



For Immediate Release

**Discover® U.S. Spending MonitorSM Consumer Confidence Volatile
Throughout April but Remains at 89.4**

***Majority of Consumers Feel Economic Conditions Are Worsening;
25 Percent Rate Their Personal Finances as Poor***

RIVERWOODS, Ill., May 04, 2011 (BUSINESS WIRE) -- Consumer confidence in April started out unpredictable and turbulent, yet by the end of the month, remained at nearly the same levels as March. According to the Discover U.S. Spending Monitor, a daily poll of 8,200 consumers tracking economic confidence and spending intentions throughout the month, consumer sentiment remained nearly unchanged month-over-month, dropping only one-tenth of a point to 89.4 in April. That change varied greatly, however, throughout the month.

From April 6 to April 20 there was a near 10-point increase in consumers who felt the economy was worsening, from 46 percent to 56 percent. During the same period, there was a rise in the number of consumers rating their personal finances as poor, from 20 to 28 percent, and a similar rise in the number of people who said their finances were getting worse, from 46 to 55 percent. The precipitous declines in confidence came as Standard & Poor's declared concern about the nation's debt ratings, as well as continued increases in gas prices.

By the end of the month, negative sentiment had declined somewhat. On average, the number of Americans in April who felt that economic conditions are getting worse was 51 percent, nearly unchanged compared to March. Eighteen percent of consumers feel conditions are the same, down 2 points from the previous month, while 26 percent feel the economy is improving, a 1-point increase from March.

At the same time, April's responses continue to highlight consumers' doubts about their personal finances. Just 34 percent rate their finances as good or excellent, while 64 percent say their finances are fair or poor. When asked if their finances were getting better or worse, 49 percent feel their finances are worsening, up 1 point from March. Twenty-one percent say their finances are improving, a 1-point decrease from the previous month.

"Skyrocketing gas prices are affecting consumer attitudes about the economy and their personal finances, particularly since the job market is lagging," said Julie Loeger, senior vice president of brand and product management for Discover. "While sentiments improved somewhat by month's end, gas prices are still on the rise, making it less likely that consumer confidence will rebound in May."

Gas Prices May Spoil Summer Travel Plans, Especially for Families

To better understand the effects of fuel costs on discretionary spending, the Monitor asked consumers about the impact of rising pump prices. Fifty-seven percent say fuel costs are making them change their summer vacation plans, while 68 percent of consumers say higher gas prices are forcing them to cut back on discretionary spending.

The respondents most committed to cutting back are those with children at home: 80 percent of consumers with kids are cutting back on discretionary spending and 64 percent are changing vacation plans because of high gas prices.

Majority of Consumers Spending More on Gas, Groceries; Cutting Most Discretionary Spending

The Monitor reports that consumers continue to show signs of off-setting high prices at the pump with cuts in discretionary spending. Overall, 37 percent of consumers expect to spend more in the month ahead, up 4 points since March and a total of 14 points since January. Seventeen percent of consumers expect to spend less, down 1 point from March, and 44 percent expect to spend the same, down 3 points from the previous month.

As with March, a majority of consumers, 56 percent, plan to spend more on gas, groceries and their mortgages. This is up 1 point from the previous month. Thirty-four percent of consumers expect to spend the same on household expenses, down 1 point from March, while 8 percent plan to spend less, unchanged from the previous month. Consumers are offsetting the rising costs of household expenditures by reducing spending in the following areas:

- *Entertainment.* Fifty-two percent of consumers expect to spend less in the next month on going out to dinner, movies or sporting events, down 1 point from last month. Thirty-six percent expect to spend the same, up 1 point from March, while 8 percent plan to spend more, down 1 point from the previous month.
- *Travel and Memberships:* Forty-nine percent expect to spend less on a vacation or health club membership, up 1 point from last month. Thirty-four percent expect to spend the same, down 1 point from March, while 13 percent plan to spend more, a 1-point increase from last month.

A bright spot in consumer discretionary spending may be home improvement. Sixteen percent of consumers plan to increase spending on household improvements, a 2-point increase from the month before. Twenty-nine percent expect to spend the same, down 1 point from last month. And 49 percent of consumers plan to spend less next month on home improvement purchases, down 1 point from March.

For more Discover U.S. Spending Monitor survey data, charts and information, please visit www.discoverfinancial.com/surveys/spending.shtml.

About Discover U.S. Spending Monitor

The Discover® U.S. Spending MonitorSM is a monthly index of consumer spending intentions and capacity that is based on interviews with a random sample of 8,200 U.S.

adults conducted at a rate of 275 per night. In addition to spending, the survey asks consumers their opinions on the U.S. economy and their personal finances. The Monitor began in May 2007 with a base index of 100. Surveys are conducted by Rasmussen Reports, an independent survey research firm (www.rasmussenreports.com).

About Discover

Discover Financial Services (NYSE: DFS) is a direct banking and payment services company with one of the most recognized brands in U.S. financial services. Since its inception in 1986, the company has become one of the largest card issuers in the United States. The company operates the **Discover card**, America's cash rewards pioneer, and offers personal and student loans, online savings accounts, certificates of deposit and money market accounts through its **Discover Bank** subsidiary. Its payment businesses consist of Discover Network, with millions of merchant and cash access locations; PULSE, one of the nation's leading ATM/debit networks; and Diners Club International, a global payments network with acceptance in more than 185 countries and territories. For more information, visit www.discoverfinancial.com