

Talwar Harit  
Form 4  
March 28, 2012

**FORM 4**

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

OMB APPROVAL

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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 \*  
Talwar Harit

(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)

03/27/2012

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)

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 Indirect Beneficial Ownership (Instr. 4)		
			Code	V	Amount	Price			
Common Stock	03/27/2012		M		51,776	\$ 14.49	A	398,524.47	D
Common Stock	03/27/2012		S		51,776	\$ 33.65	D	346,748.47	D
Common Stock	03/27/2012		M		60,000	\$ 18.05	A	406,748.47	D
Common Stock	03/27/2012		S		60,000	\$ 33.89	D	346,748.47	D
	03/27/2012		M		41,725		A	388,473.47	D

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Common Stock					\$				
					18.87				
Common Stock	03/27/2012		S	41,725	D	\$	33.76	346,748.47	D
						(9)			
Common Stock							650.38		I
									By ESOP

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 or Number of Shares
Employee Stock Option	\$ 14.49	03/27/2012		M	51,776	(1)	01/02/2013	Common Stock	51,776
Employee Stock Option	\$ 18.05	03/27/2012		M	60,000	(3)	01/02/2014	Common Stock	60,000
Employee Stock Option	\$ 18.87	03/27/2012		M	41,725	(5)	01/02/2014	Common Stock	41,725

## Reporting Owners

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

## Signatures

Simon Halfin as Attorney-in-Fact for Harit  
Talwar

03/28/2012

\_\_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) This option became fully vested on January 2, 2005.
- (2) 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 17,623 shares of common stock of Morgan Stanley at an exercise price of \$42.56.
- (3) This option became fully vested on January 2, 2009.
- (4) 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 43,382 shares of common stock of Morgan Stanley at an exercise price of \$53.02.
- (5) This option became fully vested on January 2, 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 14,202 shares of common stock of Morgan Stanley at an exercise price of \$55.45.  

The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$33.61 to \$33.72, 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.
- (7) 

The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$33.80 to \$33.93, 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) 

The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$33.71 to \$33.78, 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.
- (9) 

The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$33.71 to \$33.78, 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.

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.