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LETTER OF COMMENT NO. 59

File Reference No. 1600-100

**Invitation to Comment on Exposure Draft
Proposed Statement of Financial Accounting Standards
Disclosure of Certain Loss Contingencies**

Liberty Global, Inc. (LGI) appreciates the opportunity to comment on the Exposure Draft of the Proposed Statement of Financial Standards "Disclosure of Certain Loss Contingencies, an amendment of FASB Statements No. 5 and 141(R)" (ED). LGI is an international provider of video, voice and broadband Internet services, with consolidated operations in 15 countries.

Our key comments on issues raised in the ED are included in the following discussion.

Disclosures of loss contingencies when the likelihood of loss is remote

Issue 3 of the ED questions whether an entity should provide disclosures about loss contingencies, regardless of the likelihood of loss, if the resolution of the contingency is expected within one year, and the loss contingency could have a severe impact upon the operations of the entity.

We agree that, if a loss contingency is considered reasonably possible (as opposed to more than remote), disclosure should be required, consistent with existing standards. However, we do not believe this should extend to loss contingencies that are considered remote. Remote implies that a loss is unlikely to occur, so it would follow that disclosure of these items would not be relevant, meaningful or material to users of our financial statements. With respect to the requirement to assess which contingencies will be resolved in one year, we question whether companies will be able to accurately predict when matters will be resolved as our experience has been that it is very difficult to predict the timing of the resolution of any particular matter given the difficulty in predicting when court proceedings will ultimately conclude and the fact that the parties could decide to attempt to negotiate an out-of-court settlement at any time prior to the rendering of any judgment by the courts. While we understand that the proposed disclosure requirement is designed to prevent the situation that has occasionally occurred in the past where investors are surprised by a material loss related to a previously undisclosed litigation matter, we believe that implementing a rule that would



require investors to sift through potential losses that management believes will not occur is not an effective response to this issue. In our view, the proposed disclosures would provide very little predictive value beyond no disclosure at all. Although limiting the disclosure requirement to items that could have a severe impact within one year would theoretically ensure that only the most important and immediate matters are disclosed, we disagree with this premise. We believe that the limitation will only result in the disclosure of a fewer number of irrelevant matters and that the relevancy of the disclosure of items that are not expected to occur is not increased by size or immediacy. In this regard, there is no requirement to disclose the remote possibility that terrorist attacks, pandemics, natural disasters or other catastrophic events could occur, and all of these events, if they were to occur, could have a severe impact on a company's operations. For the reasons discussed above, we believe that these disclosure requirements are not warranted and should be omitted from the final version of the pronouncement.

Quantitative disclosure on claims and assessments, or maximum exposure to loss

Issues 4 and 5 of the ED discuss the requirements to provide quantitative disclosure on claims or assessments, if applicable, or if there is not a claim or assessment amount, the entity's best estimate of the maximum possible exposure to loss.

We respectfully disagree that the requirement to disclose the amount of claims or assessment, or maximum exposure to loss, assists with the stated objective of improving the reporting on quantitative information about loss contingencies. Our experience has shown that claims and assessments may be made against us that are unreasonably overstated, and have very little chance of success at the amount claimed. In addition, we experience situations where claims or assessment are made against us where quantification is unstated or unclear. Given these factors, we do not believe the quantitative disclosure of the amount of claim or assessment necessarily provides relevant information to the user of our financial statements, and rather may end up being misleading when compared against ultimate outcomes. Overall, we believe that quantified disclosures of reasonably possible (as opposed to more-than-remote) claims and assessments should only be required when the amount or range of the loss is subject to reasonable estimation and is material to users of our financial statements, and that an absolute requirement to disclose claims and assessments is unnecessary and not useful to investors.

In situations where a specific claim or assessment amount has not been asserted, disclosure of the maximum possible exposure to loss is generally not useful to the reader. In many instances, a reliable estimate of the maximum exposure to loss is difficult and subject to significant inherent uncertainties. This is particularly true with a complex lawsuit, where lengthy discovery proceedings are required before the defendant would be in a position to reasonably assess its maximum exposure to loss.



For example, we were previously subject to a complex class action lawsuit that was filed in early 2005, shortly after the announcement of a stock-for-stock merger transaction. The plaintiffs asserted numerous claims of self-dealing, unjust enrichment and breach of fiduciary duties against the acquiring company, the target company and the directors of the target company that allegedly resulted in an unfair price for the target company's shares. No specific damage amount was claimed. In light of the large number of publicly held target company shares, however, the "maximum exposure to loss" could have been judged to be a very significant number, even ranging into the hundreds of millions of dollars. Nonetheless, we were comfortable in asserting that the case was not expected to have a material adverse impact on the business, based on our assessment of the likelihood that we would incur a loss that would be material to our company. In fact, the lawsuit ultimately settled in the second quarter of 2008 for \$25 million, or less than .08% of our total assets on the date the case was resolved.

Had the ED been in effect at March 31, 2005, we would have been required to estimate a maximum exposure to loss without regard to probability and without the benefit of information obtained in the lengthy discovery proceedings that followed, including in particular expert discovery. In order to provide support for the estimate we would have been required to disclose in our filings starting with the 10-Q for the first quarter of 2005, we would have had to engage an external expert to assist us. This expert would have been required to complete his analysis in a fraction of the time that the experts retained in the lawsuit were allowed in order to perform the complex valuation analyses, and without the benefit of the depositions and other fact discovery that occurred over the two-year period following commencement of the litigation. The resulting number, based on incomplete information and determined without regard to probability of loss, would have had little, if any, predictive value and at best questionable usefulness to users of our financial statements. Moreover, early disclosure of an estimate of maximum exposure to loss or even a range of possible loss would undoubtedly have hardened the plaintiffs' position in the settlement negotiations and could have been used against us at trial had negotiations failed. In summary, we would have been forced to incur significant time and expense to derive an estimate for a disclosure whose only practical use would be to potentially enhance the plaintiffs' position.

Similarly, with respect to litigation outside the ordinary course of business, we are concerned with certain of the qualitative disclosure requirements in paragraph 7(b) of the ED. Paragraph 7(b) specifically requires disclosure of "a description of the factors that are likely to affect the ultimate outcome of the contingency along with their potential effect on the outcome." With regards to the example we illustrated above, this disclosure rule would have required us to determine and potentially disclose factual and legal arguments before they were fully developed by either us or the plaintiffs, and assess their potential effect on the outcome of the litigation. Any early disclosure of arguments that would be advanced in the litigation would have been of little use to the users of our financial statements, given the unpredictability of the lawsuit, and would have enhanced the plaintiffs' position. In addition, such disclosure could have given rise to issues regarding waiver of attorney-client and work-product privileges



in the litigation. Accordingly, while we agree with most of the disclosure requirements in paragraph 7(b) of the ED, we do not agree with the inclusion of the language requiring a description and assessment of the factors that are likely to affect the ultimate outcome of the contingency, unless very general disclosure is considered to be adequate to meet the intention of the ED.

We further note that the expanded disclosure requirements of the ED create added risk in jurisdictions, such as the U.S., where plaintiffs are free to sue without significant restraints built into the system (i.e. defendants and plaintiffs typically must bear their own cost of the litigation no matter the outcome of the lawsuit). We believe these enhanced disclosure requirements would further motivate plaintiffs to initiate lawsuits that absent these disclosure requirements would have little chance for success.

Finally, we believe that the ability to aggregate certain disclosures required by paragraph 7 of the ED would not be effective in mitigating the risks we have outline above. In general, the types of litigation we face are dissimilar, and as such, are not conducive to aggregation.

Inconsistency with International Financial Reporting Standards (IFRS)

We note that the disclosure requirements under paragraphs 5 through 7 of the ED are significantly different than disclosure requirements under International Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets" (IAS 37). We are generally opposed to the adoption of new U.S. GAAP rules that are not expected to survive the transition to IFRS given the effort required to evaluate and adopt new standards, regardless of whether we believe that the rules are an improvement of current U.S. GAAP. Simply put, we would rather see resources focused on the transition to IFRS than implementing new rules that will only be in place for a few years. However, if we expect that IFRS will converge with paragraphs 5 through 7 of the ED, we would understand why it has been proposed that we adopt the provisions contained in these paragraphs. If the expectation is that we will transition to the current IFRS rules, we would suggest that we either apply existing disclosure standards until we transition to IFRS, or amend the provisions of paragraphs 5 through 7 to fully converge with the disclosure requirements of IFRS.

Disclosure of settlement offers

Issue 6 discusses whether the disclosure of settlement offers, currently not required by the ED, should be required. We agree with the Board that disclosure of such settlement offers should not be required. Facts and circumstances regarding loss contingencies may change very quickly, and as such, in many instances, disclosure of a settlement offer is not relevant and should not be relied upon. Moreover, settlement negotiations are often subject to confidentiality obligations. In cases where settlement offers provide a best point estimate or help develop an estimate of the range of loss, the current disclosure rules under FASB



Statement No. 5 are adequate to provide users with good quantitative and qualitative disclosure.

Tabular presentation of recognized loss contingencies

Issue 7 questions whether a tabular reconciliation of recognized loss contingencies, provided on an aggregated basis, provides useful information about loss contingencies for assessing future cash flows and understanding changes to loss contingencies. We agree that a tabular format would provide some benefit to the users of our financial statements, and could be done with little added effort. However, we believe that the provision that allows for the aggregation of recognized losses in the tabular presentation is an important provision that should be retained in the final standard in that required disclosure of amounts accrued with respect to individual matters could adversely impact a company's leverage in settlement discussions.

Prejudicial exemptions

Issues 8, 9, 10 and 11 discuss the limited disclosure exemption provided by the ED from disclosing prejudicial information. While, as mentioned above, we do not agree with all of the disclosure requirements of paragraph 7 of the ED, we do agree that at a minimum a prejudicial exemption should be provided. In addition, we agree that the term "rare" used in the ED is preferable to the "extremely rare" terminology used by IAS 37.

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We appreciate the opportunity to provide you with our views on the ED. If you have any questions regarding our comments, please contact me at 303 220 6603, Leo Stegman, Vice President of Accounting and Reporting, Deputy Controller at 303 220 6690, or Brian Zook, Vice President of Accounting Policy at 303 220 6632.

Sincerely,

/s/ Bernard G. Dvorak

Bernard G. Dvorak
Senior Vice President & Co-Chief Financial Officer