The Competition Authority
An tÚdarás Iomaíochta

NEWS RELEASE

4th November 2005

The Competition Authority attaches conditions to the purchase of NTL by UPC Ireland

The Competition Authority has today, 4th November, announced its determination that the proposed acquisition of MS Irish Cable Holdings B.V. (trading as NTL Ireland) by UPC Ireland B.V. may be put into effect subject to a series of conditions. UPC Ireland is ultimately owned by Liberty Global Inc. which also owns the Irish cable provider Chorus (see Editor's notes).

The conditions attached to this transaction are designed to address concerns relating to the cross ownership interests held in other media businesses by a number of Directors of Liberty Global including John Malone, the leading shareholder in Liberty Global. The Competition Authority was specifically concerned about cross ownership interests linked to NewsCorporation and BSkyB.

As this is a media merger under the Competition Act, 2002, the matter is now referred to the Minister for Enterprise, Trade & Employment for independent review. While The Competition Authority must make its determination based on competition issues the Minister may make independent findings based on separate, non-competition, criteria. If the Minister makes no order within 30 days the determination of The Competition Authority is final.

The Competition Authority received notification of the proposed acquisition on 24th May 2005. The Competition Authority is required under the Mergers and Acquisitions section of the Competition Act, 2002, to determine whether the result of the proposed acquisition will *"substantially lessen competition"* in markets for goods or services in the State.

On 1st September The Competition Authority announced its decision to carry out a full (Phase 2) investigation in relation to the proposed acquisition. This decision came after a preliminary investigation (Phase 1), where The Competition Authority had been unable to conclude that the transaction would not substantially lessen competition.

Following its investigation The Competition Authority had significant concerns about the cross ownership interests held by a number of Directors of Liberty Global. In order to address these concerns the parties have agreed to a series of conditions which will be attached to the transaction. The Competition Authority has determined that the transaction may be put into effect subject to the following 19 conditions:

THE CONDUCT OF LIBERTY GLOBAL's BUSINESS IN IRELAND

1: Liberty Global Inc. ("LGI") will create a Board in an Irish Holding Company which will supervise the day to day business of LGI's interests in Ireland. The Irish Holding Company is expected to be Princes Holdings Limited (which will be the Irish Holding Company for the operations of Chorus and NTL Ireland). No individual who is, or who becomes, a member of the Boards of both LGI and Liberty Media Corporation ("LMC") ("Common Director(s)") will be a member of the Board of the Irish Holding Company.

2: The members of the Board of the Irish Holding Company will initially be the following individuals:-

- Gene Musselman (President and Chief Operating Officer, UPC Broadband)
- Robert Dunn (Chief Financial Officer, UPC Broadband)
- The Managing Director of the Irish operations
- Shane O'Neill (Chief Strategy Officer LGI)
- Anton Tuijten (Senior Vice President and General Counsel, Liberty Global Europe BV)

3: In addition, there will be an external and independent member of the Board of the Irish Holding Company (“Independent Director”). That individual will be Colm Duggan, a partner in the Dublin Solicitors’ firm, Arthur Cox, who is the external corporate law adviser in Ireland to LGI.

4: This corporate structure will be put into place within 30 days of the final approval of the proposed acquisition.

5: The Board of the Irish Holding Company will be responsible for the day-to-day management of the Irish business. In particular, the final decision and approval on the terms and conditions negotiated with BSkyB for the provision/distribution of content, as well as retail pricing for video services on the Irish cable platforms, will rest with the management and Board of the Irish Holding Company (subject to condition 6 below). For the avoidance of doubt, Common Directors will not be provided with information on any negotiations with BSkyB for the provision or distribution of content or proposals with respect to retail pricing for video services on the Irish Cable platforms. In the periodic reports which the Independent Director will submit to the Competition Authority (see conditions 12 and 13 below), the Independent Director will report on this.

6: Consistent with corporate governance policies applicable to all of LGI's worldwide operations, certain decisions may have to be referred to LGI's Chief Executive Officer (Michael Fries) or to LGI's Board for approval. With respect to decisions referred to the LGI Board, within 30 days of the final approval of the proposed acquisition, LGI will procure that all current and future Common Directors will sign an undertaking that they will not vote in relation to any decision to be taken by the Board of LGI which specifically concerns LGI’s business in Ireland. The undertakings will be provided to the Competition Authority as part of the periodic reports to be provided by the Independent Director. At present, there are four such Common Directors. They are Messrs. John Malone, Paul A. Gould, David E. Rapley and Larry E. Romrell. LGI will procure that any new Common Director in the future will sign an undertaking in the same terms. Such an undertaking does not exclude a Common Director from voting on a proposal which includes LGI’s business in Ireland along with LGI’s other businesses on a consolidated basis, such as consolidated budgets, long range plans and reporting packages.

7: LGI will not provide the Common Directors with access to non-public day-to-day information concerning the operations of the Irish business, except where information is provided to them in their position as a Director of LGI in aggregated form or where relevant to the LGI Board’s evaluation and/or approval of consolidated results, budgets, forecasts or long range plans (which would not allow the Common Directors to request additional information on proposals or strategic initiatives specific to the Irish Business) or to the performance of the director's obligations as a director to ensure compliance with applicable US laws.

8: LGI will forward to the Board of the Irish Holding Company copies of resolutions taken by the LGI Board in relation to decisions which specifically concern LGI's business in Ireland. The Independent Director will, based on the resolution, verify who had voted in relation to the issues in question and that none of the Common Directors had voted on the specific issues. In addition, excerpts of the minutes of meetings of the Board of LGI which specifically concern the Irish business will also be forwarded to the Irish Holding Company for review by the Independent Director.

9: All resolutions of the Board of LGI, and excerpts of minutes of meetings of the Board of LGI, specifically concerning the Irish business of LGI will be forwarded to the Board of the Irish Holding Company. As a result, the Independent Director will be in a position to verify that any of the Common Directors have complied with their undertakings.

10: Colm Duggan, a partner in Arthur Cox, will be the Independent Director. If he were to step down from this position in the future, he will be replaced by one of the partners of Arthur Cox or one of the partners of one of the other leading law firms in Dublin, such appointment to be subject to the approval of the Competition Authority (such approval not to be unreasonably withheld).

11: The Independent Director's role will be to supervise the compliance by LGI and the Common Directors with the undertakings that they will give. As a matter of Irish corporate law the Independent Director will have direct access to the Irish Holding Company's management to verify compliance with the undertakings. If any breach of the undertakings provided by the Common Directors or LGI were to occur, the Independent Director will be obligated to report this to the Competition Authority.

12: The Independent Director will report generally to the Competition Authority on compliance with the Common Directors' and LGI's undertakings. The Independent Director will provide an initial report to the Competition Authority within six months of the proposed acquisition being put into effect. Reports will be provided to the Competition Authority on an annual basis thereafter, for the first time on 30th January, 2007.

13: In order to enable the Independent Director to perform his role, a compliance programme will be put in place. As part of this compliance programme, the Independent Director will provide a questionnaire to each of LGI, the Irish Holding Company and the Common Directors. Each questionnaire will specifically relate to the undertakings provided by the applicable party. The terms of the questionnaires will be subject to the approval of the Competition Authority (such approval not to be unreasonably withheld). LGI, the Irish Holding Company and the Common Directors will complete the applicable questionnaire and return it to the Independent Director. The Independent Director's report to the Competition Authority will be based upon the responses to the questionnaires.

14: A compliance programme will also be put in place at the management level within LGI's Irish operations in order to ensure compliance with the undertaking that LGI will not provide the Common Directors with access to non-public day-to-day information on the operations of the Irish Business. As part of this programme, local management will be made aware of the undertaking and will be informed that they should report to the Independent Director and to the General Counsel of Liberty Global Europe on any issues which they believe arise.

MR. JOHN MALONE'S VOTING INTEREST IN LGI

15: LGI will procure that Mr John Malone undertakes that for as long as Mr. Malone is a member of the LGI Board (and subject to the following paragraph), the votes attributable to Mr. Malone's LGI's shares (or to any nominee/trust in which Mr. Malone's shares are held) will be voted in the same proportion for and against approval of any matter specific to the Irish activities of LGI that is submitted for approval at a shareholders' meeting of LGI as the votes cast in person or proxy for or against such matter by the shareholders of LGI other than Mr. Malone. Consequently, Mr. Malone's votes will not be in a position to influence the outcome of a shareholders' meeting on issues specific to the Irish business.

TERMS FOR REVIEW AND TERMINATION OF CONDITIONS

16: The above conditions will apply only so long as (i) Mr. John Malone or any other individual(s) are Common Directors and Mr. John Malone at that time directly or indirectly holds more than 5% of the voting rights in LGI and LMC; (ii) LMC has more than 5% of the voting rights in NewsCorporation, Inc.; and (iii) NewsCorporation has more than 5% of the voting rights in BSkyB. LGI will provide the Competition Authority with 30 days written notice of any change in these shareholdings which LGI believes is likely to result in the termination of the commitments.

17: The conditions will be reviewed on an annual basis (or such other time as LGI requests) to determine whether (based on the competitive situation of the television market in Ireland at the time and any change in the ownership structure) such conditions are necessary or proportionate. The conditions will be reviewed by the Competition Authority if LMC were in the future to acquire directly or indirectly decisive influence over NewsCorporation within the meaning of Part III of the Competition Act and the European Communities' Merger Regulation.

INFORMATION TO BE PROVIDED TO THE COMPETITION AUTHORITY IN THE FUTURE

18: LGI will provide (in advance where possible) in a written notice to the Competition Authority any changes in the future in the shareholding/ownership interests of, and/or participation by, LGI in LMC or News Corporation Inc, which are not otherwise notifiable under Part III of the Competition Act or the European Communities' Merger Regulation. In addition, if LGI becomes aware of any change in LMC's interest in News Corporation Inc (which is not notifiable under Part III of the Competition Act or the European Communities Merger Regulations), it will also inform the Competition Authority.

19: As provided for by Section 22(6) of the Competition Act 2002, the proposed acquisition shall be put into effect within 12 months after the making of the determination.

ENDS

For further information contact:
Mark Garrett, Communications Manager, The Competition Authority
Tel: 01 8045406 Mobile: 086 601 9655 email: mg@tca.ie

EDITOR'S NOTES

The Parties involved in the transaction

UPC Ireland B.V.

UPC Ireland B.V., the acquirer, is a special purpose vehicle incorporated for the purposes of the proposed acquisition. At the time of the notification, it was a wholly owned subsidiary of **UGC Europe, Inc**., which in turn was a subsidiary of **UnitedGlobalCom, Inc (UGC)**. UGC was an international broadband communications provider of video, voice and internet services, with operations in 14 countries.

UGC's ultimate parent was **Liberty Media International, Inc. (LMI)**, an international broadband distribution company headquartered in Delaware, USA. In June 2005 LMI and UGC merged to form **Liberty Global Inc. (Liberty Global)**. Liberty Global is the largest broadband cable operator outside the US in terms of subscribers. At June 30, 2005, it owned and operated networks that passed approximately 23.5 million homes and served approximately 10.7 million video subscribers (i.e. cable television), 2.4 million broadband Internet subscribers and 1.8 million telephony subscribers.

The acquirer group's activities in Ireland

In Ireland Liberty Global's operations are carried out through **Princes Holdings Limited**, which in turn owns **Chorus Communication Limited ("Chorus").**

Chorus provides cable and multipoint microwave distribution system ("MMDS") pay television ("TV") services, along with electronic communications (voice telephony and internet) services. Its principle operations are in cable TV and it is the second largest provider of these services in the State. It offers retail analogue and digital pay TV services for residential customers in Ireland, excluding Dublin, Galway, Waterford and some surrounding areas.

MS Irish Cable Holdings B.V.

MS Irish Cable Holdings B.V., the target is a wholly owned subsidiary of **Morgan Stanley Dean Witter Equity Funding Inc. ("Morgan Stanley").** MS Irish Cable Holdings Limited was incorporated to purchase **NTL Irish Holdings Limited** and **NTL (Chichester) Limited** and certain assets from **NTL UK**. These two NTL companies plus the assets comprise what is NTL's Irish business, all of which is now owned by the target (hereinafter **"NTL Ireland"**).

NTL Ireland provides cable and MMDS pay TV services, along with electronic communications services. Like Chorus it offers retail analogue and digital pay TV services for residential customers provided over cable and MMDS networks. Similar to Chorus, its principle operations are in cable TV and it is the largest provider of these services in the State. The geographical scope of NTLs operations is mainly concentrated in Dublin. It also provides services in Galway and Waterford.