



April 2, 2012

Dear Stockholders,

You are cordially invited to attend our annual meeting of stockholders at 10:00 a.m. on Tuesday, May 15, 2012 at our corporate headquarters at One Discovery Place, Silver Spring, Maryland 20910.

If you hold shares of Series A or Series B common stock or Series A convertible preferred stock, you will be asked to vote on a number of important matters, which are listed in the Notice of Annual Meeting of Stockholders (the "Notice"). The Board of Directors recommends a vote **FOR** the proposals listed as Items 1 and 2 in the Notice.

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 and I look forward to seeing you at the Annual Meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "John S. Hendricks". The signature is stylized with a large, looping initial "J" and a long, sweeping underline.

John S. Hendricks
*Founder and Chairman of the Board
Discovery Communications, Inc.*



DISCOVERY COMMUNICATIONS, INC.

a Delaware company

One Discovery Place
Silver Spring, Maryland 20910
(240) 662-2000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Discovery Communications Stockholders:

You are cordially invited to attend, and notice is hereby given of, the 2012 Annual Meeting of Stockholders of Discovery Communications, Inc. to be held at our offices at One Discovery Place, Silver Spring, Maryland, on Tuesday, May 15, 2012 at 10:00 a.m., local time, for the following purposes:

1. To elect five directors, two of whom will be elected by the holders of shares of our Series A common stock and Series B common stock voting together as a single class, and three of whom will be elected by the holders of shares of our Series A convertible preferred stock, voting separately as a class.

2. To vote upon a proposal to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.

The stockholders will also act on any other business that may properly come before the Annual Meeting or any adjournments thereof.

The close of business on March 21, 2012 was the record date for determining the holders of shares of our Series A and Series B common stock and Series A convertible preferred stock entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. For a period of at least ten days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the Annual Meeting will be open to the examination of any stockholder during ordinary business hours at our corporate headquarters located at One Discovery Place, Silver Spring, Maryland.

By Order of the Board of Directors,

A handwritten signature in black ink, appearing to read "Stephanie D. Marks".

Stephanie D. Marks
Corporate Secretary

April 2, 2012

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2012 PROXY STATEMENT

QUESTIONS AND ANSWERS ABOUT THE 2012 ANNUAL MEETING OF STOCKHOLDERS

Q: Who is soliciting my vote?

A: The Discovery Communications, Inc. Board of Directors is soliciting your vote on proposals being submitted for consideration at our Annual Meeting of Stockholders to be held on May 15, 2012.

Q: What is the Notice of Internet Availability of Proxy Materials?

A: In accordance with the SEC's proxy delivery rules, we intend to commence distribution on or about April 2, 2012 of a notice (the "Notice of Internet Availability of Proxy Materials") indicating that this Notice of 2012 Annual Meeting of Stockholders and Proxy Statement, our Annual Report to Stockholders and our Annual Report on Form 10-K will be made available at www.proxyvote.com. This website will also provide holders of our Series A and Series B common stock and Series A convertible preferred stock ("Series A preferred stock") with instructions on how to vote their shares. The Notice of Internet Availability of Proxy Materials also indicates how to request printed copies of these materials, including, for holders of Series A and Series B common stock and Series A preferred stock, the proxy card or voting instruction card.

Q: What matters will be voted on at the Annual Meeting?

A: The principal business of the meeting will be the following matters:

- the election of two Class I directors by the holders of our Series A common stock and Series B common stock, voting together as a single class, and the election of three preferred stock directors by the holders of our Series A preferred stock, voting separately as a class; and
- the ratification of the appointment of PricewaterhouseCoopers LLP ("PwC") to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2012.

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

Q: Who is entitled to vote at the Annual Meeting?

A: The close of business on March 21, 2012 was the record date for determining the holders of our Series A and Series B common stock and Series A preferred stock entitled to notice of, and to vote at, the Annual Meeting and any adjournment thereof. The Notice of Internet Availability of Proxy Materials received by the holders of our Series A and Series B common stock and Series A preferred stock will explain how they may vote their shares. Holders of our non-voting Series C common stock and Series C convertible preferred stock ("Series C preferred stock") may access and receive this proxy statement and related materials but are not entitled to vote at the Annual Meeting or any adjournment thereof.

Q: How many shares can vote at the Annual Meeting?

A: As of March 21, 2012, we had outstanding 145,272,343 shares of Series A common stock, with each of those shares being entitled to one vote, 6,570,067 shares of Series B common stock, with each of those shares being

entitled to 10 votes and 106,048,462 shares of Series C common stock, which are not entitled to vote. We also had outstanding 71,107,312 shares of Series A preferred stock, with each of those shares being entitled to one vote and 57,374,821 shares of Series C preferred stock, which are not entitled to vote.

Q: How many shares must be present or represented at the Annual Meeting to conduct business at the meeting?

A: With respect to Proposal 1, the presence, in person or by properly executed proxy, of the holders of a majority of the total voting power of the outstanding shares of (a) the Series A common stock and Series B common stock, voting together as a single class, entitled to a separate vote on the election of two Class I directors at the Annual Meeting will constitute a quorum for purposes of this class vote and (b) the Series A preferred stock entitled to a separate class vote on three preferred stock directors at the Annual Meeting will constitute a quorum for purposes of this class vote. The presence, in person or by properly executed proxy, of the holders of a majority in voting power of the Series A common stock, Series B common stock and Series A preferred stock, with the preferred stock considered on an as-converted to common stock basis, voting together as a single class will constitute a quorum for the combined class votes on Proposal 2.

If a quorum is not present, the meeting will be adjourned until a quorum is obtained. Abstentions and broker non-votes (where a broker or nominee does not exercise discretionary authority to vote on a proposal) will be treated as present for purposes of determining the presence of a quorum.

Q: What vote is required to elect directors?

A: With respect to Proposal 1, two directors are to be elected by the holders of our Series A common stock and Series B common stock, voting together as a single class, and three directors are to be elected by the holders of our Series A preferred stock, voting separately as a class. In each separate class vote, the directors will be elected if they receive a plurality of the votes cast by the holders of the outstanding shares of Series A common stock and Series B common stock, voting together, and the Series A preferred stock, as applicable, present in person or by proxy and entitled to vote.

- If you submitted a proxy card on which you indicated that you abstain from voting, it will have no effect on the election of directors; and
- Broker non-votes will not be counted as votes cast and therefore will have no effect on the election of directors.

Q: What vote is required to ratify the selection of the independent registered public accounting firm?

A: The affirmative vote of a majority of the votes cast by the holders of the outstanding Series A common stock, Series B common stock and Series A preferred stock, voting as a single class, present in person or by proxy and entitled to vote is required to ratify Proposal 2.

- If you submit a proxy card on which you indicate that you abstain from voting, your abstention will not count as a vote “FOR” or “AGAINST” this proposal and will have no effect on the outcome of the ratification of the selection of the independent registered public accounting firm; and
- Broker non-votes will not be counted as votes cast and therefore will have no effect on the ratification proposal.

Q: How can I vote my shares at the Annual Meeting?

A: If you are a holder of Series A or Series B common stock or Series A preferred stock, telephone and Internet voting is available 24 hours a day through 11:59 p.m. (Eastern Time) on May 14, 2012. If you are located in the United States or Canada and are a stockholder of record, you can vote your shares by calling toll-free 1-800-690-6903. Whether you are a stockholder of record or a beneficial owner, you can also vote your shares by Internet at www.proxyvote.com.

Both the telephone and Internet voting systems have easy to follow instructions on how you may vote your shares and allow you to confirm that the system has properly recorded your vote. If you are voting your shares by telephone or Internet, you should have on hand when you call or access the website, as applicable, the Notice of Internet Availability of Proxy Materials, the proxy card or voting instruction card (for those holders who have received, by request, a hard copy of the proxy card or voting instruction card). If you vote by telephone or Internet, you do not need to return your proxy card to us.

If you have received, by request, a hard copy of the proxy card or voting instruction card, and wish to submit your proxy by mail, you must complete, sign and date the proxy card or voting instruction card and return it in the envelope provided so that it is received prior to the Annual Meeting.

Properly completed proxies will be voted as you direct. Properly executed proxies that do not contain voting instructions will be voted "FOR" Proposals 1 and 2.

While we encourage holders of Series A and Series B common stock and Series A preferred stock to vote by proxy, you also have the option of voting your shares of Series A and Series B common stock and Series A preferred stock in person at the Annual Meeting. If your shares of Series A or Series B common stock or Series A preferred stock are registered directly in your name with our transfer agent, you are considered the stockholder of record with respect to such shares of stock and you have the right to attend the Annual Meeting and vote in person, subject to compliance with the procedures described below. If your shares of Series A or Series B common stock or Series A preferred stock are held in a brokerage account or by a bank or other nominee, you are the beneficial owner of such shares. As such, in order to vote in person, you must obtain and present at the time of admission a properly executed proxy from the stockholder of record (i.e., your broker, bank or other nominee) giving you the right to vote the shares of Series A or Series B common stock or Series A preferred stock.

Q: If my Discovery 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 ratification proposal. **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 the election of directors proposal.**

Q: May I change my vote 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 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 Communications, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

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: How do I obtain admission to the Annual Meeting?

A: Stockholders of record on the record date will be admitted to the Annual Meeting with photo identification and proof of stock ownership, such as the Notice of Internet Availability of Proxy Materials. If you hold Discovery stock in street name, you must bring a copy of an account statement reflecting your stock ownership as of the record date. If you plan to attend as the proxy of a stockholder, you must present valid proof of proxy. Cameras, recording devices and other electronic devices are not permitted at the Annual Meeting.

Q: Who will bear the cost of soliciting votes for the Annual Meeting?

A: We will pay the cost of solicitation of proxies, including the preparation, website posting, printing and delivery of the Notice of Internet Availability of Proxy Materials, proxy statement and related materials. We will furnish copies of these materials to banks, brokers, fiduciaries, custodians and other nominees that hold shares on behalf of beneficial owners so that they may forward the materials to beneficial owners.

CORPORATE GOVERNANCE

The corporate governance practices of Discovery Communications, Inc. (“us,” “we,” the “Company” or “Discovery”) are established and monitored by our Board of Directors. The Board regularly assesses Discovery’s governance policies in light of legal requirements and governance best practices.

Corporate Governance Guidelines

Discovery’s corporate governance practices are embodied in a formal document that has been approved by our Board of Directors. These corporate governance guidelines (the “Guidelines”) are posted on our website at www.discoverycommunications.com. These guidelines, which provide a framework for the conduct of the Board’s business, provide that:

- the Board’s responsibility is to oversee the management of Discovery and to help ensure that the interests of the stockholders are served;
- a majority of the members of the Board shall be independent directors;
- the independent directors meet at least twice a year in executive session;
- directors have unimpeded access to senior management and, as necessary and appropriate, independent advisors;
- new directors participate in an orientation program and all directors are encouraged to participate in continuing director education on an ongoing basis; and
- annually, the Board and its committees will conduct a self-evaluation to determine whether they are functioning effectively.

The Board periodically reviews the Guidelines and updated them in March 2012. Printed copies of our Guidelines are available to any stockholder upon request to the Corporate Secretary, at the address specified below under “—Stockholder Communication with Directors.”

Director Independence

It is our policy that a majority of the members of our Board of Directors be independent. For a director to be deemed independent, a director must be independent as determined under Rule 5605(a)(2) of the Nasdaq Marketplace Rules and, in the Board of Directors’ judgment, the director must not have a relationship with Discovery that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Nasdaq Marketplace Rules require that, subject to specified exceptions, each member of a listed company’s audit, compensation and nominating and governance committees be independent and that audit committee members also satisfy independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Under Rule 5605(a)(2) of the Nasdaq Marketplace Rules, a director will only qualify as an “independent director” if, in the opinion of that company’s Board of Directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Discovery’s Board of Directors has determined that Robert R. Beck, Robert R. Bennett, Paul A. Gould, Lawrence S. Kramer, John C. Malone, Robert J. Miron, Steven A. Miron, M. LaVoy Robison and J. David Wargo are independent directors.

In order to be considered to be independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the Board of Directors, or any other board committee: (1) accept any consulting, advisory, or other compensatory fee from the listed company, other than for board service; or (2) be an affiliated person of the listed company. Discovery’s Board of Directors has determined that Lawrence S. Kramer, M. LaVoy Robison and J. David Wargo are independent for purposes of Rule 10A-3.

Board Leadership Structure

Discovery separates the roles of Chief Executive Officer and Chairman of the Board in recognition of the differences between the two roles. The CEO is responsible for setting Discovery's strategic direction, providing leadership and driving the performance of the Company, while the Chairman of the Board provides guidance to the CEO, sets the agenda for Board meetings and presides over meetings of the full Board. As executed through the creative vision and innovative spirit of John Hendricks, our Founder and Chairman, and the dynamic leadership of David Zaslav, our CEO, we feel that this structure is appropriate for Discovery.

Code of Conduct

We have a Code of Business Conduct and Ethics (the "Code") that is applicable to all of our directors, officers and employees. The Board approved the Code in September 2008 and reviews it regularly. The Code is available, and any amendments or waivers that would be required to be disclosed are posted, on our website at www.discoverycommunications.com. Printed copies of the Code are also available upon request to the Corporate Secretary at the address specified below, under "—Stockholder Communication with Directors."

Committees of the Board of Directors

Audit Committee

The Board of Directors has established an Audit Committee, whose members are Messrs. Robison (Chair), Kramer and Wargo. The Board of Directors has determined that M. LaVoy Robison is an "Audit Committee Financial Expert" as defined under SEC rules. The Audit Committee reviews and monitors the corporate financial reporting and the internal and external audits of Discovery. The committee's functions include, among other things:

- appointing or replacing our independent registered public accounting firm;
- reviewing and approving in advance the scope of, and fees for, our annual audit and reviewing the results of our audits with our independent registered public accounting firm;
- reviewing and approving in advance the scope of, and the fees for, non-audit services of our independent registered public accounting firm;
- reviewing our audited financial statements with our management and independent registered public accounting firm and making recommendations regarding inclusion of such audited financial statements in certain of our public filings;
- overseeing the performance of services by our independent registered public accounting firm, including holding quarterly meetings to review the quarterly reports of our independent registered public accounting firm; discussing with our independent registered public accounting firm issues regarding the ability of our independent registered public accounting firm to perform such services; obtaining, annually, a letter from our independent registered public accounting firm addressing internal control; reviewing with our independent registered public accounting firm any audit-related problems or difficulties and the response of our management; and addressing other general oversight issues;
- reviewing compliance with, and the adequacy of, our existing major accounting and financial reporting policies;
- overseeing the implementation and maintenance of an internal audit function; discussing with our independent registered public accounting firm and management the internal audit function's responsibilities, budget and staff; periodically reviewing with our independent registered public accounting firm the results and findings of the internal audit function and coordinating with management to ensure that the issues associated with such results and findings are addressed;
- reviewing and overseeing compliance with, and establishing procedures for, the treatment of alleged violations of the Code; and

- preparing the audit committee report required by SEC rules, which is included on page 18 of this proxy statement.

The Board of Directors has adopted a written charter for the Audit Committee, which is available on our website at www.discoverycommunications.com.

Compensation Committee

The Board of Directors has established a Compensation Committee, whose members are Messrs. R. Miron (Chair), Beck and Gould. The committee's functions include, among other things:

- reviewing and approving corporate goals and objectives relevant to our CEO's compensation;
- evaluating our CEO;
- determining our CEO's compensation;
- reviewing and approving the compensation of our other executive officers and certain other executives;
- reviewing and making recommendations on stock compensation arrangements for all employees;
- reviewing and making recommendations to the Board for compensation for non-employee directors for their service on the Board and its committees;
- overseeing the structure of employee benefit programs and other compensation programs;
- reviewing and discussing annually with management our "Compensation Discussion and Analysis," which is included beginning on page 20 of this proxy statement; and
- preparing the compensation committee report required by SEC rules, which is included on page 19 of this proxy statement.

The Compensation Committee reviews all forms of compensation provided to our executive officers and approves the same, with the exception of equity awards and awards under the Discovery Communications, Inc. 2005 Incentive Plan (the "Stock Plan"), which are approved by the Equity Compensation Subcommittee, as discussed below.

Because Mr. R. Miron's son-in-law was, until his departure in April 2010, one of our employees, Mr. R. Miron could not be deemed a "non-employee director" under the SEC's rules, which provide certain exemptions from Section 16 of the Exchange Act of 1934 for equity awards approved by a committee composed entirely of non-employee directors. In order to have the equity-based compensation paid to our executive officers approved by a committee composed entirely of non-employee directors, the Compensation Committee established the Equity Compensation Subcommittee (the "Subcommittee"). The Subcommittee was established for the purpose of administering equity and equity-related awards and its members are Messrs. Gould (Chair) and Beck.

The Board of Directors has adopted a written charter for the Compensation Committee, which is available on Discovery's website at www.discoverycommunications.com.

The processes and procedures followed by our Compensation Committee in considering and determining executive compensation, including the use of consultants and other outside advisors, are described below in "Compensation Discussion and Analysis."

Compensation Committee Interlocks and Insider Participation

No member of Discovery's Compensation Committee is a current or former officer or, during 2011 was an employee, of Discovery or any of its subsidiaries. None of Discovery's executive officers has served as a director or member of the compensation committee (or other committee serving an equivalent function) of any other entity whose executive officers served as one of our directors or a member of the Compensation Committee.

Nominating and Corporate Governance Committee

The Discovery Board of Directors has established a Nominating and Corporate Governance Committee, whose members are Messrs. Wargo (Chair), Gould, Kramer, S. Miron and Robison. In considering whether to recommend any candidate for inclusion in the Board's slate of recommended director nominees, including candidates recommended by stockholders, the Nominating and Corporate Governance Committee will apply the criteria set forth in our Guidelines. These criteria include the candidate's integrity, business acumen, experience, commitment, diligence, conflicts of interest and the ability to act in the interests of all stockholders. Our Guidelines specify that the backgrounds and qualifications of the directors considered as a group should provide a significant breadth of experience, knowledge and abilities that will assist the Board in fulfilling its responsibilities. The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity; however, the Board and the Nominating and Corporate Governance Committee believe that it is essential that the Board members represent diverse viewpoints. Nominees are not discriminated against on the basis of race, religion, national origin, sexual orientation, disability or any other basis proscribed by law.

The Nominating and Corporate Governance Committee's primary functions are:

- to oversee corporate governance matters generally, including reviewing and recommending changes in our Guidelines, and the independence standards and qualifications for Board membership set forth in the Guidelines;
- to oversee the annual evaluation of the performance of the Board and each of its other committees;
- to identify individuals qualified to be members of the Board and to recommend Board nominees;
- to review and make recommendations concerning the independence of Board members;
- to review and approve related person transactions;
- to review the membership qualifications of Board members under the Guidelines; and
- to review and make recommendations concerning membership on Board committees and on committee structure and responsibilities.

Discovery's Board of Directors has adopted a written charter for the Nominating and Corporate Governance Committee, which is available on Discovery's website at www.discoverycommunications.com.

Executive Committee

The primary function of the Executive Committee is to exercise powers of the Board on matters of an urgent nature that arise between regularly scheduled Board meetings, subject to certain limitations. For example, the Executive Committee may not exercise the Board's powers to approve matters that must be submitted to the stockholders for their approval, appoint directors or officers, amend our Articles of Incorporation or Bylaws or approve offerings of our capital stock. The members of the Executive Committee are Messrs. Hendricks (Chair), Bennett, Malone, R. Miron and Zaslav.

Other Committees

The Board, by resolution, may from time to time establish certain other committees of the Board, consisting of one or more of the directors of Discovery. Any committee so established will have the powers delegated to it by resolution of the Board, subject to applicable law.

Board Role in Risk Oversight

The Board has an active role, as a whole and at the committee level, in overseeing management of Discovery's risks. The Board regularly reviews information regarding our credit, liquidity and operations, as well

as the risks associated with each. The Company's Compensation Committee is responsible for overseeing the management of risks relating to our incentive compensation plans and arrangements. The Audit Committee oversees management of financial reporting risks. The Nominating and Corporate Governance Committee manages risks associated with the independence of the Board of Directors and potential conflicts of interest. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through committee reports and management presentations to the full Board about such risks.

Board Meetings

During 2011, there were 12 meetings of Discovery's Board of Directors, 16 meetings of Discovery's Compensation Committee, 17 meetings of Discovery's Equity Compensation Subcommittee, six meetings of Discovery's Audit Committee, three meetings of Discovery's Nominating and Corporate Governance Committee and no meetings of Discovery's Executive Committee.

Director Attendance at Board and Annual Meetings

Each director of Discovery attended at least 75% of the aggregate of the number of Board meetings and the number of meetings held by all committees on which he served. Discovery's Board of Directors encourages all members of the Board to attend each annual meeting of the Company's stockholders. All directors attended Discovery's last annual meeting in May 2011, either in person or via teleconference.

Director Nomination Process

Under its charter, the Nominating and Corporate Governance Committee is responsible for recommending to the Board the slate of nominees to be proposed for election by the Series A and Series B common stockholders at our annual meeting and for reviewing proposals for nominations from stockholders that are submitted in accordance with the procedures summarized below.

The Nominating and Corporate Governance Committee has the authority to employ a variety of methods for identifying and evaluating potential Board nominees. Candidates for vacancies on the Board may come to the attention of the committee through several different means, including recommendations from Board members, senior management, professional search firms, stockholder nominations and other sources.

The Nominating and Corporate Governance Committee considers all nominations submitted by stockholders that meet the eligibility requirements outlined in our Bylaws. As required by our Bylaws, stockholder nominations of candidates for election as directors must be submitted in writing to the Corporate Secretary, Discovery Communications, Inc., One Discovery Place, Silver Spring, Maryland 20910, no later than the close of business on the 60th day nor earlier than the 90th day prior to the anniversary of the preceding year's annual meeting. The deadline for stockholder nominations of candidates for election as directors was March 18, 2012. We have not received any stockholder nominations of candidates for election as directors for the Annual Meeting. For information on what must be included in the written notice to nominate a candidate for election at the next annual meeting of stockholders, see "Stockholder Proposals" below.

In considering whether to recommend any particular candidate for inclusion in the Board's slate of director nominees, the Nominating and Corporate Governance Committee applies the criteria set forth in our Guidelines. Under these criteria, a candidate:

- should have a reputation for integrity, honesty and adherence to high ethical standards;
- should have demonstrated business acumen, experience and ability to exercise sound judgment in matters that relate to the current and long-term objectives of the Company and should be willing and able to contribute positively to the decision-making process of the Company;

- should have a commitment to understand the Company and its industry and to regularly attend and participate in meetings of the Board and its committees;
- should have an understanding of the sometimes conflicting interests of the various constituencies of the Company, which include stockholders, employees, customers, governmental units, creditors and the general public, and should act in the interests of all stockholders; and
- shall not have, nor appear to have, a conflict of interest that would impair the nominee's ability to represent the interests of all the Company's stockholders and to fulfill the responsibilities of a director.

The Guidelines also provide that directors shall be selected on the basis of talent and experience and that diversity of background, including diversity of gender, race, ethnic or geographic origin, age, and experience in business, government and education and in media, entertainment and other areas relevant to the Company's activities are factors in the selection process.

The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. In selecting candidates for election to the Board, the Board also considers a director's independence. These independence standards incorporate the independence standards set forth in the Corporate Governance Rules of Nasdaq.

Stockholder nominees for election to the Board will be evaluated by the Nominating and Corporate Governance Committee based on the criteria specified above and using the same process as a nominee recommended by the Board or management.

Stockholder Communication with Directors

Discovery's stockholders may send communications to Discovery's Board of Directors or to individual directors by mail addressed to the Board of Directors or to an individual director c/o Discovery Communications, Inc., One Discovery Place, Silver Spring, Maryland 20910. Communications from stockholders will be forwarded to Discovery's directors on a timely basis.

BOARD COMPENSATION

The Compensation Committee reviews compensation for our non-employee directors. The components of our non-employee director compensation are cash fees and equity awards. The Board believes that appropriate compensation levels help attract and retain superior candidates for Board service and that director compensation should be weighted toward equity-based compensation to enhance alignment with the interests of our stockholders.

We do not have any pension or retirement plans for our non-employee directors. Employee directors do not receive any compensation for their Board service.

The following tables show the cash and equity compensation levels that were in effect in 2011. The compensation levels shown in the second table remain in effect currently.

Discovery Non-Employee Director Compensation Levels, January 1 to May 16, 2011

Board Service

Cash Compensation	
Annual Retainer	\$55,000
Per Meeting fee:	
Board meetings in excess of seven annually; in-person	\$ 1,500
Board meetings in excess of seven annually; telephonic	\$ 750
Initial and Annual Equity Compensation	
Restricted Stock Units	\$40,000
Stock Options	\$40,000

Committee Service (cash)

Annual Retainer for Audit and Compensation Committees	\$10,000
Annual Retainer for Nominating and Corporate Governance Committee	\$ 5,000
Annual Retainer for Equity Compensation Subcommittee	\$ 5,000
Annual Retainer for Audit and Compensation Committee Chairs	\$10,000
Annual Retainer for Nominating and Corporate Governance Committee Chair	\$ 5,000
Per Meeting fee (Audit and Compensation Committee meetings in excess of seven annually, Nominating and Corporate Governance Committee in excess of three annually):	
In-person	\$ 1,500
Telephonic	\$ 750

On February 14, 2011, our Board adopted changes to our non-employee director compensation arrangements. These changes include the introduction of a retainer-only compensation structure, eliminating per meeting fees, and changes to the amount of annual retainers and the value of annual equity grants. These changes were adopted to more closely reflect current trends in Board compensation design and, per our philosophy for Board member compensation, to more closely match the median target total direct compensation of our peers. The new arrangements, shown in the table below, were effective beginning with the 2011 Annual Meeting of Stockholders on May 17, 2011.

Discovery Non-Employee Director Compensation Levels, Effective as of the 2011 Annual Meeting (May 17, 2011)

Board Service

Cash Compensation	
Annual Retainer	\$80,000
Initial and Annual Equity Compensation	
Restricted Stock Units	\$57,500
Stock Options	\$57,500

Committee Service Annual Retainers (cash)

Audit and Compensation Committees	\$20,000
Nominating and Corporate Governance Committee	\$10,000
Equity Compensation Subcommittee	\$ 7,500
Audit and Compensation Committee Chairs	\$30,000
Nominating and Corporate Governance Committee Chair	\$15,000
Equity Compensation Subcommittee Chair	\$11,250

Cash Compensation. For Board and committee service between January 1 and May 16, 2011, cash compensation for non-employee directors consisted of annual retainers and meeting fees. Beginning May 17, 2011, cash compensation for non-employee directors consisted solely of the annual retainers described above. Annual retainers are paid in quarterly installments. For the purpose of calculating these retainers and fees, the annual period commences with the election of directors at the annual meeting. The retainer paid to non-employee directors who are elected or appointed after the most recent annual stockholders' meeting will be prorated based on the quarter in which they join the Board.

Equity Compensation. Non-employee directors receive stock-based compensation under our 2005 Non-Employee Director Incentive Plan (the "Directors' Plan"). The Board determined for 2011 that the equity awards to directors should consist equally of stock options and restricted stock units ("RSUs") of Series A common stock. Annual equity grants are made on the date of the annual meeting. The exercise price of options granted to our non-employee directors is equal to the fair market value of a share of our Series A common stock on the date of the grant. The number of Series A common stock options is calculated by dividing the dollar amount of the award by the Black-Scholes value of options for our Series A common stock on the day before the grant date. This may result in the Black-Scholes value of the grant being slightly different from the target value of the grants. The number of RSUs is calculated by dividing the dollar amount of the award by the fair market value of our Series A common stock on the grant date. Both stock options and RSUs will vest 100% on the one year anniversary of the grant date. Neither the RSUs nor the stock options granted to our directors include the right to receive dividends.

Deferred Compensation. Discovery has a deferred compensation program that allows non-employee directors to defer the settlement of their RSU grants until their departure from our Board. If a director elects to defer settlement of his RSU grant, he must make his irrevocable election before the end of the year prior to the year in which the grant is made, and must do so for the entire amount of his grant. For example, for the grants made in May 2011, directors made their deferral elections before the end of 2010. Directors do not receive dividends on deferred RSUs. Messrs. Beck, Gould, Kramer, R. Miron, Robison and Wargo elected to defer the settlement of their RSU grants made in 2011.

Expense Reimbursement. Non-employee directors are reimbursed for out-of-pocket costs for attending each meeting of the Board or any Board committee of which they are a member, including airfare, whether commercial aircraft or private planes.

Director Education. Under the Guidelines, Discovery encourages the participation of all directors in continuing education programs, at Discovery's expense, that are relevant to the business and affairs of Discovery and the fulfillment of the directors' responsibilities as members of the Board and any of its committees.

Charitable Contribution Matching Program. Discovery provides a charitable contribution matching program through which we match contributions made by our non-employee directors to eligible charitable organizations up to a maximum of \$20,000 for each director within a given fiscal year. The program is designed to match contributions to educational, arts and cultural institutions that have been approved by the Internal Revenue Service as tax-exempt institutions to which contributions are deductible for federal income tax purposes. Certain types of contributions and institutions would not be eligible for matching, such as tuition payments, contributions made to family foundations or other charitable foundations or organizations that are affiliated with a non-employee director, or membership or alumni association dues. In order to be matched, the contribution must be tax-deductible by Discovery Communications, Inc. Matching contributions under this program are included in the following 2011 Non-Employee Director Summary Compensation Table under the “All Other Compensation” column.

The following table summarizes the 2011 compensation provided to all persons who served as non-employee directors during 2011.

2011 Non-Employee Director Summary Compensation Table

<u>Name</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Stock Awards (\$)(1)</u>	<u>Option Awards (\$)(1)</u>	<u>All Other Compensation (\$)(2)</u>	<u>Total (\$)</u>
R. Beck	110,125	57,518	57,115	8,000	232,758
R. Bennett	78,250	57,518	57,115	0	192,883
P. Gould	124,687	57,518	57,115	0	239,320
L. Kramer	112,000	57,518	57,115	20,000	246,633
J. Malone	78,250	57,518	57,115	42,088	234,971
R. Miron	113,250	57,518	57,115	0	227,883
S. Miron	90,000	57,518	57,115	20,000	224,633
M. L. Robison	122,000	57,518	57,115	0	236,633
J. D. Wargo	117,000	57,518	57,115	0	231,633

(1) The aggregate grant date fair value of the RSU awards made to all non-employee directors in 2011 was \$517,662, as calculated in accordance with FASB ASC Topic 718 and the grant date fair value of the stock option awards made to all non-employee directors in 2011 as calculated in accordance with FASB ASC Topic 718 was \$514,035. At December 31, 2011, the following directors held vested stock options, which include options granted for service as an officer or director of Discovery Holding Company, our predecessor entity:

<u>Name</u>	<u>Series A common stock options</u>	<u>Series C common stock options</u>
R. Beck	13,225	0
R. Bennett	130,457	117,232
P. Gould	27,234	14,009
L. Kramer	13,225	0
J. Malone	13,225	0
R. Miron	13,225	0
S. Miron	13,225	0
M. L. Robison	27,234	14,009
J. D. Wargo	25,251	12,026

(2) The amounts for Messrs. Beck, Kramer and S. Miron reflect matching charitable contributions made by Discovery on behalf of each of these directors. The amount for Mr. Malone reflects the value of a gift given by Discovery to Mr. Malone for his 70th birthday.

PROPOSAL 1: ELECTION OF DIRECTORS

Nominees for Election

Our Board of Directors consists of eight common stock directors, divided among three classes, and three preferred stock directors. Our Class I directors, whose terms will expire at the Annual Meeting and who are being nominated for reelection for a term that will expire in 2015, are Robert R. Beck and J. David Wargo. Our Class II directors, who were reelected at the 2010 annual meeting for a term that will expire in 2013, are Paul A. Gould, John S. Hendricks and M. LaVoy Robison. Our Class III directors, who were reelected at the 2011 annual meeting for a term that will expire in 2014, are Robert R. Bennett, John C. Malone and David M. Zaslav. At each annual meeting, the successors of that class of directors whose terms expire at that meeting shall be elected to hold office for a term expiring at the annual meeting of Discovery stockholders held in the third year following the year of their election. The directors of each class will hold office until their respective death, resignation or removal and until their respective successors are elected and qualified. Our Bylaws provide that the number of directors will be reduced by one upon the resignation, removal or disqualification of John Hendricks from our Board of Directors.

Our Board of Directors also includes three preferred stock directors, Lawrence S. Kramer, Robert J. Miron and Steven A. Miron, whose terms will expire at the Annual Meeting. Holders of our Series A preferred stock will vote on the election of each of the preferred stock directors, but will not vote on the election of any common stock director. At each annual meeting of stockholders, the successors of the preferred stock directors will be elected to hold office for a term expiring at the following annual meeting of stockholders. The preferred stock directors will hold office until their respective death, resignation or removal and until their respective successors are elected and qualified.

Five directors will be elected at the meeting. Two of the directors will be voted upon and elected by the holders of shares of our Series A common stock and Series B common stock, voting together as a class. Three of the directors will be voted upon and elected by the holders of shares of our Series A preferred stock voting separately as a class.

Unless otherwise instructed on the proxy card, the persons named as proxies will vote the shares represented by each properly executed proxy "FOR" the election as directors of the persons named in this proxy statement as nominees. Each of the nominees has consented to serve if elected. However, if any of the persons nominated by the Board of Directors fails to stand for election, or declines to accept election, proxies will be voted by the proxy holders for the election of such other person or persons as the Board of Directors may recommend.

The following tables present information, including age, term of office and business experience, for each person nominated for election as a Discovery director and for those directors whose terms of office will continue after the Annual Meeting. Each member of our Board of Directors and each director nominee possesses skills and experience which make them an important component of the Board as a whole. While consideration of the information presented below regarding each director and director nominee's specific experience, qualifications, attributes and skills led our Board to the conclusion that he should serve as a director, we also believe that all of our directors and director nominees have a reputation for integrity, honesty and adherence to high ethical standards. They each have demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to Discovery and our Board.

The Discovery Board of Directors recommends a vote “FOR” the election of the nominated directors.

Director Nominees for Election by Holders of Shares of Series A Common Stock and Series B Common Stock as Class I Directors with Terms Expiring in 2015

Robert R. Beck A common stock director of Discovery since September 2008. Since Born July 2, 1940 2001, Mr. Beck has served as an independent consultant, advising on complex financial and business matters. Prior to 2001, Mr. Beck served as a Managing Director of Putnam Investments.

Mr. Beck applies his expertise in the financial markets to the Board’s deliberations. Mr. Beck’s expertise in corporate finance is of great value to our Board.

J. David Wargo A common stock director of Discovery since September 2008. Born October 1, 1953 Mr. Wargo served as a director of Discovery Holding Company (“DHC”), our predecessor company, from May 2005 to September 2008. Mr. Wargo has served as President of Wargo & Company, Inc., a private investment company specializing in the communications industry, since January 1993. Mr. Wargo is a director of Strayer Education, Inc. and Liberty Global Inc. (“Liberty Global”). Mr. Wargo served on the boards of OpenTV Corp. from 2002 to 2007 and Fun Technologies, Inc. from 2007 to 2008.

Having an extensive career in public company finance, Mr. Wargo brings to the Board significant business development and financial experience related to the business and financial issues facing large corporations. Mr. Wargo’s expertise in public company finance is the result of over 30 years as a securities analyst.

Director Nominees for Election by Holders of Series A Preferred Stock

Lawrence S. Kramer A preferred stock director of Discovery since September 2008. Born April 24, 1950 Mr. Kramer is an adjunct professor at Syracuse University and served as senior advisor at Polaris Venture Partners, a national venture capital firm, from July 2007 to January 2009. From March 2005 to November 2006, Mr. Kramer served as the first president of CBS Digital Media, a division of CBS Television Network (“CBS”). From November 2006 to March 2008, Mr. Kramer held a consulting role at CBS. Prior to joining CBS, Mr. Kramer was Chairman and CEO of Marketwatch, Inc., a financial news business. Mr. Kramer was a director of Answers Corporation from May 2005 until April 2011 when the company was sold and was a director of Xinhua Sports & Entertainment Limited from July 2007 to July 2009.

Mr. Kramer’s many years of experience creating and managing content, along with his strong background of service in the media industry and his past experience as a chairman and chief executive officer of a public company, make him a valuable member of our Board who can assist in the development of our growth strategy and business plans.

Robert J. Miron A preferred stock director of Discovery since September 2008. Mr. Miron served as Chairman of Advance/Newhouse Communications and Bright House Networks, LLC (“Bright House”) from July 2002, retiring in December 2010. Mr. Miron served as Chief Executive Officer of Advance/Newhouse Communications and Bright House from July 2002 to May 2008 and as President of Advance/Newhouse Communications and Bright House from April 1995 to July 2002. Mr. Miron served as President of Newhouse Broadcasting Corporation from October 1986 to April 1995.

Mr. Miron has extensive knowledge of the cable television industry, as evidenced by his professional background. Our Board is benefitted by Mr. Miron’s long experience in management roles within our industry.

Steven A. Miron. A preferred stock director of Discovery since September 2008. Mr. Miron has served as Chief Executive Officer of Advance/Newhouse Communications and Bright House since May 2008. He also served as President of Advance/Newhouse Communications and Bright House from July 2002 to May 2008.

Through his experience as a cable television executive, Mr. Miron has developed a deep understanding of this industry. Mr. Miron’s expertise in the cable television industry makes him a valued presence on our Board.

Common Stock Directors:

Class II Directors with Terms Expiring in 2013

Paul A. Gould A common stock director of Discovery since September 2008. Mr. Gould served as a director of DHC from May 2005 to September 2008. Mr. Gould has served at Allen & Company Incorporated, an investment banking services company, since 1972, including as a Managing Director and Executive Vice President for more than the last five years. Mr. Gould has served as a financial advisor to many Fortune 500 corporations and advised on a number of large media company acquisitions. Mr. Gould is a director of Ampco-Pittsburgh Corporation and Liberty Global. In 2010 Mr. Gould resigned as director of DIRECTV and declined to stand for reelection as director of Liberty Media, now Liberty Interactive Corporation (“Liberty Interactive”).

Mr. Gould brings to our Board a wealth of experience in matters relating to public company finance. Mr. Gould’s knowledge of our Company and our industry, combined with his expertise in finance, makes him an important part of our Board.

John S. Hendricks A common stock director of Discovery since September 2008. Mr. Hendricks is the Founder of Discovery and has served as Chairman of Discovery since September 1982. Mr. Hendricks served as Chief Executive Officer of Discovery from September 1982 to June 2004; and Interim Chief Executive Officer of Discovery from December 2006 to January 2007.

As our Founder, Mr. Hendricks has guided Discovery since our formation and brings a unique perspective to discussions of our business.

M. LaVoy Robison A common stock director of Discovery since September 2008. Mr. Robison served as a director of DHC from May 2005 to September 2008. Mr. Robison has been on the board of The Anschutz Foundation, a private foundation, since January 1998, and was their executive director from 1998 to November 2010. Mr. Robison was a director of Liberty Media and following Liberty Media’s restructuring, is now a director of Liberty Interactive.

Mr. Robison has extensive knowledge of corporate accounting and audit procedure gained through over 35 years of service with the firm of Peat Marwick Mitchell (now KPMG), including over 25 years as a partner and several years as one of the firm’s SEC reviewing partners. Mr. Robison’s wealth of experience in corporate finance and financial accounting is an important resource for our Board.

Class III Directors with Terms Expiring in 2014

Robert R. Bennett A common stock director of Discovery since September 2008. Mr. Bennett served as President of DHC from March 2005 to September 2008 and a director of DHC from May 2005 until September 2008. Mr. Bennett has almost twenty years of executive management experience in the cable television industry. Mr. Bennett served as President of Liberty Media from April 1997 to February 2006 and as Chief Executive Officer of Liberty Media from April 1997 to August 2005. Mr. Bennett held various executive positions with Liberty Media since its inception in 1990. Mr. Bennett is a director of Liberty Media, Sprint Nextel Corporation and Demand Media, Inc.

Mr. Bennett brings both industry knowledge and financial acumen to his role as a member of our Board of Directors. Mr. Bennett has served on the board of directors of multiple public and private companies over the past decade, which, combined with his considerable involvement with media companies, contributes to the knowledge base and oversight of our Board.

John C. Malone A common stock director of Discovery since September 2008. Mr. Malone served as Chief Executive Officer and Chairman of the Board of DHC from March 2005 to September 2008 and a director of DHC from May 2005 to September 2008. Over the last 40 years, Mr. Malone has played a central role in the cable television industry. Mr. Malone has served as Chairman of the Board and a director of Liberty Media since 1990. Mr. Malone served as Chairman of the Board of Tele-Communications, Inc. (“TCI”) from November 1996 to March 1999; and Chief Executive Officer of TCI from January 1973 to March 1999. Mr. Malone is Chairman of the Boards of Liberty Global, Liberty Media, and Liberty Interactive, and a director of Ascent Capital Group, Inc., Expedia, Inc., and Sirius XM Radio Inc. Mr. Malone resigned from the boards of DIRECTV and IAC/InterActiveCorp in June 2010 and Live Nation Entertainment, Inc. in February 2011.

Mr. Malone has played a pivotal role in the cable television industry since its inception and is considered one of the preeminent figures in the media and telecommunications industry. Mr. Malone is well known for his sophisticated problem solving and risk assessment skills. His breadth of industry knowledge and unique perspective on our business make him an invaluable member of our Board.

David M. Zaslav
Born January 15, 1960

President, Chief Executive Officer and a common stock director of Discovery since September 2008. Mr. Zaslav has served as President and Chief Executive Officer of Discovery since January 2007. Mr. Zaslav served as President, Cable & Domestic Television and New Media Distribution of NBC Universal, Inc., a media and entertainment company, from May 2006 to December 2006. Mr. Zaslav served as Executive Vice President of NBC and President of NBC Cable, a division of NBC, from October 1999 to May 2006. Mr. Zaslav was a member of the board of TiVo Inc. until he declined to stand for reelection in 2010.

As CEO, Mr. Zaslav sets our goals and strategies. His ability as director to add his views to the Board's deliberations is of significant benefit to the Board.

Except for Steven A. Miron being the son of Robert J. Miron, there is no family relationship among any of Discovery's executive officers or directors, by blood, marriage or adoption.

PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

As provided in its charter, the Audit Committee selects our independent registered public accounting firm, reviews the scope of the annual audit and pre-approves all audit and non-audit services permitted under applicable law to be performed by the independent registered public accounting firm. The Audit Committee has evaluated the performance of PwC and has selected them as our independent registered public accounting firm for fiscal 2012. You are requested to ratify the Audit Committee’s appointment of PwC. Representatives of PwC will be present at the Annual Meeting and will be given the opportunity to make a statement, if they desire to do so, and to respond to appropriate questions from stockholders present at the meeting. Unless stockholders specify otherwise in their proxy, proxies solicited by the Board will be voted by the proxy holders at the Annual Meeting to ratify the selection of PwC as our independent registered public accounting firm for fiscal 2012. A majority of the votes cast at the Annual Meeting on this proposal is required for ratification.

Even if the selection of PwC is ratified, the Audit Committee of Discovery’s Board in its discretion may direct the appointment of a different independent accounting firm at any time during the year if Discovery’s Audit Committee determines that a change would be in the best interests of Discovery and its stockholders. In the event Discovery stockholders fail to ratify the selection of PwC, the Audit Committee will take this into consideration regarding the selection of another independent registered public accounting firm for the year ending December 31, 2012.

The Discovery Board of Directors recommends a vote “FOR” the ratification of the selection of PwC as Discovery’s independent registered public accounting firm for the year ending December 31, 2012.

Description of Fees

	<u>2011</u>	<u>2010</u>
Audit fees(1)	\$3,509,075	\$3,432,310
Audit-related fees(2)	171,023	65,000
Tax fees(3)	1,274,718	905,046
Other fees(4)	<u>34,850</u>	<u>—</u>
Total fees	<u>\$4,989,666</u>	<u>\$4,402,356</u>

- (1) Audit fees include fees for the audit of the consolidated financial statements of Discovery and statutory audits for certain of Discovery’s foreign subsidiaries, as well as fees for services provided in connection with securities offerings.
- (2) Audit-related fees include due diligence related to mergers and acquisitions, attest services not required by statute or regulation, and consultations regarding financial accounting standards.
- (3) Tax fees consisted of tax compliance and consultations regarding the tax implications of certain transactions. Tax compliance services relate to preparation of tax returns and claims for refunds. Tax consultation services relate to tax planning, as well as assistance with tax audits and tax advice related to acquisitions and structure.
- (4) Other fees consisted of advisory support provided in connection with establishing Discovery’s employee stock purchase plan.

Discovery’s Audit Committee has considered whether the provision of services by PwC to Discovery other than auditing is compatible with PwC maintaining its independence and believes that the provision of such other services is compatible with PwC maintaining its independence.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

Discovery's Audit Committee has adopted a policy regarding the pre-approval of all audit and permissible non-audit services provided by Discovery's independent registered public accounting firm. Pursuant to this policy, Discovery's Audit Committee has approved the engagement of Discovery's independent registered public accounting firm to provide the following services (all of which are collectively referred to as "pre-approved services"):

- audit services as specified in the policy, including (i) financial audits of Discovery and its subsidiaries and (ii) services associated with Discovery's periodic reports, registration statements and other documents filed or issued in connection with a securities offering (including comfort letters and consents);
- audit-related services as specified in the policy, including (i) due diligence services, (ii) financial audits of employee benefit plans, (iii) attestation services not required by statute or regulation, (iv) certain audits incremental to the audit of Discovery's consolidated financial statements; (v) closing balance sheet audits related to dispositions; and (vi) consultations with management as to accounting or reporting of transactions; and
- tax services as specified in the policy, including federal, state, local and international tax planning, compliance and review services and tax due diligence and advice regarding mergers and acquisitions.

Notwithstanding the foregoing general pre-approval, any individual project involving the provision of pre-approved services that is expected to result in fees in excess of \$50,000 requires the specific pre-approval of Discovery's Audit Committee. In addition, any engagement of Discovery's independent registered public accounting firm for services other than the pre-approved services requires the specific approval of Discovery's Audit Committee. Discovery's Audit Committee has delegated the authority for the foregoing approvals to the chairman of the Audit Committee, subject to his subsequent disclosure to the entire Audit Committee of the granting of any such approval. All audit and non-audit services provided by PwC in 2011 were approved by the Audit Committee.

Discovery's pre-approval policy prohibits the engagement of Discovery's independent registered public accounting firm to provide any services that are subject to the prohibition imposed by Section 201 of the Sarbanes-Oxley Act.

REPORT OF THE AUDIT COMMITTEE

Each member of the Audit Committee is an independent director as determined by the Board of Directors of Discovery Communications, Inc., based on the rules of the Nasdaq Stock Market and the criteria of director independence adopted by the Board. Each member of the Audit Committee also satisfies the SEC's independence requirements for members of audit committees.

The Audit Committee reviews Discovery's financial reporting process on behalf of the Board of Directors. A description of the responsibilities of the Audit Committee is set forth above under the caption "Corporate Governance—Audit Committee." PwC, Discovery's registered public accounting firm for 2011, is responsible for expressing opinions on the conformity of Discovery's audited consolidated financial statements with U.S. generally accepted accounting principles.

The Audit Committee has reviewed and discussed with management and PwC Discovery's most recent audited consolidated financial statements. The Audit Committee has also discussed with PwC various communications that the Company's registered public accounting firm is required to provide to the Audit Committee, including matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board ("PCAOB") in Rule 3200T.

The Audit Committee has received the written disclosures and the letter from PwC required by PCAOB Rule 3526 (Communications with Audit Committees Concerning Independence), and has discussed with PwC their independence.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors of Discovery that the audited financial statements be included in Discovery's Annual Report on Form 10-K for the year ended December 31, 2011, filed on February 17, 2012 with the SEC.

This report is respectfully submitted by the members of the Audit Committee of the Board.

M. LaVoy Robison, Chairman
Lawrence Kramer
J. David Wargo

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management and, based on such review and discussion, has recommended that the Compensation Discussion and Analysis be included in this proxy statement.

This report is respectfully submitted by the members of the Compensation Committee of the Board.

Robert J. Miron, Chairman
Robert R. Beck
Paul A. Gould

REPORT OF THE EQUITY COMPENSATION SUBCOMMITTEE OF THE COMPENSATION COMMITTEE

The Equity Compensation Subcommittee of the Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management and, based on such review and discussion, has recommended that the Compensation Discussion and Analysis be included in this proxy statement.

This report is respectfully submitted by the members of the Equity Compensation Subcommittee of the Compensation Committee of the Board.

Paul A. Gould, Chairman
Robert R. Beck

COMPENSATION DISCUSSION AND ANALYSIS

Discovery is a leading global media and entertainment company, with operations that support our mission to empower people to explore their world and satisfy their curiosity. This section analyzes and discusses our compensation programs and provides information about the compensation paid by Discovery to our CEO, CFO, and the three other most highly compensated executive officers (our Named Executive Officers, or “NEOs”) identified below.

Highlights

Discovery had strong operating performance in 2011.

Our Company had a strong year in 2011, reporting increases in revenue, Adjusted Operating Income Before Depreciation and Amortization (“OIBDA”), net income available to Discovery stockholders and Free Cash Flow:

- revenues increased 12% to \$4.235 billion;
- Adjusted OIBDA increased 13% to \$1.914 billion;
- net income from continuing operations increased 75% to \$1.134 billion; and
- Free Cash Flow increased 68% to \$1.042 billion.

Through our continued focus on creating high-quality programming and leveraging that content around the globe, as well as across a growing number of digital and consumer platforms, we were able to take additional share of a strong global advertising market, build new brands and create additional growth drivers across our portfolio, including:

- Investigation Discovery was the fastest growing network in cable television in 2011;
- TLC was launched internationally to be our second flagship network, reaching 100 million global subscribers;
- Discovery Channel success, including “Gold Rush” on Friday nights, “Flying Wild Alaska” and “Sons of Guns”; and
- launch of the digital techbook, which has been adopted in six states.

We continue to pay for performance through executive compensation plan design.

We believe that our executive compensation program plays a key role in the company’s operating and financial success. We place great importance on our ability to attract, retain, motivate and reward talented executives who can continue to grow our business and engage audiences around the world. In 2011, our NEOs received strong short- and long-term awards as a result of the Company’s financial and operational performance and their individual achievements, which reflects the direct link between financial and operational success and compensation. Our short- and long-term incentive compensation programs are structured to:

- pay for performance by aligning and measurably varying the size of performance-based awards directly with key operational outcomes, as well as the executive’s individual performance;
- align the interests of management with those of our stockholders through equity and equity-type incentive awards; and
- inspire dynamic leadership while not encouraging excessive risk taking.

We continue to refine our compensation programs to strengthen the link between executive and stockholder interests.

Named Executive Officers

Messrs. Hendricks, Liguori and Hollinger were our three most highly compensated executive officers for 2011, other than our CEO and CFO. These three individuals, together with Mr. Zaslav, our CEO, and Mr. Singer, our CFO, are our Named Executive Officers and are referred to collectively as our “NEOs.”

- David M. Zaslav, President and Chief Executive Officer;
- Bradley E. Singer, former Senior Executive Vice President and Chief Financial Officer (until March 2012);
- John S. Hendricks, Founder and Chairman of the Board;
- Peter Liguori, former Chief Operating Officer (until December 31, 2011); and
- Mark G. Hollinger, President and CEO, Discovery Networks International.

Andrew Warren joined the Company to become our Chief Financial Officer in March 2012.

Role of the Compensation Committee

Our Compensation Committee (referred to in this Compensation Discussion and Analysis as the “Committee”) operates pursuant to a written charter, a copy of which is posted on the Investor Relations section of our website, www.discoverycommunications.com and has the following functions and responsibilities:

- develop, review and approve our overall executive compensation philosophy, objectives and programs to motivate our NEOs to lead our Company to meet short-term and long-term goals without undue financial risk;
- regularly review best practices and market trends in executive compensation and modify our programs to support Discovery’s business goals and strategies;
- conduct annual risk assessments of our compensation programs;
- align compensation decisions with our executive compensation objectives and principles;
- review and approve the amounts and elements of compensation for our NEOs, other executive officers and certain other key employees; and
- approve the annual quantitative and qualitative goals relevant to the compensation of our NEOs and other executive officers.

The Committee regularly consults with the Board regarding compensation decisions for the CEO and the Founder.

The Committee created the Equity Compensation Subcommittee (the “Subcommittee”), comprised of two directors who are “non-employee directors” within the meaning of Rule 16b-3 under the Exchange Act and “outside directors” for purposes of Section 162(m) of the U.S. Internal Revenue Code (“Section 162(m)"). The Committee delegated to the Subcommittee the authority to make and modify awards under the Stock Plan and to determine and confirm performance-based compensation for our executive officers.

Role of the CEO in Compensation Decisions

The Committee makes all compensation decisions related to the NEOs and the Company’s other senior executives. The CEO plays a significant role in the decisions for the NEOs other than himself and the Founder. The CEO makes annual recommendations to the Committee and Subcommittee regarding base salary, annual cash bonus, and long-term incentive awards for each of his direct reports, including the other three NEOs (the

administration and metrics of these programs are discussed in more detail below) early in the year. His recommendations are based on:

- his assessment of qualitative and quantitative factors, generally including the executive's annual and long-term performance;
- the performance of Discovery as well as the department or group that the executive leads;
- the executive's compensation relative to our other executives (internal equity);
- the executive's compensation relative to executives in similar roles in the companies in our peer group (external competitiveness);
- our overall approach to compensation for employees for the year; and
- contractual obligations under any applicable employment agreement.

The CEO also recommends to the Committee proposed terms for new employment agreements with our NEOs as well as extensions or amendments of existing employment agreements. The CEO works closely with our Senior Executive Vice President of Human Resources in these compensation recommendations.

The CEO also provides the Committee with proposed annual goals to be used in his annual bonus, as further described below, and the Committee considers those proposed goals in approving final annual goals for the CEO. The CEO does not participate in the Committee's deliberations or decisions relating to his compensation.

Relationship with and Role of the Compensation Consultant

The Committee has retained an independent compensation consultant, The Croner Company ("Croner"), to advise it on compensation matters generally and specifically on compensation decisions for our executive officers. Croner is retained directly by, and reports to, the Committee. Croner attended 15 of the 16 Committee meetings held in 2011. Croner assisted the Committee by, among other services:

- assisting in a peer group and competitive benchmarking process and analysis for executive officers and other senior executives used in the annual salary review, bonus and long-term incentive decisions;
- advising the Committee on emerging legislation and regulations affecting executive compensation, and consulting with the Committee on additional plan features and policies such as clawback and executive stock ownership policies;
- advising the Committee on competitive practices regarding long-term incentive and annual cash bonus designs, including market practices, executive compensation trends, performance measures and goal setting;
- assisting the Committee with the periodic review of its charter;
- reviewing the Compensation Discussion and Analysis; and
- advising on employee equity grants, executive employment agreements and other executive compensation matters.

Prior to being engaged by the Committee, Croner historically had provided compensation survey data to the Company and performed custom surveys on industry compensation practices. In 2011, the Committee adopted a Compensation Consultant Independence Policy to address the ongoing need for this survey work and to determine the process under which work by Croner for the Company would be permitted. The Committee authorized Croner to provide survey services to management of up to \$60,000 per year. Non-survey work, or survey work that exceeds \$60,000 in the aggregate in a single year, requires pre-approval by the Committee.

In 2011, the only services provided by Croner to management were the pre-authorized survey services. Total fees paid to Croner by Discovery in 2011 (other than fees for Croner's services to the Committee) were less than \$6,000.

Compensation Philosophy

Our compensation philosophy is to deliver above-median total direct compensation when our executives deliver above-median performance both against internally set objectives and when evaluated against the peer group.

Each of our NEOs, with the exception of Mr. Hollinger, is subject to a multi-year employment agreement with provisions that govern the compensation paid to the executive. We believe that it is in our stockholders’ interest to provide stability in our senior executive team and that it is consistent with industry practice to enter into these employment agreements. A number of the compensation decisions discussed below are required by the terms of these employment agreements, as further described in “Executive Compensation—Executive Compensation Arrangements,” below.

Target Pay Positioning

The Committee generally targets executive compensation to be between the median and 75th percentile of the compensation paid by our peer group companies, which are identified below under “—Peer Group Analysis.” The Committee uses the peer group benchmark and survey data as a reference rather than as a strict guide for compensation decisions and retains flexibility in setting individual target total direct compensation.

At the time that the Committee set target total direct compensation for 2011, the comparison to our peer group was as follows:

Mr. Zaslav	Above the 75 th percentile
Mr. Singer	Between the median and the 75 th percentile
Mr. Liguori	Near the median
Mr. Hollinger	Above the 75 th percentile

The special one-time bonus for leadership of a joint venture given to Mr. Liguori was adopted after the Committee set the target total direct compensation for 2011 and thus was not included in this analysis.

The Committee used the peer group data as a reference point in adjusting Mr. Singer’s salary in March 2011, in increasing the target bonus percentage for Mr. Hollinger in March 2011, and in determining the size of the long-term incentive awards for Messrs. Singer, Liguori, and Hollinger. After the base salary and long-term incentive awards were made in 2011, and including the target annual bonus percentage for each NEO, total direct compensation as compared to our peer group was as follows:

Mr. Zaslav	Above the 75 th percentile
Mr. Singer	Between the median and the 75 th percentile
Mr. Liguori	Near the median
Mr. Hollinger	Above the 75 th percentile

The Committee determined that, because of Mr. Hendricks’ unique role as a Founder and Chairman not acting as the CEO, the peer companies did not have executives serving in positions against which it would be appropriate to compare Mr. Hendricks’ compensation. With respect to the CEO, CFO, and COO, the Committee compared each executive’s compensation to that of the corresponding position in the peer group. The Committee compared Mr. Hollinger’s compensation to that of peer company executives classified as Division Presidents, although the Committee determined this was not an exact match because of the broad scope of Mr. Hollinger’s international responsibilities.

Performance-Based Pay

The majority of target total direct compensation for each NEO is performance-based, with the balance between the annual cash bonus and long-term incentive awards determined by the Committee as appropriate for

each role. Performance-based compensation for our CEO and our Founder is weighted toward equity and equity-type compensation, with a smaller proportion in the annual cash bonus award. The Committee determined this mix is appropriate to closely align these two officers' interests with the interests of our stockholders. For the remaining NEOs (Messrs. Singer, Liguori, and Hollinger), the balance between each element of compensation is more evenly divided, with a significant proportion of total direct compensation in the form of an annual cash bonus opportunity. Long-term incentive equity awards for these NEOs are based on target values that are roughly two to three times the target amount of the annual cash bonus opportunity. We believe this mix both is competitive with the compensation practices specific to our industry and appropriately balances decisions to benefit the Company in both the short- and long-term without taking undue risks. Annual cash bonus awards are more fully described in "—2011 Compensation Decisions—Annual Cash Bonus Awards," below, and our long-term incentive compensation programs are more fully described in "—2011 Compensation Decisions—Long-Term Incentive Compensation," below.

Elements of Compensation

There are three basic components of compensation for our executives, which make up the total direct compensation for each NEO:

<u>Element of Compensation</u>	<u>Key Features</u>	<u>Purpose</u>
Base Salary	Fixed annual cash amount, generally reviewed annually.	Provide base salaries that are competitive to attract and retain high-performing executive talent. A competitive base salary is an important component of compensation providing a degree of financial stability for executives. Base salaries also form the basis for calculating other compensation opportunities, including, for example, calculating the target amount for each NEO's annual cash bonus as a percentage of base salary.
Annual Cash Bonus	Each NEO has a target bonus amount, set as a percentage of base salary. Actual payout for each year varies based on Company and individual performance.	Deliver a substantial portion of total direct compensation in annual cash bonus awards that are aligned with Company and individual performance to focus our executives on our operational goals. Ensures that our compensation mix remains competitive with our labor market.
Long-Term Incentive Awards	Annual equity and equity-type awards, in the form of non-qualified stock options, performance-based restricted stock units ("PRSUs") and units under the Discovery Appreciation Plan ("DAP"). Each type of award instrument vests in tranches over multiple years.	Deliver a substantial portion of an executive's total direct compensation in equity or equity-type awards to align our executives' interests with those of our stockholders. PRSUs incent our NEOs to achieve longer-term financial goals that are expected to lead to increased stockholder value. The multi-year service requirements also serve as a retention tool. Both the financial metrics and the longer-term vesting schedules are designed to discourage excessive risk-taking.

Compensation Decisions Framework

The Committee and Subcommittee generally make decisions in the first 90 days of the calendar year regarding annual adjustments to base salary, annual cash bonus payouts with respect to the immediately

preceding year, and annual long-term incentive awards for our executive officers. This annual process includes review of the following factors, designed to align the compensation actions with our compensation principles and objectives:

- market data from the Company’s peer group for each NEO other than the Founder;
- a “tally sheet” for each NEO;
- any relevant employment contract requirements;
- a self-evaluation of each NEO’s annual performance;
- the CEO’s evaluation of each NEO’s annual performance (other than the CEO and the Founder);
- achievement of annual quantitative goals for the Incentive Compensation Plan (“ICP”), the annual cash bonus program that applies to Messrs. Singer, Liguori, Hollinger, and other employees;
- Discovery’s Total Shareholder Return (“TSR”) as compared to the peer companies; and
- with respect to the determination of the annual cash bonus for Messrs. Zaslav, Hendricks, and Singer, achievement of annual goals that are set by the Committee each year.

These factors are considered as a whole, with no specific weight given to a particular factor or factors. Factors within each compensation element may be weighted, as discussed below (e.g., weighting of qualitative and quantitative measures used in determining the annual cash bonuses for Messrs. Zaslav and Hendricks, and weighting of the performance metrics for awards of performance-based restricted stock units).

Additional detail about the factors considered in our compensation decisions is below.

Peer Group Analysis

The Committee annually reviews data from a group of eight publicly-traded peer companies to support compensation decisions for the NEOs. The peer companies are chosen to best match our Company’s scope of business in terms of revenues, free cash flow, market capitalization and enterprise value, complexity of operations, and greater proximity to the sectors of the media and entertainment industry in which we operate. The peer group also represents meaningful competition for us in the executive labor market. The Committee reassesses this list annually and considers the inclusion of new, relevant peers.

The 2011 peer group consisted of:

Cablevision Systems Corporation
CBS Corporation
DIRECTV
DISH Network Corporation
Liberty Media Corporation*
Scripps Networks Interactive, Inc.
Time Warner Cable, Inc.
Viacom Inc.

* On September 23, 2011, Liberty Media Corporation, formerly in the peer group, was split off from Liberty Media, Inc. The new entity was included in the peer group after that transaction.

Total Shareholder Return

In 2011 and again in early 2012, the Committee reviewed TSR for the Company as compared to the peer group. For this analysis, TSR is calculated as follows:

$$\text{TSR} = (\text{Stock Price at End Date} - \text{Stock Price at Start Date} + (\text{Dividends/Share}))/\text{Stock Price at Start Date}$$

The Committee reviewed the TSR of Discovery and the peer companies using it as a reference point for making long-term incentive awards. The Committee looked at TSR for both the one-year measure (2010) and the two-year period of 2009 – 2010. The Committee elected not to refer to a three-year measure because we became a public company in the third quarter of 2008 and thus the comparison of 2008 full-year data was not meaningful.

<u>Company</u>	<u>1 Year TSR (2010)</u>	<u>2 Year TSR (2009-10)</u>
Cablevision Systems Corporation	32%	112%
CBS Corporation	32%	129%
DIRECTV	18%	65%
DISH Network Corporation	-7%	82%
Liberty Media, Inc.	41%	Not measured*
Scripps Networks Interactive, Inc.	25%	125%
Time Warner Cable, Inc.	65%	50%
Viacom, Inc.	47%	121%
Discovery Communications, Inc.	35%	185%
Median (including Discovery)	32%	116%
Median (excluding Discovery)	32%	112%

* Two-year TSR not measured due anomalous effect on Liberty Media’s stock price of its September 2008 announcement of the spin-off of Liberty Entertainment.

Tally Sheets

The Committee annually reviews tally sheets prepared for each of the NEOs to allow consideration of both current and historical compensation. The tally sheets allow the Committee to review an integrated snapshot of the individual and aggregated elements of each NEO’s compensation. The Committee reviewed the tally sheets in determining base salary adjustments, annual cash bonus payouts, and, with respect to Messrs. Singer, Liguori, and Hollinger, long-term incentive awards, in 2011.

Tax Deductibility of Executive Compensation

We consider the tax deductibility of compensation to be paid to the NEOs. Section 162(m) generally limits the tax deductibility of compensation paid by a public company to its CEO and certain other highly compensated executive officers to \$1 million in the year the compensation becomes taxable to the executive. There is an exception to this limit on deductibility for qualifying performance-based compensation.

Although we do not require all compensation paid to executives to be deductible, the Committee does consider the impact of deductibility under Section 162(m) when making decisions about the amount and forms of executive compensation. In 2011, this contributed to decisions to maintain the base salaries for Messrs. Hendricks, Liguori, and Hollinger at \$1 million. The Committee increased the bonus target percentages for Messrs. Liguori and Hollinger in lieu of any increase in base salary based, in part, on these tax considerations. These considerations were also a factor in determining the general long-term incentive program for our senior executives and the use of PRSU awards for our senior executives.

NEO Responsibilities and Accomplishments

Company performance and/or individual achievements play a strong role in many of the compensation decisions for our NEOs, as further described below. The Committee considered Discovery’s overall strong results as well as each NEOs’ responsibilities and 2011 accomplishments in making compensation decisions. We have summarized each NEO’s overall performance and accomplishments below.

Mr. Zaslav: Mr. Zaslav serves as CEO and reports directly to the Board. In 2011, Mr. Zaslav led the Company in achieving our overall strong performance. In addition to operating performance, other significant

accomplishments included driving international growth, bringing on and developing strong leadership at our emerging networks and joint ventures, producing quality content and enduring series, and growing U.S. advertising sales to outperform the market.

Mr. Singer: Mr. Singer served as CFO until March 2012, and during his employment reported to the CEO. Mr. Singer was a strong strategic partner to the CEO and management team, reorganized the global Finance team, and represented the Company well to internal and external audiences.

Mr. Hendricks: Mr. Hendricks is our Founder and Chairman and reports directly to the Board. Mr. Hendricks helped drive our strong business results and provided leadership in creating content that supports our brands and is consistent with our mission to satisfy curiosity, to inspire and to enlighten.

Mr. Liguori: Mr. Liguori served as COO until December 31, 2011, and reported to the CEO. Mr. Liguori liaised with our joint ventures and provided leadership of creative programming and marketing initiatives, founding a global Creative Council and supporting a culture that fosters creativity and innovation.

Mr. Hollinger: Mr. Hollinger is CEO and President of Discovery Networks International and reports to the CEO. Mr. Hollinger drove strong financial results for our international division and concentrated strategic focus on content. Mr. Hollinger also led the global rollout of our TLC network to significant success around the world.

2011 Compensation Decisions

The following chart summarizes the compensation decisions for 2011 with respect to each NEO's base salary, annual cash bonus and long-term incentive awards. Detailed discussion of the decisions made with respect to each element is contained in the discussions immediately below the chart.

<u>Element of Compensation</u>	<u>2011 Compensation Decisions</u>
Base Salary	<p>Maintained base salary for Messrs. Hendricks, Hollinger, and Liguori at \$1 million, consistent with the Committee's overall philosophy that base salary for executives subject to the deductibility limits of Section 162(m) should not be increased above \$1 million.</p> <p>Increased Mr. Singer's base salary by 3% based on his strong individual performance. Mr. Singer's compensation is not subject to Section 162(m) limits on deductibility.</p> <p>Increased Mr. Zaslav's base salary from \$2 million to \$3 million. This increase was required by the terms of Mr. Zaslav's employment agreement. Mr. Zaslav is the only NEO subject to the Section 162(m) deductibility limits with a base salary in excess of \$1 million.</p>
Annual Cash Bonus	<p>Paid annual bonuses to each of the NEOs under a program intended to exempt the bonus from the deduction limits of Section 162(m), except as described below. The bonus payouts reflected strong Company performance in 2011 as well as the assessment of each NEO's individual performance.</p>
Long-Term Incentive Awards	<p>Made awards of stock options to Mr. Hendricks, and PRSUs and DAP units to Mr. Zaslav, in amounts as required by their respective employment agreements.</p> <hr style="width: 20%; margin: 10px auto;"/> <p>Made awards of stock options and PRSUs to Messrs. Singer, Liguori, and Hollinger. The target value for each award was determined based on market data and individual performance.</p>

Base Salary

Mr. Zaslav: Mr. Zaslav is employed pursuant to a multi-year employment agreement that entitled him to an annual base salary of \$3 million for 2011. Consistent with the employment agreement, Mr. Zaslav’s base salary was adjusted from \$2 million to \$3 million, effective January 1, 2011. This agreement is further described in “Executive Compensation—Executive Compensation Arrangements,” below.

Mr. Singer: Mr. Singer also was employed pursuant to an employment agreement, which provided that his base salary would be reviewed annually. In March 2011, the Committee increased Mr. Singer’s base salary by 3%, from \$993,950 to \$1,023,769. This increase was the same as the overall merit increase budget for U.S.-based employees and recognized Mr. Singer’s strong performance in the prior year. The Committee also considered the market data from the peer group with respect to Mr. Singer’s base salary and, after the increase, Mr. Singer’s total cash compensation (base salary and annual bonus at target) was between the 50th and 75th percentile of base salaries for CFOs in the peer group. For more information about Mr. Singer’s employment agreement, please see “Executive Compensation—Executive Compensation Arrangements,” below.

Mr. Hendricks: Mr. Hendricks is employed pursuant to a letter agreement entered into in July 2008 (the “Hendricks Letter”). The Hendricks Letter sets Mr. Hendricks’ annual base salary at \$1 million. The Committee did not adjust Mr. Hendricks’ base salary in 2011. This aligned with the Committee’s aim to preserve greater deductibility of executive compensation. For more information about the Hendricks Letter, please see “Executive Compensation—Executive Compensation Arrangements,” below.

Mr. Liguori: Mr. Liguori’s base salary was reviewed in March 2011 under our standard processes applied to all executives. The Committee elected not to adjust it, in accordance with the aim to preserve greater deductibility of executive compensation, but instead increased his target bonus opportunity from 100% of base salary to 105%.

Mr. Hollinger: Mr. Hollinger’s base salary was reviewed in March 2011 under our standard processes applied to all executives. The Committee elected not to adjust it, in accordance with the aim to preserve greater deductibility of executive compensation, but instead increased his target bonus opportunity from 110% of base salary to 120%.

Annual Cash Bonus Awards

In 2011, we made annual cash bonus awards to each of the NEOs. The following chart summarizes the bonus design and payout for each NEO, with detailed discussion in the section that follows the chart:

NEO	2011 Target Amount	2011 Metrics	2011 Bonus Award
David Zaslav, CEO	\$5 million 167% of base salary	50% Qualitative Goals 50% Quantitative Goals	\$4.84 million, based on achievement of 98.76% of the quantitative goals and 94.75% of the qualitative goals (aggregate payout amount of 96.75% of target)
John Hendricks, Chairman and Founder	\$600,000 60% of base salary	50% Qualitative Goals 50% Quantitative Goals	\$581,276, based on achievement of 98.76% of the quantitative goals and 95% of the qualitative goals (aggregate payout amount of 96.88% of target)

<u>NEO</u>	<u>2011 Target Amount</u>	<u>2011 Metrics</u>	<u>2011 Bonus Award</u>
Bradley Singer, CFO	\$993,950 100% of base salary	50% Qualitative Goals 50% ICP Calculation <ul style="list-style-type: none"> 100% of ICP assigned to achievement of Company-wide financial metrics Individual performance factored into ICP calculation with individual multiplier and allocation of performance pool 	\$1.24 million, based on achievement of 100% of the qualitative goals and calculation of the ICP payout. ICP calculation based on Company performance, individual multiplier, and allocation of the performance pool. The aggregate payout amount was 121% of target, reflecting Mr. Singer's strong performance in 2011.
Peter Liguori, COO	\$1 million 105% of base salary Additional special one-time bonus opportunity of \$500,000, for leadership of joint venture	100% ICP Calculation <ul style="list-style-type: none"> 100% of ICP assigned to achievement of Company-wide financial metrics Individual performance factored into ICP calculation with individual multiplier and allocation of performance pool 	\$1.06 million, based on calculation of the ICP payout. ICP calculation based on Company performance and an individual multiplier at target. The aggregate payout amount was 101.4% of target. \$250,000 payout, the guaranteed portion of the special bonus
Mark Hollinger, President and CEO, Discovery Networks International	\$1.1 million 120% of base salary	100% ICP Calculation <ul style="list-style-type: none"> 80% of ICP assigned to achievement of international division financial metrics and 20% to Company-wide financial metrics Individual performance factored into ICP calculation with individual multiplier and allocation of performance pool 	\$1.62 million, based on calculation of the ICP payout. ICP calculation based on Company and international division performance, individual multiplier, and allocation of the performance pool. The aggregate payout amount was 135% of target, reflecting the international division's strong performance and Mr. Hollinger's outstanding individual performance in 2011.

Annual bonus compensation for the NEOs is paid under the Stock Plan and intended to qualify as performance-based compensation under Section 162(m). At the beginning of each year, the Subcommittee sets a Company performance criterion and a maximum annual bonus amount for each NEO and certain other senior executives as the initial step in structuring the bonus awards as performance-based under Section 162(m). If the performance criterion for the year is met, the actual bonus award for each NEO is subject to the Subcommittee's negative discretion ("downward discretion").

The Subcommittee exercises its downward discretion based on each executive's individual performance and Company performance, calculated against target bonus amounts for each executive that are expressed as a percentage of salary. With respect to Messrs. Zaslav and Hendricks, the Subcommittee considered each

executive's achievement of quantitative and qualitative goals set by the Committee. For Messrs. Liguori and Hollinger, the Subcommittee considered the amount each executive would have received had the bonus been calculated under the ICP. For Mr. Singer, the Committee considered the ICP metrics with respect to 50% of Mr. Singer's bonus, and achievement of qualitative goals with respect to the second 50%.

For 2011, the Subcommittee set the performance threshold at \$930 million in Adjusted OIBDA for purposes of determining eligibility to receive payouts of the annual cash bonus opportunity. Mr. Zaslav's annual bonus opportunity was capped at a maximum of \$10 million, and each of the remaining NEOs' annual bonus opportunity was capped at a maximum of 250% of base salary (using base salary determined as of the first day of the year).

The Subcommittee adopted a similar structure for the performance-based portion of Mr. Liguori's special bonus related to his leadership of our OWN LLC joint venture and set a performance threshold of \$503 million in Adjusted OIBDA, measured from April 1, 2011 to December 31, 2011.

The Subcommittee determined that both of these performance thresholds were met for 2011 and exercised its downward discretion to determine each NEO's specific bonus payment amount as discussed below.

Annual Cash Bonus Awards for Messrs. Zaslav and Hendricks

Messrs. Zaslav and Hendricks are each eligible for an annual cash bonus award based on achievement of Company financial and individual qualitative goals. The Committee approved the goals for each of the two executives in March 2011, with goals based 50% on quantitative financial goals and 50% on qualitative goals related to individual accomplishments.

Under his employment agreement, Mr. Zaslav's 2011 bonus target was \$5 million.

Mr. Hendricks' 2011 bonus target was \$600,000 (60% of base salary), consistent with the terms of the Hendricks Letter. For more information regarding these agreements, see "Executive Compensation—Executive Compensation Arrangements," below.

The quantitative goals for Messrs. Zaslav and Hendricks were the same and based on:

- Net Revenue;
- Adjusted Free Cash Flow; and
- Further Adjusted OIBDA.

Net Revenue and Adjusted Free Cash Flow were the same quantitative measures used in the ICP, the annual cash bonus plan that applies to employees generally, but the quantitative metrics for Messrs. Zaslav and Hendricks also include a third measure, Further Adjusted OIBDA. The Committee determined that including the Further Adjusted OIBDA measure was appropriate for the CEO and Founder given the scope of their responsibilities and direct impact on resource allocation decisions.

The Committee approved one or more adjustments to each of the three measures in determining the achievement of the bonus metric for Messrs. Zaslav and Hendricks, and for the ICP, as further described below. The Committee consulted with the Board prior to approving the adjustments. The principle applied in deriving the adjustments resulting in Further Adjusted OIBDA and Adjusted Free Cash Flow is to ensure that the calculation reflects the impact of operational decisions taken by management, excludes the impact of events over which management has little or no influence, and excludes the impact of items that were not considered at the time the targets were set.

<u>Financial Metric</u>	<u>Definition</u>	<u>2011 Adjustments</u>
Net Revenue	Revenue from ordinary business operations.	Adjustment to neutralize impact of additional licensing revenue due to an extended and expanded licensing agreement.
Adjusted Free Cash Flow	Cash provided by operations less acquisitions of property and equipment, adjusted for long-term incentive payments.	Adjustment to neutralize impact of the same licensing agreement described above. Additional adjustments were to reflect incremental investment in content and other items that were not considered at the time targets were set (total additional adjustments were less than 2% of actual achievement).
Further Adjusted OIBDA	Revenues less costs of revenues and selling, general and administrative expenses excluding: (i) mark-to-market share-based compensation, (ii) depreciation and amortization, (iii) amortization of deferred launch incentives, (iv) exit and restructuring charges, (v) impairment charges and (vi) gains (losses) on business and asset dispositions.	Adjustment to neutralize impact of the licensing agreement described above.

The quantitative goals were weighted to reflect equal emphasis on the three measures. For 2011, the quantitative targets, weighting and results were:

	<u>Weighting</u>	<u>Threshold</u>	<u>Target</u>	<u>Actual Achievement</u>
<i>Net Revenue (millions)</i>	33.3%	\$3,281	\$4,096	\$4,149
<i>Adjusted Free Cash Flow (millions)</i>	33.3%	\$ 935	\$1,167	\$1,676
<i>Further Adjusted OIBDA (millions)</i>	33.3%	\$1,484	\$1,853	\$1,839

The Committee set individual qualitative goals for Messrs. Zaslav and Hendricks related to areas of strategic priority for the Company. Mr. Zaslav's goals, with weighting, were:

- drive international growth and operational efficiency, including the effective use of capital to build a strong content presence in the local markets (15%);
- execute on strategies for our emerging networks and joint ventures, including bringing on and/or developing strong leadership (15%);
- produce quality content on brand for global use on the channels and digital platforms (15%);
- manage and support continued growth at Discovery, TLC, and Animal Planet with a special emphasis on enduring series (15%);
- develop a plan that emphasizes long term investment in content globally to support increased revenue (10%);
- innovate to secure advertisers for cable platforms and digital. Grow revenue to outperform market (15%);
- present to the Board a strategic plan (5%);

- move business development to become a global function that provides a profitable acquisition growth strategy (5%); and
- build a robust succession plan for all leadership roles (5%).

The weighting was based on the Committee's determination of the relative priority of each of these goals.

Mr. Hendricks' goals, with weighting, included:

- progress in global content sharing (20%);
- stimulus of content for emerging networks (20%);
- leadership in science content development (20%);
- support content that defines our mission to empower people to satisfy curiosity, to inspire and to enlighten (20%); and
- operating within the Company's mission (20%).

The weighting was based on the Committee's determination that each of these goals was of equivalent relative priority.

In early 2012, the Committee reviewed the achievement of the goals, considering each executive's assessment and the input of the Board. The Committee determined that the Company met or exceeded the Net Revenue and Adjusted Free Cash Flow goals, and achieved 99.3% of the Further Adjusted OIBDA goal. With respect to the qualitative goals, the Committee, in consultation with the Board, determined that Mr. Zaslav had achieved his qualitative goals at the 94.75% level and Mr. Hendricks had achieved his qualitative goals at the 95% level. Based on these assessments, the Subcommittee certified achievement of the performance criterion and exercised its downward discretion from the maximum bonus to determine that a bonus payment of \$4.84 million to Mr. Zaslav and \$581,000 to Mr. Hendricks was appropriate.

Annual Cash Bonus Payments for Messrs. Singer, Liguori and Hollinger

Messrs. Singer, Liguori and Hollinger are each eligible for an annual cash bonus award of a percentage of base salary. The financial metrics that applied to Messrs. Singer and Liguori under the ICP were based on Discovery's results as a whole. The financial metrics that applied to Mr. Hollinger were based 80% on the results of the Discovery Networks International line of business, and 20% on Company results as a whole. This is consistent with the general ICP program, in which employees are assigned to metrics based on the employee's role and organizational assignment.

For Mr. Singer, 50% of his annual bonus target was based on achievement of qualitative goals, as described below.

The aggregate amount payable to an individual under the ICP is calculated by:

- first, determining the target bonus of each employee (the pre-established percentage of the employee's base salary);
- second, establishing the amount payable due to the achievement of Discovery as a whole and any applicable line of business performance measures, as applied to the target bonus amount;
- third, multiplying that amount by an individual multiplier (ranging from 0 to 1.5) that reflects individual performance; and
- fourth, adding to the total payout amount a specific dollar amount that is an allocation of the "performance pool." The performance pool is a total amount of money that is available to allocate to high performers if the applicable financial metrics are achieved at a level higher than 100% of target.

The calculation of the amount of the ICP award for each of the participating NEOs was as follows:

(Target bonus) X (percentage based on achievement of Company performance metrics/percentage based on applicable line of business results) X (individual performance multiplier) + (allocation of any available performance pool based on individual performance)

In addition, Mr. Liguori was eligible for a special bonus opportunity related to his leadership of our OWN LLC joint venture. The bonus target was \$500,000, with \$250,000 guaranteed and \$250,000 based on achievement of organizational and ratings goals for the joint venture. The guaranteed portion of this bonus is not exempt from the Section 162(m) deductibility limitations. This bonus is further described in “Executive Compensation—Executive Compensation Arrangements,” below.

2011 ICP, Paid Out in March 2012

In the first quarter of 2011, the Committee established threshold (25% payout), target (100% payout) and maximum (150% payout) amounts for each of the ICP financial metrics, a ceiling beyond which higher payments would only be made relating to such metric at the Company’s discretion and a scale that determined the amount payable for achievement of results in between the minimum and the overachievement amounts.

The 2011 ICP performance targets for the Company as a whole are set forth in the following table:

<u>Discovery Communications</u>	<u>Weighting</u>	<u>Threshold</u>	<u>Target</u>	<u>Over Achievement</u>	<u>Actual Achievement</u>
<i>Net Revenue (millions)</i>	40%	\$3,686.4	\$4,096.0	\$4,505.6	\$4,148.7
<i>Adjusted Free Cash Flow (millions)</i>	60%	\$ 962.2	\$1,167.0	\$1,425.0	\$1,168.4

The 2011 ICP performance targets for Discovery Networks International are set forth in the following table:

<u>Discovery Networks International</u>	<u>Weighting</u>	<u>Threshold</u>	<u>Target</u>	<u>Over Achievement</u>	<u>Actual Achievement</u>
<i>Net Revenue (millions)</i>	40%	\$1,257.4	\$1,397.1	\$1,536.8	\$1,433.0
<i>Further Adjusted OIBDA (millions)</i>	60%	\$ 504.6	\$ 630.3	\$ 756.0	\$ 666.0

The Net Revenue and Adjusted Free Cash Flow measures are the same measures used with respect to the annual cash bonus for Messrs. Zaslav and Hendricks and the Adjusted Free Cash Flow achievement was subject to the same adjustments discussed above.

The determination as to whether the 2011 financial performance measures were met was made during the first quarter of 2012 following the conclusion and review of the full-year 2011 audited financial statements. Both the international division and overall Company financial metrics exceeded 100% of target so a performance pool was available for allocation for the NEOs covered by the ICP. In the cases of Messrs. Singer, Liguori, and Hollinger, Mr. Zaslav recommended an “individual multiplier” to be applied to the ICP calculation. Mr. Zaslav also recommended allocation of the performance pool to Messrs. Singer and Hollinger, based on their strong 2011 performance. The Subcommittee reviewed this recommendation, each of these NEOs’ self-assessment of individual performance for 2011 and Mr. Zaslav’s review of their 2011 performance that supported his recommendation of the individual multiplier. The Subcommittee certified achievement of the Section 162(m) performance criterion and exercised its downward discretion from the maximum bonus to determine a bonus payment of \$1,064,700 for Mr. Liguori (101.4% of the target amount) and \$1,622,368 for Mr. Hollinger (135% of the target amount).

With respect to Mr. Singer’s 2011 bonus, the Subcommittee also reviewed the achievement of Mr. Singer’s qualitative goals. Mr. Singer’s goals made up 50% of his bonus opportunity and, with weighting, were:

- provide effective internal customer support (40%);

- implement an effective organizational structure (10%);
- establish an appropriate capital structure (10%);
- achieve investor goals and ensuring timely, relevant, and accurate presentations (10%);
- determine an appropriate tax structure (10%); and
- work effectively with the Board and Compensation Committee to implement a sound financial goal setting process and assessment of Discovery’s performance in the industry (20%).

In early 2012, the Committee reviewed the achievement of these goals. The Committee, in consultation with Mr. Zaslav, determined that Mr. Singer had achieved the qualitative goals at the 100% level. The Subcommittee certified achievement of the Section 162(m) performance criterion and exercised its downward discretion from the maximum bonus to determine that a bonus payment of \$1,342,206 to Mr. Singer was appropriate (an aggregate payout amount of 121% of the target amount).

With respect to Mr. Liguori’s special bonus, the Committee determined to pay out \$250,000, the amount of the bonus opportunity that was guaranteed under Mr. Liguori’s employment agreement.

Please refer to the “Estimated Future Payouts Under Non-Equity Incentive Plan Awards” column of the Grants of Plan Based Awards Table for more information regarding the range of 2011 payouts available to these NEOs and the “Non-Equity Incentive Plan Compensation” column of the Summary Compensation Table for the actual amounts paid to them with respect to their 2011 awards.

Long-Term Incentive Compensation

We believe that delivering a substantial portion of an executive’s total direct compensation in equity or equity-type awards helps to align our executives’ interests with those of our stockholders. In 2011, we made long-term equity or equity-type awards to each of the NEOs, which we believe serves to focus their attention on increasing the Company’s value over time. With respect to Messrs. Singer, Liguori, and Hollinger, the Committee determined a target amount for the 2011 long-term incentive (“LTI”) awards, which was then converted into a number of stock options and PRSUs (50% of the target value in stock options, 50% in PRSUs, as described under “—Stock Plan,” below). The awards for Messrs. Zaslav and Hendricks were based on the provisions of their employment agreements, which required a number of units rather than a dollar-value target amount. The following chart summarizes the equity award design for each NEO. Because the awards for Messrs. Zaslav and Hendricks were based on a number of units rather than an overall target value, we have included the fair market value as of the date of grant for their awards in the column that specifies the 2011 target amount for the other NEOs.

<u>NEO</u>	<u>2011 Target Amount or FMV</u>	<u>2011 LTI Awards</u>	<u>Design</u>
David Zaslav, CEO	\$23.9 million (fair market value at time of grant)	2,326,841 DAP units	A one-for-one replenishment of DAP units that matured and paid out as of the grant date. The units mature and pay out in four equal tranches, 25% each year, as of the first four anniversaries of the date of grant. The amount of the payout, if any, is based on the appreciation in our stock price over the price at grant.

<u>NEO</u>	<u>2011 Target Amount or FMV</u>	<u>2011 LTI Awards</u>	<u>Design</u>
	\$20.3 million (fair market value at time of grant)	523,764 PRSUs	The PRSUs vest in 2013 if the Company achieves targets for revenue, Adjusted OIBDA, and Free Cash Flow over a three-year performance period (FY 2011-2013). Both awards were required by Mr. Zaslav's employment agreement, as further described below.
John Hendricks, Chairman and Founder	\$6.9 million (fair market value at time of grant)	497,071 stock options	Stock options vest 25% each year on the first four anniversaries of the date of grant and expire on the eighth anniversary of the date of grant. This award was required by the terms of the Hendricks Equity Stake Transition Agreement, as further described below.
Bradley Singer, CFO	\$1.9 million	63,903 stock options	Stock options vest 25% each year on the first four anniversaries of the date of grant and expire on the seventh anniversary of the date of grant.
		25,170 PRSUs	The PRSUs vest if the Company achieves targets for revenue, Adjusted OIBDA, and Free Cash Flow over a three-year performance period (FY 2011-2013). 50% are distributed on the third anniversary (assuming that performance metrics are met). If the performance metrics are met and the initial 50% vests, the remaining 50% vests on the fourth anniversary of the date of grant. Vesting is contingent upon meeting requirements of continued employment.
Peter Liguori, COO	\$2.5 million	79,879 stock options	Same stock option and PRSU design as the awards made to Mr. Singer.
		31,463 PRSUs	
Mark Hollinger, President & CEO, Discovery Networks International	\$3 million	95,855 stock options	Same stock option and PRSU design as the awards made to Mr. Singer.
		37,755 PRSUs	

The Subcommittee's intent is to make equity awards annually in March of each year, with new hire and promotion grants made throughout the year in the Subcommittee's regular meetings, generally on or about the 15th of each month. In 2011, this resulted in the practice of holding regularly-scheduled Subcommittee meetings on or about the 15th day of each month and making awards at each meeting, with the exercise price equal to the

closing price of our Series A common stock as of the date of grant. On occasion for administrative convenience, we may make a grant with a future effective date, with the grant price set on the future effective date. This occurred in 2011 with respect to Mr. Hendricks' award of stock options, which was required to be made as of October 1, 2011, under the terms of the Hendricks Equity Stake Transition Agreement. The Subcommittee approved the award at its regular meeting on September 15, 2011, to be effective on October 3, 2011, and with a grant price equal to the closing price of our Series A common stock as of October 3, 2011. The grant was made effective October 3 rather than October 1 because October 1 occurred on a Saturday.

Our practice of setting "fixed" equity award grant dates is designed to avoid the possibility that the Company could grant stock awards prior to the release of material, nonpublic information which is likely to result in an increase in its stock price, or to delay the grant of stock awards until after the release of material, non-public information that is likely to result in a decrease in the Company's stock price. The exercise price of stock option awards and measurement price of cash-settled stock appreciation rights were set at the closing price per share of the Company's Series A common stock on the Nasdaq on the date the awards were granted, or for grants made with future effective dates, as of that date.

Discovery Appreciation Program

The DAP is a long-term incentive plan that is designed to reward for increases in the market value of our Series A common stock. The DAP is consistent with our pay for performance principles because these awards are designed to focus the attention of executives on increasing Company value over time, which in turn aligns the interests of executives with our stockholders.

The DAP is the plan that Discovery Communications, LLC ("DCL") administered prior to becoming a public company and that tracked the market value of DCL's predecessor, Discovery Holding Company. After we became a public company, we generally stopped making awards under the DAP and began making equity awards under the Stock Plan to allow for more flexibility in the types of awards (such as the ability to make PRSU grants to senior executives). We continued making awards under the DAP only when required by individual employment agreements, as was the case with Mr. Zaslav. Mr. Zaslav was the only NEO who received a DAP award in 2011. The substantial amount of compensation delivered in the form of performance-based equity and equity-type awards is designed to reward Mr. Zaslav for increasing Company value over time, aligning his interests with those of our stockholders. We amended Mr. Zaslav's employment agreement in December 2011 to eliminate awards under the DAP after 2011; this agreement and amendment are further described in "Executive Compensation—Executive Compensation Arrangements," below.

DAP awards consist of a number of units that represent an equivalent number of shares of Discovery Series A common stock and a base price that is determined based on the average of the closing stock prices of the Series A common stock on the Nasdaq Global Select Market over the 10 trading days immediately preceding and including the grant date and the 10 trading days immediately following the grant date. Each award vests as to 25% of the units on each of the four anniversaries of the date of grant, assuming continued employment. With respect to the DAP awards granted to Mr. Zaslav in 2011, as required by his employment agreement, on each vesting date, if Mr. Zaslav is employed by Discovery or any of its subsidiaries, he will be entitled to receive a cash payment equal to the product of (x) the number of units that vested on that date, multiplied by (y) the difference between the base price and the average stock price on the vesting date, calculated as described above.

Prior to becoming a public company, it had been the Company's practice under the DAP that, subject to the absence of any performance issues on the part of the applicable participant, each participant would receive a replenishment award on the date a tranche of DAP units matured. The replenishment award would be a new award of a number of units equal to the number of units that vested on that maturity date. This replenishment practice was included in Mr. Zaslav's employment agreement, and continued when the agreement was amended in September 2009 to extend the term of Mr. Zaslav's employment, so that he is contractually entitled to a DAP replenishment grant upon the maturity of a number of DAP units during the term of his agreement.

On January 2, 2011, Mr. Zaslav received a new DAP award of 1,861,473 units, to replace the number of DAP units that matured as of that date. This award is included in the Summary Compensation Table in the “Option Awards” column. Although we did not make any new DAP awards to NEOs other than Mr. Zaslav in 2011, unvested DAP awards from prior years continue to vest and to pay out. Messrs. Hendricks and Hollinger, as well as Mr. Zaslav, received DAP payouts in 2011 from existing grants. The dollar amounts paid to the NEOs in 2011 on account of previously vested DAP awards are reported in the Option Exercises and Stock Vested in 2011 table.

Stock Plan

Generally. The Stock Plan is an equity-based long-term incentive plan and the primary vehicle for long-term incentive compensation for Company employees after we became a public company. The Committee has delegated the authority to make awards under the Stock Plan to the Subcommittee.

In 2011, the Committee approved a general design under which we make equity awards to our senior executives, which applied to the awards made to Messrs. Singer, Liguori and Hollinger. This involves setting a target value for the equity award that is converted into a number of stock options (based on the Black-Scholes value of the stock option) and PRSUs (based on the closing price of Discovery Series A common stock on the Nasdaq Global Select Market). In 2011, it was the Subcommittee’s practice to use the Black-Scholes valuation of the stock options as of the last trading day of the month prior to the date of grant and the closing price of the PRSUs as of the trading day before the date of grant with respect to these calculations. This administrative practice allows more efficient processing of equity grants and, with respect to stock options, the ability of the Subcommittee to review the actual number of units at the time the grant is made.

The stock option awards have a four-year vesting schedule, become exercisable in equal tranches of 25% on the first four anniversaries of the date of grant, expire on the seventh anniversary of the date of grant, assuming continued employment, and are otherwise consistent with the terms of the Stock Plan and award agreement. The PRSU awards vest in two equal tranches, the first 50% on the third anniversary of the date of grant and the remaining 50% on the fourth anniversary, assuming continued employment and otherwise consistent with the terms of the Stock Plan and award agreement. Vesting of the PRSU awards is contingent on meeting Company financial performance metrics for revenue, Adjusted OIBDA, and Free Cash Flow, for a three-year performance period. The Committee adopted this design after reviewing market trends and best practices and concluding that a balance of stock options and PRSUs would:

- provide the appropriate incentives;
- link the interests of our senior executives to our stockholders, focusing our senior executive on longer-term Company financial goals;
- serve as a retention tool; and
- allow for tax deductibility of the equity awards as performance-based.

The PRSU awards are intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code and follow a similar structure to that of the annual bonus design. At the beginning of each year, the Subcommittee sets a Company performance criterion and a maximum number of PRSUs for each NEO and certain other senior executives as the initial step in structuring the awards as performance-based under Section 162(m). If the performance criterion for the three-year performance period is met, the actual number of PRSUs distributed to each NEO is subject to the Subcommittee’s negative discretion (“downward discretion”). The maximum amount of the PRSU award is the target amount. There is no upside for over-performance, which the Committee determined was appropriate to discourage excessive risk-taking by our senior executives.

Once the Subcommittee determines the performance criterion is met, the Subcommittee exercises its downward discretion based on Company performance against the revenue, Adjusted OIBDA, and Free Cash Flow targets.

For the 2011 PRSU awards made to NEOs, the Subcommittee set the performance threshold at \$2.9 billion in Adjusted OIBDA over the three-year performance period. The performance metrics to be used by the Subcommittee in its exercise of downward discretion are based on revenue, Adjusted OIBDA, and Free Cash Flow. Over-performance on the Adjusted OIBDA or Free Cash Flow measures may offset under-performance by any of the other two metrics, but over-performance on the revenue metric cannot offset under-performance on the other two metrics. The metrics and weighting are as follows:

	Weight	Performance Against Target								
		120%	110%	105%	100%	95%	90%	85%	81%	80%
Revenue										
(millions)	20%	15,396	14,113	13,472	12,830	12,189	11,547	10,906	10,328	10,264
Adjusted OIBDA										
(millions)	40%	7,040	6,454	6,160	5,867	5,574	5,280	4,987	4,723	4,694
Free Cash Flow										
(millions)	40%	4,055	3,717	3,548	3,379	3,210	3,041	2,872	2,720	2,703

Examples of offsetting over-performance of Adjusted OIBDA and Free Cash Flow (overall payout capped at 100%):

	120%	110%	105%	100%	95%	90%	75%	50%	0%
Revenue (no upside)	20%	20%	20%	20%	19%	18%	15%	10%	0%
Adjusted OIBDA	48%	44%	42%	40%	38%	36%	30%	20%	0%
Free Cash Flow	48%	44%	42%	40%	38%	36%	30%	20%	0%
TOTAL (max 100%)	100%	100%	100%	100%	95%	90%	75%	50%	0%

LTI Awards for Messrs. Singer, Liguori and Hollinger

Mr. Singer: In March 2011, the Subcommittee approved an equity award for Mr. Singer in the target amount of \$2 million. Pursuant to the design approved by the Committee, this was calculated to provide grants of stock options and PRSUs. The target value recognized Mr. Singer’s strong performance and also considered the market data with respect to the size of long-term incentive awards for the peer group companies. After the equity award, Mr. Singer’s total direct compensation was between the 50th and 75th percentile for CFOs in the peer group.

Mr. Liguori: In March 2011, the Subcommittee approved an equity award for Mr. Liguori in the target amount of \$2.5 million. Pursuant to the design approved by the Committee, this was calculated to provide grants of stock options and PRSUs. This target value considered the market data with respect to the size of long-term incentive awards for the peer group companies. After the equity award, Mr. Liguori’s total direct compensation was near the median.

Mr. Hollinger: In March 2011, the Subcommittee approved an equity award for Mr. Hollinger in the target amount of \$3 million. Pursuant to the design approved by the Committee, this was calculated to provide grants of stock options and PRSUs. The target value recognized Mr. Hollinger’s strong performance and also considered the market data with respect to the size of long-term incentive awards for the peer group companies. After the equity award, Mr. Hollinger’s total direct compensation was above the 75th percentile for Division Presidents in the peer group.

Awards Under the Stock Plan for Messrs. Zaslav and Hendricks

Mr. Zaslav: Mr. Zaslav’s employment agreement required that we make an award of PRSUs in 2011, with a number of units calculated in accordance with the formula specified in that agreement and described in “Executive Compensation—Executive Compensation Arrangements,” below. In March 2011, the Subcommittee awarded Mr. Zaslav 627,775 PRSUs. Under the employment agreement, this award vests in 2014 if the Company meets financial metrics for cumulative three-year performance in 2011-2013. The performance threshold and

three-year performance metrics are the same as those applied to the PRSU awards for the other NEOs (and as specified above), but the payout scale is different. As with the awards made to other NEOs, over-performance on the Adjusted OIBDA or Free Cash Flow measures may offset under-performance by any of the other two metrics, but over-performance on the revenue metric cannot offset under-performance on the other two metrics. The metrics and weighting are as follows:

	Weight	Performance Against Target								
		120%	110%	105%	100%	95%	90%	85%	81%	80%
Revenue										
(millions)	20%	15,396	14,113	13,472	12,830	12,189	11,547	10,906	10,328	10,264
Adjusted OIBDA										
(millions)	40%	7,040	6,454	6,160	5,867	5,574	5,280	4,987	4,723	4,694
Free Cash Flow										
(millions)	40%	4,055	3,717	3,548	3,379	3,210	3,041	2,872	2,720	2,703

Examples of offsetting over-performance of Adjusted OIBDA and Free Cash Flow (overall payout capped at 100%):

	120%	110%	105%	100%	100%	100%	90%	80%	0%
Revenue (no upside)	20%	20%	20%	20%	20%	20%	18%	16%	0%
Adjusted OIBDA	48%	44%	42%	40%	40%	40%	36%	32%	0%
Free Cash Flow	48%	44%	42%	40%	40%	40%	36%	32%	0%
TOTAL (max 100%)	100%	100%	100%	100%	100%	100%	90%	80%	0%

Mr. Hendricks: The Equity Stake Transition Agreement requires that we make stock option awards to Mr. Hendricks, one-for-one for the number of DAP units that mature each year. On October 3, 2011, the Subcommittee awarded Mr. Hendricks a stock option award for 497,071 shares, with an exercise price of \$36.73, the closing price of our Series A common stock as of the date of grant. The number of stock options was based on the number of DAP units maturing as of October 1, 2011, as required by the Equity Stake Transition Agreement and with terms consistent with the Equity Stake Transition Agreement. The grant was made on October 3 rather than October 1 because October 1 occurred on a Saturday.

Retirement Benefits

The NEOs generally participate in the same benefit plans and on the same terms as offered to other U.S.-based full-time employees. We offer a 401(k) defined contribution plan as well as a non-qualified Supplemental Deferred Compensation Plan (the “SRP”) that is available to U.S.-based senior employees, including all of the NEOs. The NEOs participate in these plans on the same terms and conditions as other eligible employees.

To encourage participation in the 401(k) plan, the Company makes a matching contribution of (i) 100% of the employee’s first 3% of salary contributions to the defined contribution plans and (ii) 50% of the employee’s next 3% of salary contributions, up to a maximum amount of 4.5% of Company matching contributions, subject to certain limits under applicable tax regulations. We also make a supplemental contribution into the SRP for those employees whose base salary exceeds the IRS compensation limit under the 401(k) regulations. This Company contribution uses the same formula applied for the 401(k) match (4.5%) and is applied to the base salary in excess of the IRS limit (for 2011, this was \$245,000), up to a maximum of \$1 million in base salary. Participants in the SRP are also permitted to defer portions of payouts under the DAP and ICP awards into their SRP accounts. These amounts are not included in the calculation of the supplemental Company contribution into the SRP. The 401(k) and SRP accounts offer the same investment options, with the amounts actually invested for the 401(k) plan and with earnings measured hypothetically for the SRP.

We believe the SRP is necessary to allow employees who would otherwise be limited by IRS restrictions on the amount of compensation that may be considered in participation in the Company's 401(k) plan to:

- save a proportionate amount for retirement;
- provide the same Company contribution amount to these employees that they would have received absent the IRS compensation limits in the 401(k) plan; and
- support the goals of providing competitive compensation packages to our employees.

For more information about the SRP, please refer to the Non-Qualified Deferred Compensation Table below.

Health, Welfare and Other Personal Benefits

The NEOs are eligible to participate in the health, welfare and fringe benefits generally made available by the Company to its U.S.-based regular full-time employees, such as basic and supplemental life insurance, short and long-term disability, commuter reimbursement, fitness reimbursement and access to legal resources. Employees at the level of vice president and above, including the NEOs, are also eligible to participate in executive-level long-term disability and long-term care plans.

In addition, we provide the following perquisites and other personal benefits to our NEOs:

Relocation Expenses; Related Gross-Up. Consistent with our objective to attract and retain a high-performing executive management team, we actively recruit top-notch candidates from all over the country to fill executive level openings and will reimburse the newly hired executive for relocation costs and pay the executive an amount equal to the tax resulting from the reimbursement (a "gross-up"). Mr. Liguori was hired in 2010 and his employment agreement provides for relocation benefits in 2011 or 2012. In 2011, we asked Mr. Liguori to work at our California offices and the offices of one of our joint ventures. We provided a miscellaneous expense payment designed to defray, in part, the cost to Mr. Liguori of an apartment he had rented near our Maryland headquarters for the time period that we requested him to work in California. We also reimbursed him for storage of household goods once his Maryland-area apartment lease ended, again based on our request that he work in our California offices. These transition expenses and related gross-ups are reflected in the Summary Compensation Table.

Aircraft Usage; Related Gross-Up. We have an agreement with NetJets Inc. pursuant to which we lease the right to a specified amount of travel each calendar year on NetJets' aircraft. We allow Messrs. Zaslav and Hendricks to use a portion of our allotted travel time on NetJets aircraft for personal use. Personal use of the aircraft by each of these two NEOs is limited to \$157,000 of aggregate incremental cost per calendar year, inclusive of all incremental costs associated with any personal guests that may accompany him on flights. Excluded from this limitation on personal flight time is personal use of the aircraft where we request that family members or guests accompany Messrs. Zaslav or Hendricks on a business trip. Mr. Zaslav is also permitted to use the NetJets aircraft for some trips that are considered commuting for tax purposes but that we consider to be consistent with Company business requirements, as further explained below.

In general, we do not permit Mr. Zaslav to use the NetJets aircraft for commuting, which we view as flights between New York and Maryland that occur at the beginning or end of the work week. In some circumstances, however, we allow Mr. Zaslav to use the NetJets aircraft for travel between New York and Maryland if we determine that it supports our business needs. This situation generally arises because Mr. Zaslav is in Maryland at the beginning of the work week and is required to return to New York for a mid-week business commitment, or stays in New York for the beginning of the work week for a business commitment. In some cases, this type of travel may be reported as a perquisite in our Summary Compensation Table and may be considered "commuting" for tax purposes. To allow Mr. Zaslav to attend to the regular Company business commitments that he has in New York without limiting his travel options, we allow him to use NetJets aircraft for this type of travel. We also "gross up" any imputed income associated with travel that is approved for this treatment.

Family members may accompany Messrs. Zaslav and Hendricks on authorized NetJets business flights at no aggregate incremental cost to the Company. For 2011, we provided a gross-up to Messrs. Zaslav and Hendricks to cover taxes for imputed income arising when a family member accompanied the executive on business travel at the request of the Company. In addition, we provided Mr. Zaslav a gross-up to cover taxes arising from his mid-week travel that we treated as commuting.

Mobile Access. We reimburse Messrs. Zaslav and Hendricks for limited home office expenses, including monthly satellite, cable and related television charges and Internet access.

Car Allowance. We provide Mr. Zaslav with a monthly car allowance as provided in his employment agreement.

Split Dollar Life Insurance. The Company historically has maintained a split dollar life insurance policy for Mr. Hendricks. In 2011, Mr. Hendricks requested and the Committee approved that the Company convert the arrangement to a “non-equity endorsement” structure. As a result of this change, Mr. Hendricks had a one-time recognition of income equal to the difference in the then-current cash surrender value and premiums paid by the Company as of the conversion date. This amount is reflected in the “All Other Compensation” column of the Summary Compensation table.

For more information regarding the perquisites provided in 2011 to each NEO, please refer to the “All Other Compensation” column of the Summary Compensation Table.

Executive Stock Ownership Policy

In 2012, the Committee adopted an executive stock ownership policy that applies to the NEOs and certain other senior executives. The policy is effective March 15, 2012 and requires each covered executive to hold a specified amount of our stock, calculated as a multiple of the executive’s base salary, as described in the table below.

Title	Requirement (multiple of base salary)	Timeframe to reach (from later of effective date or becoming covered by policy)
CEO and Founder	5X	5 years
Covered executive with LTI target grant value >1X of base salary	2X	5 years
Covered executive with LTI target grant value <1X of base salary	1X	6 years

The Committee determined that any shares of our stock beneficially owned by the covered executive, as well as unvested awards of PRSUs and Restricted Stock Units (“RSUs”), would be counted for purposes of meeting the stock holding target. Once an executive meets the target, the executive is expected to maintain holdings at the target for as long as he or she remains in a role that is identified as a covered executive under the policy.

The Committee may consider failure to meet the requirements of the policy in making compensation decisions for a covered executive, and may take any other action appropriate to support the intent of the policy, including requiring an executive to retain a percentage of shares pursuant to stock option exercises or vesting events in future years.

Clawback Policy

All employees are subject to a “clawback” policy, adopted by the Committee in 2010. Under this policy, in addition to any other remedies available to the Company (but subject to applicable law), if the Board, or the

Committee, determines that any employee has engaged in fraud or misconduct that resulted in a financial restatement, the Company may recover, in whole or in part, any bonus or other incentive-based or equity-based compensation, received by the employee from the Company in the 12 months after the filing of the financial statement that was found to be non-compliant. The Committee determined that it was appropriate to adopt the policy to provide a further deterrent to fraudulent activity.

Say on Pay and Say When on Pay

At the Company's Annual Meeting of Stockholders held on May 17, 2011, we held an advisory vote on executive compensation and an advisory vote on the frequency of future executive compensation advisory votes. A majority of stockholders voted in favor of the Company's executive compensation and in favor of providing stockholders with an advisory vote on future executive compensation every three years. In light of the voting results and other factors, the Board determined to provide stockholders with an advisory vote on future executive compensation every three years. Accordingly, the next advisory vote on executive compensation will occur at the Annual Meeting of Stockholders to be held in 2014.

EXECUTIVE COMPENSATION

The following tables set forth compensation information for our Chief Executive Officer, our Chief Financial Officer and our three other most highly compensated executive officers (computed in accordance with the SEC's rules) who were serving as executive officers as of December 31, 2011.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards \$(1)	Option Awards \$(2)	Non-Equity Incentive Plan Compensation \$(3)	All Other Compensation \$(4)	Total (\$)
David M. Zaslav <i>President and Chief Executive Officer</i>	2011	2,961,539	—	20,301,093	23,873,389	4,837,719	430,379 ⁽⁵⁾	52,404,119
	2010	2,000,000	—	20,333,632	15,412,996	4,410,000	432,668	42,589,296
	2009	2,000,000	—	—	5,483,457	3,900,000	272,393	11,655,850
Bradley E. Singer <i>Senior Executive Vice President and Chief Financial Officer</i>	2011	1,018,034	—	975,589	919,564	1,235,575	50,125	4,198,887
	2010	988,383	—	850,011	850,003	1,342,206	49,292	4,079,895
	2009	846,731	—	—	2,282,745	1,458,986	1,170,780	5,759,242
John S. Hendricks <i>Founder and Chairman of the Board</i>	2011	1,000,000	—	—	6,899,345	581,276	411,462 ⁽⁶⁾	8,892,083
	2010	1,000,000	—	—	7,697,561	588,000	260,864	9,546,425
	2009	1,000,000	—	—	15,459,181	600,000	238,327	17,297,508
Mark G. Hollinger <i>President and CEO, Discovery Networks International⁽⁷⁾</i>	2011	1,000,000	—	1,463,384	1,379,353	1,622,368	54,255 ⁽⁸⁾	5,519,360
	2010	1,000,000	—	1,500,013	1,500,001	1,551,208	51,495	5,602,717
	2009	1,000,000	—	—	3,453,927	1,587,520	48,530	6,089,977
Peter Liguori⁽⁹⁾ <i>Former Chief Operating Officer</i>	2011	1,000,000	250,000	1,219,506	1,149,459	1,064,700	118,272 ⁽¹⁰⁾	4,801,937
	2010*	919,231	200,000	1,250,027	1,250,003	1,090,964	222,330	4,932,555

* Partial year.

- (1) The dollar amounts in this column represent the grant date fair value compensation expense, computed in accordance with FASB ASC Topic 718, of performance restricted stock unit ("PRSU") awards. For each of the PRSU awards, the grant date fair value is calculated using the closing price of our Series A common stock on the grant date as if these awards were fully vested and issued on the grant date. There can be no assurance that these grant date fair values will ever be realized by the NEOs. See the "Grants of Plan-Based Awards in 2011" table below for information on PRSU awards made in 2011.
- (2) The dollar amounts in this column reflect the grant date fair value computed in accordance with FASB ASC Topic 718 with respect to the DAP awards, cash-settled stock appreciation rights and option awards granted to our NEOs for each of the applicable fiscal years. See Note 13 to our Annual Report on Form 10-K for information regarding the assumptions used in determining the value of the option awards. For the DAP awards and cash-settled stock appreciation rights, we also calculate the grant date fair value using the Black-Scholes model, using the assumptions described in Note 13 to our Annual Report on Form 10-K. These amounts do not reflect actual payments made to our NEOs. There can be no assurance that the full grant date fair value will ever be realized by any NEO.
- (3) These amounts reflect the cash performance awards earned by the applicable NEO under Discovery's 2005 Incentive Plan, which is more fully described under "Compensation Discussion and Analysis—Compensation Decisions—2011 ICP, Paid Out in March 2012" above. The 2011 award amounts were determined and paid out during the first quarter of 2012, the 2010 award amounts were determined and paid out during the first quarter of 2011 and the 2009 awards were determined and paid out during the first quarter of 2010.

- (4) We offer executives basic life insurance as well as executive level disability and long-term care coverage. We also offer matching contributions to an executive’s 401(k) plan and contributions to the supplemental retirement plan, subject to certain limitations. Below are the payments made on behalf of the NEOs to the foregoing plans in 2011:

	Basic Life (\$)	Disability/Long Term Care (\$)	Matching Contributions	
			401(k) (\$)	SRP (\$)
Mr. Zaslav	1,020	6,469	11,025	33,975
Mr. Singer	1,020	4,105	11,025	33,975
Mr. Hendricks	1,020	0	11,025	33,975
Mr. Hollinger	1,020	6,344	11,025	33,975
Mr. Liguori	1,020	5,218	11,025	33,975

For more information regarding these benefits, please see “Compensation Discussion and Analysis—Retirement Benefits” and “—Health, Welfare and Other Personal Benefits” above.

- (5) This amount includes \$156,891 for personal use of aircraft (including family travel and flights deemed commuting for which Mr. Zaslav is not provided a tax gross-up), \$89,639 for travel that is treated for tax purposes as commuting but that we consider business travel and family travel at our request for business purposes and \$9,980 for related tax gross-ups for the commuting and family travel. See “Compensation Discussion and Analysis—Health, Welfare and Other Personal Benefits—Aircraft Usage; Related Gross-Up” above for more information regarding our policies for Mr. Zaslav’s use of our allotted travel on the NetJets aircraft. Also includes \$15,798 for non-flight travel and other commuting expenses and \$13,577 for related tax gross-ups. Also included in the table are \$16,800 for a car allowance and \$11,329 in respect of home office expenses. The table also includes \$41,299 for personal security services provided to Mr. Zaslav for personal and business overseas travel that we provided after consulting with an independent security company, and \$22,577 in related tax gross-ups for the security services provided for the personal travel.
- (6) This amount includes \$156,799 for personal use of aircraft for which Mr. Hendricks is not provided a tax gross-up, \$63,010 for family and business associate travel at our request for business purposes and \$23,252 for related tax gross-ups for the family and business associate travel. See “Compensation Discussion and Analysis—Health, Welfare and Other Personal Benefits—Aircraft Usage; Related Gross-Up” above for more information regarding our policies regarding Mr. Hendricks’ use of our allotted travel on the NetJets aircraft. Also included in the table is \$1,970 in respect of home office expenses and \$120,411 for a split-dollar life insurance policy consisting of a \$70,262 one-time imputed income amount due to the transition of Mr. Hendricks’ insurance benefits and \$50,149 of premium payments. See “Compensation Discussion and Analysis—Health, Welfare and Other Personal Benefits—Split Dollar Life Insurance” above for more information on the transition of Mr. Hendricks’ life insurance policy.
- (7) Mr. Hollinger was named President and Chief Executive Officer of Discovery Networks International in December 2009. Prior to that time, he was the Chief Operating Officer of Discovery.
- (8) Includes amounts with respect to family travel at our request for business purposes.
- (9) Mr. Liguori joined the Company on January 19, 2010 and terminated employment with the Company on December 31, 2011.
- (10) This amount includes \$6,480 in relocation expenses and a one-time payment of \$60,000 intended to defray Mr. Liguori’s ongoing costs in renting his Washington, DC apartment while he continued to work in our Los Angeles office as his primary business location, as provided in an amendment to his employment agreement. Also includes amounts with respect to personal travel.

Grants of Plan-Based Awards in 2011

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Possible Payouts Under Equity Incentive Plan Awards			All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards(\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)			
David M. Zaslav	(1)		5,000,000	10,000,000						
	1/2/2011							2,326,841 ⁽²⁾	41.17	23,873,389
Bradley E. Singer	3/16/2011				424,249 ⁽³⁾	523,764 ⁽³⁾			—	20,301,093
	(1)		1,023,768	2,559,420						
John S. Hendricks	3/16/2011							63,903 ⁽⁴⁾	38.76	919,564
	3/16/2011				20,136 ⁽⁵⁾	25,170 ⁽⁵⁾			—	975,589
Mark G. Hollinger	(1)		600,000	2,500,000						
	10/3/2011							497,071 ⁽⁶⁾	36.73	6,899,345
Peter Liguori	(1)		1,200,000	2,500,000						
	3/16/2011							95,855 ⁽⁴⁾	38.76	1,379,353
Peter Liguori	3/16/2011				30,204 ⁽⁵⁾	37,755 ⁽⁵⁾				1,463,384
	(1)		1,050,000	2,500,000						
Peter Liguori	3/16/2011									
	3/16/2011				25,171 ⁽⁵⁾	31,463 ⁽⁵⁾		79,879 ⁽⁴⁾	38.76	1,149,459
										1,219,506

- (1) These amounts reflect the possible payouts with respect to awards of annual cash bonus under the Stock Plan (as defined herein) for performance in 2011. Each NEO is assigned a target bonus amount and is eligible to receive an annual cash bonus award of up to 400% of base salary for Mr. Zaslav and 250% of base salary for all other NEOs, subject in each case to the Subcommittee's authority to exercise "downward discretion" and the Stock Plan's \$10 million limit. The amounts of annual cash bonus awards actually paid for performance in 2011 are disclosed in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table above. For more information regarding the terms of these annual cash bonus awards and the factors used by the Subcommittee in exercising its downward discretion, please see "Compensation Discussion and Analysis—2011 Compensation Decisions—Annual Cash Bonus Awards."
- (2) Reflects the number of units granted under a DAP award. The award vests as to 25% of the units on each anniversary of the grant date and is automatically payable in cash following vesting.
- (3) This amount represents PRSUs granted pursuant to the terms of Mr. Zaslav's employment agreement. The vesting of the PRSUs is based on three-year performance metrics. A full tranche of the PRSUs will be earned only upon full (100%) achievement of the target for each performance metric. If Mr. Zaslav's performance relative to the targets is less than 80% of such targets, then no portion of the tranche will be earned; and if Mr. Zaslav's performance relative to the targets is between 80% and 100%, then the amount of the tranche earned shall be prorated from 0% to 100%. To the extent a tranche is earned, 60% will be paid in the year following the end of the three-year performance period. The remaining 40% of each earned tranche will be distributed as follows: (a) if Mr. Zaslav remains employed as our chief executive officer after February 1, 2015, in three equal installments in each of 2015, 2016 and 2017, or (b) if Mr. Zaslav separates from service on or prior to February 1, 2015, in two equal installments in each of 2015 and 2016. For more details regarding vesting and performance criteria for these PRSUs, please see "Compensation Discussion and Analysis—Long-Term Incentive Compensation."
- (4) These amounts represent stock options that will vest 25% per year for four years on the anniversary of the grant date and expire on March 16, 2018.
- (5) These amounts represent PSRU awards. The PRSUs vest if we achieve certain three-year performance targets. Of the grant, 50% will be distributed on each of the third and fourth anniversaries of grant, assuming the achievement

of the three-year performance targets. For more information regarding these awards, including the performance targets, please see “Compensation Discussion and Analysis—Long-Term Incentive Compensation.”

- (6) These amounts represent stock options that will vest 25% per year for four years beginning on the first anniversary of the grant date and expire on October 3, 2018.

Outstanding Equity Awards at Fiscal Year-End

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Grant Date Market Value or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
David M. Zaslav	—	298,981	22.91	(1)		
	—	744,589	14.34	(1)		
	—	1,396,105	31.69	(1)		
	—	2,326,841	41.17	(1)		
					627,775 ⁽²⁾	20,333,632
					523,764 ⁽²⁾	20,301,093
Bradley E. Singer	91,277	202,094	17.72	10/01/2015 ⁽³⁾		
	—	170,000	15.34	03/10/2016 ⁽⁴⁾		
	17,827	53,482	32.39	03/15/2017 ⁽⁵⁾		
	—	63,903	38.76	03/16/2018 ⁽⁶⁾		
					26,243 ⁽⁷⁾	850,011
					25,170 ⁽⁷⁾	975,589
John S. Hendricks	2,451,216	1,427,073	14.53	10/01/2018 ⁽⁸⁾		
	622,283	622,284	28.91	10/01/2018 ⁽⁹⁾		
	124,267	372,804	43.27	10/01/2018 ⁽¹⁰⁾		
	—	497,071	36.73	10/03/2018 ⁽¹¹⁾		
Mark G. Hollinger	—	234,100	15.34	06/10/2012 ⁽¹²⁾		
	31,459	94,380	32.39	03/15/2017 ⁽⁵⁾		
	—	95,855	38.76	03/16/2018 ⁽⁶⁾		
					46,311 ⁽⁷⁾	1,500,013
					37,755 ⁽⁷⁾	1,463,384
Peter Liguori	—	78,650	32.39	03/15/2017 ⁽⁵⁾		
	—	79,879	38.76	03/16/2018 ⁽⁶⁾		
					38,593 ⁽⁷⁾	1,250,027
					31,463 ⁽⁷⁾	1,219,506

- (1) These awards were made under the DAP. Each award vests as to 25% on each anniversary of its grant date and is payable in cash. DAP awards have no expiration date and payment is made in cash in connection with vesting.

- (2) This amount represents PRSUs granted pursuant to the terms of Mr. Zaslav's employment agreement. Under the agreement, the vesting of these PRSUs is subject to the achievement of certain performance metrics. For details regarding vesting and performance criteria for these PRSUs, please see "Executive Compensation Arrangements—Zaslav Employment Agreement."
- (3) These stock options vest in four equal annual installments beginning on July 15, 2009.
- (4) These stock options vest in four equal annual installments beginning on March 10, 2010.
- (5) These stock options vest in four equal annual installments beginning on March 15, 2011. Following the termination of Mr. Liguori's employment on December 31, 2011, his options expired on March 30, 2012.
- (6) These stock options vest in four equal annual installments beginning on March 16, 2012. Following the termination of Mr. Liguori's employment on December 31, 2011, his options expired on March 30, 2012.
- (7) These amounts represent PRSUs. Award of the PRSUs is dependent on the achievement of three-year performance metrics. If the performance targets are met, the award vests 50% after the third year and 50% after the fourth year. For more information regarding these awards, please see "Compensation Discussion and Analysis—Long-Term Incentive Compensation." Mr. Liguori's outstanding PRSUs were forfeited upon termination of his employment on December 31, 2011.
- (8) These stock options vest in four equal annual installments beginning on October 1, 2009.
- (9) These stock options vest in four equal annual installments beginning on October 1, 2010.
- (10) These stock options vest in four equal annual installments beginning on October 1, 2011.
- (11) These stock options vest in four equal annual installments beginning on October 3, 2012
- (12) These stock options vest 33% on the first and second anniversaries of the March 10, 2009 grant date and 34% on the third anniversary.

Discovery Appreciation Plan

Generally. The Discovery Appreciation Plan, or DAP, is a long-term incentive plan that was, before we became a public company, designed to permit our employees to participate in increases in the market value of the Series A common stock of Discovery's predecessor, DHC. Upon joining us or, in some cases, being promoted, each qualifying employee received a DAP award. These awards consisted of a number of units which represented an equivalent number of shares of DHC Series A common stock and a base price which was determined based on 110% of the average of the closing stock prices of the DHC Series A common stock on the Nasdaq Global Select Market over the 10 trading days immediately preceding and including the grant date and the 10 trading days immediately following the grant date. Each award vests as to 25% of the units on each of the four anniversaries of the date of grant.

The 110% premium was designed to reflect the assessment of the negative impact on the DHC trading price as a result of the corporate structure that meant DHC's results did not reflect 100% of Discovery's performance. The DAP was amended to eliminate the 110% premium for DAP awards made after we became a public company and the DAP began to track the value of our Series A common stock. After we became a public company, we began making awards under the Stock Plan and no new DAP awards were made to NEOs, except that we continued to make DAP awards to Mr. Zaslav pursuant to the terms of his employment agreement through January 2011. We entered into an amendment to Mr. Zaslav's employment agreement in December 2011 under which Mr. Zaslav will receive grants of cash-settled stock appreciation awards under the Stock Plan and will no longer receive DAP awards. Accordingly, we will not make any new awards under the DAP. Messrs. Hendricks and Hollinger previously received DAP awards, which are now fully vested and paid out. Neither Mr. Singer nor Mr. Liguori received DAP awards.

Award Provisions. The DAP provides that upon termination of employment for cause (as defined in the DAP), a participant's units, whether vested or unvested, are forfeited. If a participant voluntarily or involuntarily

(other than for cause) terminates employment other than for death, disability or retirement, all unvested units are forfeited. In the case of the participant's voluntary termination of employment other than for retirement, 100% of the value of vested units will be paid if the participant signs a general release that includes a covenant not to compete and abides by such agreements as provided in the DAP, and, if not, only 75% of the value of the vested units will be paid. If a participant is involuntarily terminated other than for cause, the participant would be paid for all vested DAP awards. Vesting of 100% of units generally is accelerated in the event that (1) a participant dies, becomes disabled, or retires, (2) a participant's employment is terminated other than for cause within twelve months of a change in control (as defined in the DAP), or (3) the DAP is terminated. Under the DAP, a participant may retire and qualify for accelerated vesting, in general, after attainment of age 62 with five years of service.

The DAP's provisions for vesting or forfeiture of units on termination of employment in various circumstances as described above govern the DAP awards made to the NEOs unless otherwise provided in employment or other agreements with them. Please see "—Executive Compensation Arrangements" and "—Potential Payments Upon Termination or Change in Control" below for a description of these agreements.

Option Exercises and Stock Vested in 2011

Name	Option Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)
David M. Zaslav	2,326,841 ⁽²⁾	57,353,875
Bradley E. Singer	510,000 ⁽³⁾	12,409,065
John S. Hendricks	1,297,071 ⁽⁴⁾	29,345,980
Mark G. Hollinger	286,983 ⁽⁵⁾	7,644,810
Peter Liguori	26,216 ⁽⁶⁾	311,619

- (1) Represents cash actually received with respect to DAP units and the spread from stock option exercises listed in the corresponding column of the table.
- (2) Represents (i) the vesting and automatic exercise of 1,190,198 units of Mr. Zaslav's January 2, 2007 DAP grant and 298,981 units of his January 2, 2008 DAP grant, for \$42,953,538; and (ii) the vesting and automatic exercise of 372,294 units of his January 2, 2009 DAP grant and 465,368 units of his January 2, 2010 DAP grant, for \$14,400,337.
- (3) Represents (i) the aggregate exercise of 425,000 of Mr. Singer's October 1, 2008 stock options, for \$10,482,863 and (ii) the exercise of 85,000 of his March 10, 2009 stock options, for \$1,926,202.
- (4) Represents (i) the vesting and automatic exercise of 497,071 units of Mr. Hendricks' October 1, 2007 DAP grant, for \$6,700,517 and (ii) the aggregate exercise of 800,000 of his October 1, 2008 stock options, for \$22,645,463.
- (5) Represents (i) the vesting and automatic exercise of 59,769 units of Mr. Hollinger's October 1, 2007 DAP grant for \$1,041,176; and (ii) the exercise of 227,214 of his March 10, 2009 stock options, for \$6,603,634.
- (6) Represents the exercise of 26,216 of Mr. Liguori's March 15, 2010 stock options for \$311,619.

Nonqualified Deferred Compensation⁽¹⁾

Name	Executive Contributions in last fiscal year (\$)	Registrant Contributions in last fiscal year \$(3)	Aggregate Earnings in last fiscal year (\$)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at 12/31/11 (\$)
David M. Zaslav	14,133,256 ⁽²⁾	33,975	48,304	—	26,439,969
Bradley E. Singer	—	33,975	2,542	—	109,982
John S. Hendricks	—	33,975	(30,917)	—	539,990
Mark G. Hollinger	482,681 ⁽⁴⁾	33,975	(67,581)	—	1,681,920
Peter Liguori	—	33,975	4	—	64,322

- (1) This table provides information with respect to the Supplemental Retirement Plan for senior employees. For more information regarding the SRP, please see “Compensation Discussion and Analysis—Retirement Benefits” above.
- (2) This amount relates to the deferral of payment in respect of a vested DAP award.
- (3) These amounts are reported under “All Other Compensation” for 2011 in the Summary Compensation Table.
- (4) This amount is reported under “Salary” for 2011 in the Summary Compensation Table.

Executive Compensation Arrangements

Zaslav Employment Agreement

We have an employment agreement with David Zaslav, our President and Chief Executive Officer. The agreement was entered into for an original term of five years commencing on January 2, 2007, with automatic one year extensions (subject to termination by either party prior to the commencement of an extension period). On September 9, 2009, we entered into a first addendum to this employment agreement, which extended the term of the employment agreement through February 1, 2015 and provided for a salary increase from \$2 million to \$3 million as of January 1, 2011, among other changes. For 2011, Mr. Zaslav was entitled to and did receive a salary of \$3 million as provided for by the addendum. Note that the discrepancy between this salary amount and the amount provided in the salary column of the Summary Compensation Table for Mr. Zaslav in 2011, which reflects the actual amount that Mr. Zaslav received in 2011, is due to the inclusion in our regular 2011 payroll cycles of a portion of the salary for the previous calendar year, during which Mr. Zaslav’s salary increase was not yet in effect. On December 15, 2011, we entered into a second addendum to Mr. Zaslav’s agreement, pursuant to which we agreed to provide him with grants of cash-settled stock appreciation awards (“CS-SARs”) under the terms of the Stock Plan beginning in 2012, among other changes which are discussed below.

Under the terms of the original agreement, Mr. Zaslav was entitled to receive a guaranteed annual bonus, equal to \$1 million for each of 2010 and 2011, plus the opportunity to earn a performance-based bonus in excess of the guaranteed bonus amount applicable to a particular year, dependent on the achievement of qualitative and quantitative performance criteria. Pursuant to the terms of the first addendum, there is no longer a guaranteed bonus amount during the term of the agreement. Mr. Zaslav’s annual incentive compensation plan target amount for 2011 was increased from \$4.5 million, with no guaranteed amount, to \$5 million, also with no guaranteed amount. Under the agreement, there are annual increases of \$500,000 in the target bonus amount from 2012 through 2014. The actual amount paid to Mr. Zaslav will depend on the achievement of qualitative and quantitative performance criteria. For 2011, Mr. Zaslav received an annual performance bonus of \$4,837,719. The Compensation Committee determined the amount of Mr. Zaslav’s bonus for 2011 on achievement of quantitative and qualitative performance goals, and will continue to determine Mr. Zaslav’s annual bonuses going forward.

Pursuant to the first addendum, Mr. Zaslav is eligible to receive three tranches of PRSUs for our Series A common stock, granted within the first 90 days of each of 2010, 2011 and 2012, all of which have been granted.

The number of PRSUs for each tranche was calculated as follows: (a) 333,333 PRSUs (333,334 in 2012) plus (b) the number of units calculated by dividing \$8 million by the fair market value of our Series A common stock, as follows: for the 2010 tranche, on the effective date of the addendum and for the 2011 and 2012 tranches, on the first business day of the applicable year, provided that the number of PRSUs in each tranche attributable to this clause (b) will not exceed 800,000. Under this formula, the 2010 tranche consisted of 627,775 PRSUs, the 2011 tranche consisted of 523,764 PRSUs, and the 2012 tranche was 529,076 PRSUs. The performance period for the tranches will be as follows: for 2010, 3-year performance goals were set in 2010 for performance from 2010 to 2012; for 2011, 3-year performance goals were set in 2011 for performance from 2011 to 2013; and for 2012, 3-year performance goals were set in 2012 for performance from 2012 to 2014. Performance will be measured cumulatively during the applicable 3-year performance period, so that to the extent there are individual year targets within the 3-year performance period, the failure to meet a target for any individual year in the 3-year performance period will not eliminate the opportunity to earn the full tranche of PRSUs through performance in the later years. The review of performance relative to the performance metrics for each 3-year performance period will be completed within thirty days of the delivery of our audited financial statements for the last year of such 3-year performance period. The achievement of the performance metrics will be determined by the Compensation Committee. The full tranche of the PRSUs will be earned only upon full (100%) achievement of the target for each performance metric. If Mr. Zaslav's performance relative to the targets is less than 80% of such targets, then no portion of the tranche will be earned; and if Mr. Zaslav's performance relative to the targets is between 80% and 100%, then the amount of the tranche earned will be prorated from 0% to 100%.

The Compensation Committee will determine the portion of the tranche which has been earned based on performance. To the extent a tranche is earned, 60% will be paid in the year following the end of the 3-year performance period. The remaining 40% of each earned tranche will be distributed as follows: (a) if Mr. Zaslav remains employed as our chief executive officer after February 1, 2015, in three equal installments in each of 2015, 2016 and 2017, or (b) if Mr. Zaslav separates from service on or prior to February 1, 2015, in two equal installments in each of 2015 and 2016. In the event that our financial statements for any year during a 3-year performance period are restated within five years following the close of such three-year performance period, then the Compensation Committee will re-determine whether, and the extent to which, the performance metrics for such 3-year period were achieved based on the restated financial statements. If we previously delivered too few shares of stock in settlement of the PRSUs, we will deliver the additional shares to Mr. Zaslav, and if we previously delivered too many shares of stock in settlement of the PRSUs, Mr. Zaslav will deliver the excess shares to us.

If Mr. Zaslav's employment is terminated as a result of his death or "disability", or by Mr. Zaslav for "good reason" or by us other than for "cause" (in each case, as defined in the agreement): (a) prior to December 31, 2012, then the 2010 tranche of PRSUs will continue to remain outstanding and Mr. Zaslav will earn such PRSUs based upon actual performance through December 31, 2012; and (b) prior to December 31, 2014, then Mr. Zaslav shall be entitled to a pro-rata portion of the 2011 and 2012 tranches of PRSUs based upon actual performance through the date of termination, provided that (a) the maximum number of PRSUs in each tranche which may be earned is limited to 1/3 multiplied by the number of full or partial years completed for the performance period (for example, if Mr. Zaslav is terminated other than for "cause" during 2012, the pro-rated vesting cannot exceed 2/3 of the 2011 tranche and 1/3 of the 2012 tranche); and (b) if such termination is prior to the grant date for a tranche, then the tranche will not be granted. Notwithstanding the foregoing, if within 12 months after a "change in control" (as defined in the first addendum) Mr. Zaslav's employment is terminated by us other than for "cause" or by Mr. Zaslav for "good reason", or if Mr. Zaslav voluntarily resigns within 12 months after a "change in control", then the outstanding PRSUs (for which the performance period has not expired) will become fully vested as of the date of termination (regardless of actual performance).

During 2011, Mr. Zaslav was entitled to limited personal use of aircraft under Discovery's NetJets agreement. Mr. Zaslav is also entitled to other perquisites, such as a monthly car allowance and certain mobile technology, as well as the ability to participate in all employee benefit plans available to Discovery's senior executive group. Mr. Zaslav is entitled to four weeks of vacation each year.

On his start date, Mr. Zaslav received a DAP award with respect to 4 million units pursuant to the terms of his agreement. The terms of this award are substantially similar to the standard terms of the DAP awards described in "—Discovery Appreciation Plan" above, except as to the accelerated vesting described below and Mr. Zaslav's right to receive replenishment grants on each maturity date of his original award. Pursuant to the second addendum, Mr. Zaslav will no longer receive DAP awards. The second addendum provides Mr. Zaslav with grants of CS-SARs under the terms of the Stock Plan, specifically a four-year vesting schedule; a base price based on the average closing stock price of our Series A common stock over the 10 trading days before and including the grant date and the 10 trading days after the grant date; and a payout upon maturity determined using a similar average of the closing stock prices around the applicable vesting date. The CS-SAR awards will be made upon vesting of Mr. Zaslav's remaining outstanding DAP units and upon vesting of the CS-SARs granted pursuant to the second addendum, but only for annual vesting dates that occur between January 1, 2012 and December 31, 2014, unless Mr. Zaslav's term of employment is extended beyond February 1, 2015.

If Mr. Zaslav is terminated without "cause" or he terminates his employment for "good reason" (in each case, as defined in the agreement), all of his then-outstanding DAP and CS-SAR units will accelerate. If his termination takes place before February 1, 2015, one-half of Mr. Zaslav's DAP and CS-SAR awards outstanding at the time of termination will be valued as of the date of termination with the remaining one-half being valued as of their respective regular maturity dates or the date of termination, whichever is earlier, in each case for purposes of determining the amount and timing of the payments to be made to him.

The second addendum also provides that the Company shall make a contribution in the amount of \$1.5 million into the Company's SRP in each of January 2013 and 2014 for the benefit of Mr. Zaslav, without regard to whether he remains employed with us, assuming his employment with us has not previously been terminated for "cause."

Upon any termination of his employment, Mr. Zaslav is entitled to all accrued and unpaid salary and bonus, accrued and unused vacation days and benefits accrued under our welfare and retirement plans. In addition, Mr. Zaslav is entitled to certain severance payments in the event he is terminated without "cause" or by reason of death or disability or he terminates his employment for "good reason" (in each case, as defined in the agreement). The payment of Mr. Zaslav's severance is conditioned on his execution of a release in favor of Discovery. For more information regarding these provisions, please see "—Potential Payments Upon Termination or Change in Control" below.

Pursuant to Mr. Zaslav's employment agreement, he is subject to customary restrictive covenants, including those relating to non-solicitation, non-interference, non-competition and confidentiality, during the term of his employment and, depending on the circumstances of termination, for a period thereafter.

Singer Employment Agreement

We entered into an employment agreement with Brad Singer, our Senior Executive Vice President and Chief Financial Officer, for an original term of three years commencing on July 15, 2008, with one automatic three year extension (subject to termination by either party prior to the commencement of an extension period). The agreement provided Mr. Singer a base salary of \$750,000 per annum, subject to annual increases in accordance with our standard practices and procedures. Under this agreement, Mr. Singer was also eligible to receive an annual performance bonus with a payment target of 75% of his base salary. We entered into an amendment of the employment agreement, effective July 1, 2009, pursuant to which (i) Mr. Singer's base salary was increased from \$765,000 to \$965,000 effective July 20, 2009 and (ii) Mr. Singer's annual incentive payment

target was increased from 75% of base salary to 100% of base salary, effective for fiscal year 2009 and for the balance of the term of Mr. Singer's employment under the agreement. For fiscal year 2011, Mr. Singer was entitled to and did receive salary of \$1,023,769, and received an annual performance bonus of \$1,235,575. Similar to Mr. Zaslav, the discrepancy between Mr. Singer's contractual salary amount and the amount provided in the salary column of the Summary Compensation Table in 2011 is due to the inclusion in our regular 2011 payroll cycles of a portion of the salary for the previous calendar year, during which Mr. Singer's salary increase was not yet in effect.

We entered into a second amendment of Mr. Singer's employment agreement on April 11, 2011. The amendment made no changes to Mr. Singer's base salary or cash bonus target and required Mr. Singer to provide written notice to the Company on or before September 30, 2011 of his intent to separate as of March 31, 2012 or his desire to enter into negotiations to extend the employment agreement. The amendment further provided that, if the Company terminated Mr. Singer's employment without Cause prior to March 31, 2012, Mr. Singer would be entitled to his full, unprorated bonus under the Company's bonus plan for the year in which the termination occurred, calculated based on the applicable Company and individual performance metrics and the terms of the cash bonus plan.

Mr. Singer also agreed that during his employment with the Company and for six months thereafter, he will not become or provide services as the chief financial officer or other most-senior employee in the finance function of specified companies in the media industry within the United States or any other country where Mr. Singer had supervisory authority over employees of the Company.

Mr. Singer was also entitled to participate in employee benefit plans available to executives at his level at the Company.

In the event that Mr. Singer had been terminated without "cause" or terminated his employment for "good reason," he would have been entitled to payment of his base salary for the remainder of his employment term, but not less than 12 months' base salary, pro-rated bonus and vesting of his sign-on option grant. These payments would have been conditioned on his execution of a release in favor of Discovery. Mr. Singer also was entitled to payment on death or disability as provided in the agreement. Mr. Singer's employment with us terminated on March 31, 2012. For more information, please see "—Potential Payments Upon Termination or Change in Control" below.

Pursuant to Mr. Singer's employment agreement, in addition to the restrictions described above, he is subject to customary restrictive covenants, including those relating to non-solicitation, non-interference, non-competition and confidentiality, during the term of his employment and, depending on the circumstances of termination, for a period thereafter.

Hendricks Employment Agreement

Mr. Hendricks is employed pursuant to a letter agreement dated July 30, 2008 (the "Hendricks Letter"). The Letter Agreement is effective as of September 17, 2008 and specifies that it will apply for a period of ten years, unless terminated by the Company prior to the end of the term. Under the Letter Agreement, Mr. Hendricks reports solely to the Board of Directors and is employed "at will," meaning that his employment may be terminated at any time by the affirmative vote of a majority of the members of the Board. Pursuant to this agreement, Mr. Hendricks is entitled to receive a base salary of \$1 million and he is eligible to receive annual incentive compensation with a payment target of 60% of his base salary; each is subject to annual adjustment by the Board. The amount of actual incentive compensation is determined by the Compensation Committee in its sole discretion. For 2011, Mr. Hendricks received annual incentive compensation in the amount of \$581,276.

Mr. Hendricks is entitled to participate in all employee benefit plans available to Discovery's senior executive group.

We also entered into an Equity Stake Transition Agreement with Mr. Hendricks, dated November 5, 2008, in connection with Discovery's transition to a public company. This agreement specifies that units previously awarded to Mr. Hendricks under the DAP will be paid out without application of the 110% multiplier premium that otherwise would apply to the ending value of the units.

The Equity Stake Transition Agreement also required that we make grants of non-qualified stock options to Mr. Hendricks upon vesting of Mr. Hendricks' units under the DAP in 2008, 2009, 2010 and 2011, one-for-one, with an exercise price for the stock option awards of the fair market value on the date of grant. The stock option awards vest in four equal installments, 25% each year on the first four anniversaries of the date of grant. Each of the awards will expire in October 2018, on the anniversary date of the date of the applicable grant.

Upon any termination of his employment, Mr. Hendricks is entitled to all accrued and unpaid salary and bonus, accrued and unused vacation days and benefits accrued under our welfare and retirement plans. In addition, Mr. Hendricks is entitled to immediate vesting of stock options granted pursuant to the Equity Stake Transition Agreement in the event he is terminated without "cause" or by reason of death or disability or he terminates his employment for "good reason" (in each case, as defined in the Equity Stake Transition Agreement). The right to exercise any stock options so vested is conditioned on his execution of a release in favor of Discovery and execution of and compliance with a noncompetition covenant. For more information regarding these provisions, please see "—Potential Payments Upon Termination or Change in Control" below.

Pursuant to the Equity Stake Transition Agreement, Mr. Hendricks is subject to customary post-termination restrictive covenants, including those relating to non-solicitation, non-interference, non-competition and confidentiality.

Hollinger Employment Agreement

Mark Hollinger, President and CEO of our Discovery Networks International division, does not have an employment agreement with us.

Liguori Employment Agreement

We entered into an employment agreement with Peter Liguori, our Chief Operating Officer, in December 2009. Mr. Liguori separated from employment with the Company effective December 31, 2011. Under the employment agreement, the term of employment was for three years beginning on January 19, 2010. The employment agreement could be renewed by the parties for an additional one-year term. Pursuant to the employment agreement, Mr. Liguori's initial base salary was \$1,000,000 per annum, with future salary increases to be reviewed and decided in accordance with the Company's standard practices and procedures for similarly situated employees. Mr. Liguori received a signing bonus of \$200,000. Mr. Liguori was also eligible to receive an annual performance bonus under the ICP, with his target bonus equal to 100% of his then-current base salary. There is no guaranteed bonus amount. For 2011, Mr. Liguori received an ICP performance bonus totaling \$1,064,700.

In 2010, because business needs required Mr. Liguori's presence in the Los Angeles area for an extended period of time, we entered into an amendment of Mr. Liguori's employment agreement, dated July 1, 2010, pursuant to which Mr. Liguori's primary place of business was deemed to be our Los Angeles office for the period from July through December 2010. Under this amendment, we agreed to reimburse Mr. Liguori for the cost of his Washington, DC apartment for that period of time, up to a maximum amount of \$5,200 per month.

In May 2011, we entered into an amendment to Mr. Liguori's employment agreement in which he was given the additional responsibilities and title of Interim CEO of the Company's joint venture, OWN. The amendment provided an "OWN Bonus," which was to be based on 2011 performance and had a target value of \$500,000. Half of the OWN Bonus was guaranteed, with the remaining half to be determined by the Compensation

Committee based on Mr. Liguori's achievement of goals to be agreed between the Company and Mr. Liguori and approved by the Compensation Committee, which was paid in March 2012. Pursuant to this amendment, Mr. Liguori was rewarded an OWN Bonus in the amount of \$250,000.

Upon the appointment of Mr. Liguori as Interim CEO of OWN, which required Mr. Liguori to continue to work out of our Los Angeles office, we elected to continue Mr. Liguori's primary office location as Los Angeles. We provided a one-time payment of \$60,000 designed to defray Mr. Liguori's ongoing costs in renting his Washington, DC apartment during his assignment in Los Angeles. In addition, the amendment provided for packing and storage fees for Mr. Liguori's household goods and shipment of his personal effects to Los Angeles once the lease on Mr. Liguori's Washington, DC apartment ended.

Under Mr. Liguori's employment agreement, he was entitled to severance if we terminated his employment other than for "cause" or if he terminated for "good reason" (in each case, as defined in the agreement). The payment of Mr. Liguori's severance was conditioned on his execution of a release in our favor. Mr. Liguori's employment with us terminated on December 31, 2011. For more information, please see "—Potential Payments Upon Termination or Change in Control" below.

Pursuant to Mr. Liguori's employment agreement, he is subject to customary restrictive covenants, including those relating to non-solicitation, non-interference, non-competition and confidentiality, during the term of his employment and, depending on the circumstances of termination, for a period thereafter.

Potential Payments Upon Termination or Change in Control

The following summarizes the potential payments and other benefits required to be made available to the NEOs in connection with a termination of their employment or a change in control. Payments or other benefits under benefit plans and policies that apply equally to all salaried employees participating in such plans, including our life insurance plan, are also included below, except severance benefits payable to Messrs. Hendricks and Hollinger under our generally-applicable plans, which are described below. Amounts that could be recognized under equity awards that were vested as of December 31, 2011 are also not included below, as the treatment of the vested awards for our NEOs is identical for all employees under the termination scenarios described in this section. Defined terms such as "cause," "good reason," and "change of control" used in this section are described under "—Definitions" below. The quantitative examples provided below are premised on:

- the applicable NEO ceasing to be employed by Discovery as of December 31, 2011;
- for stock option awards, the value shown in the table is calculated on a grant-by-grant basis by multiplying the number of unvested options granted by the difference between the exercise price for such option and \$40.97, the closing price of our Series A common stock on December 30, 2011, the last trading day of the year;
- for awards under the DAP made prior to September 17, 2008, the value shown in the table is calculated on a grant-by-grant basis by multiplying the number of unvested DAP units granted by the difference between the measurement price and \$45.43, calculated by using the average price of our Series A common stock on the ten days preceding and including December 30, 2011, and the ten trading days thereafter and applying the 110% premium that was required under the DAP for those awards;
- for awards under the DAP made on or after September 17, 2008, the value shown in the table is calculated on a grant-by-grant basis by multiplying the number of unvested DAP units granted by the difference between the measurement price and \$41.30, calculated by using the average price of our Series A common stock on the ten days preceding and including December 30, 2011, and the ten trading days thereafter without applying any premium;
- each NEO not meeting the definition of "retirement" in the applicable agreements and plans as of December 31, 2011;

- all accrued salary at that assumed termination date having previously been paid; and
- all accrued vacation for 2011 having been used.

David M. Zaslav

By Discovery Other than for Death, Disability or Cause; By Mr. Zaslav for Good Reason. If Mr. Zaslav's employment is terminated by Discovery other than for death, disability or "cause" as defined in his employment agreement or by Mr. Zaslav for "good reason," Mr. Zaslav's employment agreement entitles him to receive payments for the following:

- (1) all accrued and unpaid salary, accrued and unpaid annual bonus for any completed year and accrued and unused vacation, in each case in a lump sum, and other vested benefits under our welfare and benefit plans;
- (2) a prorated portion of Mr. Zaslav's then-current annual bonus, based on the portion of the calendar year during which Mr. Zaslav was employed, payable during the first quarter of the following year, in the ordinary course of our bonus payments;
- (3) an amount equal to one-twelfth the average of Mr. Zaslav's then-current annualized base salary that Mr. Zaslav was earning in the calendar year of the termination and the immediately preceding calendar year, multiplied by the applicable number of months in the severance period, plus one-twelfth of the average of the annual bonus paid to Mr. Zaslav for the immediately preceding two years, multiplied by the number of months in the severance period, as defined below, payable over the course of the severance period consistent with our normal payroll practices;
- (4) accelerated vesting and payment for all of his outstanding DAP awards; and
- (5) the payment of COBRA premiums for the continuation of health insurance benefits under our group health plan to Mr. Zaslav and his family until the expiration of the severance period (or the earlier eligibility of such persons for coverage by a subsequent employer of Mr. Zaslav or when COBRA rights otherwise expire).

The severance period applicable to a December 31, 2011 termination was 24 months. Under Mr. Zaslav's employment agreement, the severance period for a termination without cause or termination by Mr. Zaslav for "good reason" within 12 months following a change in control of Discovery would be the lesser of 36 months or the number of full calendar months remaining in the term of the agreement (which currently extends until February 1, 2015). In addition, Mr. Zaslav has the right to reduce his severance period to 12 months in all events in exchange for a reduction in the period of his non-competition covenant to one year from termination.

By Reason of Death or Disability. Mr. Zaslav's employment agreement provides for the payment of the following amounts upon termination of his employment by reason of his death or disability:

- (1) all accrued and unpaid salary, accrued and unpaid annual bonus for any completed year and accrued and unused vacation, in each case in a lump sum, and other vested benefits under our welfare and benefit plans;
- (2) a prorated portion of Mr. Zaslav's then-current annual bonus, based on the portion of the calendar year during which Mr. Zaslav was employed by us, payable during the first quarter of the following year, in the ordinary course of our bonus payments;
- (3) payment for his DAP awards, in a lump sum, in accordance with the terms of the DAP (which provides for acceleration of vesting in such event); and
- (4) the payment of COBRA premiums for the continuation of health insurance benefits under our group health plan to Mr. Zaslav, if applicable, and his family for so long as they remain eligible to receive COBRA benefits.

As a condition of receiving the severance benefits described above (other than in the event of his death), Mr. Zaslav would be required to sign a general release in our favor.

By Discovery for Cause; By Mr. Zaslav Other than for Good Reason. If Mr. Zaslav's employment is terminated by us for "cause" or by Mr. Zaslav other than for "good reason" (in each case, as defined in his employment agreement), his employment agreement entitles him to receive all accrued and unpaid salary, accrued and unpaid annual bonus for any completed year and accrued and unused vacation, in each case in a lump sum, and other vested benefits under our welfare and benefit plans. If such termination was effected by us for "cause," or by Mr. Zaslav other than for "good reason," Mr. Zaslav forfeits all rights under his DAP awards (regardless of whether all or any portion of the award is then vested or unvested).

The following table summarizes the potential benefits that would be paid to Mr. Zaslav had termination of his employment occurred under any of the circumstances described above as of December 31, 2011:

<u>Benefits and Payments Upon Termination</u>	<u>Retirement or Voluntary Termination (\$)</u>	<u>Death or Disability (\$)</u>	<u>Involuntary Termination Without Cause or Voluntary Termination for Good Reason (\$)</u>	<u>Involuntary Termination Without Cause or Voluntary Termination for Good Reason Following a Change in Control (\$)</u>	<u>Involuntary Termination for Cause (\$)</u>
Compensation:					
Base Salary	0	0	5,000,000	7,500,000	0
Bonus	5,000,000	5,000,000	12,720,000	16,875,000	0
Equity:					
DAP Awards	0	40,530,910	40,530,910	40,530,910	0
PRSU	0	24,056,503	24,056,503	24,056,503	0
Benefits:					
COBRA premiums	0	40,430	40,430	40,430	0

Bradley E. Singer

By Discovery Other than for Death, Disability or Cause; By Mr. Singer for Good Reason. If Mr. Singer's employment is terminated by us other than for death, disability or "cause" as defined in his employment agreement, including termination by reason of our non-renewal of his employment agreement, or by Mr. Singer for "good reason," Mr. Singer's employment agreement entitles him to receive payments for the following:

- (1) all accrued and unpaid salary, accrued and unpaid annual bonus for any completed year and accrued and unused vacation, in each case in a lump sum, and other vested benefits under our welfare and benefit plans; and
- (2) base salary for the duration of the term of the agreement, which expired on March 31, 2012.

Notwithstanding the foregoing, in the event Mr. Singer's employment is terminated by us not for "cause," if we have a standard severance policy at the time of termination which would provide Mr. Singer with a higher sum than these arrangements, Mr. Singer will be entitled to such higher sum.

In addition, all of Mr. Singer's outstanding options under his sign-on stock option award will vest and become exercisable for a period ending 150 days from the date on which Mr. Singer's employment is terminated without "cause" or by Mr. Singer for "good reason," in accordance with the terms and conditions of the award agreement. Mr. Singer's other stock option awards are subject to the general terms and conditions of the Stock Plan and the award agreement, which is consistent with the award agreements for other Stock Plan participants

and provides that, in the event of a termination without “cause,” the stock options will remain or become exercisable as if Mr. Singer had remained employed through any exercisability dates occurring the 90 days after Mr. Singer’s termination date.

Further, the payments described above are conditioned on Mr. Singer executing a release in our favor.

By Reason of Death or Disability. Mr. Singer’s employment agreement provides for the payment of the following amounts upon termination of his employment by reason of his death or disability:

(1) all accrued and unpaid salary, accrued and unpaid annual bonus for any completed year and accrued and unused vacation, in each case in a lump sum, and other vested benefits under our welfare and benefit plans;

(2) a prorated portion of Mr. Singer’s then-current annual bonus, based on the portion of the calendar year during which Mr. Singer was employed by us, payable within 30 days of Mr. Singer’s termination from employment; and

(3) in the event of termination for disability, continued coverage under our medical or disability plans to the extent permitted by the plans and to the extent such benefits continue to be provided to the Company’s executives generally, until Mr. Singer is no longer disabled or reaches age 65, whichever occurs first.

In addition, in accordance with the terms of the Stock Plan and implementing award agreements, Mr. Singer’s outstanding options will become fully exercisable in the event of his termination for death or disability and will expire on the first anniversary of the termination of his employment by reason of his death or disability.

By Discovery for Cause. If Mr. Singer’s employment is terminated by us for “cause” as defined in his employment agreement, his employment agreement entitles him to receive only those amounts or benefits that have been earned or vested at the time of the termination in accordance with our applicable plans and programs. This generally would include accrued and unpaid salary and accrued and unused vacation, in each case in a lump sum, and any other vested benefits under our welfare and benefit plans. Upon any termination for “cause,” any unvested stock options will be forfeited and all of Mr. Singer’s options that are then exercisable will immediately expire.

The following table summarizes the potential benefits that would be paid to Mr. Singer had termination of his employment occurred under any of the circumstances described above as of December 31, 2011:

Benefits and Payments Upon Termination	Retirement or Voluntary Termination (\$)	Death or Disability (\$)	Involuntary Termination Without Cause (\$)	Voluntary Termination for Good Reason (\$)	Involuntary Termination Without Cause or Voluntary Termination for Good Reason Following a Change in Control (\$)	Involuntary Termination for Cause (\$)
Compensation:						
Base Salary	0	0	1,023,768	1,023,768	1,023,768	0
Bonus	1,023,768	1,023,768	1,023,768	1,023,768	1,023,768	0
Equity:						
Stock Options	0	9,655,887	5,429,635	3,064,350	9,655,887	0
PRSU	0	0	0	0	2,106,391	0

Mr. Singer’s employment with us terminated on March 31, 2012. Pursuant to his agreement with us, he is not entitled to any of the payments described above, except the payment of benefits to which Mr. Singer was entitled under the terms of our benefit plans and the Stock Plan.

John S. Hendricks

If Mr. Hendricks' employment is terminated by Discovery other than for death, disability, or "cause" (as those terms are defined in the Equity Stake Transition Agreement and Discovery's Pioneer severance plan), he would be entitled to the following payments:

- (1) all accrued and unpaid salary and accrued and unused vacation, in each case in a lump sum, and other vested benefits under our welfare and benefit plans;
- (2) a prorated portion of his then-current annual bonus, assuming that he was an active employee for at least 270 days of the calendar year, payable during the first quarter of the following year, in the ordinary course of our bonus payments;
- (3) in the case of termination without cause, accelerated vesting of all of his outstanding stock options;
- (4) severance pay derived by calculating four weeks of Mr. Hendricks' base salary as of the termination date for each year of service, capped at 24 months of severance pay; and
- (5) the payment of COBRA premiums for the continuation of health insurance benefits under our group health plan to Mr. Hendricks (and, if he is enrolled for family coverage at the time of termination, his family) for six months.

The prorated bonus, severance pay and COBRA premiums are conditioned on Mr. Hendricks executing a release in our favor.

By Reason of Death or Disability. Under the Equity Stake Transition Agreement and our compensation programs, Mr. Hendricks would be entitled to payment of the following amounts upon termination of his employment by reason of his death or disability:

- (1) all accrued and unpaid salary and accrued and unused vacation, in each case in a lump sum, and other vested benefits under our welfare and benefit plans;
- (2) a prorated portion of his then-current annual bonus, assuming that he was an active employee for at least 180 days of the calendar year, payable during the first quarter of the following year, in the ordinary course of our bonus payments; and
- (3) accelerated vesting of all of his outstanding stock options.

By Discovery for Cause. If Mr. Hendricks' employment is terminated by us for "cause" as defined in the Equity Stake Transition Agreement, he will receive only those amounts or benefits that have been earned or vested at the time of the termination in accordance with our applicable plans and programs. This generally would include accrued and unpaid salary and accrued and unused vacation, in each case in a lump sum, and any other vested benefits under our welfare and benefit plans. Upon any termination for "cause," any unvested stock options will be forfeited and all of Mr. Hendricks' options that are then exercisable will immediately expire.

The following table summarizes the potential benefits that would be paid to Mr. Hendricks had termination of his employment occurred under any of the circumstances described below as of December 31, 2011:

Benefits and Payments Upon Termination	Voluntary Termination (\$)	Retirement, Death or Disability (\$)	Involuntary Termination Without Cause (\$)	Involuntary Termination Without Cause Following a Change in Control (\$)	Involuntary Termination for Cause (\$)
Compensation:					
Base Salary	0	0	2,000,000	2,000,000	0
Bonus	600,000	600,000	600,000	600,000	0
Equity:					
Stock Options	0	47,344,136	47,344,136	47,344,136	0
Benefits:					
COBRA Premiums	0	0	7,094	7,094	0

Mark G. Hollinger

Mr. Hollinger is not employed pursuant to an employment agreement with the Company. If Mr. Hollinger’s employment is terminated by Discovery other than for death, disability, or “cause” (as those terms are defined in the Stock Plan and U.S. severance plan), he would be entitled to the following payments under Discovery’s compensation plans:

- (1) all accrued and unpaid salary and accrued and unused vacation, in each case in a lump sum, and other vested benefits under our welfare and benefit plans;
- (2) a prorated portion of his then-current annual bonus, assuming that he was an active employee for at least 270 days of the calendar year, payable during the first quarter of the following year, in the ordinary course of our bonus payments;
- (3) severance pay derived by calculating four weeks of Mr. Hollinger’s base salary as of the termination date for each year of service, capped at 39 weeks of severance pay; and
- (4) the payment of COBRA premiums for the continuation of health insurance benefits under our group health plan to Mr. Hollinger (and, if he is enrolled for family coverage at the time of termination, his family) for the severance period (in Mr. Hollinger’s case, 39 weeks).

As a condition of receiving the severance benefits described above, Mr. Hollinger would be required to sign a general release in our favor.

By Reason of Death or Disability. Under our compensation programs, Mr. Hollinger would be entitled to payment of the following amounts upon termination of his employment by reason of his death or disability:

- (1) all accrued and unpaid salary and accrued and unused vacation, in each case in a lump sum, and other vested benefits under our welfare and benefit plans; and
- (2) a prorated portion of his then-current annual bonus, assuming that he was an active employee for at least 180 days of the calendar year, payable during the first quarter of the following year, in the ordinary course of our bonus payments.

In addition, in accordance with the terms of the Stock Plan and implementing award agreements, Mr. Hollinger’s outstanding options will become fully exercisable in the event of his termination for death or disability and will expire on the first anniversary of the termination of his employment by reason of his death or disability.

By Discovery for Cause. If Mr. Hollinger’s employment is terminated by us for “cause” as defined in the ICP and Stock Plan, he will receive only those amounts or benefits that have been earned or vested at the time of the termination in accordance with our applicable plans and programs. This generally would include accrued and unpaid salary and accrued and unused vacation, in each case in a lump sum, and any other vested benefits under our welfare and benefit plans. Upon any termination for “cause,” any unvested stock options will be forfeited and all of Mr. Hollinger’s options that are then exercisable will immediately expire.

The following table summarizes the potential benefits that would be paid to Mr. Hollinger had termination of his employment occurred under any of the circumstances described below as of December 31, 2011:

Benefits and Payments Upon Termination	Retirement or Voluntary Termination (\$)	Death or Disability (\$)	Involuntary Termination Without Cause (\$)	Voluntary Termination for Good Reason Following a Change in Control (\$)	Involuntary Termination Without Cause Following a Change in Control (\$)	Involuntary Termination for Cause (\$)
Compensation:						
Base Salary	0	0	750,000	0	750,000	0
Bonus	1,200,000	1,200,000	1,200,000	0	1,200,000	0
Equity:						
Stock Options	0	7,021,603	6,457,833	7,021,603	7,021,603	0
PRSU	0	0	0	0	3,444,184	0
Benefits:						
COBRA premiums	0	0	15,974	0	15,974	0

Peter Liguori

Mr. Liguori resigned as Chief Operating Officer of the Company effective December 31, 2011. In connection with his resignation, Mr. Liguori received the following severance benefits set forth in his employment agreement: base salary of \$1,051,335, bonus of \$1,300,000, \$212,837 in stock options, and payment of COBRA premiums for continuing medical coverage in the amount of \$33,379.

Defined Terms

The DAP, the Stock Plan and the employment agreements with the NEOs include definitions of various terms relevant to determining whether amounts will be paid. Set forth below is a summary of the defined terms referred to in this section.

Stock Plan. Mr. Singer’s stock option awards were made under the Stock Plan and implementing award agreements. Under Mr. Singer’s award agreement and our standard form of award agreement, a Change of Control means an “Approved Transaction,” “Control Purchase,” or “Board Change,” each as defined in the Stock Plan, provided that the transaction actually closes and the qualifying separation from employment occurs within 12 months after the closing date.

Under the Stock Plan, “Approved Transaction” means any transaction in which the Board (or, if approval of the Board is not required as a matter of law, the stockholders of the Company) shall approve (i) any consolidation or merger of the Company, or binding share exchange, pursuant to which shares of common stock of the Company would be changed or converted into or exchanged for cash, securities, or other property, other than any such transaction in which the common stockholders of the Company immediately prior to such transaction have the same proportionate ownership of the common stock of, and voting power with respect to, the surviving corporation immediately after such transaction, (ii) any merger, consolidation or binding share exchange to

which the Company is a party as a result of which the persons who are common stockholders of the Company immediately prior thereto have less than a majority of the combined voting power of the outstanding capital stock of the Company ordinarily (and apart from the rights accruing under special circumstances) having the right to vote in the election of directors immediately following such merger, consolidation or binding share exchange, (iii) the adoption of any plan or proposal for the liquidation or dissolution of the Company, or (iv) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company.

Under the Stock Plan, “Board Change” means, during any period of two consecutive years, individuals who at the beginning of such period constituted the entire Board cease for any reason to constitute a majority thereof unless the election, or the nomination for election, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period.

Under the Stock Plan, “Control Purchase” means any transaction (or series of related transactions) in which (i) any person (as such term is defined in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), corporation or other entity (other than the Company, any subsidiary of the Company or any employee benefit plan sponsored by the Company or any subsidiary of the Company) shall purchase any common stock of the Company (or securities convertible into common stock of the Company) for cash, securities or any other consideration pursuant to a tender offer or exchange offer, without the prior consent of the Board, or (ii) any person (as such term is so defined), corporation or other entity (other than the Company, any subsidiary of the Company, any employee benefit plan sponsored by the Company or any subsidiary of the Company or any exempt person (as defined in the Stock Plan)) shall become the “beneficial owner” (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the then outstanding securities of the Company ordinarily (and apart from the rights accruing under special circumstances) having the right to vote in the election of directors (calculated as provided in Rule 13d-3(d) under the Exchange Act in the case of rights to acquire the Company’s securities), other than in a transaction (or series of related transactions) approved by the Board.

Severance Plan. Under the Company’s Pioneer severance plan (which applies to employees hired on or before December 31, 1986, including Mr. Hendricks) and general U.S. severance plan (which applies to Mr. Hollinger), “cause” means unsatisfactory job performance or behavior, lack of necessary job skills, acts of dishonesty or violation of Company policy, each determined in the Company’s sole determination.

Incentive Compensation Plan. Under the ICP, “cause” means any willful or intentional act of misconduct, including, but not limited to, fraud, embezzlement, theft or any other material violation of law that occurs during or in the course of an employee’s employment, intentional damage to or misuse of Company assets, unauthorized disclosure of confidential information of the Company, or violation of the Code.

Zaslav Employment Agreement. Under the terms of David Zaslav’s employment agreement, “cause” means (i) willful malfeasance by Mr. Zaslav in connection with his employment, including embezzlement, misappropriation of funds, property or corporate opportunity or material breach of his employment agreement, as determined by the Board after investigation, notice to Mr. Zaslav of the charge and provision to him of an opportunity to respond; (ii) if Mr. Zaslav commits any act or becomes involved in any situation or occurrence involving moral turpitude, which is materially damaging to our business or reputation; or (iii) if Mr. Zaslav is convicted of, or pleads guilty or nolo contendere to, fails to defend against, or is indicted for a felony or a crime involving moral turpitude.

Under the terms of Mr. Zaslav’s employment agreement, “good reason” means (1) reduction of Mr. Zaslav’s base salary; (2) material reduction in the amount of the annual bonus which he is eligible to earn; (3) relocation of his primary office at Discovery to a facility or location that is more than forty (40) miles away from his primary office location immediately prior to such relocation and is further away from his residence, provided that

a relocation to midtown Manhattan, New York shall not constitute good reason; (4) material reduction of his duties; or (5) material breach of his employment agreement. The “good reason” definition includes a requirement of notice and an opportunity to cure.

Under the terms of Mr. Zaslav’s employment agreement, “change in control” means (A) the merger, consolidation or reorganization of the Company with any other company (or our issuance by the Company of its voting securities as consideration in a merger, consolidation or reorganization of a subsidiary with any other company) other than such a merger, consolidation or reorganization which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the other entity) at least 50% of the combined voting power of the voting securities of the Company or such other entity outstanding immediately after such merger, consolidation or reorganization, provided that either (i) Advance/Newhouse Programming Partnership (individually and with its affiliates) continues to be entitled to exercise its special class voting rights described in Article IV, Section C 5(c) of the Company’s Certificate of Incorporation (as in effect on the date hereof) or the equivalent thereof (the “Preferred A Blocking Rights”), or (ii) John Malone (individually and with his respective affiliates) or his heirs shall beneficially own more than twenty percent (20%) of the voting power represented by the outstanding “Voting Securities” (as defined in the Company’s Certificate of Incorporation as in effect on the date hereof) or the equivalent thereof (the “Common B Blocking Rights”); (B) the consummation by the Company of a plan of complete liquidation or an agreement for the sale or disposition by the Company of all or substantially all of the Company’s assets, other than any such sale or disposition to an entity for which Advance/Newhouse Programming Partnership (individually and with its affiliates) continues to be entitled to exercise its Preferred A Blocking Rights or Mr. Malone (individually and with his affiliates) or his heirs continues to be entitled to exercise his Common B Blocking Rights; or (C) any sale, transfer or issuance of voting securities of the Company (including any series of related transactions) as a result of which Advance/Newhouse Programming Partnership (individually and with its affiliates) continues to be entitled to exercise its Preferred A Blocking Rights nor Mr. Malone (individually and with his affiliates) or his heirs continues to be entitled to exercise his Common B Blocking Rights. Notwithstanding the foregoing, a Change in Control will not accelerate the payment of any “deferred compensation” (as defined under IRC 409A) unless the Change in Control also qualifies as a change in control under Treasury Regulation 1.409A-3(i)(5).

Singer Employment Agreement. Under the terms of Mr. Singer’s employment agreement, “cause” means: (a) the willful and continued failure by Mr. Singer to substantially perform his duties under the employment agreement (other than any such failure resulting from the Mr. Singer’s death or incapacity due to mental or physical disability, as determined by the Company in good faith); (b) Mr. Singer’s willful failure to follow the lawful written direction of the Chief Executive Officer or the Board; (c) the indictment of Mr. Singer for, or his conviction of or plea of guilty or nolo contendere to, a felony or any other crime involving moral turpitude or dishonesty for which there may be imposed a sentence of incarceration of a year or more; (d) Mr. Singer willfully engaging in misconduct with regard to us or in the performance of his duties for us (including theft, fraud, embezzlement, or securities law violations); (e) Mr. Singer willfully engaging in misconduct (other than with regard to the Company or in the performance of his duties for the Company) that has a material negative impact on the Company, economically or as to its reputation. For purposes of this definition, no act, or failure to act, on the part of Mr. Singer shall be considered “willful,” unless done, or omitted to be done by him in bad faith and without reasonable belief that his action or omission was in, or not opposed to, the best interest of the Company. The definition of “cause” under Mr. Singer’s employment agreement includes a requirement of notice and an opportunity to cure.

Under the terms of Mr. Singer’s employment agreement, “good reason” means (a) a material reduction in Mr. Singer’s title, duties or responsibilities; or change in his reporting relationship; (b) our relocation to a location outside the Washington, DC metropolitan area; or (c) a material breach by us of the agreement. The “good reason” definition includes a requirement of notice and an opportunity to cure.

Hendricks Equity Stake Transition Agreement. Under the terms of John Hendricks’ Equity Stake Transition Agreement, “cause” means (i) willful malfeasance in connection with his services to Discovery, including

embezzlement, or misappropriation of funds, property or corporate opportunity; (ii) committing any act or becoming involved in any situation or occurrence involving moral turpitude, which is materially damaging to the business or reputation of Discovery (both (i) and (ii) require notice and an opportunity to cure); or (iii) conviction of, or plea of guilty or nolo contendere to, or failure to defend against the prosecution for, a felony or a crime involving moral turpitude.

Under the terms of Mr. Hendricks' Equity Stake Transition Agreement, "retirement" means Mr. Hendricks' voluntary termination of employment after attainment of age 65.

Risk Considerations in our Compensation Programs

In view of the current economic and financial environment, the Compensation Committee has reviewed the design and operation of our incentive compensation arrangements. The Compensation Committee has determined that these arrangements do not provide our Company's employees with incentive to engage in business activities or other actions that would threaten the value of our Company or the investment of our stockholders, or that would otherwise be reasonably likely to have a material adverse effect on our Company. The outside consultant to the Compensation Committee, Croner, assisted the Compensation Committee in its risk assessment of our executive compensation programs in mid-2011 and advised the Compensation Committee in reaching this conclusion as to those plans; however, Croner did not participate in the assessment of risk with respect to non-executive compensation arrangements.

Prohibition on Derivative Trading

Our Company prohibits certain derivative transactions in our stock by officers, directors and their families. Specifically, they may not, at any time:

- trade in any public puts, calls, covered calls or other derivative products involving Company securities; or
- engage in short sales of Company securities.

Certain Relationships and Related Person Transactions

In the ordinary course of business, we were a party during 2011, and expect to continue to be a party during 2012, to certain business transactions with institutions affiliated with members of our Board of Directors. Management believes that the terms and conditions of the transactions were no more and no less favorable to us than the terms of similar transactions with unaffiliated institutions to which we are, or expect to be, a party. Those transactions that are required to be disclosed under rules promulgated by the SEC are described below.

Mr. Hendricks is involved in a leadership role with numerous nonprofit organizations, many of which have missions that are aligned with Discovery's business philosophy. Mr. Hendricks and the John and Maureen Hendricks Charitable Foundation provide significant funding to these organizations and Discovery also has made charitable contributions or payments to these organizations. In 2011, Discovery contributed or paid the following amounts to organizations in which Mr. Hendricks serves as a director or in another leadership role as indicated:

- Discovery Channel Global Education Partnership ("DCGEP") (Director and Chairman). Discovery's cash and in-kind contributions totaled \$1,860,104 in 2011. The DCGEP is a nonprofit organization that provides educational media and television services to schools in third-world countries with an emphasis in Africa. Discovery is a founding member and other companies and individuals also make contributions to the DCGEP.
- American Film Institute ("AFI") (Member of Board of Governors). Discovery and AFI collaborate on the annual SilverDocs Film Festival, a documentary festival, which AFI and Discovery jointly created. As part of the partnership effort to fund and operate the annual SilverDocs Film Festival, Discovery makes annual cash payments. Cash and in-kind contributions totaled \$376,620 in 2011.

- National Forest Foundation (“NFF”) (Chairman of Board of Directors). The mission of the NFF is to engage Americans in community-based and national programs that promote the health and public enjoyment of our 193 million acre national forest system. To meet the complex conservation challenges, the NFF has launched a conservation campaign to rally people, expertise, and resources to conserve and enhance our national forests from coast to coast. In support of that effort, Discovery provides creative assistance in the areas of design, marketing and communication on an ongoing basis. In 2011, these cash and in-kind contributions totaled \$65,544.

In 2009, Discovery entered into an agreement with Hendricks Investment Holdings LLC (“HIH”) relating to HIH’s lifelong learning programs (then called Experius Academy) hosted at Gateway Canyons Resort, a resort in western Colorado owned by the Hendricks family through HIH. Under the terms of the agreement, we have agreed to allow HIH to purchase audio-visual content from us for use in courses and lecture series, free screenings to resort guests, and to sell Discovery DVDs to resort guests as well as course-related content to retreat participants. The content provided by Discovery was at rates customarily charged by us for similar business activities. In 2011, purchases under this agreement were less than \$1,000.

Discovery, on occasion, uses Gateway Canyons Resort for business retreats and corporate events. Gateway Canyons Resort charges us standard rates for these services consistent with their normal business practices. In 2011, we paid Gateway Canyons Resort approximately \$168,822 for the use of their facilities.

We entered into an agreement with Experius through which Experius was granted the right to use the trademark “Discovery Retreats” in connection with their experiential knowledge retreats for a period of five years, beginning in November 2010. Under the agreement, Discovery receives royalties of 10% of gross sales (minus third party commissions and credit card fees), with an annual minimum guaranty of \$15,000. In 2011, we received \$15,000 in connection with this agreement.

In 2010, we entered into a co-production agreement with HIH (through Experius) for the production of a 60-episode broadcast series titled “CURIOSITY.” We pay all production costs and retain editorial control of the program. We also retain all television rights to the Curiosity program series, including licensing rights back to Experius for its use in connection with its lifelong learning business. We began airing the series on Discovery’s channels in August 2011. Production costs in connection with this series totaled \$19,360,463 in 2011.

In 2011, we amended the Curiosity co-production agreement to permit us to provide promotions to “Discovery Retreats” through on-air promotional spots and received in return certain research, technology and content assets from HIH related to a digital book project valued at approximately \$255,000. We also entered into an agreement with Mr. Hendricks granting him the use of the Discovery Communications trademark and logo in a book Mr. Hendricks is writing about the history of Discovery and the Discovery Channel. As part of that arrangement, we also agreed to acquire 15,000 copies of the book at a discounted price, once the book is published, to further promote the Discovery brand. We estimate that the books will cost us approximately \$147,000.

Michael J. Donohue, the brother-in-law of John Hendricks, has been employed by Discovery since 1983, shortly after the founding of the Company by Mr. Hendricks in 1982. Mr. Hendricks is the Chairman of the Board and a director of Discovery. Mr. Donohue currently serves as Director of Credit and Collections in Discovery’s finance department. For 2011, Mr. Donohue received cash compensation of approximately \$210,133 (which includes base salary, incentive compensation under the ICP, payments under the DAP and amounts earned upon exercise of stock options). Mr. Donohue participates in Discovery’s employee benefit programs on the same basis as other employees at his level in the Company.

Policy Governing Related Person Transactions

Our current written policies and procedures for the review, approval or ratification of related person transactions and other conflict of interest matters are based on our Guidelines and our Code, which applies to all

directors, officers and employees of Discovery. Among other things, the Guidelines provide that when a director has an actual or potential conflict of interest, the director should promptly inform the Chief Executive Officer, the General Counsel and the chair of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee, or another independent committee of the Board designated by the Board, will resolve any conflict of interest involving a director, the Chief Executive Officer or any other executive officer. No related person transaction may be effected by Discovery without the approval of the Nominating and Corporate Governance Committee or another independent committee designated by the Board.

In evaluating potential related person transactions, the Nominating and Corporate Governance Committee considers:

- the nature of the related person's interest in the transaction;
- the approximate total dollar value of, and extent of the related person's interest in, the transaction;
- whether the transaction would be undertaken in our ordinary course of business;
- whether the transaction is proposed to be entered into on terms no less favorable to us than terms that could have been reached with an unrelated third party; and
- the purpose of, and potential benefits to the Company of, the transaction.

For purposes of the Guidelines, a "related person transaction" refers to any transaction which Discovery would be required to disclose pursuant to Item 404 of Regulation S-K.

All transactions that would have required the approval of the Nominating and Corporate Governance Committee were reviewed and approved by that committee.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information, as of December 31, 2011, regarding our securities authorized for issuance pursuant to equity compensation plans. Pursuant to these plans, we may issue common stock or stock options, restricted stock, restricted stock units, stock appreciation rights, or other rights to acquire shares of our common stock from time to time.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders:			
Discovery Communications, Inc. 2005 Incentive Plan (As Amended and Restated Effective September 16, 2008): ⁽¹⁾			
Series A common stock	14,369,838 ⁽²⁾	\$22.74 ⁽³⁾	20,639,016 ⁽⁴⁾⁽⁵⁾
Series B common stock	—	—	—
Series C common stock	—	—	—
Discovery Communications, Inc. 2005 Non-Employee Director Incentive Plan (As Amended and Restated): ⁽¹⁾			
Series A common stock	222,543 ⁽⁶⁾	\$24.50 ⁽⁷⁾	4,705,088 ⁽⁴⁾
Series B common stock	—	—	—
Series C common stock	40,044	\$15.04	—
Discovery Holding Company Transitional Stock Adjustment Plan (As Assumed by Discovery Communications, Inc.): ⁽¹⁾			
Series A common stock	123,557 ⁽⁸⁾	\$10.80	—
Series B common stock	—	—	—
Series C common stock	123,397 ⁽⁹⁾	\$10.66	—
Discovery Employee Stock Purchase Plan			
Series A common stock	—	—	5,000,000
Equity compensation plans not approved by security holders:	—	—	—
Total	14,879,379	\$22.50	30,344,104

- (1) We assumed this equity compensation plan in connection with the transaction in which we became a public company, which was completed in September 2008 (the “Transaction”). Because the Transaction provided for the exchange of securities between us and DHC, which is the predecessor entity to the Company, this plan effectively has been approved by our security holders.
- (2) Includes RSUs and PRSUs.
- (3) The determination of the weighted average exercise price of outstanding stock options, warrants and rights excludes RSUs and PRSUs.
- (4) Each plan permits the issuance of stock options, warrants and rights in addition to other forms of equity-based awards to acquire shares of our Series A common stock, Series B common stock, or Series C common stock, subject to a single aggregate limit per plan.

- (5) Includes securities reserved for outstanding stock appreciation rights that will be settled through cash payments. Pursuant to the terms of the plan, such securities are not available for future issuance until such time as the stock appreciation rights are settled through a cash payment, or otherwise forfeited or cancelled.
- (6) Includes stock options, unvested RSUs and vested RSUs as to which settlement has been deferred.
- (7) The determination of the weighted average exercise price of outstanding stock options, warrants and rights excludes RSUs.
- (8) Includes shares of common stock related to stock appreciation rights that will be net settled through the issuance of our Series A common stock. The number of shares of common stock issued to settle such stock appreciation rights is determined at the time of exercise based on the amount by which the price of our Series A common stock at the time of exercise exceeds the grant price divided by the price of our Series A common stock at the time of exercise. The number of shares of our Series A common stock was estimated using the closing market price of our Series A common stock on December 31, 2011, which was \$40.97.
- (9) Includes shares of common stock related to stock appreciation rights that will be net settled through the issuance of our Series C common stock. The number of shares of common stock issued to settle such stock appreciation rights is determined at the time of exercise based on the amount by which the price of our Series C common stock at the time of exercise exceeds the grant price divided by the price of our Series C common stock at the time of exercise. The number of shares of our Series C common stock was estimated using the closing market price of our Series C common stock on December 31, 2011, which was \$37.70.

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

Security Ownership of Certain Beneficial Owners of Discovery

The following table sets forth information, to the extent known by Discovery or ascertainable from public filings, concerning the beneficial ownership of each person or entity, other than certain of Discovery’s directors and executive officers whose ownership information follows, who owns more than five percent of the outstanding shares of its common stock and preferred stock.

The percentage ownership is based upon 142,794,370 shares of Discovery Series A common stock, 6,570,067 shares of Discovery Series B common stock, 107,740,075 shares of Discovery Series C common stock outstanding as of March 2, 2012, 71,107,312 shares of Series A preferred stock and 57,374,821 shares of Series C preferred stock outstanding on March 2, 2012.

As the holder of Discovery Series A preferred stock, Advance/Newhouse will be entitled to vote, on an as-converted basis, with the holders of Discovery common stock on matters other than the election of common stock directors. With respect to all matters other than the election of common stock directors, the voting percentages represented by the shares included in the table (other than those beneficially owned by Advance/Newhouse) would be significantly lower because Advance/Newhouse, the holder of the Discovery preferred stock, votes with our stock on all other matters. Conversely, the holders of Discovery common stock do not vote in the election of preferred stock directors.

<u>Name and Address of Beneficial Owner</u>	<u>Title of Class</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>	<u>Voting Power</u>
Advance/Newhouse	Series A common stock	71,107,312 ⁽¹⁾⁽²⁾	33.2	25.4
Programming Partnership 5000 Campuswood Drive E. Syracuse, NY 13057	Series C common stock Series A preferred stock Series C preferred stock	57,374,821 ⁽¹⁾⁽²⁾ 71,107,312 ⁽²⁾ 57,374,821 ⁽²⁾	34.7 100 100	100
BlackRock Inc. 40 East 52 nd Street New York, NY 10022	Series A common stock	11,254,326 ⁽³⁾	7.9	5.4
FMR LLC 82 Devonshire Street Boston, MA 02109	Series A common stock	25,719,877 ⁽⁴⁾	18.0	12.3
Harris Associates L.P. Two North LaSalle Street Suite 500 Chicago, IL 60602	Series C common stock	14,766,282 ⁽⁵⁾	13.7	
State Street Corporation State Street Financial Center One Lincoln Street Boston, MA 02111	Series A common stock	8,488,156 ⁽⁶⁾	5.9	4.1
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202	Series A common stock Series C common stock	4,595,691 ⁽⁷⁾ 15,187,202 ⁽⁷⁾	3.2 14.1	2.2
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, PA 19355	Series A common stock	7,948,714 ⁽⁸⁾	5.6	3.8

(1) Represents shares of Series A common stock and Series C common stock that would be acquired upon conversion of the shares of Series A preferred stock and Series C preferred stock that are currently outstanding.

- (2) Includes 538,701 shares of Series A preferred stock and 581,784 shares of Series C preferred stock that have been deposited into escrow. Advance/Newhouse Programming Partnership (“ANPP”) has the right to vote the shares held in escrow. ANPP is owned 65% by Newhouse Programming Holdings Corp., which is a wholly-owned subsidiary of Newhouse Broadcasting Corporation. Advance Publications, Inc. (“API”) holds an indirect interest in ANPP and Newhouse Family Holdings, L.P. (“NFH”) holds 100% of API’s common shares. NFH disclaims beneficial ownership of the shares of our preferred stock held by ANPP and the shares of our common stock into which the preferred stock is convertible. Advance Long-Term Trust Management Trust (“Advance Long-Term Trust”) is the sole general partner of NFH and also disclaims beneficial ownership of the shares of preferred stock and the shares of our common stock into which the preferred stock is convertible. The trustees of the Advance Long-Term Trust are S.I. Newhouse, Jr. and Donald E. Newhouse, each of whom disclaim beneficial ownership of the shares of preferred stock held by ANPP and the common stock into which the preferred stock is convertible. As trustees, S.I. Newhouse, Jr. and Donald E. Newhouse must act jointly and cannot independently control the trust.
- (3) The number of shares is based upon Amendment No. 1 to the Schedule 13G filed February 13, 2012 by BlackRock Inc., a parent holding company, on behalf of the subsidiaries listed in Exhibit A of its filing, none of which beneficially owns 5% or greater of our Series A common stock. BlackRock Inc. is deemed to be the beneficial owner of 11,254,326 shares of our Series A common stock as a result of acting as a parent holding company.
- (4) The number of shares is based upon Amendment No. 5 to the Schedule 13G filed February 14, 2012 by FMR LLC on behalf of its wholly owned subsidiary Fidelity Management & Research Company (“Fidelity”), an investment adviser, with respect to our Series A common stock. Fidelity is deemed to be the beneficial owner of 25,182,769 shares of our Series A common stock as a result of acting as investment adviser.
- (5) The number of shares is based upon Amendment No. 4 to the Schedule 13G filed February 15, 2012 by Harris Associates L.P., an investment adviser, and its general partner, Harris Associates Inc., with respect to our Series C common stock. Harris Associates is deemed to be the beneficial owner of 14,766,282 shares of our Series C common stock as a result of acting as investment adviser.
- (6) The number of shares is based upon the Schedule 13G filed February 9, 2012, by State Street Corporation (“State Street”), a parent holding company. These securities are owned by various individual and institutional investors to which certain subsidiaries of State Street serve as investment advisor with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Exchange Act, State Street is deemed to be a beneficial owner of 8,488,156 shares of our Series A common stock as a result of acting as investment adviser.
- (7) The number of shares is based upon Amendment No. 3 to each of the two Schedules 13G filed February 9, 2012 and February 13, 2012 by T. Rowe Price Associates, Inc. (“Price Associates”). These securities are owned by various individual and institutional investors to which Price Associates serves as investment advisor with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Exchange Act, Price Associates is deemed to be a beneficial owner of 4,595,691 shares of our Series A common stock and 15,187,202 shares of our Series C common stock; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.
- (8) The number of shares is based upon Amendment No. 1 to the Schedule 13G filed February 8, 2012 by The Vanguard Group, Inc. (“Vanguard”), an investment adviser. Vanguard is deemed to be the beneficial owner of 7,948,714 shares of our Series A common stock as a result of acting as investment adviser. Vanguard Fiduciary Trust Company, a wholly owned subsidiary of Vanguard, shares beneficial ownership of 344,985 of these shares, and directs their voting, as a result of its serving as investment manager of collective trust accounts.

Security Ownership of Discovery Management

The following table sets forth information with respect to the beneficial ownership by each of our executive officers and directors and all of such persons as a group of shares of Discovery Series A common stock, Discovery Series B common stock and Discovery Series C common stock.

The percentage ownership is based upon 142,794,370 shares of Series A common stock, 6,570,067 shares of Series B common stock and 107,740,075 shares of Series C common stock outstanding as of March 2, 2012.

Shares of common stock issuable upon exercise or conversion of options, warrants and convertible securities that were exercisable or convertible on or within 60 days after March 2, 2012 are deemed to be outstanding and to be beneficially owned by the person holding the options, warrants or convertible securities for the purpose of computing the percentage ownership of the person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. For purposes of the following presentation, beneficial ownership of shares of Discovery Series B common stock, though convertible on a one-for-one basis into shares of Discovery Series A common stock, is reported as beneficial ownership of Discovery Series B common stock only, and not as beneficial ownership of Discovery Series A common stock, but the voting power of the Discovery Series A and Series B common stock have been aggregated.

The voting percentages in the table represent the power of the holders to vote on the election of directors. The holders of Discovery's Series A preferred stock are entitled to vote, on an as-converted basis, with the holders of Discovery common stock on matters other than the election of common stock directors. With respect to matters other than the election of directors, the voting percentages represented by the shares included in the table would be significantly lower, because the holders of Discovery preferred stock do not vote in the election of common stock directors. Conversely, the holders of Discovery common stock do not vote in the election of preferred stock directors. The persons indicated below have sole voting power with respect to the shares owned by them, except as otherwise stated in the notes to the table. The address of each person listed below is One Discovery Place, Silver Spring, Maryland 20910.

<u>Name of Beneficial Owner</u>	<u>Title of Class of Common Stock</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class (%)</u>	<u>Voting Power (%)</u>
John S. Hendricks <i>Founder and Chairman of the Board</i>	Series A	3,793,581 ⁽¹⁾⁽²⁾	2.6	1.8
	Series B	—	—	
	Series C	—	—	
David M. Zaslav <i>Chief Executive Officer, President and Director</i>	Series A	—	—	—
	Series B	—	—	
	Series C	—	—	
Bradley E. Singer <i>Senior Executive Vice President, Chief Financial Officer</i>	Series A	147,104 ⁽²⁾	*	*
	Series B	—	—	
	Series C	20,000	*	
Mark G. Hollinger <i>President and CEO, Discovery Networks International</i>	Series A	341,002 ⁽²⁾	*	*
	Series B	—	—	
	Series C	20	*	
Peter Liguori <i>Former Chief Operating Officer</i>	Series A	46,186 ⁽²⁾	*	*
	Series B	—	—	
	Series C	—	—	
John C. Malone <i>Director</i>	Series A	590,956 ⁽²⁾⁽³⁾⁽⁴⁾	*	30.0
	Series B	6,093,490 ⁽³⁾	92.7	
	Series C	3,878,200 ⁽³⁾⁽⁴⁾	3.6	
Robert R. Bennett <i>Director</i>	Series A	201,116 ⁽²⁾⁽⁵⁾	*	*
	Series B	20 ⁽⁵⁾	*	
	Series C	179,846 ⁽²⁾⁽⁵⁾	*	
Paul A. Gould <i>Director</i>	Series A	180,734 ⁽²⁾	*	*
	Series B	87,317	*	
	Series C	231,761 ⁽²⁾	*	
Robert J. Miron <i>Director</i>	Series A	15,372 ⁽²⁾	*	*
	Series B	56	*	
	Series C	203	*	
M. LaVoy Robison <i>Director</i>	Series A	29,534 ⁽²⁾	*	*
	Series B	—	—	
	Series C	14,309 ⁽²⁾	*	
J. David Wargo <i>Director</i>	Series A	32,333 ⁽²⁾	*	*
	Series B	—	—	
	Series C	15,108 ⁽²⁾	*	
Robert R. Beck <i>Director</i>	Series A	36,981 ⁽²⁾	*	*
	Series B	11,258	*	
	Series C	31,949	*	
Lawrence S. Kramer <i>Director</i>	Series A	15,225 ⁽²⁾	*	*
	Series B	—	—	
	Series C	—	—	
Steven A. Miron <i>Director</i>	Series A	16,290 ⁽²⁾	*	*
	Series B	—	—	
	Series C	—	—	
All directors and executive officers as a Group (17 persons)	Series A	5,653,084 ⁽²⁾	3.9	31.9
	Series B	6,192,141	94.2	
	Series C	4,371,396 ⁽²⁾	4.1	

* Less than one percent

- (1) Includes 1,210,175 shares of Series A common stock which have been pledged in support of one or more lines of credit or margin accounts.
- (2) Includes beneficial ownership of shares that may be acquired upon exercise of stock options already vested or exercisable within 60 days after March 2, 2012, in the amounts below:

	<u>Series A</u>	<u>Series C</u>
John S. Hendricks	2,583,406	—
Bradley E. Singer	136,629	—
Mark G. Hollinger	320,982	—
Peter Liguori	46,186	—
John C. Malone	13,225	—
Robert R. Bennett	130,457	117,232
Paul A. Gould	27,234	14,009
Robert J. Miron	13,225	—
M. LaVoy Robison	27,234	14,009
J. David Wargo	25,251	12,026
Robert R. Beck	13,225	—
Lawrence S. Kramer	13,225	—
Steven A. Miron	13,225	—
All directors and executive officers as a group (17 persons)	<u>3,568,788</u>	<u>157,276</u>

- (3) Includes 268,337 shares of Series A common stock, 170,471 shares of Series B common stock and 438,808 shares of Series C common stock held by Mr. Malone's wife, as to which shares Mr. Malone has disclaimed beneficial ownership.
- (4) Includes 309,378 shares of Series A common stock and 3,439,376 shares of Series C common stock which have been pledged in support of one or more lines of credit or margin accounts.
- (5) Includes 54,913 shares of Series A common stock, 20 shares of Series B common stock and 54,933 shares of Series C common stock owned by Hilltop Investments, LLC, which is jointly owned by Mr. Bennett and his wife.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires Discovery executive officers and directors and persons who own more than ten percent of a registered class of Discovery equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish us with copies of all Section 16 forms they file.

Based solely on a review of the copies of the Forms 3, 4 and 5 and amendments to those forms furnished to Discovery with respect to its most recent fiscal year, or written representations that no Forms 5 were required, Discovery believes that, during the year ended December 31, 2011, all Section 16(a) filing requirements applicable to Discovery officers, directors and greater than ten percent beneficial owners were complied with, except for the following filing: on February 22, 2011, a Form 4 relating to a February 15, 2011 grant to Thomas Colan was filed late.

AVAILABILITY OF ANNUAL REPORT

We filed our Annual Report on Form 10-K for the year ended December 31, 2011 with the SEC on February 17, 2012. The Annual Report on Form 10-K, including all exhibits, can also be found on our website: www.discoverycommunications.com and can be downloaded free of charge. Paper copies of the Annual Report on Form 10-K may be obtained without charge, and paper copies of exhibits to the Annual Report on Form 10-K are available, but a reasonable fee per page will be charged to the requesting stockholder. Stockholders may make requests in writing to the attention of Investor Relations by mail at Discovery Communications, Inc., One Discovery Place, Silver Spring, Maryland 20910, by telephone at (240) 662-2000 or by email at investor_relations@discovery.com.

STOCKHOLDER PROPOSALS

In order to be eligible for inclusion in our proxy materials for our 2013 annual meeting, any stockholder proposal must be submitted in writing to the attention of the Corporate Secretary at Discovery Communications, Inc., One Discovery Place, Silver Spring, Maryland 20910, by the close of business on December 4, 2012. Our bylaws require that Discovery be given advance written notice of stockholder nominations for election to our Board of Directors and of other matters which stockholders wish to present for action at an annual meeting of stockholders (other than matters included in Discovery's proxy materials in accordance with Rule 14a-8 under the Exchange Act). The Corporate Secretary must receive such notice at the address noted above not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting, provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days, or delayed by more than 60 days, from such anniversary date, the Corporate Secretary must receive such notice not earlier than the 100th day prior to such annual meeting and not later than the close of business on the later of the 70th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such annual meeting is first made. Assuming that the 2013 Annual Meeting of Stockholders is held from April 15, 2013 to July 14, 2013 (as it is expected to be), in order to comply with the time periods set forth in Discovery's bylaws, appropriate notice would need to be provided to the Corporate Secretary at the address noted above no earlier than February 14, 2013 and no later than March 16, 2013. If a stockholder fails to provide timely notice of a proposal to be presented at the 2013 Annual Meeting of Stockholders, the proxies designated by the Board of Directors of Discovery will have discretionary authority to vote on any such proposal which may come before the meeting.

Discovery's bylaws also specify requirements relating to the content of the notice which stockholders must provide to the Corporate Secretary for any matter, including a stockholder nomination for director, to be properly presented at a stockholder meeting.

All stockholder proposals for inclusion in our proxy materials will be subject to the requirements of the proxy rules adopted under the Exchange Act and, as with any stockholder proposal (regardless of whether it is included in our proxy materials), our restated charter, our bylaws and Delaware law.

SOLICITATION BY THE BOARD; EXPENSES OF SOLICITATION

Our Board has sent you this proxy statement. We will pay all expenses in connection with the solicitation of the enclosed proxy. In addition to solicitation by mail, our officers and employees, who will receive no extra compensation for their services, may solicit proxies by telephone, in writing or in person. We will reimburse brokers and nominees who hold shares in their names for their reasonable out-of-pocket expenses to furnish proxy materials to the beneficial owners of such shares.

By Order of the Board of Directors,

A handwritten signature in black ink, appearing to read "Stephanie D. Marks". The signature is written in a cursive, flowing style.

Stephanie D. Marks
Corporate Secretary

April 2, 2012