

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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<u>APPENDIX A:</u>	Information Concerning Discovery Communications Holding, LLC Including Its Wholly-Owned Subsidiary Discovery Communications, LLC Part 1: Business Description Part 2: Management's Discussion and Analysis of Financial Condition and Results of Operations Part 3: Historical Consolidated Financial Statements
<u>APPENDIX B:</u>	Transaction Agreement, dated as of June 4, 2008, by and among Discovery Holding Company, Discovery Communications, Inc., DHC Merger Sub, Inc., Advance/Newhouse Programming Partnership, and with respect to Section 5.14 only Advance Publications, Inc., and Newhouse Broadcasting Corporation
<u>APPENDIX C:</u>	Agreement and Plan of Merger, dated as of June 4, 2008, by and among Discovery Holding Company, Discovery Communications, Inc., and DHC Merger Sub, Inc.
<u>APPENDIX D:</u>	Form of Restated Certificate of Incorporation of Discovery Communications, Inc.
<u>APPENDIX E:</u>	Form of Bylaws of Discovery Communications, Inc.
<u>APPENDIX F:</u>	Ascent Media Corporation Audited Financial Statements
<u>APPENDIX G:</u>	Form of Discovery Communications, Inc. 2005 Incentive Plan (As Amended and Restated)

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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

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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 33 1/3% of the equity of New Discovery, its aggregate voting power is less than this percentage (and, conversely, former DHC stockholders will hold 66 2/3% 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. Singer'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 33 1/3%. 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

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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 33 1/3% 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 66 $\frac{2}{3}$ % 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 33 $\frac{1}{3}$ % 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 33 1/3% of the equity of New Discovery, its aggregate voting power is less than this percentage (and, conversely, former DHC stockholders will hold 66 2/3% 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

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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, 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

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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.

Table of Contents**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, 2008	2007	2006	December 31, 2005	2004	2003
	amounts in thousands					
<i>Summary Balance Sheet Data:</i>						
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						
<i>Summary Statement of Operations Data:</i>							
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)
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(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.

Table of Contents**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	2006	December 31, 2005	2004	2003
amounts in thousands						
<i>Summary Balance Sheet Data:</i>						
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, 2008	Period from May 15, 2007 through December 31, 2007	Period from January 1, 2007 through May 14, 2007	2006	Years Ended December 31, 2005	2004
amounts in thousands						
<i>Summary Statement of Operations Data:</i>						

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Revenue	\$ 794,578	710,198	2,027,906	1,099,427	2,883,671	2,544,358	2,240,670	1,863,670
Operating income	\$ 284,069	135,275	456,136	166,164	585,497	545,626	523,249	375,290
Interest expense	\$ (68,720)	(44,558)	(180,157)	(68,600)	(194,255)	(184,585)	(167,429)	(159,429)
Earnings from continuing operations	\$ 105,218	51,414	237,202	49,812	229,494	180,188	192,350	100,310

- (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.

Table of Contents**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 its 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)
<u>ASSETS</u>	
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
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	
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

Table of Contents**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.

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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	139,300.97
Cash dividends	\$			

Comparative Per Share Market Price and Dividend Information**Market Price**

The following table sets forth high and low sales prices for the DHC Series A common stock and DHC Series B common stock for the periods indicated.

DHC Series A common stock and DHC Series B common stock trade on The Nasdaq Global Select Market under the symbols DISCA and DISCB, respectively.

	DHC			
	Series A		Series B	
	High	Low	High	Low
2006				
First quarter	\$ 15.65	\$ 13.88	\$ 15.96	\$ 13.58
Second quarter	\$ 15.18	\$ 13.61	\$ 15.21	\$ 13.73
Third quarter	\$ 14.82	\$ 12.81	\$ 14.54	\$ 12.97
Fourth quarter	\$ 16.96	\$ 14.18	\$ 16.85	\$ 13.97
2007				
First quarter	\$ 19.48	\$ 15.52	\$ 19.46	\$ 15.70
Second quarter	\$ 24.70	\$ 19.12	\$ 24.70	\$ 19.25
Third quarter	\$ 29.33	\$ 21.92	\$ 29.25	\$ 21.98
Fourth quarter	\$ 29.81	\$ 22.55	\$ 30.25	\$ 25.40
2008				

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First quarter	\$ 25.51	\$ 19.57	\$ 31.00	\$ 21.85
Second quarter	\$ 26.83	\$ 21.14	\$ 28.00	\$ 22.10
Third quarter through July []	\$ []	\$ []	\$ []	\$ []

On December 12, 2007, the last trading day before the public announcement of the Transaction, DHC Series A common stock closed at \$27.42 per share and DHC Series B common stock closed at \$28.24 per share. On June 3, 2008, the last trading day before the execution of the Transaction Agreement, DHC Series A common stock closed at \$25.95 per share and DHC Series B common stock closed at \$26.33 per share.

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New Discovery has applied to retain the symbols DISCA and DISCB for its Series A and Series B common stock, respectively, which will trade on the Nasdaq Global Select Market. It has also applied to list its Series C common stock on the Nasdaq Global Select Market under the symbol DISCK .

Dividends

DHC

DHC has never paid any cash dividends on its Series A common stock and Series B common stock, and has no present intention of so doing.

New Discovery

New Discovery has no present intention to pay cash dividends on its stock. Following the consummation of the Transaction, all decisions regarding the payment of dividends by New Discovery will be made by its board of directors, from time to time, in accordance with applicable law after taking into account various factors, including its financial condition, operating results, current and anticipated cash needs, plans for expansion and possible loan covenants which may restrict or prohibit its payment of dividends. In addition, under the terms of the New Discovery convertible preferred stock held by Advance/Newhouse, Advance/Newhouse will have consent rights with respect to certain dividends.

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RISK FACTORS

In addition to the other information contained in, incorporated by reference in or included as an appendix to this proxy statement/prospectus, you should carefully consider the following risk factors in deciding whether to vote to approve the transaction proposals.

Factors Relating to New Discovery and Ownership of New Discovery Common Stock

New Discovery will be a holding company and could be unable in the future to obtain cash in amounts sufficient to service its financial obligations or meet its other commitments.

New Discovery's ability to meet its financial obligations and other contractual commitments will depend upon its ability to access cash. New Discovery will be a holding company, and its sources of cash will include its available cash balances, net cash from the operating activities of its subsidiaries, any dividends and interest New Discovery may receive from its investments, availability under any credit facilities that New Discovery may obtain in the future and proceeds from any asset sales New Discovery may undertake in the future. The ability of New Discovery's operating subsidiaries, including Discovery, to pay dividends or to make other payments or advances to New Discovery will depend on their individual operating results and any statutory, regulatory or contractual restrictions to which they may be or may become subject.

New Discovery has no financial or operating history as a separate company upon which you can evaluate its performance.

New Discovery will first become a public company, and the successor issuer to DHC, at the time the Transaction is completed. You will not be able to evaluate the future performance of New Discovery based on the historical financial information included in this proxy statement/prospectus for DHC, as substantially all of DHC's consolidated businesses will be disposed of in the AMC spin-off. New Discovery's results of operations will be almost entirely attributable to the results of operations of its wholly-owned subsidiary Discovery, which is currently accounted for by DHC as an equity affiliate. While the Transaction, if implemented, will result in greater disclosure regarding Discovery than the limited financial information previously disclosed regarding Discovery, no assurance can be given that such increased disclosure will not reveal new information that is poorly received by investors or analysts.

New Discovery cannot be certain that it will be successful in integrating any businesses it may acquire in the future.

New Discovery's business strategy includes growth through acquisitions in selected markets. Integration of new businesses may present significant challenges, including: realizing economies of scale in programming and network operations; eliminating duplicative overheads; and integrating networks, financial systems and operational systems. We cannot assure you that, with respect to any acquisition, New Discovery will realize anticipated benefits or successfully integrate any acquired business with existing operations. In addition, while we intend to implement appropriate controls and procedures as acquired companies are integrated, New Discovery may not be able to certify as to the effectiveness of these companies' disclosure controls and procedures or internal control over financial reporting (as required by U.S. federal securities laws and regulations) until it has fully integrated them.

New Discovery's businesses are subject to risks of adverse government regulation.

Programming services, satellite carriers, television stations and Internet and data transmission companies are subject to varying degrees of regulation in the United States by the Federal Communications Commission and other entities and in foreign countries by similar entities. Such regulation and legislation are subject to the political process and have been in constant flux over the past decade. Moreover, substantially every foreign country in which New Discovery's subsidiaries may have an investment regulates, in varying degrees, the distribution, content and ownership of programming services and foreign investment in programming companies. Further material changes in the law and regulatory requirements must be anticipated, and there can be no assurance that New Discovery's business will not be adversely affected by future legislation, new regulation or deregulation.

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New Discovery's directors will overlap with those of Liberty Media Corporation and certain related persons of Advance/Newhouse, which may lead to conflicting interests.

New Discovery's eleven-person board of directors will include five persons who are currently members of the board of directors of Liberty and three designees of Advance/Newhouse, including Robert J. Miron, the Chairman of Advance/Newhouse, and Steven A. Miron, the Chief Executive Officer of Advance/Newhouse. Both Liberty and the parent company of Advance/Newhouse own interests in a range of media, communications and entertainment businesses. DHC does not own any interest in Liberty or Advance/Newhouse, and, to New Discovery's knowledge, neither Liberty nor Advance/Newhouse owns any interest in DHC and, following the Transaction, Liberty will not own any interest in New Discovery. Mr. John C. Malone will be a director of New Discovery and is Chairman of the board of Liberty, and he beneficially owns stock of Liberty representing approximately 33% of the aggregate voting power of its outstanding stock. Mr. Malone is expected to beneficially own stock of New Discovery representing approximately 23% of the aggregate voting power (other than with respect to the election of the common stock directors) of the outstanding stock of New Discovery immediately after completion of the Transaction. Those of the other directors of New Discovery who are also directors of Liberty own Liberty stock and stock incentives and will own New Discovery stock and stock incentives. Advance/Newhouse will elect three directors annually for so long as it owns a specified minimum amount of New Discovery Series A convertible preferred stock, and its initial designees to the board include its Chairman, Robert J. Miron, and its Chief Executive Officer, Steven A. Miron. The Advance/Newhouse Series A convertible preferred stock, which votes with New Discovery common stock on all matters other than the election of directors, will represent approximately 26% of the voting power of the outstanding shares of New Discovery immediately after the Transaction. The Series A convertible preferred stock also grants Advance/Newhouse consent rights over a range of corporate actions by New Discovery, including fundamental changes to its business, the issuance of additional capital stock, mergers and business combinations and certain acquisitions and dispositions. These ownership interests and/or business positions could create, or appear to create, potential conflicts of interest when these individuals are faced with decisions that could have different implications for New Discovery, Liberty and/or Advance/Newhouse. For example, there may be the potential for a conflict of interest when New Discovery, on the one hand, or Liberty and/or Advance/Newhouse, on the other hand, look at acquisitions and other corporate opportunities that may be suitable for the other.

The members of New Discovery's board of directors will have fiduciary duties to New Discovery's stockholders. Likewise, those persons who serve in similar capacities at Liberty or Advance/Newhouse have fiduciary duties to those companies. Therefore, such persons may have conflicts of interest or the appearance of conflicts of interest with respect to matters involving or affecting both respective companies. From time to time, Liberty or its affiliates and Advance/Newhouse or its affiliates may enter into transactions with New Discovery or its subsidiaries. Although the terms of any such transactions or agreements will be established based upon negotiations between employees of the companies involved, there can be no assurance that the terms of any such transactions will be as favorable to New Discovery or its subsidiaries as would be the case where the parties are at arms' length.

New Discovery and Liberty may compete for business opportunities.

Liberty owns interests in various U.S. and international programming companies that have subsidiaries that own or operate domestic or foreign programming services that may compete with the programming services offered by New Discovery's businesses. New Discovery has no rights in respect of U.S. or international programming opportunities developed by or presented to the subsidiaries or Liberty, and the pursuit of these opportunities by such subsidiaries may adversely affect the interests of New Discovery and its stockholders. Because New Discovery and Liberty have overlapping directors, the pursuit of business opportunities may serve to intensify the conflicts of interest or appearance of conflicts of interest faced by the respective management teams. New Discovery's restated charter provides that no director or officer of New Discovery will be liable to New Discovery or any of its subsidiaries for breach of any fiduciary duty by reason of the fact that such individual directs a corporate opportunity to another

person or entity (including Liberty), for which such individual serves as a director or officer, or does not refer or communicate information regarding such corporate opportunity to New Discovery or any of its subsidiaries, unless (x) such opportunity was expressly offered to such individual solely in his or her capacity as a

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director or officer of New Discovery or any of its subsidiaries and (y) such opportunity relates to a line of business in which New Discovery or any of its subsidiaries is then directly engaged.

The personal educational media, lifelong learning, and travel industry investments by John S. Hendricks, a common stock Director of New Discovery and the Founder of Discovery, may conflict with or compete with the business activities of New Discovery.

John S. Hendricks manages his non-Discovery, personal business investments through Hendricks Investment Holdings LLC (HIH), a Delaware limited liability company of which he is the sole owner and member. HIH owns a travel club and travel-related properties including a resort in Gateway, Colorado with plans to create a learning academy for guests that includes online and advanced media offerings in the area of informal and lifelong learning. Certain video productions and offerings of this academy may compete with the educational media offerings of New Discovery. The academy and New Discovery may enter into a business arrangement for the offering of New Discovery video products for sale by the academy and/or for the joint-production of new educational media products.

Through HIH, Mr. Hendricks owns a number of business interests in the automotive field some of which are involved in programming offered by Discovery, in particular the Turbo programming series offered by Discovery.

From time to time, HIH or its subsidiaries may enter into transactions with New Discovery or its subsidiaries. Although the terms of any such transactions or agreements will be established based upon negotiations between employees of the companies involved, there can be no assurance that the terms of any such transactions will be as favorable to New Discovery or its subsidiaries as would be the case where the parties are at arms length.

It may be difficult for a third party to acquire New Discovery, even if doing so may be beneficial to its stockholders.

Certain provisions of New Discovery's restated charter and bylaws may discourage, delay or prevent a change in control of New Discovery that a stockholder may consider favorable. These provisions include the following:

authorizing a capital structure with multiple series of common stock: a Series B that entitles the holders to ten votes per share, a Series A that entitles the holders to one vote per share and a Series C that, except as otherwise required by applicable law, entitles the holders to no voting rights;

authorizing the Series A convertible preferred stock with special voting rights, which prohibits New Discovery from taking any of the following actions, among others, without the prior approval of the holders of a majority of the outstanding shares of such stock:

increasing the number of members of the Board of Directors above 11;

making any material amendment to the restated charter or bylaws of New Discovery;

engaging in a merger, consolidation or other business combination with any other entity; or

appointing or removing the Chairman of the Board or the CEO of New Discovery.

authorizing the issuance of blank check preferred stock, which could be issued by New Discovery's board of directors to increase the number of outstanding shares and thwart a takeover attempt;

classifying New Discovery's common stock directors with staggered three year terms and having three directors elected by the holders of the Series A convertible preferred stock, which may lengthen the time required to gain

control of New Discovery's board of directors;

limiting who may call special meetings of stockholders;

prohibiting stockholder action by written consent (subject to certain exceptions), thereby requiring stockholder action to be taken at a meeting of the stockholders;

establishing advance notice requirements for nominations of candidates for election to New Discovery's board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings;

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requiring stockholder approval by holders of at least 80% of New Discovery's voting power or the approval by at least 75% of New Discovery's board of directors with respect to certain extraordinary matters, such as a merger or consolidation of New Discovery, a sale of all or substantially all of New Discovery's assets or an amendment to New Discovery's restated charter;

requiring the consent of the holders of at least 75% of the outstanding Series B common stock (voting as a separate class) to certain share distributions and other corporate actions in which the voting power of the Series B common stock would be diluted by, for example, issuing shares having multiple votes per share as a dividend to holders of Series A common stock; and

the existence of authorized and unissued stock which would allow New Discovery's board of directors to issue shares to persons friendly to current management, thereby protecting the continuity of its management, or which could be used to dilute the stock ownership of persons seeking to obtain control of New Discovery.

As a condition to and immediately preceding the consummation of the Transaction, New Discovery will adopt a shareholder rights plan in order to encourage anyone seeking to acquire New Discovery to negotiate with its board of directors prior to attempting a takeover. While the plan is designed to guard against coercive or unfair tactics to gain control of New Discovery, the plan may have the effect of making more difficult or delaying any attempts by others to obtain control of New Discovery.

Holders of any single series of New Discovery common stock may not have any remedies if any action by New Discovery's directors or officers has an adverse effect on only that series of New Discovery common stock.

Principles of Delaware law and the provisions of New Discovery's restated charter may protect decisions of New Discovery's board of directors that have a disparate impact upon holders of any single series of New Discovery common stock. Under Delaware law, the board of directors has a duty to act with due care and in the best interests of all of the stockholders of New Discovery, including the holders of all series of its common stock. Principles of Delaware law established in cases involving differing treatment of multiple classes or series of stock provide that a board of directors owes an equal duty to all common stockholders regardless of class or series and does not have separate or additional duties to any group of stockholders. As a result, in some circumstances, New Discovery's directors may be required to make a decision that is adverse to the holders of one series of New Discovery common stock. Under the principles of Delaware law referred to above, New Discovery stockholders may not be able to challenge these decisions if New Discovery's board of directors is disinterested and adequately informed with respect to these decisions and acts in good faith and in the honest belief that it is acting in the best interests of all of New Discovery's stockholders.

The exercise by Advance/Newhouse of its registration rights could adversely affect the market price of New Discovery's common stock.

As part of the Transaction, Advance/Newhouse has been granted registration rights covering all of the shares of New Discovery common stock issuable upon conversion of the convertible preferred stock being issued to Advance/Newhouse in the Transaction. Advance/Newhouse's preferred stock will be convertible into a number of shares equal to one-half of the number of shares of common stock that are issued to former DHC stockholders in the merger, subject to anti-dilution adjustments. The registration rights, which are immediately exercisable, are transferrable with the sale or transfer by Advance/Newhouse of blocks of shares representing 10% or more of the preferred stock received by it in the Transaction. The exercise of the registration rights, and subsequent sale of possibly large amounts of New Discovery common stock in the public market, could materially and adversely affect the market price of the New Discovery common stock.

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New Discovery will not be fully subject to the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 until the end of 2008 at the earliest. If New Discovery fails to maintain an effective system of internal control over financial reporting, New Discovery's management may not be able to provide the requisite certifications and its auditors may issue adverse attestations, which could, among other things, jeopardize the market's confidence in New Discovery's financial results.

As DHC accounts for Discovery as an equity affiliate, Discovery to date has not been subject to the disclosure and internal controls for financial reporting requirements of Section 404 of The Sarbanes Oxley Act of 2002. We do not expect Discovery to be subject to those requirements until the end of 2008 at the earliest. In the interim, Discovery will be required to document, evaluate and test (and possibly remediate) its system of internal control over financial reporting in order for New Discovery to comply with the management certification and auditor attestation requirements of Section 404. As a result, New Discovery expects to incur substantial expenses and diversion of management's time throughout this coming year. New Discovery cannot be certain as to the timing of completion of its evaluation, testing and remediation actions or their effect on Discovery's operations. If New Discovery is not able to implement the requirements of Section 404 in a timely manner or with adequate compliance, its management may not be able to provide the requisite certifications and its auditors may issue adverse attestations, which could harm investors' confidence in New Discovery's financial results and subject New Discovery to sanctions or investigation by regulatory authorities, such as the SEC or the Financial Industry Regulatory Authority. Any such action could cause New Discovery's stock price to fall.

John C. Malone and Advance/Newhouse will each have significant voting power with respect to corporate matters considered by New Discovery's stockholders.

Following the completion of the Transaction, John C. Malone and Advance/Newhouse are expected to beneficially own shares of New Discovery stock representing approximately 23% and 26%, respectively, of the aggregate voting power represented by New Discovery's outstanding stock (other than voting power relating to the election of directors), based, in each case, on the number of shares of DHC common stock outstanding as of June 30, 2008. With respect to the election of directors, Mr. Malone is expected to control approximately 31% of the aggregate voting power relating to the election of the eight common stock directors, based on the number of shares of DHC common stock outstanding as of June 30, 2008 (and assuming that the convertible preferred stock of New Discovery to be owned by Advance/Newhouse (the **A/N Preferred Stock**) has not been converted into New Discovery common stock). The A/N Preferred Stock will carry with it the right to designate the three preferred stock directors to the board of New Discovery (subject to certain conditions), but will not vote with respect to the election of the eight common stock directors. Also, under the terms of the A/N Preferred Stock, Advance/Newhouse will have special voting rights with respect to certain enumerated matters, including material amendments to the restated charter and bylaws, fundamental changes in the business of New Discovery, mergers and other business combinations involving New Discovery, certain acquisitions and dispositions and future issuances of New Discovery capital stock. Although there is no stockholder agreement, voting agreement or any similar arrangement between Mr. Malone and Advance/Newhouse with respect to New Discovery, by virtue of their respective anticipated New Discovery holdings, each of Mr. Malone and Advance/Newhouse may have significant influence over the outcome of any corporate transaction or other matter submitted to the stockholders of New Discovery.

The AMC spin-off could result in significant tax liability.

At the effective time of the AMC spin-off, DHC expects to have received the tax opinions of Skadden, Arps, Slate, Meagher & Flom LLP, tax counsel to DHC, to the effect that, taking into account, among other things, the issuance of the A/N Preferred Stock to Advance/Newhouse and the special voting rights associated with such A/N Preferred Stock, the AMC spin-off should qualify as a transaction under Sections 368(a) and 355 of the Code for U.S. federal income tax purposes.

The conclusions in the tax opinions are and will be based on existing legal authority and the lack of any authority directly on point. The tax opinions also are and will be based on, among other things, assumptions and representations as to factual matters and certain undertakings that have been and will be received from DHC, AMC and certain DHC stockholders, including those contained in certificates of officers of DHC and AMC and certain DHC stockholders, as requested by counsel. If any of those factual representations or assumptions were to be untrue

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or incomplete in any material respect, any undertaking was not complied with, or the facts upon which the opinions are and will be based were to be materially different from the facts at the time of the AMC spin-off, the AMC spin-off may not qualify for tax-free treatment. Opinions of counsel are not binding on the U.S. Internal Revenue Service (the **IRS**). As a result, the conclusions expressed in the opinions of tax counsel could be challenged by the IRS, and if the IRS were to prevail in such challenge, the tax consequences to DHC stockholders could be materially less favorable.

If the AMC spin-off did not qualify as a transaction under Sections 368(a) and 355 of the Code for U.S. federal income tax purposes, then DHC would recognize taxable gain in an amount equal to the excess, if any, of the fair market value of the shares of common stock of AMC held by DHC immediately prior to the AMC spin-off over DHC's tax basis in such shares. In addition, a DHC stockholder that received shares of common stock of AMC in the AMC spin-off would be treated as having received a distribution of property in an amount equal to the fair market value of such shares (including any fractional shares sold on behalf of the stockholder) on the distribution date. That distribution would be taxable to such stockholder as a dividend to the extent of DHC's current and accumulated earnings and profits. Any amount that exceeded DHC's earnings and profits would be treated first as a non-taxable return of capital to the extent of such stockholder's tax basis in its shares of DHC stock with any remaining amount being taxed as a capital gain. See Material U.S. 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 more information regarding the tax consequences of the AMC spin-off.

In connection with the AMC spin-off, AMC will indemnify New Discovery and DHC for certain liabilities. There can be no assurance that the indemnity will be sufficient to insure New Discovery and DHC against the full amount of such liabilities, or that AMC's ability to satisfy its indemnification obligations will not be impaired in the future.

Pursuant to the reorganization agreement, AMC agreed to indemnify New Discovery and DHC, which indemnity is designed to make AMC financially responsible for all liabilities that may exist relating to the business of AMC, whether incurred prior to or after the AMC spin-off, as well as those obligations of DHC assumed by AMC pursuant to the reorganization agreement, as discussed further in the section entitled The Transaction Agreements Reorganization Agreement. The potential liabilities subject to such indemnity from AMC cannot be predicted or quantified, and such indemnification obligation of AMC is not limited to any maximum amount. Third parties (including Advance/Newhouse who is indemnified by New Discovery under the Transaction Agreement for all liabilities incurred by DHC (but not Discovery) prior to the closing of the Transaction) could seek to hold New Discovery or DHC responsible for any of the liabilities that AMC has agreed to retain, and there can be no assurance that the indemnity from AMC will be sufficient to protect New Discovery or DHC against the full amount of such liabilities, or that AMC will be able to fully satisfy its indemnification obligations. Moreover, even if New Discovery or DHC ultimately succeed in recovering from AMC any amounts for which either such company is held liable, New Discovery and/or DHC, as applicable, will be temporarily required to bear those losses until such recovery. Each of these risks could adversely affect New Discovery's business, results of operations and financial condition.

New Discovery will be required to indemnify Advance/Newhouse for liabilities incurred by DHC and its subsidiaries (other than Discovery and its subsidiaries) prior to the closing of the Transaction. The extent of this potential obligation cannot be predicted or quantified.

New Discovery has agreed, under the transaction agreement, to indemnify Advance/Newhouse against any direct or indirect loss it incurs arising out of or relating to any claim made by a third party that arises out of the operation of DHC and its subsidiaries (other than Discovery and its subsidiaries) prior to the closing or, as to AMC, after the closing of the Transaction. The potential amount of such liability is not subject to any maximum amount and cannot be predicted or quantified at this time. No assurance can be given that any such liability will not be substantial. While New Discovery's indemnification obligation would be reduced by any amount recovered from AMC under its

indemnification obligation under the reorganization agreement, no assurance can be given as to the extent to which AMC will be able to satisfy any indemnification obligations which it may incur.

Table of Contents**Factors Relating to Discovery**

Discovery's success is dependent upon U.S. and foreign audience acceptance of its programming and other entertainment content which is difficult to predict.

The production and distribution of pay television programs and other entertainment content are inherently risky businesses because the revenue Discovery derives and its ability to distribute its content depend primarily on consumer tastes and preferences that change in often unpredictable ways. The success of Discovery's businesses depends on its ability to consistently create and acquire content and programming that meets the changing preferences of viewers in general, viewers in special interest groups, viewers in specific demographic categories and viewers in various overseas marketplaces. The commercial success of its programming and other content also depends upon the quality and acceptance of competing programs and other content available in the applicable marketplace at the same time. Other factors, including the availability of alternative forms of entertainment and leisure time activities, general economic conditions, piracy, digital and on-demand distribution and growing competition for consumer discretionary spending may also affect the audience for its content. Audience sizes for its media networks are critical factors affecting both (i) the volume and pricing of advertising revenue that Discovery receives, and (ii) the extent of distribution and the license fees Discovery receives under agreements with its distributors. Consequently, reduced public acceptance of its entertainment content may decrease its audience share and adversely affect all of its revenue streams.

The loss of Discovery's affiliation agreements, or renewals with less advantageous terms, could cause its revenue to decline.

Because Discovery's media networks are licensed on a wholesale basis to distributors such as cable and satellite operators which in turn distribute them to consumers, Discovery is dependent upon the maintenance of affiliation agreements with these operators. These affiliation agreements generally provide for the level of carriage Discovery's networks will receive, such as channel placement and programming package inclusion (widely distributed, broader programming packages compared to lesser distributed, specialized programming packages), and for payment of a license fee to Discovery based on the numbers of subscribers that receive its networks. These per-subscriber payments represent a significant portion of Discovery's revenue. These affiliation agreements generally have a limited term which varies from market to market and from distributor to distributor, and there can be no assurance that these affiliation agreements will be renewed in the future, or renewed on terms that are as favorable to Discovery as those in effect today. A reduction in the license fees that Discovery receives per subscriber or in the number of subscribers for which Discovery is paid, including as a result of a loss or reduction in carriage for Discovery's media networks, could adversely affect its distribution revenue. Such a loss or reduction in carriage could also decrease the potential audience for Discovery's programs thereby adversely affecting its advertising revenue.

Consolidation among cable and satellite operators has given the largest operators considerable leverage in their relationship with programmers, including Discovery. The two largest U.S. cable television system operators provide service to approximately 35% of U.S. households receiving cable or satellite television service and the two largest satellite television operators provide service to an additional 26% of such households. Discovery currently has agreements in place with the major U.S. cable and satellite operators which expire at various times beginning in 2008 through 2014. Discovery is currently in negotiations to renew affiliation agreements for carriage of its networks involving a substantial portion of its domestic subscribers. A failure to secure a renewal or a renewal on less favorable terms may have a material adverse effect on Discovery's results of operations and financial position. In addition, many of the overseas markets in which Discovery distributes its networks also have a small number of dominant distributors. Continued consolidation within the industry could further reduce the number of distributors available to

carry Discovery's programming and increase the negotiating leverage of its distributors which could adversely affect Discovery's revenue.

Discovery operates in increasingly competitive industries.

The entertainment and media programming industries in which Discovery operates are highly competitive. Discovery competes with other programming networks for advertising, distribution and viewers. Discovery also

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competes for viewers with other forms of media entertainment, such as home video, movies, periodicals and online and mobile activities. In particular, online websites and search engines have seen significant advertising growth, a portion of which is derived from traditional cable network and satellite advertisers. In addition, there has been consolidation in the media industry and Discovery's competitors include market participants with interests in multiple media businesses which are often vertically integrated. Discovery's online businesses compete for users and advertising in the enormously broad and diverse market of free internet-delivered services. Discovery's commerce business competes against a wide range of competitive retailers selling similar products. Its educational video business competes with other providers of educational products to schools. Discovery's ability to compete successfully depends on a number of factors, including its ability to consistently supply high quality and popular content, access its niche viewerships with appealing category-specific programming, adapt to new technologies and distribution platforms and achieve widespread distribution. There can be no assurance that Discovery will be able to compete successfully in the future against existing or new competitors, or that increasing competition will not have a material adverse effect on its business, financial condition or results of operations.

Discovery's business is subject to risks of adverse laws and regulations, both domestic and foreign.

Programming services like Discovery's, and the distributors of its services, including cable operators, satellite operators and Internet companies, are highly regulated by U.S. federal laws and regulations issued and administered by various federal agencies, including the FCC, as well as by state and local governments. The U.S. Congress and the FCC currently have under consideration, and may in the future adopt, new laws, regulations and policies regarding a wide variety of matters that could, directly or indirectly, affect the operations of Discovery's U.S. media properties. For example, legislators and regulators continue to consider rules that would effectively require cable television operators to offer all programming on an à la carte basis (which would allow viewers to subscribe for individual networks rather than a package of channels) and/or require programmers to sell channels to distributors on an à la carte basis. Certain cable television operators and other distributors have already introduced tiers, or more targeted channel packages, to their customers that may or may not include some or all of Discovery's networks. The unbundling of program services at the retail and/or wholesale level could reduce distribution of certain of Discovery's program services, thereby leading to reduced viewership and increased marketing expenses, and could affect its ability to compete for or attract the same level of advertising dollars or distribution fees. If the number of channels occupied by leased access programmers expands, it could have an adverse effect on Discovery's ability to obtain carriage for its programming. In addition, a recent decision by the FCC will effectively require cable operators, beginning February 2009 and lasting for at least three years, to carry the signals of must-carry broadcast stations in both digital and analog format unless all subscribers of the cable operator's system can view the digital signal on every television set connected to the system. Carrying these additional signals may result in less capacity for other programming services, such as Discovery's networks, which could adversely affect Discovery's revenue.

Similarly, the foreign jurisdictions in which Discovery's networks are offered have, in varying degrees, government laws and regulations governing Discovery's businesses. Programming businesses are subject to regulation on a country-by-country basis. Such regulations include à la carte pricing, license requirements, local programming quotas, limits on the amounts and kinds of advertising that can be carried, and requirements to make programming available on non-discriminatory terms, and can increase the cost of doing business internationally. Changes in regulations imposed by foreign governments could also adversely affect Discovery's business, results of operations and ability to expand its operations beyond their current scope.

Macroeconomic risks associated with Discovery's business could adversely affect its financial condition.

The current economic downturn in the United States and in other regions of the world in which Discovery operates could adversely affect demand for any of its businesses, thus reducing its revenue and earnings. For example, expenditures by advertisers are sensitive to economic conditions and tend to decline in recessionary periods and other

periods of uncertainty. Because Discovery derives a substantial portion of its revenue from the sale of advertising, a decline or delay in advertising expenditures could reduce advertising prices and volume and result in a decrease in its revenue. The decline in economic conditions could also impact consumer discretionary

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spending. Such a reduction in consumer spending may impact pay television subscriptions, particularly to the more expensive digital service tiers, which could lead to a decrease in Discovery's distribution fees.

Increased programming production and content costs may adversely affect Discovery's results of operations and financial condition.

One of the most significant areas of expense for Discovery is for the licensing and production of content. In connection with creating original content, Discovery incurs production costs associated with, among other things, acquiring new show concepts and retaining creative talent, including actors, writers and producers. Discovery also incurs higher production costs when filming in HD than standard definition. The costs of producing programming have generally increased in recent years. These costs may continue to increase in the future, which may adversely affect Discovery's results of operations and financial condition.

Disruption or failure of satellites and facilities, and disputes over supplier contracts on which Discovery depends to distribute its programming could adversely affect its business.

Discovery depends on transponders on satellite systems to transmit its media networks to cable television operators and other distributors worldwide. The distribution facilities include uplinks, communications satellites and downlinks. Discovery obtains satellite transponder capacity pursuant to long-term contracts and other arrangements with third-party vendors, which expire at various times beginning in 2008 through 2019. Even with back-up and redundant systems, transmissions may be disrupted as a result of local disasters or other conditions that may impair on-ground uplinks or downlinks, or as a result of an impairment of a satellite. Currently, there are a limited number of communications satellites available for the transmission of programming. If a disruption or failure occurs, Discovery may not be able to secure alternate distribution facilities in a timely manner, which could have a material adverse effect on its business and results of operations.

Discovery must respond to and capitalize on rapid changes in new technologies and distribution platforms, including their effect on consumer behavior, in order to remain competitive and exploit new opportunities.

Technology in the video, telecommunications and data services industry is changing rapidly. Discovery must adapt to advances in technologies, distribution outlets and content transfer and storage to ensure that its content remains desirable and widely available to its audiences while protecting its intellectual property interests. Discovery may not have the right, and may not be able to secure the right, to distribute some of its licensed content across these, or any other, new platforms and must adapt accordingly. The ability to anticipate and take advantage of new and future sources of revenue from these technological developments will affect Discovery's ability to expand its business and increase revenue.

Similarly, Discovery also must adapt to changing consumer behavior driven by technological advances such as video-on-demand and a desire for more user-generated and interactive content. Devices that allow consumers to view Discovery's entertainment content from remote locations or on a time-delayed basis and technologies which enable users to fast-forward or skip advertisements may cause changes in audience behavior that could affect the attractiveness of Discovery's offerings to advertisers and could therefore adversely affect its revenue. If Discovery cannot ensure that its content is responsive to the lifestyles of its target audiences and capitalize on technological advances, there could be a negative effect on its business.

Discovery's revenue and operating results are subject to seasonal and cyclical variations.

Discovery's business has experienced and is expected to continue to experience some seasonality due to, among other things, seasonal advertising patterns, seasonal influences on people's viewing habits, and a heavy concentration of

sales in its commerce business during the fourth quarter. For example, due to increased demand in the spring and holiday seasons, the second and fourth quarters normally have higher advertising revenue than the first and third quarters. In addition, advertising revenue in even-numbered years benefit from political advertising. If

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a short-term negative impact on New Discovery's business were to occur during a time of high seasonal demand, there could be a disproportionate effect on the operating results of Discovery's business for the year.

Discovery continues to develop new products and services for evolving markets. There can be no assurance of the success of these efforts due to a number of factors, some of which are beyond Discovery's control.

There are substantial uncertainties associated with Discovery's efforts to develop new products and services for evolving markets, and substantial investments may be required. Initial timetables for the introduction and development of new products and services may not be achieved, and price and profitability targets may not prove feasible. External factors, such as the development of competitive alternatives, rapid technological change, regulatory changes and shifting market preferences, may cause new markets to move in unanticipated directions.

Risks associated with Discovery's international operations could harm its financial condition.

Discovery's networks are offered worldwide. Inherent economic risks of doing business in international markets include, among other things, longer payment cycles, foreign taxation and currency exchange risk. As Discovery continues to expand the provision of its products and services to overseas markets, we cannot assure you whether these risks and uncertainties will harm Discovery's results of operations.

Discovery's international operations may also be adversely affected by export and import restrictions, other trade barriers and acts of disruptions of services or loss of property or equipment that are critical to overseas businesses due to expropriation, nationalization, war, insurrection, terrorism or general social or political unrest or other hostilities.

The loss of key talent could disrupt Discovery's business and adversely affect its revenue.

Discovery's business depends upon the continued efforts, abilities and expertise of its corporate and divisional executive teams and entertainment personalities. Discovery employs or contracts with entertainment personalities who may have loyal audiences. These individuals are important to audience endorsement of its programs and other content. There can be no assurance that these individuals will remain with Discovery or retain their current audiences. If Discovery fails to retain these individuals or if Discovery's entertainment personalities lose their current audience base, Discovery's revenue could be adversely affected.

Piracy of Discovery's entertainment content, including digital piracy, may decrease revenue received from its programming and adversely affect its business and profitability.

The success of Discovery's business depends in part on its ability to maintain the intellectual property rights to its entertainment content. Discovery is fundamentally a content company and piracy of its brands, DVDs, cable television and other programming, digital content and other intellectual property has the potential to significantly affect the company. Piracy is particularly prevalent in many parts of the world that lack copyright and other protections similar to existing law in the U.S. It is also made easier by technological advances allowing the conversion of programming into digital formats, which facilitates the creation, transmission and sharing of high quality unauthorized copies. Unauthorized distribution of copyrighted material over the Internet is a threat to copyright owners' ability to protect and exploit their property. The proliferation of unauthorized use of Discovery's entertainment content may have an adverse effect on its business and profitability because it reduces the revenue that Discovery potentially could receive from the legitimate sale and distribution of its content.

Financial market conditions may impede access to or increase the cost of financing Discovery's operations and investments.

The recent changes in U.S. and global financial and equity markets, including market disruptions and tightening of the credit markets, may make it more difficult for Discovery to obtain financing for its operations or

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investments or increase the cost of obtaining financing. In addition, Discovery's borrowing costs can be affected by short and long-term debt ratings assigned by independent rating agencies which are based, in significant part, on its performance as measured by credit metrics such as interest coverage and leverage ratios. A decrease in these ratings could increase Discovery's cost of borrowing or make it more difficult for Discovery to obtain financing.

Substantial leverage and debt service obligations may adversely affect Discovery.

Discovery has a substantial amount of indebtedness. As of March 31, 2008, Discovery had approximately \$4.1 billion of consolidated debt. Discovery's substantial level of indebtedness increases the possibility that it may be unable to generate cash sufficient to pay when due the principal of, interest on, or other amounts due with respect to its indebtedness. In addition, Discovery draws down its revolving credit facility in the ordinary course, which has the effect of increasing Discovery's indebtedness. Discovery is also permitted, subject to certain restrictions under its existing indebtedness, to obtain additional long-term debt and working capital lines of credit to meet future financing needs. This would have the effect of increasing Discovery's total leverage.

Discovery's substantial leverage could have significant negative consequences on its financial condition and results of operations, including:

impairing Discovery's ability to meet one or more of the financial ratio covenants contained in its debt agreements or to generate cash sufficient to pay interest or principal, which could result in an acceleration of some or all of its outstanding debt in the event that an uncured default occurs;

increasing Discovery's vulnerability to general adverse economic and market conditions;

limiting Discovery's ability to obtain additional debt or equity financing;

requiring the dedication of a substantial portion of Discovery's cash flow from operations to service its debt, thereby reducing the amount of cash flow available for other purposes;

requiring Discovery to sell debt or equity securities or to sell some of its core assets, possibly on unfavorable terms, to meet payment obligations;

limiting Discovery's flexibility in planning for, or reacting to, changes in its business and the markets in which Discovery competes; and

placing Discovery at a possible competitive disadvantage with less leveraged competitors and competitors that may have better access to capital resources.

Restrictive covenants in the loan agreements for Discovery's revolving credit facilities and term loans, and the note purchase agreements governing Discovery's private placement notes, could adversely affect Discovery's business by limiting flexibility.

The loan agreements for Discovery's revolving credit facilities and term loans and the note purchase agreements governing the terms of its private placement notes contain restrictive covenants, as well as requirements to comply with certain leverage and other financial maintenance tests. These covenants and requirements limit Discovery's ability to take various actions, including incurring additional debt, guaranteeing indebtedness and engaging in various types of transactions, including mergers, acquisitions and sales of assets. These covenants could place Discovery at a disadvantage compared to some of its competitors, who may have fewer restrictive covenants and may not be required to operate under these restrictions. Further, these covenants could have an adverse effect on the business of Discovery

by limiting its ability to take advantage of financing, mergers and acquisitions or other opportunities.

In addition, reporting and information covenants in Discovery's loan agreements and note purchase agreements require that Discovery provide financial and operating information within certain time periods. If Discovery is unable to timely provide the required information, it would be in breach of these covenants.

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INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this proxy statement/prospectus constitute forward-looking statements which, by definition, involve risks and uncertainties. These statements may be made directly in this proxy statement/prospectus or they may be made a part of this proxy statement/prospectus by appearing in other documents filed with the Securities and Exchange Commission and incorporated by reference in this proxy statement/prospectus. These statements may include statements regarding the period following completion of the Transaction.

We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the federal securities laws. In some cases, you can identify these statements by the use of forward-looking words such as may, will, should, anticipate, estimate, expect, plan, believe, predict, and other terms of similar substance used in connection with any discussion of the Transaction or the future operations or financial performance of DHC, Discovery or New Discovery. You should be aware that these statements and any other forward-looking statements in these documents only reflect DHC, Discovery and New Discovery's expectations and are not guarantees of performance. These statements involve risks, uncertainties and assumptions. Many of these risks, uncertainties and assumptions are beyond the control of DHC, Discovery and New Discovery, and may cause actual results and performance to differ materially from our expectations.

In addition to the risks and uncertainties set forth under the heading Risk Factors on page 25, Business Description in Appendix A-1 and Management's Discussion and Analysis of Financial Condition and Results of Operations, including Quantitative and Qualitative Disclosures About Market Risk, in Appendix A-2 of this proxy statement/prospectus, important factors that could cause actual results to be materially different from expectations include, among others:

general economic and business conditions and industry trends;

spending on domestic and foreign television advertising;

consumer acceptance of the programming content developed for each of Discovery's networks;

changes in the distribution and viewing of television programming, including the expanded deployment of personal video recorders and other technology, and their impact on television advertising revenue;

the regulatory and competitive environment of the industries in which we operate;

continued consolidation of the broadband distribution industry;

uncertainties inherent in the development and integration of new business lines, acquired operations and business strategies;

rapid technological changes;

uncertainties associated with product and service development and market acceptance, including the development and provision of programming for new television and telecommunications technologies;

future financial performance, including availability, terms and deployment of capital;

fluctuations in foreign currency exchange rates and political unrest in international markets;

the ability of suppliers and vendors to deliver products, equipment, software and services;

availability of qualified personnel;

changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission, and adverse outcomes from regulatory proceedings;

changes in the nature of key strategic relationships with partners and joint ventures;

competitor responses to our products and services, and the products and services of the entities in which we have interests; and

threatened terrorist attacks and ongoing military action in the Middle East and other parts of the world.

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You should be aware that the programming, media and entertainment industries are changing rapidly, and, therefore, the forward-looking statements and statements of expectations, plans and intent herein are subject to a greater degree of risk than similar statements regarding certain other industries.

We caution you not to place undue reliance on the forward-looking statements contained or incorporated by reference in this proxy statement/prospectus. These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of the applicable document. Except as may be required by law, none of DHC, Discovery or New Discovery has any obligation to update or alter these forward-looking statements, whether as a result of new information, future events or otherwise.

When considering such forward-looking statements, you should keep in mind the factors described in Risk Factors on page 25 and other cautionary statements contained in this proxy statement/prospectus. Such risk factors and statements describe circumstances which could cause actual results to differ materially from those contained in any forward-looking statement.

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THE COMPANIES

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.

DHC was incorporated in the state of Delaware on March 9, 2005 as a wholly-owned subsidiary of Liberty Media Corporation. On July 21, 2005, Liberty completed the spin-off of DHC to Liberty's stockholders.

DHC's principal executive offices are located at 12300 Liberty Boulevard, Englewood, Colorado 80112. DHC's main telephone number is (720) 875-4000, and its company website is www.discoveryholdingcompany.com. Information contained on the website is not incorporated by reference in this proxy statement/prospectus.

Additional Information

For more information regarding DHC, please see [Additional Information](#) [Where You Can Find More Information](#).

Discovery Communications, LLC

Discovery, which is a 100% owned subsidiary of DHC's intermediate holding company, Discovery Communications Holding, is a leading global media and entertainment company that provides original and purchased non-fiction 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.

Discovery is not a party to any of the agreements between DHC and Advance/Newhouse relating to the Transaction. If the merger proposal, the preferred stock issuance proposal and the authorized stock proposal are approved at the Annual Meeting and the Transaction is completed, Advance/Newhouse will combine its 331/3% interest in Discovery Communications Holding and its interest in Animal Planet with DHC's 662/3% interest in Discovery Communications Holding, and Discovery will become a wholly-owned subsidiary of New Discovery.

Discovery's principal executive officers are located at One Discovery Place, Silver Spring, MD 20910. Discovery's main telephone number is (240) 662-2000, and its website is www.discoverycommunications.com. Information contained on the website is not incorporated by reference in this proxy statement/prospectus.

Additional Information

For more information regarding Discovery, please see [Appendix A: Information Concerning Discovery Communications Holding, LLC Including Its Wholly-owned Subsidiary Discovery Communications, LLC](#), which is included as part of this proxy statement/prospectus, including:

Part 1: Description of Business;

Part 2: Management's Discussion and Analysis of Financial Condition and Results of Operations; and

Part 3: Historical Consolidated Financial Statements;

which is incorporated herein in its entirety by this reference.

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Discovery Communications, Inc.

New Discovery is a Delaware corporation, formed on April 28, 2008, for the purpose of effecting the Transaction. Upon consummation of the Transaction, New Discovery will become the parent company of Discovery, which will become its wholly-owned subsidiary. New Discovery will also be the parent company of DHC and Ascent Media Sound.

To date, New Discovery has not conducted any activities other than those incident to its formation and the matters contemplated by the Transaction Agreement, including the formation of Merger Sub as a wholly-owned subsidiary and the preparation of applicable filings under the securities laws.

New Discovery's principal executive offices are currently located at 12300 Liberty Boulevard, Englewood, Colorado 80112, and its main telephone is the same as DHC's ((720) 875-4000). Following the completion of the Transaction, New Discovery's principal executive offices will be located at One Discovery Place, Silver Spring, MD 20910, and its main telephone number will be the same as Discovery's ((240) 662-2000).

Ascent Media Sound provides creative talent, 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. In providing its services, Ascent Media Sound operates under brand names such as Sound One, POP Sound and Todd A-O. Ascent Media Sound also maintains for use by its clients, under the Soundelux brand, an extensive sound effects library with over 3,000 unique sounds and, under the Hollywood Edge brand, several production music libraries. For more information regarding New Discovery after completion of the Transaction, please carefully read the information provided in this proxy statement/prospectus, including the information provided under the heading "New Discovery Unaudited Condensed Pro Forma Combined Financial Statements."

Merger Sub, Inc.

Merger Sub, a wholly-owned subsidiary of New Discovery, is a Delaware corporation, formed on April 29, 2008, solely for the purpose of effecting the merger with DHC. Merger Sub has not conducted any activities other than those incident to its formation and the matters contemplated by the Transaction Agreement.

Merger Sub's principal executive offices are located at 12300 Liberty Boulevard, Englewood, Colorado 80112.

Advance/Newhouse Programming Partnership

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 33 1/3% interest in Discovery Communications Holding.

Advance/Newhouse's principal executive offices are located at 5000 Campuswood Drive, E. Syracuse, NY 13057. Advance/Newhouse's main telephone number is (315) 438-4100.

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THE TRANSACTION

Background of the Transaction

Discovery was founded by Mr. John Hendricks in 1982, and launched its flagship Discovery Channel in June 1985. Among the initial investors in Discovery were cable television companies that carried its programming, including Tele-Communications, Inc. (which later transferred its interest to its programming arm Liberty), NewChannels Corp. (which later transferred its interest to Advance/Newhouse) and Cox Communications, Inc. (**Cox**). Discovery for many years was organized as a close corporation, and its business was managed by Discovery's stockholders rather than by a board of directors. Liberty, Advance/Newhouse, Cox and Mr. Hendricks were parties to a stockholders agreement which provided for the management of Discovery's business, including certain rights of Liberty, Advance/Newhouse and Cox to veto the taking of certain actions by Discovery, restrictions on equity transfers and similar matters. As a result, Liberty, Advance/Newhouse and Cox, together with Mr. Hendricks, were for many years directly involved in the strategic direction and business development of Discovery.

In early 2005, for various business reasons, including to permit investors to invest more directly in Liberty's interest in Discovery, the Board of Directors of Liberty decided to pursue the spin-off of a newly formed entity, DHC, which would hold Liberty's then 50% interest in Discovery, its wholly-owned subsidiary Ascent Media Group, and certain other assets. Prior to the proposed spin-off, Liberty held discussions with Advance/Newhouse and Cox regarding their interest in exchanging their respective interests in Discovery for equity interests in DHC following the spin-off. The discussions were preliminary in nature and did not result in the parties reaching any agreement or understanding regarding such a transaction. After pursuing these discussions for several weeks, Liberty determined the discussions were unlikely to lead to a potential transaction and the discussions were terminated.

Liberty thereafter proceeded with the spin-off of DHC, which was completed in July 2005. No further discussions regarding a possible transaction to combine the Discovery interests with those of Advance/Newhouse or Cox were held until August 2006. At that time, discussions proceeded for several weeks, but again talks were broken off after common ground could not be found.

In the first quarter of 2007, Discovery commenced discussions with Cox regarding a redemption of Cox's 25% interest in Discovery in exchange for a subsidiary of Discovery that held Discovery's interest in The Travel Channel, the travelchannel.com and approximately \$1.3 billion in cash. Discovery, with the approval of DHC and Advance/Newhouse, closed the transaction with Cox in May 2007. As a result of that transaction and the reduction in the outstanding equity interests in Discovery, DHC's interest in Discovery increased to 66 $\frac{2}{3}$ % and Advance/Newhouse's equity interest increased to 33 $\frac{1}{3}$ %.

In May 2007, DHC approached Advance/Newhouse concerning its interest in participating in a transaction that would consolidate all of Discovery under a single public company. Over the next several months the parties considered various structures for such a transaction, which involved discussions on, among other things, dilution, capital structure, economic benefits to the parties and their respective stockholders, tax attributes, and governance concerns. Throughout the negotiation process, DHC's primary goal was to convert its non-controlling equity position in Discovery into one which would allow it to have management rights over Discovery and consolidate Discovery for financial reporting and tax purposes. Advance/Newhouse, on the other hand, sought to gain liquidity in its Discovery stake while preserving most of the governance rights it currently has in Discovery.

In structuring a transaction, both parties sought to reflect, to the extent appropriate for a public company, their respective existing governance rights in respect of Discovery. Discovery is currently managed by its parent Discovery

Communications Holding, a limited liability company, and Discovery Communications Holding is currently managed by its members. Advance/Newhouse also holds special voting rights with respect to Discovery under the terms of the limited liability company agreement of Discovery Communications Holding.

To maintain continuity of management, the parties determined that the size of the consolidated company's board would need to accommodate the existing DHC directors, the Advance/Newhouse designees and the addition of John Hendricks (the founder of Discovery) and David Zaslav (the CEO of Discovery), while also complying with the independence requirements of the Nasdaq Stock Market. At that time, the parties did not determine the exact

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number of board designees or the persons who would serve as new directors of the consolidated company. The parties did, however, agree that it would be beneficial for any consolidated company to have an officer slate comprised of the officers who run the business of Discovery on a daily basis.

The parties also focused their negotiations on relative ownership percentages at the consolidated company and Advance/Newhouse's desire to keep its special voting rights. Due to the dual-class voting structure in place at DHC and DHC's unwillingness to provide its existing Series B holders with a lower voting series of stock, the parties agreed that the consolidated company would issue a 10-vote per share Series B stock as well as a 1-vote per share Series A stock. Because both parties believed a benefit of the transaction would be the ability of the consolidated company to use its stock as an improved acquisition currency for the benefit of the Discovery business, the parties agreed that there should also be a Series C non-voting stock which could be issued without diluting the voting control of Advance/Newhouse or the former DHC stockholders. Although the Series C stock could have first been issued in a future acquisition, the parties believed it would be beneficial to have a pre-established market for the securities prior to any attempted use of those securities in an acquisition scenario. Accordingly, in determining the exchange ratio the parties determined that each existing DHC Series A share would be split into 0.5 of a New Discovery Series A share and 0.5 of a New Discovery Series C share, and each existing DHC Series B share would be split into 0.5 of a New Discovery Series B share and 0.5 of a New Discovery Series C share. (The parties had (and continue to have) no present intention to issue the Series C stock in an acquisition; rather, their focus is on the ability to do so.)

The parties further agreed that the number of shares issuable to Advance/Newhouse would be calculated based on the number of shares issued to the former DHC stockholders in the transaction and would preserve Advance/Newhouse's 33 1/3% equity interest. Advance/Newhouse accepted that its voting percentage would be less than 33 1/3% due to the issuance of the higher voting Series B shares in the transaction. Advance/Newhouse was willing to accept this dilution in the interest of keeping its special voting rights (subject to mutually acceptable modifications appropriate for a public company). Following consultation with counsel, Advance/Newhouse suggested receiving convertible preferred stock rather than common stock, because the convertible preferred stock would enable Advance/Newhouse to exercise its special voting rights through a separate class vote in its capacity as a stockholder. This proposal was agreeable to both parties because it reflects how Advance/Newhouse currently exercises its special voting rights with respect to Discovery. Furthermore, the separate class of stock would allow for Advance/Newhouse to have its own group of board designees who would not be subject to election by the holders of New Discovery common stock. As a result, the parties determined to divide the board of New Discovery into two groups—one group to be elected by the holders of the common stock and a second group to be elected solely by the holders of the convertible preferred stock.

Advance/Newhouse also required that the preferred stock it receives be convertible at any time and have the benefit of registration rights to ensure its future liquidity. DHC was amenable to these conditions in exchange for provisions in the charter and corporate documents of New Discovery that require the shares of convertible preferred stock to automatically convert under certain circumstances, including if the number of outstanding shares of Series A convertible preferred stock is less than 80% of the amount of such shares originally issued or upon the transfer of shares of convertible preferred stock (other than a block transfer of all of the Series A convertible preferred stock) to a third party.

Among the final obstacles to a potential deal was DHC's ownership of Ascent Media. The parties discussed the merits and risks of including Ascent Media with Discovery as compared to other alternatives such as a spin-off or its disposition in a sale transaction. It was ultimately decided that all of Ascent Media other than Ascent Media Sound would be distributed to DHC's stockholders in a spin-off transaction, due to disagreements over the proper valuation of Ascent Media and the desire of both DHC and Advance/Newhouse to create a pure-play programming company focused on the business of Discovery. The AMC spin-off is intended to resolve such disagreements and to facilitate the Transaction. The parties agreed that the AMC spin-off would exclude Ascent Media Sound because it is not a necessary or integral component of the other businesses of Ascent Media and retaining it at New Discovery would

also allow the AMC spin-off to be structured to meet the requirements for treatment as a transaction under Sections 368(a) and 355 of the Code for U.S. federal income tax purposes. Although no formal valuation was performed with respect to Ascent Media Sound, DHC believes that Ascent Media Sound would have an enterprise value of up to \$50 million. DHC acknowledged that its stockholders' equity interest in Ascent Media Sound would

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be diluted by 331/3% as a result of the Transaction, but determined that this dilution was outweighed by the benefits to its stockholders resulting from the AMC spin-off being structured to meet the requirements for treatment as a transaction under Sections 368(a) and 355 of the Code for U.S. federal income tax purposes.

On December 13, 2007, DHC and Advance/Newhouse reached an agreement in principle on the terms of the Transaction and signed a non-binding letter of intent to which was attached a term sheet describing the framework of the Transaction, which called for the AMC spin-off, Advance/Newhouse to contribute its interest in Discovery and Animal Planet to a new public company (New Discovery), and a merger by which the new public company would become the new parent company of Discovery. A press release announcing the terms of the proposed Transaction was issued on the same day.

Over the next several months the parties negotiated the terms of the definitive transaction documents based on the final term sheet, and DHC proceeded with plans to spin off AMC. The non-binding letter of intent did not address all material terms of the Transaction and the AMC spin-off. As a result, many details of the Transaction had to be negotiated and finalized prior to signing the definitive documentation, including, by way of example, the structure of the escrow arrangement, the effect of the Transaction on the outstanding DHC equity awards and the terms of the Series A and Series C convertible preferred stock and New Discovery's rights plan. Through the escrow arrangement, Advance/Newhouse sought protection against dilution resulting from the rollover of the DHC equity awards. The parties considered various ways to issue shares to Advance/Newhouse to achieve this protection and ultimately settled on a tax-efficient escrow arrangement. Also, the terms on which the DHC equity awards would rollover to New Discovery were subject to extensive financial analysis and negotiations between the parties and ultimately submitted for the approval of the compensation committee of the board of directors of DHC and the board of directors of DHC. The adjustments to be made to these equity awards were complex due to, among other things, the AMC spin-off, the continuance of the DHC directors on the New Discovery board but the absence of the DHC officers from the New Discovery officer slate. The terms of the New Discovery rights agreement, including those relating to ownership thresholds, permitted transferees and rights recipients, were also heavily negotiated between the parties. During this time, the parties also continued to reevaluate the effect of the varying terms of the Transaction on the tax treatment of the overall Transaction, with the result that it was determined that the contribution should precede the merger (which was a change to the terms of the non-binding term sheet). Following the completion of these negotiations, the parties executed definitive agreements on June 4, 2008.

Structure of the Transaction

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, which shares of convertible preferred stock would be initially convertible into one-third of the common equity of New Discovery issued in the merger described below, on an as-converted basis. Immediately upon completion of the Advance/Newhouse contribution, Merger Sub will 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.

Immediately following the completion of the Transaction:

DHC and Discovery will be wholly-owned subsidiaries of a new public company named Discovery Communications, Inc., or New Discovery;

the current public stockholders of DHC will be the public stockholders of New Discovery; and

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Advance/Newhouse will be a stockholder of New Discovery (rather than a member of Discovery Communications Holding), owning all of the outstanding shares of Series A and Series C convertible preferred stock of New Discovery.

Recommendation of the DHC Board; Purposes and Reasons for the Transaction

DHC's board of directors has unanimously approved the Transaction, and has determined that the Transaction Agreement and the merger agreement, and the transactions contemplated thereby (including the preferred stock issuance, the merger and the New Discovery charter, including the provisions for the authorized capital stock of New Discovery), are advisable and in the best interests of DHC and its stockholders. Accordingly, the DHC board recommends that stockholders of DHC vote **FOR** the merger proposal, the preferred stock issuance proposal and the authorized stock proposal at the Annual Meeting. DHC's board and the compensation committee of DHC's board have also unanimously approved the amendment and restatement of the DHC incentive plan in connection with the Transaction, and the DHC board recommends that stockholders of DHC vote **FOR** the incentive plan proposal. See The DHC Incentive Plan Proposal for more information.

In approving the Transaction, the DHC board determined that the principal benefit to DHC and its stockholders is that it will effectively transform Discovery into a public company, and in doing so provide stockholders of DHC with a direct interest in one of the largest non-fiction programming companies in the world. The DHC board also considered the following benefits of the Transaction in its determination:

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;

that 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 while the Transaction will be dilutive to the public stockholders of DHC, the economic benefits of their indirect ownership in Discovery will remain largely the same as Discovery will no longer have a minority stockholder;

that New Discovery's management will be comprised of the current management team at Discovery, thereby ensuring a smooth integration of Discovery into New Discovery;

that the Transaction has been structured so as not to trigger any change of control provisions in the benefit plans of DHC or Discovery or the debt instruments of Discovery;

that the Transaction is expected to allow New Discovery to issue equity on more favorable terms with less dilution to existing equity holders in DHC with respect to their interest in Discovery in connection with future acquisitions and management compensation than DHC could under its current ownership structure;

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; and

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 New Discovery with their performance.

The DHC board weighed these benefits against various risks associated with the Transaction, 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;

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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 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 also considered the terms on which Advance/Newhouse will contribute its interests in Discovery and Animal Planet in return for the Series A and Series C convertible preferred stock. The Board recognized that immediately following the Transaction, Advance/Newhouse will own approximately one-third of the equity of DHC, which is the same equity ownership that Advance/Newhouse currently has in Discovery Communications Holding (the intermediate holding company through which DHC holds its two-thirds equity interest in Discovery). The board further recognized that the special class voting rights included in the Series A convertible preferred stock to be issued to Advance/Newhouse are substantially the same as the rights that Advance/Newhouse currently has as a member of Discovery Communications Holding, and that significant corporate actions may be taken by the board of New Discovery that are not subject to such special class voting rights. Hence, the Board determined the terms of Advance/Newhouse's investment in New Discovery are advisable and in the best interests of DHC and its stockholders as that investment will result in the benefits described above in exchange for Advance/Newhouse changing its ownership interest in Discovery from an interest in Discovery Communications Holding to an interest in New Discovery, with substantially the same governance rights.

The DHC board also considered the requirement of the Transaction that Ascent Media (other than Ascent Media Sound) be spun off prior to the preferred stock issuance to Advance/Newhouse. The DHC board determined that the AMC spin-off was advisable in the context of the Transaction as it will facilitate the Transaction and resolve 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, and eliminate the potential distraction and use of management and other resources related to the AMC businesses. DHC wishes to complete the Transaction for the reasons described above. The AMC spin-off was also viewed as making it easier for investors and analysts to understand and value New Discovery's assets, thereby enhancing its ability to raise capital to pursue its business strategy and to take advantage of acquisition opportunities of other media and entertainment businesses. Further, the AMC spin-off will provide certain benefits for investors in AMC, including making it easier for investors to understand and value the AMC assets, which DHC's board of directors believes may currently be overshadowed by DHC's interest in Discovery, thus enhancing the ability of AMC to raise capital to pursue its business strategy and fund acquisitions, including, possibly, acquisitions using its equity as currency, and internal growth. Finally, the AMC spin-off will enhance AMC's ability to attract and retain qualified personnel, by enabling it to grant equity incentive awards based on its own common stock, which will directly reflect the performance of the businesses of AMC, and will further enable AMC 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 AMC that will better and more directly align the incentives for management at AMC with their performance.

After careful deliberation of the foregoing, the DHC board determined that the Transaction would accomplish DHC's primary goal of converting its non-consolidated equity position in Discovery into a consolidated, pure-play public company, while also accomplishing Advance/Newhouse's goals of having a liquid ownership interest in and significant governance rights over the new public company, in a tax-efficient manner. Because the DHC stockholders would continue to hold their stake in Ascent Media through the shares of AMC they will receive in the AMC spin-off, the only economic dilution to the DHC stockholders would be the loss of an aggregate 33 1/3% interest in Ascent Media Sound, which the DHC board believed to be minor compared to the benefits of the overall Transaction. The DHC

board considered the risk of the AMC spin-off being taxable to DHC given that a should rather than a will tax opinion was to be received from counsel. The DHC board believed that the tax risk was manageable in light of counsel s level of comfort and because DHC has a relatively high basis in the shares of AMC, which would minimize, if not fully eliminate, any taxable gain if the AMC spin-off was ultimately determined to be a taxable distribution by DHC.

In light of the number, variety and complexity of the factors that the board considered in coming to its determination that Transaction is in the best interests of DHC and its stockholders, the DHC board did not believe it

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to be practicable to assign relative weights to the factors it considered. Rather, the DHC board conducted an overall analysis of the factors described above. In doing so, different members of the board may have given different weight to different factors.

Conduct of the Business of DHC if the Transaction is Not Completed

If the Transaction is not completed, DHC intends to continue to operate its business substantially in the manner it is operated today with its existing capital structure and management team remaining. From time to time, DHC will evaluate and review its business operations, properties, dividend policy and capitalization, and make such changes as are deemed appropriate, and continue to seek to identify strategic alternatives to maximize stockholder value.

If the Transaction is not to be completed, the AMC spin-off will not be effected, and the incentive plan proposal, even if approved by DHC stockholders at the Annual Meeting, will not be implemented.

Management and Operations of New Discovery Following the Transaction

New Discovery Business

Following the Transaction and the AMC spin-off, New Discovery will be the new parent company of Discovery. Discovery will constitute substantially all of New Discovery's business and operations. New Discovery's business and operations will be conducted substantially as that of Discovery's prior to the Transaction, except that the business of Ascent Media Sound will also be conducted by New Discovery.

New Discovery Directors and Officers

Following the Transaction, New Discovery's management team will be responsible for the business of Discovery and the remaining sound business of Ascent Media. New Discovery's management team will consist of Discovery's current management team, including David Zaslav who will serve as the Chief Executive Officer and President of New Discovery. New Discovery will have a board that will consist of eleven members, of whom one will be John Hendricks, a current executive officer of Discovery who will serve as the Chairman of New Discovery, one will be Mr. Zaslav, five are current members of DHC's board of directors, one will be a new independent director and three will be designated by Advance/Newhouse pursuant to the terms of the New Discovery convertible preferred stock. Two initial designees of Advance/Newhouse will be Robert J. Miron, the Chairman of Advance/Newhouse and Steven A. Miron, Chief Executive Officer of Advance/Newhouse. For more information on the current directors and executive officers of Discovery and DHC see Management of New Discovery and Management of DHC. As provided in the bylaws of New Discovery, the size of New Discovery's board of directors will automatically be reduced (i) by one member upon the resignation, removal or disqualification of John Hendricks from the position of Chairman of the board of directors and (ii) upon the holders of the Series A preferred stock ceasing to have the right to elect Series A preferred stock directors, by the number of Series A preferred stock directors then in office. For more information about the bylaws of New Discovery, see Comparison of the Rights of Stockholders of DHC and New Discovery.

Listing and Registration

Following the Transaction, DHC Series A common stock and DHC Series B common stock will be delisted from the Nasdaq Global Select Market and deregistered under the Exchange Act.

The shares of New Discovery common stock issuable in connection with the Transaction will be registered under the Exchange Act, and it is a condition of the Transaction that such shares be authorized for listing on the Nasdaq Global Select Market, subject only to official notice of issuance. New Discovery has applied to list its Series A common stock

and Series B common stock on the Nasdaq Global Select Market under the symbols DISCA and DISCB, respectively, the same symbols under which DHC's existing Series A and Series B common stock are listed. New Discovery has applied to list its Series C common stock on the Nasdaq Global Select Market under the symbol DISCK.

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Reporting Obligations

Following the merger, DHC will cease to be a reporting company under the Exchange Act.

New Discovery will become the successor reporting company to DHC under the Exchange Act contemporaneously with the consummation of the merger of DHC with Merger Sub, a transitory merger subsidiary of New Discovery.

Accounting Treatment

The Transaction

For financial reporting purposes, New Discovery will be the successor reporting entity to DHC. Because Advance/Newhouse is a one-third owner of Discovery Communications Holding prior to the completion of the Transaction and will be a one-third owner of New Discovery (whose only significant asset is 100% of Discovery Communications Holding) immediately following completion of the Transaction, there will be no effective change in ownership. The New Discovery convertible preferred stock will not have any special dividend rights and only a de minimus liquidation preference. Additionally, Advance/Newhouse retains significant participatory special class voting rights with respect to New Discovery parent company matters. Pursuant to FASB Technical Bulletin 85-5, and for accounting purposes, the Transaction will be treated as a nonsubstantive merger, and therefore, the Transaction will be recorded at carry over basis. For additional information, see Discovery Communications, Inc. Unaudited Condensed Pro Forma Combined Financial Statements elsewhere herein.

Amount and Source of Funds and Financing of the Transaction; Expenses

It is expected that DHC will incur an aggregate of approximately [\$ million] in expenses in connection with the completion of the Transaction (exclusive of expenses incurred in connection with the AMC spin-off). These expenses will be comprised of:

approximately \$750,000 of printing and mailing expenses associated with this proxy statement/prospectus;

approximately [\$] in legal and accounting fees;

approximately \$270,000 in SEC filing fees; and

approximately [\$] in other miscellaneous expenses (including the payment of Advance/Newhouse's filing fee relating to the Hart-Scott-Rodino Antitrust Improvement Act of 1976 (**HSR**)).

Any such expenses required to be paid prior to the closing of the Transaction will be paid by DHC from its existing cash balances. Any such expenses which are not paid prior to the closing of the Transaction will become the obligations of AMC. See Transaction Agreements Reorganization Agreement for more information.

Interests of Certain Persons in the Transaction

Interests of Directors and Executive Officers

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 have relationships, agreements or arrangements that provide them with interests in the Transaction that may be in addition to or different from those of the public stockholders of DHC. In addition, the current directors of

DHC will be entitled to the continuation of certain indemnification arrangements following completion of the Transaction.

Following completion of the Transaction, David Zaslav, President and Chief Executive Officer of Discovery, will become President and Chief Executive Officer of New Discovery. All of DHC's five current directors have agreed to serve on the eleven-member board of New Discovery and John Hendricks, the current Chairman of Discovery, has agreed to serve as the Chairman of New Discovery. In addition, New Discovery's management will be comprised of the members of Discovery's management team. The directors and executive officers of New Discovery are expected to beneficially own shares of New Discovery common stock, immediately following the

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closing of the Transaction, representing in the aggregate approximately 27.3% of the aggregate voting power of New Discovery, based upon their beneficial ownership interests in DHC as of the record date for the Annual Meeting.

In addition, upon the consummation of the Transaction, each outstanding option to purchase shares of DHC common stock held by (i) the current DHC directors (other than Robert R. Bennett) will be converted into options to purchase shares of New Discovery common stock and (ii) the DHC executive officers (other than those who are also directors of DHC) will be converted into share appreciation rights relating to shares of New Discovery. Upon consummation of the Transaction, and in recognition of the services Mr. Bennett will provide to AMC following the AMC spin-off, each outstanding option to purchase shares of DHC common stock held by Mr. Bennett will be converted into options to purchase New Discovery common stock and an option to purchase AMC stock. For additional information regarding the treatment of such options, see [The Transaction Agreements](#) [Merger Agreement](#) [Treatment of Stock Options](#) below.

Upon consummation of the Transaction, each outstanding DAP award held by executive officers of Discovery who become executive officers of New Discovery will be adjusted as described in [Management of New Discovery Executive Compensation](#) [Compensation Discussion and Analysis](#) [Elements of Compensation](#) [Discovery Appreciation Program](#) [Adjustments to DAP Awards](#). In addition, John Hendricks and Brad Singer, who will serve as Chairman and Chief Financial Officer, respectively, of New Discovery have entered into arrangements pursuant to which they would be entitled to receive New Discovery stock options under the DHC incentive plan following the closing of the Transaction. For a description of these arrangements, please see [Management of New Discovery Executive Compensation Arrangements](#) [John Hendricks Equity Stake Transition Term Sheet](#) and [Executive Compensation Arrangements Singer Employment Agreement](#), respectively. Grants under the DHC incentive plan may only be made by action of the New Discovery compensation committee. No directors or executive officers of DHC hold any DAP awards.

DHC's board of directors were aware of these interests and arrangements and considered them when approving the Transaction. For more information regarding these interests and arrangements, see [Management of New Discovery](#) and [Management of DHC](#).

Regulatory Matters

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

Appraisal Rights

Under Section 262 of the Delaware General Corporation Law (**DGCL**), DHC stockholders are not entitled to appraisal rights in connection with the Transaction.

Federal Securities Law Consequences

The issuance of shares of New Discovery common stock in connection with the Transaction will be registered under the Securities Act, and the shares of New Discovery common stock so issued will be freely transferable under the Securities Act, except for shares of New Discovery common stock issued to any person who is deemed to be an affiliate of New Discovery after completion of the Transaction. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or are under common control with New Discovery and may include directors, certain executive officers and significant stockholders of New Discovery. Affiliates may not sell their shares of New Discovery common stock, except pursuant to:

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an effective registration statement under the Securities Act covering the resale of those shares;

in compliance with Rule 144 under the Securities Act; or

any other applicable exemption under the Securities Act.

New Discovery's registration statement on Form S-4, of which this document forms a part, does not cover the resale of shares of New Discovery common stock to be received by its affiliates.

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**MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF
THE MERGER AND THE AMC SPIN-OFF**

Subject to the limitations and qualifications described herein, the following discussion constitutes the opinion of Skadden, Arps, Slate, Meagher & Flom LLP, tax counsel to DHC, as to the material U.S. federal income tax consequences to DHC stockholders resulting from the merger and the AMC spin-off. This discussion is based upon the Code, existing and proposed Treasury regulations promulgated thereunder and current administrative rulings and court decisions, all as in effect as of the date of this proxy statement/prospectus, and all of which are subject to change, possibly with retroactive effect. This discussion is limited to DHC stockholders that are U.S. holders, as defined below, that hold their shares of DHC stock as a capital asset within the meaning of Section 1221 of the Code. Further, this discussion does not address all U.S. federal income tax considerations that may be relevant to particular stockholders in light of their particular circumstances, such as tax-exempt entities, partnerships (including entities treated as partnerships for U.S. federal income tax purposes), holders who acquired their shares of DHC stock pursuant to the exercise of employee stock options or otherwise as compensation, holders who hold different blocks of DHC stock (generally shares of DHC stock purchased or acquired on different dates or at different prices), financial institutions, insurance companies, dealers or traders in securities, holders who are subject to alternative minimum tax, and holders who hold their shares of DHC stock as part of a straddle, hedge, conversion, constructive sale, synthetic security, integrated investment or other risk-reduction transaction for U.S. federal income tax purposes. In addition, the following discussion does not address the tax consequences of the merger or the AMC spin-off under U.S. state or local or non-U.S. tax laws. **Accordingly, DHC stockholders are encouraged to consult their tax advisors concerning the U.S. federal, state and local and non-U.S. tax consequences to them of the merger and the AMC spin-off.**

For purposes of this discussion, a U.S. holder is a beneficial owner of DHC stock that is, for U.S. federal income tax purposes:

an individual who is a citizen or a resident of the United States;

a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any state or political subdivision thereof;

an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more United States persons have the authority to control all of its substantial decisions, or (ii) in the case of a trust that was treated as a domestic trust under the law in effect before 1997, a valid election is in place under applicable Treasury regulations.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) holds shares of DHC stock, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding shares of DHC stock should consult its tax advisor regarding the tax consequences of the merger and the AMC spin-off.

Material U.S. Federal Income Tax Consequences of the Merger

Skadden, Arps, Slate, Meagher & Flom LLP, tax counsel to DHC, is of the opinion that for U.S. federal income tax purposes:

No gain or loss will be recognized by DHC stockholders solely as a result of the exchange of DHC common stock for New Discovery common stock pursuant to the merger, other than with respect to fractional shares of New Discovery common stock for which cash is received.

The aggregate tax basis of the shares of New Discovery common stock (including any fractional shares in respect of which cash is received) received by DHC stockholders pursuant to the merger will be the same as the aggregate tax basis of the DHC common stock (adjusted in connection with the AMC spin-off as described below) exchanged for such New Discovery common stock pursuant to the merger. The aggregate tax basis will be allocated between shares of New Discovery Series A common stock and New Discovery Series C common stock received in accordance with their relative fair market values at the time of the merger.

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The holding period of the shares of New Discovery common stock received by DHC stockholders in the merger will include the holding period of the DHC common stock exchanged for such New Discovery common stock pursuant to the merger, provided that such shares of DHC stock were held as a capital asset on the merger date.

A DHC stockholder that receives cash in lieu of a fractional share of New Discovery common stock pursuant to the merger will be treated as though it first received a distribution of the fractional share in the merger and then sold it for the amount of such cash. Such stockholder will generally recognize capital gain or loss, provided that the fractional share is considered to be held as a capital asset, measured by the difference between the cash received for such fractional share and the stockholder's tax basis in that fractional share, as determined above. Such capital gain or loss will generally be a long-term capital gain or loss if the stockholder's holding period for its share of DHC stock exceeds one year on the date of the merger.

Neither DHC, New Discovery nor Merger Sub will recognize gain or loss as a result of the merger.

Holders who hold different blocks of DHC common stock are encouraged to consult with their tax advisors with respect to identifying the tax bases and holding periods of shares of New Discovery common stock received in the merger.

The tax opinion described above is based on, among other things, assumptions and representations as to factual matters and certain undertakings that have been received from DHC and Advance/Newhouse, including those contained in certificates of officers of DHC and Advance/Newhouse, as requested by counsel. The opinion referred to in this paragraph is not binding on the IRS or the courts, and no rulings have been or will be sought from the IRS regarding the tax treatment of the merger or the contribution by Advance/Newhouse. There can be no assurance that the IRS will not challenge the conclusions set forth in the opinion stated above or referred to herein or that any such challenge would not prevail.

The discussion of the material U.S. federal income tax consequences set forth above is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences of the merger and does not address tax consequences that may vary with, or are contingent on, individual circumstances. Moreover, the discussion does not address the tax consequences of the merger under U.S. state or local or non-U.S. tax laws. **Accordingly, DHC stockholders are encouraged to consult their tax advisors concerning the U.S. federal, state and local and non-U.S. tax consequences to them of the merger.**

Material U.S. Federal Income Tax Consequences of the AMC Spin-Off

Skadden, Arps, Slate, Meagher & Flom LLP, tax counsel to DHC, is of the opinion that for U.S. federal income tax purposes:

No gain or loss should be recognized by DHC upon the distribution of shares of common stock of AMC to DHC stockholders pursuant to the AMC spin-off.

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 common stock of AMC pursuant to the AMC spin-off, other than with respect to fractional shares of common stock of AMC for which cash is received.

A DHC stockholder that receives shares of common stock of AMC in the AMC spin-off should have an aggregate adjusted basis in its shares of common stock of AMC (including any fractional share in respect of

which cash is received) and its shares of DHC stock immediately after the AMC spin-off equal to the aggregate adjusted basis of such stockholder's shares of DHC stock held prior to the AMC spin-off, which should be allocated in accordance with their relative fair market values.

The holding period of the shares of common stock of AMC received in the AMC spin-off by a DHC stockholder should include the holding period of such stockholder's shares of DHC stock, provided that such shares of DHC stock were held as a capital asset on the distribution date.

The conclusions in the tax opinion set forth above are based on existing legal authority and the lack of any authority directly on point. The tax opinion also is based on, among other things, assumptions and representations as to factual matters and certain undertakings that have been received from DHC, AMC and certain DHC stockholders, including those contained in certificates of officers of DHC and AMC and certain DHC stockholders, as requested by counsel. If any of those factual representations or assumptions were to be incorrect or untrue in any material

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respect, any undertaking was not complied with, or the facts upon which the opinion is based were to be materially different from the facts at the time of the AMC spin-off, the AMC spin-off may not qualify for tax-free treatment. DHC has not sought and does not intend to seek a ruling from the IRS as to the U.S. federal income tax treatment of the AMC spin-off. The tax opinion is not binding on the IRS or the courts, and there can be no assurance that the IRS will not challenge the qualification of the AMC spin-off as a transaction under Sections 368(a) and 355 of the Code for U.S. federal income tax purposes or that any such challenge would not prevail.

Material U.S. Federal Income Tax Consequences if the Distribution Is Taxable

At the effective time of the AMC spin-off, DHC expects to receive a tax opinion from Skadden, Arps, Slate, Meagher & Flom LLP to the effect that, taking into account, among other things, the issuance of the A/N Preferred Stock to Advance/Newhouse and the special voting rights associated with such A/N Preferred Stock, the AMC spin-off should qualify as a transaction under Sections 368(a) and 355 of the Code for U.S. federal income tax purposes. Receipt of such opinion is a condition to closing, and such opinion will confirm the conclusions set forth in the opinion of Skadden, Arps, Slate, Meagher & Flom LLP above. An opinion of counsel represents counsel's best legal judgment and is not binding on the IRS or any court. If the IRS were to assert successfully that the AMC spin-off was taxable, the above consequences would not apply and both DHC and its stockholders that received shares of common stock of AMC in the AMC spin-off could be subject to tax, as described below.

If the AMC spin-off did not qualify as a transaction under Sections 368(a) and 355 of the Code for U.S. federal income tax purposes, then DHC would recognize taxable gain in an amount equal to the excess, if any, of the fair market value of the shares of common stock of AMC held by DHC immediately prior to the AMC spin-off over DHC's tax basis in such shares. In addition, a DHC stockholder that received shares of common stock of AMC in the AMC spin-off would be treated as having received a distribution of property in an amount equal to the fair market value of such shares (including any fractional shares sold on behalf of the stockholder) on the distribution date. That distribution would be taxable to such stockholder as a dividend to the extent of DHC's current and accumulated earnings and profits. Any amount that exceeded DHC's earnings and profits would be treated first as a non-taxable return of capital to the extent of such stockholder's tax basis in its shares of DHC stock with any remaining amount being taxed as a capital gain. Certain stockholders may be subject to additional special rules governing distributions, such as those that relate to the dividends received deduction and extraordinary dividends.

Even if the AMC spin-off otherwise qualifies for tax-free treatment to the DHC stockholders, it may be disqualified as tax-free to DHC under Section 355(e) of the Code if 50% or more of either the total combined voting power or the total fair market value of the stock of New Discovery (or DHC) or AMC is acquired as part of a plan or series of related transactions that includes the AMC spin-off. Any acquisitions of stock of New Discovery (or DHC) or AMC after the AMC spin-off are generally part of such a plan only if there was an agreement, understanding, arrangement or substantial negotiations regarding the acquisition or a similar acquisition at some time during the two-year period ending on the date of the AMC spin-off. All of the facts and circumstances must be considered to determine whether the AMC spin-off and any acquisition of stock are part of such a plan, and certain acquisitions of stock pursuant to public sales are exempted by applicable Treasury regulations. In this regard, while the issuance of the A/N Preferred Stock to Advance/Newhouse should generally be treated as part of a plan or series of related transactions that includes the AMC spin-off, such issuance by itself, taking into account the special voting rights associated with such A/N Preferred Stock, should not result in DHC recognizing gain in connection with the AMC spin-off. If Section 355(e) of the Code applies as a result of such an acquisition of stock of New Discovery (or DHC) or AMC, DHC would recognize taxable gain in an amount equal to the excess, if any, of the fair market value of the shares of common stock of AMC held by DHC immediately prior to the AMC spin-off over DHC's tax basis in such shares, but the AMC spin-off would nevertheless generally be tax-free to each DHC stockholder that received shares of common stock of AMC in the AMC spin-off.

Certain State Income Tax Matters

As noted above, this discussion does not address any tax consequences of the AMC spin-off other than the material U.S. federal income tax consequences set forth above. DHC stockholders are encouraged to consult their tax advisor concerning all possible state tax consequences of the AMC spin-off.

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THE TRANSACTION AGREEMENTS

On June 4, 2008, DHC, New Discovery and Advance/Newhouse and certain of their respective affiliates entered into the Transaction Agreement and certain related agreements that together set forth the terms and conditions of the proposed transactions. The principal documents (in the form in which they exist today) consist of the following:

the Transaction Agreement, which establishes the overall framework for the transactions as well as the terms and conditions of the Advance/Newhouse contribution;

the merger agreement, which establishes the terms and conditions of the merger of Merger Sub and DHC;

the form of escrow agreement, which establishes the terms and conditions of an escrow arrangement for certain shares of New Discovery convertible preferred stock Advance/Newhouse receives in the Transaction;

the reorganization agreement, which establishes certain terms and conditions relating to the AMC spin-off;

the form of tax sharing agreement, which establishes the allocation between DHC and New Discovery on the one hand and AMC on the other hand, of liabilities for taxes arising prior to, as a result of, and subsequent to the AMC spin-off; and

certain other ancillary agreements contemplated by the agreements listed above.

*Set forth below is a summary of the material terms of the principal documents involved in the Transaction. The summary does not purport to be complete and may not contain all of the information that is important to you. The summary is qualified in its entirety by reference to the actual text of the agreements being summarized, which have been filed as Appendices to this proxy statement/prospectus or as exhibits to the registration statement of which this document constitutes a part, and are incorporated by reference into this document. For more information about how you can obtain copies of these agreements that have been filed as exhibits, see *Where You Can Find More Information* below.*

Transaction Agreement

New Discovery, DHC and Advance/Newhouse and certain of their respective affiliates entered into the Transaction Agreement, which establishes important terms and conditions relating to the implementation of the Transaction, including the Advance/Newhouse contribution. The Transaction Agreement sets forth the terms and conditions of each of New Discovery's and DHC's obligation to complete the AMC spin-off, the Advance/Newhouse contribution and the merger, and Advance/Newhouse's obligation to complete the Advance/Newhouse contribution.

AMC Spin-off

Prior to effecting the initial steps of the Transaction, DHC will, subject to the satisfaction of the conditions contained in the Transaction Agreement, complete the AMC spin-off. The Transaction Agreement provides that, prior to effecting the AMC spin-off, DHC will complete an internal corporate restructuring so that DHC will be the sole stockholder of AMC, which will own all of the businesses, assets, properties and liabilities of the creative and network services businesses of Ascent Media, excluding Ascent Media Sound, and the excess cash and cash equivalents held by DHC prior to the AMC spin-off. The Transaction Agreement provides that, subject to the satisfaction of the conditions contained in the Transaction Agreement, DHC will take all actions within its control to complete the AMC

spin-off. See Reorganization Agreement below for more information.

As a result of such internal restructuring and completion of the AMC spin-off, DHC would own a 662/3% interest in Discovery, 100% of the businesses, assets, properties and liabilities of Ascent Media Sound, and any cash and cash equivalents not contributed to AMC.

For more information regarding the AMC spin-off, please see Reorganization Agreement below. For financial information on AMC, see its Audited Financial Statements included as Appendix F to this proxy statement/prospectus.

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Advance/Newhouse Contribution

Subject to the satisfaction of the conditions in the Transaction Agreement, immediately following the completion of the AMC spin-off, the Transaction Agreement provides that Advance/Newhouse will contribute to New Discovery all of the interests in Discovery and Animal Planet owned by Advance/Newhouse, in exchange for:

shares of New Discovery Series A convertible preferred stock convertible into a number of shares of Series A common stock equal to one-half of the number of shares of New Discovery Series A common stock and New Discovery Series B common stock issued in the merger;

shares of New Discovery Series C convertible preferred stock convertible into a number of shares of Series C common stock equal to one-half of the number of shares of New Discovery Series C common stock issued in the merger;

additional shares of New Discovery Series A convertible preferred stock convertible into a number of shares of Series A common stock equal to one-half of the aggregate number of shares of New Discovery Series A common stock and New Discovery Series B common stock that may be issued by New Discovery pursuant to stock options and stock appreciation rights in effect immediately following the merger; and

additional shares of New Discovery Series C convertible preferred stock convertible into a number of shares of Series C common stock equal to one-half of the aggregate number of shares of New Discovery Series C common stock that may be issued by New Discovery pursuant to stock options and stock appreciation rights in effect immediately following the merger.

For more information regarding the New Discovery options and stock appreciation rights, see Merger Agreement Treatment of Options below. Following the closing of the Transaction and issuance of additional shares of New Discovery Series A convertible preferred stock referenced in the final two bullet points above to Advance/Newhouse, which are referred to as **escrow shares**, Advance/Newhouse will deposit such escrow shares into an escrow account to be held by the escrow agent pursuant to the terms and conditions of the escrow agreement described below. See Escrow Agreement below.

Merger

Immediately following the completion of the Advance/Newhouse contribution described above, DHC, New Discovery and Merger Sub will complete the merger as contemplated by the Transaction Agreement and merger agreement. For more details regarding the merger, including the effect on each outstanding share of DHC common stock and outstanding stock options, see Merger Agreement below.

We cannot assure you when, or if, all the conditions to completion of the Transaction (including the merger) will be satisfied or, where permissible, waived. See Conditions to Completion of the Transaction below. The parties intend to complete the Transaction as promptly as practicable following the satisfaction (or waiver) of all conditions, including receipt of the requisite approvals of the DHC stockholders to the merger proposal, preferred stock issuance proposal and authorized stock proposal at the Annual Meeting.

Representations and Warranties

The Transaction Agreement contains representations and warranties that the parties made to each other as of the date of the Transaction Agreement or other specific dates. The statements embodied in those representations and warranties are subject to qualifications and limitations agreed to by the parties in connection with negotiating the terms of that

agreement and are qualified by information in a confidential disclosure letter that the parties have exchanged in connection with the signing of the Transaction Agreement. Please note that certain representations and warranties may be subject to contractual standards of materiality different from those generally applicable to stockholders or may have been used for the purpose of allocating risk between the parties rather than establishing matters as facts.

The Transaction Agreement should not be read alone, but should instead be read in conjunction with the other information regarding the parties and the transaction that is contained in this proxy statement/prospectus as well as

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in the filings that the parties make and have made with the SEC. The representations and warranties contained in the Transaction Agreement may or may not have been accurate as of the date they were made and we make no assertion herein that they are accurate as of the date of this proxy statement/prospectus.

The Transaction Agreement contains customary representations and warranties by DHC relating to, among other things:

corporate organization and qualification;

corporate power and authority, absence of conflicts and board approval of the Transaction Agreement;

capitalization of each of DHC, New Discovery and Merger Sub;

subsidiaries;

documents filed with the Securities and Exchange Commission and financial statements included in such documents;

information supplied in connection with this proxy statement/prospectus and the registration statement of which it is a part;

absence of certain changes or events since December 31, 2007;

no default under any material contracts;

compliance with applicable laws;

legal proceedings;

material transactions or arrangements with affiliates;

brokers and finders;

tax and employee matters; and

compliance with takeover laws.

Except as specifically provided in the Transaction Agreement, DHC does not make any representations or warranties under the Transaction Agreement with respect to the businesses, assets and liabilities of Discovery, or of Ascent Media to the extent they are part of the AMC spin-off.

The Transaction Agreement contains customary representations and warranties by Advance/Newhouse relating to, among other things:

organization and qualification;

power and authority, absence of conflicts and requisite approvals of the Transaction Agreement;