

LIBERTY MEDIA CORP /DE/  
Form DEF 14A  
April 28, 2004

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## SCHEDULE 14A INFORMATION

### PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES EXCHANGE ACT OF 1934

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 Corporation

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(Name of Registrant as Specified In Its Charter)

N/A

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(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:

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

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(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):

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(4) Proposed maximum aggregate value of transaction:

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(5)

Total fee paid:

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

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**LIBERTY MEDIA CORPORATION**  
**12300 Liberty Boulevard**  
**Englewood, Colorado 80112**  
**(720) 875-5400**

April 28, 2004

Dear Shareholder:

The 2004 Annual Meeting of Shareholders of Liberty Media Corporation will be held at 9 a.m., local time, on June 9, 2004, at the Denver Marriott South at Park Meadows, 10345 Park Meadows Drive, Littleton, Colorado 80124, Tel. No. (303) 925-0004. At the annual meeting, you will be asked to consider and vote on the following proposals:

the "**election of directors proposal**," a proposal to elect Robert R. Bennett, Paul A. Gould and John C. Malone to serve as Class III members of our board of directors until the 2007 annual meeting of shareholders;

the "**incentive plan proposal**," a proposal to approve the Liberty Media Corporation 2000 Incentive Plan (As Amended and Restated Effective April 19, 2004);

the "**auditors ratification proposal**," a proposal to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2004; and

any proposals to transact other business as may properly come before the annual meeting.

This document describes the annual meeting, the enumerated proposals and related matters. Whether or not you plan to attend the annual meeting, **please read the enclosed proxy statement and then complete, sign and date the enclosed proxy and return it as promptly as possible in the accompanying postage paid return envelope.** Alternatively, you may submit your proxy over the Internet or telephonically. This will save us additional expense in soliciting proxies and will ensure that your shares are represented at the meeting. It will not, however, prevent you from later revoking your proxy or changing your vote at the meeting, in each case as more fully described in the attached proxy statement.

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

Very truly yours,

Robert R. Bennett  
*President and Chief Executive Officer*

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**LIBERTY MEDIA CORPORATION**  
**12300 Liberty Boulevard**  
**Englewood, Colorado 80112**  
**Tel. No. (720) 875-5400**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**  
**to be Held on June 9, 2004**

**NOTICE IS HEREBY GIVEN** that the 2004 Annual Meeting of Shareholders of Liberty Media Corporation, a Delaware corporation, will be held at 9:00 a.m., local time, on June 9, 2004, at the Denver Marriott South at Park Meadows, 10345 Park Meadows Drive, Littleton, Colorado 80124, Tel. No. (303) 925-0004, for the following purposes:

1. To vote in the election of Robert R. Bennett, Paul A. Gould and John C. Malone to serve as Class III members of our board of directors until the 2007 annual meeting of shareholders (the "**election of directors proposal**");
2. To consider and vote upon a proposal to approve the Liberty Media Corporation 2000 Incentive Plan (As Amended and Restated Effective April 19, 2004) (the "**incentive plan proposal**");
3. To consider and vote upon a proposal to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2004 (the "**auditors ratification proposal**"); and
4. To transact any other business as may properly come before the annual meeting.

Holders of record of Liberty Media Corporation Series A common stock, par value \$.01 per share, and Liberty Media Corporation Series B common stock, par value \$.01 per share, outstanding at the close of business on April 21, 2004, the record date for the annual meeting, will be entitled to notice of the annual meeting and to vote at the annual meeting or any adjournment thereof. Holders of record of Liberty Media Corporation Series A common stock and Liberty Media Corporation Series B common stock at the close of business on the record date will vote together as a single class on each proposal.

We describe the proposals in more detail in the accompanying proxy statement. We encourage you to read the proxy statement in its entirety before voting.

The board of directors has carefully considered and approved each of the proposals described above and recommends that you vote "**FOR**" each of them.

**YOUR VOTE IS IMPORTANT.** We urge you to vote as soon as possible by telephone, Internet or mail.

By order of the board of directors,

Very truly yours,

Charles Y. Tanabe  
*Senior Vice President, General Counsel and Secretary*

Englewood, Colorado  
April 28, 2004

**Please execute and return the enclosed proxy promptly, whether or not you intend to be present at the annual meeting.**



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**LIBERTY MEDIA CORPORATION**  
a Delaware corporation

**12300 Liberty Boulevard**  
**Englewood, Colorado 80112**  
**(720) 875-5400**

**PROXY STATEMENT**  
**For 2004 Annual Meeting of Shareholders**

We are furnishing this proxy statement in connection with the board of directors' solicitation of proxies for use at our 2004 Annual Meeting of Shareholders to be held at 9:00 a.m., local time, on June 9, 2004, at the Denver Marriott South at Park Meadows, 10345 Park Meadows Drive, Littleton, Colorado 80124, Tel. No. (303) 925-0004, or at an adjournment or postponement of the annual meeting. At the annual meeting, we will ask you to consider and approve the proposals described in the Notice of Annual Meeting of Shareholders. The proposals are described in more detail in this proxy statement. We are soliciting proxies from holders of our Series A common stock, par value \$.01 per share, and our Series B common stock, par value \$.01 per share.

The date of this proxy statement is April 28, 2004. We are first sending this proxy statement to shareholders on or about that date.

**VOTING; PROXIES**

**Voting**

*Who May Vote*

Holders of our Series A common stock and Series B common stock, as recorded in our stock register on April 21, 2004, may vote at the annual meeting.

As of March 31, 2004, an aggregate of 2,788,656,123 shares of our Series A common stock and 121,062,825 shares of our Series B common stock are expected to be entitled to vote at the annual meeting. No other shares of our capital stock are currently outstanding.

*Votes You Have*

At the annual meeting, holders of our Series A common stock will have one vote per share for each share of Series A common stock that our records show they owned at the close of business on April 21, 2004, and holders of our Series B common stock will have ten votes per share for each share of Series B common stock that our records show they owned at the close of business on April 21, 2004.

*How to Vote*

You may vote in person at the annual meeting. Alternatively, you may give a proxy by completing, signing, dating and returning the enclosed proxy or by voting by telephone or over the Internet. We recommend you vote by proxy even if you plan to attend the annual meeting. You may change your vote at the annual meeting.

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*Quorum*

In order to carry on the business of the annual meeting, we must have a quorum present. This means that at least a majority of the voting power represented by the outstanding shares of our common stock must be represented at the annual meeting, either in person or by proxy. For purposes of determining a quorum, we will include your shares as represented at the meeting even if you indicate on your proxy that you abstain from voting. In addition, if a broker, who is a record holder of shares, indicates on a form of proxy that the broker does not have discretionary authority to vote those shares on any proposal (whether by reason of the beneficial owner's withholding of such authority or by reason of applicable New York Stock Exchange regulations), or if those shares are voted in other circumstances in which proxy authority is defective or has been withheld with respect to any proposal, these shares (which we refer to as broker non-votes) will be treated as present for purposes of determining the presence of a quorum. See " Votes Needed" below for more information regarding broker non-votes.

*Votes Needed*

The affirmative vote of a majority of the voting power of the outstanding shares of our common stock present at the annual meeting, in person or by proxy, voting together as a single class, is required to approve the incentive plan proposal and the auditors ratification proposal. The affirmative vote of a plurality of the votes of the outstanding shares of our common stock present and voting at the annual meeting, in person or by proxy, is required to elect each of the three persons nominated for election as a Class III member of our board of directors pursuant to the election of directors proposal. This means that the three nominees will be elected if they receive more affirmative votes than any other person.

If you submit a proxy on which you indicate that you abstain from voting, it will have the same effect as a vote "AGAINST" both the incentive plan proposal and the auditors ratification proposal, but it will have no effect on the election of directors proposal.

Broker non-votes will have the same effect as a vote "AGAINST" both the incentive plan proposal and the auditors ratification proposal, but they will have no effect on the election of directors proposal.

**Proxies**

*How Proxies Work*

A form of proxy for use at the annual meeting has been included with each copy of this proxy statement mailed to our shareholders. Unless subsequently revoked, shares of our common stock represented by a proxy submitted as described below and received at or before the annual meeting will be voted in accordance with the instructions on the proxy.

**YOUR VOTE IS IMPORTANT.** We recommend that you vote by proxy even if you plan to attend the meeting. You may change your vote at the meeting. To submit a written proxy by mail, you should complete, sign, date and mail the proxy in accordance with its instructions. If a proxy is signed and returned without indicating any voting instructions, the shares of our common stock represented by the proxy will be voted "FOR" the approval of each of the proposals. You may also submit a proxy over the Internet or by telephone by following the instructions set forth on the proxy.

*Solicitation*

In addition to this mailing, our employees may solicit proxies personally, electronically or by telephone. We pay the costs of soliciting these proxies. We also reimburse brokers and other nominees for their expenses in sending these materials to you and getting your voting instruction.



*Revoking a Proxy*

Before your proxy is voted, you may revoke it by telephone or Internet or by delivering a proxy revocation or a new proxy with a later date to our company c/o Equiserve Trust Company, N.A., P.O. Box 8694, Edison, New Jersey 08818-8694, or by voting in person at the meeting. Your attendance at the meeting will not, by itself, revoke your proxy. If you have instructed a broker to vote your shares, you must follow the directions received from your broker to change those voting instructions.

*Other Matters to Be Voted on at the Annual Meeting*

The board of directors is not currently aware of any business to be acted on at the annual meeting other than that which we have described in this proxy statement. If, however, other matters are properly brought before the annual meeting, the persons you choose as proxies will have discretion to vote or to act on these matters according to their best judgment, unless you indicate otherwise on your proxy.

One of the other matters that could come before the annual meeting is a proposal to adjourn or postpone the meeting. Sometimes this proposal is made for the purpose of soliciting additional proxies. The persons you choose as proxies will have discretion to vote on any adjournment or postponement of the annual meeting other than an adjournment or postponement for the purpose of soliciting additional proxies.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

**Security Ownership of Certain Beneficial Owners**

The following table sets forth information, to the extent known by us or ascertainable from public filings, concerning shares of our common stock beneficially owned by each person or entity (excluding any of our directors, any nominee for directorship and any of our executive officers) known by us to own more than five percent of the outstanding shares of our common stock.

The percentage ownership information is based upon 2,788,656,123 shares of our Series A common stock and 121,062,825 shares of our Series B common stock outstanding as of March 31, 2004. Based upon public filings, the entity listed below has sole voting power and investment power with respect to the shares of common stock set forth opposite its name. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (SEC) and generally includes voting or investment power with respect to securities.

Name and Address of Beneficial Owner	Series of Stock	Number of Shares (in thousands)	Percent of Class	Voting Power
Comcast Corporation (through wholly-owned subsidiaries) 1500 Market Street Philadelphia, PA 19102	Series A	222,342	8.0%	5.6%

**Security Ownership of Management**

The following table sets forth information with respect to the ownership by each of our directors and each of our "named executive officers" (as defined under "Concerning Management Executive Compensation" below) and by all of our directors and executive officers as a group of (1) shares of our Series A common stock and Series B common stock, (2) shares of Class A Ordinary shares of OpenTV Corp., which is a publicly traded, controlled subsidiary of ours, and (3) shares of Class A common stock of UnitedGlobalCom, Inc. (UGC), which is a publicly traded, controlled subsidiary of ours.

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The security ownership information is given as of March 31, 2004 and, in the case of percentage ownership information, is based on (1) 2,788,565,123 shares of our Series A common stock and 121,062,825 shares of our Series B common stock, (2) 90,205,494 shares of OpenTV Class A Ordinary shares, and (3) 387,967,116 shares of UGC Class A common stock, in each case, outstanding on that date.

Shares of common stock issuable upon exercise or conversion of options, warrants and convertible securities that were exercisable or convertible on or within 60 days of March 31, 2004, are deemed to be outstanding and to be beneficially owned by the person holding the options, warrants or convertible securities for the purpose of computing the percentage ownership of the person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. For purposes of the following presentation, beneficial ownership of shares of our Series B common stock, though convertible on a one-for-one basis into shares of our Series A common stock, is reported as beneficial ownership of our Series B common stock only, and not as beneficial ownership of our Series A common stock. So far as is known to us, the persons indicated below have sole voting power with respect to the shares indicated as owned by them, except as otherwise stated in the notes to the table.

<b>Name of Beneficial Owner</b>	<b>Title of Class</b>	<b>Amount and Nature of Beneficial Ownership (in thousands)</b>	<b>Percent of Class</b>	<b>Voting Power</b>
John C. Malone	Liberty Series A	16,639(1)(2)(3)(4)(5)	*	29.0%
	Liberty Series B	116,413(1)(3)(4)(5)(6)	90.6%	
	OpenTV Class A	0		
	UGC Class A	179(7)	*	*
Robert R. Bennett	Liberty Series A	3,806(8)(9)(10)	*	2.7%
	Liberty Series B	10,842(9)	8.2%	
	OpenTV Class A	0		
	UGC Class A	187(11)	*	*
Donne F. Fisher	Liberty Series A	401(12)	*	*
	Liberty Series B	633	*	
	OpenTV Class A	0		
	UGC Class A	0		
David J.A. Flowers	Liberty Series A	1,381(13)(14)	*	*
	Liberty Series B	0		
	OpenTV Class A	0		
	UGC Class A	0		
Paul A. Gould	Liberty Series A	1,682(15)	*	*
	Liberty Series B	600	*	
	OpenTV Class A	0		
	UGC Class A	158(16)	*	*
Gary S. Howard	Liberty Series A	7,173(17)(18)(19)	*	*
	Liberty Series B	0		
	OpenTV Class A	0		
	UGC Class A	58(11)	*	*
David E. Rapley	Liberty Series A	5	*	*
	Liberty Series B	0		
	OpenTV Class A	0		
	UGC Class A	0		

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M. LaVoy Robison	Liberty Series A	2	*	*
	Liberty Series B	0		
	OpenTV Class A	0		
	UGC Class A	0		
Larry E. Romrell	Liberty Series A	235(20)	*	*
	Liberty Series B	3	*	
	OpenTV Class A	0		
	UGC Class A	0		
Albert E. Rosenthaler	Liberty Series A	5(21)	*	*
	Liberty Series B	0		
	OpenTV Class A	0		
	UGC Class A	0		
Charles Y. Tanabe	Liberty Series A	1,575(22)(23)(24)	*	*
	Liberty Series B	0		
	OpenTV Class A	0		
	UGC Class A	0		
All directors and executive officers as a group (12 persons)	Liberty Series A	33,112(3)(4)(10)(25)(26)(27)	1.2%	31.5%
	Liberty Series B	128,492(3)(4)(6)(25)(26)	92.2%	
	OpenTV Class A	0		
	UGC Class A	582(28)	*	*

\*

Less than one percent

- (1) Includes 1,505,043 shares of our Series A common stock and 3,409,436 shares of our Series B common stock held by Mr. Malone's wife, Mrs. Leslie Malone, as to which shares Mr. Malone has disclaimed beneficial ownership.
- (2) Includes 788,376 shares of our Series A common stock held by the Liberty Media 401(k) Savings Plan.
- (3) Includes 1,000,000 shares of our Series A common stock and 9,511,690 shares of our Series B common stock held by a Grantor Retained Annuity Trust with respect to which Mr. Malone retains certain rights.
- (4) Includes 800,000 shares of our Series A common stock and 2,118,648 shares of our Series B common stock held by two irrevocable trusts with respect to which Mr. Malone retains certain rights.
- (5) Includes beneficial ownership of 4,125 shares of our Series A common stock and 7,465,511 shares of our Series B common stock which may be acquired within 60 days of March 31, 2004, pursuant to stock options. Mr. Malone has the right to convert the options to purchase shares of our Series B common stock into options to purchase shares of our Series A common stock.
- (6) In February 1998, in connection with the settlement of certain legal proceedings relative to the Estate of Bob Magness, the late founder and former Chairman of the Board of our former parent company, Tele-Communications, Inc. (TCI), TCI entered into a call agreement with Mr. Malone and his wife. In connection with AT&T's acquisition of TCI, TCI assigned to us its rights under the call agreement. As a result, we have the right, under certain circumstances, to acquire shares of our Series B common stock owned by the Malones. The call agreement also prohibits the

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Malones from disposing of their shares of our Series B common stock, except for certain exempt transfers (such as transfers to related parties or public sales of up to an aggregate of 5% of their shares of our Series B common stock after conversion to shares of our Series A common stock) and except for a transfer made in compliance with our call right.

- (7) Includes beneficial ownership of 178,959 shares of UGC Class A common stock which may be acquired within 60 days of March 31, 2004, pursuant to stock options.
- (8) Includes 27,823 shares of our Series A common stock held by the Liberty Media 401(k) Savings Plan.
- (9) Includes beneficial ownership of 25,778 shares of our Series A common stock and 10,841,904 shares of our Series B common stock which may be acquired within 60 days of March 31, 2004, pursuant to stock options. Mr. Bennett has the right to convert the options to purchase shares of our Series B common stock into options to purchase shares of our Series A common stock.
- (10) Includes 1,246,580 shares of our Series A common stock owned by Hilltop Investments, Inc. which is jointly owned by Mr. Bennett and his wife, Mrs. Deborah Bennett.
- (11) Includes beneficial ownership of 58,334 shares of UGC Class A common stock which may be acquired within 60 days of March 31, 2004, pursuant to stock options.
- (12) Includes beneficial ownership of 113,188 shares of our Series A common stock which may be acquired within 60 days of March 31, 2004, pursuant to stock options (550 of which were granted in tandem with SARs).
- (13) Includes beneficial ownership of 959,962 shares of our Series A common stock which may be acquired within 60 days of March 31, 2004, pursuant to stock options.
- (14) Includes 11,620 shares of our Series A common stock held by the Liberty Media 401(k) Savings Plan.
- (15) Includes beneficial ownership of 8,750 shares of our Series A common stock which may be acquired within 60 days of March 31, 2004, pursuant to stock options.
- (16) Includes beneficial ownership of 8,334 shares of UGC Class A common stock which may be acquired within 60 days of March 31, 2004, pursuant to stock options.
- (17) Includes beneficial ownership of 5,723,806 shares of our Series A common stock which may be acquired within 60 days of March 31, 2004, pursuant to stock options.
- (18) Includes 44,066 shares of our Series A common stock held by the Liberty Media 401(k) Savings Plan.
- (19) Includes 197,404 shares of our Series A common stock owned by Mr. Howard's wife, Mrs. Leslie D. Howard, as to which shares Mr. Howard has disclaimed beneficial ownership.
- (20) Includes beneficial ownership of 19,638 shares of our Series A common stock which may be acquired within 60 days of March 31, 2004, pursuant to stock options (1,375 of which were granted in tandem with SARs).
- (21) Includes 4,629 shares of our Series A common stock held by the Liberty Media 401(k) Savings Plan.
- (22)

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Includes 3,068 shares of our Series A common stock held by Mr. Tanabe's wife, Ms. Arlene Bobrow, as to which shares Mr. Tanabe has disclaimed beneficial ownership.

(23)

Includes beneficial ownership of 1,279,949 shares of our Series A common stock which may be acquired within 60 days of March 31, 2004, pursuant to stock options.

- (24) Includes 5,799 shares of our Series A common stock held by the Liberty Media 401(k) Savings Plan.
- (25) Includes 1,705,515 shares of our Series A common stock and 3,409,436 shares of our Series B common stock held by relatives of certain directors and executive officers, as to which shares beneficial ownership by such directors and executive officers has been disclaimed.
- (26) Includes beneficial ownership of 8,332,624 shares of our Series A common stock and 18,307,415 shares of our Series B common stock which may be acquired within 60 days of March 31, 2004, pursuant to stock options. The options to purchase shares of our Series B common stock may be converted into options to purchase shares of our Series A common stock.
- (27) Includes 891,843 shares of our Series A common stock held by the Liberty Media 401(k) Savings Plan.
- (28) Includes beneficial ownership of 303,961 shares of UGC Class A common stock which may be acquired within 60 days of March 31, 2004, pursuant to stock options.

Certain of our directors and named executive officers also hold interests in some of our privately-held, controlled subsidiaries.

*Liberty Jupiter, Inc.* Mr. Bennett holds 180 shares of common stock of Liberty Jupiter, one of our subsidiaries, representing a 4.5% common equity interest and less than a 1% voting interest in Liberty Jupiter based on 4,000 shares of common stock outstanding, as of March 31, 2004. Liberty Jupiter owns a 6% interest in Jupiter Telecommunications Co., Ltd.

*Satellite MGT, Inc.* Mr. Flowers holds 100 shares and Mr. Tanabe holds 150 shares of Class A common stock of Satellite MGT. In each case, the shares held represent a less than 1% equity and voting interest based on 21,400 shares of common stock outstanding, as of March 31, 2004. Satellite MGT owns 100% of LMC/LSAT Holdings, Inc., whose sole asset is approximately 3,552 shares of common stock of our subsidiary, Liberty Satellite & Technology, Inc.

### **Change of Control**

We know of no arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change in control of our company.

## **PROPOSALS OF OUR BOARD**

The following proposals will be presented at the annual meeting by the board of directors.

### **PROPOSAL 1 THE ELECTION OF DIRECTORS PROPOSAL**

#### **Board of Directors**

The board of directors currently consists of eight directors, divided among three classes. Our Class III directors, whose term will expire at the annual meeting, are Robert R. Bennett, Paul A. Gould and John C. Malone. These directors are nominated for re-election to our board to continue to serve as Class III directors, and we have been informed that each of Messrs. Bennett, Gould and Malone are willing to continue to serve as directors of our company. The term of the Class III directors who are elected at the annual meeting will expire at the annual meeting of our shareholders in the year 2007. Our Class I directors, whose term will expire at the annual meeting of our shareholders in the year 2005, are David E. Rapley and Larry E. Romrell. Our Class II directors, whose term will expire at the annual meeting of our shareholders in the year 2006, are Donne F. Fisher, Gary S. Howard and M. LaVoy Robison.

If any nominee should decline re-election or should become unable to serve as a director of our company for any reason before re-election, votes will be cast for a substitute nominee, if any, designated by the board of directors, or, if none is so designated prior to the election, votes will be cast according to the judgment of the person or persons voting the proxy.

The following lists the three nominees for re-election as directors and the five directors of our company whose term of office will continue after the annual meeting, including the birth date of each person, the positions with our company or principal occupation of each person, certain other directorships held and the year each person became a director of our company. The number of shares of our common stock beneficially owned by each director, as of March 31, 2004, is set forth in this proxy statement under the caption "Security Ownership of Certain Beneficial Owners and Management Security Ownership of Management."

#### Nominees for Election as Directors

**Robert R. Bennett:** Born April 19, 1958. A director of our company since September 1994; President and Chief Executive Officer of our company since April 1997; Executive Vice President of Tele-Communications, Inc. (TCI), our former parent company, from April 1997 to March 1999; various executive positions with our company since its inception in 1990; a director of InterActiveCorp., OpenTV and UGC.

**Paul A. Gould:** Born September 27, 1945. A director of our company since March 1999; Managing Director and Executive Vice President of Allen & Company Incorporated, an investment banking services company, for more than the last five years; a director of Ampco-Pittsburgh Corporation and UGC.

**John C. Malone:** Born March 7, 1941. Chairman of the Board and a director of our company since 1990; Chairman of the Board and a director of Liberty Satellite from December 1996 to August 2000; Chairman of the Board of TCI from November 1996 to March 1999; Chief Executive Officer of TCI from January 1994 to March 1999; President of TCI from January 1994 to March 1997; a director of The Bank of New York, InterActiveCorp. and UGC.

#### Directors Whose Term Expires in 2005

**David E. Rapley:** Born June 22, 1941. A director of our company since July 2002; Executive Vice President Engineering of VECO Corp. Alaska from January 1998 to December 2001.

**Larry E. Romrell:** Born December 30, 1939. A director of our company since March 1999; Executive Vice President of TCI from January 1994 to March 1999; Executive Vice President and Chief Executive Officer of TCI Business Alliance and Technology Co. from December 1997 to March 1999; Senior Vice President of TCI Ventures Group, LLC from December 1997 to March 1999; a consultant since March 1999 to the subsidiary of Comcast Corporation that is the successor entity to TCI.

#### Directors Whose Term Expires in 2006

**Donne F. Fisher:** Born May 24, 1938. A director of our company since October 2001; President of Fisher Capital Partners, Ltd., a venture capital partnership, since December 1991; a consultant to the subsidiary of Comcast that is the successor entity to TCI since 1996; a director of General Communication, Inc. and Sorrento Networks Corporation.

**Gary S. Howard:** Born February 22, 1951. A director of our company since July 1998; Executive Vice President and Chief Operating Officer of our company from July 1998 to February 2004; Chief Executive Officer of Liberty Satellite from December 1996 to April 2000; Executive Vice President of TCI from December 1997 to March 1999; Chief Executive Officer, Chairman of the Board and a

director of TV Guide, Inc. from June 1997 to March 1999; President and Chief Executive Officer of TCI Ventures Group, LLC from December 1997 to March 1999; a director of SpectraSite, Inc. and UGC.

**M. LaVoy Robison.** Born September 6, 1935. A director of our company since June 2003; executive director and board member of The Anschutz Foundation (a private foundation) since January 1998.

### **Vote and Recommendation**

The affirmative vote of a plurality of the votes of the outstanding shares of our common stock present and voting at the annual meeting, in person or by proxy, is required to elect Messrs. Bennett, Gould and Malone as directors.

*The board of directors recommends a vote "FOR" the election of each nominee to the board of directors.*

## **PROPOSAL 2 THE INCENTIVE PLAN PROPOSAL**

### **Background and Purpose**

On December 6, 2000, a subcommittee of the capital stock committee of the board of directors of our then-parent company, AT&T Corp., adopted the Liberty Media Group 2000 Incentive Plan. On August 9, 2001, in connection with our split off from AT&T, the incentive plan was amended, restated and renamed; our board of directors approved the Liberty Media Corporation 2000 Incentive Plan (As Amended and Restated Effective August 10, 2001); and we assumed all of the awards granted thereunder. On September 11, 2002, the incentive plan was further amended and restated, and our board of directors approved the Liberty Media Corporation 2000 Incentive Plan (As Amended and Restated Effective September 11, 2002), which was then approved by our shareholders at our 2002 Annual Meeting of Shareholders.

As of April 19, 2004, the incentive plan was further amended and restated, and the incentive plan committee of our board of directors approved the Liberty Media Corporation 2000 Incentive Plan (As Amended and Restated Effective April 19, 2004). The purpose of this amendment and restatement is to provide for the ability of the incentive plan committee to grant under the incentive plan performance awards, including performance-based cash awards, which is expected to provide us with enhanced flexibility in crafting tax-efficient compensatory awards. For information on the deductibility of compensation related to awards granted under the incentive plan, see " U.S. Federal Income Tax Consequences of Awards Granted under the Incentive Plan Consequences to our Company" below. We are requesting that our shareholders approve this amendment and restatement of the incentive plan.

### **Liberty Media Corporation 2000 Incentive Plan (As Amended and Restated Effective April 19, 2004)**

The following is a description of the material provisions of the incentive plan. The summary which follows is not intended to be complete, and we refer you to the copy of the incentive plan set forth as *Annex I* to this proxy statement for a complete statement of its terms and provisions.

#### *General*

The incentive plan is administered by the incentive plan committee, which is a subcommittee of the compensation committee of our board of directors. The incentive plan committee is currently comprised of two members: Donne F. Fisher and Paul A. Gould. Each member is a "non-employee director" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act), and an "outside director" within the meaning of Section 162(m) of the Internal



Revenue Code of 1986, as amended (the Code). The incentive plan committee has the full power and authority to grant eligible persons the awards described below and determine the terms and conditions under which any awards are made.

The incentive plan is designed to provide additional remuneration to certain employees and independent contractors for their exceptional service and to encourage their investment in our company. The incentive plan is also intended to (1) attract persons of exceptional ability to become officers and employees of our company, and (2) induce independent contractors to provide services to our company. Our employees (including employees who are officers or directors of our company or any of our subsidiaries) and independent contractors are eligible to participate and may be granted awards under the incentive plan. Awards may be made to any such employee, officer or contractor whether or not he or she holds or has held awards under this plan or under any other plan of our company or any of our affiliates.

The incentive plan committee may grant non-qualified stock options, stock appreciation rights (SARs), restricted shares, stock units, cash awards, performance awards or any combination of the foregoing under the incentive plan (collectively, awards). The maximum number of shares of any series of our common stock with respect to which awards may be issued under the incentive plan is 160 million. With the exception of certain awards that have been accelerated, no person may be granted in any calendar year awards covering more than 25 million shares of our common stock. In addition, no person may receive payment for performance awards during any calendar year in excess of \$10 million or the equivalent value thereof in shares of our common stock.

Shares of our common stock will be made available from either our authorized but unissued shares or shares that have been issued but reacquired by our company. Shares of our common stock that are subject to (1) any award that expires, terminates or is annulled for any reason without having been exercised, (2) any award of any SARs that is exercised for cash, and (3) any award of restricted shares or stock units that shall be forfeited prior to becoming vested, will once again be available for distribution under the incentive plan.

The incentive plan committee also has the power to:

interpret the incentive plan and adopt any rules, regulations and guidelines for carrying out the incentive plan that it believes are proper;

correct any defect or supply any omission or reconcile any inconsistency in the incentive plan or related documents;

determine the form and terms of the awards made under the incentive plan, including persons eligible to receive the awards and the number of shares or other consideration subject to awards;

provide that option exercises may be paid in cash, by check, by promissory note (subject to applicable law), in common stock, by cashless exercise, by broker-assisted exercise or any combination of the foregoing; and

delegate to any subcommittee its authority and duties under the incentive plan unless a delegation would adversely impact the availability of transaction exemptions under Rule 16b-3 of the Exchange Act, and the deductibility of compensation for federal income tax purposes.

The number of individuals who will receive awards under the incentive plan will vary from year to year and will depend on various factors, such as the number of promotions and our hiring needs during the year, and thus we cannot determine the number of future award recipients. As of March 31, 2004, we had approximately 70 employees, and our consolidated subsidiaries had an aggregate of approximately 27,800 employees, all of whom are eligible to participate in the incentive plan.

*Outstanding Awards*

The following chart reflects awards outstanding under the incentive plan, as of March 31, 2004, granted to our named executive officers, our current executive officers as a group and our current non-executive officer employees as a group. No awards have been granted under the incentive plan to any of our directors who are not also executive officers of our company.

**PLAN BENEFITS**

<b>Name and Position</b>	<b>Dollar Value \$(1)</b>	<b>Number of Units #(2)</b>
		(in thousands)
Robert R. Bennett President and Chief Executive Officer	\$ 14.74	17,680
Gary S. Howard Executive Vice President and Chief Operating Officer	\$ 14.33	8,753
David J.A. Flowers Senior Vice President and Treasurer	\$ 13.94	1,677
Albert E. Rosenthaler Senior Vice President	\$ 11.92	763
Charles Y. Tanabe Senior Vice President, Secretary and General Counsel	\$ 13.97	2,219
Executive Group	\$ 14.57	43,166
Non-Executive Officer Employee Group	\$ 9.51	29,065

(1)

With respect to units consisting of stock options or stock appreciation rights, the dollar value is assumed for this purpose to equal (x) with respect to stock options, the exercise price and (y) with respect to stock appreciation rights, the base price therefor which is equal to the closing price of the applicable series of our common stock on the date of grant. Any value realized by a grantee will depend upon the extent to which the market price of the stock exceeds the exercise price or the base price, as the case may be, on the date the award is exercised.

(2)

Units consist of options to acquire shares of our common stock and/or stock appreciation rights, as applicable, in each case without regard to series.

*Options*

Non-qualified stock options entitle the holder to purchase a specified number of shares of common stock at a specified exercise price subject to the terms and conditions of the option grant. The price at which options may be exercised under the incentive plan may be more than, less than or equal to the fair market value of a share of the applicable series of our common stock as of the day the option is granted. Options granted under the incentive plan are generally non-transferable during the lifetime of an option holder, except as permitted by will or the laws of descent and distribution or pursuant to a qualified domestic relations order.

*Stock Appreciation Rights*

SARs entitle the recipient to receive a payment in cash, in stock or in a combination of both equal to the excess value of the stock (on the day the right is exercised) over the base price specified in the grant. A SAR may be granted to an option holder with respect to all or a portion of the shares of common stock subject to the related option (a tandem SAR) or granted separately to an eligible employee (a free-standing SAR). Tandem SARs are exercisable only to the extent that the related option is exercisable. Upon the exercise or termination of the related option, the related tandem SAR will be automatically cancelled to the extent of the number of our shares of common stock with respect to which the related option was so exercised or terminated. Free-standing SARs are exercisable at the time and upon the terms and conditions as provided in the relevant agreement. The base price of a free-standing SAR may be more than, less than or equal to the fair market value of a share of the applicable series of our common stock as of the day the free-standing SAR is granted. SARs granted under the incentive plan are also generally non-transferable during the lifetime of a SAR holder, except as permitted by will or the laws of descent and distribution or pursuant to a qualified domestic relations order.

*Restricted Shares*

Restricted shares are shares of our common stock that become vested and may be transferred upon completion of the restriction period. Restricted shares may be issued at either the beginning or end of the restriction period. Individual agreements may provide that dividend equivalents will be paid during the restriction period in the event that shares are to be issued at the end of the restriction period. An agreement under which restricted shares are issued may provide that the holder of the shares may also be paid a cash amount any time after the shares become vested. Upon the applicable vesting date, all or the applicable portion of restricted shares will vest, any retained distributions or unpaid dividend equivalents with respect to the restricted shares will vest to the extent that the restricted shares related thereto have vested, and any related cash amount to be received by the holder with respect to the restricted shares will become payable.

*Stock Units*

Shares of our common stock or units based upon the fair market value of our common stock may also be awarded under the incentive plan. The incentive plan committee has the power to determine the terms, conditions, restrictions, vesting requirements and payment rules for awards of stock units.

*Cash Awards*

The incentive plan committee may also provide for the grant of cash awards. A cash award is a bonus paid in cash that is based solely upon the attainment of one or more performance goals that

have been established by the incentive plan committee. The terms, condition and limitations applicable to any cash awards will be determined by the incentive plan committee.

*Performance Awards*

At the discretion of the incentive plan committee, any of the above-described awards, including cash awards, may be designated a performance award. Performance awards will be contingent upon performance measures applicable to a particular period, as established by the incentive plan committee, based upon any one or more of the following:

increased revenue;

net income measures (including, but not limited to, income after capital costs and income before or after taxes);

stock price measures (including, but not limited to, growth measures and total stockholder return);

price per share of common stock;

market share;

earnings per share (actual or targeted growth);

earnings before interest, taxes, depreciation and amortization (EBITDA);

economic value added (or an equivalent metric);

market value added;

debt to equity ratio;

cash flow measures (including, but not limited to, cash flow return on capital, cash flow return on tangible capital, net cash flow and net cash flow before financing activities);

return measures (including, but not limited to, return on equity, return on average assets, return on capital, risk-adjusted return on capital, return on investors' capital and return on average equity);

operating measures (including operating income, funds from operations, cash from operations, after-tax operating income, sales volumes, production volumes and production efficiency);

expense measures (including, but not limited to, overhead costs and general and administrative expense);

margins;

stockholder value;

total stockholder return;

proceeds from dispositions;

total market value; and

corporate values measures (including ethics compliance, environmental and safety).

Such performance measures may apply to the holder, to one or more business units, divisions or subsidiaries of our company or the applicable sector of the company, or to our company as a whole. Goals may also be based upon performance relative to a peer group of companies. If the incentive plan committee intends for the performance award to be granted and administered in a manner that preserves the deductibility of the compensation resulting from such award in accordance with

Section 162(m) of the Code, the performance goals must be established (1) no later than 90 days after the commencement of the period of service to which the performance goals relate and (2) prior to the completion of 25% of such period of service. The incentive plan committee may modify or waive the performance goals or conditions to the granting or vesting of a performance award unless the performance award is intended to qualify as performance-based compensation under Section 162(m) of the Code. Section 162(m) of the Code generally disallows deductions for compensation in excess of \$1 million for some executive officers unless the awards meet the requirements for being performance-based.

#### *Awards Generally*

The awards described above may be granted either individually, in tandem or in combination with each other. Under certain conditions, including the occurrence of an approved transaction, a board change or a control purchase (all as defined in the incentive plan), options and SARs will become immediately exercisable, the restrictions on restricted shares will lapse and stock units will become fully vested, unless individual agreements state otherwise. In addition, if a holder's service terminates due to death or disability (as defined in the incentive plan), options and SARs will become immediately exercisable, the restrictions on restricted shares will lapse and stock units will become fully vested, unless individual agreements state otherwise. The effect of any of the foregoing events on any cash award will be prescribed in the applicable award agreement.

#### *Adjustments*

The number and series of shares of common stock which may be awarded, optioned or otherwise made subject to awards under the incentive plan, the number and series of shares of common stock covered by outstanding awards and the purchase or exercise price and any relevant appreciation base with respect to any of the foregoing are subject to appropriate adjustment in the incentive plan committee's discretion, as the incentive plan committee deems equitable, in the event (1) we subdivide the outstanding shares of any series of our common stock into a greater number of shares of such series of common stock, (2) we combine the outstanding shares of any series of our common stock into a smaller number of shares of such series of common stock or (3) there is a stock dividend, extraordinary cash dividend, reclassification, recapitalization, reorganization, split-up, spin off, combination, exchange of shares, warrants or rights offering to purchase such series of common stock or any other similar corporate event (excluding approved transactions (as defined in the incentive plan)).

#### *Amendment and Termination of the Incentive Plan*

The incentive plan committee may terminate the incentive plan at any time prior to the tenth anniversary of the date on which the incentive plan became effective. The incentive plan committee may also suspend, discontinue, modify or amend the incentive plan any time prior to the tenth anniversary of the date on which the incentive plan became effective. However, before an amendment can be made that would adversely affect a participant who has already been granted an award, the participant's consent must be obtained. The incentive plan became effective on December 6, 2000.

### **U.S. Federal Income Tax Consequences of Awards Granted under the Incentive Plan**

#### *Consequences to Participants*

The following is a summary of the U.S. federal income tax consequences that generally will arise with respect to awards granted under the incentive plan and with respect to the sale of any shares of our common stock acquired under the incentive plan.

*Non-Qualified Stock Options; SARs*

Holders will not realize taxable income upon the grant of a non-qualified stock option or a SAR. Upon the exercise of a non-qualified stock option or a SAR, the holder will recognize ordinary income (subject to withholding, if applicable) in an amount equal to the excess of (1) the fair market value on the date of exercise of the shares received over (2) the exercise price or base price (if any) he or she paid for the shares. The holder will generally have a tax basis in any shares of our common stock received pursuant to the exercise of a SAR, or pursuant to the cash exercise of a non-qualified stock option, that equals the fair market value of such shares on the date of exercise. The disposition of the shares of our common stock acquired upon exercise of a non-qualified stock option will ordinarily result in capital gain or loss.

Under current rulings, if a holder transfers previously held ordinary shares in satisfaction of part or all of the exercise price of a non-qualified stock option, the holder will recognize income with respect to the shares received, but no additional gain will be recognized as a result of the transfer of such previously held shares in satisfaction of the non-qualified stock option exercise price. Moreover, that number of shares received upon exercise that equals the number of previously held shares surrendered in satisfaction of the non-qualified stock option will have a tax basis that equals, and a holding period that includes, the tax basis and holding period of the previously held shares surrendered in satisfaction of the non-qualified stock option exercise price. Any additional shares received upon exercise will have a tax basis that equals the amount of cash (if any) paid by the holder, plus, the amount of ordinary income recognized by the holder with respect to the shares received.

*Cash Awards; Stock Units; Restricted Shares*

A holder will recognize ordinary compensation income upon receipt of cash pursuant to a cash award or, if earlier, at the time such cash is otherwise made available for the holder to draw upon it. A holder will not have taxable income upon the grant of a stock unit but rather will generally recognize ordinary compensation income at the time the holder receives cash in satisfaction of such stock unit or shares of common stock in satisfaction of such stock unit in an amount equal to the fair market value of the shares received.

Generally, a holder will not recognize taxable income upon the grant of restricted shares, and we will not be entitled to any federal income tax deduction upon the grant of such award. The value of the restricted shares will generally be taxable to the holder as compensation income in the year or years in which the restrictions on the shares of common stock lapse. Such value will equal the fair market value of the shares on the date or dates the restrictions terminate. A holder, however, may elect pursuant to Section 83(b) of the Code to treat the fair market value of the shares subject to the restricted share award on the date of such grant as compensation income in the year of the grant of the restricted share award. The holder must make such an election pursuant to Section 83(b) of the Code within 30 days after the date of grant. If such an election is made and the holder later forfeits the restricted shares to us, the holder will not be allowed to deduct, at a later date, the amount such holder had earlier included as compensation income.

A holder who is an employee will be subject to withholding for federal, and generally for state and local, income taxes at the time the holder recognizes income under the rules described above with respect to the cash or the shares of our common stock received pursuant to awards. Dividends that are received by a holder prior to the time that the restricted shares are taxed to the holder under the rules described in the preceding paragraph are taxed as additional compensation, not as dividend income. The tax basis of a holder in the shares of our common stock received will equal the amount recognized by the holder as compensation income under the rules described in the preceding paragraph, and the holder's holding period in such shares will commence on the date income is so recognized.

*Consequences to our Company*

In order for us to deduct the amounts described above, such amounts must constitute reasonable compensation for services rendered or to be rendered and must be ordinary and necessary business expenses. Our ability to obtain a deduction for future payments under the incentive plan could also be limited by Section 280G of the Code, which provides that certain excess parachute payments made in connection with a change of control of an employer are not deductible. Our ability to obtain a deduction for amounts paid under the incentive plan could also be affected by Section 162(m) of the Code, which limits the deductibility, for U.S. federal income tax purposes, of compensation paid to certain employees to \$1 million during any taxable year. However, certain exceptions apply to this limitation in the case of performance-based compensation. It is intended that the approval of the incentive plan by our shareholders will satisfy certain of the requirements for the performance-based exception and that we will be able to comply with the requirements of the Code and Treasury Regulation Section 1.162-27 with respect to the grant and payment of certain performance-based awards (including certain options and stock appreciation rights) under the incentive plan so as to be eligible for the performance-based exception. However, it may not be possible in all cases to satisfy all of the requirements for the exception, and we may, in our sole discretion, determine that in one or more cases it is in our best interests not to satisfy the requirements for the performance-based exception.

**Securities Authorized for Issuance Under Equity Compensation Plans**

The following table sets forth information as of March 31, 2004, with respect to securities authorized for issuance under our equity compensation plans:

**EQUITY COMPENSATION PLAN INFORMATION**

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders:			
Liberty Media Corporation 2000 Incentive Plan (As Amended and Restated Effective September 11, 2002)(1):			
Series A common stock	44,065,489	\$ 10.97	54,265,786(2)
Series B common stock	28,165,255	\$ 14.96	
Liberty Media Corporation 2002 Nonemployee Director Incentive Plan			
	66,000	\$ 11.85	4,934,000
Equity compensation plans not approved by security holders: None			
Total	72,296,744	\$ 12.53	59,199,786

(1) The incentive plan has since been amended and restated, as described in this proxy statement, and as amended and restated is being submitted for shareholder approval at the annual meeting.

(2)



The incentive plan permits grants of, or with respect to, shares of our Series A common stock or Series B common stock subject to a single aggregate limit.

**Vote and Recommendation**

The affirmative vote of a majority of the voting power of the outstanding shares of our common stock present at the annual meeting, in person or by proxy, voting together as a single class, is required to approve the Liberty Media Corporation 2000 Incentive Plan (As Amended and Restated Effective April 19, 2004).

*The board of directors recommends a vote "FOR" the approval of the Liberty Media Corporation 2000 Incentive Plan (As Amended and Restated Effective April 19, 2004).*

**PROPOSAL 3 THE AUDITORS RATIFICATION PROPOSAL**

We are asking our shareholders to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2004.

Even if the selection of KPMG LLP is ratified, the audit committee of our board of directors in its discretion may direct the appointment of a different independent accounting firm at any time during the year if our audit committee determines that such a change would be in the best interests of our company and our shareholders. In the event our shareholders fail to ratify the selection of KPMG LLP, our audit committee will consider it as a direction to select other auditors for the fiscal year ending December 31, 2005.

A representative of KPMG LLP is expected to be present at the annual meeting, will have the opportunity to make a statement if he or she so desires and will be available to respond to appropriate questions.

**Audit Fees and All Other Fees**

The following table presents fees for professional audit services rendered by KPMG LLP for the audit of our annual financial statements, including our consolidated subsidiaries, for 2003 and 2002, and fees billed for other services rendered by KPMG LLP during 2003 and 2002:

	<b>2003</b>	<b>2002</b>
Audit Fees	\$ 4,335,000	2,206,000
Audit-Related Fees(1)	1,427,000	3,008,000
<b>Audit and Audit-Related Fees</b>	<b>5,762,000</b>	<b>5,214,000</b>
Tax Fees(2)	3,987,000	4,161,000
<b>Total Fees</b>	<b>\$ 9,749,000</b>	<b>9,375,000</b>

(1) Audit-Related fees consisted of professional consultations with respect to accounting issues affecting our financial statements, reviews of registration statements and issuance of consents, reviews of private placement offering documents, issuances of letters to underwriters, due diligence related to potential business combinations and audits of financial statements of certain employee benefits plans.

(2) Tax Fees consisted of tax compliance and consultations regarding the tax implications of certain transactions.

Our audit committee has considered whether the provision of services by KPMG LLP to our company other than auditing is compatible with KPMG LLP maintaining its independence and does not believe that the provision of such other services is incompatible with KPMG LLP maintaining its independence.



*Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditor*

On March 24, 2003, our audit committee adopted a policy regarding the pre-approval of all audit and permissible non-audit services provided by our independent auditor. Pursuant to this policy, our audit committee has approved the engagement of our independent auditors for the fiscal year ending December 31, 2004, to provide (a) audit services as specified in the policy, including financial audits of us and our subsidiaries, services associated with our registration statements such as consents and comfort letters, and consultations with management as to accounting or reporting of transactions; (b) audit-related services as specified in the policy, including due diligence services, financial audits of employee benefit plans and assistance with implementation of the requirements of the SEC rules or listing standards; and (c) tax services as specified in the policy, including federal, state, local and international tax planning, compliance and review services, and tax due diligence and advice regarding mergers and acquisitions. Notwithstanding the foregoing general pre-approval, any individual project involving the provision of pre-approved services that is expected to result in fees in excess of \$100,000 requires the specific pre-approval of our audit committee. In addition, any engagement of our independent auditors for services other than the pre-approved services requires the specific approval of our audit committee. Our audit committee has delegated the authority for the foregoing approvals to the chairman of the committee. Donne F. Fisher currently serves as the chairman of our audit committee. At each audit committee meeting, the chairman's approval of services provided by our independent auditors is subject to ratification by the entire audit committee.

Our pre-approval policy prohibits the engagement of our independent auditor to provide any services that are subject to the prohibition imposed by Section 201 of the Sarbanes-Oxley Act.

All services provided by our independent auditor subsequent to the adoption of our pre-approval policy were approved in accordance with the terms of the policy.

**Vote and Recommendation**

The affirmative vote of a majority of the voting power of the outstanding shares of our common stock present at the annual meeting, in person or by proxy, voting together as a single class, is required to ratify the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2004.

*The board of directors recommends a vote "FOR" the ratification of the selection of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2004.*

**CONCERNING MANAGEMENT**

**Executive Officers**

The following lists the executive officers of our company (other than executive officers who also serve as our directors and who are listed under "Proposal 1 The Election of Directors Proposal"), their birth dates and a description of their business experience, including positions held with our company.

<b>Name</b>	<b>Position</b>
David J.A. Flowers Born May 17, 1954	Senior Vice President since October 2000; Treasurer since April 1997; Vice President from June 1995 to October 2000.
Albert E. Rosenthaler Born August 29, 1959	Senior Vice President since April 2002; a partner in the tax practice of the accounting firm of Arthur Andersen LLP for more than five years prior to April 2002.