

Dear Senator:

I write as the President and CEO of Discovery Communications, LLC to urge you to support S. 3335, the Jobs, Energy, Families and Disaster Relief Act of 2008.

Among the tax credits the bill would extend is Section 181 of the Internal Revenue Code, which allows production companies, including Discovery, to deduct qualifying production costs immediately rather than capitalizing the costs and deducting them slowly over time. Congress adopted this incentive as part of the American Jobs Creation Act of 2004, which you supported, to stem the rising tide of run-away productions to Canada and other foreign locations. The provision will expire at the end of 2008 unless extended.

To qualify for the incentive, at least 75 percent of the total compensation paid for by the production must be for services performed in the United States by actors, directors, producers and other production personnel. This provision has and continues to create American jobs that otherwise could easily go offshore, particularly to various neighboring countries that aggressively market and offer tax incentives for television and film production. U.S.-based productions translate into good jobs for not only directors, writers, actors and camera operators, but also local carpenters, electricians, hotel keepers and caterers who provide services to these productions.

Discovery is the leading global nonfiction media company, with operations in 170 countries and territories, reaching 1.4 billion cumulative subscribers. Discovery's more than 100 networks of distinctive programming represent 28 trusted brands including Discovery Channel, TLC and Animal Planet.

Since Section 181 became effective in the fall of 2004, Discovery's spend in the United States on qualified television productions has increased from approximately \$33 million in 2004 to more than \$325 million in 2007.

The foreign tax incentives, low production costs, and a growing talent pool of experienced production personnel available in foreign countries have all made foreign production an increasingly attractive option for Discovery. However, Section 181 helps to level the playing field. As a result, if Section 181 is not extended, Discovery will have to give serious thought to taking advantage of more foreign production opportunities and engaging in correspondingly less production in the United States.

Again, I urge your support of S. 3335.

David M. Zaslav  
President and CEO