

CAPITAL ONE FINANCIAL CORP
Form PRE 14A
March 03, 2009

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement Soliciting Material Under Rule 14a-12
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials

Capital One Financial Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

NOTICE OF CAPITAL ONE FINANCIAL CORPORATION'S 2009 ANNUAL STOCKHOLDER MEETING

Important Notice Regarding the Availability of Proxy Materials for
The Stockholder Meeting To Be Held On April 23, 2009

The Annual Stockholder Meeting of Capital One Financial Corporation ("Capital One") will be held at Capital One's headquarters, 1680 Capital One Drive, McLean, Virginia 22102, on April 23, 2009, at 10:00 a.m.

Items of Business

As a stockholder you will be asked to:

1. Elect Richard D. Fairbank, E.R. Campbell, Bradford H. Warner and Stanley Westreich as directors of Capital One;
2. Ratify the Audit and Risk Committee's selection of Ernst & Young LLP as independent auditors of the Corporation for 2009;
3. Approve Capital One's Second Amended and Restated 2004 Stock Incentive Plan;
4. Approve, on a non-binding advisory basis, Capital One's named executive officer compensation; and
5. Transact such other business as may properly come before the meeting.

Record Date

You may vote if you held shares of Capital One common stock as of the close of business on February 23, 2009.

Proxy Voting

Your vote is important. You may vote your shares in person at the Annual Stockholder Meeting, via the Internet, by telephone or by mail. Please refer to the section "How do I vote?" for detailed voting instructions. If you choose to vote in person at the Annual Stockholder Meeting, via the Internet or by telephone, you do not need to mail in a proxy card.

Annual Meeting Admission

Due to space limitations, attendance is limited to stockholders and one guest each. Admission to the meeting is on a first-come, first-served basis. Registration begins at 9:00 a.m. A valid picture identification and proof of stock ownership must be presented in order to attend the meeting. If you hold Capital One stock through a broker, bank, trust or other nominee ("street name"), you must bring a copy of a statement reflecting your stock ownership as of the record date. If you plan to attend as the proxy of a stockholder, you must present a legal proxy. Cameras, recording devices and other electronic devices are not permitted.

We look forward to seeing you at the meeting.

On behalf of the Board of Directors,

John G. Finneran, Jr.
 Corporate Secretary
 Capital One Financial Corporation
 1680 Capital One Drive
 McLean, VA 22102

March __, 2009

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SECTION I □ PROXY STATEMENT

Why did I receive a Notice Regarding the Availability of Proxy Materials?

In accordance with Securities and Exchange Commission (□SEC□) rules, instead of mailing printed copies of our proxy materials, we are furnishing the proxy materials to our stockholders via the Internet. This process will save the Company the cost of printing and mailing documents and will reduce the impact of annual meetings on the environment. Accordingly, on or about March __, 2009, we mailed to our stockholders a Notice of Internet Availability of Proxy Materials (the □Notice□). If you received a Notice, you will not receive a printed copy of the materials unless you request one. The Notice provides instructions on how to access our proxy materials for Capital One's 2009 Annual Stockholder Meeting (the □Annual Meeting□) via the Internet, how to request a printed set of proxy materials and how to vote your shares.

What is the purpose of the proxy materials?

The Board of Directors of Capital One Financial Corporation (□Capital One,□ the □Company,□ or □us□) is providing you these materials in connection with the 2009 Annual Meeting. All stockholders who held shares as of the close of business on February 23, 2009 (the □record date□) are entitled to attend the Annual Meeting and to vote on the items of business outlined in this proxy statement. If you choose not to attend the Annual Meeting, you may vote your shares via the Internet, by telephone or by mail.

How do I access the Proxy Materials?

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The Notice provides instructions regarding how to view our proxy materials for the 2009 Annual Meeting online. As explained in greater detail in the Notice, to view the proxy materials and vote, you will need to visit www.proxyvote.com and have available your 12-digit Control number(s) contained on your Notice.

How do I request paper copies of the proxy materials?

Whether you hold Capital One stock through a broker, bank, trust or other nominee (in "street name"), or hold Capital One shares directly in your name through Capital One's transfer agent, Computershare Trust Company, N.A. ("Computershare") as a stockholder of record, you may request paper copies of the 2009 proxy materials by following the instructions listed at www.proxyvote.com, by telephoning 1-800-579-1639 or by sending an e-mail to sendmaterial@proxyvote.com.

Can I attend the Annual Meeting?

If you held shares of Capital One common stock as of the close of business on February 23, 2009, you may attend the Annual Meeting. Because seating is limited, only you and a guest may attend the meeting. Admission to the meeting is on a first-come, first-served basis. Registration begins at 9:00 a.m. You must present a valid picture identification and proof of Capital One stock ownership as of the record date. If you hold Capital One stock in street name, you must bring a copy of a brokerage statement reflecting your stock ownership as of the record date. If you plan to attend as the proxy of a stockholder, you must present a legal proxy. Cameras, recording devices and other electronic devices are not permitted at the meeting.

Am I entitled to vote?

You are entitled to vote if our records indicate that you held shares of Capital One common stock as of the close of business on February 23, 2009. All stockholders of record are entitled to one vote per share of common stock held for each matter submitted for a vote at the meeting. If you hold your shares in street name, you

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may instruct your broker regarding voting your shares using the same methods described below under "How Do I Vote?" On February 23, 2009, there were 392,008,982 shares of Capital One's common stock issued and outstanding.

How do I vote?

By Internet

You may vote via the Internet up until 11:59 PM Eastern Daylight Time on April 22, 2009 by going to www.proxyvote.com and following the instructions on your screen. Have your Notice or proxy card available when you access the web page.

By Telephone

You may vote by telephone by calling the toll-free telephone number on the Notice or your proxy card (1-800-690-6903), 24 hours a day and up until 11:59 PM Eastern Daylight Time on April 22, 2009, and following prerecorded instructions. Have your Notice or proxy card available when you call. If you hold your shares in street name, your broker, bank, trustee or other nominee may provide additional instructions to you regarding voting your shares by telephone.

By Mail

If you received your proxy materials by mail, you may vote by mail by marking the enclosed proxy card, dating and signing it, and returning it in the postage-paid envelope provided, or to Capital One Financial Corporation, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Your proxy card must be received by April 22, 2009.

In Person

If you hold Capital One shares directly in your name as a stockholder of record, you may vote in person at the Annual Meeting. Stockholders of record are entitled to one vote per share of common stock held for each matter submitted for vote at the meeting. Stockholders of record also may be represented by another person at the Annual Meeting by executing a legal proxy designating that person.

If you hold your shares in street name, you must obtain a legal proxy from your broker, bank, trust or other nominee and present it to the inspector of elections with your ballot to be able to vote at the Annual Meeting. To request a legal proxy, please follow the instructions at www.proxyvote.com.

What if I hold my shares in street name and I do not provide my broker, bank, trustee or other nominee with instructions about how to vote my shares?

You will be able to instruct your broker, bank, trustee or other nominee, the record owner of your shares, using the methods described above. If you do not give instructions to the record owner, the record owner will have discretion to vote your shares to elect four directors (Proposal 1), to ratify the appointment of the Company's independent public accounting firm (Proposal 2), and to provide advisory approval of the Company's named executive officer compensation (Proposal 4). However, if you do not give instructions to the record owner, the record owner does not have discretion to vote your shares to approve the Company's Second Amended and Restated 2004 Stock Incentive Plan (Proposal 3).

How do I vote my 401(k) shares?

If you participate in the Capital One Associate Savings Plan, you may vote the number of shares equivalent to your interest, if any, in the Capital One Pooled Stock Fund as credited to your account on the record date. You will receive instructions on how to vote your shares via email from Broadridge. The Trustee of the Associate

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Savings Plan will vote your shares in accordance with your duly executed instructions if they are received by April 20, 2009. If you do not send instructions, the trustee will not vote the share equivalents credited to your account.

Can I revoke my proxy?

Yes. You may revoke any proxy that you previously granted or change your vote by:

- giving written notice of revocation to: Corporate Secretary, Capital One Financial Corporation, 1680 Capital One Drive, McLean, VA 22102; or
- submitting another timely vote via the Internet, by telephone or by mailing a new proxy; or
- attending the Annual Meeting and voting in person. If your shares are held in the name of a bank, broker, trust or other holder of record, to vote at the Annual Meeting you must obtain a legal proxy executed in your favor from the holder of record and bring it to the Annual Meeting.

If you submit your new vote via the Internet or by telephone, your new vote must be received by 11:59 PM Eastern Daylight Time on April 22, 2009. If you submit your new vote by mail, it must be received by April 22, 2009.

What constitutes a quorum?

A quorum of stockholders is necessary to transact business at the Annual Meeting. A quorum exists if the holders of a majority of Capital One's shares entitled to vote are present in person or represented by proxy, including proxies on which abstentions (withholding authority to vote) are indicated. Abstentions and broker non-votes, other than where stated, will be counted in determining the quorum, but neither will be counted as votes cast.

Who will count the vote?

Votes will be tabulated by the Inspector of Elections. The Board of Directors has appointed a representative of Computershare to serve as the Inspector of Elections.

Will a list of stockholders be made available?

Capital One will make a list of stockholders available at the Annual Meeting and, for ten days prior to the meeting, at our offices located at 1680 Capital One Drive in McLean, Virginia. Please contact Capital One's Corporate Secretary at (703) 720-1000 if you wish to inspect the stockholders list prior to the Annual Meeting.

How much did the solicitation cost?

Capital One will pay the costs of the solicitation. We have retained Innisfree M&A Incorporated to assist us in the solicitation of proxies for an aggregate fee of \$15,000, plus reasonable out-of-pocket expenses. In addition to Capital One soliciting proxies via the Internet, by telephone and by mail, our board members, officers and employees may solicit proxies on our behalf, without additional compensation.

What is householding?

Under SEC rules, a single package of Notices may be sent to any household at which two or more stockholders reside if they appear to be members of the same family. Each stockholder continues to receive a separate Notice within the package. This procedure, referred to as householding, reduces the volume of duplicate

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materials stockholders receive and reduces mailing expenses. Stockholders may revoke their consent to future householding mailings by contacting Broadridge toll free at 1-800-542-1061, or by writing to Broadridge, Household Department, 51 Mercedes Way, Edgewood, NY 11717.

What are the Board of Directors' recommendations?

Unless you give other instructions, the individuals named as proxy holders will vote in accordance with the recommendations of the Board of Directors (the "Board") as follows:

For the election of Richard D. Fairbank, E.R. Campbell, Bradford H. Warner and Stanley Westreich as directors of Capital One (see page 59);

For the ratification of the Audit and Risk Committee's selection of Ernst & Young LLP as independent auditors of the Company for 2009 (see page 60);

For the approval of Capital One's Second Amended and Restated 2004 Stock Incentive Plan (see page 61); and

For the advisory approval of Capital One's named executive officer compensation (see page 71);

The Board is not aware of any other matter that will be presented at the Annual Meeting. If any other matter is presented at the Annual Meeting, the persons named on the accompanying proxy card will, in the absence of stockholder instructions to the contrary, vote such proxy at their discretion.

What vote is necessary to approve each item?

Item 1 requests your vote for the election of four candidates for director. Richard D. Fairbank, E.R. Campbell, Bradford H. Warner and Stanley Westreich will each be elected as a director of Capital One if a majority of the votes cast on his election are voted in favor of such election. Abstentions are not considered "votes cast" and thus do not have an effect on the outcome of the vote as to Item 1. Cumulative voting for the election of directors is not permitted. For more information regarding Capital One's director election process see page 59.

Item 2, the ratification of the Audit and Risk Committee's selection of Ernst & Young LLP as independent auditors of the Company for 2009, will be approved if a majority of the votes cast on the proposal are voted in favor of the proposal. Abstentions are not considered "votes cast" and thus do not have an effect on the outcome of the vote as to Item 2.

Item 3, the approval of Capital One's Second Amended and Restated 2004 Stock Incentive Plan, will be approved if a majority of the votes cast on the proposal are voted in favor of the proposal, provided that the total votes cast on the proposal must represent at least 50% of the shares entitled to vote on the proposal. Abstentions, therefore, have the same effect as a vote against the proposal.

Item 4, the advisory approval of Capital One's named executive officer compensation, will be approved if a majority of the votes cast on the proposal are voted in favor of the proposal. Abstentions are not considered "votes cast" and thus do not have an effect on the outcome of the vote as to Item 4.

Under New York Stock Exchange (the "NYSE") rules, if you hold your shares through a broker, bank, trustee or other nominee and you do not submit voting instructions, such broker, bank, trustee or other nominee will have discretionary authority to vote your shares according to the recommendations of the Board of Directors with

respect to Items 1, 2 and 4 presented at the Annual Meeting. If you do not submit voting instructions, your broker, bank, trustee or other nominee will not have discretion to vote your shares with respect to Item 3. This is called a "broker non-vote." With respect to Item 3, broker non-votes are considered shares entitled to vote on the proposal, and thus have the same effect as a vote "against" Item 3.

SECTION II GOVERNANCE OF CAPITAL ONE

Corporate Governance General

Capital One is committed to strong corporate governance. Our governance practices not only comply with all governance laws, rules and regulations, including the Sarbanes-Oxley Act of 2002 and NYSE listing standards, but they also incorporate many emerging trends as key components of Capital One's controls and governance program. The Board of Directors believes that these practices are important to the future success and growth of Capital One.

Corporate Governance Principles

We believe that sound corporate governance creates a foundation for the ethical and effective functioning of the Board, its Committees and Capital One as a whole. It is also critical to preserving the trust of our stakeholders, including investors, associates, customers, suppliers, governmental entities and the general public.

The Board of Directors has therefore adopted Corporate Governance Principles to formalize the Board's governance practices and its view of effective governance. The Board of Directors monitors external governance developments and practices and reviews the Corporate Governance Principles periodically to ensure Capital One continues to implement effective governance practices. Capital One's Corporate Governance Principles are available free of charge on the corporate governance page of Capital One's Internet site at www.capitalone.com under "Investors," or in hard copy upon request to the Corporate Secretary at the address set forth on the Notice of Annual Meeting.

Code of Business Conduct and Ethics

Capital One is committed to maintaining a reputation for honesty, fair dealing and integrity. This can only be achieved if the Board of Directors and all associates conduct their business affairs with the utmost integrity and ethical commitment. The purpose of Capital One's Code of Business Conduct and Ethics ("Code of Conduct") is to guide ethical actions and working relationships by Capital One's directors, officers and associates with investors, current and potential customers, fellow associates, competitors, governmental entities, the media and other third parties with whom Capital One has contact.

The Board of Directors has therefore adopted the Code of Conduct, which applies to all Capital One directors and associates (other than the associates of Chevy Chase Bank, F.S.B., which Capital One acquired on February 27, 2009), including Capital One's Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and other persons performing similar functions. Chevy Chase Bank associates are subject to the Chevy Chase Code of Conduct.

Both Codes of Conduct, as amended from time to time, are available free of charge on the corporate governance page of Capital One's Internet site at www.capitalone.com under "Investors," or in hard copy upon request to the Corporate Secretary. Capital One will disclose on its website any amendment to the Code of Conduct or any waiver under the Code of Conduct granted to any of its directors or executive officers.

Board Composition and Meetings

The Board of Directors oversees Capital One's business and directs its management. The Board does not involve itself with the day-to-day operations and implementation of Capital One's business. Instead, the Board meets periodically with management to review Capital One's performance, risks and business strategy.

Directors also regularly consult with management outside of formal meetings to keep themselves informed about Capital One's progress. The Board met eleven times during 2008, including meetings comprising only the independent directors. Each incumbent director attended at least 75% of the aggregate of the meetings of the

Board and the committees on which the director served during the year. The independent directors meet in executive session (without the presence of management) on a regularly scheduled basis, at least three times each year.

Capital One expects all of its directors to attend the Annual Meeting. In 2008, all directors then serving attended the Annual Meeting.

Director Independence

The Board has assessed whether each of its non-employee members is "independent" under Capital One's Director Independence Standards, as described below. These standards, which have been adopted by the Board as part of Capital One's Corporate Governance Principles reflect, among other things, the director independence requirements set forth in the listing standards of the NYSE and other applicable legal and regulatory rules, and describe certain relationships that the Board has determined to be immaterial for purposes of determining director independence. The Governance and Nominating Committee of the Board is responsible for assessing the independence and qualifications of the members of the Board and makes recommendations thereon to the full Board. The Board has determined that each of Mr. Campbell, Mr. Dietz, Mr. Gross, Ms. Hackett, Mr. Hay, Mr. Leroy, Mr. Shattuck, Mr. Warner and Mr. Westreich are independent under these standards.

Capital One's policy regarding director independence is set forth in the Corporate Governance Principles, which are available free of charge on the corporate governance page of Capital One's Internet site at www.capitalone.com under "Investors," or in hard copy upon request to the Corporate Secretary.

Presiding Director

The Presiding Director, currently Ms. Hackett, presides at all executive sessions of the Board, has the authority to call meetings of the independent directors, leads the CEO performance assessment and facilitates succession planning. The Presiding Director has additional responsibilities that are more fully described in Capital One's Corporate Governance Principles. Interested parties may make their concerns known to the Board or the non-management directors as a group by contacting the Presiding Director. Detailed information on how to contact the Presiding Director is contained in the section entitled "How to Contact the Board and the Presiding Director."

Related Person Transactions

Capital One's policies and procedures for the review, approval or ratification of related person transactions are set forth in the Charter of the Governance and Nominating Committee, Capital One's Code of Business Conduct and Ethics and internal written procedures. The Charter of the Governance and Nominating Committee requires it to review on an annual basis any transactions involving Capital One and any of its directors, executive officers or their immediate family members and, as appropriate, to consider potential conflicts of interest or the appearance of potential conflicts of interest, as well as issues relating to director independence. The Governance and Nominating Committee performs this review each year based on the information provided by each director and executive officer on an annual questionnaire and through a review of Capital One's internal systems for payments that could indicate the presence of a related person transaction. In developing its assessment and recommendation regarding related person transactions to the Board of Directors, the Governance and Nominating Committee relies upon criteria set forth in the Code of Business Conduct and Ethics to evaluate activities or relationships that may create a conflict of interest, including

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potential related person transactions. In addition to specific prohibitions, these criteria include the extent to which the proposed relationship would be legal, authorized and permitted (or prohibited) by Capital One policies, as well as the potential perspective of third parties regarding such relationships.

Internal written procedures require that any potential conflict of interest, including related person transactions involving any of Capital One's directors or executive officers, be reviewed by the General Counsel and, if the General Counsel believes that such relationship could create a conflict of interest or require disclosure as a related person transaction, by the Governance and Nominating Committee (in the case of an executive officer) or the disinterested members of the Board of Directors (in the case of a director). Capital One had no reportable related person transactions in 2008.

Committees of the Board

In order to assist it in fulfilling its functions, the Board of Directors conducts business through four Committees: the Audit and Risk Committee, the Compensation Committee, the Governance and Nominating Committee and the Finance and Trust Oversight Committee. Pursuant to Capital One's Corporate Governance Principles and applicable law, the Audit and Risk, Compensation, Governance and Nominating, and Finance and Trust Oversight Committees are comprised solely of independent directors. The Chair of each Committee determines the frequency, length and agenda of meetings for his or her Committee in accordance with such Committee's charter, in consultation with other members of the Committee and with appropriate members of management, and establishes an annual calendar of topics for consideration by the Committee. The Chair of each Committee may also seek comments on key issues from other directors who are not part of the Committee, and reports Committee activities to the full Board. In January 2009, each Committee and the Board of Directors approved the respective Committee's amended and restated charter. Copies of the charter of each Committee are available free of charge on the Corporate Governance page of Capital One's Internet site at www.capitalone.com under "Investors," or in hard copy upon request to the Corporate Secretary. Below is a description of each Committee:

Audit and Risk Committee

Description

The Audit and Risk Committee is generally responsible for overseeing Capital One's accounting, financial reporting, internal controls and risk assessment and management processes.

Key Responsibilities

- Monitor the integrity of Capital One's financial statements and internal controls;
- Monitor Capital One's compliance with legal and regulatory requirements;
- Review the qualifications, independence and performance of Capital One's independent auditor;
- Appoint, compensate, retain and oversee Capital One's independent auditor;
- Assess the performance of Capital One's internal auditor and Chief Credit Review Officer; and
- Monitor the processes by which management assesses and manages risk.

Financial Expert

Although other members of the Audit and Risk Committee may qualify as "audit committee financial experts" under the Sarbanes-Oxley Act of 2002 and the rules of the Securities and Exchange Commission promulgated thereunder, the Board has designated Mr. Dietz as the "audit committee financial expert."

Service

No member of the Audit and Risk Committee simultaneously serves on the audit committees of more than three public companies, including that of Capital One, except for Mr. Gross. The Board of Directors has determined, in accordance with NYSE rules, that Mr. Gross' simultaneous service does not impair his ability to effectively serve on Capital One's Audit and Risk Committee.

2008 Meetings

During 2008, the Audit and Risk Committee met twelve times.

Governance and Nominating Committee

Description

The Governance and Nominating Committee assists the Board of Directors with respect to a variety of corporate governance matters and practices.

Key Responsibilities

- Advise the Board on its organization, membership and function;
- Identify and recommend director nominees and the structure and membership of each Committee of the Board;
- Advise and recommend action on corporate governance matters applicable to Capital One; and
- Oversee the Board's and the Chief Executive Officer's annual evaluation processes and ensure that the directors engage in periodic discussions to plan for the Chief Executive Officer's succession.

The independent directors of the Board meet at least annually in executive session, both with and without the Chief Executive Officer, to conduct the Chief Executive Officer's evaluation.

2008 Meetings

During 2008, the Governance and Nominating Committee met four times.

Compensation Committee

Description

The Compensation Committee assists the Board by reviewing and recommending officer titles and roles to the Board; overseeing and recommending benefit plans for Capital One associates to the Board; recommending compensation and benefit plans for the directors, the Chief Executive Officer and senior management to the Board's independent directors; reviewing and approving the Committee's report, and reviewing and recommending Capital One's Compensation Discussion and Analysis disclosure for inclusion in this proxy statement; and carrying out such other responsibilities and activities as may be required by law or regulation.

Key Responsibilities

- Recommend director compensation to the Board of Directors;
- Recommend to the Board of Directors officers for election or re-election or the manner in which such officers will be chosen;
- Evaluate and recommend to the independent directors the Chief Executive Officer's compensation in light of the independent directors' assessment of his performance and anticipated contributions with respect to Capital One's strategy and objectives;
- Recommend the salary levels, incentive awards, perquisites and termination arrangements for executive officers, other than the Chief Executive Officer, to the independent directors and the hiring or promotion of such executive officers to the Board;
- Oversee other compensation and benefit programs and recommend benefit plans to the Board for approval;
- Administer Capital One's 2004 Stock Incentive Plan, 2002 Associate Stock Purchase Plan and other employee benefit plans;
- Recommend the inclusion of the Compensation Discussion and Analysis in the annual proxy statement or annual Form 10-K; and
- Perform all responsibilities and activities as required of the Committee under the U.S. Department of the Treasury's programs or as otherwise required by law.

The independent directors of the Board may meet concurrently with the Compensation Committee, as appropriate, to review and approve compensation for the Chief Executive Officer and other executive officers.

The Committee may also delegate authority for certain responsibilities to subcommittees or members of management as the Committee deems appropriate and as permitted by law.

Compensation Committee Interlocks and Insider Participation

No interlocking relationship exists between any member of Capital One's Board of Directors or Compensation Committee and any member of the board of directors or compensation committee of any other company, nor has

any such interlocking relationship existed in the past. No member of the Compensation Committee is or was formerly an officer or an employee of Capital One.

Compensation Committee Consultant

The Compensation Committee has the authority to retain and terminate special legal counsel and other consultants and to approve such consultants' fees and other retention terms. The Committee has retained the services of Frederic W. Cook & Co., Inc., an independent executive compensation consulting firm (the "Consultant"). The Consultant reports to the Chair of the Committee and its engagement may be terminated by the Committee at any time.

The Committee determines the scope and nature of the Consultant's assignments. In 2008, the Consultant:

- Provided independent competitive market data and advice related to Chief Executive Officer and director compensation, including the development of a group of comparator companies for purposes of competitive benchmarking;
- Reviewed management-developed market data and recommendations on the design of compensation programs for senior executives other than the Chief Executive Officer;
- Reviewed Capital One's compensation levels, performance and the design of incentive programs; and
- Provided information on executive and director compensation trends and analyses of the implications of such trends for Capital One.

The Consultant generally attends the Committee meetings and executive sessions upon the Chair of the Committee's request, including meetings held jointly with the independent directors to review and approve the Chief Executive Officer's and the directors' compensation.

The Consultant may also be present for Committee meetings during which compensation for senior executives other than the Chief Executive Officer is discussed and provide an independent perspective regarding such compensation practices.

The services provided by the Consultant are limited in scope as described above and Capital One does not use the Consultant for any other services.

2008 Meetings

During 2008, the Compensation Committee met six times.

Finance and Trust Oversight Committee

Description

The Finance and Trust Oversight Committee assists the Board of Directors in overseeing Capital One's management of liquidity, capital and financial risks, as well as the trust activities of Capital One, National Association, a subsidiary of Capital One.

Key Responsibilities

- Monitor Capital One's significant capital and funding transactions;
- Monitor liquidity and financial risks, as well as Capital One's fiduciary activities and exposures;

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- Oversee Capital One's debt funding and capital programs;
 - Oversee management and monitor execution of Capital One's wholesale and retail funding plans;
 - Recommend the payment of dividends on Capital One's common stock to the Board of Directors; and
 - Exercise general oversight of the trust activities of Capital One's subsidiary banks.

2008 Meetings

During 2008, the Finance and Trust Oversight Committee met six times.

Committee Membership

The table below provides a summary of the Board's current Committee structure, membership and related information.

| | Chair | Member | Audit Committee Financial Expert | |
|-----------------------|---------------------------------|-------------------------------|--|--|
| | Audit and Risk Committee | Compensation Committee | Finance and Trust Oversight Committee | Governance and Nominating Committee |
| E.R. Campbell | | | | |
| W. Ronald Dietz | | | | |
| Patrick W. Gross | | | | |
| Ann Fritz Hackett | | | | |
| Lewis Hay, III | | | | |
| Pierre E. Leroy | | | | |
| Mayo A. Shattuck, III | | | | |
| Bradford H. Warner | | | | |
| Stanley I. Westreich | | | | |

Director Nomination Process

The Governance and Nominating Committee considers and makes recommendations to the Board concerning nominees to create or fill open positions within the Board. It is Capital One's policy that stockholders may propose nominees for consideration by the Committee by submitting the names and other relevant information as required by Capital One's Amended and Restated Bylaws to the Corporate Secretary, with a copy to the Chair of the Committee, at the address set forth on the Notice of Annual Stockholder Meeting.

Director candidates, other than current directors, may be interviewed by the Chair of the Governance and Nominating Committee, other directors, the Chief Executive Officer and/or other members of senior management. The Committee considers the criteria described below, as well as the results of interviews and any background checks the Committee deems appropriate, in making its recommendation to the Board. The Committee also considers current directors for re-nomination in light of the criteria described below and their past and potential contributions to the Board.

In 2008, Capital One contracted with RSR Partners, a third-party director search firm, to identify, evaluate and verify references for potential director candidates. In addition, Acxiom Corporation provided various background verification services for director candidates, including services related to federal and state criminal background checks, employment verification and credit reporting.

Consideration of Director Nominees

All director candidates, including those recommended by stockholders, are evaluated on the same basis. These criteria are as follows:

- Candidates will represent diversity of experience and possess a strong educational background, substantial tenure and breadth of experience in leadership capacities, and business and financial acumen;
- Candidates may also be selected for their background relevant to the Company's business strategy, their understanding of the intricacies of a public company, their international business background and for their experience in risk management; and
- Other relevant criteria may include a reputation for high personal and professional ethics, integrity and honesty, good character and judgment, the ability to be an independent thinker, diversity of background and perspective and an inquisitive and objective viewpoint.

The Board considers each nominee in the context of the Board as a whole, with the objective of assembling a Board that can best maintain the success of Capital One's business.

How to Contact the Board and the Presiding Director

Interested parties may make their concerns known to the Board or non-management directors as a group by contacting the Presiding Director, care of the Corporate Secretary, at the address below:

**Presiding Director
Board of Directors
c/o Corporate Secretary's Office
Capital One Financial Corporation
1680 Capital One Drive
McLean, Virginia 22102**

Communications may also be sent to individual directors at the same address.

The Corporate Secretary reviews all communications sent to the Board, Committees or individual directors and forwards all substantive communications to the appropriate parties. Communications to the Board, the non-management directors or any individual director that relate to Capital One's accounting, internal accounting controls or auditing matters are referred to the Chair of the Audit and Risk Committee and Capital One's Chief Internal Auditor. Other communications are referred to the Presiding Director, the Chair of the appropriate Committee and/or the specified director, as applicable.

Information about our Directors and Executive Officers

Capital One's current executive officers and directors, who are nominated for election or who are continuing to serve their terms after the Annual Meeting, are listed below with a brief description of their business experience for the past five years.

Directors

Richard D. Fairbank, 58
Chairman, Chief Executive Officer and President

Mr. Fairbank has been Chairman of the Board of Directors of Capital One since February 28, 1995. He has been Chief Executive Officer and a director since July 26, 1994 and has additionally served as President since April 24, 2003. Mr. Fairbank is also Chairman of the Board of Directors of Capital One Bank (USA),

Edward R. [Bo] Campbell, 68
Director

Mr. Campbell is active in various oil and gas, and land and timber investment partnerships. He has been a director of Capital One since November 16, 2005, and served as a director of Hibernia Corporation from 1994 until its acquisition by Capital One on that date. Mr. Campbell is also a director of Capital One, National

National Association, Capital One, National Association and Chevy Chase Bank, F.S.B. and Chevy Chase Bank, F.S.B.

W. Ronald Dietz, 66
Director

Mr. Dietz is President, Chief Executive Officer and a director of W.M. Putnam Company, a nationwide provider of outsourced facilities management services to companies with networks of offices or retail stores. Mr. Dietz joined W.M. Putnam Company in January 2002. He has been a director of Capital One since February 28, 1995. Mr. Dietz is also a director of Capital One Bank (USA), National Association, Capital One, National Association and Chevy Chase Bank, F.S.B.

Patrick W. Gross, 64
Director

Mr. Gross is Chairman of The Lovell Group, a private business and technology advisory and investment firm. Mr. Gross was a founder of, and served as a principal executive officer from 1970 to 2003 of American Management Systems, Inc. (AMS), an information technology, consulting, software development and systems integration firm. He has been a director of Capital One since February 28, 1995. He is also a director of Capital One, National Association and Chevy Chase Bank, F.S.B. Mr. Gross is also currently a director of Waste Management, Inc., Career Education Corporation, Liquidity Services, Inc. and Taleo Corporation.

Ann Fritz Hackett, 55
Director

Ms. Hackett has been President of Horizon Consulting Group, LLC, since 1996. Horizon Consulting Group provides strategic, organizational and human resources advice to clients. Ms. Hackett has been a director of Capital One since October 27, 2004, and is a director of Capital One Bank (USA), National Association. Ms. Hackett also is a director of Fortune Brands, Inc.

Lewis Hay, III, 53
Director

Mr. Hay has been Chairman and Chief Executive Officer of FPL Group, Inc., an organization focused on energy related products and services, since January 2002. He joined FPL Group, Inc. in 1999 as Vice President, Finance and Chief Financial Officer and became President of FPL Energy, LLC in March 2000. He became a director, president and chief executive officer of FPL Group in June 2001. He has been a director of Capital One since October 31, 2003. He is also a director of Capital One Bank (USA), National Association. Mr. Hay is also a director of Harris Corporation.

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Pierre E. Leroy, 60
Director

Mr. Leroy served in a variety of positions at Deere & Company from 1976 to 2005, including as president of both the Worldwide Construction & Forestry Division and the Worldwide Parts Division, and as an officer of the company. Mr. Leroy has been a director of Capital One since September 1, 2005. Mr. Leroy also is a director of Capital One, National Association. Mr. Leroy is also a director of Fortune Brands, ACCO Brands, and RSC Holdings, Inc.

Mayo A. Shattuck, III, 54
Director

Mr. Shattuck has been President and Chief Executive Officer of Constellation Energy Group, a leading supplier of electricity to large commercial and industrial customers, since November 2001 and was elected Chairman of the Board in July 2002. Previously, Mr. Shattuck was Co-Chairman and Co-Chief Executive Officer of DB Alex. Brown, LLC and Deutsche Banc Securities, Inc. He has been a director of Capital One since October 31, 2003. Mr. Shattuck is also a director of Gap, Inc.

Bradford H. Warner, 57
Director

Mr. Warner served in a variety of positions at BankBoston and its successors from 1975 to 2004, including as Head of Premier and Small Business Banking, Executive Vice President of Personal Financial Services, and Vice Chairman of the Investment Services and Consumer Business Groups for Bank of America Corporation. He became a director of Capital One in

Stanley Westreich, 71
Director

Mr. Westreich was President of Westfield Realty, Inc., a real estate development and construction company, from 1965 to 2005. He has been a director of Capital One since July 26, 1994. Mr. Westreich is also a director of Capital One Bank (USA), National Association.

April 2008 and also serves as a director of Capital One, National Association and Chevy Chase Bank, F.S.B.

Executive Officers

Robert M. Alexander, 44 **Chief Information Officer**

Mr. Alexander joined Capital One in April 1998 and became Chief Information Officer in May 2007. Mr. Alexander is responsible for overseeing all technology activities for Capital One. Prior to his current role, Mr. Alexander had responsibility at various times for a number of Capital One's lending businesses, including the U.S. Consumer Credit Card and Installment Loan businesses.

Jory A. Berson, 38 **President, Financial Services**

Mr. Berson joined Capital One in 1992 and became President, Financial Services in December 2007. Prior to his current role, Mr. Berson served as President, U.S. Card and in a variety of other roles in Capital One's credit card business.

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John G. Finneran, Jr., 59 **General Counsel and Corporate Secretary**

Mr. Finneran joined Capital One in September 1994. He is General Counsel and Corporate Secretary, and is responsible for managing Capital One's legal, governmental affairs, corporate governance, brand, regulatory relations and corporate affairs departments. He also manages Capital One's internal audit department for administrative purposes.

Gary L. Perlin, 57 **Chief Financial Officer, Principal Accounting Officer**

Mr. Perlin joined Capital One in July 2003. He is the Chief Financial Officer of Capital One and is responsible for Capital One's corporate finance, corporate accounting and reporting, planning and financial risk management, treasury and investor relations functions. Mr. Perlin also serves as a director of Capital One, National Association, Capital One Bank (USA), National Association, and Chevy Chase Bank, F.S.B.

Lynn A. Pike, 52 **President, Banking**

Ms. Pike joined Capital One in April 2007 as Chief Operating Officer for the Banking Segment and became President, Banking in August 2007. Ms. Pike has over 30 years of banking and community development expertise. She joined Capital One from Bank of America Corporation, where she served from April 2004 to April 2007 as president of Business Banking and as president of Bank of America California. Ms. Pike also serves as a director of Capital One, National Association and Chevy Chase Bank, F.S.B.

Peter A. Schnall, 45 **Chief Risk Officer**

Mr. Schnall joined Capital One in August 1996. He is Chief Risk Officer and is responsible for overseeing Capital One's credit, compliance, operational and enterprise risk management functions. Mr. Schnall has served as Chief Risk Officer since June 2006. From October 2002 until 2006, he served as Chief Credit Officer.

Ryan M. Schneider, 39 **President, Card**

Mr. Schneider joined Capital One in December 2001 and became President, Card in December 2007. Mr. Schneider is responsible for all of Capital One's consumer credit card lines of business, including those in the United States, the United Kingdom and Canada. Prior to his current role, Mr. Schneider held a variety of positions including President, Auto Finance and Executive Vice President, US Card Upmarket. Mr. Schneider also serves as a director of Capital One Bank (USA), National Association.

Matthew W. Schuyler, 43 **Chief Human Resources Officer**

Mr. Schuyler joined Capital One in April 2002 and has been Chief Human Resources Officer since April 2003. Mr. Schuyler is responsible for Capital One's people strategy, recruitment efforts, development programs, human capital initiatives and real estate portfolio.

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SECTION III □ SECURITY OWNERSHIP**Security Ownership of Certain Beneficial Owners**

Based on Schedule 13G filings submitted to the SEC, Capital One was aware of the following beneficial owners of more than 5% of Capital One's outstanding common stock.

| Name and Address | Amount and Nature of Beneficial Ownership (1) | Percent of Class |
|---|--|-------------------------|
| Dodge & Cox (2) 555 California Street, 40th Floor San Francisco, CA 94104 | 46,908,859 | 12.0% |
| Capital Research Global Investors (3) 333 South Hope Street Los Angeles, CA 90071 | 22,103,480 | 5.6% |
| FMR, LLC (4) 82 Devonshire Street Boston, MA 02109 | 20,805,404 | 5.31% |

- (1) Beneficial ownership is determined under SEC Rule 13d-3(d)(1). The information contained in this table is based on Schedule 13G reports filed with the SEC and the ownership interests indicated are current only as of the dates of filing with the SEC, as indicated below.
- (2) On a Schedule 13G (Amendment No. 5) filed on February 11, 2009, Dodge & Cox reported beneficial ownership as of December 31, 2008 of 46,908,859 shares of Capital One's common stock, which positions in the aggregate represented 12.0% of Capital One's outstanding common stock as of December 31, 2008. The securities reported on this Schedule 13G are beneficially owned by clients of Dodge & Cox, which clients may include investment companies registered under the Investment Company Act and/or employee benefit plans, pension funds, endowment funds or other institutional clients. Dodge & Cox certified in its Schedule 13G (Amendment No. 5) that the securities referred to above were acquired in the ordinary course of business and were not acquired for the purpose of and do not have the effect of changing or influencing the control of the issuer of such securities and were not acquired in connection with or as a participant in any transaction having such purpose or effect.
- (3) On a Schedule 13G filed on February 13, 2009, Capital Research Global Investors reported beneficial ownership as of December 31, 2008, of 22,103,480 shares of Capital One's common stock, which positions in the aggregate represented 5.6% of Capital One's outstanding common stock as of December 31, 2008. One or more clients of Capital Research Global Investors have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Common Stock of Capital One Financial Corporation. Capital Research Global Investors certified in its Schedule 13G that the shares of common stock were acquired and held in the ordinary course of business and were not acquired nor held for the purpose of or with the effect of changing or influencing the control of the issuer of such securities and were not acquired in connection with or as a participant in any transaction having such purpose or effect.
- (4) On a Schedule 13G filed on February 17, 2009, FMR, LLC, a parent holding company, reported beneficial ownership of 20,805,404 shares of Capital One's common stock, which positions in the

aggregate represented 5.31% of Capital One's outstanding common stock as of December 31, 2008. FMR, LLC reported that various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Common Stock of Capital One Financial Corporation, and that no one person's interest in the common stock of Capital One's common stock is more than five percent of the total outstanding common stock. FMR, LLC certified in its Schedule 13G that the shares of common

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stock were acquired and held in the ordinary course of business and were not acquired nor held for the purpose of or with the effect of changing or influencing the control of the issuer of such securities and were not acquired in connection with or as a participant in any transaction having such purpose or effect.

Security Ownership of Directors and Named Executive Officers

The following table lists the beneficial ownership of Capital One's common stock, as of January 31, 2009, by our directors and the Named Executive Officers (the "NEOs") (as defined herein).

| Name | Number of Shares or Units | | | Total Amount and Nature of Beneficial Ownership (1) | Percent of Class (2) |
|--|---------------------------|---------------------------|--|---|----------------------|
| | Common Stock | Unvested Restricted Stock | Stock issuable upon exercise of Options within 60 days | | |
| Richard D. Fairbank | 2,191,727 | 0 | 4,940,481 | 7,239,710 (3) | 1.85% |
| Gary L. Perlin | 12,171 | 258,994 | 381,342 | 652,507 | * |
| John G. Finneran, Jr. | 52,314 | 173,056 | 362,124 | 587,494 | * |
| Peter A. Schnall | 39,940 | 170,026 | 450,558 | 660,524 | * |
| Lynn A. Pike | 2,765 | 185,464 | 65,173 | 253,402 | * |
| E. R. Campbell | 38,269 | 0 | 1,010 | 410,115 (4) | * |
| W. Ronald Dietz | 5,118 | 0 | 116,000 | 121,118 (5) | * |
| Patrick W. Gross | 7,539 | 0 | 133,498 | 141,037 (6) | * |
| Ann Fritz Hackett | 15,650 | 0 | 1,840 | 17,490 (7) | * |
| Lewis Hay, III | 1,110 | 0 | 18,186 | 20,914 (8) | * |
| Pierre E. Leroy | 4,900 | 0 | 10,498 | 15,398 (9) | * |
| Mayo A. Shattuck, III | 1,589 | 0 | 18,215 | 19,804 (10) | * |
| Bradford H. Warner | 5,000 | 0 | 0 | 8,140 (11) | * |
| Stanley Westreich | 134,929 | 0 | 126,674 | 717,603 (12) | * |
| All directors and executive officers as a group (18 persons) | 2,603,947 | 1,336,530 | 7,303,139 | 12,182,713 (13) | 3.11% |

* Less than 1% of the outstanding shares of common stock.

(1) To Capital One's knowledge, all executive officers and directors beneficially own the shares shown next to their names either in their sole names or jointly with their spouses, unless indicated otherwise. The column "Total Amount and Nature of Beneficial Ownership" includes: (i) shares of common stock; (ii) shares of common stock subject to options (stock options) and shares of restricted stock and restricted stock units granted under Capital One's 1994 Stock Incentive Plan (the "1994 Stock Incentive Plan"), Capital One's 1999 Stock Incentive Plan (the "1999 Stock Incentive Plan"), Capital One's 1995 Non-Employee Directors Stock Incentive Plan (the "1995 Directors Plan"), Capital One's 1999 Non-Employee Directors Stock Incentive Plan (the "1999 Directors Plan") and Capital One's 2004 Stock Incentive Plan (the "2004 Stock Incentive Plan"), each as amended or restated from time to time, that are or will become exercisable or that are or will be vested within 60 days of January 31, 2009; and (iii) shares of common stock held by the executive officer under Capital One's 1994 Associate Stock Purchase Plan or 2002 Associate Stock Purchase Plan (the "Stock Purchase Plans"), each as amended or restated from time to time. Shares of restricted stock have voting rights but are not transferable until the end of the period of restriction.

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- (2) All percentage calculations are based on the number of shares of common stock issued and outstanding on January 31, 2009, which was 391,827,184.
- (3) Includes 107,502 shares owned by Fairbank Morris, Inc. Mr. Fairbank shares voting and investment power for these shares. Does not include 241,680 restricted stock units for which Mr. Fairbank disclaims beneficial ownership of the underlying shares until their delivery date. Delivery of any shares of common stock underlying these restricted stock units is deferred until Mr. Fairbank's employment with the Company ends.
- (4) Includes 181,486 shares owned by Campbell Capital, LLC, 181,486 shares owned by Campbell Capital II, LLC and 7,864 shares owned by the E.R. Campbell Family Foundation for which Mr. Campbell holds voting and investment power. Does not include 500,000 shares held in two Grantor Retained Annuity Trusts, of which Mr. Campbell is not a trustee, and 8,792 restricted stock units for which Mr. Campbell disclaims beneficial ownership of the underlying shares until their delivery date. Delivery of any shares of common stock underlying a director's restricted stock units is deferred until the director's service with the Board ends.
- (5) Does not include 10,372 restricted stock units for which Mr. Dietz disclaims beneficial ownership of the underlying shares until their delivery date and 910 shares held in trust for Mr. Dietz's child for which Mr. Dietz also disclaims beneficial ownership. Delivery of any shares of common stock underlying a director's restricted stock units is deferred until the director's service with the Board ends.
- (6) Does not include 10,372 restricted stock units for which Mr. Gross disclaims beneficial ownership of the underlying shares until their delivery date. Delivery of any shares of common stock underlying a director's restricted stock units is deferred until the director's service with the Board ends.
- (7) Does not include 10,372 restricted stock units for which Ms. Hackett disclaims beneficial ownership of the underlying shares until their delivery date, and 5,000 shares held by Ms. Hackett's spouse. Delivery of any shares of common stock underlying a director's restricted stock units is deferred until the director's service with the Board ends.
- (8) Includes 1,618 shares held by the Hay Family Limited Partnership, for which Mr. Hay holds voting and investment power. Does not include 10,372 restricted stock units for which Mr. Hay disclaims beneficial ownership of the underlying shares until their delivery date. Delivery of any shares of common stock underlying a director's restricted stock units is deferred until the director's service with the Board ends.
- (9) Does not include 9,372 restricted stock units for which Mr. Leroy disclaims beneficial ownership of the underlying shares until their delivery date. Delivery of any shares of common stock underlying a director's restricted stock units is deferred until the director's service with the Board ends.
- (10) Does not include 10,372 restricted stock units for which Mr. Shattuck disclaims beneficial ownership of the underlying shares until their delivery date. Delivery of any shares of common stock underlying a director's restricted stock units is deferred until the director's service with the Board ends.
- (11) Includes 3,000 shares held in two Grantor Retained Annuity Trusts, of which Mr. Warner is the trustee, and 140 shares held by Mr. Warner's spouse. Does not include 3,596 restricted stock units for which Mr. Warner disclaims beneficial ownership of the underlying shares until their delivery date. Delivery of any shares of common stock underlying a director's restricted stock units is deferred until the director's service with the Board ends.
- (12) Includes 156,000 shares held in trust for which Mr. Westreich is the trustee and ultimate beneficiary and 300,000 shares held in a Grantor Retained Annuity Trust, of which Mr. Westreich is the trustee. Does not include 10,372 restricted stock units for which Mr. Westreich disclaims beneficial ownership of the underlying shares until their delivery date and 67,590 shares held by Mr. Westreich's spouse and for which Mr. Westreich disclaims beneficial ownership. Delivery of any shares of common stock underlying a director's restricted stock units is deferred until the director's service with the Board ends.

- (13) Includes 677,540 shares issuable upon the exercise of options and 548,990 shares of common stock subject to trading restrictions for all other executive officers as a group. Does not include the shares set forth in footnotes (3) through (12) above for which the NEOs and Directors disclaim beneficial ownership or a total of 573,500 shares held by or in trust for various family members and 102 shares of other executive officers, and for which such executive officers disclaim beneficial ownership.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires that Capital One's executive officers and directors, and persons that beneficially own more than 10% of Capital One's common stock, file certain reports of beneficial ownership of the common stock and changes in such ownership with the SEC and provide copies of these reports to Capital One. As a matter of practice, members of our staff assist our executive officers and directors in preparing initial ownership reports and reporting ownership changes, and typically file these reports on their behalf. Based solely on our review of the copies of such forms in our possession and written representations furnished to us, we believe that in 2008 each of the reporting persons complied with these filing requirements except for Mr. Ryan Schneider, who filed a late report as a result of an administrative error by the Company.

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SECTION IV □ DIRECTOR COMPENSATION

Director Compensation Objectives

Compensation for non-employee directors (each a "director") is approved by the Board of Directors, based on recommendations made by the Compensation Committee. Capital One's director compensation program is designed to achieve four primary objectives:

- Attract and retain talented directors with the skills and capabilities to perpetuate Capital One's success;
- Fairly compensate directors for the work required in a company of Capital One's size and scope;
- Recognize the individual roles and responsibilities of the directors; and
- Align directors' interests with the long-term interests of Capital One stockholders.

Employee directors do not receive compensation for their service on the Board. In 2008, Mr. Fairbank was Capital One's only employee director.

Director Compensation Procedures

The Compensation Committee reviews the compensation program for Capital One's directors on an annual basis. The Committee's Consultant provides competitive compensation data and program recommendations to the Committee for review. (Please see Section II for details on the role and responsibilities of the Consultant.) The competitive compensation data includes the compensation (cash, equity and other benefits) of non-employee directors within our comparator group. (Please see Section V for details on the development of the comparator group.) The Committee considers this information, as well as the Consultant's recommendations, and finalizes a proposed compensation structure. The proposed structure is then reviewed and approved by the full Board of Directors, typically in April of each year.

Based on their review of competitive market data and guidance from the consultant in the second quarter of 2008, the Committee determined that the existing director compensation program (approved in April 2005) continues to meet Capital One's objectives and provides an appropriate level of compensation.

Director Compensation Structure

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Each director serving on the Board on April 24, 2008, received an annual cash retainer of \$70,000. In addition, cash retainers were provided for service on a committee (see details and amounts below). Each director also received an annual award of \$170,000 in restricted stock units (RSUs) of Capital One common stock, granted on April 24, 2008.

Each director was offered the opportunity to elect to forego his or her cash compensation from April 2008 through April 2009 in exchange for a one-time grant of non-qualified stock options with an equivalent Black-Scholes value, granted on April 24, 2008. Mr. Dietz, Mr. Gross, Ms. Hackett, Mr. Hay, Mr. Leroy, Mr. Shattuck and Mr. Westreich each elected to forego their cash compensation in favor of such stock options.

Other Benefits

In 2008, directors did not receive any additional compensation beyond what is disclosed below o