

Discover Financial Services  
Form 4  
July 05, 2007

**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  
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response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**GUTHRIE ROY A**

(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)

**EVP, Chief Financial Officer**

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)
Common Stock	07/02/2007		A	Amount (1) 75,264	(A) or (D) 75,264	D	
Common Stock	07/02/2007		A	Amount (1) 179,484	A \$ 0 254,748	D	
Common Stock					454.49 (3)	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  
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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 or Number of Shares
Employee Stock Option	\$ 18.17	07/02/2007		A		99,078		<u>(4)</u>	07/21/2015	Common Stock	99,078
Employee Stock Option	\$ 26.68	07/02/2007		A		22,231		<u>(5)</u>	12/12/2016	Common Stock	22,231

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GUTHRIE ROY A 2500 LAKE COOK ROAD RIVERWOODS, IL 60015			EVP, Chief Financial Officer	

## Signatures

/s/ Simon B. Halfin as Attorney-in-Fact for Roy A. Guthrie

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).
- (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 25,618 restricted stock units of Morgan Stanley in connection with the spin-off of the issuer by Morgan Stanley (the "Spin-Off").
- (3) These shares of common stock were acquired in the Spin-Off.
- (4) This option is fully exercisable.
- (5) This option vests in two equal annual installments beginning on December 12, 2008.
- (6) In connection with the Spin-Off, this option was granted by the issuer in replacement of an option to purchase 33,723 shares of common stock of Morgan Stanley at an exercise price of \$53.38.

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- (7) 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.

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