

Discover Financial Services
Form 4
October 03, 2012

FORM 4

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

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

OMB APPROVAL

OMB
Number: 3235-0287
Expires: January 31,
2005
Estimated average
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(Print or Type Responses)

1. Name and Address of Reporting Person *
NELMS DAVID W

(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)

10/01/2012

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)

Chairman and CEO

6. Individual or Joint/Group Filing(Check
Applicable Line)

☒ Form filed by One Reporting Person
☐ Form filed by More than One Reporting
Person

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

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock	10/01/2012		M	V Amount (A) or (D) Price	\$ 18.87 2,078,341	D	
Common Stock	10/01/2012		S	113,856 D	\$ 39.97 1,964,485	D	
				(1)			
Common Stock	10/01/2012		M	91,421 A	\$ 27.6 2,055,906	D	
Common Stock	10/01/2012		S	91,421 D	\$ 39.74 1,964,485	D	
				(4)			
	10/01/2012		M	32,603 A	\$ 27.6 1,997,088	D	

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Common
Stock

Common Stock	10/01/2012	S	32,603	D	\$ 39.58 (7)	1,964,485	D	
Common Stock	10/02/2012	G	V	25,000	D	\$ 0	1,939,485	D
Common Stock						955.53	I	By ESOP
Common Stock						7,814.69	I	ESPP

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

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SEC 1474
(9-02)

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	\$ 18.87	10/01/2012		M		113,856		<u>(2)</u>	01/02/2014	Common Stock	113,856
Employee Stock Option	\$ 27.6	10/01/2012		M		91,421		<u>(5)</u>	01/02/2013	Common Stock	91,421
Employee Stock Option	\$ 27.6	10/01/2012		M		32,603		<u>(8)</u>	01/02/2013	Common Stock	32,603

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
X	Chairman and CEO

NELMS DAVID W
2500 LAKE COOK ROAD
RIVERWOODS, IL 60015

Signatures

/s/ Simon Halfin as Attorney-in-Fact for David W.
Nelms

10/03/2012

__Signature of Reporting Person

Date

Explanation of Responses:

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

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

(1) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$39.75 to \$40.06, inclusive. The reporting person undertakes to provide to Discover Financial Services, any security holder of Discover Financial Services, or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the ranges set forth in this footnote.

(2) This option fully vested on January 2, 2007.

(3) In connection with Discover Financial Services' Spin-Off from Morgan Stanley, this option was granted by Discover Financial Services in replacement of an option to purchase 38,753 shares of common stock of Morgan Stanley at an exercise price of \$55.45.

(4) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$39.66 to \$39.85, inclusive. The reporting person undertakes to provide to Discover Financial Services, any security holder of Discover Financial Services, or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the ranges set forth in this footnote.

(5) This option fully vested on November 30, 2007.

(6) In connection with Discover Financial Services' Spin-Off from Morgan Stanley, this option was granted by Discover Financial Services in replacement of an option to purchase 31,117 shares of common stock of Morgan Stanley at an exercise price of \$81.10.

(7) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$39.52 to \$39.67, inclusive. The reporting person undertakes to provide to Discover Financial Services, any security holder of Discover Financial Services, or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the ranges set forth in this footnote.

(8) This option fully vested on March 27, 2007.

(9) In connection with Discover Financial Services' Spin-Off from Morgan Stanley, this option was granted by Discover Financial Services in replacement of an option to purchase 11,097 shares of common stock of Morgan Stanley at an exercise price of \$81.10.

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

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