Discovery Communications, Inc.
Form 424B3
August 12, 2009

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-160043

Subject to Completion, Dated August 12, 2009

PRELIMINARY PROSPECTUS SUPPLEMENT

(to prospectus dated June 17, 2009)

Discovery Communications, LLC
$
% Senior Notes due 2019
Unconditionally Guaranteed by
Discovery Communications, Inc.

The % Senior Notes due 2019 (the senior notes) will bear interest at the rate of % per year. Interest on the senior notes is payable on and of each year, beginning on , 2010. The senior notes will mature on , 2019.

We may redeem the senior notes in whole or in part at any time prior to their maturity at the redemption prices described in this prospectus supplement. If a Change of Control Triggering Event (as defined herein) occurs, we must offer to repurchase the senior notes at a redemption price equal to 101% of the principal amount, plus accrued and unpaid interest, if any, to the date of repurchase.

The senior notes will be unsecured and will rank equally with all our other unsecured senior indebtedness. The senior notes will be fully and unconditionally guaranteed on an unsecured and unsubordinated basis by Discovery Communications, Inc., our indirect parent company. The guarantee will rank equally with all other unsecured senior indebtedness of Discovery Communications, Inc.

Investing in the senior notes involves risks. See Risk factors beginning on page S-7.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Price to Public[(1)]	Underwriting Discounts and Commissions	Proceeds, Before Expenses
Per Senior Note	%	%	%
Total	$	$	$

(1) Plus any accrued interest, if any, from the date of original issuance.

The senior notes will not be listed on any securities exchange.

The underwriters expect to deliver the senior notes on or about August , 2009 through the book-entry system of The Depository Trust Company and its participants, including Clearstream Banking société anonyme and Euroclear Bank, S.A./N.V.

Joint Book-Running Managers

Citi		**J.P. Morgan**
BofA Merrill Lynch	**Credit Suisse**	**RBS**

, 2009

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we provide to you. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus or any free writing prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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Prospectus supplement

Prospectus

About this prospectus supplement

This prospectus supplement relates to a prospectus which is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or SEC, utilizing a shelf registration process. Under this shelf registration process, we may sell debt securities described in the accompanying prospectus in one or more offerings. The accompanying prospectus provides you with a general description of the debt securities we may offer. This prospectus supplement contains specific information about the terms of this offering. This prospectus supplement may add, update or change information contained in the accompanying prospectus. To the extent that information in this prospectus supplement is inconsistent with information in the accompanying prospectus, the information in this prospectus supplement replaces the information in the accompanying prospectus and you should rely on the information in this prospectus supplement. Generally, when we refer to the prospectus, we are referring to both parts of this document combined.

Except as the context otherwise requires, or as otherwise specified or used in this prospectus supplement or the accompanying prospectus, the terms we, our, us, and DCL refer to Discovery Communications, LLC; the terms Discovery and the Guarantor refer to Discovery Communications, Inc., together with its subsidiaries (unless the context requires otherwise); and the term DCH refers to Discovery Communications Holding, LLC. References in this prospectus supplement to U.S. dollars, U.S. $ or $ are to the currency of the United States of America.

The distribution of this prospectus supplement and the accompanying prospectus and the offering and sale of the senior notes in certain jurisdictions may be restricted by law. Persons who come into possession of this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

You should not consider any information in this prospectus supplement or the accompanying prospectus to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding the purchase of the senior notes. We are not making any representation to you regarding the legality of an investment in the senior notes by you under applicable investment or similar laws.

You should read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before making your investment decision.

Where you can find more information

Discovery files annual, quarterly and current reports, proxy statements and other information with the SEC. Its SEC filings are available to the public over the Internet at the SEC s website at http://www.sec.gov. Copies of certain information filed by Discovery with the SEC are also available on its website at http://www.discoverycommunications.com. Discovery s website is not a part of this prospectus supplement or the accompanying prospectus. You may also read and copy any document Discovery files at the SEC s public reference room, 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room.

The SEC allows Discovery to incorporate by reference the information Discovery files with the SEC into this prospectus supplement and the accompanying prospectus, which means that Discovery can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus, and information that Discovery files later with the SEC will automatically update and supersede the previously filed information. Discovery incorporates by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), other than any portions of the respective filings that were furnished, under applicable SEC rules, rather than filed, until the completion of the offering of the senior notes:

Annual Report on Form 10-K for the fiscal year ended December 31, 2008, filed on February 26, 2009 (other than the Selected Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations and Discovery s financial statements therein, which have been superseded by the Selected Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations and financial statements in the Current Report on Form 8-K filed on June 16, 2009);

Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009, filed on May 4, 2009 (other than the financial statements therein, which have been superseded by the financial statements in the Current Report on Form 8-K filed on June 16, 2009) and Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009, filed on August 4, 2009; and

Current Reports on Form 8-K filed on February 3, 2009, March 9, 2009, April 15, 2009, April 30, 2009, May 14, 2009, May 22, 2009, June 16, 2009, June 29, 2009 and July 17, 2009.

You may request a copy of these filings, at no cost, by writing or telephoning Discovery at the following address:

Discovery Communications, Inc.
One Discovery Place
Silver Spring, Maryland 20910
(240) 662-2000
Attn: Investor Relations

Exhibits to the filings will not be sent, however, unless those exhibits have specifically been incorporated by reference into such document.

Summary

The following summary highlights information contained elsewhere in this prospectus supplement. It may not contain all of the information that you should consider before investing in the senior notes. For a more complete discussion of the information you should consider before investing in the senior notes, you should carefully read this entire prospectus supplement and the accompanying prospectus and the documents incorporated by reference herein.

Discovery Communications, Inc.

Business Overview

Discovery is a leading global media and entertainment company that provides original and purchased programming across multiple distribution platforms in the United States and approximately 170 other countries, with over 100 television networks offering customized programming in 35 languages. Discovery develops and sells consumer and educational products and services as well as media sound services in the U.S. and internationally. In addition, Discovery owns and operates a diversified portfolio of website properties and other digital services. Discovery manages and reports its operations in three segments: (1) U.S. Networks, consisting principally of domestic cable and satellite television network programming, web brands, and other digital services; (2) International Networks, consisting principally of international cable and satellite television network programming; and (3) Commerce, Education, and Other, consisting principally of e-commerce, catalog, sound production, and domestic licensing businesses.

Discovery s media content spans from nonfiction genres including science, exploration, survival, natural history, sustainability of the environment, technology, anthropology, paleontology, history, space, archaeology, health and wellness, engineering, adventure, lifestyles and current events. This type of programming tends to be culturally neutral and maintains its relevance for an extended period of time. As a result, Discovery s content translates well across international borders and is made even more accessible through extensive use of dubbing and subtitles in local languages, as well as the creation of local programming tailored to individual market preferences.

Discovery s media content is designed to target key audience demographics and the popularity of Discovery s programming offers a compelling reason for advertisers to purchase commercial time on Discovery s channels. Discovery s audience ratings are a key driver in generating advertising revenue and creating demand on the part of cable television operators, direct-to-home or DTH satellite operators, telephone and communications companies, and other content distributors to deliver Discovery s programming to their customers.

In addition to growing distribution and advertising revenue for Discovery s branded channels, Discovery is focused on growing revenue across new distribution platforms, including brand-aligned, web properties, mobile devices, video-on-demand and broadband channels, which serve as additional outlets for advertising and affiliate sales, and provide promotional platforms for Discovery s television programming. Discovery also operates internet sites, such as HowStuffWorks.com, Treehugger.com, and Petfinder.com, providing supplemental news, information and entertainment content that are aligned with Discovery s television programming.

Company History

Discovery became a public company on September 17, 2008 in connection with Discovery Holding Company (DHC) and Advance/Newhouse Programming Partnership (Advance/Newhouse) combining their respective ownership interests in DCH and exchanging those interests with and into Discovery (the Newhouse Transaction). As a result of the Newhouse Transaction, Discovery became the successor reporting entity to DHC under the Exchange Act.

Discovery has three series of common stock, Series A, Series B, and Series C, which trade on the Nasdaq Global Select Market under the symbols DISCA, DISCB, and DISCK, respectively.

Discovery Communications, LLC

DCL is an indirect wholly-owned subsidiary of Discovery. Substantially all of the operations of Discovery are conducted through DCL. DCL was converted into a Delaware limited liability company on May 14, 2007.

DCL and Discovery s principal executive offices are located at One Discovery Place, Silver Spring, Maryland 20190, and the telephone number is (240) 662-2000.

Organizational structure

The following diagram illustrates, at a summary level, the ownership interests among Discovery, DCH, DCL and Advance/Newhouse subsequent to the Newhouse Transaction, as well as the material debt obligations of DCL and DCH as of June 30, 2009. As of June 30, 2009, Discovery had no outstanding indebtedness. The diagram is in general terms and does not include intermediate subsidiaries.

* Advance/Newhouse has a 331/3% interest in Discovery through its ownership of Discovery s preferred stock, which votes with Discovery s common stock on an as-converted basis, except for the election of common stock directors.

Risk factors

An investment in the senior notes involves certain risks. You should carefully consider the risks described in Risk Factors in this prospectus supplement, as well as other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus before making an investment decision.

The offering

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the senior notes, see Description of Senior Notes in this prospectus supplement and Description of Debt Securities in the accompanying prospectus.

Issuer	Discovery Communications, LLC
Guarantor	Discovery Communications, Inc.
Securities offered	$ in aggregate principal amount of % Senior Notes due 2019.
Stated maturity date	, 2019.
Interest rate	% per annum, accruing from , 2009.
Interest payment dates	Interest will be paid on and of each year to the holders of record on and , respectively. The first interest payment will be made on , 2010 to holders of record on , 2010.
Ranking of the senior notes	The senior notes will be DCL s unsecured senior obligations and will rank equally in right of payment with DCL s existing and future unsecured and unsubordinated indebtedness. The senior notes will be effectively subordinated to DCL s secured indebtedness to the extent of the value of the assets securing that debt and effectively subordinated to any indebtedness and other liabilities of DCL s subsidiaries. The senior notes will be senior in right of payment to all future subordinated indebtedness of DCL. As of June 30, 2009, on a pro forma basis after giving effect to the offering of the senior notes and the application of the estimated proceeds therefrom: DCL would have had approximately $ in aggregate principal amount of indebtedness outstanding that would have ranked equally in right of payment with the senior notes; DCL would have had no secured indebtedness outstanding; and DCL s subsidiaries would have had approximately $ in aggregate principal amount of indebtedness outstanding which the senior notes would have been effectively subordinated to.
Guarantee	All payments on the senior notes, including principal and interest (and premium, if any), will be fully and unconditionally guaranteed on an unsecured and unsubordinated basis by the Guarantor. The guarantee of the senior notes will rank equally in right of payment with all other existing and future unsecured and unsubordinated indebtedness of the Guarantor. The guarantee will

	be effectively subordinated to the Guarantor s secured indebtedness to the extent of the value of the assets securing that debt and effectively subordinated to any indebtedness and other liabilities of the Guarantor s subsidiaries. As of June 30, 2009, on a pro forma basis after giving effect to the offering of the senior notes and the application of the estimated proceeds therefrom: the Guarantor would have had no indebtedness outstanding; and the Guarantor s subsidiaries would have had approximately $ in aggregate principal amount of indebtedness outstanding (including approximately $ in aggregate principal amount of indebtedness of DCH secured by the membership interests of DCL), all of which would have been effectively senior to the guarantee of the senior notes.
Optional redemption	DCL may redeem the senior notes in whole or in part at any time prior to their maturity at the redemption prices described under Description of senior notes Optional redemption, plus any accrued and unpaid interest.
Change of control offer to repurchase	If a Change of Control Triggering Event (as defined herein) occurs, DCL must offer to repurchase the senior notes at a redemption price equal to 101% of the principal amount, plus accrued and unpaid interest, as described under Description of senior notes Change of control offer to repurchase.
Sinking fund	None.
Covenants	DCL will issue the senior notes under the indenture, dated as of , 2009, between DCL, the Guarantor and U.S. Bank National Association, as trustee. The indenture restricts, among other things, DCL s ability to: incur certain liens securing debt; enter into sale and leaseback transactions; and sell all or substantially all of its assets or merge or consolidate with or into other companies.
Trading	The senior notes are a new issue of securities with no established trading market. DCL does not intend to apply for listing of the senior notes on any securities exchange. The underwriters have advised DCL that they intend to make a market in the senior notes, but they are not obligated to do so and may discontinue their market-making activities at any time without notice. See Underwriting for more information about possible market-making activities by the underwriters.

Form and denomination	The senior notes will be issued in the form of one or more fully-registered global securities, without coupons, in denominations of $2,000 in principal amount and integral multiples of $1,000 in excess thereof. These global securities will be deposited with the trustee as custodian for, and registered in the name of, a nominee of The Depository Trust Company (DTC). Except in the limited circumstances described under Description of senior notes Book-entry; delivery and form, senior notes will not be issued in certificated form or exchanged for interests in global securities.
Use of proceeds	DCL will use the net proceeds of this offering to repay approximately $ million of indebtedness outstanding under its Term Loan A. The remaining net proceeds, if any, will be used for general corporate purposes. See Use of proceeds.
Trustee	U.S. Bank National Association.
Certain material U.S. federal tax considerations	You should consult your tax advisors concerning the U.S. federal income tax consequences of owning the senior notes in light of your own specific situation, as well as consequences arising under the laws of any other taxing jurisdiction. See Certain material U.S. federal tax considerations.
Governing law	The indenture and the senior notes will be governed by the laws of the State of New York.
Further issues	DCL may from time to time, without notice to or consent of the registered holders of this series of senior notes, create and issue additional senior notes, which may include senior notes of the same series, ranking equally and ratably with the senior notes in all respects.

Risk factors

An investment in the senior notes involves risks. You should carefully consider the following risks, as well as the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. In particular, you should carefully consider the risks and uncertainties included in Item 1A, Risk Factors, of Discovery s Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and Forward-Looking Statements in the accompanying prospectus. If any of the following risks actually occurs, DCL s and Discovery s businesses, and your investment in the senior notes, could be negatively affected. These risks and uncertainties are not the only ones they face. Additional risks and uncertainties not presently known to DCL or Discovery, or that they currently deem immaterial, may also materially and adversely affect their business operations, results of operations, financial condition or prospects. If any of these risks materialized, our ability to pay interest on the senior notes when due or to repay the senior notes at maturity could be adversely affected, and the trading price of the senior notes could decline substantially.

The senior notes will be unsecured and, therefore, will be effectively subordinated to any secured debt of DCL. In addition, the senior notes will be guaranteed on an unsecured basis by Discovery, and therefore, the guarantee will be effectively subordinated to the secured debt of Discovery.

The senior notes will not be secured by DCL s assets, and Discovery s guarantee of the senior notes will not be secured by any of Discovery s assets. As a result, the senior notes and the guarantee are effectively subordinated to any secured debt of DCL and Discovery, respectively, in each case to the extent of the value of the assets securing such debt. In any liquidation, dissolution, bankruptcy or other similar proceeding involving DCL, the holders of any secured debt of DCL may assert rights against DCL s secured assets in order to receive full payment of their debt before the assets may be used to pay the holders of the senior notes. Similarly, in any liquidation, dissolution, bankruptcy or other similar proceeding involving Discovery, the holders of any secured debt of Discovery may assert their rights against Discovery s secured assets in order to receive full payment of their debt before Discovery s assets may be used to make payments to the holders of the senior notes under the guarantee. As of June 30, 2009, on a pro forma basis after giving effect to the offering of the senior notes and the application of the estimated proceeds therefrom, neither DCL nor Discovery had any secured debt outstanding. See Description of senior notes Ranking.

DCL conducts a substantial amount of its operations, and Discovery conducts all of its operations, through subsidiaries. DCL and Discovery may be limited in their ability to access funds from their subsidiaries to service their debt, including the senior notes. In addition, the senior notes will not be guaranteed by the subsidiaries of DCL or Discovery.

DCL conducts a substantial amount of its operations, and Discovery conducts all of its operations, through subsidiaries. Accordingly, they depend on their subsidiaries earnings and advances or loans made by the subsidiaries to them (and potentially dividends or distributions by the subsidiaries to them) to provide funds necessary to meet their obligations, including the payments of principal, premium, if any, and interest on the senior notes. If DCL and Discovery are unable to access the cash flows of their subsidiaries, they would be unable to meet their debt obligations.

The subsidiaries of DCL and Discovery are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on the senior notes or to make funds available to them to do so. In addition, the ability of the subsidiaries of DCL and Discovery to pay dividends or otherwise transfer assets to them is subject to various restrictions under applicable law and limitations under contractual obligations. In the event of a bankruptcy, liquidation or reorganization of any of DCL s or Discovery s subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to DCL or Discovery. In addition, the indenture allows DCL and Discovery to create new subsidiaries and invest in their subsidiaries, all of whose assets you will not have any claim against.

The senior notes will be effectively subordinated to the existing and future liabilities of DCL s subsidiaries, and the guarantee will be effectively subordinated to the existing and future liabilities of Discovery s subsidiaries.

DCL s and Discovery s equity interests in their respective subsidiaries are subordinated to any debt and other liabilities and commitments of their respective subsidiaries to the extent of the value of the assets of such subsidiaries, whether or not secured. As a result, DCL and Discovery may not have direct access to the assets of their respective subsidiaries unless those assets are transferred by dividend or otherwise to them. DCL s right to receive assets of any of its subsidiaries upon their bankruptcy, liquidation or reorganization, and therefore the right of the holders of the senior notes to participate in those assets, will be effectively subordinated to the claims of creditors of DCL s subsidiaries. Similarly, Discovery s right to receive assets of any of its subsidiaries upon their bankruptcy, liquidation or reorganization will be effectively subordinated to the claims of creditors of Discovery s subsidiaries. As a result, Discovery s obligations under the guarantee may only be satisfied with the remaining assets of its subsidiaries after creditors claims against such subsidiaries assets have been satisfied. In addition, even if DCL or Discovery were creditors of any of their respective subsidiaries, their rights as creditors would be subordinated to any security interest in the assets of their respective subsidiaries, and any debt of their respective subsidiaries secured by those assets would be senior to that held by them. As of June 30, 2009, on a pro forma basis after giving effect to the offering of the senior notes and the application of the estimated proceeds therefrom, DCL s subsidiaries would have had approximately $ of indebtedness outstanding, and Discovery s subsidiaries would have had approximately $ of indebtedness outstanding. See Description of senior notes Ranking.

An active trading market for the senior notes may not develop.

The senior notes are a new issue of securities with no established trading market, and DCL does not intend to list them on any securities exchange. DCL has been informed by the underwriters that they intend to make a market in the senior notes after the offering is completed. However, the underwriters are not obligated to do so and may discontinue their market-making activities at any time without notice. In addition, the liquidity of the trading market in the senior notes, and the market price quoted for the senior notes, may be adversely affected by changes in the overall market for fixed income securities and by changes in DCL s financial performance or prospects or in the prospects for companies in its industry generally. In addition, such market-making activity will be subject to limits imposed by the Securities Act of 1933, as amended (the Securities Act), and the Exchange Act. As a result, there can be no assurance

that an active trading market will develop for the senior notes. If no active trading market develops, you may not be able to resell your senior notes at their fair market value or at all.

Changes in our credit ratings or the debt markets could adversely affect the trading price of the senior notes.

The trading price for the senior notes will depend on many factors, including:

- our credit ratings with major credit rating agencies;
- the prevailing interest rates being paid by other companies similar to us;
- our financial condition, financial performance and future prospects; and
- the overall condition of the financial markets.

The condition of the financial markets and prevailing interest rates have fluctuated significantly in the past and are likely to fluctuate in the future. Such fluctuations could have an adverse effect on the trading price of the senior notes.

In addition, credit rating agencies continually review their ratings for the companies that they follow, including us. A negative change in our rating could have an adverse effect on the trading price of the senior notes.

The senior notes do not restrict our ability to incur additional debt, repurchase our securities or to take other actions that could negatively impact our ability to pay our obligations under the senior notes.

We are not restricted under the terms of the senior notes from incurring additional debt or repurchasing our securities. In addition, the limited covenants applicable to the senior notes do not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations. Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the senior notes could have the effect of diminishing our ability to make payments on the senior notes when due.

We may not be able to repurchase all of the senior notes upon a change of control, which would result in a default under the senior notes.

Upon the occurrence of a Change of Control Triggering Event (as defined herein), unless we have exercised our right to redeem the senior notes, each holder of senior notes will have the right to require us to repurchase all or any part of such holder s senior notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. If we experience a Change of Control Triggering Event, there can be no assurance that we would have sufficient financial resources available to satisfy our obligations to repurchase the senior notes. In addition, our ability to repurchase the senior notes for cash may be limited by law, or by the terms of other agreements relating to our indebtedness outstanding at that time. Our failure to repurchase the senior notes as required under the indenture governing the senior notes would result in a default under the indenture, which could have material adverse consequences for us and for holders of the senior notes. See Description of senior notes Change of control offer to repurchase.

Ratio of earnings to fixed charges[1]

(Dollars in Millions)

The following table sets forth Discovery s ratio of earnings to fixed charges for the periods indicated.

	For the six months ended June 30, 2009	For the year ended December 31,				
		2008	2007	2006	2005	2004
		(recast)[2]				
Ratio of earnings (loss) to fixed charges[3]	5.7x	3.7x	1.0x			1.0x
Deficiency				$ 11	$ 8	

(1) The results for the years prior to 2008 reflect only the results of Discovery s predecessor, DHC.

(2) The 2008 results have been recast to reflect the adoption of Financial Accounting Standards Board Statement No. 160,
Non-controlling Interests in Consolidated Financial Statements, an Amendment of ARB No. 51 (FAS 160). The adoption of FAS 160 did not impact the financial information prior to 2008 as there were no non-controlling interests in DHC prior to the Newhouse Transaction. For more information, please see Discovery s Current Report on Form 8-K filed on June 16, 2009.

(3) For purposes of calculating the ratios above, earnings consist of net income from continuing operations plus provision for income taxes, (earnings) loss of equity investees, distributions of income from equity investees and fixed charges. Fixed charges include interest expense and the interest portion of rent expense which is deemed to be representative of the interest factor.

Use of proceeds

DCL expects the net proceeds from this offering of senior notes to be approximately $ million after deducting the underwriting discount and its estimated expenses related to the offering. DCL will use the net proceeds of this offering to repay approximately $ million of indebtedness outstanding under its Term Loan A, prior to final maturity on October 31, 2010. For the six months ended June 30, 2009, the weighted average interest rate was 1.73% under Term Loan A. The remaining net proceeds, if any, will be used for general corporate purposes.

Affiliates of certain of the underwriters are lenders and agents under Term Loan A. Because more than 10% of the net proceeds of this offering may be paid to affiliates of the underwriters, this offering will be made in compliance with Rule 5110(h) of the Financial Industry Regulatory Authority.

Capitalization

The following table sets forth Discovery s capitalization as of June 30, 2009 on a historical basis and as adjusted to give effect to the sale of the senior notes offered hereby and the application of the estimated proceeds from the sale of the senior notes as described in Use of proceeds, after deducting the underwriting discount, but before deducting the amount of estimated offering expenses. You should read this table in conjunction with the information contained in Discovery s Management s Discussion and Analysis of Financial Condition and Results of Operations and Discovery s consolidated financial statements and related notes in Discovery s filings incorporated by reference into this prospectus.

(Amounts in millions, except par values)	As of June 30, 2009 Actual	As adjusted
Cash and cash equivalents	$ 339	$ (1)
Debt:		
$1.0 billion Term Loan A, due quarterly December 2008 to October 2010	$ 428	$ (2)
$1.5 billion Term Loan B, due quarterly September 2007 to May 2014	1,470	1,470
$500 million Term Loan C, due quarterly June 2009 to May 2014	499	499
7.45% Senior Notes, semi-annual interest, due September 2009	55	55
8.37% Senior Notes, semi-annual interest, due March 2011	220	220
8.13% Senior Notes, semi-annual interest, due September 2012	235	235
Floating Rate Senior Notes, semi-annual interest, due December 2012	90	90
6.01% Senior Notes, semi-annual interest, due December 2015	390	390
% Senior Notes due 2019 offered hereby		(3)
Obligations under capital leases	98	98
Other notes payable	1	1
Unamortized discount	(12)	(12)
Total debt, net	3,474	
Redeemable non-controlling interests in subsidiaries	49	49(4)
Equity:		
Series A preferred stock, $0.01 par value; authorized 75 shares; issued and outstanding 71 shares	1	1
Series C preferred stock, $0.01 par value; authorized 75 shares; issued and outstanding 71 shares	1	1
Series A common stock, $0.01 par value; authorized 1,700 shares; issued and outstanding 134 shares	1	1
Series B common stock, $0.01 par value; authorized 100 shares; issued and outstanding 7 shares		
Series C common stock, $0.01 par value; authorized 2,000 shares; issued and outstanding 141 shares	2	2

Additional paid-in capital	6,555	6,555
Accumulated deficit	(632)	(632)
Accumulated other comprehensive loss	(25)	(25)
Equity attributable to Discovery Communications, Inc.	5,903	5,903
Equity attributable to non-controlling interests	15	15
Total equity	5,918	5,918
Total capitalization	$ 9,441	$

(1) As-adjusted cash and cash equivalents reflects actual cash and cash equivalents as of June 30, 2009, plus the amount of proceeds (net of underwriting discount) received from this offering after the use of proceeds to repay the outstanding balance of Term Loan A, but before the payment of estimated offering expenses.

(2) Reflects the planned extinguishment of Term Loan A as described under Use of proceeds in this prospectus.

(3) Reflects the issuance of the senior notes offered in this prospectus.

(4) Redeemable non-controlling interests in subsidiaries represent accrued amounts for put rights held by a joint venture partner for certain of our joint ventures. For more information, refer to Discovery s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2009 incorporated by reference herein.

Description of senior notes

We will issue the senior notes under the indenture, dated as of August , 2009, between us, the Guarantor and U.S. Bank National Association, as trustee. Because this is a summary, it does not contain all the information that may be important to you. The following description of specific terms of the senior notes is qualified in its entirety by reference to the provisions of the indenture, including the definitions of certain terms contained therein and those terms made part of the indenture by reference to the Trust Indenture Act of 1939, as amended (the Trust Indenture Act). Capitalized and other terms not otherwise defined in this prospectus supplement have the meanings given to them in the indenture. As used in this Description of senior notes, we, our, us, and DCL refers to Discovery Communications, LLC, and the Guarantor refers to Discovery Communications, Inc. Such terms do not, unless the context otherwise indicates, include the subsidiaries of such entities. The indenture is an exhibit to the registration statement of which the prospectus attached to this prospectus supplement is part. The terms of the senior notes include those stated in the indenture and those which are made a part of the indenture by the Trust Indenture Act. A copy of the indenture is available for inspection at the office of the trustee.

The senior notes will be issued in an initial aggregate principal amount of $ million. The senior notes will be issued only in registered form, without coupons, in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

General

The specific terms of the senior notes are set forth below:

Title: % Senior Notes due 2019.

Initial principal amount being issued: $.

Stated maturity date: , 2019.

Interest rate: % per annum.

Date interest starts accruing: , 2009.

Interest payment dates: and .

First interest payment date: , 2010.

Regular record dates for interest: and .

Computation of interest: Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Form of senior notes: The senior notes will be in the form of one or more global senior notes that we will deposit with or on behalf of DTC.

Sinking fund: The senior notes will not be subject to any sinking fund.

Ranking: The senior notes will constitute a series of our unsecured and unsubordinated senior debt securities, ranking equally and ratably with each other and any other unsecured and unsubordinated debt of ours. See Ranking below.

Guarantee: Payment of the principal of (and premium, if any, on) and interest on the senior notes, and all other amounts due under the indenture, will be unconditionally guaranteed on an unsecured and unsubordinated basis by the Guarantor. See Guarantee below.

Ranking

The senior notes will be unsecured senior obligations of DCL and, as such, will rank equally and ratably in right of payment with all other existing and future unsecured and unsubordinated indebtedness of DCL and senior in right of payment to all future subordinated indebtedness of DCL. Because the senior notes will not be secured, they will be effectively subordinated to any future secured indebtedness of DCL to the extent of the value of the collateral securing that indebtedness. The senior notes will also be effectively subordinated to any indebtedness and other liabilities of the subsidiaries of DCL.

As of June 30, 2009, on a pro forma basis after giving effect to the offering of the senior notes and the application of the estimated proceeds therefrom, DCL would have had approximately $ in aggregate principal amount of indebtedness outstanding that would have ranked equally and ratably in right of payment with the senior notes and DCL would have had no secured indebtedness outstanding, and DCL s subsidiaries would have had approximately $ in aggregate principal amount of indebtedness outstanding, which the senior notes would have been effectively subordinated to. See Capitalization and Use of proceeds in this prospectus supplement.

Guarantee

Payment of the principal of (and premium, if any, on) and interest on the senior notes, and all other amounts due under the indenture, will be fully and unconditionally guaranteed on an unsecured and unsubordinated basis by the Guarantor. The guarantee of the senior notes will rank equally and ratably in right of payment with all other existing and future unsecured and unsubordinated indebtedness of the Guarantor, and senior in right of payment to all future subordinated indebtedness of the Guarantor. Because the guarantee of the senior notes will not be secured, it will be effectively subordinated to any existing and future secured indebtedness of the Guarantor to the extent of the value of the collateral securing that indebtedness. The guarantee will also be effectively subordinated to any indebtedness and other liabilities of the subsidiaries of the Guarantor.

As of June 30, 2009, on a pro forma basis after giving effect to the offering of the senior notes and the application of the estimated proceeds therefrom, the Guarantor would have had no indebtedness outstanding, and the Guarantor s subsidiaries would have had approximately $ in aggregate principal amount of indebtedness outstanding (including approximately $ in aggregate principal amount of indebtedness of DCH secured by the membership interests of DCL), all of which would have been effectively senior to the guarantee of the senior notes. See Capitalization and Use of proceeds in this prospectus supplement.

Further issues

We may from time to time, without notice to or the consent of the registered holders of the senior notes, create and issue additional senior notes ranking equally and ratably with the senior notes in all respects (or in all respects except for the payment of interest accruing prior to the issue date of such additional senior notes or except for the first payment of interest

following the issue date of such additional senior notes), so that such additional senior notes will be consolidated and form a single series with the senior notes offered hereby and will have the same terms as to status, redemption or otherwise as the senior notes.

Optional redemption

The senior notes will be redeemable, in whole or in part, at the option of DCL at any time and from time to time at a redemption price equal to the greater of (i) 100% of the principal amount of the senior notes to be redeemed, and (ii) as determined by the Quotation Agent (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on the senior notes to be redeemed (not including any portion of such payments of interest accrued as of the date of redemption) discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined below) plus basis points plus, in each case, accrued interest on the principal amount being redeemed to the date of redemption.

Adjusted Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Comparable Treasury Issue means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the senior notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such senior notes.

Comparable Treasury Price means, with respect to any redemption date, (i) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) if the trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

Quotation Agent means the Reference Treasury Dealer appointed by DCL.

Reference Treasury Dealer means (i) each of Citigroup Global Markets Inc., J.P. Morgan Securities Inc. and their respective successors; provided, however, that if any of foregoing ceases to be a primary U.S. Government securities dealer in New York City (a Primary Treasury Dealer), DCL will substitute therefor another Primary Treasury Dealer; and (ii) any other Primary Treasury Dealers selected by DCL.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of the senior notes to be redeemed. Unless DCL defaults in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the senior notes or portions thereof called for redemption.

Change of control offer to repurchase

If a Change of Control Triggering Event occurs, unless we have exercised our right to redeem the senior notes as described under Optional redemption, holders of senior notes will have the right to require us to repurchase all or a portion of their senior notes pursuant to the offer described below (the Change of Control Offer), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase, subject to the rights of holders of senior notes on the relevant record date to receive interest due on the relevant interest payment date.

Within 30 days following the date upon which the Change of Control Triggering Event occurred, or at our option, prior to any Change of Control but after the public announcement of the pending Change of Control, we will be required to send, by first class mail, a notice to holders of senior notes, with a copy to the trustee, which notice will govern the terms of the Change of Control Offer. Such notice will state, among other things, the repurchase date, which must be no earlier than 30 days nor later than 60 days from the date such notice is mailed, other than as may be required by law (the Change of Control Payment Date). The notice, if mailed prior to the date of consummation of the Change of Control, may state that the Change of Control Offer is conditioned on the Change of Control being consummated on or prior to the Change of Control Payment Date. Holders of senior notes electing to have senior notes repurchased pursuant to a Change of Control Offer will be required to surrender their senior notes, with the form entitled Option of Holder to Elect Purchase on the reverse of the senior note completed, to the paying agent at the address specified in the notice, or transfer their senior notes to the paying agent by book-entry transfer pursuant to the applicable procedures of the paying agent, prior to the close of business on the third business day prior to the Change of Control Payment Date.

We will not be required to make a Change of Control Offer if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by us and such third party purchases all senior notes properly tendered and not withdrawn under its offer.

We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the senior notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any such securities laws or regulations conflict with the Change of Control Offer provisions of the senior notes, we will comply with those securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Offer provisions of the senior notes by virtue of any such conflict.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of the assets of the Guarantor and its subsidiaries, or DCL and its subsidiaries, taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise, established definition of the phrase under applicable law. Accordingly, the ability of a holder of senior notes to require us to repurchase the senior notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Guarantor and its subsidiaries, or DCL and its subsidiaries, taken as a whole, to another person (as that term is used in Section 13(d)(3) of the Exchange Act) may be uncertain.

For purposes of the Change of Control Offer discussion above, the following definitions are applicable:

Below Investment Grade Rating Event with respect to the senior notes means that such senior notes become rated below Investment Grade by each Rating Agency on any date from the date of the public notice by the Guarantor or DCL of an arrangement that results in a Change of Control until the end of the 60-day period following public notice by the Guarantor or DCL of the occurrence of a Change of Control (which period will be extended so long as the rating of such senior notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies); provided, however, that a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating will not be deemed to have occurred in respect of a particular Change of Control (and thus will not be deemed a Below Investment Grade Rating Event for purposes of the definition of Change of Control Triggering Event), if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control has occurred at the time of the Below Investment Grade Rating Event).

Change of Control means the occurrence of any one of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Guarantor and its subsidiaries, or DCL and its subsidiaries, taken as a whole, to any person (as that term is used in Section 13(d)(3) of the Exchange Act) other than to the Guarantor or one of its subsidiaries;

(2) the consummation of any transaction (including without limitation, any merger or consolidation) the result of which is that any person (as that term is used in Section 13(d)(3) of the Exchange Act) other than any Significant Shareholder or any combination of Significant Shareholders becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock of the Guarantor or DCL, measured by voting power rather than number of shares;

(3) the consummation of a so-called going private/Rule 13e-3 Transaction that results in any of the effects described in paragraph (a)(3)(ii) of Rule 13e-3 under the Exchange Act (or any successor provision) with respect to each class of the Guarantor s common stock, following which any Significant Shareholder or any combination of Significant Shareholders beneficially own (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, more than 50% of the outstanding Voting Stock of the Guarantor or DCL, measured by voting power rather than number of shares;

(4) the first day on which the majority of the members of the board of directors of the Guarantor cease to be Continuing Directors; or

(5) the adoption of a plan relating to the liquidation, dissolution or winding up of the Guarantor.

Change of Control Triggering Event means the occurrence of both a Change of Control and a Below Investment Grade Rating Event. Notwithstanding the foregoing, no Change of Control

Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

Continuing Director means, as of any date of determination, any member of the board of directors (or equivalent body) of the Guarantor who:

(1) was a member of such board of directors on the date of the issuance of the senior notes; or

(2) was nominated for election, elected or appointed to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination, election or appointment (either by a specific vote or by approval of our proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

DCL means Discovery Communications, LLC and any successor thereto permitted under the indenture.

Fitch means Fitch Ratings Ltd., and its successors.

Guarantor means Discovery Communications, Inc. and any successor thereto permitted under the indenture.

Investment Grade means a rating of BBB− or better by S&P (or its equivalent under any successor rating category of S&P), a rating of Baa3 or better by Moody s (or its equivalent under any successor rating category of Moody s) and a rating of BBB− or better by Fitch (or its equivalent under any successor rating category of Fitch).

Moody s means Moody s Investors Service, Inc., and its successors.

Rating Agency means (1) each of S&P, Moody s and Fitch; and (2) if any of S&P, Moody s or Fitch ceases to rate the senior notes or fails to make a rating of the senior notes publicly available for reasons outside of DCL s control, a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by us (as certified by a resolution of the board of directors of the Guarantor and reasonably acceptable to the trustee) as a replacement agency for S&P, Moody s or Fitch, or all of them, as the case may be.

S&P means Standard & Poor s Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

Significant Shareholder means each of (a) Advance/Newhouse Programming Partnership, (b) the Guarantor or any of its subsidiaries and (c) any other person (as that term is used in Section 13(d)(3) of the Exchange Act) if 50% or more of the Voting Stock of such person is beneficially owned (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, by Advance/Newhouse Programming Partnership or the Guarantor or one of its subsidiaries or any combination thereof.

Voting Stock of any specified person as of any date means any and all shares or equity interests (however designated) of such person that are at the time entitled to vote generally in the election of the board of directors, managers or trustees of such person, as applicable.

Certain covenants

The indenture does not contain any provisions that would limit our ability to incur indebtedness or that would afford holders of senior notes protection in the event of a sudden and significant decline in the credit quality of the Guarantor or DCL or a takeover, recapitalization or highly leveraged or similar transaction involving the Guarantor or DCL.

Limitation on liens

DCL will not, and will not permit any subsidiary to, create, incur, assume or permit to exist any lien on any property or asset, to secure any debt of DCL, any subsidiary or any other person, or permit any subsidiary to do so, without securing the senior notes equally and ratably with such debt for so long as such debt will be so secured, subject to certain exceptions. Exceptions include:

liens existing on the date of this prospectus supplement;

liens on assets or property of a person at the time it becomes a subsidiary securing only indebtedness of such person or liens existing on assets or property at the time of the acquisition of such assets, provided such indebtedness was not incurred or such liens were not created in connection with such person becoming a subsidiary or such assets being acquired;

liens on assets created at the time of or within 12 months after the acquisition, purchase, lease, improvement or development of such assets to secure all or a portion of the purchase price or lease for, or the costs of improvement or development of, such assets;

liens to secure any extension, renewal, refinancing or refunding (or successive extensions, renewals, refinancings or refundings), in whole or in part, of any indebtedness secured by liens referred to above or liens created in connection with any amendment, consent or waiver relating to such indebtedness, so long as such lien does not extend to any other property and the amount of debt secured is not increased (other than by the amount equal to any costs and expenses incurred in connection with any extension, renewal, refinancing or refunding);

liens on property incurred in permitted sale and leaseback transactions;

liens in favor of only the Guarantor, DCL or one or more subsidiaries granted by DCL or a subsidiary to secure any obligations owed to the Guarantor, DCL or a subsidiary of the Guarantor;

carriers , warehousemen s, mechanics , materialmen s, repairmen s, laborers , landlords and similar liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than 90 days or that are being contested in good faith by appropriate proceedings;

pledges or deposits in the ordinary course of business in connection with workers compensation, unemployment insurance and other social security legislation, other than any lien imposed by ERISA;

deposits to secure the performance of bids, trade contracts and leases, statutory obligations, surety bonds (other than bonds related to judgments or litigation), performance bonds and other obligations of a like nature incurred in the ordinary course of business;

liens arising out of a judgment, decree or order of court being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Guarantor, DCL or the books of their subsidiaries, as the case may be, in conformity with GAAP;

liens for taxes not yet due and payable, or being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Guarantor, DCL or the books of their subsidiaries, as the case may be, in conformity with GAAP;

easements, rights of way, restrictions and similar liens affecting real property incurred in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of business of the Guarantor, DCL or of such subsidiary;

liens securing reimbursement obligations with respect to letters of credit related to trade payables and issued in the ordinary course of business, which liens encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

liens encumbering customary initial deposits and margin deposits and other liens in the ordinary course of business, in each case securing indebtedness under any interest swap obligations and currency agreements and forward contract, option, futures contracts, futures options or similar agreements or arrangements designed to protect the Guarantor or any of its subsidiaries from fluctuations in interest rates or currencies;

liens in the nature of voting, equity transfer, redemptive rights or similar terms under any such agreement or other term customarily found in such agreements, in each case, encumbering DCL s or such subsidiary s equity interests or other investments in such subsidiary or other person;

liens created in favor of a producer or supplier of television programming or films over distribution revenues and/or distribution rights which are allocable to such producer or supplier under related distribution arrangements; or

liens otherwise prohibited by this covenant, securing indebtedness which, together with the value of attributable debt incurred in sale and leaseback transactions described under Limitation on sale and leasebacks below, do not at any time exceed 10% of the Guarantor s total consolidated assets.

Limitation on sale and leasebacks

DCL will not, and will not permit any subsidiary to, enter into any arrangement with any person pursuant to which DCL or any subsidiary leases any property that has been or is to be sold or transferred by DCL or the subsidiary to such person (a sale and leaseback transaction), except that a sale and leaseback transaction is permitted if DCL or such subsidiary would be entitled to secure the property to be leased (without equally and ratably securing the outstanding senior notes) in an amount equal to the present value of the lease payments with respect to the term of the lease remaining on the date as of which the amount is being determined, discounted at the rate of interest set forth or implicit in the terms of the lease, compounded semi-annually (such amount is referred to as the attributable debt).

In addition, permitted sale and leaseback transactions not subject to the limitation above and the provisions described in Limitation on liens above include:

temporary leases for a term, including renewals at the option of the lessee, of not more than three years;

leases between only DCL and a subsidiary of DCL or only between subsidiaries of DCL; and

leases of property executed by the time of, or within 12 months after the latest of, the acquisition, the completion of construction or improvement, or the commencement of commercial operation of the property.

Notwithstanding the foregoing, a sale and leaseback transaction regarding the real property in Silver Spring, Maryland and DCL s headquarters building located on such property will not be subject to the limitations described above and the provisions described in Limitation on liens.

Consolidation, merger and sale of assets

Neither DCL nor the Guarantor may consolidate or merge with or into, or sell, lease, convey, transfer or otherwise dispose of its property and assets substantially as an entirety to another entity unless:

(1) DCL or the Guarantor is the surviving entity, as applicable, or (2) the successor entity, if other than DCL or the Guarantor is a U.S. corporation, partnership, limited liability company or trust and assumes by supplemental indenture all of DCL s or the Guarantor s obligations, as applicable, under the senior notes or the guarantee, respectively, and the indenture;

immediately after giving effect to the transaction, no Event of Default (as defined below), and no event that, after notice or lapse of time or both, would become an Event of Default, has occurred and is continuing; and

if, as a result of any consolidation, merger, sale or lease, conveyance or transfer described in this covenant, properties or assets of DCL or the Guarantor or any of its subsidiaries would become subject to any lien that would not be permitted by the lien restriction described above without equally and ratably securing the senior notes, DCL or the Guarantor or such successor entity, as the case may be, will take the steps as are necessary to secure effectively the senior notes equally and ratably with, or prior to, all indebtedness secured by those liens as described above.

In connection with any transaction that is covered by this covenant, we must deliver to the trustee an officers certificate and an opinion of counsel each stating that the transaction complies with the terms of the indenture.

In the case of any such consolidation, merger, sale, transfer or other conveyance, but not a lease, in a transaction in which there is a successor entity to DCL or the Guarantor, the successor entity will succeed to, and be substituted for, DCL or the Guarantor, respectively, under the indenture and DCL or the Guarantor, respectively, will be released from its obligations under the senior notes or the guarantee, as applicable, and the indenture.

Events of default

Any one of the following is an Event of Default :

if DCL defaults in the payment of interest on the senior notes, and such default continues for 30 days;

if DCL defaults in the payment of the principal or any premium on the senior notes when due by declaration, when called for redemption or otherwise;

if either the Guarantor or DCL fails to perform or breaches any covenant or warranty in the senior notes or in the indenture and applicable to the senior notes or guarantee continuing for 90 days after notice to DCL by the trustee or by holders of at least 25% in principal amount of the outstanding senior notes;

if certain events of bankruptcy or insolvency occur with respect to DCL or the Guarantor (the bankruptcy provision);

the guarantee ceases to be in full force and effect (except as contemplated by the terms of the indenture) or is declared null and void in a judicial proceeding or the Guarantor denies or disaffirms its obligations under the indenture or the guarantee; and

default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by the Guarantor, DCL or any of their subsidiaries (or the payment of which is guaranteed by the Guarantor, DCL or any of their subsidiaries), whether such indebtedness or guarantee now exists, or is created after the date of this prospectus supplement, if that default:

is caused by a failure to pay principal on such indebtedness at its stated final maturity (after giving effect to any applicable grace periods provided in such indebtedness) (a Payment Default); or

results in the acceleration of such indebtedness prior to its express maturity (an Acceleration Event),

and (i) in each case, the principal amount of any such indebtedness, together with the principal amount of any other such indebtedness under which there has been a Payment Default or an Acceleration Event, aggregates $100 million or more and (ii) in the case of a Payment Default, such indebtedness is not discharged and, in the case of an Acceleration Event, such acceleration is not rescinded or annulled, within 10 days after written notice has been given by the Trustee or the holders of at least 25% in principal amount of all of the outstanding senior notes.

If an Event of Default (other than the bankruptcy provision) with respect to the senior notes occurs and is continuing, the trustee or the holders of at least 25% in principal amount of all of the outstanding senior notes may declare the principal of all the senior notes to be due and payable. When such declaration is made, such principal will be immediately due and payable. If a bankruptcy or insolvency event occurs, the principal of and accrued and unpaid interest on the senior notes will immediately become due and payable without any declaration or other act on the part of the trustee or the holders of the senior notes. The holders of a majority in principal amount of senior notes may rescind such declaration or acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing

events of default have been cured or waived (other than nonpayment of principal or interest that has become due solely as a result of acceleration).

Holders of senior notes may not enforce the indenture or the senior notes, except as provided in the indenture. The trustee may require indemnity satisfactory to it before it enforces the indenture or the senior notes. Subject to certain limitations, the holders of more than 50% in principal amount of the outstanding senior notes may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power of the trustee. The trustee may withhold from holders notice of any continuing default (except a default in the payment of principal or interest) if it determines that withholding notice is in their interests.

Amendment and waiver

In addition to the circumstances described under Description of Debt Securities Certain Terms of the Senior Debt Securities Modification and Waiver in the accompanying prospectus, without the consent of the holder of each senior note affected thereby, an amendment or modification of, or waiver of any provision contained in, the indenture may not:

- reduce the amount payable upon the repurchase of any senior note or change the time at which any senior note may be repurchased as described under Change of control offer to repurchase, whether through an amendment or waiver of provisions in the covenants, definitions or otherwise; or

- make any change to the guarantee in any manner adverse to the holders of senior notes.

Defeasance and covenant defeasance

The provisions described under Description of Debt Securities Certain Terms of the Senior Debt Securities Discharge and Defeasance in the accompanying prospectus are applicable to the senior notes. If we effect covenant defeasance with respect to the senior notes as described in the accompanying prospectus, then the covenants described above under Certain covenants and Change of control offer to repurchase will cease to be applicable to the senior notes.

Governing law

The indenture and the senior notes will be governed by, and construed in accordance with, the laws of the State of New York.

The trustee

The indenture provides that, except during the continuance of an Event of Default, the trustee will perform only such duties as are specifically set forth in such indenture. If an Event of Default has occurred and is continuing, the trustee will exercise such rights and powers vested in it under the indenture and use the same degree of care and skill in its exercise as a prudent person would exercise under the circumstances in the conduct of such person s own affairs.

The indenture and the provisions of the Trust Indenture Act, incorporated by reference therein, contain limitations on the rights of the trustee thereunder should it become a creditor of the Guarantor, DCL or any of their subsidiaries, to obtain payment of claims in certain cases or to

realize on certain property received by it in respect of any such claims, as security or otherwise. The trustee is permitted to engage in other transactions, provided that if it acquires any conflicting interest (as defined), it must eliminate such conflict or resign.

Book-entry, delivery and form

The senior notes will be issued as fully-registered global senior notes which will be deposited with, or on behalf of, DTC and registered, at the request of DTC, in the name of Cede & Co. Beneficial interests in the global senior notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct or indirect participants in DTC. Investors may elect to hold their interests in the global senior notes through either DTC (in the United States) or (in Europe) through Clearstream or through Euroclear. Investors may hold their interests in the global senior notes directly if they are participants of such systems, or indirectly through organizations that are participants in these systems. Interests held through Clearstream and Euroclear will be recorded on DTC s books as being held by the U.S. depositary for each of Clearstream and Euroclear (the U.S. Depositories), which U.S. Depositories will, in turn, hold interests on behalf of their participants customers securities accounts. Beneficial interests in the global senior notes will be held in denominations of $2,000 and multiples of $1,000 in excess thereof. Except as set forth below, the global senior notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee.

Senior notes represented by a global senior note can be exchanged for definitive securities in registered form only if:

- DTC notifies us that it is unwilling or unable to continue as depositary for that global senior note and we do not appoint a successor depositary within 90 days after receiving that notice;
- at any time DTC ceases to be a clearing agency registered under the Exchange Act and we do not appoint a successor depositary within 90 days after becoming aware that DTC has ceased to be registered as a clearing agency;
- we in our sole discretion determine that that global senior note will be exchangeable for definitive securities in registered form and notify the trustee of our decision; or
- an event of default with respect to the senior notes represented by that global senior note has occurred and is continuing.

A global senior note that can be exchanged as described in the preceding sentence will be exchanged for definitive securities issued in authorized denominations in registered form for the same aggregate amount. The definitive securities will be registered in the names of the owners of the beneficial interests in the global senior note as directed by DTC.

We will make principal and interest payments on all senior notes represented by a global senior note to the paying agent which in turn will make payment to DTC or its nominee, as the case may be, as the sole registered owner and the sole holder of the senior notes represented by a global senior note for all purposes under the indenture. Accordingly, we, the trustee and any paying agent will have no responsibility or liability for:

- any aspect of DTC s records relating to, or payments made on account of, beneficial ownership interests in a debt security represented by a global senior note;

any other aspect of the relationship between DTC and its participants or the relationship between those participants and the owners of beneficial interests in a global senior note held through those participants; or

the maintenance, supervision or review of any of DTC s records relating to those beneficial ownership interests.

DTC has advised us that its current practice is to credit participants accounts on each payment date with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global senior note as shown on DTC s records, upon DTC s receipt of funds and corresponding detail information. The underwriters will initially designate the accounts to be credited. Payments by participants to owners of beneficial interests in a global senior note will be governed by standing instructions and customary practices, as is the case with securities held for customer accounts registered in street name, and will be the sole responsibility of those participants. Book-entry notes may be more difficult to pledge because of the lack of a physical note.

Certain material U.S. federal tax considerations

The following is a summary of certain material U.S. federal income and estate tax considerations related to the purchase, ownership and disposition of the senior notes. This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the Code), the U.S. Treasury Regulations promulgated thereunder (the U.S. Treasury Regulations), administrative rulings and judicial decisions in effect as of the date of this prospectus supplement, any of which may subsequently be changed, possibly retroactively, or interpreted differently by the Internal Revenue Service (the IRS), so as to result in U.S. federal income and estate tax consequences different from those discussed below. Except where noted, this summary deals only with senior notes held as capital assets (generally for investment purposes) by a beneficial owner who purchases senior notes on original issuance at the initial offering price at which a substantial amount of the senior notes are sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers, which we refer to as the issue price. This summary does not address all aspects of U.S. federal income and estate taxes related to the purchase, ownership and disposition of the senior notes and does not address all tax consequences that may be relevant to holders in light of their personal circumstances or particular situations, such as:

- tax consequences to holders who may be subject to special tax treatment, including dealers in securities or currencies, banks and other financial institutions, regulated investment companies, real estate investment trusts, tax-exempt entities, insurance companies and traders in securities that elect to use a mark-to-market method of accounting for their securities;
- tax consequences to persons holding senior notes as a part of a hedging, integrated, conversion or constructive sale transaction or a straddle;
- tax consequences to U.S. holders (as defined below) of senior notes whose functional currency is not the U.S. dollar;
- tax consequences to partnerships or other pass-through entities and their members;
- tax consequences to certain former citizens or residents of the United States;
- U.S. federal alternative minimum tax consequences, if any;
- any state, local or foreign tax consequences; and
- U.S. federal estate or gift taxes, if any, except as set forth below with respect to non-U.S. holders (as defined below).

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds senior notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. A beneficial owner that is a partnership and partners in such a partnership should consult their tax advisors.

This summary of material U.S. federal income and estate tax considerations is for general information only and is not tax advice for any particular investor. This summary does not address the tax considerations arising under the laws of any foreign, state, or local jurisdiction. If you are considering the purchase of senior notes, you should consult your tax advisors concerning the U.S. federal income and estate tax consequences to you in light of your own specific

situation, as well as consequences arising under the laws of any other taxing jurisdiction.

In this discussion, we use the term U.S. holder to refer to a beneficial owner of senior notes, that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or any other entity or arrangement treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if it (i) is subject to the primary supervision of a court within the U.S. and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (ii) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

We use the term non-U.S. holder to describe a beneficial owner (other than a partnership or other pass-through entity) of senior notes that is not a U.S. holder. Non-U.S. holders should consult their tax advisors to determine the U.S. federal, foreign, state, local and any other tax consequences that may be relevant to them.

Consequences to U.S. holders

Payments of interest

It is anticipated, and this discussion assumes, that the issue price of the senior notes will be equal to the stated principal amount or if the issue price is less than the stated principal amount, the difference will be a de minimis amount (as set forth in the applicable U.S. Treasury Regulations). In such case (subject to the discussion below under Additional payments), interest on a senior note generally will be taxable to a U.S. holder as ordinary income at the time it is received or accrued in accordance with the U.S. holder s usual method of accounting for tax purposes. If, however, the issue price of the senior notes is less than the stated principal amount and the difference is more than a de minimis amount (as set forth in the applicable U.S. Treasury Regulations), a U.S. holder will be required to include the difference in income as original issue discount as it accrues in accordance with a constant yield method (as set forth in the applicable U.S. Treasury Regulations).

Additional payments

In certain circumstances, we may be obligated to pay amounts in excess of stated interest or principal on the senior notes. For example, if we are required to repurchase the senior notes in connection with a Change of Control Triggering Event as described in Description of senior notes Change of control offer to repurchase, we must pay a 1% premium. In addition, we may redeem the senior notes at any time, and upon such a redemption we may be required to pay amounts in excess of accrued interest and principal on the senior notes as described in Description of senior notes Optional redemption. The possibility of such payments may implicate special rules under U.S. Treasury Regulations governing contingent payment debt instruments. According to those regulations, the possibility that additional payments will be made will not cause the senior notes to be contingent payment debt instruments if, as of the date the senior notes are issued, there is only a remote chance that such payments will be

made, the amount of such payments is incidental, or certain other exceptions apply. We believe that the likelihood that we will be obligated to repurchase the senior notes upon a change of control and pay the 1% premium is remote and/or that the 1% premium is incidental. Therefore, we do not intend to treat the potential payment of these amounts as subjecting the senior notes to the contingent payment debt rules. Under current U.S. Treasury Regulations, the optional redemption at a potential premium does not cause the senior notes to be subject to the contingent payment debt rules because such redemption would increase the yield on the senior notes and therefore is deemed not to be exercised by us.

Therefore, we have determined (and the remainder of this discussion assumes) that the senior notes are not contingent payment debt instruments. Our determination is binding on U.S. holders unless they disclose their contrary positions to the IRS in the manner required by applicable U.S. Treasury Regulations. Our determination that the senior notes are not contingent payment debt instruments is not, however, binding on the IRS. If the IRS were to successfully challenge our determination and the senior notes were treated as contingent payment debt instruments, U.S. holders would be required, among other things, to (i) accrue interest income based on a projected payment schedule and comparable yield, which may be a higher rate than the stated interest rate on the senior notes, regardless of their method of tax accounting and (ii) treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange or redemption of a senior note. In the event that any of the above contingencies were to occur, it would affect the amount and timing of the income recognized by a U.S. holder. If any additional payments are in fact made, U.S. holders will be required to recognize such amounts as income.

Sale, redemption or other taxable disposition of senior notes

A U.S. holder generally will recognize gain or loss upon the sale, redemption or other taxable disposition of a senior note equal to the difference between the amount realized (except to the extent any amount realized is attributable to accrued but unpaid interest, which will be taxable as ordinary interest income to the extent not previously included in income) and such U.S. holder s adjusted tax basis in the senior note. A U.S. holder s tax basis in a senior note will generally be equal to the amount that such U.S. holder paid for the senior note. Any gain or loss recognized on a taxable disposition of the senior note will generally be capital gain or loss. If, at the time of the sale, redemption or other taxable disposition of the senior note, a U.S. holder is treated as holding the senior note for more than one year, such capital gain or loss will be a long-term capital gain or loss. Otherwise, such capital gain or loss will be a short-term capital gain or loss. In the case of certain non-corporate U.S. holders (including individuals), long-term capital gain generally will be subject to a maximum U.S. federal income tax rate of 15%, which maximum tax rate currently is scheduled to increase to 20% for dispositions occurring during taxable years beginning on or after January 1, 2011. A U.S. holder s ability to deduct capital losses may be limited.

Assumption of our obligations under the senior notes

Under certain circumstances described in this prospectus supplement under the heading Description of senior notes Certain covenants Consolidation, merger and sale of assets, our obligations under the senior notes and the indenture may be assumed by another person. An assumption by another person of our obligations under the senior notes and the indenture might be deemed for U.S. federal income tax purposes to be an exchange by a holder of the

senior notes for new senior notes, resulting in recognition of gain or loss for such purposes and possibly other adverse tax consequences to the holder. Holders should consult their own tax advisors regarding the tax consequences of such an assumption.

Information reporting and backup withholding

Information reporting requirements generally will apply to payments of interest on the senior notes and to the proceeds of a sale of a senior note paid to a U.S. holder unless the U.S. holder is an exempt recipient (such as a corporation). Backup withholding at the applicable rate (currently 28%) will apply to those payments if the U.S. holder fails to provide its correct taxpayer identification number, or certification of exempt status, generally by providing an IRS Form W-9 or an approved substitute, or if the U.S. holder is notified by the IRS that the U.S. holder has failed to report in full payments of interest and dividend income. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a U.S. holder s U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Consequences to non-U.S. holders

Payments of interest

In general, payments of interest on the senior notes to, or on behalf of, a non-U.S. holder will be considered portfolio interest and, subject to the discussions below of income effectively connected with a U.S. trade or business and backup withholding, will not be subject to U.S. federal income or withholding tax, provided that:

- the non-U.S. holder does not directly or indirectly, actually or constructively, own 10% or more of the total combined voting power of all classes of Discovery s stock entitled to vote within the meaning of Section 871(h)(3) of the Code;

- the non-U.S. holder is not, for U.S. federal income tax purposes, a controlled foreign corporation that is related to us (actually or constructively) through stock ownership;

- the non-U.S. holder is not a bank whose receipt of interest on a senior note is described in Section 881(c)(3)(A) of the Code; and

- (a) the non-U.S. holder provides its name, address, and taxpayer identification number, if any, and certifies, under penalties of perjury, that it is not a U.S. person (which certification may be made on an IRS Form W-8BEN or other applicable form) or (b) the non-U.S. holder holds the senior notes through certain foreign intermediaries or certain foreign partnerships, and the non-U.S. holder and the foreign intermediary or foreign partnership satisfy the certification requirements of applicable Treasury Regulations. Special certification rules apply to non-U.S. holders that are pass-through entities.

If a non-U.S. holder cannot satisfy the requirements described above, payments of interest generally will be subject to the 30% U.S. federal withholding tax, unless the non-U.S. holder provides us with a properly executed (i) IRS Form W-8BEN (or other applicable form) claiming an exemption from or reduction in withholding under an applicable income tax treaty or (ii) IRS Form W-8ECI (or other applicable form) stating that interest paid on the senior notes is not subject to withholding tax because it is effectively connected with the non-U.S. holder s conduct of a trade or business in the United States and includable in the non-U.S. holder s gross income.

If a non-U.S. holder is engaged in a trade or business in the United States and interest on the senior notes is effectively connected with the conduct of that trade or business and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment or fixed base, then, although the non-U.S. holder will be exempt from the 30% withholding tax (provided the certification requirements discussed above are satisfied), the non-U.S. holder will be subject to U.S. federal income tax on that interest on a net income basis at regular graduated U.S. federal income tax rates, generally in the same manner as if the non-U.S. holder were a U.S. holder. In addition, if a non-U.S. holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lesser rate under an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

Sale, redemption or other taxable disposition of senior notes

Gain realized by a non-U.S. holder on the sale, redemption or other taxable disposition of a senior note will not be subject to U.S. income tax unless:

- that gain is effectively connected with the non-U.S. holder s conduct of a trade or business in the United States (and, if required by an applicable income treaty, is attributable to a U.S. permanent establishment or fixed base); or

- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition and certain other conditions are met.

If a non-U.S. holder is described in the first bullet point above, it will be subject to tax on the net gain derived from the sale, redemption, or other taxable disposition of the senior notes at regular graduated U.S. federal income tax rates, generally in the same manner as if the non-U.S. holder were a U.S. holder. In addition, if a non-U.S. holder is a foreign corporation, it may be subject to the branch profits tax equal to 30% (or lesser rate under an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. If a non-U.S. holder is an individual described in the second bullet point above, such holder will be subject to a flat 30% tax on the gain derived from the sale, redemption, or other taxable disposition, which may be offset by certain U.S. source capital losses, even though such holder is not considered a resident of the United States.

Information reporting and backup withholding

Generally, we must report annually to the IRS and to non-U.S. holders the amount of interest paid to non-U.S. holders and the amount of tax, if any, withheld with respect to those payments. Copies of the information returns reporting such interest payments and withholding may also be made available to the tax authorities in the country in which a non-U.S. holder resides under the provisions of an applicable income tax treaty.

In general, a non-U.S. holder will not be subject to backup withholding with respect to payments of interest that we make, provided the statement described above in the last bullet point under Consequences to non-U.S. holders Payments of interest has been received and we do not have actual knowledge or reason to know that the holder is a U.S. person, as defined under the Code, who is not an exempt recipient. In addition, a non-U.S. holder will be subject to information reporting and, depending on the circumstances, backup withholding with respect to payments of the proceeds of the sale of a senior note within the United States or conducted through certain U.S.-related financial intermediaries, unless the statement described above has been received, and the payor does not have actual knowledge or reason to know

that a holder is a U.S. person, as defined under the Code, who is not an exempt recipient, or the non-U.S. holder otherwise establishes an exemption. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a non-U.S. holder s U.S. federal income tax liability provided the required information is furnished timely to the IRS. The backup withholding and information reporting rules are complex, and non-U.S. holders are urged to consult their own tax advisors regarding application of these rules to their particular circumstances.

U.S. federal estate taxes

A senior note beneficially owned by an individual who is not a citizen or resident of the U.S. (as specially defined for U.S. federal estate tax purposes) at the time of his or her death generally will not be subject to U.S. federal estate tax as a result of the individual s death, provided that:

- the individual does not directly or indirectly, actually or constructively, own 10% or more of the total combined voting power of all classes of Discovery s stock entitled to vote within the meaning of Section 871(h)(3) of the Code; and

- interest payments with respect to such senior note, if received at the time of the individual s death, would not have been effectively connected with the conduct of a U.S. trade or business by the individual.

Underwriting

Subject to the terms and conditions in the underwriting agreement between us, the Guarantor, Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., as representatives of the underwriters named below, we have agreed to sell to each underwriter, and each underwriter has severally agreed to purchase from us, the principal amount of the senior notes that appears opposite its name in the table below:

Underwriter	Principal amount of senior notes
Citigroup Global Markets Inc.	$
J.P. Morgan Securities Inc.	$
Banc of America Securities LLC	$
Credit Suisse Securities (USA) LLC	$
RBS Securities Inc.	$
Total	$

The obligations of the underwriters under the underwriting agreement, including their agreement to purchase senior notes from us, are several and not joint. The underwriters have agreed to purchase all of the senior notes if any of them are purchased.

The underwriters initially propose to offer the senior notes to the public at the public offering price that appears on the cover page of this prospectus supplement. The underwriters may offer the senior notes to selected dealers at the public offering price minus a concession of up to % of the principal amount. In addition, the underwriters may allow, and those selected dealers may reallow, a concession of up to % of the principal amount to certain other dealers. After the initial offering, the underwriters may change the public offering price and any other selling terms. The underwriters may offer and sell senior notes of any series through certain of their affiliates.

In the underwriting agreement, we have agreed that:

- We will pay our expenses related to the offering, which we estimate will be $.
- We will indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in respect of those liabilities.

The following table shows the underwriting discounts and commissions that we will pay to the underwriters in connection with this offering of senior notes (expressed as a percentage of the principal amount of the senior notes):

	Paid by DCL

Per senior note	%
Total	$

The senior notes are a new issue of securities for which there is no established trading market. We do not intend to apply for the senior notes to be listed on any securities exchange or to arrange for the senior notes to be quoted on any dealer quotation system. The underwriters have advised us that they intend to make a market in the senior notes, as permitted by

applicable laws and regulations; however, the underwriters are not obligated to do so and they may discontinue their market-making activities at any time without notice. Accordingly, an active public trading market for the senior notes may not develop, and the market price and liquidity of the senior notes may be adversely affected.

In connection with the offering, the underwriters may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a short position for the underwriters. Stabilizing transactions involve bids to purchase the senior notes in the open market for the purpose of pegging, fixing or maintaining the price of the senior notes. Syndicate covering transactions involve purchases of the senior notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the senior notes to be higher than it would otherwise be in the absence of those transactions. If the underwriters engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of senior notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the senior notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of senior notes to the public in that Relevant Member State at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;

- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representative for any such offer; or

- in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of senior notes to the public in relation to any senior notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the senior notes to be offered so as to enable an investor to decide to purchase or subscribe the senior notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each underwriter has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (FSMA)) received by it in connection with the issue or sale of the senior notes in circumstances in which Section 21(1) of the FSMA would not, if we were not an authorized person, apply to us; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the senior notes in, from or otherwise involving the United Kingdom.

The underwriters and certain of their affiliates have provided from time to time, and may provide in the future, investment and commercial banking and financial advisory services to us and our affiliates in the ordinary course of business, for which they have received and may continue to receive customary fees and commissions. Affiliates of certain of the underwriters are lenders and agents under DCL s Term Loan A. Lenders will receive proceeds from this offering through the repayment of indebtedness under Term Loan A. See Use of proceeds. Because more than 10% of the net proceeds of this offering may be paid to affiliates of the underwriters, this offering will be made in compliance with Rule 5110(h) of the Financial Industry Regulatory Authority.

Legal matters

Certain legal matters in connection with the senior notes offered hereby and the guarantee will be passed upon for us by Wilmer Cutler Pickering Hale and Dorr LLP and for the underwriters by Simpson Thacher & Bartlett LLP.

Experts

The consolidated financial statements of Discovery Communications, Inc. and its subsidiaries as of and for the year ended December 31, 2008 incorporated in this prospectus by reference to Discovery Communications, Inc. s Current Report on Form 8-K dated June 16, 2009, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of Discovery Communications Holding, LLC (Successor Company) and its subsidiaries as of December 31, 2007 and for the period from May 15, 2007 through December 31, 2007, and Discovery Communications, Inc. (Predecessor Company) and its subsidiaries for the period from January 1, 2007 through May 14, 2007, and for the fiscal year ended December 31, 2006 incorporated in this prospectus by reference to Discovery Communications, Inc. s Annual Report on Form 10-K for the year ended December 31, 2008 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of Discovery Holding Company and its subsidiaries as of December 31, 2007 incorporated in this prospectus and the registration statement of which this prospectus is a part by reference to Discovery Communications, Inc. s Current Report on Form 8-K dated June 16, 2009 have been so incorporated by reference in reliance on the report of KPMG LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

Discovery Communications, Inc.

Debt Securities
(guaranteed to the extent provided herein by
Discovery Communications Holding, LLC and/or Discovery Communications, LLC)

Series A Common Stock
Series C Common Stock
Preferred Stock
Depositary Shares
Stock Purchase Contracts
Stock Purchase Units
Warrants

Discovery Communications Holding, LLC

Debt Securities
(guaranteed to the extent provided herein by
Discovery Communications, LLC and/or Discovery Communications, Inc.)

Discovery Communications, LLC

Debt Securities
(guaranteed to the extent provided herein by
Discovery Communications Holding, LLC and/or Discovery Communications, Inc.)

We may issue securities from time to time in one or more offerings. This prospectus describes the general terms of these securities and the general manner in which these securities will be offered. We will provide the specific terms of these securities in supplements to this prospectus. The prospectus supplements will also describe the specific manner in which these securities will be offered and may also supplement, update or amend information contained in this document. You should read this prospectus and any applicable prospectus supplement before you invest.

We may offer these securities in amounts, at prices and on terms determined at the time of offering. The securities may be sold directly to you, through agents, or through underwriters and dealers. If agents, underwriters or dealers are used to sell the securities, we will name them and describe their compensation in a prospectus supplement.

Discovery Communications, Inc. has three series of common stock, Series A, Series B, and Series C, which trade on the Nasdaq Global Select Market under the symbols DISCA, DISCB, and DISCK, respectively.

Investing in these securities involves certain risks. See the information included and incorporated by reference in this prospectus and the accompanying prospectus supplement for a discussion of the factors you should carefully consider before deciding to purchase these securities.

Our principal executive offices are located at One Discovery Place, Silver Spring, Maryland 20910, and our telephone number is (240) 662-2000.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is June 17, 2009

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ABOUT THIS PROSPECTUS

Unless the context otherwise indicates, references in this prospectus to we , our and us refer, collectively, to Discovery Communications, Inc., a Delaware corporation, and its consolidated subsidiaries; the term Discovery means Discovery Communications, Inc.; the term DCH means Discovery Communications Holding, LLC, a Delaware limited liability company that is an indirect wholly-owned consolidated subsidiary of Discovery; and the term DCL means Discovery Communications, LLC, a Delaware limited liability company that is an indirect wholly-owned consolidated subsidiary of Discovery.

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, which we refer to as the SEC, utilizing a shelf registration process. Under this shelf registration process, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings. Discovery may offer any of the following securities: debt securities, Series A common stock, Series C common stock, preferred stock, depositary shares, stock purchase contracts, stock purchase units and warrants. DCH may offer debt securities guaranteed by DCL and/or Discovery. DCL may offer debt securities guaranteed by DCH and/or Discovery.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide one or more prospectus supplements that will contain specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and the accompanying prospectus supplement together with the additional information described under the heading Where You Can Find More Information beginning on page 2 of this prospectus.

You should rely only on the information contained in or incorporated by reference in this prospectus, any accompanying prospectus supplement or in any related free writing prospectus filed by us with the SEC. We have not authorized anyone to provide you with different information. This prospectus and the accompanying prospectus supplement do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in the accompanying prospectus supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. You should assume that the information appearing in this prospectus, any prospectus supplement and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed materially since those dates.

WHERE YOU CAN FIND MORE INFORMATION

Discovery files annual, quarterly and current reports, proxy statements and other information with the SEC. Its SEC filings are available to the public over the Internet at the SEC s website at http://www.sec.gov. Copies of certain information filed by Discovery with the SEC are also available on its website at http://www.discoverycommunications.com. Discovery s website is not a part of this prospectus. You may also read and copy any document Discovery files at the SEC s public reference room, 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room.

This prospectus is part of a registration statement we filed with the SEC. This prospectus omits some information contained in the registration statement in accordance with SEC rules and regulations. You should review the information and exhibits in the registration statement for further information on us and our consolidated subsidiaries and the securities we are offering. Statements in this prospectus concerning any document we filed as an exhibit to the registration statement or that we otherwise filed with the SEC are not intended to be comprehensive and are qualified

by reference to these filings. You should review the complete document to evaluate these statements.

The SEC allows us to incorporate by reference much of the information we file with them, which means that we can disclose important information to you by referring you to those publicly available documents. The information that we incorporate by reference in this prospectus is considered to be part of this prospectus. Because we are incorporating by reference future filings with the SEC, this prospectus is continually updated

and those future filings may modify or supersede some of the information included or incorporated in this prospectus. This means that you must look at all of the SEC filings that we incorporate by reference to determine if any of the statements in this prospectus or in any document previously incorporated by reference have been modified or superseded. This prospectus incorporates by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act (in each case, other than those documents or the portions of those documents not deemed to be filed) until the offering of the securities under the registration statement is terminated or completed:

Annual Report on Form 10-K for the fiscal year ended December 31, 2008, filed on February 26, 2009 (other than the Selected Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations and financial statements therein, which have been superseded by the Selected Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations and financial statements in the Current Report on Form 8-K filed on June 16, 2009);

Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, filed on May 4, 2009 (other than the financial statements therein, which have been superseded by the financial statements in the Current Report on Form 8-K filed on June 16, 2009);

Current Reports on Form 8-K filed on March 9, 2009, April 30, 2009, May 14, 2009, May 22, 2009 and June 16, 2009; and

The descriptions of Discovery s common stock and rights plan contained in its Registration Statements on Form 8-A filed on September 12, 2008, including any amendments or reports filed for the purpose of updating such descriptions.

You may request a copy of these filings, at no cost, by writing or telephoning us at the following address:

One Discovery Place
Silver Spring, MD 20910
(240) 662-2000
Attn: Investor Relations

FORWARD-LOOKING STATEMENTS

This prospectus and the information incorporated by reference in this prospectus include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Exchange Act. Any statements contained or incorporated by reference herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words believes, plans, intends, expects, estimates, predicts, projects, anticipates, seeks, would, could, will, lik expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. These forward-looking statements are only predictions and, accordingly, are subject to substantial risks, uncertainties and assumptions.

Our future results may differ materially from our past results and from those projected in the forward-looking statements due to various uncertainties and risks. Factors that could affect our future operating results and cause actual results to vary materially from the forward-looking statements made or incorporated by reference in this prospectus or that might cause us to modify our plans or objectives include, but are not limited to:

continued deterioration in the macroeconomic environment;

the inability of advertisers or affiliates to remit payment to us in a timely manner or at all;

general economic and business conditions and industry trends including the timing of, and spending on, feature film, television and television commercial production;

spending on domestic and foreign television advertising and spending on domestic and foreign first-run and existing content libraries;

the regulatory and competitive environment of the industries in which we, and the entities in which we have interests, operate;

continued consolidation of the broadband distribution and movie studio industries;

uncertainties inherent in the development of new business lines and business strategies;

integration of acquired operations;

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

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

rapid technological changes;

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

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

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

the outcome of any pending or threatened litigation;

availability of qualified personnel;

the possibility of an industry-wide strike or other job action affecting a major entertainment industry union, or the duration of any existing strike or job action;

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

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

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

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

reduced access to capital markets or significant increases in costs to borrow; and

a failure to secure affiliate agreements or renewal of such agreements on less favorable terms.

Therefore, actual outcomes and results may differ materially from what is expressed in our forward-looking statements and from our historical financial results due to the factors discussed above and elsewhere in this prospectus or in our other SEC filings. Forward-looking statements should not be relied upon as representing our expectations or beliefs as of any time subsequent to the time this prospectus is filed with the SEC. Unless specifically required by law, we undertake no obligation to revise the forward-looking statements contained in this prospectus to reflect events after the time it is filed with the SEC. The factors discussed above are not intended to be a complete summary of all risks and uncertainties that may affect our businesses. We cannot anticipate all potential economic, operational and financial developments that may adversely affect our operations and our financial results.

Forward-looking statements should not be viewed as predictions, and should not be the primary basis upon which investors evaluate us. Any investor in Discovery, DCH or DCL should consider all risks and uncertainties disclosed in our SEC filings, described above under the section entitled Where You Can Find More Information, all of which are accessible on the SEC s website at www.sec.gov. We note that all website

addresses given in this prospectus are for information only and are not intended to be an active link or to incorporate any website information into this document.

ABOUT THE REGISTRANTS

Discovery Communications, Inc.

Discovery is a leading global media and entertainment company that provides original and purchased programming across multiple distribution platforms in the United States and approximately 170 other countries, with over 100 television networks offering customized programming in 35 languages. Discovery develops and sells consumer and educational products and services as well as media sound services in the U.S. and internationally. In addition, Discovery owns and operates a diversified portfolio of website properties and other digital services.

Discovery became a public company on September 17, 2008 in connection with Discovery Holding Company (DHC) and Advance/Newhouse Programming Partnership (Advance/Newhouse) combining their respective ownership interests in DCH and exchanging those interests with and into Discovery (the Newhouse Transaction). As a result of the Newhouse Transaction, Discovery became the successor reporting entity to DHC under the Exchange Act.

Discovery has three series of common stock, Series A, Series B, and Series C, which trade on the Nasdaq Global Select Market under the symbols DISCA, DISCB, and DISCK, respectively. Its principal executive offices are located at One Discovery Place, Silver Spring, MD 20190, and the telephone number is (240) 662-2000.

Discovery Communications Holding, LLC

DCH is an indirect wholly-owned subsidiary of Discovery and the sole owner of DCL. DCH was organized in Delaware on April 13, 2007. Its principal executive offices are located at One Discovery Place, Silver Spring, MD 20910, and its telephone number is (240) 662-2000.

Discovery Communications, LLC

DCL is an indirect wholly-owned subsidiary of Discovery. Substantially all of the operations of Discovery are conducted through DCL. DCL was converted into a Delaware limited liability company on May 14, 2007. Its principal executive offices are located at One Discovery Place, Silver Spring, MD 20910, and its telephone number is (240) 662-2000.

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table sets forth the ratio of earnings to fixed charges and the ratio of earnings to combined fixed charges and preferred stock dividends for Discovery for the periods indicated.

	Three Months Ended March 31, 2009	Year Ended December 31, 2008 (Recast)(1)	December 31, 2007(2)	December 31, 2006(2)	December 31, 2005(2)	December 31, 2004(2)
			(Dollars in millions)			
Ratio of earnings (loss) to fixed charges(3)	3.9x	3.7x	1.0x			1.0x
Ratio of earnings (loss) to combined fixed charges and preferred stock dividends(3)	3.9x	3.7x	1.0x			1.0x
Deficiency				$ 11	$ 8	

(1) The 2008 results have been recast to reflect the adoption of Financial Accounting Standards Board Statement No. 160, Non-controlling Interests in Consolidated Financial Statements, an Amendment of ARB No. 51 (FAS 160). The adoption of FAS 160 did not impact the financial information prior to 2008 as there were no non-controlling interests in DHC prior to the Newhouse Transaction. For more information, please see our Current Report on Form 8-K filed on June 16, 2009.

(2) The results for the years prior to 2008 reflects only the results of our predecessor, DHC.

(3) For purposes of calculating the ratios above, earnings consist of net income from continuing operations plus provision for income taxes, (earnings) loss of equity investees, distributions of income from equity investees and fixed charges. Fixed charges include interest expense and the interest portion of rent expense which is deemed to be representative of the interest factor.

USE OF PROCEEDS

We intend to use the net proceeds from the sale of the securities for general corporate purposes unless otherwise indicated in the applicable prospectus supplement. General corporate purposes may include the acquisition of companies or businesses, repayment and refinancing of debt, working capital and capital expenditures. We may temporarily invest the net proceeds in investment-grade, interest-bearing securities until they are used for their stated purpose. We have not determined the amount of net proceeds to be used specifically for such purposes. As a result, management will retain broad discretion over the allocation of net proceeds.

DESCRIPTION OF DEBT SECURITIES

Discovery, DCH and/or DCL, each of which we refer to in this section as an issuer, may offer, from time to time, unsecured general obligations, which may be senior or subordinated. We refer to the senior unsecured general obligations as senior debt securities, the subordinated unsecured general obligations as the subordinated debt securities and the senior debt securities and the subordinated debt securities collectively as debt securities. The following description summarizes the general terms and provisions of the debt securities to which any prospectus supplement may relate. We will describe the specific terms of the debt securities and the extent, if any, to which the general provisions summarized below may apply to any series of debt securities in the prospectus supplement relating to the series and any applicable free writing prospectus that we authorize to be delivered.

Each issuer may issue senior debt securities from time to time, in one or more series under a senior indenture between the issuer and a senior trustee named in a prospectus supplement, which we refer to as the senior trustee. The forms of senior indenture for each issuer are filed as exhibits to this registration statement. Each issuer may issue subordinated debt securities from time to time, in one or more series under a subordinated indenture between the issuer and a subordinated trustee named in a prospectus supplement, which we refer to as the subordinated trustee. The forms of subordinated indenture for each issuer are filed as exhibits to this registration statement. If Discovery, DCH and/or DCL guarantees the senior debt securities or subordinated debt securities issued by any of the other issuers, that guarantor will also become a party to the issuer s senior indenture or subordinated indenture, as applicable. Together, the senior indentures and the subordinated indentures are referred to as the indentures and, together, the senior trustee and the subordinated trustee are referred to as the debt trustees. This prospectus briefly outlines some of the provisions of the indentures. The following summary of the material provisions of the indentures is qualified in its entirety by the provisions of the indentures, including definitions of certain terms used in the indentures. Wherever we refer to particular sections or defined terms of the indentures, those sections or defined terms are incorporated by reference in this prospectus or the applicable prospectus supplement. You should review the indentures that are filed as exhibits to the registration statement of which this prospectus forms a part for additional information.

None of the indentures will limit the amount of debt securities that may be issued by any of the issuers. The applicable indenture will provide that debt securities may be issued up to an aggregate principal amount authorized from time to time by the issuer and may be payable in any currency or currency unit designated by the issuer or in amounts determined by reference to an index.

General

The senior debt securities will constitute unsecured and unsubordinated obligations of the issuer and will rank pari passu with the issuer s other unsecured and unsubordinated obligations. The subordinated debt securities will constitute the issuer s unsecured and subordinated obligations and will be junior in right of payment to the issuer s Senior Indebtedness (including senior debt securities), as described under the heading Certain Terms of the Subordinated Debt Securities Subordination.

The debt securities will be the issuer s unsecured obligations. Any secured debt or other secured obligations will be effectively senior to the debt securities to the extent of the value of the assets securing such debt or other obligations.

The applicable prospectus supplement and/or free writing prospectus will include any additional or different terms of the debt securities being offered, including the following terms:

- the issuer, title and type of the debt securities;
- whether the debt securities will be senior or subordinated debt securities, and, with respect to debt securities issued under the subordinated indenture, as applicable, that the subordination provisions of the indenture shall apply to the securities of that series or that any different subordination provisions, including different definitions of the terms senior indebtedness or existing subordinated indebtedness, shall apply to securities of that series;
- the aggregate principal amount of the debt securities;
- the price or prices at which the issuer will sell the debt securities;
- the maturity date or dates of the debt securities and the right, if any, to extend such date or dates;

the rate or rates, if any, per year, at which the debt securities will bear interest, or the method of determining such rate or rates;

the date or dates from which such interest will accrue, the interest payment dates on which such interest will be payable or the manner of determination of such interest payment dates and the related record dates;

the right, if any, to extend the interest payment periods and the duration of that extension;

the manner of paying principal and interest and the place or places where principal and interest will be payable;

provisions for a sinking fund purchase or other analogous fund, if any;

any redemption dates, prices, obligations and restrictions on the debt securities;

the currency, currencies or currency units for which you may purchase the debt securities and the currency, currencies or currency units in which principal and interest, if any, on the debt securities may be payable;

any conversion or exchange features of the debt securities;

whether and upon what terms the debt securities may be defeased;

any events of default or covenants in addition to or in lieu of those set forth in the indenture;

whether the debt securities will be issued in definitive or global form or in definitive form only upon satisfaction of certain conditions;

whether the series of debt securities will be guaranteed as to payment or performance;

any special tax implications of the debt securities; and

any other material terms of the debt securities.

The issuer may from time to time, without notice to or the consent of the holders of any series of debt securities, create and issue further debt securities of any such series ranking equally with the debt securities of such series in all respects (or in all respects other than the payment of interest accruing prior to the issue date of such further debt securities or except for the first payment of interest following the issue date of such further debt securities). Such further debt securities may be consolidated and form a single series with the debt securities of such series and have the same terms as to status, redemption or otherwise as the debt securities of such series.

You may present debt securities for exchange and you may present debt securities for transfer in the manner, at the places and subject to the restrictions set forth in the debt securities and the applicable prospectus supplement. The issuer will provide you those services without charge, although you may have to pay any tax or other governmental charge payable in connection with any exchange or transfer, as set forth in the indenture.

Debt securities will bear interest at a fixed rate or a floating rate. Debt securities bearing no interest or interest at a rate that at the time of issuance is below the prevailing market rate (original issue discount securities) may be sold at a discount below their stated principal amount. U.S. federal income tax considerations applicable to any such discounted debt securities or to certain debt securities issued at par which are treated as having been issued at a discount for U.S. federal income tax purposes will be described in the applicable prospectus supplement.

The issuer may issue debt securities with the principal amount payable on any principal payment date, or the amount of interest payable on any interest payment date, to be determined by reference to one or more currency exchange rates, securities or baskets of securities, commodity prices or indices. You may receive a payment of principal on any principal payment date, or a payment of interest on any interest payment date, that is greater than or less than the

amount of principal or interest otherwise payable on such dates, depending on the value on such dates of the applicable currency, security or basket of securities, commodity or index. Information as to the methods for determining the amount of principal or interest payable on any date, the currencies, securities or baskets of securities, commodities or indices to which the amount payable on such date is linked and certain related tax considerations will be set forth in the applicable prospectus supplement.

Certain Terms of the Senior Debt Securities

Covenants. Unless otherwise indicated in a prospectus supplement, the senior debt securities will not contain any financial or restrictive covenants, including covenants restricting either the issuer or any of the issuer s subsidiaries from incurring, issuing, assuming or guarantying any indebtedness secured by a lien on any of the issuer s or its subsidiaries property or capital stock, or restricting either the issuer or any of the issuer s subsidiaries from entering into sale and leaseback transactions.

Consolidation, Merger and Sale of Assets. Unless we indicate otherwise in a prospectus supplement, the issuer may not consolidate with or merge into any other person, in a transaction in which the issuer is not the surviving corporation, or convey, transfer or lease its properties and assets substantially as an entirety to any person, unless:

the successor entity, if any, is a U.S. corporation, limited liability company, partnership or trust (subject to certain exceptions provided for in the senior indenture);

the successor entity assumes the issuer s obligations on the senior debt securities and under the senior indenture;

immediately after giving effect to the transaction, no default or event of default shall have occurred and be continuing; and

certain other conditions are met.

No Protection in the Event of a Change in Control. Unless otherwise indicated in a prospectus supplement with respect to a particular series of senior debt securities, the senior debt securities will not contain any provisions which may afford holders of the senior debt securities protection in the event the issuer has a change in control or in the event of a highly leveraged transaction (whether or not such transaction results in a change in control).

Events of Default. An event of default for any series of senior debt securities is defined under the senior indenture as being:

the issuer s default in the payment of principal or premium on the senior debt securities of such series when due and payable whether at maturity, upon redemption, by declaration or otherwise, if that default continues for a period of five days (or such other period as may be specified for such series);

the issuer s default in the payment of interest on any senior debt securities of such series when due and payable, if that default continues for a period of 60 days (or such other period as may be specified for such series);

the issuer s default in the performance of or breach of any of its covenants or agreements in the senior indenture applicable to senior debt securities of such series, other than a covenant breach which is specifically dealt with elsewhere in the senior indenture, and that default or breach continues for a period of 90 days after the issuer receives written notice from the trustee or from the holders of 25% or more in aggregate principal amount of the senior debt securities of such series;

there occurs any other event of default provided for in such series of senior debt securities;

a court having jurisdiction enters a decree or order for (1) relief in respect of the issuer in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect; (2) appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the issuer or for all or substantially all of the issuer s property and assets; or (3) the winding up or liquidation of the issuer s affairs and

such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

the issuer (1) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law; (2) consents to the appointment of or taking possession by a receiver, liquidator,

assignee, custodian, trustee, sequestrator or similar official of the issuer s for all or substantially all of the issuer s property and assets; or (3) effects any general assignment for the benefit of creditors.

The default by the issuer under any other debt, including any other series of debt securities, is not a default under the senior indenture.

If an event of default other than an event of default specified in the last two bullet points above occurs with respect to a series of senior debt securities and is continuing under the senior indenture, then, and in each and every such case, either the trustee or the holders of not less than 25% in aggregate principal amount of such series then outstanding under the senior indenture (each such series voting as a separate class) by written notice to the issuer and to the trustee, if such notice is given by the holders, may, and the trustee at the request of such holders shall, declare the principal amount of and accrued interest, if any, on such senior debt securities to be immediately due and payable.

If an event of default specified in the last two bullet points above occurs with respect to the issuer and is continuing, the entire principal amount of, and accrued interest, if any, on each series of senior debt securities then outstanding shall become immediately due and payable.

Upon a declaration of acceleration, the principal amount of and accrued interest, if any, on such senior debt securities shall be immediately due and payable. Unless otherwise specified in the prospectus supplement relating to a series of senior debt securities originally issued at a discount, the amount due upon acceleration shall include only the original issue price of the senior debt securities, the amount of original issue discount accrued to the date of acceleration and accrued interest, if any.

Upon certain conditions, declarations of acceleration may be rescinded and annulled and past defaults may be waived by the holders of a majority in aggregate principal amount of all the senior debt securities of such series affected by the default, each series voting as a separate class. Furthermore, subject to various provisions in the senior indenture, the holders of at least a majority in aggregate principal amount of a series of senior debt securities, by notice to the trustee, may waive an existing default or event of default with respect to such senior debt securities and its consequences, except a default in the payment of principal of or interest on such senior debt securities or in respect of a covenant or provision of the senior indenture which cannot be modified or amended without the consent of the holders of each such senior debt security. Upon any such waiver, such default shall cease to exist, and any event of default with respect to such senior debt securities shall be deemed to have been cured, for every purpose of the senior indenture; but no such waiver shall extend to any subsequent or other default or event of default or impair any right consequent thereto. For information as to the waiver of defaults, see Modification and Waiver.

The holders of at least a majority in aggregate principal amount of a series of senior debt securities may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to such senior debt securities. However, the trustee may refuse to follow any direction that conflicts with law or the senior indenture that may involve the trustee in personal liability, or that the trustee determines in good faith may be unduly prejudicial to the rights of holders of such series of senior debt securities not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from holders of such series of senior debt securities. A holder may not pursue any remedy with respect to the senior indenture or any series of senior debt securities unless:

the holder gives the trustee written notice of a continuing event of default;

the holders of at least 25% in aggregate principal amount of such series of senior debt securities make a written request to the trustee to pursue the remedy in respect of such event of default;

the requesting holder or holders offer the trustee indemnity satisfactory to the trustee against any costs, liability or expense;

the trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and

during such 60-day period, the holders of a majority in aggregate principal amount of such series of senior debt securities do not give the trustee a direction that is inconsistent with the request.

These limitations, however, do not apply to the right of any holder of a senior debt security to receive payment of the principal of or interest, if any, on such senior debt security, or to bring suit for the enforcement of any such payment, on or after the due date for the senior debt securities, which right shall not be impaired or affected without the consent of the holder.

The senior indenture requires certain of the issuer s officers to certify, on or before a fixed date in each year in which any senior debt security is outstanding, as to their knowledge of the issuer s compliance with all conditions and covenants under the senior indenture.

Discharge and Defeasance. The senior indenture provides that the issuer (a) may be discharged from its obligations in respect of the debt securities (defeasance and discharge), or (b) may cease to comply with certain restrictive covenants (covenant defeasance), including those described under Consolidation, Merger and Sale of Assets , when the issuer has irrevocably deposited with the trustee, in trust, (i) sufficient funds to pay the principal of and interest to stated maturity (or redemption) on, the debt securities or (ii) such amount of direct obligations of, or obligations guaranteed by, the government which issued the currency in which the debt securities of such series are denominated, as will, together with the predetermined and certain income to accrue thereon without consideration of any reinvestment, be sufficient to pay when due the principal of and interest to stated maturity (or redemption) on, the debt securities. Such defeasance and discharge and covenant defeasance are conditioned upon, among other things, the issuer s delivery of an opinion of counsel that the holders of the debt securities will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance, and will be subject to tax in the same manner as if no defeasance and discharge or covenant defeasance, as the case may be, had occurred. In the case of defeasance and discharge only, such opinion of counsel must be based on a ruling of the Internal Revenue Service or other change in applicable federal income tax law.

Modification and Waiver. The issuer and the trustee may amend or supplement the senior indenture or the senior debt securities without the consent of any holder:

to convey, transfer, assign, mortgage or pledge any assets as security for the senior debt securities of one or more series;

to evidence the succession of another corporation to the issuer, and the assumption by such successor corporation of the issuer s covenants, agreements and obligations under the senior indenture;

to cure any ambiguity, defect or inconsistency in the senior indenture or in any supplemental indenture or to conform the senior indenture or the senior debt securities to the description of senior debt securities of such series set forth in this prospectus or any applicable prospectus supplement;

to evidence and provide for the acceptance of appointment hereunder by a successor trustee, or to make such changes as shall be necessary to provide for or facilitate the administration of the trusts in the senior indenture by more than one trustee;

to provide for or add guarantors with respect to the senior debt securities of any series;

to establish the form or forms or terms of the senior debt securities as permitted by the senior indenture;

to add to, delete from or revise the conditions, limitations and restrictions on the authorized amount, terms, purposes of issue, authentication and delivery of any series of senior debt securities;

to add to the issuer s covenants such new covenants, restrictions, conditions or provisions for the protection of the holders, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an event of default;

to make any change to the senior debt securities of any series so long as no senior debt securities of such series are outstanding; or

to make any change that does not adversely affect the rights of any holder in any material respect.

Other amendments and modifications of the senior indenture or the senior debt securities issued may be made, and the issuer s compliance with any provision of the senior indenture with respect to any series of senior debt securities may be waived, with the consent of the holders of not less than a majority of the aggregate principal amount of the outstanding senior debt securities of all series affected by the amendment or modification (voting as one class); provided, however, that each affected holder must consent to any modification, amendment or waiver that:

extends the final maturity of any senior debt securities of such series;

reduces the principal amount of, or premium, if any, on any senior debt securities of such series;

reduces the rate or extends the time of payment of interest on mployment of the Named Executive Officer or in the event of a change in control as described below.

Termination Accelerated Vesting of Equity Incentive Plan Awards. Under the terms of the 2001 Stock Option and Incentive Award Plan and the related award agreements executed between the Company and each of the Named Executive Officers, all outstanding unvested shares of restricted stock immediately vest in the event of termination of employment due to death. In the event of termination for any other reason, all unvested shares of restricted stock are forfeited. Assuming termination of employment occurred due to death, and that termination of employment of each Named Executive Officer occurred on December 31, 2009, the unvested shares of restricted stock of each of the Named Executive Officers would vest immediately and have the market values set forth in the Outstanding Equity Awards at 2009 Fiscal Year-End table above on page 27 of this Proxy Statement.

With respect to outstanding unvested stock options under the 2001 Stock Option and Incentive Award Plan, all outstanding unvested stock options immediately vest in the event of termination of employment of the Named Executive Officers with the Company due to death, and all outstanding unvested stock options immediately vest in the event of termination due to retirement. If the Named Executive Officer s employment with the Company terminates for any other reason, all unvested stock options are forfeited. The treatment of acceleration of vesting of stock options in the event of termination is generally available to all grantees under the plan under the general provisions of the plan, unless a grantee s specific award agreement specifies otherwise.

The table below reflects the unvested stock options held by each of the Named Executive Officers as of December 31, 2009 and sets forth an unrealized value of those unvested stock options as of that date. The unrealized value of unvested options was calculated by multiplying the number of shares underlying unvested stock options by the closing price of the stock of $27.71 per share as of December 31, 2009 and then deducting the aggregate exercise price for these stock options.

Name of Executive	No. of Shares Underlying Unvested Options	Unrealized Value of Unvested Options
R. Charles Loudermilk, Sr.	50,000	$ 328,000
Robert C. Loudermilk, Jr.	75,000	491,750
Gilbert L. Danielson	75,000	491,750
William K. Butler, Jr.	75,000	491,750

K. Todd Evans	15,000	98,400

Change In Control Accelerated Vesting of Equity Incentive Plan Awards and Non-Equity Incentive Plan Payments. Pursuant to the terms of the 2001 Stock Option and Incentive Award Plan, all outstanding unvested stock options and restricted stock awards immediately vest, including those held by the Named Executive Officers, upon the occurrence of a change in control. If a change in control of the Company occurred on December 31, 2009, the outstanding unvested restricted stock and stock options held by each of the Named Executive Officers would vest immediately and would be valued as described above under *Termination Accelerated Vesting of Equity Incentive Plan Awards.*

In the event of a change in control, the Executive Bonus Plan provides for the automatic payment of target-level cash bonuses to the Named Executive Officers, prorated to the extent the change in control occurs during the annual performance period. Assuming the change in control occurred on the last day of our most recently completed fiscal year, the amount we would be obligated to pay out to our Named Executive Officers under the Executive Bonus Plan would be the same as the amount of non-equity incentive compensation paid out as shown in the Summary Compensation Table on page 22 of this Proxy Statement. Additional information about the Executive Bonus Plan is provided at page 23 of this Proxy Statement.

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Non-Management Director Compensation in 2009

The current compensation program for non-management directors is designed to fairly pay directors for work required for a company of Aaron s size and scope and to align directors interests with the long-term interests of Company shareholders. For 2009, each outside director received $3,000 or the equivalent amount in shares of the Company s Common Stock for each Board meeting attended. Each outside director is also paid a quarterly retainer of $2,000 or the equivalent amount in shares of the Company s Common Stock. Audit Committee members receive $1,000 for each Audit Committee meeting attended with the Chairman of the Audit Committee receiving $1,500 for each meeting attended. Each member of the Compensation Committee receives $500 for each Compensation Committee meeting attended. Mr. Benatar, as Lead Director, receives in addition to this Board and Committee fees, an annual retainer of $15,000, paid quarterly for his role as Lead Director. Directors who are employees of the Company receive no compensation for attendance at Board or Committee meetings.

Name	Fees Earned or Paid in Cash	Stock Awards(5)	Option Awards(6)	Total
Ronald W. Allen(1)	$ 25,000	-0-	$ -0-	$ 25,000
Leo Benatar(2)	37,000	-0-	-0-	37,000
Earl Dolive(1)	25,000	-0-	-0-	25,000
David L. Kolb(1)	34,500(3)	-0-	-0-	34,500
John C. Portman, Jr.	17,000	-0-	-0-	17,000
Ray M. Robinson(2)	12,250	-0-	-0-	12,250
John B. Schuerholz	27,000(4)	-0-	-0-	27,000

(1) Member of the Audit Committee of the Board of Directors.

(2) Member of the Compensation Committee of the Board of Directors.

(3) Includes 942 shares of Common Stock valued at $27,000 received in lieu of cash payments in 2009.

(4) Includes 942 shares of Common Stock valued at $27,000 received in lieu of cash payments in 2009.

(5) No Grants in 2009. Represents the aggregate grant date fair value of awards recognized by the Company as required by Financial Accounting Standards Board Codification Topic 718.

(6) No Grants in 2009. Represents the aggregate grant date fair value of awards recognized by the Company as required by Financial Accounting Standards Board Codification Topic 718.

Non-Management Director
Restricted Stock Awards and Stock Options

Number of

Name	Number of Restricted Stock Awards(1)	Options(1)
Ronald W. Allen	1,000	5,750
Leo Benatar	1,000	5,750
Earl Dolive	1,000	5,750
David L. Kolb	1,000	5,750
John C. Portman, Jr.	1,000	2,000
Ray M. Robinson	1,000	5,750
John B. Schuerholz	1,000	2,000

(1) As of December 31, 2009.

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RELATED PARTY TRANSACTIONS

In 2009, the Company sponsored the son of its Chief Operating Officer as a driver for the Robert Richardson Racing team in the NASCAR Nationwide Series at a cost of $1.6 million. The Company also paid $22,000 for team decals, apparel and driver travel to corporate promotional events. The sponsorship agreement expired at the end of 2009 and was not renewed. Motor sports promotions and sponsorships are an integral part of the Company s marketing programs.

Aaron Ventures I, LLC (Aaron Ventures) was formed in December 2002 for the purpose of acquiring properties from the Company and leasing them. Messrs. Loudermilk, Sr., Loudermilk, Jr., Butler, and Cates are the managers of Aaron Ventures, and all of its owners are officers of the Company, including all of the Named Executive Officers and five other executive officers. The combined ownership interest for all Named Executive Officers represents 60% of which Mr. Loudermilk Jr s. interest is 13.33%. In December 2002, Aaron Ventures purchased eleven properties from the Company, all former Heilig-Meyers stores, for a total purchase price of $5,000,000. In 2006, Aaron Ventures sold one of the properties to a third party. The Company acquired these properties from Heilig-Meyers in 2001 and 2002 for an aggregate purchase price of approximately $4,000,000. The price paid by Aaron Ventures was arrived at by adding the Company s acquisition cost to the cost of improvements made by the Company to the properties prior to the sale to Aaron Ventures. In October and November of 2004, Aaron Ventures purchased an additional eleven properties from the Company for a total purchase price of $6,895,000. The Company had acquired these properties over a period of several years. The purchase price paid by Aaron Ventures was determined from the individual fair market valuation and the results of current formal written appraisals completed for each location. Aaron Ventures currently leases 19 of the above properties to the Company for 15-year terms at a current annual rental of approximately $1,238,000. The Company does not intend to enter into further capital leases with related parties.

In the second quarter of 2009, the Company entered into an agreement with R. Charles Loudermilk, Sr., Chairman of the Board of Directors of the Company, to exchange 500,000 of Mr. Loudermilk, Sr. s shares of the Company s voting Class A Common Stock for 416,335 shares of its non-voting Common Stock having approximately the same fair market value, based on a 30 trading day average.

An irrevocable trust holds a cash value life insurance policy on the life of Mr. Loudermilk, Sr., the aggregate face value of which is $400,000. The Company and the Trustee of such trust are parties to split-dollar agreements pursuant to which the Company has agreed to make all payments on the policy until Mr. Loudermilk, Sr. s death. Upon his death, the Company will receive the aggregate cash value of this policy, which as of December 31, 2009 represented $268,321 and the balance of such policy will be payable to the trust or beneficiaries of such trust.

Each of two irrevocable trusts holds cash value life insurance policies on the life of Mr. Loudermilk, Sr., the death benefit of which is $6,838,872. The Company and the Trustee of such trusts are parties to split-dollar agreements pursuant to which the Company has agreed to make all payments on the policies until Mr. Loudermilk, Sr. s death. Upon his death, the Company will receive an amount equal to the greater of the policies cash value or the sum of the premiums that have been paid, which as of December 31, 2009 represented $2,437,459 and the balance of such policies will be payable to the trusts or beneficiaries of such trusts.

The Audit Committee s Charter provides that the Committee shall review and ratify all transactions to which the Company is a party and in which any director and executive officer has a direct or indirect material interest, apart from their capacity as director or executive officer. In addition, the Company s Code of Business Conduct and Ethics provides that conflict of interest situations involving directors or executive officers must receive the prior review and approval of the Audit Committee. The Code of Conduct sets forth various examples of when conflict of interest

situations may arise, including: when an officer or director or members of his or her family receive improper personal benefits as a result of his or her position in or with the Company; have certain relationships with competing businesses or businesses with a material financial interest in the Company, such as suppliers or customers; or receive improper gifts or favors from such businesses.

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AUDIT MATTERS

Ernst & Young LLP served as the independent auditor of the Company for the year December 31, 2009 and has been selected by the Audit Committee of the Board of Directors to continue as the Company s auditors for the current fiscal year. A representative of that firm is expected to be present at the Annual Meeting and will have an opportunity to make a statement and respond to appropriate questions. The following table sets forth the Ernst & Young fees for services to the Company in the last two fiscal years.

Fees Billed in Last Two Fiscal Years

	Year Ended December 31, 2009	2008
Audit Fees(1)	$ 1,014,727	$ 1,061,863
Audit-Related Fees(2)	32,500	32,652
Tax Fees(3)	378,028	357,482
All Other Fees		
TOTAL	$ 1,425,255	$ 1,451,997

(1) Includes fees associated with the annual audit of the consolidated financial statements and internal control over financial reporting, reviews of the quarterly reports on Form 10-Q, assistance with and review of documents filed with SEC, and accounting and financial reporting consultations and research work necessary to comply with generally accepted auditing standards.

(2) Includes fees associated with the audit of the 401(k) plan and review of the Franchise Disclosure Document filed with Federal Trade Commission.

(3) Includes fees for tax compliance, tax advice and tax planning services.

Approval of Auditor Services

The Audit Committee is responsible for pre-approving all audit and permitted non-audit services provided to the Company by its independent public accountants. To help fulfill this responsibility, the Committee has adopted an Audit and Non-Audit Services Pre-Approval Policy. Under the Policy, all auditor services must be pre-approved by the Audit Committee either (1) before the commencement of each service on a case-by-case basis called specific pre-approval or (2) by the description in sufficient detail in the Policy of particular services which the Audit Committee has generally approved, without the need for case-by-case consideration called general pre-approval. Unless a particular service has received general pre-approval, it must receive the specific pre-approval of the Committee or the Chairman of the Committee. The Policy describes the audit, audit-related and tax services that have received general pre-approval these general pre-approvals allow the Company to engage the independent accountants for the enumerated services for individual engagements up to the fee levels prescribed in the Policy. The annual audit engagement for the Company is subject to the specific pre-approval of the Committee. Any engagement of the independent accountants pursuant to a general pre-approval must be reported to the Audit Committee at its next

regular meeting. The Audit Committee periodically reviews the services that have received general pre-approval and the associated fee ranges. The Policy does not delegate the Audit Committee s responsibility to pre-approve services performed by the independent public accountants to management.

AUDIT COMMITTEE REPORT

The Audit Committee is comprised of three independent members of the Board of Directors as defined under the listing standards of the New York Stock Exchange and operates pursuant to a written charter adopted by the Board and available through the Company s website, *www.aaronsinc.com*. Management has primary responsibility for the financial statements and the reporting process, including the systems of internal controls. The Company s independent auditors for 2009 Ernst & Young LLP are responsible for performing an audit of the Company s consolidated financial statements in accordance with auditing standards generally accepted in the United States and

for expressing an opinion as to their conformity with generally accepted accounting principles. The Audit Committee s responsibility is to monitor and oversee these processes.

In keeping with its responsibilities, the Audit Committee has reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2009 with management and has discussed with Ernst & Young the matters required to be discussed by 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 in Rule 3200T. The Audit Committee has also received the written disclosures and the letter from Ernst & Young required by applicable requirements of the Public Company Accounting Oversight Board regarding their communications with the Audit Committee concerning independence, and has discussed with Ernst & Young LLP their independence.

The Committee discussed with the Company s independent auditors the overall scope and plans for their audit. The Committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company s internal controls, and the overall quality of the Company s financial reporting.

Based on the reports and discussions described in this report, and subject to the limitations on the role and responsibilities of the Committee referred to above and in the Audit Committee Charter, the Committee recommended to the Board of Directors that the audited consolidated financial statements of the Company be included in the Annual Report on Form 10-K for the year ended December 31, 2009 for filing with the Securities and Exchange Commission.

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

David L. Kolb, Chairman
Earl Dolive
Ronald W. Allen

SHAREHOLDER PROPOSALS FOR 2011 ANNUAL MEETING

In accordance with the provisions of Rule 14a-8(e) of the Securities and Exchange Commission, proposals of shareholders intended to be presented at the Company s 2011 annual meeting must be received by December 6, 2010 to be eligible for inclusion in the Company s proxy statement and form of proxy for that meeting. If a shareholder desires the Board to consider including in its slate of director nominees for the Company s 2011 annual meeting a nominee submitted to the Company by such shareholder, the shareholder must submit such nomination in compliance with the procedures described under ELECTION OF DIRECTORS DIRECTOR NOMINATIONS by December 6, 2010 to be eligible for inclusion in the Board s nominee slate. If a shareholder otherwise desires to nominate a candidate for election to the Board, such shareholder must submit the nomination in compliance with the Company s Bylaws not less that 14 nor more than 50 days prior to the 2011 annual meeting, which we currently anticipate will be held on May 2, 2011. Other shareholder proposals not made in accordance with the provisions of Rule 14a-8(e)(3) must be submitted to the Board in compliance with the Company s Bylaws between 90 to 120 days prior to the 2011 annual meeting in order to be considered timely. The Company retains discretion to vote proxies it receives with respect to director nominations or any other business proposals received after their respective deadlines for submission as described above. The Company retains discretion to vote proxies it receives with respect to such proposals received prior to such deadlines provided (a) the Company includes in its proxy statement advice on the nature of the proposal and how it intends to exercise its voting discretion, and (b) the proponent does not issue its own proxy statement.

COMMUNICATING WITH THE BOARD AND CORPORATE GOVERNANCE DOCUMENTS

The Company s security holders and other interested parties may communicate with the Board, the non-management or independent directors as a group, or individual directors by writing to them in care of the Corporate Secretary, Aaron s, Inc., 309 E. Paces Ferry Road, N.E., Atlanta, Georgia 30305-2377. Correspondence will be forwarded as directed by the writer. The Company may first review, sort, and summarize such communications, and

screen out solicitations for goods or services and similar inappropriate communications unrelated to the Company or its business. All concerns related to audit or accounting matters will be referred to the Audit Committee.

The Audit Committee and Compensation Committee Charters, the Company s Code of Business Conduct and Ethics, its Code of Ethics for the Chief Executive Officer and the senior financial officers and employees and its Corporate Governance Guidelines can each be viewed by clicking the Corporate Governance tab on the Investor Relations area of the Company s website at *http://www.aaronsinc.com.* You may also obtain a copy of any of these documents without charge by writing to the Corporate Secretary, Aaron s, Inc., 309 East Paces Ferry Road, NE, Atlanta, Georgia 30305-2377.

OTHER MATTERS

The Board of Directors of the Company knows of no other matters to be brought before the Annual Meeting. However, if other matters should properly come before the Annual Meeting, it is the intention of each person named in the proxy to vote such proxy in accordance with his judgment of what is in the best interest of the Company.

THE COMPANY S ANNUAL REPORT ON FORM 10-K FILED WITH THE SECURITIES AND EXCHANGE COMMISSION WILL BE FURNISHED TO SHAREHOLDERS UPON REQUEST WITHOUT CHARGE. REQUESTS FOR FORM 10-K REPORTS SHOULD BE SENT TO GILBERT L. DANIELSON, EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER, AARON S, INC., 309 E. PACES FERRY ROAD, N.E., ATLANTA, GEORGIA 30305-2377.

BY ORDER OF THE BOARD OF DIRECTORS

JAMES L. CATES
Senior Group Vice President
and Corporate Secretary

April 5, 2010

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APPENDIX A

AARON S, INC.
2010 EXECUTIVE BONUS PLAN

Effective as of January 1, 2010

1. ESTABLISHMENT AND EFFECTIVE DATE OF PLAN

Aaron s, Inc. (the Company) hereby adopts the Aaron s, Inc. 2010 Executive Bonus Plan (the Plan) for its executive officers and certain other executives of the Company and its affiliates who are in management positions designated as eligible for participation by the Compensation Committee of the Board of Directors of the Company or such other committee appointed by the Board (the Committee), or the Committee s designee. The Plan shall be effective as of January 1, 2010 subject to and conditioned upon approval by the shareholders of the Company. The Plan shall remain in effect, subject to the rights of amendment and termination in Section 13, until the Incentive Awards are paid for the Company s fiscal year ending in 2014.

2. PURPOSE OF THE PLAN

The purpose of the Plan is to further the growth and financial success of the Company by offering performance incentives to designated executives who have significant responsibility for such success.

3. DEFINITIONS

(a) Base Annual Salary means the actual base salary paid to a Participant during the applicable Plan Year, increased by the amount of any pre-tax deferrals or other pre-tax payments made by the Participant to the Company s deferred compensation or welfare plans (whether qualified or non-qualified).

(b) Board of Directors means the Board of Directors of the Company.

(c) Change in Control shall have the meaning ascribed to such term in the Aaron s, Inc. 2001 Stock Option and Incentive Award Plan, effective as of March 13, 2001, and as it may be amended.

(d) Chief Executive Officer means the chief executive officer of the Company, unless otherwise specified.

(e) Code means the Internal Revenue Code of 1986, as amended.

(f) Committee means the Compensation Committee of the Board of Directors or any other committee designated by the Board of Directors which is responsible for administering the Plan. The Committee shall be comprised solely of two or more individuals who qualify as outside directors under Code Section 162(m).

(g) Company means Aaron s, Inc., a Georgia corporation, and its successors.

(h) Incentive Award or Award means the bonus awarded to a Participant under the terms of the Plan.

(i) Maximum Award means the maximum dollar amount or the maximum percentage of Base Annual Salary which may be paid based upon the Relative Performance during the Plan Year.

(j) Operating Unit means a separate business operating unit of the Company with respect to which separate performance goals may be established hereunder.

(k) Participant means an employee of the Company, an Operating Unit or an affiliate who is designated by the Committee or its designee to participate in the Plan.

(l) Performance-Based Award means an Incentive Award (or a specified portion of an Incentive Award) that is intended to satisfy the requirements for performance-based compensation under Code Section 162(m).

(m) Plan Rules means the guidelines established annually by the Committee pursuant to Section 4, subject, where applicable, to ratification by the Board of Directors.

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(n) Plan Year means the twelve month period which is the same as the Company s fiscal year. The initial Plan Year shall be January 1, 2010 through December 31, 2010.

(o) Relative Performance means the extent to which the Company, and/or designated Operating Unit, as applicable, achieves the performance measurement criteria set forth in the Plan Rules.

(p) Target Award means the dollar amount or the percentage (which may vary among Participants and from Plan Year to Plan Year) of Base Annual Salary which will be paid to a Participant as an Incentive Award if the performance measurement criteria applicable to the Participant for the Plan Year is achieved, as reflected in the Plan Rules for such Plan Year.

(q) Threshold Award means the dollar amount or the percentage of Base Annual Salary which corresponds to the minimum acceptable Relative Performance during the Plan Year.

4. ADMINISTRATION OF THE PLAN

The Plan will be administered by the Committee, subject to its right to delegate responsibility for administration of the Plan as it applies to Awards other than Performance-Based Awards pursuant to Section 7. The Committee will have authority to establish Plan Rules with respect to the following matters for the Plan Year, subject to the right of the Board of Directors to ratify such Plan Rules as provided in this Section 4:

(a) the employees who are Participants in the Plan;

(b) as applicable, the Target Award, Maximum Award and/or Threshold Award that can be granted to each Participant and the method for determining such award, which the Committee may amend from time to time;

(c) the performance targets and the measurement criteria to be used in determining the Company s or an Operating Unit s Relative Performance, which will include one or more of the following, as determined by the Committee or its designee each year:

earnings before interest and taxes (EBIT);

earnings before interest, taxes, depreciation and amortization (EBITDA);

pre-tax earnings;

return on assets, net assets, investments, equity, or capital employed;

operating income or net income;

inventory turnover ratio;

cost reductions;

leverage ratios;

gross margin;

product introduction;

sales;

net income;

earnings per share;

after-tax or pre-tax profit;

same store growth;

market value of the Company s stock;

total shareholder return;

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economic profit or capitalized economic profit;

cash flow or cash flow return; and

strategic business objectives, consisting of one or more objectives based on meeting specified cost targets, business expansion goals, and goals relating to acquisitions or divestitures.

(d) the time or times, the form of payment, and the conditions subject to which any Incentive Award may become payable.

The Plan Rules will be adopted by the Committee prior to, or as soon as practical after, the commencement of each Plan Year. Subject to the provisions of the Plan and the Committee s right to delegate its responsibilities, the Committee will also have the discretionary authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, and to make all other determinations deemed necessary or advisable in administering the Plan. The determinations of the Committee on the matters referred to in paragraphs (a) through (d) of this Section 4 with respect to the Chief Executive Officer (and such other Participants as the Committee may determine) shall be submitted at least annually to the Board of Directors for its consideration and ratification. For Awards that are not Performance-Based Awards, the Committee may in its discretion establish performance measures and criteria not listed in this Section 4 without obtaining shareholder approval.

5. PARTICIPATION

Eligibility for participation in the Plan is limited to executive officers of the Company and certain other executives of the Company and its Operating affiliates who hold key management and staff positions. From among those eligible and based upon the recommendations of the Chief Executive Officer and other designees, the Committee will designate by name or position the Participants each Plan Year. Any employee who is a Participant in one Plan Year may be excluded from participation in any other Plan Year. If, during the Plan Year, a Participant other than the Chief Executive Officer changes employment positions to a new position which corresponds to a different award level, the Committee may, in its discretion, adjust the Participant s award level for such Plan Year; provided, however, any such adjustment shall be made with respect to Performance-Based Awards only in accordance with Code Section 162(m). The Committee may, in its discretion, designate employees who are hired after the beginning of the Plan Year as Participants for such Plan Year and as eligible to receive full or partial Incentive Awards for such year.

6. INCENTIVE AWARDS

(a) Determination of the Amount of Incentive Awards

At the end of each Plan Year, the Committee or its designee shall certify the extent to which the performance targets and measurement criteria established pursuant to Section 4 have been achieved for such Plan Year based upon financial information provided by the Company. A Participant s Incentive Award shall be computed by the Committee based upon the achievement of the established performance targets, measurement criteria and the requirements of the Plan. In addition to any adjustments provided by the Incentive Award, the Committee may in determining whether performance targets have been met adjust the Company s financial results to exclude the effect of unusual charges or income items or other events, including acquisitions or dispositions of businesses or assets, recapitalizations, reorganizations, restructurings, reductions in force, currency fluctuations or changes in accounting, which are distortive of results for the year (either on a segment or consolidated basis); provided, that for purposes of determining Performance-Based Awards, the Committee shall exclude unusual items whose exclusion has the effect of increasing Relative Performance if such items constitute extraordinary items under generally accepted accounting principles or

are unusual events or items. In addition, the Committee will adjust its calculations to exclude the unanticipated effect on financial results of changes in the Code or other tax laws, or the regulations relating thereto.

The Committee may, in its discretion, decrease the amount of a Participant s Incentive Award for a Plan Year based upon such factors as it may determine.

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In the event that the Company s or an Operating Unit s performance is below the anticipated performance thresholds for the Plan Year and the Incentive Awards are below expectations or not earned at all, the Committee may, in its discretion, increase the otherwise earned Incentive Awards; provided, however, the Committee may not increase any Incentive Awards that are Performance-Based Awards.

The Plan Rules and Incentive Awards that are Performance-Based Awards under the Plan shall be administered in a manner to qualify payments under the Plan to the Chief Executive Officer (and such other Participants as the Committee may determine each year) for the performance-based exception under Code Section 162(m) and the regulations thereunder, except where the Board of Directors determines such compliance is not necessary. The maximum Performance-Based Award that may be paid to an individual Participant for a Plan Year shall be $3.0 million.

(b) Eligibility for Payment of Incentive Award

No Participant will have any vested right to receive any Incentive Award until such date as the Board of Directors has ratified the Committee s determination with respect to the payment of individual Incentive Awards, except where the Committee determines such ratification is not necessary. No Incentive Award will be paid to any Participant who is not an active employee of the Company, an Operating Unit or an affiliate at the end of the Plan Year to which the Incentive Award relates; provided, however, at the discretion of the Committee or its designee (subject to ratification by the Board of Directors, where required, and the limitations of Code Section 162(m)), partial Incentive Awards may be paid to Participants (or their beneficiaries) who are terminated without cause (as determined by the Committee or its designee) or who retire, die or become permanently and totally disabled during the Plan Year; provided, however partial or prorated Incentive Awards that are Performance-Based Awards shall be based on the attainment of the performance goals and criteria for the year and shall be payable at the same time as Incentive Awards are payable to actively employed Participants. No Participant entitled to receive an Incentive Award shall have any interest in any specific asset of the Company, and such Participant s rights shall be equivalent to that of a general unsecured creditor of the Company.

(c) Payment of Awards

Payment of the Incentive Awards will be made as soon as practicable after their determination pursuant to Sections 6 and not later than 21/2 months after the end of the corporation s fiscal year to which the Incentive Award relates, subject to the Committee s right to allow a Participant to defer payment pursuant to an applicable deferred compensation plan of the Company. Payment will generally be made in a lump sum in cash unless the Committee otherwise determines at the beginning of the Plan Year.

7. DELEGATION OF AUTHORITY BY THE COMMITTEE

Notwithstanding the responsibilities of the Committee set forth herein, the Committee may delegate to the Chief Executive Officer or others all or any portion of its responsibility for administration of the Plan as it relates to Participants other than the Chief Executive Officer who receive Awards that are not Performance-Based Awards. Such delegation may include, without limitation, the authority to designate employees who can participate in the Plan, to establish Plan Rules, to interpret the Plan, to determine the extent to which performance criteria have been achieved, and to adjust any Incentive Awards that are payable. In the case of each such delegation, the administrative actions of the delegate shall be subject to the approval of the person within the Company to whom the delegate reports (or, in the case of a delegation to the Chief Executive Officer, to the approval of the Committee).

8. CHANGE IN CONTROL

Upon the occurrence of a Change in Control the Participant s Incentive Award for the Plan Year shall be determined as if the Target Award level of performance has been achieved (without any reductions under Section 6(a)) and shall be deemed to have been fully earned for the Plan Year, provided that the Participant shall only be entitled to a pro rata portion of the Incentive Award based upon the number of days within the Plan Year that had elapsed as of the effective date of the Change in Control. The Incentive Award amount shall be paid only in cash within thirty (30) days of the effective date of the Change in Control. The Incentive Award payable upon a Change in

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Control to a Participant for the Plan Year during which a Change in Control occurs shall be the greater of the amount provided for under this Section 8 or the amount of the Incentive Award payable to such Participant for the Plan Year under the terms of any employment agreement or severance agreement with the Company, its Operating Units or affiliates. Notwithstanding the above, the Committee may provide in the Plan Rules for alternative consequences upon a Change in Control, which may apply to some or all Participants and which may vary among Participants.

9. BENEFICIARY

To the extent provided by the Committee or its designee each Participant will designate a person or persons to receive, in the event of death, any Incentive Award to which the Participant would then be entitled under Section 6(b). Such designation will be made in the manner determined by the Committee and may be revoked by the Participant in writing. If the Committee does not provide for a designation of beneficiary or if a Participant fails effectively to designate a beneficiary, then the estate of the Participant will be deemed to be the beneficiary.

10. WITHHOLDING OF TAXES

The Company shall deduct from each Incentive Award the amount of any taxes required to be withheld by any governmental authority.

11. EMPLOYMENT

Nothing in the Plan or in any Incentive Award shall confer (or be deemed to confer) upon any Participant the right to continue in the employ of the Company, an Operating Unit or an affiliate, or interfere with or restrict in any way the rights of the Company, an Operating Unit or an affiliate to discharge any Participant at any time for any reason whatsoever, with or without cause.

12. SUCCESSORS

All obligations of the Company under the Plan with respect to Incentive Awards granted hereunder shall be binding upon any successor to the Company, whether such successor is the result of an acquisition of stock or assets of the Company, a merger, a consolidation or otherwise.

13. TERMINATION AND AMENDMENT OF THE PLAN; GOVERNING LAW

The Committee, subject to the ratification rights of the Board of Directors, has the right to suspend or terminate the Plan at any time, or to amend the Plan in any respect, provided that no such action will, without the consent of a Participant, adversely affect the Participant s rights under an Incentive Award approved under Section 6(b). The Plan shall be interpreted and construed under the laws of the State of Georgia.

14. CODE SECTION 409A

It is intended, and this Plan will be so construed and administered, that all amounts payable under this Plan shall be either be exempt from or comply with the provisions of Code Section 409A. In the event that the Plan shall be deemed not to comply with Code Section 409A, then neither the Company, the Board, the Committee nor its or their designees or agents shall be liable to any Participant or other persons for actions, decisions or determinations made in good faith.

AS APPROVED BY THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OF THE COMPANY ON THE 26th DAY OF MARCH, 2010.

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Aaron s, Inc.