

Discovery Holding CO  
Form 4  
September 18, 2008

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
FLOWERS DAVID J A

(Last) (First) (Middle)  
12300 LIBERTY BLVD.  
  
(Street)

ENGLEWOOD, CO 80112

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
Discovery Holding CO [DISCA]

3. Date of Earliest Transaction  
(Month/Day/Year)  
09/17/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Senior Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				(A) or (D) Code V Amount (D) Price			
Series A Common Stock	09/17/2008		D	25,914 D	0	D	
Series A Common Stock	09/17/2008		D	1,224 (2) D	0	I	By 401(k) Savings Plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Stock Option (right to buy)	\$ 17.54	09/17/2008		D	147,686	<u>(3)</u> 02/28/2011	Series A Common Stock 147,686
Stock Option (right to buy)	\$ 13	09/17/2008		D	20,000	<u>(3)</u> 07/31/2013	Series A Common Stock 20,000
Stock Option (right to buy)	\$ 11.84	09/17/2008		D	25,000	<u>(5)</u> 08/06/2014	Series A Common Stock 25,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FLOWERS DAVID J A 12300 LIBERTY BLVD. ENGLEWOOD, CO 80112			Senior Vice President	

## Signatures

/s/ Charles Y. Tanabe,  
Attorney-in-fact

09/18/2008

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) On September 17, 2008, the Issuer merged (the "Merger") with and into a wholly owned subsidiary of a new public holding company ("New Discovery"), which was a wholly owned subsidiary of the Issuer prior to the Merger. In the Merger, the Reporting Person disposed of each share of the Issuer's Series A common stock held at the time of the Merger in exchange for 0.50 of a share of Series A common stock of New Discovery plus 0.50 of a share of Series C common stock of New Discovery.

(2) The number of shares represents equivalent shares based on the fair market value of the shares of the Issuer's Series A common stock held by a unitized stock fund under the Liberty Media Corporation 401(k) Savings Plan based on a report from the Plan Administrator dated August 29, 2008. The Reporting Person has an interest in the unitized fund, which holds shares of the Issuer's Series A common stock and

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short-term investments.

- (3) The option was 100% vested.

In the Merger, the Reporting Person disposed of the option in exchange for a stock appreciation right relating to shares of New Discovery

- (4) Series A common stock and a stock appreciation right relating to shares of New Discovery Series C common stock, in each case, at base prices to be calculated as described in the proxy statement/prospectus filed by the Issuer with the SEC on August 6, 2008.
- (5) The option provided for vesting as to 20% of the total number of shares on each August 6th, beginning August 6, 2005.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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