

Discovery, Inc.
Form DEF 14A
March 22, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

Discovery, Inc.

(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

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No fee required.

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- (1) Title of each class of securities to which the transaction applies:

- (2) Aggregate number of securities to which the transaction applies:

- (3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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- (1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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March 26, 2019

Dear Stockholders,

You are cordially invited to attend our annual meeting of stockholders at 10:00 a.m. on Wednesday, May 8, 2019 in the Henry Room at the Lotte Palace Hotel at 455 Madison Avenue, New York, New York 10022.

If you hold shares of Series A or Series B common stock or Series A-1 convertible preferred stock, you will be asked to vote on a number of important matters, which are listed in the Notice of Annual Meeting of Stockholders (the Notice). The Board of Directors recommends a vote **FOR** proposals 1 and 2 and **AGAINST** proposals 3 and 4 in this Notice.

Your vote is very important, regardless of the number of shares you own. Whether or not you plan to attend the Annual Meeting, please vote as soon as possible to make sure that your shares are represented.

Thank you for your continued support and interest in our company, and I look forward to seeing you at the Annual Meeting.

Sincerely,

Robert J. Miron

Chairman of the Board

Discovery, Inc.

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DISCOVERY, INC.

a Delaware corporation

8403 Colesville Road

Silver Spring, Maryland 20910

(240) 662-2000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Discovery Stockholders:

You are cordially invited to attend, and notice is hereby given of, the 2019 Annual Meeting of Stockholders of Discovery, Inc. to be held in the Henry Room at the Lotte Palace Hotel at 455 Madison Avenue, New York, New York 10022 on Wednesday, May 8, 2019 at 10:00 a.m., local time, for the following purposes:

1. To elect six directors, three Class II directors to be voted on by the holders of our Series A common stock and Series B common stock, voting together as a single class, and three preferred stock directors to be voted on by the holders of our Series A-1 convertible preferred stock, voting separately as a class.
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019.
3. To vote on a stockholder proposal regarding simple majority vote, if properly presented.
4. To vote on a stockholder proposal regarding disclosure of diversity and qualifications of Discovery, Inc. directors and director candidates, if properly presented.

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

The close of business on March 15, 2019 was the record date for determining the holders of shares of our Series A and Series B common stock and Series A-1 convertible preferred stock entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. For a period of at least ten days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the Annual Meeting will be open to the examination of any stockholder during ordinary business hours at our offices located at 8403 Colesville Road, Silver Spring, Maryland.

By Order of the Board of Directors,

Stephanie D. Marks

Corporate Secretary

March 26, 2019

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2019 PROXY STATEMENT
QUESTIONS AND ANSWERS ABOUT
THE 2019 ANNUAL MEETING OF STOCKHOLDERS

Q: Who is soliciting my vote?

A: The Discovery, Inc. Board of Directors is soliciting your vote on proposals being submitted for consideration at our Annual Meeting of Stockholders to be held on May 8, 2019 (the Annual Meeting).

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

A: In accordance with the proxy delivery rules of the Securities and Exchange Commission (the SEC), we intend to commence distribution on or about March 26, 2019 of a notice (the Notice of Internet Availability of Proxy Materials) indicating that this Notice of 2019 Annual Meeting of Stockholders and Proxy Statement, our Annual Report to Stockholders and our Annual Report on Form 10-K will be made available at www.proxyvote.com. This website will also provide holders of our Series A and Series B common stock and Series A-1 convertible preferred stock (Series A-1 preferred stock) with instructions on how to vote their shares. The Notice of Internet Availability of Proxy Materials also indicates how to request printed copies of these materials, including, for holders of Series A and Series B common stock and Series A-1 preferred stock, the proxy card or voting instruction card.

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

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

the election of three Class II directors by the holders of our Series A common stock and Series B common stock, voting together as a single class, and the election of three preferred stock directors by the holders of our Series A-1 preferred stock, voting separately as a class;

the ratification of the appointment of PricewaterhouseCoopers LLP (PwC) to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2019;

the consideration of a stockholder proposal regarding simple majority vote, if properly presented; and

the consideration of a stockholder proposal regarding disclosure of diversity and qualifications of our directors and director candidates, if properly presented.

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

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

A: The close of business on March 15, 2019 was the record date for determining the holders of our Series A and Series B common stock and Series A-1 preferred stock entitled to notice of, and to vote at, the Annual Meeting and any adjournment thereof. The Notice of Internet Availability of Proxy Materials received by the holders of our Series A and Series B common stock and Series A-1 preferred stock will explain how they may vote their shares. Holders of our non-voting Series C common stock and Series C-1 convertible preferred stock (Series C-1 preferred stock) may access and receive this proxy statement and related materials but are not entitled to vote at the Annual Meeting or any adjournment thereof.

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Q: How many shares can vote at the Annual Meeting and how many votes does each share have?

A: As of March 15, 2019, we had outstanding 157,768,154 shares of Series A common stock, with each of those shares being entitled to one vote, 6,512,378 shares of Series B common stock, with each of those shares being entitled to ten votes, and 360,535,296 shares of Series C common stock, which are not entitled to vote. We also had outstanding 7,852,582 and four-ninths (4/9ths) shares of Series A-1 preferred stock, with each of those shares being entitled to nine votes on all matters to be voted on at the Annual Meeting other than the election of directors, which is equal to the number of votes the holder of the Series A-1 preferred stock would have been entitled to cast had it converted its shares of Series A-1 preferred stock into shares of Series A common stock on the record date, and 6,017,473.5 shares of Series C-1 preferred stock, which are not entitled to vote.

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

A: With respect to Proposal 1, the presence, in person or by properly executed proxy, of the holders of a majority of the total voting power of the outstanding shares of (a) the Series A common stock and Series B common stock, voting together as a single class, entitled to a separate vote on the election of three Class II directors at the Annual Meeting will constitute a quorum for purposes of this class vote and (b) the Series A-1 preferred stock entitled to a separate class vote on three preferred stock directors at the Annual Meeting will constitute a quorum for purposes of this class vote. The presence, in person or by properly executed proxy, of the holders of a majority in voting power of the Series A common stock, Series B common stock and Series A-1 preferred stock, with the preferred stock considered on an as-converted to common stock basis, voting together as a single class, will constitute a quorum for the combined class votes on Proposals 2 through 5.

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

Q: What vote is required to elect directors?

A: With respect to Proposal 1, three directors are to be elected by the holders of our Series A common stock and Series B common stock, voting together as a single class, and three directors are to be elected by the holder of our Series A-1 preferred stock, voting separately as a class. The Class II directors will be elected if they receive a plurality of the combined voting power of the outstanding shares of Series A common stock and Series B common stock present in person or by proxy and entitled to vote on the election of directors, voting together as single class. The Series A-1 preferred stock directors will be elected if they receive the written consent or the affirmative vote of the holder of a majority of the outstanding shares of the Series A-1 preferred stock.

If you submit a proxy card on which you indicated that you withhold your vote, it will have no effect on the election of directors; and

Broker non-votes are not considered shares entitled to vote and therefore will have no effect on the election of directors.

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

A: The affirmative vote of a majority of the combined voting power of the outstanding Series A common stock, Series B common stock and Series A-1 preferred stock, voting as a single class, present in person or by proxy and entitled to vote, is required to ratify Proposal 2.

If you submit a proxy card on which you indicate that you abstain from voting, your abstention will have the same effect as a vote AGAINST this proposal; and

If you are a street name stockholder and do not vote your shares, your bank, broker or other holder of record can vote your shares at its discretion on this item.

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Q: What vote is required to approve the stockholder proposals?

A: If properly presented at the Annual Meeting, the affirmative vote of a majority of the combined voting power of the outstanding Series A common stock, Series B common stock and Series A-1 preferred stock, voting as a single class, present in person or by proxy and entitled to vote, is required to approve each of the stockholder proposals.

If you submit a proxy card on which you indicate that you abstain from voting from one or more of the stockholder proposals, your abstention will have the same effect as a vote AGAINST that proposal; and

Broker non-votes are not considered shares entitled to vote and therefore will have no effect on the outcome of any of the stockholder proposals.

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

A: If you are a holder of Series A or Series B common stock or Series A-1 preferred stock as of the record date, telephone and Internet voting is available 24 hours a day through 11:59 p.m. (Eastern Time) on May 7, 2019. If you are located in the United States or Canada and are a stockholder of record as of the record date, you can vote your shares by calling toll-free 1-800-690-6903. Whether you are a stockholder of record or a beneficial owner, you can also vote your shares on the Internet at www.proxyvote.com.

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

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

Properly completed proxies will be voted as you direct. Properly executed proxies that do not contain voting instructions will be voted FOR Proposals 1 and 2 and AGAINST Proposals 3, 4, and 5.

While we encourage holders of Series A and Series B common stock and Series A-1 preferred stock to vote by proxy, you also have the option of voting your shares of Series A and Series B common stock and Series A-1 preferred stock in person at the Annual Meeting. If your shares of Series A or Series B common stock or Series A-1 preferred stock are registered directly in your name with our transfer agent, you are considered the stockholder of record with respect to such shares of stock and you have the right to attend the Annual Meeting and vote in person, subject to compliance with the procedures described below. If your shares of Series A or Series B common stock or Series A-1 preferred stock are held in a brokerage account or by a bank or other nominee, you are the beneficial owner of such shares. As such, in order to vote in person, you must obtain and present at the time of admission a properly executed proxy from the stockholder of record (i.e., your broker, bank or other nominee) giving you the right to vote the shares of Series A or Series B common stock or Series A-1 preferred stock.

Q: If my Discovery shares are held in street name by a broker, bank or other nominee, will the broker, bank or other nominee vote my shares on each of the annual business proposals?

A: If you hold your shares in street name and do not give instructions to your broker, bank or other nominee, the broker, bank or other nominee will be able to vote your shares with respect to discretionary items but will not

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be able to vote your shares with respect to non-discretionary items, in which case your shares will be treated as broker non-votes. Broker non-votes are shares that are held in street name by a bank, broker or other nominee that indicates on its proxy that it does not have discretionary authority to vote on a particular matter. The auditor ratification proposal is a discretionary item, whereas the election of directors proposal and the stockholder proposals are non-discretionary items. Accordingly, if you hold your shares in street name and do not provide voting instructions to your broker, bank or other nominee, your shares may, in the discretion of the broker, bank or other nominee, be voted only on the ratification proposal. **If you hold your shares in street name and do not provide voting instructions to your broker, bank or other nominee, your shares will NOT be voted to elect directors or on the matters presented by the stockholder proposals.**

Q: May I change or revoke my vote after returning a proxy card or voting by telephone or over the Internet?

A: Yes. Before your proxy is voted at the Annual Meeting, you may change or revoke your vote on the proposals by telephone or over the Internet (if you originally voted by telephone or over the Internet), by voting in person at the Annual Meeting or by delivering a signed proxy revocation or a new signed proxy with a later date to: Discovery, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

Any signed proxy revocation or new signed proxy must be received before the start of the Annual Meeting. Your attendance at the Annual Meeting will not, by itself, revoke your proxy.

If your shares are held in an account by a broker, bank or other nominee whom you previously contacted with voting instructions, you should contact your broker, bank or other nominee to change your vote.

Q: How do I obtain admission to the Annual Meeting?

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

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

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

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CORPORATE GOVERNANCE

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

Corporate Governance Guidelines

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

the Board s responsibility is to oversee the management of Discovery and to help ensure that the interests of the stockholders are served;

a majority of the members of the Board shall be independent directors;

the independent directors meet at least twice a year in executive session;

directors have unimpeded access to senior management and, as necessary and appropriate, independent advisors;

all directors are encouraged to participate in continuing director education on an ongoing basis; and

the Board and its committees will conduct self-evaluations to determine whether they are functioning effectively.

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

Director Independence

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

Nasdaq Marketplace Rules require that, subject to specified exceptions, (i) each member of a listed company s audit, compensation and nominating and governance committees be independent, (ii) audit committee members also satisfy independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the Exchange

Act) and (iii) compensation committee members also satisfy independence criteria set forth in Rule 5605(d)(2)(A) of the Nasdaq Marketplace Rules. The Board considered the relationships and affiliations, as set forth in their biographies below, to determine the directors' independence. In addition, the Board further considered the directors' relationships and positions with our large distributors, including Charter Communications, Inc. (Charter), Liberty Global plc (Liberty Global) and Liberty Broadband Corporation (Liberty Broadband). The Board has determined that these relationships do not interfere with the directors' independence. Discovery's Board has determined that S. Decker Anstrom, Robert R. Beck, Robert R. Bennett, Paul A. Gould, Kenneth W. Lowe, John C. Malone, Robert J. Miron, Steven A. Miron, Daniel E. Sanchez, Susan M. Swain and J. David Wargo are independent directors.

In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the Board, or any other board committee: (1) accept any consulting, advisory, or other compensatory fee from the listed company,

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other than for board service; or (2) be an affiliated person of the listed company. Discovery's Board has determined that S. Decker Anstrom, Susan M. Swain and J. David Wargo are independent for purposes of Rule 10A-3.

In order to be considered independent for purposes of Rule 5605(d)(2)(A), a member of a compensation committee of a listed company may not, other than in his or her capacity as a member of the compensation committee, the Board or any other board committee: (1) accept any consulting, advisory, or other compensatory fee from the listed company, other than for board service; or (2) be an affiliated person of the listed company. Discovery's Board has determined that Robert R. Beck, Paul A. Gould, Kenneth W. Lowe and Robert J. Miron are independent for purposes of Rule 5605(d)(2)(A).

Board Leadership Structure

Discovery historically has separated the roles of Chief Executive Officer (CEO) and Chairman of the Board in recognition of the differences between the two roles. The CEO is responsible for setting Discovery's strategic direction, providing leadership and driving the performance of the Company, while the Chairman of the Board provides guidance to the CEO, sets the agenda for Board meetings and presides over meetings of the full Board. In light of the industry experience and management expertise of Robert J. Miron, our Chairman, and the dynamic leadership of David M. Zaslav, our CEO, the Board feels that this structure continues to be appropriate for Discovery.

Code of Ethics

We have a Code of Ethics (the Code) that is applicable to all of our directors, officers and employees. The Board approved the original Code in September 2008 and we adopted a revised Code on January 11, 2019. The Code is available, and any amendments or waivers that would be required to be disclosed are posted, on our website at <https://corporate.discovery.com>. Printed copies of the Code are also available without charge upon request to the Corporate Secretary at the address specified below, under Stockholder Communication with Directors.

Committees of the Board of Directors

Audit Committee

The Board has established an Audit Committee, whose members are Messrs. Wargo (Chair) and Anstrom and Ms. Swain. The Board has determined that J. David Wargo is an Audit Committee Financial Expert as defined under SEC rules. Pursuant to the Audit Committee Charter, the Audit Committee reviews and monitors the corporate accounting and financial reporting and the internal and external audits of Discovery. The committee's functions include, among other things:

appointing or replacing our independent registered public accounting firm. The Audit Committee annually evaluates the performance of the Company's independent registered accounting firm, including the senior engagement team, and determines whether to reengage the current accounting firm or consider other audit firms. The Audit Committee is involved in the selection of the lead engagement partner whenever a rotational change is required, normally every five years, or for any other reason. PwC has served as our independent auditors since September 17, 2008.

Factors considered by the Audit Committee in determining whether to retain the firm include:

The audit firm's capabilities to handle the breadth and complexity of the Company's global operations;

The audit firm's technical expertise and knowledge of the Company's industry and global operations;

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The quality and candor of the audit firm's communications with the Audit Committee and management;

The audit firm's independence;

The quality and efficiency of the services provided by the audit firm, including input from management on the audit firm's performance, how effectively the audit firm demonstrated its independent judgment, objectivity and professional skepticism, and external data on the audit quality and performance including the Public Company Accounting Oversight Board reports on the audit firm and its peers;

The appropriateness of the audit firm's fees; and

The audit firm's tenure as our independent auditor, including the benefits of the tenure, and the controls and processes in place (such as rotation of key partners) that help ensure the audit firm's independence in the face of such tenure.

reviewing and approving in advance the scope of, and fees for, our annual audit and reviewing the results of our audits with our independent registered public accounting firm (see Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm for further information);

reviewing and approving in advance the scope of, and the fees for, non-audit services of our independent registered public accounting firm (see Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm for further information);

reviewing our audited financial statements with our management and independent registered public accounting firm and making recommendations regarding inclusion of such audited financial statements in certain of our public filings;

overseeing the performance of services by our independent registered public accounting firm, including holding quarterly meetings to review the quarterly written communications of our independent registered public accounting firm; discussing with our independent registered public accounting firm issues regarding the ability of our independent registered public accounting firm to perform such services; obtaining, annually, a written report from our independent registered public accounting firm addressing internal controls; reviewing with our independent registered public accounting firm any audit-related problems or difficulties and the response of our management; and addressing other general oversight issues;

reviewing compliance with, and the adequacy of, our existing major accounting and financial reporting policies;

overseeing the implementation and maintenance of an internal audit function; periodically reviewing the results and findings of the internal audit function; and coordinating with management to ensure that the issues associated with such results and findings are addressed;

establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or audit matters, and the confidential, anonymous submission by employees of concerns;

reviewing and discussing any reports concerning material violations submitted by Company attorneys or outside counsel;

reviewing and overseeing compliance with, and establishing procedures for, the treatment of alleged violations of the Code; and

preparing the Audit Committee report required by SEC rules, which is included on page ## of this proxy statement.

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The Board has adopted a written charter for the Audit Committee, which is available on our website at <https://corporate.discovery.com>.

Compensation Committee

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

reviewing and approving corporate goals and objectives relevant to our CEO's compensation;

evaluating our CEO;

determining our CEO's compensation;

reviewing and approving the compensation of our other executive officers and certain other executives;

reviewing and making recommendations on stock compensation arrangements for all employees;

reviewing and making recommendations to the Board for compensation of non-employee directors for their service on the Board and its committees;

overseeing the structure of employee benefit programs and other compensation programs;

reviewing and discussing annually with management our Compensation Discussion and Analysis, which is included beginning on page ## of this proxy statement; and

preparing the Compensation Committee report required by SEC rules, which is included on page ## of this proxy statement.

The Compensation Committee reviews all forms of compensation provided to our executive officers and has approved the same.

The Board has adopted a written charter for the Compensation Committee, which is available on Discovery's website at <https://corporate.discovery.com>.

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

Compensation Committee Interlocks and Insider Participation

No member of Discovery's Compensation Committee is a current or former officer or, during 2018 was an employee, of Discovery or any of its subsidiaries. None of Discovery's executive officers serves or, during 2018, served as a director or member of the compensation committee (or other committee serving an equivalent function) of any other entity whose executive officers served as one of our directors or a member of the Compensation Committee.

Nominating and Corporate Governance Committee

The Board of Directors has established a Nominating and Corporate Governance Committee, whose members are Messrs. Gould (Chair), S. Miron and Wargo and Ms. Swain. In considering whether to recommend any candidate for inclusion in the Board's slate of recommended director nominees, including candidates recommended by stockholders, the Nominating and Corporate Governance Committee applies the criteria set forth in our Guidelines. These criteria include the candidate's integrity, business acumen, experience, commitment, diligence, conflicts of interest, diversity of background and the ability to act in the interests of all stockholders. Our Guidelines specify that the backgrounds and qualifications of the directors considered as a

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group should provide a significant breadth of experience, knowledge and abilities that will assist the Board in fulfilling its responsibilities. The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria, and no particular criterion is necessarily applicable to all prospective nominees. The Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity; however, the Board and the Nominating and Corporate Governance Committee believe that it is essential that the Board members represent diverse viewpoints.

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

to oversee corporate governance matters generally, including reviewing and recommending changes to our Guidelines, and the independence standards and qualifications for Board membership set forth in the Guidelines;

to oversee the annual evaluation of the performance of the Board and each of its committees;

to identify individuals qualified to be members of the Board and to recommend Board nominees;

to review and make recommendations concerning the independence of Board members;

to review and approve related person transactions;

to review the membership qualifications of Board members under the Guidelines; and

to review and make recommendations concerning membership on Board committees and on committee structure and responsibilities.

The Board has adopted a written charter for the Nominating and Corporate Governance Committee, which is available on Discovery's website at <http://corporate.discovery.com>.

Finance Committee

The Board has established a Finance Committee, whose members are Messrs. Bennett (Chair), S. Miron, Sanchez and Wargo. The committee's authority and responsibilities include, among other things:

to review or oversee significant treasury matters such as capital structure and allocation, derivative policies, global liquidity, fixed income investments, borrowings, currency exposure and hedging, dividend policy, share issuances and repurchases, and capital spending;

to evaluate all significant projects requiring capital, including share repurchases, investments and acquisitions using their internal rate of return or other metrics that the Finance Committee determines to be appropriate;

to evaluate and revise the Company's approval policies for investment, acquisition, joint venture and divestiture transactions;

to review the scope, direction, quality, investment levels and execution of the Company's investment, acquisition, joint venture and divestiture transactions;

to evaluate the execution, financial results and integration of the Company's completed investment, acquisition, joint venture and divestiture transactions;

to oversee the Company's loans and guarantees of third-party debt and obligations;

to review the activities of Investor Relations;

to review and approve, at least annually, the Company's decision to enter into swaps and other derivative transactions that are exempt from exchange-execution and clearing under "end-user exception" regulations established by the Commodity Futures Trading Commission, and review and

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discuss with management applicable Company policies governing the Company's use of swaps subject to the end-user exception; and

to consider other finance and investment matters regarding the Company.

Executive Committee

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

Other Committees

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

Board Role in Risk Oversight

The Board has an active role, as a whole and at the committee level, in overseeing management of Discovery's risks. The Board routinely reviews information regarding our credit, liquidity and operations, as well as the risks associated with each. The Board regularly reviews information regarding our cybersecurity risks and is frequently updated by our Chief Information Security Officer on how we are determining and mitigating those risks. The Audit Committee receives quarterly updates on our cybersecurity risks and readiness. The Audit Committee also oversees management of financial reporting risks. The Compensation Committee is responsible for overseeing the management of risks relating to our incentive compensation plans and arrangements. The Nominating and Corporate Governance Committee manages risks associated with the independence of the Board and potential conflicts of interest. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through committee reports and management presentations to the full Board about such risks.

Board Meetings

During 2018, there were nine meetings of the Board of Directors as whole, sixteen meetings of the Compensation Committee, nine meetings of the Audit Committee, two meetings of the Nominating and Corporate Governance Committee, ten meetings of the Finance Committee and one meeting of the Executive Committee.

Director Attendance at Board and Annual Meetings

In 2018, each director of Discovery attended at least 75% of the aggregate number of Board and committee meetings on which he or she served. The Board encourages all members of the Board to attend each annual meeting of the Company's stockholders. All twelve of our directors attended the May 2018 annual meeting in person.

Director Nomination Process

Under its charter, the Nominating and Corporate Governance Committee is responsible for recommending to the Board the slate of nominees to be proposed for election by the Series A and Series B common stockholders

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and the slate of nominees to be proposed for election by the Series A-1 preferred stockholders at our annual meeting and for reviewing proposals for nominations from stockholders that are submitted in accordance with the procedures summarized below.

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

The Nominating and Corporate Governance Committee considers all nominations submitted by stockholders that meet the eligibility requirements outlined in our Bylaws. As required by our Bylaws, stockholder nominations of candidates for election as directors must be submitted in writing to the Corporate Secretary, Discovery, Inc., 8403 Colesville Road, Silver Spring, Maryland 20910, no later than the close of business on the 60th day nor earlier than the 90th day prior to the anniversary of the preceding year's annual meeting. The deadline for stockholder nominations of candidates for election as directors was March 11, 2019. We did not receive any stockholder nominations of candidates for election as directors for the Annual Meeting. For information on what must be included in the written notice to nominate a candidate for election at the next annual meeting of stockholders, see [Stockholder Proposals](#) below.

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

should have a reputation for integrity, honesty and adherence to high ethical standards;

should have demonstrated business acumen, experience and ability to exercise sound judgment in matters that relate to the current and long-term objectives of the Company and should be willing and able to contribute positively to the decision-making process of the Company;

should have a commitment to understand the Company and its industry and to regularly attend and participate in meetings of the Board and its committees;

should have an understanding of the sometimes conflicting interests of the various constituencies of the Company, which include stockholders, employees, customers, regulatory authorities, creditors and the general public, and should act in the interests of all stockholders; and

shall not have, nor appear to have, a conflict of interest that would impair the nominee's ability to represent the interests of all the Company's stockholders and to fulfill the responsibilities of a director.

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

The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria and no particular criterion is a prerequisite for each prospective nominee. In selecting candidates for election to the Board, the Board also considers a director's independence. These independence standards incorporate the independence standards set forth in the Corporate Governance Rules of the Nasdaq Stock Market. Stockholder nominees for election to the Board will be evaluated by the Nominating and Corporate Governance Committee based on the criteria specified above and using the same process as a nominee recommended by the Board or management.

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Stockholder Communication with Directors

Discovery's stockholders may send communications to the Board or to individual directors by mail addressed to the Board of Directors or to an individual director c/o Discovery, Inc., 8403 Colesville Road, Silver Spring, Maryland 20910. Communications from stockholders will be forwarded to Discovery's directors on a timely basis.

Table of Contents**BOARD COMPENSATION**

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

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

The following table shows the cash and equity compensation levels that were in effect in 2018.

Board Service	
Cash Compensation	
Annual Retainer	\$ 100,000
Annual Non-Employee Board Chair Retainer	\$ 202,500
Initial and Annual Equity Compensation	
Restricted Stock Units	\$ 150,000
Committee Service Annual Retainers (cash)	
Audit Committee	\$ 20,000
Compensation Committee	\$ 27,500
Finance Committee	\$ 15,000
Nominating and Corporate Governance Committee	\$ 10,000
Audit Committee Chair	\$ 33,000
Compensation Committee Chair	\$ 42,000
Finance Committee Chair	\$ 25,000
Nominating and Corporate Governance Committee Chair	\$ 17,500

Cash Compensation. Cash compensation for non-employee directors consists solely of the annual retainers described above. Annual retainers are paid in quarterly installments. For the purpose of calculating these retainers and fees, the annual period commences with the election of directors at the Annual Meeting. The retainer paid to non-employee directors who are elected or appointed after the most recent annual stockholders meeting is prorated based on the quarter in which they join the Board.

Equity Compensation. Non-employee directors receive stock-based compensation under our 2005 Non-Employee Director Incentive Plan, as it may be amended from time to time. The Board determined for 2018 that the equity awards to directors should consist solely of restricted stock units (RSUs) of Series A common stock. Annual equity grants are made on the date of the annual stockholders meeting. Equity awards for directors who are elected or appointed after the most recent annual stockholders meeting are prorated based on when they join the Board. The number of RSUs is calculated by dividing the dollar amount of the award by the closing price of our Series A common stock on the last business day prior to the grant date. The Board has implemented a cap of \$750,000 on individual director annual equity award grant date value. RSUs will vest 100% on the one-year anniversary of the grant date assuming continued service to such date. The RSUs granted to our directors do not include the right to receive cash dividends.

Board of Directors Stock Ownership Policy. In January 2013, the Board adopted a director stock ownership policy that requires each director to hold a specified amount of our stock, calculated as a multiple of three times the then-current annual retainer for Board service, exclusive of any additional retainer with respect to committee or other service. Each director is expected to reach the stock holding target within five years from May 15, 2013, the effective date the policy was adopted or five years after joining the Board, for those directors joining after

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May 2013. The Board determined that any shares of our stock beneficially owned by the director, as well as unvested awards of RSUs, but not shares underlying stock options, would be counted for purposes of meeting the stock holding target. Once a director meets the target, the director is expected to maintain holdings at the target for as long as he or she remains a Board member. The Board may take any appropriate action to support the intent of the policy, including requiring a director to retain a percentage of shares pursuant to stock option exercises or vesting events in future years. As of the date of this proxy statement, all directors have reached and maintained the stock holding target or are on track to do so.

Deferred Compensation. Discovery has a deferred compensation program that allows non-employee directors to defer the settlement of their RSU grants until their departure from our Board. If a director elects to defer settlement of his or her RSU grant, they must make an irrevocable election before the end of the year prior to the year in which the grant is made, and must do so for the entire amount of the grant. For example, for the grants made in May 2018, directors made their deferral elections before the end of 2017. Directors do not receive cash dividends on deferred RSUs. Messrs. Anstrom, Beck, Gould, Lowe, R. Miron, Sanchez and Wargo and Ms. Swain elected to defer the settlement of their RSU grants made in 2018.

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

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

Charitable Contribution Matching Program. Discovery provides a charitable contribution matching program through which we match contributions made by our non-employee directors to eligible charitable organizations up to a maximum of \$20,000 for each director within a given fiscal year. The program is designed to match contributions to educational, arts and cultural institutions that have been approved by the Internal Revenue Service as tax-exempt institutions to which contributions are deductible for federal income tax purposes. Certain types of contributions and institutions would not be eligible for matching, such as tuition payments, contributions made to family foundations or other charitable foundations or organizations that are affiliated with a non-employee director, or membership or alumni association dues. In order to be matched, the contribution must be tax-deductible by Discovery, Inc. Matching contributions under this program are included in the following 2018 Non-Employee Director Summary Compensation Table under the "All Other Compensation" column.

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The following table summarizes the 2018 compensation provided to all persons who served as non-employee directors during 2018.

2018 Non-Employee Director Summary Compensation Table

Name	Fees Earned or Paid in Cash (\$)	Stock Awards \$(1)	All Other Compensation \$(2)	Total (\$)
S. D. Anstrom	120,000	160,380	0	280,380
R. Beck	127,500	160,380	15,000	302,880
R. Bennett	125,000	160,380	0	285,380
P. Gould	160,938	160,380	0	321,318
K. Lowe	93,647	187,654	0	281,301
J. Malone	100,000	160,380	0	260,380
R. Miron	244,500	160,380	0	404,880
S. Miron	125,000	160,380	20,000	305,380
D. Sanchez	115,000	160,380	0	275,380
S. Swain	130,000	160,380	0	290,380
J. D. Wargo	154,563	160,380	0	314,943

- (1) The aggregate grant date fair value of the RSU awards made to all non-employee directors in 2018 was \$1,791,455, as calculated in accordance with FASB ASC Topic 718. At December 31, 2018, the following directors held stock options and RSUs:

Name	Series A Common Stock Options	Series C Common Stock Options	Series A Common Unvested or Deferred RSUs	Series C Common Unvested or Deferred RSUs
S. D. Anstrom	9,123	9,123	23,573	1,533
R. Beck	10,809	10,809	28,017	5,977
R. Bennett	10,809	10,809	6,733	0
P. Gould	10,809	10,809	21,816	3,977
K. Lowe	0	485,802	7,878	0
J. Malone	10,809	10,809	8,733	2,000
R. Miron	10,809	10,809	29,082	7,042
S. Miron	10,809	10,809	8,733	2,000
D. Sanchez	0	0	6,733	0
S. Swain	0	0	15,116	0
J. D. Wargo	10,809	10,809	27,082	5,042

- (2) The amounts for Messrs. Beck and S. Miron reflect matching charitable contributions made by Discovery on behalf of Messrs. Beck and S. Miron.

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PROPOSAL 1: ELECTION OF DIRECTORS

Nominees for Election

Our Board of Directors consists of nine common stock directors, divided among three classes, and three preferred stock directors. Our Class II directors, who are being nominated for reelection at the Annual Meeting for a term that will expire in 2022, are Paul A. Gould, Kenneth W. Lowe and Daniel E. Sanchez. Our Class I directors, who were reelected at the 2018 annual meeting for a term that will expire in 2021, are Robert R. Beck, Susan M. Swain and J. David Wargo. Our Class III directors, who were reelected at the 2017 annual meeting for a term that will expire in 2020, are Robert R. Bennett, John C. Malone and David M. Zaslav. At each annual meeting, the successors of that class of directors whose terms expire at that meeting are elected to hold office for a term expiring at the annual meeting of Discovery stockholders held in the third year following the year of their election. The directors of each class will hold office until their respective death, resignation or removal and until their respective successors are elected and qualified.

Our Board of Directors also includes three preferred stock directors, S. Decker Anstrom, Robert J. Miron and Steven A. Miron, whose terms will expire at the Annual Meeting. Holders of our Series A-1 preferred stock vote on the election of each of the preferred stock directors, but do not vote on the election of any common stock director. At each annual meeting of stockholders, the preferred stock directors are elected to hold office for a term expiring at the following annual meeting of stockholders. The preferred stock directors will hold office until their respective death, resignation or removal and until their respective successors are elected and qualified.

Six director nominees will be voted on at the meeting. The three Class II director nominees will be voted upon and elected by the holders of shares of our Series A common stock and Series B common stock, voting together as a class. The three preferred stock director nominees will be voted upon and elected by the holders of shares of our Series A-1 preferred stock voting separately as a class.

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

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

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

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Director Nominees for Election by Holders of Shares of Series A Common Stock and Series B Common Stock as Class II Directors with Terms Expiring in 2022

Paul A. Gould
Born September 27, 1945

A common stock director of Discovery since September 2008. Mr. Gould served as a director of Discovery Holding Company (DHC) from May 2005 to September 2008, when DHC merged with Discovery. Mr. Gould has served at Allen & Company Incorporated, an investment banking services company, since 1972, including as a Managing Director and Executive Vice President for more than the last five years. Mr. Gould has served as a financial advisor to many Fortune 500 corporations and advised on a number of large media company acquisitions. Mr. Gould served on the Board of Ampco-Pittsburgh until May 2018. Mr. Gould is a director at Liberty Global and is the chair of its Audit Committee and a member of its Nominating and Corporate Governance Committee. Mr. Gould is also a director at Liberty Latin America, Ltd., and is chair of its Audit Committee and a member of its Nominating and Corporate Governance Committee.

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

Kenneth W. Lowe
Born April 7, 1950

A common stock director of Discovery since March 2018. Mr. Lowe served as Chairman, President and Chief Executive Officer of Scripps Networks Interactive, Inc. (Scripps Networks) from July 2008 until March 2018, when Scripps Networks merged with a wholly-owned subsidiary of Discovery. Prior to that Mr. Lowe served as President and Chief Executive Officer of The E.W. Scripps Company from October 2000 to June 2008. Mr. Lowe served as President and Chief Operating Officer of The E.W. Scripps Company from January 2000 to September 2000.

Through his experience as a media executive, Mr. Lowe has developed a deep understanding of our industry. Mr. Lowe's expertise in the media industry and experience as a public company executive makes him a valued addition to our Board.

Daniel E. Sanchez
Born February 8, 1963

A common stock director of Discovery since May 2017. Since January 2007, Mr. Sanchez has engaged in the private practice of law, representing individual and business clients in a variety of non-litigation areas. In 2012, Mr. Sanchez earned his master's degree in tax law (LL.M.), and currently focuses his practice on the area of tax planning. He served as a director of Starz from January 2013 until December 2016, when it merged with Lions Gate Entertainment Corporation (Lionsgate), and a director of Lionsgate from June 2018 to the present. Mr. Sanchez is the nephew of John Malone.

Mr. Sanchez brings a unique legal perspective to our Board, focused in particular on tax law. Mr. Sanchez's perspective and expertise assists the Board in developing strategies that take into consideration a wide range of issues resulting from the application and evolution of tax laws and regulations.

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Director Nominees for Election by Holders of Series A-1 Preferred Stock

S. Decker Anstrom
Born August 2, 1950

A preferred stock director of Discovery since December 2012. Mr. Anstrom served as President of Landmark Communications and Chairman of The Weather Channel from 2002 until his retirement in 2008. From 2001 to September 2011, he served as a member of the Board of Directors and also as chair of the Governance Committee of Comcast Corporation.

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

Robert J. Miron
Born July 7, 1937

A preferred stock director of Discovery since September 2008. Mr. Miron has served as Chairman of Discovery since May 2014. Mr. Miron served as Chairman of Advance/Newhouse Communications (Advance/Newhouse) and Bright House Networks, LLC (Bright House), both communications companies, from July 2002, retiring in December 2010. From July 2002 to May 2008, Mr. Miron served as Chief Executive Officer of Advance/Newhouse and Bright House.

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

Steven A. Miron
Born April 24, 1966

A preferred stock director of Discovery since September 2008. Mr. Miron has served as Chief Executive Officer of Advance/Newhouse since May 2008. Mr. Miron served as Chief Executive Officer of Bright House from May 2008 to May 2016, when it was acquired by Charter Communications, Inc. (Charter). He also served as President of Advance/Newhouse and Bright House from July 2002 to May 2008. Mr. Miron currently serves on the Board of Directors of Charter.

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

Common Stock Directors:

Class I Directors with Terms Expiring in 2021

Robert R. Beck

Born July 2, 1940

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

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

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Susan M. Swain

Born December 23, 1954

A common stock director of Discovery since December 2016. In March 2012, Ms. Swain was named Co-CEO and President of C-SPAN, a multichannel national distributor (TV, radio, internet) of public affairs content. She had served as President and Co-Chief Operating Officer of C-SPAN since December 2006. Ms. Swain also serves as an officer of National Cable Satellite Corporation, as a Director of the C-SPAN Education Foundation and as a member of the Executive Committee of the National Press Foundation. Ms. Swain served as a director of The Talbots, Inc. (The Talbots) from 2001 until The Talbots ceased to be a public company in 2012. Ms. Swain was Chairperson of The Talbots Corporate Governance and Nominating Committee and was a member of its Audit Committee. She was appointed as its Lead Independent Director in May 2010.

Ms. Swain brings her Board and committee work experience in the areas of national media, leadership of large organizations, and multichannel operations. Ms. Swain s expertise in building and managing a national brand and in strategic planning, with a special emphasis on the national broadband transition, adds to the breadth of experience and expertise of our Board.

J. David Wargo

Born October 1, 1953

A common stock director of Discovery since September 2008. Mr. Wargo served as a director of DHC from May 2005 to September 2008 when it merged with Discovery, Inc. Mr. Wargo has served as President of Wargo & Company, Inc., a private investment company specializing in the communications industry, since January 1993. Mr. Wargo is a director of Liberty Global plc, Liberty TripAdvisor Holdings (Liberty TripAdvisor), Liberty Broadband, Strategic Education, Inc. and Vobile Holdings Limited. Mr. Wargo also serves on the Audit Committees of Liberty Global, Liberty TripAdvisor, Liberty Broadband, Strategic Education, Inc. and Vobile Holdings Limited.

Having an extensive career in public company finance, Mr. Wargo brings to the Board significant business development and financial experience related to the business and financial issues facing large corporations. Mr. Wargo s expertise in public company finance is the result of over 40 years as a securities analyst.

Class III Directors with Terms Expiring in 2020

Robert R. Bennett

Born April 19, 1958

A common stock director of Discovery since September 2008. Mr. Bennett served as President of DHC from March 2005 until September 2008 when it merged with Discovery. Mr. Bennett is the former President and Chief Executive Officer of Liberty Media Corporation (Liberty Media). He served in those positions from April 1997 until August 2005. He was one of the founding executives of Liberty Media and served as its Principal Financial Officer from its inception in 1991 until 1997. He currently is Managing Director of Hilltop Investments, LLC, a family investment company. Prior to his tenure at Liberty Media, Mr. Bennett worked with

Tele-Communications, Inc. in a variety of financial positions and with The Bank of New York. Mr. Bennett was a director of Demand Media, Inc. from 2011 until February 2014. Mr. Bennett was a director and a member of the Audit Committee of Sprint Corporation from November 2006 until November 2016. He currently serves on the boards of Liberty Media and HP, Inc. Mr. Bennett also serves on the Audit Committee and chairs the Finance, Investment and Technology Committee of HP, Inc.

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

John C. Malone

Born March 7, 1941

A common stock director of Discovery since September 2008. Mr. Malone served as Chief Executive Officer and Chairman of the Board of DHC from March 2005 to September 2008 and a director of DHC from May 2005 to September 2008. Mr. Malone has served as a director of Qurate Retail, Inc. (formerly Liberty Interactive Corporation) (including its predecessors) since 1994 and was its Chairman until March 2018, as Chairman of the Board of Liberty Media (including its predecessor) since August 2011 and as a director since December 2010, and as Chairman of the Board of Liberty Broadband since November 2014. Mr. Malone has served as the Chairman of the Board of Liberty Global since June 2013, having previously served as Chairman of the Board of Liberty Global's predecessor, Liberty Global, Inc. from June 2005 to June 2013. Since November 2016, Mr. Malone has served as Chairman of the Board of Liberty Expedia Holdings, Inc. He has also served as a director of Expedia, Inc. since December 2012, having previously served as a director from August 2005 to November 2012. Mr. Malone previously served as: (i) a director of Ascent Capital Group, Inc. from January 2010 to September 2012, (ii) a director of Live Nation Entertainment, Inc. from January 2010 to February 2011, (iii) a director of Sirius XM Radio Inc. from April 2009 to May 2013, (iv) Chairman of the Board of Liberty TripAdvisor from August 2014 to June 2015 and (v) a director of Lionsgate from March 2015 to September 2018.

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

David M. Zaslav

Born January 15, 1960

President, Chief Executive Officer and a common stock director. Mr. Zaslav has served as our President and Chief Executive Officer since January 2007 and as a common stock director since September 2008. Mr. Zaslav served as President, Cable & Domestic Television and New Media Distribution of NBC Universal, Inc. (NBC), a media and entertainment company, from May 2006 to December 2006. Mr. Zaslav served as Executive Vice President of NBC, and President of NBC Cable, a division of NBC, from October 1999 to May 2006. Mr. Zaslav is a member of the board of Sirius XM Radio Inc., Grupo Televisa S.A.B and Lionsgate.

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

Except for Steven A. Miron being the son of Robert J. Miron and Daniel E. Sanchez being the nephew of John C. Malone, there is no family relationship among any of Discovery's executive officers or directors, by blood, marriage or adoption.

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

As provided in its charter, the Audit Committee appoints our independent registered public accounting firm, reviews the scope of the annual audit and pre-approves all audit and non-audit services permitted under applicable law to be performed by the independent registered public accounting firm. The Audit Committee has evaluated the performance of PwC and has appointed them as our independent registered public accounting firm for fiscal 2019. You are requested to ratify the Audit Committee's appointment of PwC. Representatives of PwC are expected to be present at the Annual Meeting and will be given the opportunity to make a statement, if they desire to do so, and to respond to appropriate questions from stockholders present at the meeting. Unless stockholders specify otherwise in their proxy, proxies solicited by the Board will be voted by the proxy holders at the Annual Meeting to ratify the appointment of PwC as our independent registered public accounting firm for fiscal 2019. The affirmative vote of a majority of the combined voting power of the outstanding shares of Series A common stock, Series B common stock and Series A-1 preferred stock present in person or represented by proxy at the meeting or by proxy and entitled to vote at the Annual Meeting on this proposal is required for ratification.

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

The Discovery Board of Directors recommends a vote FOR the ratification of the appointment of PwC as Discovery's independent registered public accounting firm for the year ending December 31, 2019.

Description of Fees

	2018	2017
Audit fees(1)	\$ 12,823,150	\$ 9,100,100
Audit related fees(2)	406,850	584,950
Tax fees(3)	1,142,201	2,340,333
All other fees(4)	152,963	11,400
Total fees	\$ 14,525,164	\$ 12,036,783

- (1) Audit fees include fees for the audit of the consolidated financial statements of Discovery and statutory audits for certain of Discovery's foreign subsidiaries and joint ventures as well as fees for services provided in connection with securities and debt offerings.
- (2) Audit-related fees include due diligence related to mergers and acquisitions, attest services not required by statute or regulation, and consultations regarding financial accounting standards.
- (3) Tax fees consist of tax compliance and consultations regarding the tax implications of certain transactions, transfer pricing and consultation services. Tax compliance services relate to preparation of tax returns and claims for refunds. Tax consultation services relate to tax planning, assistance with tax audits, and tax advice related to

acquisitions and structure. Transfer pricing services relate to advice and assistance with respect to transfer pricing matters, including the preparation of reports used to comply with taxing authority documentation requirements.

(4) Other fees consist of certain membership fees for accounting and industry reference materials. Discovery's Audit Committee has considered whether the provision of services by PwC to Discovery other than auditing is compatible with PwC maintaining its independence and believes that the provision of such other services is compatible with PwC maintaining its independence.

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

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

audit services as specified in the policy, including (i) financial audits of Discovery and its subsidiaries and (ii) services associated with Discovery's periodic reports, registration statements and other documents filed or issued in connection with securities offerings (including comfort letters and consents);

audit-related services as specified in the policy, including (i) due diligence services, (ii) financial audits of employee benefit plans, (iii) attestation services not required by statute or regulation, (iv) certain audits incremental to the audit of Discovery's consolidated financial statements; (v) closing balance sheet audits related to dispositions; and (vi) consultations with management as to accounting or reporting of transactions; and

tax services as specified in the policy, including federal, state, local and international tax planning, compliance and review services and tax due diligence and advice regarding mergers and acquisitions.

Notwithstanding the foregoing general pre-approval, any individual project involving the provision of pre-approved services that is expected to result in fees in excess of \$50,000 requires the specific pre-approval of Discovery's Audit Committee. In addition, any engagement of Discovery's independent registered public accounting firm for services other than the pre-approved services requires the specific approval of Discovery's Audit Committee. Discovery's Audit Committee has delegated the authority for the foregoing approvals to the chairman of the Audit Committee, subject to his subsequent disclosure to the entire Audit Committee of the granting of any such approval. All audit and non-audit services provided by PwC in 2018 were approved by the Audit Committee.

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

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REPORT OF THE AUDIT COMMITTEE

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

The Audit Committee reviews Discovery's financial reporting process on behalf of the Board of Directors. A description of the responsibilities of the Audit Committee is set forth above under the caption "Corporate Governance Audit Committee." PwC, Discovery's registered public accounting firm for 2018, is responsible for expressing opinions on the conformity of Discovery's audited consolidated financial statements with U.S. generally accepted accounting principles.

The Audit Committee has reviewed and discussed with management and PwC Discovery's most recent audited consolidated financial statements. The Audit Committee has also discussed with PwC various communications that the Company's registered public accounting firm is required to provide to the Audit Committee, including matters required to be discussed by the Public Company Accounting Oversight Board ("PCAOB") Auditing Standard No. 61, as amended (Communications with Audit Committees).

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

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors of Discovery that the audited financial statements be included in Discovery's Annual Report on Form 10-K for the year ended December 31, 2018, filed on March 1, 2019 with the SEC.

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

J. David Wargo, Chair

S. Decker Anstrom

Susan M. Swain

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REPORT OF THE COMPENSATION COMMITTEE

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

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

Robert J. Miron, Chair

Robert R. Beck

Paul A. Gould

Kenneth W. Lowe

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COMPENSATION DISCUSSION AND ANALYSIS

This section analyzes and discusses our compensation programs and provides information about the compensation paid by Discovery to our Named Executive Officers, or NEOs :

David M. Zaslav, President and CEO;

Gunnar Wiedenfels, Chief Financial Officer (CFO);

Bruce L. Campbell, Chief Development, Distribution & Legal Officer;

Jean-Briac Perrette, President and CEO, Discovery International; and

Peter Faricy, CEO, Direct to Consumer.

Highlights

Discovery delivered strong operating and financial results in 2018.

Discovery is a leading global media and entertainment company. We delivered solid financial performance in 2018, reporting increases in revenue, adjusted operating income before depreciation and amortization (OIBDA), adjusted earnings per share and free cash flow.

In 2018, we achieved exceptional operating results, including:

Completed the acquisition and effective integration of Scripps Networks, creating the second largest-television company in the U.S. in terms of audience share and delivery, and drawing 20% 25% of women watching primetime every night across our U.S. portfolio;

Successfully broadcast the first of four Olympic Games across Europe;

Announced an unprecedented golf service in partnership with PGA Tour to become the new international home for golf programming and an exclusive global content partnership with Tiger Woods;

Formed a new streaming partnership with broadcaster ProSieben in Germany; and

Secured additional, favorable U.S. streaming agreements with Hulu and Sling TV.

In 2018, we established Discovery as a differentiated global content company and built operating momentum to continue the transformation of our business. Our talented executive team, including the NEOs, played a key role in driving these results.

We continue to pay for performance through our executive compensation program design.

We believe that our executive compensation program plays a key role in our operating and financial success. We place great importance on our ability to attract, retain, motivate and reward talented executives who can continue to grow our business and engage audiences around the world.

We use equity-based long-term incentive awards to attract new talent, motivate current executives to enter into or renew fixed-term employment agreements, and reward performance. We also provide meaningful performance-based annual bonus opportunities that align to key operational outcomes and individual performance.

Each of our NEOs received significant long-term incentive awards in 2018 as well as an annual cash bonus. Our short- and long-term incentive compensation programs are structured to:

pay for performance by aligning and measurably varying the size of performance-based awards directly with key operational outcomes, as well as the executive's individual performance;

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align the interests of management with those of our stockholders through equity and equity-type incentive awards and stock ownership guidelines; and

inspire dynamic leadership while not encouraging excessive risk taking.

In general, we seek to design compensation packages for individual executives based on the scope of the executive's responsibilities, the executive's proven performance, and a determination of what is competitive compensation in the market for similar roles, if such data is available. We continue to refine our compensation programs to strengthen the link between executive and stockholder interests.

We use long-term contracts where appropriate to secure the services of senior executives and use our executive compensation programs to support extended contract terms.

We believe that entering into fixed-term employment contracts with our senior executives provides management stability and helps ensure that we can access their services to drive our strategic objectives. When permitted by local law, these agreements also include customary restrictive covenants that protect our business from unfair competition after an executive separates from employment. Each of our NEOs was subject to a fixed-term employment contract during 2018. Each of these agreements includes a number of provisions related to components of compensation during the term of the agreement, as further detailed in Executive Compensation Executive Compensation Arrangements, below. We extended Mr. Campbell's agreement in February 2018, entered into a new agreement with our CEO, Mr. Zaslav in July 2018, and entered into a new agreement for Mr. Faricy when he was hired in September 2018.

In 2018, we entered into a new agreement with our CEO that will allow us to benefit from his leadership through 2023.

Mr. Zaslav is an outstanding leader who, over the course of his past twelve years as CEO, has built our company into a global media and entertainment company that serves passionate audiences of superfans around the world, reaching viewers in 220 countries and territories in nearly 50 languages. He has driven strong financial performance in challenging times, led the transformative acquisition and integration of Scripps Networks, and expanded our direct to consumer and authenticated streaming services and partnerships to position Discovery to compete as a global differentiated content company.

Mr. Zaslav has paved the way for Discovery's growth. Under his leadership, our market capitalization has risen from \$5 billion to \$21 billion through growth and acquisition, our award-winning content has continued to draw growing audiences around the world, and we have become a platform innovator, reaching viewers on all screens, including TV Everywhere products such as the GO portfolio of apps; direct to consumer streaming services such as Eurosport Player and Motor Trend OnDemand; GolfTV, created in partnership with the PGA Tour; and digital-first and social content from our strategic investment in Group Nine Media.

In July 2018, Discovery's Board of Directors and Mr. Zaslav reached a new agreement to secure him as the leader of the Company through the end of 2023 (the Zaslav 2018 Employment Agreement). The contract followed Mr. Zaslav's leadership of the acquisition of Scripps Networks and positioned him to lead the transformation of our combined business. The contract is structured around performance-based long-term equity, with the majority of his compensation in the form of stock option grants that require sustained increases in share price through the term of the agreement to provide value. The contract also imposed significant equity holding requirements (absent an intervening change in control or termination of employment), further aligning his interests with those of our stockholders.

Mr. Zaslav's agreement has a five and one-half year term. The contract stipulates an annual base salary of \$3 million for the entire term with no base salary increase (the same base salary that applied under Mr. Zaslav's prior employment agreement, the Zaslav 2014 Employment Agreement). The Zaslav 2018 Employment

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Agreement provides for an annual performance-based bonus opportunity; the target amount for 2018 was \$9 million, the same level specified under Mr. Zaslav's prior agreement, with the target value increasing to \$22 million for 2019 and beyond. The payout and amount of the bonus is contingent on achievement of quantitative and qualitative goals set by the Compensation Committee in consultation with the Board each year.

The bulk of Mr. Zaslav's compensation is tied to Discovery's stock performance, in the form of equity awards. The agreement provides for a large upfront award of stock options, which was made in July 2018 at the time the agreement was executed. The stock option award is divided into five separate grants with increasing grant prices and staggered vesting, meaning that the awards require sustained and substantial increases in stock price to deliver value. The first award (20% of the options) has a grant price of the closing price at the time the agreement was approved on July 16, 2018, with the remaining awards based on above-fair-market-value grant prices that increase 5% for each grant, ranging from 105% to 121.55% of the July 16, 2018 closing price. The vesting of the stock option awards extends over the term of the agreement, with the final tranches not vesting until December 31, 2023, the end of the employment agreement term.

Mr. Zaslav's 2018 compensation reflected in the Summary Compensation Table for 2018 reflects the large stock option award described above and in more detail in *Executive Compensation Executive Compensation Arrangements*, below. This award directly links Mr. Zaslav's interests to those of our shareholders and rewards substantial and sustained stock price growth. The terms of Mr. Zaslav's employment agreements are discussed in *Executive Compensation Executive Compensation Arrangements*, below.

Role of the Compensation Committee

Our Compensation Committee (referred to in this Compensation Discussion and Analysis as the *Committee*) operates pursuant to a written charter, a copy of which is posted on the Investor Relations section of our website, <https://corporate.discovery.com>. The Committee is responsible for developing, implementing and regularly reviewing adherence to our compensation philosophy. In fulfilling these responsibilities, the Committee:

- regularly reviews best practices and market trends in executive compensation and modifies our programs to support Discovery's business goals and strategies;

- conducts annual risk assessments of our compensation programs;

- aligns compensation decisions with our corporate objectives and strategies;

- reviews and approves the amounts and elements of compensation and the terms of new employment agreements or extensions to existing employment agreements for our CEO and other NEOs, other executive officers and certain other key employees; and

- approves the annual quantitative and qualitative goals relevant to the compensation of our CEO, and the bonus design and metrics for our NEOs and other executive officers.

The Committee regularly consults with the Board regarding compensation decisions for the CEO, including, in 2018, the terms and structure of the Zaslav 2018 Employment Agreement.

Role of the CEO in Compensation Decisions

The CEO plays a significant role in the compensation decisions for the NEOs other than himself. The CEO makes annual recommendations to the Committee regarding base salary, annual cash bonus, and long-term incentive awards for each of his direct reports, including the other NEOs. The CEO also recommends to the Committee proposed terms of new employment agreements and amendments to existing agreements for the other NEOs, working closely with Adria Alpert Romm, our Chief Human Resources and Global Diversity Officer, to develop these recommendations. The CEO's recommendations are based on:

his assessment of qualitative and quantitative factors, generally including the executive's annual and long-term performance;

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the performance of Discovery, as well as of the department or group that the executive leads;

the executive's compensation relative to that of our other executives (internal equity);

the executive's compensation relative to that of executives in similar roles in the companies in our peer group (external competitiveness);

our overall approach to compensation for employees for the year;

achievement of applicable annual performance goals; and

contractual obligations under the individual's employment agreement.

The CEO also provides the Committee with proposed goals for himself. The Committee reviews and modifies these goals to ensure that they align with the approved strategies and priorities set by the Board and then discusses the revised goals with the CEO, including the weightings to reinforce which goals have the greatest priorities for the year. The degrees to which the CEO achieves the goals are used, in part, to determine the annual bonus of the CEO. The CEO provides his own assessment of his performance and achievement of goals, but does not otherwise participate in the Committee's deliberations or decisions regarding his annual compensation.

Relationship with and Role of the Compensation Consultant

The Committee has retained an independent compensation consultant, The Croner Company (Croner), to advise it on compensation matters generally and specifically on compensation decisions for our executive officers. Croner is retained directly by, and reports to, the Committee. Croner attended all sixteen Committee meetings held in 2018. Croner assisted the Committee by providing the following services, among others:

assisting in peer group selection and competitive benchmarking for executive officers and other senior executives used in the annual salary review, bonus and long-term incentive decisions;

advising the Committee on competitive practices, including executive compensation trends, performance measures, and annual cash bonus and long-term incentive plan designs;

advising on employee equity grants, executive employment agreements and other executive compensation matters;

assisting the Committee with the periodic review of its charter;

providing an evaluation and assessment of risk in compensation program design, policies and procedures;

reviewing this Compensation