

Discover Financial Services  
 Form 4  
 July 05, 2007

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

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

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

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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 Minetti Carlos

(Last) (First) (Middle)  
 2500 LAKE COOK ROAD  
 (Street)

RIVERWOODS, IL 60015

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
 Discover Financial Services [DFS]

3. Date of Earliest Transaction  
 (Month/Day/Year)  
 07/02/2007

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 Executive Vice President

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

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

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
			Code	V	Amount or (D) Price				
Common Stock	07/02/2007		A		374,307 (1)	A	(2) 379,389.42 (3)	D	
Common Stock	07/02/2007		A		179,484 (1)	A	\$ 0 (3)	558,873.42 (3)	D
Common Stock							304.8 (4)	I	By ESOP

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control**

SEC 1474 (9-02)

number.

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount Number Shares
Employee Stock Option	\$ 28.98	07/02/2007		A	173,074	(5) 01/12/2011	Common Stock 173,074
Employee Stock Option	\$ 19.41	07/02/2007		A	52,549	(5) 01/02/2012	Common Stock 52,549
Employee Stock Option	\$ 14.49	07/02/2007		A	84,911	(5) 01/02/2013	Common Stock 84,911
Employee Stock Option	\$ 18.87	07/02/2007		A	63,584	(5) 01/02/2014	Common Stock 63,584
Employee Stock Option	\$ 26.68	07/02/2007		A	22,231	(6) 12/12/2016	Common Stock 22,231

## Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
Minetti Carlos 2500 LAKE COOK ROAD RIVERWOODS, IL 60015	Executive Vice President

## Signatures

/s/ Simon B. Halfin as Attorney-in-Fact for Carlos Minetti

07/05/2007

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

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

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

## Edgar Filing: Discover Financial Services - Form 4

- (1) Restricted stock units that are convertible into shares of common stock at a ratio of 1 to 1.
- (2) These restricted stock units were granted by the issuer in replacement of 127,403 restricted stock units of Morgan Stanley in connection with the spin-off of the issuer by Morgan Stanley (the "Spin-Off").
- (3) Includes shares of common stock acquired in the Spin-Off.
- (4) These shares of common stock were acquired in the Spin-Off.
- (5) This option is fully exercisable.
- (6) This option vests in two equal annual installments beginning on December 12, 2008.
- (7) In connection with the Spin-Off, this option was granted by the issuer in replacement of an option to purchase 58,909 shares of common stock of Morgan Stanley at an exercise price of \$85.13.
- (8) In connection with the Spin-Off, this option was granted by the issuer in replacement of an option to purchase 17,886 shares of common stock of Morgan Stanley at an exercise price of \$57.03.
- (9) In connection with the Spin-Off, this option was granted by the issuer in replacement of an option to purchase 28,901 shares of common stock of Morgan Stanley at an exercise price of \$42.56.
- (10) In connection with the Spin-Off, this option was granted by the issuer in replacement of an option to purchase 21,642 shares of common stock of Morgan Stanley at an exercise price of \$55.45.
- (11) In connection with the Spin-Off, this option was granted by the issuer in replacement of an option to purchase 7,567 shares of common stock of Morgan Stanley at an exercise price of \$78.40.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.