

DISCOVERY HOLDING COMPANY

PART II—OTHER INFORMATION

Item 6. Exhibits

(a) Exhibits

- 10 Services Agreement, dated as of July 21, 2005 by and between Discovery Holding Company and Liberty Media Corporation.
- 31.1 Rule 13a-14(a)/15d-14(a) Certification.
- 31.2 Rule 13a-14(a)/15d-14(a) Certification.
- 31.3 Rule 13a-14(a)/15d-14(a) Certification.
- 32 Section 1350 Certification

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DISCOVERY HOLDING COMPANY

Date: August 10, 2005

By: /s/ CHARLES Y. TANABE

Charles Y. Tanabe
Senior Vice President and General Counsel

Date: August 10, 2005

By: /s/ DAVID J.A. FLOWERS

David J.A. Flowers
Senior Vice President and Treasurer
(Principal Financial Officer)

Date: August 10, 2005

By: /s/ CHRISTOPHER W. SHEAN

Christopher W. Shean
Senior Vice President and Controller
(Principal Accounting Officer)

EXHIBIT INDEX

Listed below are the exhibits which are filed as a part of this Report (according to the number assigned to them in Item 601 of Regulation S-K):

- 10 Services Agreement, dated as of July 21, 2005 by and between Discovery Holding Company and Liberty Media Corporation.
- 31.1 Rule 13a-14(a)/15d-14(a) Certification.
- 31.2 Rule 13a-14(a)/15d-14(a) Certification.
- 31.3 Rule 13a-14(a)/15d-14(a) Certification.
- 32 Section 1350 Certification

CERTIFICATION

I, John C. Malone, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Discovery Holding Company;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and
 - c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2005

/s/ JOHN C. MALONE

John C. Malone
Chief Executive Officer

CERTIFICATION

I, David J.A. Flowers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Discovery Holding Company;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and
 - c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2005

/s/ DAVID J.A. FLOWERS

David J.A. Flowers
Senior Vice President and Treasurer

CERTIFICATION

I, Christopher W. Shean, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Discovery Holding Company;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and
 - c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2005

/s/ CHRISTOPHER W. SHEAN

Christopher W. Shean
Senior Vice President and Controller

Certification

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Discovery Holding Company, a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period ended June 30, 2005 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of June 30, 2005 and December 31, 2004 and for the six months ended June 30, 2005 and 2004.

Dated: August 10, 2005

/s/ JOHN C. MALONE

John C. Malone
Chief Executive Officer

Dated: August 10, 2005

/s/ DAVID J.A. FLOWERS

David J.A. Flowers
Senior Vice President and Treasurer
(Principal Financial Officer)

Dated: August 10, 2005

/s/ CHRISTOPHER W. SHEAN

Christopher W. Shean
Senior Vice President and Controller
(Principal Accounting Officer)

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-Q or as a separate disclosure document.

From: Dan Dorenkamp
Sent: 5/7/2007 8:49:28 PM
To: Dob Bennett; John Orr; Bill Fitzgerald
CC:
Subject: DHC press release

Updated release

Attachment: 1Q07DHCpressrelease.draft.doc

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**Discovery Holding Company
First Quarter Earnings Release**

Englewood, Colorado – On May 9, 2007, Discovery Holding Company (“DHC”) filed its Form 10-Q with the Securities and Exchange Commission for the three months ended March 31, 2007. The following release is being provided to supplement the information provided in the 10-Q.

DHC is comprised of a 100% ownership interest in Ascent Media Group, LLC (“Ascent Media” or “AMG”), a 100% ownership interest in AccentHealth, LLC and a 50% ownership interest in Discovery Communications, Inc. (“DCI”). Ascent Media provides creative and network services to the media and entertainment industries. AccentHealth operates one of the nation’s largest advertising-supported captive audience television networks serving doctor office waiting rooms nationwide. DCI is a global media and entertainment company that provides programming in over 170 countries and territories.

On March 29, 2007, DCI announced that it had entered into a non-binding letter of intent with Cox Communications Holdings, Inc. (“Cox”), a 25% shareholder of DCI, pursuant to which DCI would redeem Cox’s ownership interest in DCI for all of the capital stock of a subsidiary of DCI that will hold Travel Channel, travelchannel.com, Antenna Audio and approximately \$1.275 billion in cash. DCI expects to raise the cash amount through additional financing, and expects to retire the equity shares previously owned by Cox. Completion of the transaction is subject to negotiation of definitive documents and various conditions, including regulatory clearances and approvals. Upon completion of the transaction, which is expected to close in the second quarter of 2007, DHC would own a 66-2/3% interest in DCI.

Discovery

The presentation below presents information regarding 100% of DCI’s revenue, operating cash flow and other selected financial metrics even though DHC only owns 50% of the equity of DCI and accounts for DCI as an equity affiliate. Please see page 4 for a discussion of why management believes this presentation is meaningful to investors.

DCI’s revenue increased 10% to \$728 million and operating cash flow increased 24% to \$180 million. Total revenue increased due to a 7% increase in distribution revenue, a 9% increase in advertising revenue and a \$7 million, or 85%, increase in education revenue.

U.S. Networks’ revenue increased 10% to \$486 million and operating cash flow increased 18% to \$180 million. The increase in revenue was due to growth in distribution and advertising revenue across the portfolio and the inclusion of Antenna Audio revenue in the current year. Distribution revenue increased 7% due to a 6% increase in paying subscription units during the year and contractual rate increases. DCI continued to experience strong ratings increases during the quarter at its largest networks, the Discovery Channel and TLC. The Discovery Channel in particular enjoyed an extremely strong first quarter with 13% growth in prime time ratings for Adults 25-54. Net advertising revenue increased 10% primarily due to higher advertising sell-out rates and higher audience delivery on most channels, notably Discovery and TLC.

U.S. Networks operating expenses increased 5% due to an increase in programming expense and SG&A. Programming expense increased due to the company’s continued investment in original productions across all U.S. networks. The increase in SG&A was primarily due to an increase in personnel expense resulting from headcount from 2006 acquisitions combined with compensation increases.

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International Networks revenue increased 8% to \$208 million and operating cash flow decreased 39% to \$19 million. The increase in revenue was due to growth in both distribution and advertising revenue. Net distribution revenue increased 8% due to a 13% increase in paying subscription units combined with contractual rate increases in certain markets. Growth in paying subscription units was primarily due to growth in Europe and Asia. In January 2007, Discovery completed negotiations for the renewal of long-term distribution agreements for certain of its U.K. cable networks and, as previously disclosed, paid a distributor \$195.8 million. Most of the payment was attributed to the renewal period and is being amortized over a five year term. As a result, launch amortization at the International Networks, a contra-revenue item, was \$10 million in 2007 compared to \$2 million in 2006. Net advertising revenue increased 4% primarily due to higher viewership in Europe and Latin America combined with an increased subscriber base in most markets worldwide. Operating expenses increased 17% due to increased programming costs and SG&A expense. Programming and S,G&A costs increased due to the launch of several networks along with a new free-to-air channel in Germany branded as DMAX which was acquired in March 2006. Excluding the effects of exchange rates, revenue increased 2% and operating cash flow decreased 39%.

Revenue in the Commerce, Education and Other division increased 48%, or \$11 million. The increase was due to an 85%, or \$7 million, increase in education revenue combined with a 15%, or \$3 million, increase in commerce revenue. The increase in education revenue comes from a combination of a 12% increase in paying school subscription units and improved customer yields as a result of the increased focus on Discovery's direct-to-school distribution platform, *unitedstreaming*, as well as the division's other premium direct-to-school subscription services. The increase in commerce revenue was driven by increases in both the retail store business and direct-to-consumer e-commerce business. During the first quarter of 2007, Discovery initiated a strategic review of its commerce business to evaluate potential new operating alternatives with respect to such business unit with a target of reaching a conclusion in the second quarter of 2007. Operating expenses decreased 13% due to a decrease in education expenses. In the education business, the decrease is primarily due to a \$4 million reduction in personnel expense as a result of business restructuring, combined with a \$5 million reduction in marketing expense as DCI refocuses the direction of its education business. Operating losses decreased by 50% to \$19 million primarily due to the decrease in spending in the education business.

DCI's outstanding debt balance was \$2.9 billion at March 31, 2007.

DHC

DHC's consolidated revenue increased \$20 million, or 13%, and consolidated operating cash flow increased \$2 million, or 15%. Ascent Media is structured into two global operating divisions – Creative Services Group and Network Services Group. Creative Services Group revenue is generated from fees for video and audio post production, special effects and editorial services for the television, feature film and advertising industries. Generally, these services pertain to the completion of feature films, television programs and advertisements. Network Services Group revenue consists of fees relating to facilities and services necessary to assemble and transport programming for cable and broadcast networks across the world via fiber, satellite and the Internet. The group's revenues are also driven by systems integration and field support services, technology consulting services, design and implementation of advanced video systems, engineering project management, technical help desk and field services. The AccentHealth business is accounted for as part of the Network Services Group.

Creative Services Group revenue increased \$12 million and operating cash flow increased \$1 million. Revenue increased \$12 million, or 12%, due to higher commercial revenue in the U.S., higher feature

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revenue driven by increased titles for post-production and audio services and higher media services revenue driven by growth in digital vaulting and digital distribution services. These revenue increases were partially offset by a slight decrease in television post-production services. Operating expenses increased due to more labor intensive commercial and feature projects. Network Services Group revenue increased \$8 million, or 15%, while operating cash flow decreased \$1 million. The increase in revenue was the result of increased system integration services revenue due to the timing of projects and the inclusion of AccentHealth's operations for the entire quarter in the current year. These Network Services revenue increases were partially offset by lower content distribution revenue primarily due to the termination of certain distribution contracts in the U.K. and other revenue decreases primarily due to a large one-time project in 2006. Operating expenses increased due to increased volumes partially offset by a \$2 million decrease in S,G & A expenses resulting from the restructuring which occurred in the third and fourth quarter of 2006, lowering headcount and personnel costs.

NOTES

As a supplement to DHC's consolidated statements of operations included in its 10-Q, the preceding is a presentation of financial information on a stand alone basis for DCI and for the consolidated results of DHC for the three months ended March 31, 2007.

Unless otherwise noted, the foregoing discussion compares financial information for the three months ended March 31, 2007 to the same periods in 2006. Please see page 6 of this press release for the definition of operating cash flow and a discussion of management's use of this performance measure. Schedule 1 to this press release provides a reconciliation of DHC's consolidated segment operating cash flow for its operating segments to consolidated earnings before income taxes. Schedule 2 to this press release provides a reconciliation of the operating cash flow for DHC and DCI to that entity's operating income for the same period, as determined under GAAP. Certain prior period amounts have been reclassified for comparability with the 2007 presentation.

OUTSTANDING SHARES AND LIQUIDITY

At March 31, 2007, there were approximately 280.2 million outstanding shares of DISCA and DISCB and 4.9 million shares of DISCA and DISCB reserved for issuance pursuant to warrants and employee stock options. At March 31, 2007, there were 4,833,257 options that had a strike price that was lower than the closing stock price. Exercise of these options would result in aggregate proceeds of approximately \$84.7 million. At March 31, 2007, DHC had \$203 million of cash and liquid investments and no debt.

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Certain statements in this press release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, such as trend information in the discussion of DCI's and Ascent Media's revenue, expenses and operating cash flow. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the operating businesses of DHC included herein or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, among others: the risks and factors described in the publicly filed documents of DHC, including the most recently filed Form 10-Q of DHC; general economic and business conditions and industry trends including in the advertising and retail markets; spending on domestic and foreign advertising; the continued strength of the industries in which such businesses operate; continued consolidation of the broadband distribution and movie studio industries; uncertainties inherent in proposed business strategies and development plans; changes in distribution and viewing of television programming, including the expanded deployment of personal video recorders and IP television and their impact on television advertising revenue; rapid technological changes; future financial performance, including availability, terms and deployment of capital; availability of qualified personnel; the development and provision of programming for new television and telecommunications technologies; changes in, or the failure or the inability to comply with, government regulation, including, without limitation, regulations of the Federal Communications Commission, and adverse outcomes from regulatory proceedings; adverse outcomes in pending litigation; changes in the nature of key strategic relationships with partners and joint ventures; competitor responses to such operating businesses' products and services, and the overall market acceptance of such products and services, including acceptance of the pricing of such products and services; and threatened terrorist attacks and ongoing military action, including armed conflict in the Middle East and other parts of the world. These forward-looking statements speak only as of the date of this Release. DHC expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in DHC's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Contact: John Orr (720) 875-5622

SUPPLEMENTAL INFORMATION

Please see page 7 for the definition of operating cash flow (OCF) and Schedule 2 at the end of this document for reconciliations for the applicable periods in 2006 and 2007 of operating cash flow to operating income, as determined under GAAP, for each identified entity.

The selected information for DCI included herein presents 100% of the revenue, operating cash flow, operating income and other selected financial metrics for DCI even though DHC owns only 50% of DCI and accounts for it as an equity affiliate. This presentation is designed to reflect the manner in which DHC's management reviews the operating performance of its investment in DCI. It should be noted, however, that the presentation is not in accordance with GAAP since the results of operations of equity method investments are required to be reported on a net basis. Further DHC could not, among other things, cause DCI to distribute to DHC our proportionate share of the revenue or operating cash flow of DCI.

The selected financial information presented for DCI was obtained directly from DCI. DHC does not control the decision-making processes or business management practices of DCI. The above discussion and following analysis of DCI's operations and financial position have been prepared based on information that DHC receives from DCI and represents DHC's views and understanding of DCI's operating performance and financial position based on such information. DCI is not a separately traded public company, and DHC does not have the ability to cause DCI's management to prepare their own management's discussion and analysis for our purposes. Accordingly, we note that the material presented in this publication might be different if DCI's management had prepared it. DHC is not aware, however, of any errors in or possible misstatements of the financial information provided to it by DCI that would have a material effect on DHC's consolidated financial statements.

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QUARTERLY SUMMARY

<i>(amounts in millions)</i>	1Q06	2Q06	3Q06	4Q06	1Q07
DISCOVERY HOLDING COMPANY (100%)					
Revenue	\$ 154	166	169	199	174
OCF	\$ 13	10	17	19	15
Operating Income (Loss)	\$ (3)	(6)	(97)	(9)	(1)
DISCOVERY COMMUNICATIONS, INC. (50.0%)					
Revenue – U.S. Networks ⁽¹⁾	\$ 443	498	469	516	486
Revenue – International Networks ^{(2), (3)}	193	207	223	256	208
Revenue – Commerce, Education & Other ⁽⁴⁾	23	28	30	127	34
Revenue – Total	\$ 659	733	722	899	728
OCF – U.S. Networks ⁽¹⁾	\$ 152	206	188	181	180
OCF – International Networks ^{(2), (3)}	31	25	36	24	19
OCF – Commerce, Education & Other ⁽⁴⁾	(38)	(41)	(31)	(11)	(19)
OCF – Total	\$ 145	190	193	194	180
Operating Income	\$ 110	152	160	128	122

(1) **DCI – Discovery Networks U.S.:** Discovery Channel, TLC, Animal Planet, Travel Channel, Discovery Health Channel, Discovery Kids Channel, The Science Channel, Discovery Times Channel, Discovery Home, Military Channel, Discovery HD Theater, Fit TV, BBC-America, BBC World News Representation and online and other initiatives.

(2) **DCI – Discovery Networks International:** Discovery Channels in UK, Europe, Latin America, Asia, India, Africa, Middle East; Discovery Kids in UK, Latin America; Discovery Travel & Living in UK, Europe, Latin America, Asia, India; Discovery Home & Health in UK, Latin America, Asia; Discovery Real Time in UK, Europe, Asia; Discovery Civilisation in UK, Europe, Latin America, Middle East; Discovery Science in UK, Europe, Latin America, Asia, Middle East; Discovery Wings in UK; Animal Planet in UK, Germany, Italy; Discovery en Español, Discovery Kids en Español, Discovery Travel & Living (Viajar y Vivir) in U.S.; Discovery Geschichte in Germany; Discovery HD in UK, Europe; DMAX in Germany; Discovery Turbo in Latin America, Spain and Portugal and consolidated BBC/DCI joint venture networks (Animal Planet networks in Europe, Latin America, Japan, Asia, Africa; Middle East; People + Arts in Latin America, Spain and Portugal).

Discovery Networks International Joint Ventures – Consolidated

Discovery Networks International joint venture networks (Animal Planet networks in Europe, Latin America, Japan, Asia, Africa, Middle East, People + Arts in Latin America, Spain and Portugal) are composed of joint ventures with British Broadcasting Corporation. These ventures are controlled by DCI and consolidated into the results of Discovery Networks International. The equity in the assets of these joint ventures is predominantly held 50/50 by DCI and BBC. Exceptions involve participants related to the local market in which a specific network operates.

(3) DCI – Discovery Networks International – Equity Affiliates:

DCI accounts for its interests in joint ventures it does not control as equity method investments. The operating results of joint ventures that DCI does not control, including Discovery Channel Canada, Discovery Channel Japan, Discovery HD Japan, Discovery Kids Canada, Discovery Health Canada, Discovery Civilization Canada, Discovery HD Canada, Animal Planet Canada and Discovery Historia Poland, are not consolidated and are not reflected in the results presented above.

(4) **DCI – Commerce, Education and Other:** Commerce, Education & Other is comprised of a North American chain of over 100 Discovery Channel retail stores, a mail-order catalog business, an on-line shopping site, a licensing and strategic partnerships business, and an educational business that reaches many students in the U.S. through the sale of supplemental hardcopy products and the delivery of streaming video-on-demand through its digital internet enabled platforms.

NON-GAAP FINANCIAL MEASURES

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This press release includes a presentation of operating cash flow, which is a non-GAAP financial measure, for DHC on a consolidated basis and DCI on a stand alone basis together with a reconciliation of that non-GAAP measure to such entity's operating income, determined under GAAP. DHC defines operating cash flow as revenue less cost of sales, operating expenses, and selling, general and administrative expenses (excluding stock and other equity-based compensation). Operating cash flow, as defined by DHC, excludes depreciation and amortization, stock and other equity-based compensation, accretion expense on asset retirement obligations and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP.

DHC believes operating cash flow is an important indicator of the operational strength and performance of its businesses, including the ability to service debt and fund capital expenditures. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. Because operating cash flow is used as a measure of operating performance, DHC views operating income as the most directly comparable GAAP measure. Operating cash flow is not meant to replace or supercede operating income or any other GAAP measure, but rather to supplement the information to present investors with the same information as DHC's management considers in assessing the results of operations and performance of its assets. Please see the attached schedules for a reconciliation of consolidated segment operating cash flow to consolidated earnings before income taxes (Schedule 1) and a reconciliation of each identified entity's operating cash flow to its operating income calculated in accordance with GAAP (Schedule 2).

DISCOVERY HOLDING COMPANY

SCHEDULE 1

The following table provides a reconciliation of consolidated segment operating cash flow to earnings before income taxes for the three months ended December 31, 2006 and 2007, respectively.

<i>(amounts in millions)</i>	2006	2007
Consolidated segment operating cash flow	\$ 13	15
Stock-based compensation	--	(1)
Depreciation and amortization	(16)	(15)
Impairment of goodwill	--	--
Share of earnings of DCI	21	22
Other, net	2	9
Earnings (loss) before income taxes	\$ 20	30

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SCHEDULE 2

The following tables provide reconciliation of operating cash flow to operating income calculated in accordance with GAAP for the three months ended March 31, 2006, June 30, 2006, September 30, 2006, December 31, 2006 and March 31, 2007, respectively.

<i>(amounts in millions)</i>	1Q06	2Q06	3Q06	4Q06	1Q07
DISCOVERY HOLDING COMPANY (100%)					
Operating Cash Flow	\$ 13	10	17	19	15
Depreciation and Amortization	(16)	(16)	(16)	(20)	(15)
Stock-Based Compensation Expense	--	--	--	(3)	(1)
Impairment of Goodwill	--	--	(93)	--	--
Other	--	--	(5)	(5)	--
Operating Income (Loss)	\$ (3)	(6)	(97)	(9)	(1)
DISCOVERY COMMUNICATIONS, INC. (50.0%)					
Operating Cash Flow	\$ 145	190	193	194	180
Depreciation and Amortization	(30)	(33)	(32)	(38)	(35)
Long-Term Incentive Plan	(5)	(5)	(1)	(28)	(12)
Other	--	--	--	--	(11)
Operating Income	\$ 110	152	160	128	122

Links -- Click here to rapidly navigate through this document

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**AMENDMENT NO. 3
TO
FORM 10**

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or 12(g) of
The Securities Exchange Act of 1934

Discovery Holding Company
(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation
or organization)

20-2471174
(I.R.S. Employer
Identification No.)

12300 Liberty Boulevard
Englewood, Colorado
(Address of principal executive offices)

80112
(Zip Code)

Registrant's telephone number, including area code (720) 875-4000

Securities to be registered pursuant to Section 12(b) of the Act:
None

Securities to be registered pursuant to Section 12(g) of the Act:

Series A Common Stock, \$0.01 par value
(Title of class)

Series A Preferred Share Purchase Rights
(Title of class)

Series B Common Stock, \$0.01 par value
(Title of class)

Series B Preferred Share Purchase Rights
(Title of class)

Discovery Holding Company

Our Information Statement is filed as Exhibit 99.1 to this Form 10. For your convenience, we have provided below a cross-reference sheet identifying where the items listed by Form 10 can be found in the Information Statement.

<u>Item Caption</u>	<u>Location in Information Statement</u>
1. Business.	Summary; Risk Factors; Cautionary Statement Concerning Forward Looking Statements; Selected Financial Data; Management's Discussion and Analysis of Financial Condition and Results of Operations; Description of Our Business and Certain Inter-Company Agreements
2. Financial Information.	Summary; Risk Factors; Capitalization; Selected Financial Data; Management's Discussion and Analysis of Financial Condition and Results of Operations and Financial Statements
3. Properties.	Description of Our Business—Properties
4. Security Ownership of Certain Beneficial Owners and Management.	Management—Security Ownership of Certain Beneficial Owners; and —Security Ownership of Management
5. Directors and Executive Officers.	Management
6. Executive Compensation.	Management
7. Certain Relationships and Related Transactions.	Summary; Risk Factors; Management and Certain Inter-Company Agreements
8. Legal Proceedings.	Description of our Business—Legal Proceedings
9. Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters.	Summary; The Spin Off, Risk Factors and Description of Our Capital Stock
10. Recent Sales of Unregistered Securities.	Not Applicable
11. Description of Registrant's Securities to be Registered.	Description of Our Capital Stock
12. Indemnification of Directors and Officers.	Indemnification of Directors and Officers
13. Financial Statements and Supplementary Data.	Summary; Selected Financial Data; Management's Discussion and Analysis of Financial Condition and Results of Operations and Financial Statements
14. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.	Not Applicable

Financial Statements and Exhibits

Financial Statements : The following financial statements are included in the Information Statement and filed as part of this Registration Statement:

LMC Discovery Group

- Unaudited Condensed Combined Balance Sheets as of March 31, 2005 and December 31, 2004*
- Unaudited Condensed Combined Statements of Operations and Comprehensive Earnings for the three months ended March 31, 2005 and 2004*
- Unaudited Condensed Combined Statement of Parent's Investment for the three months ended March 31, 2005*
- Unaudited Condensed Combined Statements of Cash Flows for the three months ended March 31, 2005 and 2004*
- Notes to Condensed Combined Financial Statements (unaudited)*
- Report of Independent Registered Public Accounting Firm*
- Combined Balance Sheets as of December 31, 2004 and 2003*
- Combined Statements of Operations and Comprehensive Earnings (Loss) for the years ended December 31, 2004, 2003 and 2002*
- Combined Statements of Parent's Investment for the years ended December 31, 2004, 2003 and 2002*
- Combined Statements of Cash Flows for the years ended December 31, 2004, 2003 and 2002*
- Notes to Combined Financial Statements*

Discovery Communications, Inc.

- Report of Independent Registered Public Accounting Firm*
- Consolidated Balance Sheets as of December 31, 2004 and 2003*
- Consolidated Statements of Operations for the years ended December 31, 2004, 2003 and 2002*
- Consolidated Statements of Cash Flows for the years ended December 31, 2004, 2003 and 2002*
- Consolidated Statements of Changes in Stockholders' Deficit for the years ended December 31, 2004, 2003 and 2002*
- Notes to Consolidated Financial Statements*

) *Exhibits* . The following documents are filed as exhibits hereto:

Exhibit Number	Exhibit Description
2.1	Form of Reorganization Agreement among Liberty Media Corporation, the Registrant and Ascent Media Group, Inc.*
3.1	Form of Restated Certificate of Incorporation of the Registrant to be in effect at the time of the spin off

- 3.2 Form of Bylaws of the Registrant to be in effect at the time of the spin off
- 4.1 Specimen Certificate for shares of the Series A common stock, par value \$.01 per share, of the Registrant*
- 4.2 Specimen Certificate for shares of the Series B common stock, par value \$.01 per share, of the Registrant*
- 4.3 Form of Rights Agreement between the Registrant and EquiServe Trust Company, N.A., as Rights Agent*
- 10.1 The Shareholders Agreement, dated as of November 30, 1991 (the "Stockholders' Agreement"), by and among Discovery Communications, Inc. ("Discovery"), Cox Discovery, Inc. ("Cox"), NewChannels TDC Investments, Inc. ("NewChannels"), TCI Cable Education, Inc. ("TCID") and John S. Hendricks ("Hendricks")*
- 10.2 First Amendment to the Stockholders' Agreement, dated as of December 20, 1996, by and among Discovery, Cox Communications Holdings, Inc. (the successor to Cox), Newhouse Broadcasting Corporation (the successor to NewChannels), TCID, Hendricks and for the purposes stated therein only, LMC Animal Planet, Inc. ("LMC") and Liberty Media Corporation, a Colorado corporation ("Liberty")*
- 10.3 Second Amendment to the Stockholders' Agreement, dated as of September 7, 2000, by and among Discovery, Cox Communications Holdings, Inc. (the successor to Cox), Advance/Newhouse Programming Partnership (the successor to NewChannels), LMC Discovery, Inc. (formerly known as TCID) and Hendricks*
- 10.4 Third Amendment to the Stockholders' Agreement, dated as of September, 2001, by and among Discovery, Cox, NewChannels, TCID, Hendricks and Advance Programming Holdings Corp.*
- 10.5 Fourth Amendment to the Stockholders' Agreement, dated as of June 23, 2003, by and among Discovery, Cox, NewChannels, TCID, Liberty Animal, Inc. (the successor in interest to LMC) for the purposes stated in the First Amendment to the Stockholders' Agreement, and Hendricks*
- 10.6 Form of Tax Sharing Agreement between Liberty Media Corporation and the Registrant*
- 10.7 Discovery Holding Company 2005 Incentive Plan*
- 10.8 Discovery Holding Company 2005 Non-Employee Director Plan
- 10.9 Form of Discovery Holding Company Transitional Stock Adjustment Plan
- 10.10 Form of Agreement between the Registrant and John C. Malone*
- 10.11 Agreement, dated June 24, 2005, between Discovery and the Registrant*
- 10.12 Indemnification Agreement, dated as of June 24, 2005, between Cox and the Registrant*
- 10.13 Indemnification Agreement, dated as of June 24, 2005, between NewChannels and the Registrant*
- 10.14 Form of Indemnification Agreement with Directors and Executive Officers
- 21.1 List of Subsidiaries*
- 99.1 Information Statement, dated July 11, 2005
- 99.2 Form of Letter from the President and Chief Executive Officer of Liberty Media Corporation to holders of Liberty Media Corporation's common stock*

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Previously filed on June 27, 2005.

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**FORM OF
RESTATED CERTIFICATE OF INCORPORATION
OF
DISCOVERY HOLDING COMPANY**

DISCOVERY HOLDING COMPANY, a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

- (1) The name of the Corporation is Discovery Holding Company. The original Certificate of Incorporation of the Corporation was filed on March 9, 2005.**
- (2) This Restated Certificate of Incorporation amends and restates the Certificate of Incorporation of the Corporation.**
- (3) This Restated Certificate of Incorporation has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware.**
- (4) This Restated Certificate of Incorporation shall become effective upon its filing with the Secretary of State of the State of Delaware.**
- (5) Pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, the text of the Certificate of Incorporation is hereby amended and restated to read in its entirety as follows:**

**ARTICLE I
NAME**

The name of the corporation is Discovery Holding Company (the "*Corporation*").

**ARTICLE II
REGISTERED OFFICE**

The address of the registered office of the Corporation in the State of Delaware is 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle, 19808. The Corporation's registered agent at such address is the Corporation Service Company.

**ARTICLE III
PURPOSE**

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware (as the same may be amended from time to time, "*DGCL*").

**ARTICLE IV
AUTHORIZED STOCK**

The total number of shares of capital stock which the Corporation shall have authority to issue is one billion three hundred million (1,300,000,000) shares, which shall be divided into the following classes:

(a) One billion two hundred fifty million (1,250,000,000) shares shall be of a class designated Common Stock, par value \$0.01 per share (" *Common Stock* "), such class divided into series as provided in Section A of this Article IV; and

(b) Fifty million (50,000,000) shares shall be of a class designated Preferred Stock, par value \$0.01 per share (" *Preferred Stock* "), such class to be issuable in series as provided in Section B of this Article IV.

The description of the Common Stock and the Preferred Stock of the Corporation, and the relative rights, preferences and limitations thereof, or the method of fixing and establishing the same, are as hereinafter in this Article IV set forth:

**SECTION A
SERIES A COMMON STOCK, SERIES B COMMON STOCK
AND SERIES C COMMON STOCK**

Six hundred million (600,000,000) shares of Common Stock shall be of a series designated as Series A Common Stock (the " *Series A Common Stock* "), fifty million (50,000,000) shares of Common Stock shall be of a series designated as Series B Common Stock (the " *Series B Common Stock* ") and six hundred million (600,000,000) shares of Common Stock shall be of a series designated as Series C Common Stock (the " *Series C Common Stock* ").

Each share of common stock, par value \$0.01 per share (" *Old Common Stock* "), of the Corporation issued and outstanding immediately prior to the effectiveness of this Restatement of Incorporation (the time of such effectiveness being referred to herein as the " *Effective Time* ") shall be changed into and reclassified into one fully paid and non-assessable share of Series A Common Stock such that at the *Effective Time* each holder of record of Old Common Stock shall, without further action, be and become the holder of one share of Series A Common Stock for each share of Old Common Stock theretofore held of record by such holder.

Each share of Series A Common Stock, each share of Series B Common Stock and each share of Series C Common Stock shall, except as otherwise provided in this Section A, be equal in all respects and shall have equal rights, powers and privileges.

Voting Rights .

holders of Series A Common Stock shall be entitled to one vote for each share of such stock held, and holders of Series B Common Stock shall be entitled to ten votes for each share of such stock held, on all matters that may be submitted to a vote of stockholders of the Corporation (regardless of whether such holders are voting together with the holders of all Voting Securities (as defined below), or as a separate class with the holders of one or more series of Common Stock, or as a separate series of Common Stock, or otherwise). Holders of Series C Common Stock shall not be entitled to any voting powers, except as (and then only to the extent) otherwise required by the laws of the State of Delaware. If a vote or consent of the holders of Series C Common Stock should at any time be required by the laws of the State of Delaware on any matter, the holders of Series C Common Stock shall be entitled to 1/100th of a vote on any matter for each share of Series C Common Stock held. Except as may otherwise be required by the laws of the State of Delaware or as may otherwise be provided in this Restatement of Incorporation (as it may from time to time hereafter be amended or restated, the " *Certificate* "), or, with respect to any series of Preferred Stock, in any resolution or action establishing such series pursuant to authority vested in the Board of Directors by Article IV, Section B, of this Certificate, the holders of outstanding shares of Series A Common Stock and the holders of outstanding shares of Series B Common Stock and the holders of outstanding shares of each series of Preferred Stock entitled to vote thereon, if any, shall vote as a separate class with respect to the election of directors and with respect to all other matters to be voted on by stockholders of the Corporation (including, without limitation and irrespective of the provisions of Section 242(b)(2) of the DGCL, any proposed amendment to this Certificate that would (x) increase (i) the number of authorized shares of Common Stock or any series thereof, (ii) the number of authorized shares of Preferred Stock or any series thereof or (iii) the number of authorized shares of any other class or series of capital stock of the Corporation hereafter established (but not below the number of shares of such class or series of capital stock, as the case may be, then outstanding)), and no separate class or series vote or consent of the holders of shares of any class or series of capital stock of the Corporation shall be required for the approval of any such matter. The term " *Voting Securities* " means the shares of Series A Common Stock and Series B Common Stock, and any series of Preferred Stock and any other class or series of securities of the Corporation hereafter established the holders of which are entitled to vote with the holders of the Series A Common Stock and Series B Common Stock generally upon all matters that may be submitted to a vote of stockholders.

Conversion Rights .

Each share of Series B Common Stock shall be convertible, at the option of the holder thereof, into one fully paid and non-assessable share of Series A Common Stock. Any such

Conversion may be effected by any holder of Series B Common Stock by surrendering such holder's certificate or certificates for the Series B Common Stock to be converted, duly signed, at the office of the Corporation or any transfer agent for the Series B Common Stock, together with a written notice to the Corporation at such office that such holder elects to convert all or a specified number of shares of Series B Common Stock represented by such certificate and stating the name or names in which such holder desires the certificate or certificates representing shares of Series A Common Stock to be issued and, if less than all of the shares of Series B Common Stock represented by one certificate are to be converted, the name or names in which such holder desires the certificate representing such remaining shares of Series B Common Stock to be issued. If so required by the Corporation, any certificate representing shares surrendered for conversion in accordance with this paragraph shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder of such shares or the duly authorized representative of such holder, and shall, if required by the last sentence of this Section A.2., be accompanied by payment, or evidence of payment, of applicable issue or transfer taxes. Promptly thereafter, the Corporation shall issue and deliver to such holder or such holder's nominee or nominees, a certificate or certificates representing the number of shares of Series A Common Stock to which such holder shall be entitled as herein provided. If less than all of the shares of Series B Common Stock represented by one certificate are to be converted, the Corporation shall issue and deliver to such holder or such holder's nominee or nominees a new certificate representing the shares of Series B Common Stock not converted. Such conversion shall be deemed to have been made at the close of business on the date of receipt by the Corporation or any such transfer agent of the certificate or certificates, notice and, if required, instruments of transfer and payment or evidence of payment of taxes referred to above, and the person or persons entitled to receive the Series A Common Stock issuable on such conversion shall be treated for all purposes as the record holder or holders of such Series A Common Stock on that date. A number of shares of Series A Common Stock equal to the number of shares of Series B Common Stock outstanding from time to time shall be set aside and reserved for issuance upon conversion of shares of Series B Common Stock. Shares of Series B Common Stock that have been converted hereunder shall become treasury shares that may be issued or retired by resolution of the Board of Directors. Shares of Series A Common Stock and shares of Series C Common Stock shall not be convertible into shares of any other series of Common Stock.

The Corporation shall pay any and all documentary, stamp or similar issue or transfer taxes that may be payable in respect of the issue or delivery of certificates representing shares of Series A Common Stock on conversion of shares of Series B Common Stock pursuant to this Section A.2. The Corporation shall not, however, be required to pay any tax that may be payable in respect of any issue or delivery of certificates representing any shares of Common Stock in a name other than that in which the shares of Series B Common Stock so converted were issued and no such issue or delivery shall be made unless and until the person requesting the same has paid to the Corporation the amount of any such tax or has established to the satisfaction of the Corporation that such tax has been paid.

Dividends Generally .

Whenever a dividend, other than a dividend that constitutes a Share Distribution, is paid to the holders of any series of Common Stock then outstanding, the Corporation shall also pay to the holders of each other series of Common Stock then outstanding an equal dividend per share. Dividends shall be payable only as and when declared by the Board of Directors out of assets of the Corporation legally available therefor. Whenever a Share Distribution is paid to the holders of any series of Common Stock then outstanding, the Corporation shall also pay a Share Distribution to the holders of each other series of Common Stock then outstanding, as provided in Section A.4. below. For purposes of this Section A.4. below, a "Share Distribution" shall mean a dividend or distribution (including a distribution made in connection with any dissolution, winding up or full or partial liquidation of the Corporation) payable in shares of any class or series of capital stock, Convertible Securities (as defined in Section A.4.) or other securities of the Corporation or any partnership, limited liability company, joint venture, trust, unincorporated association or other legal entity (all of the foregoing and any natural person, a "Person").

Share Distributions .

At any time a Share Distribution is to be made with respect to any series of Common Stock, such Share Distribution may be declared and paid only as follows:

(a) subject to Section A.4(c), a Share Distribution (i) consisting of shares of Series A Common Stock (or Convertible Securities that are convertible into, exchangeable for or evidence the right to purchase shares of Series A Common Stock) may be declared and paid to holders of Series A Common Stock, Series B Common Stock and Series C Common Stock, on an equal per share basis; or (ii) consisting of shares of Series B Common Stock (or Convertible Securities that are convertible into, exchangeable for or evidence the right to purchase shares of Series B Common Stock) may be declared and paid to holders of Series A Common Stock, Series B Common Stock and Series C Common Stock, on an equal per share basis; or (iii) consisting of shares of Series C Common Stock (or Convertible Securities that are convertible into, exchangeable for or evidence the right to purchase shares of Series C Common Stock) may be declared and paid to holders of Series A Common Stock, Series B Common Stock and Series C Common Stock, on an equal per share basis; or (iv) consisting of (x) shares of Series A Common Stock (or Convertible Securities that are convertible into, exchangeable for or evidence the right to purchase shares of Series A Common Stock) may be declared and paid to holders of Series A Common Stock, (y) shares of Series B Common Stock (or Convertible Securities that are convertible into, exchangeable for or evidence the right to purchase shares of Series B Common Stock) may be declared and paid to holders of Series B Common Stock and (z) shares of Series C Common Stock (or Convertible Securities that are convertible into, exchangeable for or evidence the right to purchase shares of Series C Common Stock) may be declared and paid to holders of Series C Common Stock, in each case on an equal per share basis; and

(b) subject to Section A.4(c), a Share Distribution consisting of any class or series of securities of the Corporation or any other Person other than Series A Common Stock

Series B Common Stock or Series C Common Stock (or Convertible Securities that are convertible into, exchangeable for or evidence the right to purchase shares of Series A Common Stock, Series B Common Stock or Series C Common Stock), may be declared and paid on the basis of a distribution of (i) identical securities, on an equal per share basis, to the holders of Series A Common Stock, Series B Common Stock and Series C Common Stock, (ii) separate classes or series of securities, on an equal per share basis, to the holders of each such series of Common Stock or (iii) a separate class or series of securities to the holders of one or more series of Common Stock and, on an equal per share basis, a different class or series of securities to the holders of all other series of Common Stock; *provided, that*, in connection with a Share Distribution pursuant to clause (ii) or clause (iii), the separate classes or series of securities distributed in such Share Distribution shall not differ in any respect (and, if the Share Distribution consists of Convertible Securities, the Underlying Securities with respect to such Convertible Securities shall not differ in any respect) other than their relative voting rights (and related differences in designation, conversion, redemption and Share Distribution provisions, as applicable), and (x) the holders of shares of Series B Common Stock shall receive in such Share Distribution securities of the class or series having (or convertible into, exchangeable for or evidencing the right to purchase securities having) the highest relative voting rights and the holders of shares of each other series of Common Stock then outstanding shall receive in such Share Distribution securities of a class or series having (or convertible into, exchangeable for or evidencing the right to purchase securities having) lesser relative voting rights, in each case without regard to whether such voting rights differ to a greater or lesser extent than corresponding differences in voting rights among the Series A Common Stock, the Series B Common Stock and the Series C Common Stock, and (y) in the event that any shares of the Series C Common Stock are outstanding and the securities to be received by the holders of shares of Series A Common Stock and Series C Common Stock consist of different classes or series of securities, then such classes or series of securities shall be distributed to the holders of each such series of Common Stock (A) as the Board of Directors determines or (B) such that the relative voting rights of the class or series of securities to be received by the holders of each such series of Common Stock in such Share Distribution (and, in the case of a Share Distribution of Convertible Securities, the Underlying Securities with respect thereto) corresponds to the extent practicable to the relative voting rights of each such series of Common Stock, as compared to the other series of such Common Stock.

As used herein, the term "Convertible Securities" means (x) any securities of the Corporation (other than any series of Common Stock) that are directly or indirectly convertible into, exchangeable for, or that evidence the right to purchase, directly or indirectly, securities of the Corporation or any other Person, whether upon conversion, exercise, exchange, pursuant to the provisions of such securities or otherwise, and (y) any securities of any other Person that are directly or indirectly convertible into or exchangeable for, or that evidence the right to purchase, directly or indirectly, securities of such Person or any other Person (including the Corporation), whether upon conversion, exercise, exchange, pursuant to anti-dilution provisions of such securities or otherwise. As used herein, the term "Underlying Securities" means, with respect to any class or series of Convertible Securities, each class or series of securities into which such Convertible Securities are directly or indirectly convertible, or for which such Convertible Securities are directly or indirectly exchangeable, or that such Convertible Securities evidence the right to purchase or otherwise receive, directly or indirectly.

(c) So long as any shares of Series B Common Stock are issued and outstanding, no Share Distribution of securities entitled to vote generally upon matters that may be submitted to a vote of security holders of the issuer thereof, whether consisting of any class or series of securities of the Corporation or any other Person (or Convertible Securities that are convertible into, exchangeable for or evidence the right to purchase such securities), may be declared or paid unless either (i) the terms of such Share Distribution have been consented to (at a meeting of stockholders of the Corporation or by written consent pursuant to Article VI, Section B of this Certificate) by the holders of at least 75% of the outstanding shares of Series B Common Stock, voting as a separate class (such consent of the holders of Series B Common Stock, a "Series B Consent") or (ii) the securities to be received by the holders of Series B Common Stock in such Share Distribution (and, if the Share Distribution consists of Convertible Securities, the Underlying Securities with respect thereto) at all times have voting power with respect to matters upon which security holders of the issuer thereof are generally entitled to vote per share or other unit ("Per Share Voting Power") of not less than ten times the Per Share Voting Power of the securities (and, if the Share Distribution consists of Convertible Securities, the Underlying Securities with respect thereto) to be received by the holders of each other series of Common Stock receiving securities having such voting power in such Share Distribution, if

Reclassification .

The Corporation shall not reclassify, subdivide or combine one series of Common Stock without reclassifying, subdividing or combining each other series of Common Stock, on an equal per share basis. Any such reclassification, subdivision or combination must also satisfy the requirements set forth in Article VII of this Certificate.

Liquidation and Dissolution .

In the event of a liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and liabilities of the Corporation and subject to the prior payment in full of the preferential amounts to which any series of Preferred Stock is entitled, the holders of shares of Series A Common Stock, the holders of shares of Series B Common Stock and the holders of shares of Series C Common Stock shall share equally, on a share for share basis, in the assets of the Corporation remaining after the distribution to the holders of Common Stock. Neither the consolidation or merger of the Corporation with or into any other Person or Persons nor the sale, transfer or lease of all or substantially all of the assets of the Corporation shall itself be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this paragraph 6.

SECTION B