMI and its wholly owned subsidiaries) will elect to receive shares of Liberty Global in the Proposed Mergers); and (2) the July 1, 2004 acquisition of Suez-Lyonnaise Télécom SA (Noos), the April 1, 2005 acquisition of the remaining 19.9% minority interest in UPC Broadband France SAS (UPC Broadband France), the January 1, 2005 consolidation of LMI/ Sumisho Super Media LLC (Super Media) and Jupiter Telecommunications Co., Ltd. (J-COM), and the April 29, 2005 sale of LMI's interests in Torneos y Competeneias S.A. (TyC) and Fox Pan American Sports, LLC (FPAS) (collectively, 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 summary balance sheet data as of December 31, 2004 gives effect to the Proposed Mergers, the consolidation of Super Media and J-COM, the acquisition of the remaining 19.9% minority interest in UPC Broadband France, and the sale of LMI's interests in TyC and FPAS, as if they occurred on December 31, 2004. The unaudited condensed pro forma combined summary statement of operations data for the year ended December 31, 2004 is presented as if the Proposed Mergers and the Consummated Transactions were consummated on January 1, 2004.

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 LMI and Liberty Global**

| | Pro forma | |
|---------------------------------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------------------------------------|
| | LMI | Liberty Global |
| | As adjusted for Consummated Transactions | As adjusted for Consummated Transactions and Proposed Mergers |
| | amounts in thousands, except per share amounts | |
| <i>Summary Statement of Operations Data for year ended December 31, 2004:</i> | | |
| Revenue | \$ 4,348,873 | 4,348,873 |
| Depreciation and amortization | \$ (1,415,786) | (1,415,786) |
| Operating loss | \$ (127,203) | (127,203) |
| Net earnings (loss) | \$ 3,756 | (175,677) |
| Net earnings (loss) per common share: | | |
| Basic and diluted net earnings (loss) per common share | \$ 0.02 | (0.70) |
| Shares used in computing basic and diluted net earnings (loss) per common share | 162,481 | 251,726 |
| <i>Summary Balance Sheet Data as of December 31, 2004:</i> | | |
| Cash and cash equivalents | \$ 2,523,960 | 2,512,960 |
| Investment in affiliates | \$ 1,694,293 | 1,694,293 |
| Property and equipment, net | \$ 6,744,295 | 6,744,295 |
| Intangible assets not subject to amortization | \$ 4,802,586 | 7,160,105 |
| Total assets | \$ 17,346,576 | 19,693,095 |
| Debt, excluding current portion | \$ 7,068,641 | 7,068,641 |
| Stockholders equity | \$ 5,242,181 | 8,701,010 |

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 December 31, 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 completed as of December 31, 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.

| | Liberty Global | | | UGC | | |
|----------------------------------------------|----------------|------------------------|----------------|----------------------|------------------------|--------|
| | Pro forma | | | Pro forma equivalent | | |
| | LMI | 80% stock and 20% cash | | LMI | 80% stock and 20% cash | |
| Historical | All stock | | Historical | All stock | | |
| | as restated(1) | | as restated(2) | | | |
| Basic and diluted net loss per common share: | | | | | | |
| Year ended | | | | | | |
| December 31, 2004 | \$ (0.11) | (0.70) | (0.74) | (0.46) | (0.15) | (0.16) |
| Book value per common share as of: | | | | | | |
| December 31, 2004 | \$ 30.33 | 34.57 | 33.95 | 3.07 | 7.45 | 7.32 |
| Cash dividends | \$ | | | | | |

(1) See note 23 to the consolidated financial statements of LMI, included elsewhere herein.

(2) See note 27 to the consolidated financial statements of UGC, incorporated by reference herein.

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 |

| 2003 | | | | | | |
|---------------------------------|----------|----------|----------|----------|----------|---------|
| First quarter | | | | | \$ 3.22 | \$ 2.20 |
| Second quarter | | | | | \$ 5.63 | \$ 2.81 |
| Third quarter | | | | | \$ 7.70 | \$ 4.92 |
| Fourth quarter | | | | | \$ 9.00 | \$ 5.95 |
| 2004 | | | | | | |
| First quarter | | | | | \$ 10.90 | \$ 7.22 |
| Second quarter(1) | \$ 38.00 | \$ 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 |
| 2005 | | | | | | |
| First quarter | \$ 47.70 | \$ 42.46 | \$ 50.25 | \$ 45.35 | \$ 10.23 | \$ 8.97 |
| Second quarter through April 28 | \$ 44.02 | \$ 40.91 | \$ 46.40 | \$ 43.95 | \$ 9.48 | \$ 8.85 |

(1) As to LMI common stock, from the period beginning on June 8, the date on which regular way trading began in LMI common stock, 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 April 28, 2005, LMI Series A common stock closed at \$41.31 per share, LMI Series B common stock closed at \$44.14 per share and UGC Class A common stock closed at \$8.95 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 April 28, 2005, was equal to approximately \$8.90 per share.

It is expected that Liberty Global Series A common stock and Series B common stock will be listed on the Nasdaq National Market under the symbols LBTYA and LBTYB, respectively, the same symbols under which LMI common stock currently trades.

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 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 its predecessor became a publicly traded company on August 2, 1993.

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.

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 Fairness Determinations and Recommendations of the Special Committee and the UGC Board.

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 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. The Special Committee also considered the fact that Morgan Stanley's prior representation of UGC in unrelated transactions gave Morgan Stanley additional insight into UGC's business, as well as the fact that Morgan Stanley had an experienced Japanese team that would be helpful in analyzing the value of LMI's investment in J-COM.

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. The Special Committee raised questions as to the methodologies Morgan Stanley anticipated using in advising the Special Committee, to which Morgan Stanley responded. At the Special Committee's request, Morgan Stanley undertook to keep the Special Committee informed as its work progressed and as to developments with respect to UGC and LMI, including progress in the proposed combination of the Chilean affiliates of UGC and LMI and by providing market perspectives regarding the prospects for the proposed initial public offering of J-COM. 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.

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, including whether the Special Committee should seek to obtain a requirement that a majority of the holders 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) approve any transaction, also known as a majority of the minority condition. 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. Morgan Stanley also discussed its preliminary views as to the potential values of LMI and UGC and implied exchange ratios from various perspectives, including public equity analyst reports, a preliminary discounted cash flow analysis, the valuation of companies in similar industries and

markets as UGC and LMI, a preliminary sum-of-the-parts analysis of LMI taking into account the holding company discount thought to be reflected in the public market trading price of LMI's common stock, historical trading prices of the LMI and UGC common stock and precedent transactions involving purchases of minority interests by controlling stockholders. The Special Committee discussed with Morgan Stanley the approach that Morgan Stanley took in formulating its preliminary views and raised questions to which Morgan Stanley responded regarding Morgan Stanley's analysis and the valuation metrics it employed. The Special Committee and its advisors also discussed certain negotiating considerations.

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, because LMI had already invested heavily in UGC to acquire LMI's control position and the unaffiliated stockholders of UGC 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 discussed potential arguments that could be used when negotiating to maximize the value of the merger consideration to be received by the unaffiliated stockholders of UGC and provided an update as to its preliminary views regarding the potential values of LMI and UGC, including potential combination benefits that might result from the proposed transaction, such as the reduction of the holding company discount thought to be reflected in the public market trading price of LMI's common stock, 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 it and raised questions to which Morgan Stanley responded regarding Morgan Stanley's analysis and the valuation metrics employed. The Special Committee also inquired as to the status of Morgan Stanley's financial due diligence, and requested that Morgan Stanley obtain additional information. The Special Committee and its advisors discussed 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. The Special Committee also 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. The Special Committee and its advisors discussed potential combination benefits that might result from the proposed transaction, such as the reduction of the holding company discount thought to be reflected in the public market trading price of LMI's common stock and benefits resulting from

the combination of the Chilean affiliates of UGC and LMI, and approaches to sharing those benefits. 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. The Special Committee and its advisors also discussed certain strategic issues, including the value of obtaining a majority of the minority condition. 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.

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 advocacy points that it anticipated making to Mr. Malone in order to maximize the value of the merger consideration to be received by the unaffiliated stockholders of UGC and responded to the Special Committee's questions and comments. Morgan Stanley also provided the Special Committee with an update, based on Morgan Stanley's knowledge of Japan's public securities markets, as to the market prospects for the proposed initial public offering of J-COM. Morgan Stanley informed the Special Committee that it had received from UGC management the projected compound annual growth rates for UGC's broadband operations described below under "Forward-Looking Statements; Certain Projections - Financial Projections Regarding UGC Compound Annual Growth Rates." The Special Committee instructed Morgan Stanley to work with UGC management to understand these projections better in light of Morgan Stanley's prior work as described below under "Opinion of the Financial Advisor to the Special Committee - Discounted Cash Flow Analysis."

On the morning of January 10, 2005, representatives of Morgan Stanley met in person with Mr. Malone and Ms. Markowski. Morgan Stanley presented an advocacy case 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 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 with Morgan Stanley, and having considered their prior discussions and the preliminary views previously presented to the Special Committee by Morgan Stanley, the Special Committee concluded that Mr. Malone's position was below the range of merger consideration that it could reasonably expect to achieve in the proposed transaction. As a strategic matter, the Special Committee also concluded that it could expect Mr. Malone to improve upon his initial position over the course of negotiations. The Special Committee agreed that Mr. Malone's position 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. Representatives of Morgan Stanley and Banc of America agreed to meet the following morning to discuss the structured securities Mr. Malone had earlier indicated might be included in the merger consideration.

Subsequently, the Special Committee met with its legal and financial advisors to discuss its response to LMI. After discussion with Morgan Stanley, and having considered their prior discussions and the preliminary views previously presented to the Special Committee by Morgan Stanley, the Special Committee concluded that proposing an exchange ratio of 0.23 LMI shares for each share of UGC would be an aggressive and appropriate response to LMI's position in the context of a negotiation.

On the morning of January 11, 2005, representatives of Morgan Stanley and Banc of America Securities met to discuss the possible inclusion of structured securities as an additional component of the merger consideration. Banc of America and Morgan Stanley discussed Banc of America's preliminary structure of a security that could contain both debt and equity characteristics and explored other potential structures. In addition, Banc of America and Morgan Stanley discussed the valuation methodologies each was employing with respect to LMI and UGC.

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 determined that the structured securities described by Mr. Malone and Banc of America Securities could not be valued properly because the proposal was both highly complex and not fully developed. The Special Committee members further determined that a negotiation over the terms of these securities would significantly distract the parties from the Special Committee's central concern of improving the exchange ratio to maximize economic value for the unaffiliated stockholders of UGC and that these securities were unlikely to provide material economic value to the unaffiliated stockholders of UGC. Morgan Stanley also discussed with the Special Committee members a range of premiums to various assumed UGC stock prices at various exchange ratios. The discussion was based upon both the then-current trading price of LMI's stock and a higher assumed price. Morgan Stanley observed that the latter price may have more fully reflected the underlying value of LMI, since the public market trading price of LMI's common stock likely reflected a holding company discount (widely acknowledged by the research community) of 10% to 20%, which would be impacted by the clarification of J-COM's value as a result of its proposed initial public offering and by the simplification of the relationship between UGC and LMI as a result of the proposed combination of the two companies.

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. 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, in which the Special Committee members further emphasized the critical importance of a majority of the minority condition, 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. At this meeting, Morgan Stanley also discussed with the Special Committee implied values per UGC share and resulting premiums at assumed LMI share prices based upon the 0.213 exchange ratio proposed by Mr. Malone and the 0.22 exchange ratio proposed by Messrs. Dick and Gould and, in each case, based upon an election to receive consideration consisting of either 100% stock or 80% stock and 20% cash.

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, recognized that it had obtained increases in the exchange ratio and cash amount offered by LMI and that the negotiation was likely nearing the point at which the most favorable financial terms that could be obtained from LMI were reached and further negotiation could cause LMI to abandon the transaction. The Special Committee also discussed its concern that upward movements in the public market price of UGC common stock could cause LMI to abandon the transaction. After further discussion, the Special Committee 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 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 Fairness Determinations and Recommendations of the Special Committee and the UGC Board. Morgan Stanley also discussed with the Special Committee the impact on the value of LMI's offer of UGC stockholders' elections to receive cash consideration at various LMI share prices. The Special Committee raised questions regarding various aspects of Morgan Stanley's analysis, including the methodologies used and Morgan Stanley's access to information, to which Morgan Stanley responded. The Special Committee also considered and discussed the specific factors described below under Fairness Determination and Recommendations of the Special Committee and the UGC Board Fairness Determination and Recommendation of the Special Committee. The Special Committee then unanimously determined that the UGC merger, on the terms and conditions set forth in the merger agreement and voting agreement, is substantively and procedurally fair to, and in the best interests, of the unaffiliated stockholders of UGC, 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 its financial analysis and the opinion that it delivered to the Special Committee, as described under *Opinion of the Financial Advisor to Special Committee*. The UGC board, adopting the analysis of the Special Committee, then unanimously determined that the UGC merger, on the terms and conditions set forth in the merger agreement and voting agreement, is substantively and procedurally fair to, and in the best interests of, the unaffiliated stockholders of UGC. The UGC board also unanimously determined that the UGC merger, on the terms and conditions set forth in the merger agreement and the voting agreement, is 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. Participating in the meeting from Banc of America Securities was a team led by Stephen Ketchum. Ms. Markowski was also present. 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. See *Opinion of LMI's Financial Advisor*. 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 approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the LMI merger, are advisable, fair to, and in the best interests, of LMI and its stockholders, determined that the transactions contemplated by the merger agreement, including the UGC merger, are, substantively and procedurally, fair to the unaffiliated stockholders of UGC, 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.

Fairness Determinations and Recommendations of the Special Committee and the UGC Board

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 transacti