EX PARTE OR LATE FILED ORIGINAL Ex Parte

Discovery
DISCOVERY COMMUNICATIONS INCORPORATED

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Devin Cheema
Director
Legal Affairs

August 27, 2002

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RECEIVED

AUG 2 7 2002

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Ex Parte Presentation in CS Docket No. 98-120

Dear Ms. Dortch:

On August 26, 2002, Ms. Judith McHale, President and Chief Operating Officer of Discovery Communications, Inc., and I met with Commissioner Kevin Martin and his legal advisor, Catherine Bohigian. We discussed the digital television transition and, specifically, the impact digital must carry would have on cable programmers such as Discovery. We explained the challenges program networks face in securing cable carriage and the harm to program companies and consumers of giving broadcasters another advantage in the competition for cable carriage. We expressed concern about proposals that call for mandatory carriage of a broadcaster's analog and digital signal during the transition as well as those that call for mandatory carriage of more than the broadcaster's primary digital signal.

In accordance with the Commission's Rules, an original and one copy of this letter, including an enclosure, are being filed with your office.

Sincerely,

Devin Cheema

Devin Cheema

Enclosure

cc: Commissioner Kevin Martin
Catherine Bohigian, Legal Advisor to Commissioner Martin

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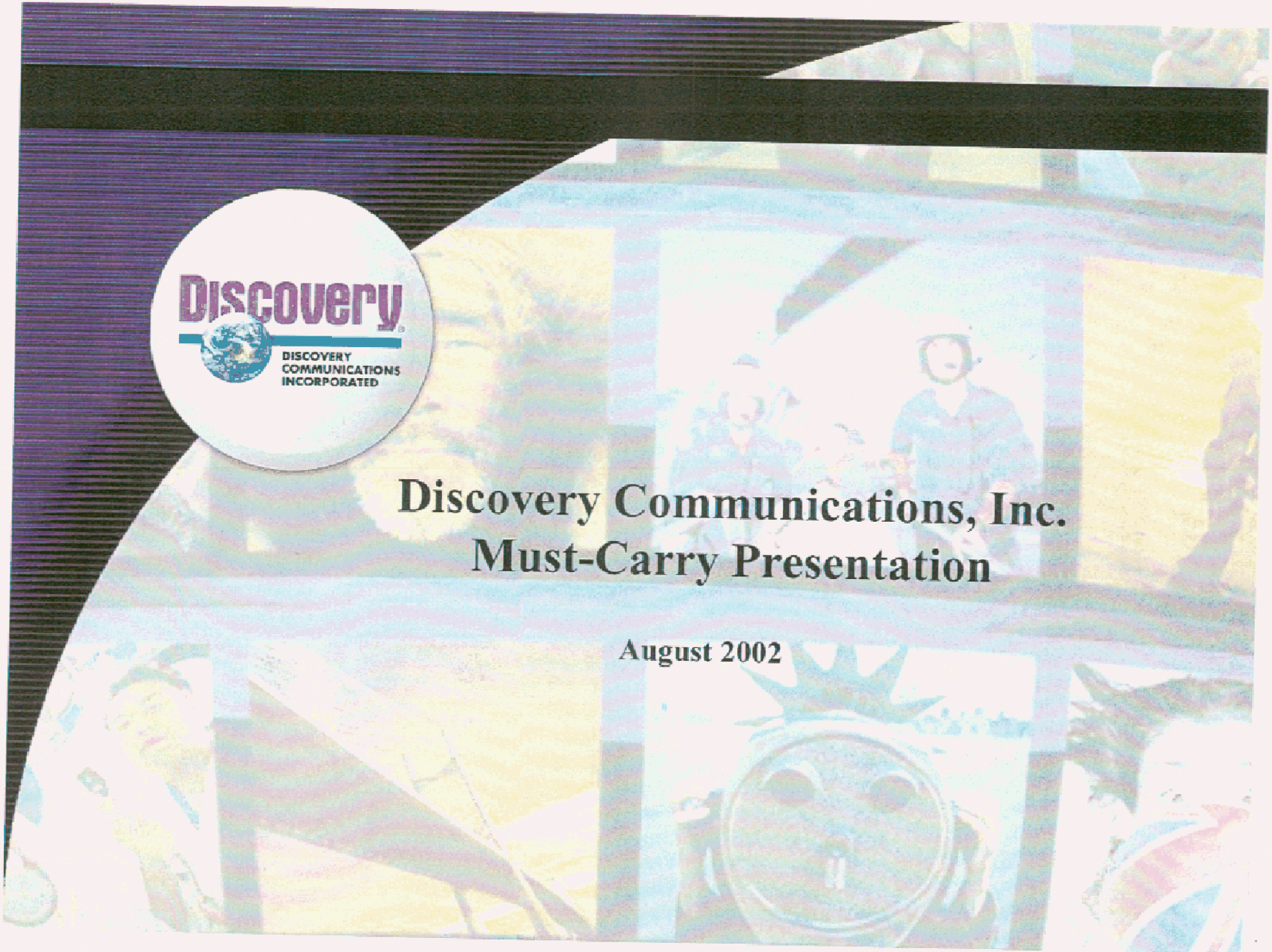

Discovery Communications, Inc.
Must-Carry Presentation

August 2002

Ex Parte

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Discovery Communications, Inc. is the leading global real-world media entertainment company, creating the highest quality content and services to help people explore their world and satisfy their curiosity.

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DISCOVERY'S U.S.-BASED ANALOG NETWORKS

Discovery CHANNEL

TLC

Animal Planet

Discovery Health CHANNEL

Travel CHANNEL

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THE NEXT GENERATION OF DISCOVERY

U.S.-based targeted networks, launched beginning in 1996 specifically for the digital universe:

Discovery CIVILIZATION CHANNEL

Discovery HOME & LEISURE CHANNEL

Discovery Kids

THE SCIENCE CHANNEL

Discovery WINGS CHANNEL

Discovery EN ESPAÑOL

Recently launched, new services for an on-demand and high-definition world:

Discovery HD THEATER
YOUR WINDOW ON THE WORLD™

Discovery ON DEMAND SVOD™

CHOICE 10
Discovery
FREE ON DEMAND VIDEOS™

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DISCOVERY REPRESENTS QUALITY SERVICE

Discovery Channel, TLC, Animal Planet, Travel Channel, Discovery Health Channel and Discovery's digital networks are among the most educational and informative services available.

Consumers consistently rate the Discovery networks among the most trusted brands in the world - for all media and for all consumer brands.

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LEADING BRANDS IN THE UNITED STATES

Highest Quality U.S. Consumer Brands (2002) (a)	
1	**Discovery Channel**
2	Craftsman Tools
3	Hershey's Kisses
4	Bose Stereo & Speaker Systems
5	WD-40 Spray Lubricant
6	Crayola Crayons and Markers
7	Reynolds Wrap Aluminum Foil
8	**TLC (The Learning Channel)**
9	Neosporin Ointment
10	M&M's Chocolate Candies
11	Waterford Crystal
12	Mercedes-Benz Automobiles
13	Kodak Photographic Film
14	Hershey's Milk Chocolate Candy Bars
15	Rolls-Royce Motor Cars
16	Philadelphia Cream Cheese
17	Ziploc Food Bags
18	Master Lock Padlocks
19	Reese's Peanut Butter Cups
20	Arm & Hammer Baking Soda

Highest Quality U.S. Media Brands (2002) (a)	
1	**Discovery Channel**
2	**TLC (The Learning Channel)**
3	History Channel
4	National Geographic Magazine
5	National Geographic Channel
6	PBS (Public Broadcasting Service)
7	A&E
8	Consumer Reports
9	**Animal Planet**
10	Weather Channel
11	Biography, the Series
12	Disney Channel
13	Hallmark Hall of Fame
14	**Discovery Health Channel**
15	**The Science Channel**
16	Biography Channel
17	Smithsonian Magazine
18	FOX Television Network
19	**Discovery Kids**
20	AMC (American Movie Classics)

(a) Source: Spring 2002 EquiTrend℠ Study - June 2002 - by Harris Interactive.

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CABLE IS COMMITTED TO THE DIGITAL TRANSITION

Cable companies have created more than 60 digital networks to take advantage of operators' digital upgrades and provide consumers with more choice.

Discovery has spent millions of dollars to launch its digital networks, Discovery HD Theater and Discovery On Demand/Choice 10 Discovery.

The availability of compelling digital programming increases consumer demand for digital TV.

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PROBLEMS WITH DUAL MUST CARRY

Given the limited channel capacity, even in upgraded systems, operators faced with dual must carry obligations would be forced to drop various networks or delay launch of new networks to make way for digital broadcast signals.

Networks like Discovery Health, whose mission is to be the leading provider of health and medical information to consumers, and Discovery En Español, which offers Spanish-speaking audiences programs that celebrate their heritage and diversity, would be in serious jeopardy of losing carriage.

Instead of educational/informative programming, consumers largely would be offered digital versions of broadcasters' analog programming. That kind of redundant content will not speed the transition.

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PROBLEMS WITH DUAL MUST CARRY

Dual must carry does not advance the preservation of free over-the-air local broadcast television. Rather, it offers identical programming to consumers with digital television and blank screens to consumers without digital television.

Without dual must carry, consumers will continue to have access to the broadcast stations they enjoy today.

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PROBLEMS WITH MULTICAST MUST CARRY, POST TRANSITION

A multicast must carry regime, post transition, hinders marketplace forces.

Despite Discovery's success, we struggle to secure carriage, especially for newer networks. The fact that a cable system carries the Discovery Channel or TLC does not mean it will carry every Discovery network. Yet under a multicast must carry argument, the broadcasters claim that cable systems must carry not only their primary network, but all programming - regardless of quality - that can be squeezed into 6 MHz.

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PROBLEMS WITH MULTICAST MUST CARRY, POST TRANSITION

Broadcasters should have to compete for carriage of programming above and beyond a single programming stream.

Having to compete for carriage will cause broadcasters to create compelling/quality digital programming that operators want to carry and consumers want to see.

Broadcast networks have a tremendous amount of leverage in the marketplace, as seen by their ability to get their affiliated cable networks carried. Rather than encouraging competition and the efficiencies that competition produces, mandated carriage of all of the broadcasters' digital programming streams increases that leverage, thereby further stifling competition and in turn harming consumers.

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CONCLUSION

I urge you to affirm the FCC's January 2001 decision on dual must carry and its conclusions regarding the carriage of broadcasters' "primary video" post-transition.