

Discover Financial Services
 Form 424B5
 January 29, 2019
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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Note	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
4.500% Senior Notes due 2026	\$600,000,000	99.840%	\$599,040,000	\$72,603.65

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-225830

PROSPECTUS SUPPLEMENT

(To Prospectus dated June 22, 2018)

\$600,000,000

4.500% Senior Notes due 2026

We are offering \$600 million aggregate principal amount of 4.500% Notes due 2026. We will pay interest on the notes on January 30 and July 30 of each year, beginning July 30, 2019. The notes will mature on January 30, 2026. We may redeem the notes at any time on or after November 30, 2025 (two months prior to the maturity date of the notes), in whole or in part, at the redemption price described in **Description of the Notes** **Optional Redemption by Us** beginning on page S-12 of this prospectus supplement.

The notes will be our senior unsecured obligations and will rank equally in right of payment with our other existing and future senior unsecured indebtedness. The notes will be effectively subordinated to any of our existing and future secured indebtedness, to the extent of the assets securing that indebtedness, and will be structurally subordinated to all existing and future obligations of our subsidiaries. The notes will be issued only in registered form in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Investing in the notes involves risks that are described in the **Risk Factors section beginning on page S-6 of this prospectus supplement, in addition to the risk factors that are incorporated by reference into this prospectus supplement and the accompanying prospectus.**

	Per Note	Total
Public offering price (1)	99.840%	\$ 599,040,000
Underwriting discount	0.500%	\$ 3,000,000
Proceeds, before expenses, to us (1)	99.340%	\$ 596,040,000

(1) Plus accrued interest from January 31, 2019, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes are not savings accounts, deposits or other obligations of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality.

We do not intend to list the notes on any securities exchange or include the notes in any automated quotation system. Currently, there is no public market for the notes.

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank SA/NV and Clearstream Banking, S.A., on or about January 31, 2019.

Joint Book-Running Managers

BofA Merrill Lynch

Barclays
Senior Co-Managers

Goldman Sachs & Co. LLC

Deutsche Bank Securities

Societe Generale
Junior Co-Manager

Wells Fargo Securities

The Williams Capital Group, L.P.

The date of this prospectus supplement is January 28, 2019.

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About this Prospectus Supplement

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information, some of which does not apply to this offering.

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any free writing prospectus filed with the Securities and Exchange Commission, or SEC. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. This prospectus supplement may only be used where it is legal to sell these securities. We are not, and the underwriters are not, making an offer of these securities in any state or jurisdiction where the offer is not permitted. You should assume that the information in this prospectus supplement, the accompanying prospectus or any free writing prospectus filed with the SEC is accurate only as of their respective dates. You should assume that any information incorporated by reference into this prospectus supplement or the accompanying prospectus is accurate only as of the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since those dates.

Unless the context requires otherwise, each reference in this prospectus supplement to we, us, our, Discover, the Company means Discover Financial Services and its consolidated subsidiaries and each reference to Discover Bank means Discover Bank. DFS

You should not consider any information contained in or incorporated by reference into this prospectus supplement or the accompanying prospectus to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding the purchase of the notes. We are not making any representation to you regarding the legality of an investment in the notes by you under applicable investment or similar laws.

You should read and consider all information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus before making your investment decision.

Notice to Prospective Investors in the European Economic Area

None of this prospectus supplement, the accompanying prospectus or any related free writing prospectus is a prospectus for the purposes of the Prospectus Directive (as defined below). This prospectus supplement, the accompanying prospectus and any related free writing prospectus have been prepared on the basis that any offer of notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes. Accordingly any person making or intending to make an offer in that Relevant Member State of notes which are the subject of the offering contemplated in this prospectus supplement, the accompanying prospectus or any related free writing prospectus may only do so in circumstances in which no obligation arises for Discover Financial Services or any of the underwriters to publish a prospectus pursuant to Article

3 of the Prospectus Directive in relation to such offer. Neither Discover Financial Services nor the underwriters have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for Discover Financial Services or the underwriters to publish a prospectus for such offer. The expression Prospectus Directive means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in the Relevant Member State.

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Notice to Prospective Investors in the United Kingdom

The communication of this prospectus supplement, the accompanying prospectus, any related free writing prospectus and any other document or materials relating to the issue of the notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the notes offered hereby are only available to, and any investment or investment activity to which this prospectus supplement, the accompanying prospectus and any related free writing prospectus relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus supplement, the accompanying prospectus or any related free writing prospectus or any of their contents.

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Summary

The following summary includes basic information about our company and this offering. It may not contain all of the information that is important to you. For a more complete understanding of our company and this offering, we encourage you to read this entire prospectus supplement and the accompanying prospectus carefully, including the documents incorporated by reference herein and therein.

Discover Financial Services

Discover Financial Services (DFS) is a direct banking and payment services company. DFS is a bank holding company under the Bank Holding Company Act of 1956 as well as a financial holding company under the Gramm-Leach-Bliley Act and therefore is subject to oversight, regulation and examination by the Board of Governors of the Federal Reserve System. DFS provides direct banking products and services and payment services through its subsidiaries. DFS offers its customers credit card loans, private student loans, personal loans, home equity loans and deposit products. DFS had \$87 billion in loan receivables and \$43 billion in deposits issued through direct-to-consumer channels and affinity relationships at September 30, 2018. DFS also operates the Discover Network, the PULSE network (PULSE) and Diners Club International (Diners Club). The Discover Network processes transactions for Discover-branded credit and debit cards and provides payment transaction processing and settlement services. PULSE operates an electronic funds transfer network, providing financial institutions issuing debit cards on the PULSE network with access to ATMs domestically and internationally, as well as point-of-sale terminals at retail locations throughout the U.S. for debit card transactions. Diners Club is a global payments network of licensees, which are generally financial institutions, that issue Diners Club branded charge cards and/or provide card acceptance services.

DFS manages its business activities in two segments: Direct Banking and Payment Services. DFS Direct Banking segment includes Discover-branded credit cards issued to individuals on the Discover Network and other consumer products and services, including private student loans, personal loans, home equity loans, and other consumer lending and deposit products. DFS Payment Services segment includes PULSE, Diners Club, and our Network Partners business, which provides payment transaction processing and settlement services on the Discover Network.

DFS was incorporated in Delaware in 1960. DFS principal executive offices are located at 2500 Lake Cook Road, Riverwoods, Illinois 60015. DFS main telephone number is (224) 405-0900.

Recent Developments

On January 24, 2019, DFS reported net income of \$687 million or \$2.03 per diluted share for the fourth quarter of 2018, as compared to \$387 million or \$0.99 per diluted share for the fourth quarter of 2017. Net income in the fourth quarter of 2017 included non-recurring charges of \$189 million resulting from actions taken by DFS in connection with the Tax Cuts and Jobs Act. These charges had the effect of reducing diluted earnings per share by \$0.52 in 2017. Fourth quarter highlights for DFS include:

Total loans grew 7%, from \$84.2 billion in the prior year to \$90.5 billion.

Total revenue net of interest expense grew 7%, from \$2,614 million in the prior year to \$2,807 million.

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Total net charge-off rate increased 23 basis points from 2.85% in the prior year to 3.08%.

Net income increased 78% from \$387 million in the prior year to \$687 million.

Diluted earnings per share increased 105% from \$0.99 in the prior year to \$2.03.

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The Offering

The following summary is qualified in its entirety by reference to the more detailed information appearing elsewhere in this prospectus supplement and the accompanying prospectus. For more information concerning the notes, see Description of the Notes.

Issuer	Discover Financial Services.
Notes Offered	\$600,000,000 aggregate principal amount of 4.500% Senior Notes due 2026.
Maturity Date	The notes will mature on January 30, 2026.
Interest Payment Dates	The notes will bear interest at the rate of 4.500% per year from the original issuance date. We will pay interest on the notes semi-annually in arrears each January 30 and July 30. We will make the first interest payment on July 30, 2019.
Use of Proceeds	We estimate that our net proceeds from this offering will be approximately \$594.6 million (after deducting underwriting discounts and commissions and estimated offering expenses). We intend to use the net proceeds from this offering for general corporate purposes. For more information, see Use of Proceeds in this prospectus supplement.
Ranking	<p>The notes will be our senior unsecured obligations. They will rank equally in right of payment with our other existing and future senior unsecured indebtedness. The notes will be effectively subordinated to any of our existing and future secured indebtedness, to the extent of the value of the collateral securing such indebtedness, and will be structurally subordinated to all existing and future obligations of our subsidiaries. See Description of the Notes Ranking in this prospectus supplement.</p> <p>As of September 30, 2018, at the parent holding company level, DFS had \$3.1 billion of senior indebtedness, without giving effect to this offering, and no secured indebtedness. As of September 30, 2018, excluding intercompany amounts, our subsidiaries had \$91.6 billion of total indebtedness and other liabilities, including deposits.</p>

Optional Redemption

We may redeem the notes at any time on or after November 30, 2025 (two months prior to the maturity date), in whole or in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest thereon to, but excluding, the redemption date. See "Description of the Notes - Optional Redemption by Us" in this prospectus supplement.

Future Issuances

We may from time to time, without notice to or consent of the holders of the notes, issue additional notes with the same terms as the notes, (except for the issue date and, in some cases, the public offering price and the first interest payment date) and such additional notes shall be consolidated with the notes issued in this offering and form a single series.

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Covenants	There are no covenants or other provisions in the indenture that would afford holders of notes additional protection in the event of a recapitalization transaction, a change of control of our company or a highly leveraged transaction. See Description of Debt Securities Certain Covenants Restrictions on Consolidations, Mergers and Sales of Assets in the accompanying prospectus. In addition, the indenture includes a restriction on our ability to secure indebtedness with the voting stock of Discover Bank or any subsidiary succeeding to any substantial part of the business now conducted by Discover Bank. See Description of Debt Securities Certain Covenants Negative Pledge in the accompanying prospectus.
Sinking Fund	None.
Denominations	The notes will be issued only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.
Form of Note	We will issue the notes in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company (DTC). Beneficial interests in the notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Clearstream Banking, S.A. (Clearstream) and Euroclear Bank, SA/NV (Euroclear) will hold interests on behalf of their participants through their respective U.S. depositories, which in turn will hold such interests in accounts as participants of DTC. Except in the limited circumstances described in this prospectus supplement, owners of beneficial interests in the notes will not be entitled to have notes registered in their names, will not receive or be entitled to receive notes in definitive form and will not be considered holders of notes under the indenture. See Description of the Notes Book Entry, Delivery and Form .
Trustee U.S. Federal Income Tax	U.S. Bank National Association.
Consequences	You should consult with your tax advisor with respect to the U.S. federal income tax considerations of the acquisition, ownership and disposition of the notes in light of your own particular situation and with respect to any tax considerations arising under the laws of any state, local, foreign or other taxing jurisdiction. See Material United States Federal Income Tax Consequences .
Governing Law	The laws of the State of New York govern the indenture and the notes.

Listing

We do not intend to list the notes on any exchange or to include the notes in any automated quotation system.

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Investing in the notes involves risks. You should consider carefully the risks described below and all of the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus before deciding whether to purchase the notes. In addition, you should carefully consider, among other things, the matters discussed under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2017, which is incorporated by reference into this prospectus supplement and the accompanying prospectus. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. See Special Note Regarding Forward-Looking Statements. The trading price of the notes may also be affected by the effects of these risks, macroeconomic trends and our financial results, as well as differences between our actual results and expectations.

Your decision to purchase the notes should be made only after carefully considering the suitability of the investment for you, in consultation with your own financial, legal, tax and other professional advisors. The notes are not an appropriate investment for you if you are not knowledgeable about the significant features of the notes or financial matters in general.

We are a holding company that conducts all of our business through subsidiaries. The debt and other liabilities of our subsidiaries will be effectively senior to the notes.

We conduct all of our business through our subsidiaries including Discover Bank, which represented 99% of our assets as of September 30, 2018. Our cash flow and, consequently, our ability to pay interest in cash and to service our debt, including the notes, are dependent to a certain extent upon the cash flow of our subsidiaries and the payment of funds to us by those subsidiaries in the form of loans, dividends or otherwise. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on the notes or to make cash available for that purpose. In addition, Discover Bank and many of our operating subsidiaries are highly regulated and may be subject to restrictions on their ability to pay dividends to us. These subsidiaries may use the earnings they generate, as well as their existing assets, to fulfill their own direct debt service requirements.

The notes will be our senior unsecured obligations and will rank equally with all of our existing and future senior unsecured indebtedness. To the extent that any of our subsidiaries have outstanding indebtedness, the notes will effectively rank junior to such indebtedness and other liabilities, including deposits. As of September 30, 2018, excluding intercompany amounts, our subsidiaries had \$91.6 billion of total indebtedness and other liabilities, including deposits. See Description of the Notes Ranking in this prospectus supplement.

The notes will be effectively subordinated to all of our existing and future secured debt and to the existing and future secured debt of our subsidiaries.

The notes are not secured by any of our assets or the assets of our subsidiaries. As a result, the indebtedness represented by the notes will effectively be subordinated to any secured indebtedness we or our subsidiaries may incur, to the extent of the value of the assets securing such indebtedness. As of September 30, 2018, we had no secured indebtedness and our subsidiaries had \$15.7 billion of long-term secured indebtedness. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding up, liquidation or reorganization, or other bankruptcy proceeding, any secured creditors would have a superior claim to the extent of their collateral. In the event of the dissolution, a winding up, liquidation or reorganization, or other bankruptcy proceeding of a subsidiary, creditors of that subsidiary would generally have the right to be paid in full before any distribution is made to us or the holders of the notes. If any of the foregoing occur, we cannot assure you that there will be sufficient assets to pay

amounts due on the notes.

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There are no covenants in the indenture governing the notes relating to our ability to incur future indebtedness or pay dividends and limited restrictions on our ability to engage in other activities, which could adversely affect our ability to pay our obligations under the notes.

The indenture governing the notes does not contain any financial covenants. The indenture permits us and our subsidiaries to incur additional debt, including secured debt. Because the notes will be unsecured, in the event of any liquidation, dissolution, reorganization, bankruptcy or other similar proceeding regarding us, whether voluntary or involuntary, the holders of our secured debt will be entitled to receive payment to the extent of the assets securing that debt before we can make any payment with respect to the notes. If any of the foregoing events occurs, we cannot assure you that we will have sufficient assets to pay amounts due on our debt and the notes. As a result, you may receive less than you are entitled to receive or recover nothing if any liquidation, dissolution, reorganization, bankruptcy or other similar proceeding occurs.

The indenture does not limit our subsidiaries' ability to issue or repurchase securities, pay dividends or engage in transactions with affiliates. Our ability to use our funds for numerous purposes may limit the funds available to pay our obligations under the notes.

There may not be a public market for the notes and an active trading market for the notes may not develop.

The notes constitute a new issue of securities with no established trading market. We do not currently intend to apply for listing of the notes on any securities exchange or to include the notes in any automated quotation system. We have been advised by the underwriters that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. Accordingly, no liquid market for the notes may develop, and any market that develops may not last. If the notes are traded, they may trade at a discount from their offering price, depending on prevailing interest rates, the market for similar securities, our performance and other factors. To the extent that an active trading market does not develop, you may not be able to resell your notes at their fair market value or at all.

Interest rate risks may affect the value of the notes.

An investment in fixed-rate notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the notes.

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Special Note Regarding Forward-Looking Statements

This prospectus supplement, the accompanying prospectus and the documents that we incorporate by reference into this prospectus supplement and the accompanying prospectus contain or will contain certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from those expressed in, or implied by, our forward-looking statements. Words such as expects, anticipates, believes, estimates and other similar expressions or future or conditional verbs such as will, should, would and could are intended to identify such forward-looking statements. You should not rely solely on the forward-looking statements, which are qualified in their entirety by reference to, and are accompanied by, the important factors described in our Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC on February 21, 2018, including under the headings Risk Factors and Special Note Regarding Forward-Looking Statements. You should consider all uncertainties and risks contained in or incorporated by reference into this prospectus supplement and accompanying prospectus. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update any forward-looking statement.

The following factors, among others, could cause actual results to differ materially from those set forth in the forward-looking statements:

changes in economic variables, such as the availability of consumer credit, the housing market, energy costs, the number and size of personal bankruptcy filings, the rate of unemployment, the levels of consumer confidence and consumer debt and investor sentiment;

the impact of current, pending and future legislation, regulation, supervisory guidance and regulatory and legal actions, including, but not limited to, those related to financial regulatory reform, consumer financial services practices, anti-corruption and funding, capital and liquidity;

the actions and initiatives of current and potential competitors;

our ability to manage our expenses;

our ability to successfully achieve card acceptance across our networks and maintain relationships with network participants;

our ability to sustain and grow our private student loan, personal loan and home equity loan products;

difficulty obtaining regulatory approval for, financing, transitioning, integrating or managing the expenses of acquisitions of or investments in new businesses, products or technologies;

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our ability to manage our credit risk, market risk, liquidity risk, operational risk, legal and compliance risk and strategic risk;

the availability and cost of funding and capital;

access to deposit, securitization, equity, debt and credit markets;

the impact of rating agency actions;

the level and volatility of equity prices, commodity prices and interest rates, currency values, investments, other market fluctuations and other market indices;

losses in our investment portfolio;

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limits on our ability to pay dividends and repurchase our common stock;

limits on our ability to receive payments from our subsidiaries;

fraudulent activities or material security breaches of key systems;

our ability to remain organizationally effective;

our ability to increase or sustain Discover card usage or attract new customers;

our ability to maintain relationships with merchants;

the effect of political, economic and market conditions, geopolitical events and unforeseen or catastrophic events;

our ability to introduce new products and services;

our ability to manage our relationships with third-party vendors;

our ability to maintain current technology and integrate new and acquired systems;

our ability to collect amounts for disputed transactions from merchants and merchant acquirers;

our ability to attract and retain employees;

our ability to protect our reputation and our intellectual property; and

new lawsuits, investigations or similar matters or unanticipated developments related to current matters.

In addition, we routinely evaluate and may pursue acquisitions of or investments in businesses, products, technologies, loan portfolios or deposits, which may involve payment in cash or our debt or equity securities.

The foregoing review of important factors should not be construed as exclusive and should be read in conjunction with the other cautionary statements that are included in or incorporated by reference into this prospectus supplement and the accompanying prospectus. These factors expressly qualify all subsequent oral and written forward-looking

statements attributable to us or persons acting on our behalf. New factors emerge from time to time, and it is not possible for us to predict all of such factors, nor can we assess the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause our actual results to differ materially from those contained in any forward-looking statements.

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Use of Proceeds

We estimate that our net proceeds from this offering will be approximately \$594.6 million (after deducting underwriting discounts and commissions and estimated offering expenses). We intend to use the net proceeds from this offering for general corporate purposes.

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The following table sets forth our unaudited capitalization as of September 30, 2018 on an actual basis and on an adjusted basis to reflect the issuance and sale of the notes, after deducting the underwriting discounts and commissions and before estimated offering expenses.

You should read this table in conjunction with our historical consolidated financial statements and related notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and in our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2018, June 30, 2018 and September 30, 2018 and in the other documents incorporated by reference into this prospectus supplement and the accompanying prospectus. See Documents Incorporated by Reference in this prospectus supplement and Where You Can Find More Information in the accompanying prospectus.

September 30, 2018

(Unaudited, dollars in millions, except per share amounts)	Actual	As adjusted
Deposits:		
Interest bearing deposit accounts	\$ 63,034	\$ 63,034
Non-interest bearing deposit accounts	640	640
Total deposits	63,674	63,674
Notes offered hereby		599
Long-term borrowings	26,998	26,998
Accrued expenses and other liabilities	4,154	4,154
Total liabilities	\$ 94,826	\$ 95,425
Stockholders' Equity:		
Preferred Stock, par value \$0.01 per share; 200,000,000 shares authorized; 5,700 issued and outstanding and aggregate liquidation preference of \$570	\$ 563	\$ 563
Common Stock, par value \$0.01 per share; 2,000,000,000 shares authorized; 564,614,022 shares issued	6	6
Additional paid-in capital	4,107	4,107
Retained earnings	18,354	18,354
Accumulated other comprehensive income	(160)	(160)
Treasury Stock, at cost; 226,694,149 shares	(11,854)	(11,854)
Total stockholders' equity	11,016	11,016
Total liabilities and stockholders' equity	\$ 105,842	\$ 106,441

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Description of the Notes

The following summary sets forth certain terms and provisions of the notes and the Indenture (as defined herein), does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the terms and provisions of the notes and the Indenture, including the definitions therein, copies of which are available for inspection at the office of the Trustee (as defined herein) at 100 Wall Street, Suite 1600, New York, New York 10005. A copy of the Indenture has also been filed as an exhibit to the registration statement of which this prospectus supplement is a part, and is incorporated herein by reference. Capitalized terms not otherwise defined herein shall have the meanings given to them in the notes and in the Indenture. Because the following is only a summary, it does not contain all of the information that you may find useful in evaluating an investment in the notes. We urge you to read the Indenture and the notes because they, and not this description, define your rights as holders of the notes.

The following discussion of the terms of the notes supplements the description of the general terms and provisions of the debt securities contained in the accompanying prospectus. You should read the accompanying prospectus and this prospectus supplement together for a more complete description of the Indenture and the notes. To the extent this summary differs from the summary in the accompanying prospectus, you should rely on the description of the notes in this prospectus supplement.

General

We will issue the notes under the senior indenture, dated June 12, 2007, between us and U.S. Bank National Association, as trustee (the Trustee). We refer to the indenture, as supplemented by or pursuant to the officer's certificate establishing the terms of the notes pursuant to Section 2.03 of the Indenture, as the Indenture.

Certain defined terms used in this Description of the Notes but not defined have the meanings assigned to them in the notes and in the Indenture. In this section, we, us, our and similar words refer to Discover Financial Services and not any of our subsidiaries.

The Indenture is by its terms subject to and governed by the Trust Indenture Act of 1939, as amended. You may obtain a copy of the Indenture and the form of the notes from us upon request, as set forth under Where You Can Find Additional Information in the accompanying prospectus.

The Notes

Notes in an initial aggregate principal amount of \$600,000,000 will be issued in this offering. The aggregate principal amount of debt securities issuable under the Indenture is unlimited. We may from time to time, without notice to or consent of the holders of the notes, issue additional notes with the same terms as the notes (except for the issue date and, in some cases, the public offering price and the first interest payment date) and such additional notes shall be consolidated with the notes issued in this offering and form a single series. The notes to be issued in this offering will form their own series of notes for voting purposes and will not be part of the same class or series of any other notes previously issued by us. References herein to the notes shall include the notes and any further notes issued as described in this paragraph. We may at any time purchase notes at any price or prices in the open market or otherwise. Notes so purchased by us may, at our discretion, be held, resold or surrendered to the Trustee for cancellation.

The notes do not have the benefit of a sinking fund.

The notes will be issued only in fully registered form, without interest coupons, in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The notes will be issued in the form of one or more global notes

deposited with a custodian for and registered in the name of a nominee of DTC, but in certain circumstances, may be represented by notes in certificated form. The notes are not issuable in bearer form.

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Interest

The notes will bear interest at 4.500% per annum computed on the basis of a year of 360 days consisting of twelve 30-day months. The notes will accrue interest on their stated principal amount from and including January 31, 2019, or from the most recent interest payment date to which interest has been paid or duly provided for. Accrued and unpaid interest on the notes will be payable semi-annually in arrears on January 30 and July 30 of each year, commencing on July 30, 2019. We will pay interest to the persons in whose names the notes are registered at the close of business on the January 15 and July 15 immediately preceding each interest payment date (whether or not a business day).

If any date on which interest, principal or premium is payable on the notes is not a business day, then payment of such amounts payable on such date will be made on the next succeeding day that is a business day (and without any interest or other payment in respect of any such delay) with the same force and effect as if made on such interest payment date, redemption date or maturity date, as the case may be.

Ranking

The notes:

will be our general unsecured obligations;

will be effectively subordinated to all of our existing and future secured indebtedness to the extent of the assets securing such indebtedness;

will be structurally subordinated to the existing and future claims of creditors of our subsidiaries;

will rank equally in right of payment with our existing and future unsecured and unsubordinated indebtedness; and

will be senior in right of payment to any of our existing and future subordinated indebtedness.

None of our subsidiaries will guarantee the notes. As noted above, the notes will be structurally subordinated to all of our subsidiaries' existing and future obligations. See **Risks Factors**. We are a holding company that conducts all of our business through subsidiaries. The debt and other liabilities of our subsidiaries will be effectively senior to the notes. As of September 30, 2018, at the parent holding company level, Discover Financial Services had \$3.1 billion of senior indebtedness, without giving effect to this offering, and no secured indebtedness. As of September 30, 2018, excluding intercompany amounts, our subsidiaries had \$91.6 billion of total indebtedness and other liabilities, including deposits.

Maturity

Unless earlier redeemed or repurchased, the notes will mature and be payable at par on January 30, 2026.

Optional Redemption by Us

We may, at our option, at any time on or after November 30, 2025 (two months prior to the maturity date), redeem the notes in whole or in part on no less than 10 nor more than 60 days prior notice delivered to the holders of the notes. The notes will be redeemable at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. If fewer than all of the notes are to be redeemed, the Trustee will select the notes for redemption on a pro rata basis, by lot or by such other method in accordance with DTC's procedures. The notes will be redeemed in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. If any notes are to be redeemed in part only, the notice of redemption that relates to such notes will state the portion of such notes to be redeemed. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or the portions of the notes called for redemption.

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Payment and Transfer

Principal of, premium (if any) and interest on the notes will be payable, and the notes may be exchanged or transferred, at the office or agency maintained by us for such purpose (which initially will be the corporate trust office of the Trustee). Payment of principal of, premium (if any) and interest on notes in global form will be made in immediately available funds to DTC's nominee as the registered holder of such global notes. If the notes are no longer represented by global notes, payment of interest on the notes in certificated form may, at our option, be made by check mailed directly to holders at their registered addresses.

So long as the notes are represented by one or more global notes, transfers of beneficial interests in such global notes will be effected under DTC's procedures and will be settled in same-day funds. If the notes are no longer represented by global notes, a holder may transfer or exchange notes in certificated form at the same location given in the preceding paragraph. We are not required to transfer or exchange any note selected for redemption or for a period of 15 days before a selection of notes to be redeemed.

The registered holder of a note will be treated as the owner of it for all purposes. We will not be required to:

register the transfer of or exchange any note if the holder has exercised the holder's right, if any, to require us to repurchase the note, in whole or in part, except the portion of the note not required to be repurchased;

register the transfer of or exchange notes to be redeemed for a period of fifteen calendar days preceding the mailing of the relevant notice of redemption; or

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