Discovery Holding CO
Form PRER14A
August 01, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Amendment No. 2
to
SCHEDULE 14A

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

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

x Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Discovery Holding Company

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required.
o 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:
Discovery Holding Company Series A Common Stock, par value $.01 per share
Discovery Holding Company Series B Common Stock, par value $.01 per share
Discovery Communications, Inc. Series A Common Stock, par value $.01 per share
Discovery Communications, Inc. Series B Common Stock, par value $.01 per share
Discovery Communications, Inc. Series C Common Stock, par value $.01 per share
Discovery Communications, Inc. Series A Convertible Participating Preferred Stock, par value $.01 per share
Discovery Communications, Inc. Series C Convertible Participating Preferred Stock, par value $.01 per share

(2) Aggregate number of securities to which transaction applies:
As of May 31, 2008, there were (1) 269,209,385 shares of DHC Series A Common Stock outstanding (which for this purpose includes shares subject to outstanding equity incentive awards), and (2) 14,866,221 shares of DHC Series B Common Stock outstanding (which for this purpose includes shares subject to outstanding equity incentive awards). Based on the foregoing, following the transaction, there would be outstanding (1) 134,604,693 shares of New Discovery Series A Common Stock (which for this purpose includes shares subject to outstanding equity incentive awards), (2) 7,433,111 shares of New Discovery Series B Common Stock (which for this purpose includes shares subject to outstanding equity incentive awards), and (3) 142,037,803 shares of New Discovery Series C Common Stock (which for this purpose includes shares subject to outstanding equity incentive awards). Based on the foregoing, 70,308,038 shares of New Discovery Series A Convertible Participating Preferred Stock and 70,308,038 shares of New Discovery Series C Convertible Participating Preferred Stock would be issued in the Transaction (exclusive of any shares that may subsequently

be placed in escrow in favor of the preferred stockholders).

(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):
The filing fee is being calculated based upon an aggregate transaction value of $6,947,123,554.08, which is obtained by: (1) multiplying the number of outstanding shares of DHC Series A Common Stock and DHC Series B Common Stock listed above by the averages of the high and low prices reported for each series of DHC Common Stock on the Nasdaq Global Select Market on June 4, 2008 (which were $26.27 for the Series A and $26.05 for the Series B), (2) subtracting therefrom the book value ($654,919,000 as of March 31, 2008) of Ascent Media Corporation (which is currently included in the market capitalization of DHC but will not be part of the Transaction (as defined in the accompanying preliminary proxy statement/prospectus)), and (3) adding thereto the book value ($143,933,000 as of March 31, 2008) of the assets to be contributed by Advance/Newhouse in exchange for the issuance of the New Discovery convertible preferred stock.

(4) Proposed maximum aggregate value of transaction:
$6,947,123,554.08

(5) Total fee paid:
$273,021.96, estimated pursuant to Section 14(g) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, on the basis of $39.30 per million of the estimated maximum aggregate value of the transaction.

x Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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

SUBJECT TO COMPLETION, DATED JULY 31, 2008

[ ], 2008

Dear Stockholders,

We are pleased to present for your consideration and approval four related proposals, which, if approved, would result in Discovery Communications, LLC **(Discovery)** becoming a wholly-owned subsidiary of our company. Today, Discovery is jointly owned by our company, with a 662/3% interest, and Advance/Newhouse Programming Partnership, with a 331/3% interest.

Pursuant to the first proposal, which we refer to as the **merger proposal**, our company will become a subsidiary of a new public holding company, Discovery Communications, Inc., which we refer to as **New Discovery**, in which you will be entitled to receive, for each share of Series A common stock or Series B common stock of our company owned by you, 0.50 of a share of the same series of common stock of New Discovery *plus* 0.50 of a share of Series C common stock of New Discovery. All three series of New Discovery common stock (Series A, B and C) will have the same rights, powers and preferences except as to voting, with Series B having 10 votes per share, Series A having one vote per share, and Series C not having any voting rights except as required by Delaware law.

Pursuant to the second proposal, which we refer to as the **preferred stock issuance proposal**, New Discovery will issue two series of New Discovery convertible preferred stock (Series A and Series C) to Advance/Newhouse, in exchange for its contribution to New Discovery of its entire interest in Discovery and its interest in Animal Planet, L.P. The convertible preferred stocks will initially be convertible, on an as-converted basis, into one-third of the common equity of New Discovery, with the Series A convertible preferred stock being convertible into shares of New Discovery Series A common stock and the Series C convertible preferred stock being convertible into shares of New Discovery Series C common stock. Advance/Newhouse will be entitled to additional shares of convertible preferred stock following the merger upon exercise of certain options and stock appreciation rights that will be outstanding immediately after the merger. The New Discovery convertible preferred stock will have certain class voting rights and will elect three members of New Discovery s board of directors. Otherwise, the preferred stock will vote with the New Discovery common stock on an as-converted basis, except that it will not vote on directors elected by the holders of New Discovery common stock. We refer to our merger and the contribution by Advance/Newhouse of its interest in Discovery and Animal Planet, L.P. in exchange for the New Discovery convertible preferred stock as the **Transaction**.

Pursuant to the third proposal, which we refer to as the **authorized stock proposal**, we seek your approval of that portion of New Discovery s charter which authorizes the issuance of up to 3.8 billion shares of common stock and 200 million shares of preferred stock. Today, our charter provides for 1.25 billion shares of common stock and 50 million shares of preferred stock. The increased capitalization is sought in order to effectuate the issuance of the convertible preferred stock to Advance/Newhouse and the merger, as well as to provide New Discovery with flexibility in the future by assuring the availability of sufficient authorized but unissued shares for a variety of

corporate purposes, such as financings, stock dividends, and mergers and acquisitions.

Pursuant to the fourth proposal, which we refer to as the **incentive plan proposal**, in connection with the Transaction, the number of shares of common stock with respect to which awards may be granted under the Discovery Holding Company 2005 Incentive Plan, as amended, overall and to any person in any single calendar year will be increased, and other revisions intended to clarify certain terms of the plan will be made. The plan will be assumed by New Discovery in the Transaction, as the successor to DHC. We will not implement the incentive plan proposal unless we complete the Transaction.

Just prior to the Transaction, we will spin off to our current stockholders the businesses of our subsidiary Ascent Media Corporation. We are not seeking stockholder approval for the spin-off.

We believe that the Transaction, together with the spin-off, will create tremendous value for our stockholders by transforming our company into a pure-play high quality programming company. Your board of directors has approved the Transaction, believes it is in the best interests of our stockholders, and recommends that you vote in favor of the merger proposal, the preferred stock issuance proposal, the authorized stock proposal and the incentive plan proposal, which we refer collectively to as the **transaction proposals**.

The vote on the transaction proposals will occur at our 2008 Annual Meeting of Stockholders, which will be held at the in on , 2008. We will also be attending to annual business matters at the Annual Meeting, including a proposal to re-elect Messrs. John Malone and Robert Bennett as Class III directors, as explained in the accompanying Notice of Annual Meeting. Before voting on any of the proposals submitted for your consideration, please be sure to read the accompanying proxy statement/prospectus because it contains important information about the matters to be acted upon.

New Discovery will have an eleven-member board of directors after completion of the Transaction, which will initially be composed of the existing members of our board of directors, including Messrs. Malone and Bennett, a new independent director, two new directors who are current executives of Discovery and three additional directors who are to be elected by Advance/Newhouse pursuant to the terms of the New Discovery convertible preferred stock. Two of the initial electees of Advance/Newhouse will be Robert J. Miron, Chairman of Advance/Newhouse, and Steven A. Miron, the Chief Executive Officer of Advance/Newhouse. The management team of New Discovery will consist of the current management team of Discovery.

We expect to list the New Discovery Series A and Series B common stock on the Nasdaq Global Select Market under the symbols DISCA and DISCB, the same symbols under which our existing Series A and Series B common stock are listed, and the New Discovery Series C common stock to be listed on the Nasdaq Global Select Market under the symbol DISCK.

We are very excited about the proposed Transaction, and we look forward to obtaining your approval at the Annual Meeting. As discussed in the accompanying proxy statement/prospectus, the Transaction is subject to a number of conditions in addition to approval by our stockholders at the Annual Meeting.

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

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

Sincerely,

John C. Malone
Chief Executive Officer and Chairman of the Board

Discovery Holding Company

This letter to stockholders also serves as the cover of the prospectus of New Discovery. Pursuant to the Registration Statement of which this proxy statement/prospectus forms a part, New Discovery will offer up to 134,633,813 shares of its Series A common stock, 7,433,111 shares of its Series B common stock, and 142,066,922 shares of its Series C common stock in the Transaction, based on the number of outstanding shares of DHC common stock as of June 30, 2008.

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

Investing in our securities involves risks. See Risk Factors beginning on page 25.

The accompanying proxy statement/prospectus is dated [ ], 2008 and is first being mailed on or about [ ], 2008 to our stockholders of record as of 5:00 p.m., New York City time, on [ ], 2008.

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REFERENCES TO ADDITIONAL INFORMATION

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

Discovery Holding Company
12300 Liberty Boulevard
Englewood, Colorado 80112
Telephone: (877) 772-1518

If you would like to request any documents, please do so by [ ], 2008 in order to receive them before the Annual Meeting. If you request any documents, they will be mailed to you by first class mail, or another equally prompt means, within one business day after your request is received.

See Additional Information Where You Can Find More Information beginning on page 162.

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DISCOVERY HOLDING COMPANY
a Delaware Company

12300 Liberty Boulevard
Englewood, Colorado 80112
(720) 875-4000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held [ ], 2008

Dear Discovery Holding Company Stockholder:

You are cordially invited to attend, and notice is hereby given of, the 2008 Annual Meeting of Stockholders of Discovery Holding Company **(DHC)** to be held at [ ], on [ ], 2008 at [ ] a.m., local time, for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of June 4, 2008, among DHC, Discovery Communications, Inc. **(New Discovery)** and Merger Sub, Inc. **(Merger Sub)**, a wholly-owned subsidiary of New Discovery, pursuant to which, among other things, Merger Sub would merge with and into DHC, and each outstanding share of DHC Series A and Series B common stock would be exchanged for 0.50 of a share of the same series of New Discovery common stock *plus* 0.50 of a share of New Discovery Series C common stock. We refer to this proposal as the **merger proposal**.

2. To consider and vote upon a proposal to issue New Discovery Series A and Series C convertible preferred stock to Advance/Newhouse Programming Partnership in exchange for its contribution to New Discovery of its entire indirect interest in Discovery Communications, LLC and Animal Planet, L.P. **(Animal Planet)**. We refer to this proposal as the **preferred stock issuance proposal.**

3. To consider and vote upon a proposal to include in the charter of New Discovery, as to the total number of shares which New Discovery shall have authority to issue, 4,000,000,000 shares, of which 3,800,000,000 shall be of a class designated as common stock, and of which 200,000,000 shall be of a class designated as preferred stock. We refer to this proposal as the **authorized stock proposal**.

4. To consider and vote upon a proposal to increase the number of shares of common stock with respect to which awards may be granted under the Discovery Holding Company 2005 Incentive Plan, as amended (as the same is assumed by New Discovery, the **DHC incentive plan**), overall and to any person in any single calendar year and to make other revisions intended to clarify certain terms of the plan. We refer to this proposal as the **incentive plan proposal**.

We refer to the merger proposal, the preferred stock issuance proposal, the authorized stock proposal and the incentive plan proposal, collectively, as the **transaction proposals.** ***Each of the merger proposal, the preferred stock issuance proposal and the authorized stock proposal is dependent on the other two, and none will be implemented unless they are all approved at the Annual Meeting. None of the merger proposal, the preferred stock issuance proposal or the authorized stock proposal is dependent on the approval of the incentive plan proposal. The incentive plan proposal is, however, dependent on the approval of the merger proposal, preferred stock issuance proposal and the authorized stock proposal and will not be implemented unless all three of these proposals are approved at the Annual Meeting and implemented thereafter.***

In addition to the transaction proposals, at the Annual Meeting you will be asked:

5. To consider and vote upon a proposal to re-elect John C. Malone and Robert R. Bennett to serve as Class III members of our board of directors until the 2011 Annual Meeting of stockholders or until their successors are elected. We refer to this proposal as the **election of directors proposal.**

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6. 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, 2008. We refer to this proposal as the **auditors ratification proposal.**

We refer to the election of directors proposal and the auditors ratification proposal together as the **annual business proposals**. We will also transact such other business as may properly be presented at the Annual Meeting or any postponements or adjournments of the meeting.

We describe the transaction proposals and the annual business proposals in more detail in the accompanying proxy statement/prospectus. We encourage you to read the proxy statement/prospectus in its entirety before voting.

Holders of record of DHC common stock as of 5:00 p.m., New York City time, on [ ], 2008, the record date **(record date)** for the Annual Meeting, will be entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof. The affirmative vote of the holders of at least a majority of the aggregate voting power of the shares of both series of DHC common stock outstanding on the record date, voting together as a single class, is required to approve each of the merger proposal, the preferred stock issuance proposal and the authorized stock proposal. The affirmative vote of the holders of a plurality of the votes of the shares of both series of DHC common stock outstanding on the record date, voting as a single class, that are voted at the Annual Meeting, in person or by proxy, is required to re-elect each of Messrs. Malone and Bennett as a Class III member of our board of directors pursuant to the election of directors proposal. The affirmative vote of the holders of at least a majority of the aggregate voting power of the shares of both series of DHC common stock outstanding on the record date and present at the Annual Meeting, in person or by proxy, voting together as a single class, is required to approve each of the incentive plan proposal and the auditors ratification proposal. A list of stockholders entitled to vote at the Annual Meeting will be available at the office of DHC for review by any DHC stockholder, for any purpose germane to the Annual Meeting, for at least 10 days prior to the Annual Meeting.

The board of directors of DHC unanimously recommends that you vote FOR approval of the merger proposal, the preferred stock issuance proposal, the authorized stock proposal and the incentive plan proposal, FOR the re-election of Messrs. Malone and Bennett as Class III directors, and FOR the auditor ratification proposal.

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

- Use the toll-free telephone number shown on the proxy card;
- Use the Internet website shown on the proxy card; or
- Complete, sign, date and promptly return the enclosed proxy card in the postage-paid envelope. It requires no postage if mailed in the United States.

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

By Order of the Board of Directors,

Charles Y. Tanabe
Senior Vice President, General Counsel and

Secretary

Englewood, Colorado
[ ], 2008

PLEASE COMPLETE, EXECUTE AND RETURN THE ENCLOSED PROXY CARD PROMPTLY OR VOTE BY TELEPHONE OR OVER THE INTERNET, WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE ANNUAL MEETING. IF YOU HAVE ANY QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR DHC SHARES, PLEASE CALL DHC S INVESTOR RELATIONS DEPARTMENT AT (877) 772-1518.

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QUESTIONS AND ANSWERS

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

Concerning the Transaction

Q: What is the proposed Transaction?

A: DHC and Advance/Newhouse have agreed to combine their interests in Discovery pursuant to the terms of a transaction agreement **(Transaction Agreement)**. Advance/Newhouse will contribute its entire interest in Discovery and Animal Planet L.P. **(Animal Planet)** to a new parent company named Discovery Communications, Inc. **(New Discovery)**, in exchange for two series of convertible preferred stock of New Discovery, and DHC will merge with a wholly-owned subsidiary of New Discovery. After the contribution by Advance/Newhouse in exchange for the convertible preferred stock and the merger of DHC, DHC stockholders and Advance/Newhouse will be stockholders of New Discovery and Discovery will be an indirect wholly-owned subsidiary of New Discovery.

Q: What is the purpose of the Transaction?

A: Currently, DHC holds a two-thirds equity interest in Discovery s parent, Discovery Communications Holding, LLC **(Discovery Communications Holding)**, and Advance/Newhouse holds the other one-third equity interest and special voting rights. As a result of these special voting rights, DHC is unable to consolidate Discovery for financial reporting purposes. DHC desired to structure a transaction with Advance/Newhouse that would allow DHC to consolidate Discovery for financial reporting and tax purposes while also preserving for its stockholders not less than the level of control over Discovery that DHC currently holds as a two-thirds owner of Discovery Communications Holding. Advance/Newhouse desired to structure a transaction with DHC that would enable Advance/Newhouse to obtain liquidity with respect to its interests in Discovery while also preserving its special voting rights (subject to mutually acceptable modifications appropriate for a public company). Advance/Newhouse also desired that Discovery s ultimate parent company be a pure-play, programming company, which would require the divestiture **(AMC spin-off)** of DHC s interests in Ascent Media Corporation **(AMC)**, prior to the completion of the Transaction. At the time of the AMC spin-off, AMC would include all of DHC s Ascent Media Group businesses other than certain businesses that provide sound, music, mixing, sound effects and other related post-production audio services under brand names such as Sound One, POP Sound, Soundelux and Todd A-O **(Ascent Media Sound)**. Lastly, both DHC and Advance/Newhouse desired that the Transaction be generally tax-free to each of DHC, DHC s stockholders and Advance/Newhouse. The Transaction was structured to accomplish the foregoing goals.

Q: What will holders of DHC common stock receive as a result of the Transaction?

A: If the Transaction is completed, each share of DHC Series A common stock or DHC Series B common stock owned by a DHC stockholder at the effective time of the merger will be exchanged for 0.50 of a share of the same series of New Discovery common stock *and* 0.50 of a share of New Discovery Series C common stock. All three series of New Discovery common stock (Series A, B and C) will have the same rights, powers and preferences, except (1) the Series B common stock will be convertible into the Series A common stock and (2) the Series B will have 10 votes per share, the Series A will have one vote per share, and the Series C will not

have any voting rights except as required by Delaware law.

Q: Why will holders of DHC common stock receive Series C common stock of New Discovery?

A: One of the anticipated benefits of the Transaction is the ability of New Discovery to issue equity on more favorable terms in connection with future acquisitions. Using a publicly traded, non-voting series of stock as acquisition currency will enable New Discovery to issue stock without diluting the voting rights of its existing stockholders, including the former DHC stockholders and Advance/Newhouse. Issuing Series C common stock

of New Discovery in the Transaction will allow a market to develop in this stock prior to the need for its use in an acquisition.

Q: What will Advance/Newhouse receive as a result of the Transaction?

A: In exchange for its contribution to New Discovery of its entire indirect interest in Discovery and Animal Planet in accordance with the Transaction Agreement, Advance/Newhouse will receive shares of New Discovery Series A convertible preferred stock and New Discovery Series C convertible preferred stock. The convertible preferred stocks will initially be convertible, on an as-converted basis, into one-third of the common equity of New Discovery. Accordingly, the Series A convertible preferred stock will be convertible into a number of shares of New Discovery Series A common stock equal to one-half of the aggregate number of shares of New Discovery Series A and Series B common stock issued in the merger, and the Series C convertible preferred stock will initially be convertible into a number of shares of New Discovery Series C common stock equal to one-half of the shares of New Discovery Series C common stock issued in the merger, in each case, subject to anti-dilution adjustments. Advance/Newhouse is receiving convertible preferred stock rather than shares of common stock because the convertible preferred stock will enable Advance/Newhouse to exercise its special voting rights through a separate class vote in its capacity as a stockholder of New Discovery, which reflects how Advance/Newhouse currently exercises its special voting rights with respect to Discovery.

Advance/Newhouse will also be entitled to additional shares of the same series of convertible preferred stock following the merger upon exercise of certain options and stock appreciation rights in respect of New Discovery common stock that will be outstanding immediately after the merger. These additional shares will be deposited by Advance/Newhouse into an escrow account upon closing for the benefit of Advance/Newhouse and released from escrow contingent upon any such exercise. The shares are being issued and escrowed to avoid dilution to Advance/Newhouse as a result of the rollover of outstanding equity awards at DHC.

The New Discovery preferred stock will vote as a single class with the holders of New Discovery common stock on all matters submitted for a vote to the common stockholders of New Discovery, except for the election of directors. The New Discovery convertible preferred stock will have the right to elect three members of New Discovery s board of directors (who we refer to as the **preferred stock directors)** and will have the special voting rights referenced above on matters such as fundamental changes in the business of New Discovery, certain acquisitions and dispositions and future issuances of New Discovery capital stock.

Q: How will the Transaction affect the proportionate equity interests of the existing stockholders of DHC in Discovery and AMC?

A: Following the completion of the Transaction and the AMC spin-off, former DHC stockholders will own 662/3% of the equity of New Discovery (which will own 100% of the equity of Discovery and 100% of the equity of Ascent Media Sound) and 100% of the equity of AMC. Today, DHC owns 662/3% of the equity of Discovery, 100% of the equity of AMC and 100% of the equity of Ascent Media Sound. Following the completion of the Transaction and the AMC spin-off, Advance/Newhouse will own 331/3% of the equity of New Discovery, which will own 100% of the equity of Discovery and 100% of the equity of Ascent Media Sound. Today, Advance/Newhouse owns 331/3% of the equity of Discovery and no interest in AMC or Ascent Media Sound. For financial information on AMC, see its Audited Financial Statements included as Appendix F to this proxy statement/prospectus. Although no formal valuation was performed with respect to Ascent Media Sound, DHC believes that it would have an enterprise value of up to $50 million. As a result of the Transaction, the DHC stockholders equity interest in Ascent Media Sound will be diluted by 331/3%. The DHC board considered the dilutive effect on the DHC stockholders of retaining Ascent Media Sound at New Discovery but determined that the benefits to the Transaction of retaining Ascent Media Sound at New Discovery outweighed the dilution to the

DHC stockholders.

Q: How will the Transaction affect the proportionate voting interests of the existing stockholders of DHC?

A: Following the completion of the Transaction, former DHC stockholders will hold 74% of the aggregate voting power of New Discovery (other than with respect to the election of directors), based upon the number of shares of DHC common stock outstanding on June 30, 2008, and former DHC stockholders will own 100% of the aggregate voting power of New Discovery with respect to the election of the eight directors that are not elected by the holders of the New Discovery convertible preferred stock.

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Immediately following the completion of the Transaction, Advance/Newhouse will hold 26% of the aggregate voting power of New Discovery (other than with respect to the election of directors), based upon the number of shares of DHC common stock outstanding on June 30, 2008. In addition, the New Discovery convertible preferred stock will have the right to elect three directors and special voting rights on select matters for so long as Advance/Newhouse (or a permitted transferee) owns a specified minimum amount of Series A convertible preferred stock.

Although Advance/Newhouse will hold 331/3% of the equity of New Discovery, its aggregate voting power is less than this percentage (and, conversely, former DHC stockholders will hold 662/3% of the equity of New Discovery but their aggregate voting power will exceed this percentage) because the holders of DHC Series B common stock will receive shares of Series B common stock of New Discovery in the Transaction, which have the same per share voting rights as the DHC Series B shares.

Q: What is the incentive plan proposal?

A: The DHC incentive plan provides the compensation committee of the DHC board with the ability to grant equity based incentive awards and certain cash awards to employees and consultants. Under the current DHC incentive plan, the aggregate number of shares with respect to which awards may be granted is 20 million and the aggregate number of shares with respect to which awards may be granted to a person in a single calendar year is 2 million. New Discovery will assume the DHC incentive plan upon the consummation of the Transaction and going forward New Discovery s compensation committee will be responsible for the administration of the DHC incentive plan.

The DHC board has determined that the limits described above should be increased in connection with New Discovery s assumption of the DHC incentive plan in the Transaction because it is the expectation of DHC and Advance/Newhouse that, as a result of the Transaction, participants under the Discovery Appreciation Program **(DAP)**, the current incentive plan of Discovery, and other current and future employees of Discovery will become grantees under the DHC incentive plan and, generally, new awards under the DAP will not be made after completion of the Transaction. The terms of the future grants under the DHC incentive plan (other than those contemplated by (i) a term sheet entered into between the compensation committee of Discovery and John Hendricks, the Founder and Chairman of Discovery, on July 29, 2008 and (ii) the employment agreement with Discovery s new chief financial officer, Bradley Singer) have not yet been determined; rather, it is the expectation of DHC and Advance/Newhouse that the compensation committee of the New Discovery board will be tasked with making those determinations. In determining that the limits under the DHC incentive plan should be increased in connection with the Transaction, DHC and Advance/Newhouse also took into account that, pursuant to the term sheet relating to Mr. Hendricks awards, he would receive a grant of stock options under the DHC incentive plan relating to approximately 4.8 million DAP units that are vesting in 2008, thereby requiring an increase in the DHC incentive plan s per-person, per year grant cap. For a description of the term sheet relating to Mr. Hendricks awards and Mr. Singers s employment agreement, please see Management of New Discovery Executive Compensation Arrangements John Hendricks Equity Stake Transition Term Sheet and Executive Compensation Arrangements Singer Employment Agreement, respectively. The DHC Board also noted that:

New Discovery s outstanding equity will be significantly larger than DHC s due to the preferred stock issuance in the contribution;

New Discovery will have a much larger base of potential grantees because the Discovery organization has many more employees than DHC;

there are 5 years remaining under the original term of the DHC incentive plan, during which time New Discovery s compensation committee may continue to grant awards thereunder; and

to change the name of the DHC incentive plan.

In addition, in order to facilitate the transition of the DHC incentive plan from DHC to New Discovery, the DHC board decided to make various clarifying revisions to the DHC incentive plan.

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For these reasons, the DHC board and its compensation committee determined that it would seek the approval of the DHC stockholders to amend and restate the DHC incentive plan to: (i) increase the aggregate number of shares with respect to which awards may be granted during the term of the DHC incentive plan to 42 million, (ii) increase the aggregate number of shares with respect to which awards may be granted to a person in a single calendar year to 6 million, and (iii) make other clarifying revisions as described in The DHC Incentive Plan Proposal Background and Purpose below.

Q: Why do you want New Discovery to have a greater number of authorized shares of capital stock than DHC has?

A: If the authorized stock proposal is approved, New Discovery will be authorized by its restated charter to issue 3.8 billion shares of common stock and 200 million shares of preferred stock. By comparison, DHC today has authorized stock of 1.25 billion shares of common stock and 50 million shares of preferred stock. We estimate that approximately 281.2 million shares of common stock and 142 million shares of preferred stock (including preferred shares to be deposited in escrow) will be issued in connection with the Transaction, based on the number of shares of DHC common stock and DHC options outstanding on June 30, 2008. An estimated 144.8 million additional shares of common stock will be reserved for issuance upon potential conversion of the convertible preferred stock to be issued to Advance/Newhouse and upon potential exercise of New Discovery options and SARs. The greater number of authorized shares at New Discovery is also necessary in the event of a rights distribution date under the rights plan adopted by New Discovery, and to provide flexibility to New Discovery in the future by assuring the availability of sufficient authorized but unissued shares for a variety of other corporate purposes, such as financings, stock dividends, incentive compensation plans, and mergers and acquisitions. The authorized stock of New Discovery is set forth in Article IV of its restated charter, a copy of which is included as Appendix D to this proxy statement/prospectus.

Q: Where will New Discovery common stock trade?

A: We expect the New Discovery Series A and Series B common stock to be listed on the Nasdaq Global Select Market under DISCA and DISCB, the same symbols under which DHC Series A and Series B common stock currently trade, and the New Discovery Series C common stock to be listed on the Nasdaq Global Select Market under the symbol DISCK .

Q: What do I need to do to vote on the transaction proposals?

A: After carefully reading and considering the information contained in this proxy statement/prospectus, you should complete, sign, date and return the enclosed proxy card by mail, or vote by the telephone or through the Internet, in each case as soon as possible so that your shares are represented and voted at the Annual Meeting. Instructions for voting by using the telephone or the Internet are printed on the proxy voting instructions attached to the proxy card. In order to vote via the Internet, have your proxy card available so you can input the required information from the card, and log into the Internet website address shown on the proxy card. When you log on to the Internet website address, you will receive instructions on how to vote your shares. The telephone and Internet voting procedures are designed to authenticate votes cast by use of a personal identification number, which will be provided to each voting shareholder separately.

Stockholders who have shares registered in the name of a broker, bank or other nominee should follow the voting instruction card provided by their broker, bank or other nominee in instructing them how to vote their shares. We recommend that you vote by proxy even if you plan to attend the Annual Meeting. You may change your vote at the Annual Meeting.

Q: What stockholder approvals are required before the Transaction can be completed?

A: In order for the Transaction to be completed, the DHC stockholders must approve each of the merger proposal, the preferred stock issuance proposal and the authorized stock proposal at the Annual Meeting. If any of these three proposals are not approved, then the Transaction will not happen. The approval of the merger proposal, preferred stock issuance proposal and the authorized stock proposal each require the affirmative vote of the holders of at least a majority of the aggregate voting power of the shares of both series of DHC common stock

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outstanding on the record date for the Annual Meeting, voting together as a single class. The completion of the Transaction is not dependent on the approval of the incentive plan proposal at the Annual Meeting.

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

A: The incentive plan proposal requires the affirmative vote of the holders of at least a majority of the aggregate voting power of the shares of DHC common stock outstanding on the record date for the Annual Meeting and present at the Annual Meeting, in person or by proxy, voting together as a single class.

Q: If my DHC shares are held in street name by a broker, bank or other nominee, will the broker, bank or other nominee vote those shares for me on any of the transaction proposals?

A: If you hold your shares in street name and do not provide voting instructions to your broker, bank or other nominee, your shares will not be voted on any of the transaction proposals. Accordingly, your broker, bank or other nominee will vote your shares held in street name only if you provide instructions on how to vote. 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, or if those shares are voted in circumstances in which proxy authority is defective or has been withheld with respect to any proposal, these shares are considered **broker non-votes** . Broker non-votes will have the same effect as a vote **AGAINST** the merger proposal, preferred stock issuance proposal and the authorized stock proposal but will have no effect on the incentive plan proposal. You should follow the directions your broker, bank or other nominee provides to you regarding how to vote your shares.

Q: What if I do not vote on the transaction proposals?

A: If you fail to respond with a vote on the transaction proposals, it will have the same effect as a vote **AGAINST** the merger proposal, preferred stock issuance proposal and the authorized stock proposal but will have no effect on the incentive plan proposal. If you respond but do not indicate how you want to vote, your proxy will be counted as a vote **FOR** each of the transaction proposals. If you respond and indicate that you are abstaining from voting, your proxy will have the same effect as a vote **AGAINST** each of the transaction proposals.

Q: May I change my vote on the transaction proposals after returning a proxy card or voting by telephone or over the Internet?

A: *Yes.* Before your proxy is voted at the Annual Meeting, you may change your vote on the transaction proposals by telephone or over the Internet (if you originally voted by telephone or over the Internet), by voting in person at the Annual Meeting or by delivering a signed proxy revocation or a new signed proxy with a later date to: Discovery Holding Company, c/o Computershare Trust Company, N.A., P.O. Box 43102, Providence, Rhode Island 02940.

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

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

Q: When do you expect to complete the Transaction?

A:

We expect to complete the Transaction as quickly as possible once all the conditions to the Transaction, including obtaining the approvals of each of the merger proposal, the preferred stock issuance proposal and the authorized stock proposal at the Annual Meeting, are satisfied or, if applicable, waived. We currently expect to complete the Transaction within a few days following the Annual Meeting.

Q: If the Transaction is completed, what should I do with my shares?

A: If you are a holder of certificated shares of DHC common stock, you will receive written instructions from the stock transfer agent after the Transaction is completed on how to exchange your shares of DHC common stock for shares of New Discovery common stock.

If you hold shares of DHC common stock through book-entry (whether through a bank, broker or nominee or through the transfer agent s book-entry registry), those shares will be debited from your account, and your

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account will be credited with the applicable number and series of shares of New Discovery and cash in lieu of any fractional share interest you are entitled to receive with respect to such shares of DHC common stock.

Q: Who can help answer my questions about the voting procedures and the Transaction?

A: DHC stockholders who have questions about the Annual Meeting, including the voting procedures, or the transaction proposals should call DHC s Investor Relations Department at (877) 772-1518 with their questions.

Concerning the AMC Spin-off

Q: What is the AMC spin-off?

A: In the AMC spin-off, DHC will distribute to its current stockholders, on a pro rata basis, all of the issued and outstanding shares of stock of a newly formed, wholly-owned subsidiary, AMC, which will hold cash and all of the businesses of DHC s wholly-owned subsidiaries, Ascent Media CANS, LLC (dba AccentHealth) and Ascent Media Group, LLC (collectively, **Ascent Media)**, except for Ascent Media Sound. Ascent Media Sound, which provides sound supervision, sound design, sound editorial, music, mixing and sound effects services for the production and post-production of feature films, television programs and commercials, is not a necessary or integral component of the other businesses of Ascent Media and is being retained by DHC to address, among other things, certain tax considerations. For financial information on AMC, see its Audited Financial Statements included as Appendix F to this proxy statement/prospectus. Although no formal valuation was performed with respect to Ascent Media Sound, DHC believes that it would have an enterprise value of up to $50 million. As a result of the Transaction, the DHC stockholders equity interest in Ascent Media Sound will be diluted by 331/3%. The DHC board considered this dilution to the DHC stockholders but determined that it was outweighed by the benefits to the Transaction of retaining Ascent Media Sound at New Discovery. For more information regarding Ascent Media Sound, see The Companies Discovery Communications, Inc.

Q: Is the AMC spin-off conditioned on the completion of the Transaction?

A: *Yes,* the AMC spin-off is conditioned on all of the conditions precedent to the Transaction (other than the spin-off itself, and other matters that will be completed at the closing of the Transaction) having been satisfied or, to the extent waivable, waived.

Q: Why is the AMC spin-off happening?

A: The obligations of DHC and Advance/Newhouse to complete the Transaction are subject to the completion of the AMC spin-off. The AMC spin-off will facilitate the Transaction by resolving differing views with respect to the value of Ascent Media that could otherwise preclude the consummation of the Transaction on terms acceptable to both DHC and Advance/Newhouse. DHC wishes to complete the Transaction for the reasons summarized above.

Further, the AMC spin-off will provide certain benefits for investors in AMC, including making it easier for investors to understand and value the Ascent Media assets (other than Ascent Media Sound), which DHC s board of directors believes may currently be overshadowed by DHC s interest in Discovery.

Q: Where can I find more information about the AMC spin-off?

A: An information statement concerning the AMC spin-off will be mailed to all DHC stockholders in advance of the distribution date for the AMC spin-off and as of a record date to be determined by the DHC board. You should read the information statement when you receive it carefully as it will contain important information about the

mechanics of the AMC spin-off as well as detailed information about the assets of Ascent Media that are involved in the AMC spin-off.

Concerning the DHC Annual Meeting and the Annual Business Proposals

Q: Why is DHC having its Annual Meeting instead of a Special Meeting at this time?

A: DHC s common stock is traded on the Nasdaq Global Select Market, and it is a requirement of The Nasdaq Stock Market that all issuers of securities traded on that market hold an annual meeting once a year. The Annual Meeting will satisfy this requirement. If the merger proposal, preferred stock issuance proposal and authorized

stock proposal are approved and the Transaction is completed, New Discovery, as the successor to DHC, will not be required to hold an annual meeting until 2009.

Q: In addition to the transaction proposals, what other proposals are to be considered and voted upon at the Annual Meeting?

A: DHC stockholders will be attending to annual business matters and are being asked to consider and vote on the following two proposals, in addition to the transaction proposals:

the *election of directors proposal,* a proposal to re-elect John C. Malone and Robert R. Bennett to serve as Class III members of DHC s board of directors until DHC s 2011 annual meeting of stockholders or until their successors are elected; and

the *auditors ratification proposal,* a proposal to approve the selection of KPMG LLP as DHC s independent auditors for the fiscal year ending December 31, 2008.

We will also transact such other business as may properly be presented at the meeting or at any postponements or adjournments of the meeting. However, we are not aware of any other matters to be acted upon at the Annual Meeting.

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

A: The election of Messrs. Malone and Bennett requires a plurality of the affirmative votes of the shares of DHC s Series A and Series B common stock outstanding on the record date, voting together as a single class, that are voted in person or by proxy at the Annual Meeting. This means that the nominees will be elected if they receive more affirmative votes than any other person.

If you submitted a proxy card on which you indicate that you abstain from voting, it will have no effect on the election of directors proposal.

Broker non-votes will have no effect on the election of directors proposal.

Q: How will the vote on the transaction proposals impact the DHC directors elected pursuant to the election of directors proposal?

A: If the merger proposal, preferred stock issuance proposal and authorized stock proposal receive the requisite stockholder approval at the Annual Meeting, the DHC directors elected pursuant to the election of directors proposal will serve, together with DHC s other directors, until the closing of the Transaction. At that time, the board of directors of New Discovery will be comprised of common stock directors and preferred stock directors, with the current DHC board of directors (including Messrs. Malone and Bennett, regardless of whether or not they are elected at the Annual Meeting) constituting the common stock directors of New Discovery, along with one new independent director and two executive officers of Discovery. Advance/Newhouse, as the holder of the New Discovery convertible preferred stock, will appoint the three preferred stock directors, but will not vote on the election of any common stock director. Two of the initial preferred stock directors will be Robert J. Miron, Chairman of Advance/Newhouse, and Steven A. Miron, Chief Executive Officer of Advance/Newhouse.

If the merger proposal, preferred stock issuance proposal and authorized stock proposal do not receive the requisite stockholder approval, or if for any other reason the Transaction is not completed, then the persons elected as Class III directors at the Annual Meeting will serve until the 2011 annual meeting of DHC

stockholders or until their successors are elected.

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

A: The auditors ratification proposal requires the affirmative vote of the holders of at least a majority of the aggregate voting power of the shares of DHC common stock outstanding on the record date for the Annual Meeting and present at the Annual Meeting, in person or by proxy, voting together as a single class.

If you submit a proxy card on which you indicate that you abstain from voting, it will have the same effect as a vote **AGAINST** the auditors ratification proposal.

Broker non-votes will have no effect on the auditors ratification proposal.

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Q: What do I need to do to vote on the annual business proposals?

A: After carefully reading and considering the information relating to the annual business proposals contained in this proxy statement/prospectus, you should complete, sign, date and return the enclosed proxy card, or vote by the telephone or through the Internet, in each case as soon as possible so that your shares are represented and voted at the Annual Meeting. Instructions for voting by using the telephone or the Internet are printed on the proxy voting instructions attached to the proxy card. In order to vote via the Internet, have your proxy card available so you can input the required information from the card, and log into the Internet website address shown on the proxy card. When you log on to the Internet website address, you will receive instructions on how to vote your shares. The telephone and Internet voting procedures are designed to authenticate votes cast by use of a personal identification number, which will be provided to each voting shareholder separately.

Stockholders who have shares registered in the name of a broker, bank or other nominee should follow the voting instruction card provided by their broker, bank or other nominee in instructing them how to vote their shares on each of the annual business proposals. We recommend that you vote by proxy even if you plan to attend the Annual Meeting. You may change your vote at the Annual Meeting.

Q: If my DHC shares are held in street name by a broker, bank or other nominee, will the broker, bank or other nominee vote my shares on each of the annual business proposals?

A: If you hold your shares in street name and do not provide voting instructions to your broker, bank or other nominee, your shares may, in the discretion of the broker, bank or other nominee, be voted on the election of directors proposal and the auditors ratification proposal.

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SUMMARY

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

The Companies
(see page 38)

Discovery Holding Company
12300 Liberty Boulevard
Englewood, Colorado 80112
Telephone: (720) 875-4000

Discovery Holding Company **(DHC)** is a holding company. Through its two wholly-owned operating subsidiaries, Ascent Media Group, LLC and Ascent Media CANS, LLC (dba AccentHealth), and through its 662/3% owned equity affiliate Discovery Communications Holding, DHC is engaged primarily in (1) the provision of creative and network services to the media and entertainment industries and (2) the production, acquisition and distribution of entertainment, educational and informational programming and software. DHC s subsidiaries and affiliates operate in the United States, Europe, Latin America, Asia, Africa and Australia. Discovery Communications Holding is an intermediary holding company that owns 100% of the operating company Discovery Communications, LLC **(Discovery)**. DHC s company website is *www.discoveryholdingcompany.com.*

Discovery Communications, LLC
One Discovery Place
Silver Spring, MD 20910
(240) 662-2000

Discovery is a leading global media and entertainment company that provides original and purchased programming across multiple distribution platforms in the United States and more than 170 other countries, including television networks offering customized programming in 35 languages. Discovery also develops and sells consumer and educational products and services in the United States and internationally, and owns and operates a diversified portfolio of website properties and other digital services. Discovery operates through three divisions: (1) Discovery networks U.S., (2) Discovery networks international and (3) Discovery commerce and education. Upon consummation of the Transaction, Discovery will become a wholly-owned subsidiary of New Discovery. Discovery is not a party to the Transaction Agreement. Discovery s website is *www.discoverycommunications.com.*

Discovery Communications, Inc.
Prior to the Transaction:
12300 Liberty Boulevard
Englewood, Colorado 80112

Telephone: (720) 875-4000

Following the Transaction:
One Discovery Place
Silver Spring, MD 20910
Telephone: (240) 662-2000

New Discovery is a newly-formed corporation. New Discovery has not conducted any activities other than those incident to its formation, the matters contemplated by the Transaction Agreement and the preparation of

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applicable filings under the federal securities laws. Upon completion of the Transaction, New Discovery will become the new publicly-traded parent of DHC, Discovery and Ascent Media Sound.

Ascent Media Sound, which is currently part of the creative services division of the Ascent Media Group, provides facilities and support services for sound supervision, sound design, sound editorial, music mixing and sound effects for the production and post-production of feature films, television programming, commercials and multimedia games. Through its Soundelux brand, Ascent Media Sound maintains an extensive sound effects library with over 3,000 unique sounds.

Merger Sub, Inc.
12300 Liberty Boulevard
Englewood, Colorado 80112
Telephone: (720) 875-4000

Merger Sub, Inc. (which we refer to as **Merger Sub)** is a wholly-owned transitory merger subsidiary of New Discovery, recently formed solely for the purpose of merging with and into DHC.

Advance/Newhouse Programming Partnership
5000 Campuswood Drive
E. Syracuse, NY 13057
Telephone: (315) 438-4100

Advance/Newhouse is a privately held partnership headquartered in Syracuse, New York. The owners of Advance/Newhouse operate Bright House Networks, the sixth largest U.S. cable company serving over two million customers. Their other interests include Conde Nast magazines such as the *New Yorker, Vogue, Vanity Fair*, and *Wired*; *PARADE* magazine; daily newspapers serving 26 cities; American City Business Journals, which publishes business journals in over 45 cities; and a direct 331/3% interest in Discovery Communications Holding.

Purpose of the Transaction
(see page 43)

Currently, DHC holds a two-thirds equity interest in Discovery s parent, Discovery Communications Holding, and Advance/Newhouse holds the other one-third equity interest and special voting rights. As a result of these special voting rights, DHC is unable to consolidate Discovery for financial reporting purposes. DHC desired to structure a transaction with Advance/Newhouse that would allow DHC to consolidate Discovery for financial reporting and tax purposes while also preserving for its stockholders not less than the level of control over Discovery that DHC currently holds as a two-thirds owner of Discovery Communications Holding. Advance/Newhouse desired to structure a transaction with DHC that would enable Advance/Newhouse to obtain liquidity with respect to its interests in Discovery while also preserving its special voting rights (subject to mutually acceptable modifications appropriate for a public company). Advance/Newhouse also desired that Discovery s ultimate parent company be a pure-play, programming company, which would be effected by spinning off DHC s interests in Ascent Media, except for Ascent Media Sound, prior to the completion of the Transaction. Lastly, both DHC and Advance/Newhouse desired that the Transaction be generally tax-free to each of DHC, DHC s stockholders and Advance/Newhouse. The Transaction was structured to accomplish the foregoing goals.

Structure of The Transaction
(see page 42)

Upon satisfaction (or waiver, where permissible) of all conditions to the Transaction set forth in the Transaction Agreement (other than the AMC spin-off and other conditions to be satisfied at closing), DHC will effect the AMC spin-off. Immediately after completion of the AMC spin-off, Advance/Newhouse will contribute to New Discovery all of its indirect interests in Discovery and Animal Planet in exchange for shares of New Discovery Series A and Series C convertible preferred stock, initially convertible into one-third of the common equity of New Discovery, on an as-converted basis. Immediately upon completion of the Advance/Newhouse contribution, Merger

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Sub with merge with and into DHC with DHC surviving the merger. In the merger, each outstanding share of DHC common stock will automatically be converted as follows:

- each share of DHC Series A common stock outstanding immediately prior to the effective time of the merger will be converted into the right to receive 0.50 shares of New Discovery Series A common stock and 0.50 shares of New Discovery Series C common stock; and

- each share of DHC Series B common stock outstanding immediately prior to the effective time of the merger will be converted into the right to receive 0.50 shares of New Discovery Series B common stock and 0.50 shares of New Discovery Series C common stock.

Structure Charts

The following diagrams illustrate the Transaction in general terms and are not comprehensive. They reflect the economic substance of the Transaction, but do not precisely reflect the legal and corporate entities used to implement the Transaction. The contribution of Advance/Newhouse s interest in Animal Planet is not reflected in the following diagrams because the value of this contribution is insignificant relative to the value of the overall Transaction. Currently, Animal Planet is 85% owned by Discovery, 10% owned by DHC and 5% owned by Advance/Newhouse. Upon the consummation of the Transaction and the AMC spin-off, New Discovery will indirectly own 100% of Animal Planet. For a more complete description of the Transaction, see The Transaction starting on page 40 and The Transaction Agreements starting on page 51.

Current Structure

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Post-Transaction and AMC Spin-Off Structure

What Will DHC Stockholders Receive in the Transaction
(see page 51)

If the Transaction is completed, each share of DHC Series A common stock or DHC Series B common stock owned by a DHC stockholder at the effective time of the merger will be exchanged for 0.50 of a share of the same series of New Discovery common stock *and* 0.50 of a share of New Discovery Series C common stock. All three series of New Discovery common stock (Series A, B and C) will have the same rights powers and preferences, except (1) the Series B common stock will be convertible into the Series A common stock, and (2) the Series B common stock will have 10 votes per share, the Series A common stock will have one vote per share, and the Series C common stock will not have any voting rights except as required by Delaware law.

The AMC spin-off will occur shortly before the effective time of the merger and the consummation of the Transaction. A separate information statement describing the AMC spin-off will be mailed in advance of the distribution date for the AMC spin-off to those DHC stockholders of record as of a separate record date to be set by the DHC board. For financial information on AMC, see its Audited Financial Statements included as Appendix F to this proxy statement/prospectus.

Following the completion of the Transaction, former DHC stockholders will own 662/3% of the equity of New Discovery and 74% of the aggregate voting power of New Discovery (other than with respect to the election of directors), based upon the number of shares of DHC common stock outstanding on June 30, 2008, and former DHC stockholders will own 100% of the aggregate voting power of New Discovery with respect to the election of the eight directors **(common stock directors)** that are not elected by the holders of the New Discovery convertible preferred stocks described below.

What Will Advance/Newhouse Receive in the Transaction
(see page 51)

In exchange for its contribution to New Discovery of its entire interest in Discovery and Animal Planet, Advance/Newhouse will receive shares of New Discovery Series A convertible preferred stock and New Discovery Series C convertible preferred stock, representing 331/3% of the equity of New Discovery and 26% of the aggregate voting power of New Discovery (other than with respect to the election of directors), in each case, immediately following the Transaction, based upon the number of shares of DHC common stock outstanding on June 30, 2008.

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The Series A convertible preferred stock will be convertible into a number of shares of New Discovery Series A common stock equal to one-half of the aggregate number of shares of New Discovery Series A and Series B common stock issued in the merger, and the Series C convertible preferred stock will initially be convertible into a number of shares of New Discovery Series C common stock equal to one-half of the shares of New Discovery Series C common stock issued in the merger, in each case subject to anti-dilution adjustments. Advance/Newhouse is receiving convertible preferred stock rather than shares of common stock because the convertible preferred stock will enable Advance/Newhouse to exercise its special voting rights through a separate class vote in its capacity as a stockholder of New Discovery, which reflects how Advance/Newhouse currently exercises its special voting rights with respect to Discovery.

Advance/Newhouse will also be entitled to additional shares of the same series of convertible preferred stocks following the Transaction upon exercise of certain stock options and stock appreciation rights in respect of New Discovery common stock that will be outstanding immediately after the Transaction. These additional shares will be deposited by Advance/Newhouse into an escrow account upon closing for the benefit of Advance/Newhouse and released from escrow contingent upon any such exercise. The shares are being issued and escrowed to avoid dilution to Advance/Newhouse as a result of the rollover of outstanding equity awards at DHC.

The New Discovery preferred stock will vote as a single class with the holders of New Discovery common stock on all matters submitted for vote to the common stockholders of New Discovery, except for the election of directors. The New Discovery preferred stock will have the right to elect three directors **(preferred stock directors)**, and will have special voting rights on select matters for so long as Advance/Newhouse or its permitted transferee owns at least 80% of the shares of Series A convertible preferred stock outstanding immediately following the closing of the Transaction, including fundamental changes in the business of New Discovery, mergers and business combinations, certain acquisitions and dispositions and future issuances of New Discovery capital stock.

Effect of Transaction on Relative Ownership Percentages
(page 51)

Equity Interests

Following the completion of the Transaction and the AMC spin-off, the former DHC stockholders will own 662/3% of the equity of New Discovery (which will own 100% of the equity of Discovery and 100% of the equity of Ascent Media Sound) and 100% of the equity of AMC. Today, DHC owns 662/3% of the equity of Discovery and 100% of the equity of Ascent Media (which is comprised of both AMC and Ascent Media Sound). Following the completion of the Transaction and the AMC spin-off, Advance/Newhouse will own 331/3% of the equity of New Discovery, which will own 100% of the equity of Discovery and 100% of the equity of Ascent Media Sound. Today, Advance/Newhouse owns 331/3% of the equity of Discovery and no interest in AMC or Ascent Media Sound. For financial information on AMC, see its Audited Financial Statements included as Appendix F to this proxy statement/prospectus. Although no formal valuation was performed with respect to Ascent Media Sound, DHC believes that it would have an enterprise value of up to $50 million. As a result of the Transaction, the DHC stockholders equity interest in Ascent Media Sound will be diluted by 331/3%. The DHC board considered the dilutive effect on the DHC stockholders of retaining Ascent Media Sound at New Discovery but determined that the benefits to the Transaction of retaining Ascent Media Sound at New Discovery outweighed the dilution to the DHC stockholders. For more information regarding Ascent Media Sound, see The Companies Discovery Communications, Inc.

Voting Interests

As described above, following the completion of the Transaction, former DHC stockholders and Advance/Newhouse will hold 74% and 26%, respectively, of the aggregate voting power of New Discovery (other than with respect to the election of directors), based upon the number of shares of DHC common stock outstanding on June 30, 2008. Although Advance/Newhouse will hold 331/3% of the equity of New Discovery, its aggregate voting power is less than this percentage (and, conversely, former DHC stockholders will hold 662/3% of the equity of New Discovery but their aggregate voting power will exceed this percentage) because the holders of DHC Series B

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common stock will receive shares of Series B common stock of New Discovery in the Transaction, which have the same per share voting rights (10 votes per share) as the DHC Series B shares.

The Annual Meeting and Proxy Solicitations
(see page 141)

Where and When. The Annual Meeting will take place at [ ], [ ], [ ], on [ ], 2008, at [ ] a.m., local time.

What You Are Being Asked to Vote on. At the Annual Meeting, DHC stockholders will vote on the transaction proposals and the annual business proposals. DHC stockholders also may be asked to consider other matters that properly come before the Annual Meeting. At the present time, DHC knows of no other matters that will be presented for consideration at the Annual Meeting.

Who May Vote. You may vote at the Annual Meeting if you were the record holder of DHC Series A common stock or DHC Series B common stock as of 5:00 p.m., New York City time, on [ ], 2008, the record date for the Annual Meeting. On that date, there were [ ] shares of DHC Series A common stock and [ ] shares of DHC Series B common stock outstanding and entitled to vote. The holders of DHC Series A common stock and the holders of DHC Series B common stock will vote together as a single class. You may cast one vote for each share of DHC Series A common stock that you owned on that date and ten votes for each share of DHC Series B common stock that you owned on that date.

What Vote is Needed on the Transaction Proposals The affirmative vote, cast in person or by proxy, of the holders of at least a majority of the aggregate voting power of the shares of DHC Series A common stock and DHC Series B common stock outstanding on the record date for the Annual Meeting, voting together as a single class, is required to approve each of the merger proposal, preferred stock issuance proposal and authorized stock proposal.

The affirmative vote of the holders of at least a majority of the aggregate voting power of the shares of DHC common stock outstanding on the record date for the Annual Meeting and present at the Annual Meeting, in person or by proxy, voting together as a single class, is required to approve the incentive plan proposal.

The directors and executive officers of DHC, who together beneficially own shares of DHC common stock representing approximately 34.4% of DHC s aggregate voting power as of June 30, 2008, have indicated to DHC that they intend to vote **FOR** all of the transaction proposals at the Annual Meeting.

What Vote is Needed on the Annual Business Proposals. The affirmative vote of the holders of a plurality of the votes of the shares of DHC Series A common stock and DHC Series B common stock outstanding on the record date, voting as a single class, that are voted at the Annual Meeting, in person or by proxy, is required to re-elect Messrs. Malone and Bennett as Class III directors pursuant to the election of directors proposal. The affirmative vote of the holders of at least a majority of the aggregate voting power of the shares of DHC Series A common stock and DHC Series B common stock outstanding on the record date and present at the Annual Meeting, in person or by proxy, voting together as a single class, is required to approve the auditors ratification proposal.

Recommendations to Stockholders

DHC s board of directors (and, with respect to DHC incentive plan concerns, the compensation committee of the DHC board) unanimously approved the Transaction, including the Transaction Agreement and the merger agreement, the merger, the preferred stock issuance, the New Discovery charter (including the provisions for the authorized capital stock of New Discovery) and the amendment and restatement of the DHC incentive plan, and determined that the

Transaction is advisable and in the best interests of DHC and its stockholders. Accordingly, DHC s board of directors recommends that DHC stockholders vote **FOR** each of the transaction proposals at the Annual Meeting.

DHC s board of directors has also approved each of the annual business proposals and recommends that the DHC stockholders vote **FOR** the election of each of Messrs. Malone and Bennett as Class III directors pursuant to the election of directors proposal and **FOR** the auditors ratification proposal.

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Reasons for the Transaction

DHC s Reasons for the Transaction (see page 43)

DHC s board of directors considered various beneficial factors in approving the Transaction, the Transaction Agreement, the merger agreement and the preferred stock issuance to Advance/Newhouse, including, among others:

- that the Transaction will provide DHC stockholders with a direct interest in Discovery, which will effectively become a public company;
- that the Transaction will create a pure-play programming company, New Discovery, in a manner that is generally expected to be tax-free to both DHC and its stockholders and Advance/Newhouse, and completion of the Transaction will allow the board of directors and management of New Discovery to focus almost entirely on the programming businesses of Discovery;
- that the Transaction will enable DHC stockholders, as well as potential investors and analysts, to obtain significantly improved disclosure regarding Discovery, including more transparent financial information;
- that the stock of New Discovery is expected to constitute an improved currency, when compared with current alternatives, in connection with issuing equity to raise capital and in acquisitions of other media and entertainment businesses;
- that the Transaction, together with the AMC spin-off, will enable New Discovery to more effectively tailor employee benefit plans and retention programs, when compared with current alternatives, to provide improved incentives to the employees and future hires of Discovery that will better and more directly align the incentives for management at DHC and Discovery with their performance; and
- the other matters referred to under The Transaction Purposes and Reasons for the Transaction; Recommendation of the DHC Board.

DHC s board also considered various risks in approving the Transaction, the Transaction Agreement, the merger agreement and the preferred stock issuance to Advance/Newhouse, including, among other things:

- the risk that the market overhang resulting from the outstanding shares of convertible preferred stock may depress the public market price of New Discovery s equity;
- the risk that Advance/Newhouse could transfer its entire block of stock to a third party without the approval of the New Discovery board, which could diminish the effectiveness of New Discovery s rights plan;
- the potentially significant indemnification obligation of New Discovery to Advance/Newhouse with respect to all liabilities incurred by DHC (but not Discovery) prior to the closing of the Transaction; and
- the risk that Advance/Newhouse could exercise its registration rights at inopportune times.

The DHC board evaluated the positive and negative aspects fully and, after careful deliberation, determined that the benefits of the Transactions outweighed the risks.

Management of New Discovery

(see page 103)

Following the closing of the Transaction, the board of directors of New Discovery will consist of eight common stock directors and three preferred stock directors. The members of the New Discovery board of directors will be:

Common Stock Directors:

John S. Hendricks, currently Chairman of Discovery;

David M. Zaslav, currently President and Chief Executive Officer of Discovery;

John C. Malone, currently Chief Executive Officer and Chairman of the Board of Directors of DHC;

Robert R. Bennett, currently President and a director of DHC;

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Paul A. Gould, currently a director of DHC;

M. LaVoy Robison, currently a director of DHC;

J. David Wargo, currently a director of DHC; and

Robert R. Beck, a new independent director.

Preferred Stock Directors:

Robert J. Miron, Chairman of Advance/Newhouse;

Steven A. Miron, Chief Executive Officer of Advance/Newhouse; and

Lawrence S. Kramer, a new independent director.

The management of New Discovery will be comprised of the management of Discovery, including Mr. Zaslav who will serve as the Chief Executive Officer and President of New Discovery. For more information on those individuals who will be the directors and executive officers of New Discovery immediately following the completion of the Transaction, see Management of New Discovery and Management of DHC. Mr. Malone and Mr. Bennett will serve on the New Discovery board of directors regardless of whether they are re-elected as Class III directors of DHC at the Annual Meeting.

Interests of Certain Persons in the Transaction
(see page 46)

In considering the recommendation of DHC s board of directors to vote to approve the transaction proposals, stockholders of DHC should be aware that members of DHC s board of directors and members of DHC s executive management teams have relationships, agreements or arrangements that provide them with interests in the Transaction that may be in addition to or different from those of DHC s public stockholders. Upon the consummation of the Transaction, directors of DHC will receive options to purchase shares of New Discovery common stock and, in the case of Mr. Bennett, options to purchase shares of AMC common stock (in addition to options to purchase New Discovery common stock), and DHC executive officers (other than those who are also directors of DHC) will receive share appreciation rights relating to shares of New Discovery common stock. In addition, as of June 30, 2008, the DHC executive officers and directors beneficially owned shares of DHC common stock representing in the aggregate approximately 34.4% of the aggregate voting power of DHC. DHC s board of directors were aware of these interests and considered them when approving the transaction proposals.

Material United States Federal Income Tax Consequences of the Transaction
(see page 48)

In connection with the filing of this proxy statement/prospectus, Skadden, Arps, Slate, Meagher & Flom LLP, tax counsel to DHC, has provided an opinion as to the material U.S. federal income tax consequences of the merger and the AMC spin-off. Generally, as set forth in further detail in Material United States Federal Income Tax Consequences of the Merger and the AMC spin-off Material U.S. Federal Income Tax Consequences of the Merger and Material United States Federal Income Tax Consequences of the Merger and the AMC spin-off Material U.S. Federal Income Tax Consequences of the AMC Spin-Off , for U.S. federal income tax purposes, (x) DHC stockholders will not recognize gain or loss for U.S. federal income tax purposes as a result of the exchange of DHC stock for New

Discovery stock pursuant to the merger, other than with respect to fractional shares of common stock of New Discovery for which cash is received, and (y) no gain or loss should be recognized by, and no amount should be included in the income of, a DHC stockholder upon the receipt of shares of the common stock of AMC in the AMC spin-off, other than with respect to fractional shares of common stock of AMC for which cash is received.

Tax matters are very complicated and the tax consequences of the merger and the AMC spin-off to each DHC stockholder may depend on such stockholder s particular facts and circumstances. Please see Material United States Federal Income Tax Consequences of the Merger and the AMC Spin-Off. **DHC stockholders are encouraged to consult their tax advisors to understand fully the tax consequences to them of the merger and the AMC spin-off.**

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Transaction Agreement and Merger Agreement
(see pages 51 and 58 and Appendices B and C)

The Transaction Agreement and the merger agreement are included as Appendix B and Appendix C, respectively, to this proxy statement/prospectus. We encourage you to read both agreements because they are the legal documents that govern the Transaction.

Conditions to Completion of the Transaction

The respective obligations of DHC and Advance/Newhouse under the Transaction Agreement and the merger agreement are subject to the satisfaction or waiver (if applicable) of a number of conditions, including, among others:

- the requisite stockholder approval of the merger proposal, the preferred stock issuance proposal and the authorized stock proposal having been obtained at the Annual Meeting;
- the shares of New Discovery common stock having been approved for listing on the Nasdaq Global Select Market, subject only to official notice of issuance;
- the registration statement on Form 10, as amended, for the AMC spin-off having been declared effective under the Exchange Act, and no stop order suspending the effectiveness thereof having been issued or threatened by the SEC;
- the receipt by DHC of the opinion of Skadden, Arps, Slate, Meagher & Flom LLP, tax counsel to DHC (which opinion will confirm the conclusions set forth in the opinion of Skadden, Arps, Slate, Meagher & Flom LLP in Material United States Federal Income Tax Consequences of the Merger and the AMC Spin-Off), substantially to the effect that, on the basis of facts and representations and assumptions as to factual matters set forth or referred to in such opinion, for U.S. federal income tax purposes, (1) the merger (in conjunction with the contribution by Advance/Newhouse) will qualify as a tax-free exchange within the meaning of Section 351 of the Internal Revenue Code of 1986, as amended (the **Code**), and (2) the AMC spin-off should qualify as a transaction under Sections 368(a) and 355 of the Code;
- the receipt by Advance/Newhouse of the opinion of its tax counsel substantially to the effect that, on the basis of facts and representations and assumptions as to factual matters set forth or referred to in such opinion, the contribution of its entire interest in Discovery and its interest in Animal Planet in exchange for New Discovery convertible preferred stock (in conjunction with the merger) will qualify as a tax-free exchange within the meaning of Section 351 of the Code for U.S. federal income tax purposes; and
- the New Discovery rights agreement being in full force and effect.

We expect to consummate the Transaction, including the Advance/Newhouse contribution and the merger, promptly after (i) all conditions to the Transaction have been satisfied or, if applicable, waived and (ii) the completion of the AMC spin-off. The condition relating to stockholder approval may *not* be waived.

Termination of the Transaction Agreement and the Merger Agreement

DHC and Advance/Newhouse may jointly agree to terminate the Transaction Agreement at any time without completing the Transaction, even after receiving the requisite stockholder approval of the transaction proposals. If the

Transaction is not completed, DHC will not effect the AMC spin-off. Either DHC or Advance/Newhouse may terminate the Transaction Agreement if, among other things:

- all conditions precedent to consummation of the Transaction have not been obtained by December 31, 2008; or
- any court or governmental authority issues an order, decree or ruling, or takes other action, permanently restraining, enjoining or otherwise prohibiting the Transaction.

The merger agreement will automatically be terminated if the Transaction Agreement is terminated. No termination or other fee is payable if the Transaction Agreement or the merger agreement is terminated.

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Restated Certificate of Incorporation
(see pages 76 and 90 and Appendix D)

The restated certificate of incorporation of New Discovery **(restated charter)** is included as Appendix D to this proxy statement/prospectus. We encourage you to read the restated charter because it is the legal document that governs the rights of the holders of New Discovery common stock.

Appraisal or Dissenters Rights
(see page 47)

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

Regulatory Matters
(see page 47)

The parties have obtained all regulatory consents and approvals required by the Transaction Agreement with respect to the Transaction.

Risk Factors
(see page 25)

If the Transaction is completed, stockholders of New Discovery will face a number of risks and uncertainties including, among others:

- New Discovery has no financial or operating history on which to evaluate its future performance;
- It will be difficult for a third party to acquire New Discovery, as the restated charter and bylaws of New Discovery include a number of provisions that could prevent or delay a change of control of New Discovery;
- Mr. John Malone, a director of New Discovery, and Advance/Newhouse will each have significant voting power with respect to any matters considered by New Discovery stockholders, and Advance/Newhouse will have significant special class voting rights over certain corporate actions by New Discovery by virtue of its ownership of the Series A convertible preferred stock;
- the entertainment and media programming businesses in which New Discovery will operate are highly competitive;
- the business of New Discovery will be inherently risky, as its revenues will be derived, and its ability to distribute its content will depend, primarily on shifting consumer tastes and preferences; and
- the various other risks and uncertainties described under Risk Factors and elsewhere in this proxy statement/prospectus.

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

DHC Annual Business Proposals

(see page 145)

At the Annual Meeting, DHC stockholders are also being asked to vote on the following proposals:

Election of directors proposal: a proposal to re-elect John C. Malone and Robert R. Bennett to serve as Class III members of DHC s board of directors until the 2011 annual meeting of DHC (or New Discovery) stockholders or until their successors are elected; and

Auditors ratification proposal: a proposal to ratify the selection of KPMG LLP as DHC s independent auditors for the fiscal year ending December 31, 2008.

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Selected Summary Historical Financial Data of DHC

The following tables present selected historical information relating to DHC s financial condition and results of operations for the three months ended March 31, 2008 and 2007 and for each of the years in the five-year period ended December 31, 2007. The financial data for the quarterly periods has been derived from DHC s unaudited financial statements for such periods, and the financial data for the annual periods has been derived from DHC s audited financial statements for the corresponding periods. The data should be read in conjunction with DHC s financial statements and Management s Discussion and Analysis of Financial Condition and Results of Operations included in DHC s Quarterly Report on Form 10-Q for the three months ended March 31, 2008 and DHC s Annual Report on Form 10-K, as amended, for the year ended December 31, 2007, as filed with the SEC, which are incorporated by reference herein.

	March 31,		December 31,			
	2008	2007	2006	2005	2004	2003
	amounts in thousands					
Summary Balance Sheet Data:						
Current assets	$ 414,277	371,707	317,362	400,386	198,969	131,437
Investment in Discovery	$ 3,330,030	3,271,553	3,129,157	3,018,622	2,945,782	2,863,0003
Goodwill	$ 1,909,823	1,909,823	2,074,789	2,133,518	2,135,446	2,130,897
Total assets	$ 5,935,838	5,865,752	5,870,982	5,819,236	5,564,828	5,396,627
Current liabilities	$ 137,402	120,137	121,887	93,773	108,527	60,595
Stockholders equity	$ 4,524,573	4,494,321	4,549,264	4,575,425	4,347,279	4,260,269

	Three Months Ended March 31,		Years Ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
	amounts in thousands, except per share amounts						
Summary Statement of Operations Data:							
Net revenue	$ 189,305	173,882	707,214	688,087	694,509	631,215	506,103
Operating income (loss)(1)	$ (7,629)	(1,201)	(167,643)	(115,137)	(1,402)	16,935	(2,404)
Share of earnings of Discovery	$ 66,402	21,557	141,781	103,588	79,810	84,011	37,271
Net earnings (loss)(1)	$ 33,991	20,464	(68,392)	(46,010)	33,276	66,108	(52,394)
Basic and diluted net earnings (loss) per common share Series A and Series B	$ .12	.07	(.24)	(.16)	.12		

Unaudited pro forma basic and diluted net earnings (loss) per common share Series A and Series B(2)	$	.24	(.19)

(1) Includes impairment of goodwill and other long-lived assets of $165,347,000, $93,402,000, $51,000 and $562,000 for the years ended December 31, 2007, 2006, 2004 and 2003, respectively.

(2) Unaudited pro forma basic and diluted net earnings (loss) per common share for the periods prior to DHC s July 21, 2005 spin-off **(DHC spin-off)** from Liberty Media Corporation **(Liberty)** is based on 280,199,000 common shares which is the number of shares of DHC common stock issued in the DHC spin-off.

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Selected Summary Historical Financial Data of Discovery Communications Holding

The following tables present selected historical information relating to Discovery Communications Holding s financial condition and results of operations for the three months ended March 31, 2008 and 2007 and for each of the years in the five-year period ended December 31, 2007. The financial data for the quarterly periods has been derived from Discovery Communications Holding s unaudited financial statements for such periods, and the financial data for the annual periods has been derived from Discovery Communications Holding s audited financial statements for the corresponding periods. The data should be read in conjunction with Discovery Communications Holding s financial statements and Management s Discussion and Analysis of Financial Condition and Results of Operations included in Appendix A-2 of this proxy statement/prospectus.

	Successor(1)		Predecessor (1)			
	March 31, 2008	December 31, 2007	December 31, 2006	2005	2004	2003
			amounts in thousands			
Summary Balance Sheet Data:						
Current assets	$ 1,090,312	1,077,233	970,636	831,369	835,450	858,383
Goodwill and intangible assets, net	$ 5,041,554	5,051,843	472,939	397,927	445,221	466,968
Programming rights, long term	$ 1,045,593	1,048,193	1,253,553	1,175,988	1,027,379	881,735
Total assets	$ 7,921,337	7,960,430	3,376,553	3,174,620	3,235,686	3,194,211
Current liabilities	$ 681,805	850,495	734,524	692,465	880,561	1,538,798
Long-term debt	$ 4,088,607	4,109,085	2,633,237	2,590,440	2,498,287	1,833,942
Mandatorily redeemable interest in subsidiaries	$ 48,721	48,721	94,825	272,502	319,567	410,252
Members equity/stockholders (deficit)	$ 2,801,594	2,708,262	(261,288)	(482,358)	(627,926)	(801,765)

	Successor(1)			Predecessor(1)				
	Three Months Ended March 31,		Period from May 15, 2007 through December 31,	Period from January 1, 2007 through May 14,	Years Ended December 31,			
	2008	2007	2007	2007	2006	2005	2004	2003
	(Successor(1))	(Predecessor(1))						
				amounts in thousands				
mmary tement of erations Data:								

venue	$ 794,578	710,198	2,027,906	1,099,427	2,883,671	2,544,358	2,240,670	1,863,67
erating income	$ 284,069	135,275	456,136	166,164	585,497	545,626	523,249	375,29
erest expense	$ (68,720)	(44,558)	(180,157)	(68,600)	(194,255)	(184,585)	(167,429)	(159,42
rnings from ntinuing erations	$ 105,218	51,414	237,202	49,812	229,494	180,188	192,350	100,31

(1) Discovery Communications Holding was formed in the second quarter of 2007 as part of a restructuring (the **Restructuring**) completed by Discovery, in which Discovery was converted from a corporation into a limited liability company and became a wholly-owned subsidiary of Discovery Communications Holding, and the former shareholders of Discovery, including DHC and Advance/Newhouse, became members of Discovery Communications Holding. Discovery Communications Holding is the successor reporting entity to Discovery. In connection with the Restructuring, Discovery Communications Holding applied pushdown accounting and each shareholder s basis in Discovery as of May 14, 2007 has been pushed down to Discovery Communications Holding. The result was $4.3 billion in goodwill being recorded by Discovery Communications Holding. Since goodwill is not amortizable, there is no income statement impact for this change in basis.

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Selected Unaudited Condensed Pro Forma Combined Financial Data of New Discovery

The following table presents (i) New Discovery s unaudited pro forma combined financial position as of March 31, 2008, after giving effect to the AMC spin-off and the Transaction as though they had occurred as of such date and (ii) New Discovery s unaudited pro forma combined results of operations for the three months ended March 31, 2008 and for the year ended December 31, 2007, after giving effect to the AMC spin-off and the Transaction as though they had occurred as of January 1, 2007. The unaudited pro forma combined data does not purport to be indicative of the results of operations or financial position that may be obtained in the future or that actually would have been obtained had such transactions occurred on such dates. The following information should be read in conjunction with the Selected Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations of DHC and Discovery and is qualified in it is entirety by reference to the Unaudited Condensed Pro Forma Combined Financial Statements of New Discovery included elsewhere herein.

Summary Pro Forma Balance Sheet Data:

		March 31, 2008 (amounts in thousands)
ASSETS		
Cash	$	72,606
Other current assets		1,032,836
Property and equipment, net		383,357
Content rights		1,091,022
Goodwill		7,130,994
Other assets		802,792
Total assets	$	10,513,607
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities	$	691,950
Long-term debt		4,088,607
Deferred tax liabilities		133,676
Other liabilities		284,905
Total liabilities		5,199,138
Minority interest		48,721
Stockholders equity		
Preferred stock		143,993
Common stock		2,811
Additional paid-in capital		6,337,364
Accumulated deficit		(1,219,492)
Accumulated other comprehensive income		1,072
Total equity		5,265,748
Total liabilities and stockholders equity	$	10,513,607

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Summary Pro Forma Statement of Operations Data:

	Three Months Ended March 31, 2008	Year Ended December 31, 2007
	(amounts in thousands, except per share amounts)	
Revenue	$ 810,040	3,152,929
Cost of sales	(243,632)	(1,210,617)
Selling, general and administrative expenses	(250,714)	(1,317,514)
Depreciation and amortization	(46,502)	(192,766)
Gain from dispositions		283
Operating income	269,192	432,315
Interest expense	(68,720)	(291,857)
Other expense, net	(22,439)	(2,891)
Earnings from continuing operations before income taxes	178,033	137,567
Income tax expense	(80,172)	(29,229)
Earnings from continuing operations	$ 97,861	108,338
Basic and fully diluted pro forma earnings from continuing operations per common share	$ 0.23	0.26

Comparative Per Share Financial Data

The following table shows (1) the basic and diluted loss per common share and book value per share data for each of DHC and Discovery Communications Holding on a historical basis, (2) the basic and diluted loss per common share and book value per share for New Discovery on a pro forma basis and (3) the equivalent pro forma net income and book value per share attributable to the shares of New Discovery common stock issuable for outstanding Discovery Communications Holding member units. The historical Discovery Communications Holding earnings per common share for the Predecessor period and the Successor period is based on 50,400 and 37,800 weighted average shares/units, respectively.

The following information should be read in conjunction with (1) the separate historical financial statements and related notes of DHC incorporated by reference to DHC s Quarterly Report on Form 10-Q for the three months ended March 31, 2008 and DHC s Annual Report on Form 10-K, as amended, for the year ended December 31, 2007, (2) the separate historical financial statements and related notes of Discovery Communications Holding included elsewhere herein and (3) the unaudited condensed pro forma combined financial statements of New Discovery included elsewhere herein. The pro forma information is not necessarily indicative of the results of operations that would have resulted if the Transaction and the AMC spin-off had been completed as of the assumed dates or of the results that will be achieved in the future.

We calculate historical book value per share by dividing stockholders equity by the number of shares of common stock outstanding at March 31, 2008. We calculate pro forma book value per share by dividing pro forma stockholders equity by the pro forma number of shares of New Discovery common stock that would have been outstanding had the Transaction and the AMC spin-off been completed as of March 31, 2008.

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

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We calculate the Discovery Communications Holding equivalent pro forma per unit data by multiplying the pro forma per share amounts by the imputed exchange ratio of 11,153 shares of New Discovery common stock for each unit of Discovery Communications Holding.

			Discovery Communications Holding	
	DHC Historical	New Discovery Pro Forma	Historical	Pro Forma Equivalent
Basic and fully diluted net earnings (loss) per common share:				
Three months ended March 31, 2008	$ .12	.23	2,783.54	2,565.19
Year ended December 31, 2007	$ (.24)	.26		2,899.78
Period from January 1, 2007 through May 14, 2007 (Predecessor period)	$		739.66	
Period from May 15, 2007 through December 31, 2007 (Successor period)	$		4,886.56	
Book value per common share as of:				
March 31, 2008	$ 16.10	12.49	74,116.24	