

CAPITAL ONE FINANCIAL CORP
Form DEF 14A
March 17, 2004
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

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):

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Ⓟ No fee required.

⋮ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

⋮ Fee paid previously with preliminary materials.

⋮ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

Table of Contents

Capital One Financial Corporation

1680 Capital One Drive

McLean, Virginia 22102

NOTICE OF ANNUAL STOCKHOLDER MEETING

To be held April 29, 2004

Dear Stockholder:

It is our pleasure to invite you to the annual stockholder meeting of Capital One Financial Corporation ("Capital One"). The meeting will be held at 10:00 a.m. on Thursday, April 29, 2004 at the Ritz-Carlton Hotel, 1700 Tysons Boulevard, McLean, Virginia 22102.

At our annual meeting you will be asked to:

Elect three directors;

Ratify the appointment of Ernst & Young LLP as independent auditors for 2004;

Approve Capital One's 2004 Stock Incentive Plan; and

Conduct any other business properly brought before the meeting.

We will discuss Capital One's business and financial results for 2003 and answer any questions you may have. We have also enclosed Capital One's 2003 Annual Report, including consolidated financial statements, with this Notice and Proxy Statement. You may also access the 2003 Annual Report at Capital One's website at www.capitalone.com/about/invest/.

If you were a stockholder of record at the close of business on February 29, 2004, you are entitled to vote at our annual meeting.

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Your vote is important. Record holders of Capital One common stock can vote their shares by sending in a signed and dated proxy card by mail, by using a toll-free telephone number, or via the Internet. Instructions for using these services can be found on the enclosed proxy card. By following the instructions on the proxy card, your shares will be voted even if you are unable to attend the meeting. If you attend the meeting and prefer to vote in person or change your proxy vote, you may of course do so.

If you plan to attend. Please note that space limitations make it necessary to limit attendance to stockholders and one guest each. Admission to the meeting will be on a first-come, first-served basis. Registration will begin at 9:00 a.m., and seating will begin at 9:30 a.m. Each stockholder may be asked to present valid picture identification, such as a driver's license or passport. Stockholders holding stock in brokerage accounts (street name holders) will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

We look forward to seeing you at the meeting.

By Order of the Board of Directors,

John G. Finneran, Jr.

Corporate Secretary

March 17, 2004

Table of Contents**TABLE OF CONTENTS**

	<u>Page</u>
<u>VOTING MATTERS AND PROCEDURES</u>	1
<u>What is the purpose of the annual meeting?</u>	1
<u>Who can attend the annual meeting?</u>	1
<u>Who is requesting my vote?</u>	1
<u>Who is entitled to vote?</u>	1
<u>Will a list of stockholders be made available?</u>	1
<u>What constitutes a quorum?</u>	1
<u>How do I vote?</u>	2
<u>Can I vote by telephone or via the Internet?</u>	2
<u>How do I vote my 401(k) shares?</u>	2
<u>Can I get Capital One's annual meeting materials delivered to me electronically next year?</u>	2
<u>What vote is necessary to approve each item?</u>	3
<u>What are the Board's recommendations?</u>	3
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	4
<u>Certain Beneficial Owners</u>	4
<u>Directors and Named Executive Officers</u>	5
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	6
<u>INFORMATION ABOUT OUR DIRECTORS AND EXECUTIVE OFFICERS</u>	7
<u>Introductions</u>	7
<u>Annual Meetings</u>	10
<u>Board Meetings</u>	10
<u>Committee Meetings</u>	10
<u>Compensation of the Board</u>	13
<u>Related Party Transactions</u>	15
<u>COMPENSATION OF EXECUTIVE OFFICERS</u>	16
<u>Summary Compensation Table</u>	16
<u>Option Grant Table</u>	18
<u>Option Exercise and Option Value Table</u>	18
<u>Long-Term Incentive Plans Awards in Last Fiscal Year</u>	19
<u>Company Arrangements with Executive Officers</u>	19
<u>Pension Plans</u>	21
<u>Equity Compensation Plan Information</u>	23
<u>Description of Non-Stockholder Approved Equity Compensation Plans</u>	23
<u>Performance Graph</u>	27
<u>REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION</u>	28
<u>Compensation Philosophy</u>	28
<u>Methodology</u>	28
<u>Executive Compensation Structure</u>	28
<u>Compensation of the Chairman and Chief Executive Officer and the Vice Chairman</u>	30
<u>Deductibility of Compensation Expenses</u>	30
<u>REPORT OF THE AUDIT AND RISK COMMITTEE</u>	32
<u>ELECTION OF DIRECTORS</u>	33
<u>RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS</u>	34
<u>CAPITAL ONE'S 2004 STOCK INCENTIVE PLAN</u>	36
<u>OTHER BUSINESS</u>	45
<u>ANNUAL REPORT TO STOCKHOLDERS</u>	45
<u>STOCKHOLDER PROPOSALS FOR 2005 ANNUAL MEETING</u>	45
<u>INTERNET AND TELEPHONE VOTING</u>	45
<u>ELECTRONIC DELIVERY OF FUTURE ANNUAL MEETING MATERIALS</u>	46
<u>APPENDIX A: AUDIT AND RISK COMMITTEE OF THE BOARD OF DIRECTORS AMENDED AND RESTATED CHARTER</u>	
<u>APPENDIX B: CAPITAL ONE'S 2004 STOCK INCENTIVE PLAN</u>	

Table of Contents

PROXY STATEMENT

VOTING MATTERS AND PROCEDURES

What is the purpose of the annual meeting?

At Capital One's annual meeting, stockholders will act upon the matters outlined in the accompanying Notice of Annual Stockholder Meeting. In addition, Capital One's management will report on our performance during 2003 and respond to questions from stockholders.

Who can attend the annual meeting?

Stockholders may attend the meeting, and may be accompanied by one guest. We may ask for proof of identity and ownership of Capital One stock. There are no other restrictions on who may attend the meeting or any formal requirements to attend the meeting. The members of the Board of Directors and senior management of Capital One, as well as representatives of Ernst & Young LLP, Capital One's independent auditors during 2003, will attend the meeting.

Who is requesting my vote?

This proxy statement and the proxy card are being mailed and made available on the Internet at Capital One's website (www.capitalone.com) on or about March 22, 2004. The Board of Directors of Capital One is requesting your vote on the matters presented in this proxy. The cost of preparing, assembling and mailing the proxy card, this proxy statement, and other enclosed materials, and all clerical and other expenses of solicitations will be at the expense of Capital One. 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.

Who is entitled to vote?

All holders of record of Capital One's common stock at the close of business on February 29, 2004 are entitled to vote. All stockholders are entitled to one vote for each share of common stock held by them for all matters submitted for a vote at the meeting. Cumulative voting for the election of directors is not permitted. On February 29, 2004, there were 238,913,074 shares of Capital One's common stock issued and outstanding.

Will a list of stockholders be made available?

We will make a list of stockholders available at the annual meeting and, for ten days prior to the meeting, at our Northern Virginia offices located at 1680 Capital One Drive, McLean, Virginia 22102. Please contact Capital One's Corporate Secretary at (703) 720-1000 if you wish to inspect the stockholders list prior to the annual meeting.

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 the shares entitled to vote are present in person or represented by proxy, including proxies on which abstentions (withholding authority to vote) are indicated.

Table of Contents

How do I vote?

You can vote by either:

Signing and returning the enclosed proxy card or following the directions on the card for telephone or Internet voting (see below); or

Casting your vote in person at the annual meeting.

The individuals identified on the proxy card will vote your shares as you designate when you cast your vote by signing and mailing the proxy card, by telephone or via the Internet. If you submit a duly executed proxy card but do not specify how you wish to vote your shares, the proxy holders will vote your shares in favor of Items 1, 2 and 3 on the proxy card and at their discretion for any other matters properly submitted to a vote at the meeting.

If you vote by proxy, you may revoke your proxy or change your vote at any time prior to the final tallying of votes by (1) delivering a written notice to Capital One's Corporate Secretary at the address on the Notice of Annual Stockholder Meeting, (2) executing and delivering to the Corporate Secretary a later-dated proxy or (3) attending the meeting and voting in person.

If you hold Capital One stock in street name through a broker, bank or other nominee, you will need to obtain a proxy form from the institution that holds your shares if you wish to vote in person at the annual meeting.

Can I vote by telephone or via the Internet?

Instead of submitting your vote on the enclosed paper proxy card, you can vote by telephone or electronically via the Internet. See Internet and Telephone Voting on page 45 of this proxy statement for additional information. The telephone and Internet voting procedures are designed to authenticate your identity, to allow you to vote your shares or give voting instructions, and to confirm that your instructions have been properly recorded. Please note that there are separate telephone and Internet voting arrangements depending upon whether your shares are registered in your own name through Capital One's stock transfer agent, EquiServe Trust Company, N.A. (EquiServe), or held in street name through a broker, bank or other nominee.

How do I vote my 401(k) shares?

If you participate in the Capital One Associate Savings Plan (the Savings Plan), you may vote the number of shares of common stock equivalent to your interest in the Capital One Pooled Stock Fund as credited to your account on the record date. You may vote by giving instructions to American Express Trust Company, the trustee, via the voting instruction card being mailed with this proxy statement to plan participants, by telephone or via the Internet. The trustee will vote your shares in accordance with your duly executed instructions received by April 28, 2004. If you do not send instructions, the trustee will not vote the share equivalents credited to your account.

Can I get Capital One's annual meeting materials delivered to me electronically next year?

If you vote electronically via the Internet, you can consent to electronic delivery of future Capital One proxy statements, proxy cards and annual reports by responding affirmatively to the request for your consent when prompted. See Electronic Delivery of Future Annual Meeting Materials on page 46 of this proxy statement for additional information. If you consent and Capital One delivers some or all of its future annual meeting materials to you by electronic mail or by posting materials to the Internet, you will not receive paper copies of these materials through the mail in the future. Because electronic delivery could save Capital One a significant portion of the costs associated with printing and mailing materials, we encourage you to consent to electronic delivery.

Table of Contents

What vote is necessary to approve each item?

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

Item 1 on the proxy card requests your vote for the three directors who are up for election this year. You may cast or withhold your vote for each of the nominees. The affirmative vote of a plurality of the votes cast at the meeting is required to elect directors. An abstention, therefore, will not be voted with respect to the director indicated, although it will be counted for purposes of determining whether there is a quorum.

Item 2, the ratification of the selection of Ernst & Young LLP as Capital One's independent auditors for 2004, and *Item 3*, the approval of Capital One's 2004 Stock Incentive Plan, will be approved if a majority of the votes cast on each proposal are voted in favor of such proposal. Abstentions, therefore, have the same effect as a vote against each of Item 2 and Item 3.

If you hold your shares through a broker and you do not submit a proxy, your broker will have discretionary authority to vote your shares according to the recommendations of Capital One's Board of Directors for Items 1 and 2 at the annual meeting. Brokers are not permitted to exercise discretionary authority with respect to Item 3. If you do not submit a proxy, therefore, your broker may vote your shares in favor of Items 1 and 2, and your shares will not be represented with respect to Item 3.

What are the Board's recommendations?

Unless you give other instructions on your proxy card, the people named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board of Directors as follows:

for election of the nominated slate of directors (see page 33);

for ratification of the selection of Ernst & Young LLP as Capital One's independent auditors for 2004 (see page 34); and

for approval of Capital One's 2004 Stock Incentive Plan (see page 36).

With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, at their own discretion.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT****Certain Beneficial Owners**

The following lists stockholders that are known to the company to own beneficially more than 5% of Capital One's common stock.

<u>Name and Address</u>	<u>Amount and Nature of Beneficial Ownership(1)</u>	<u>Percent of Class(2)</u>
Dodge & Cox(3)(4) One Sansome Street, 35th Floor San Francisco, CA 94104	16,798,930	7.3%
Putnam, LLC. d/b/a Putnam Investments(3)(5) One Post Office Square Boston, Massachusetts 02109	15,719,004	6.8%
Capital Research and Management Company(6) 333 South Hope Street Los Angeles, CA 90071	15,150,340	6.5%

- (1) Beneficial ownership is a term broadly defined under Securities and Exchange Commission (SEC) rules and regulations. 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) All percentage calculations are based on the number of shares of common stock issued and outstanding on December 31, 2003, which was 235,042,332.
- (3) Certified in its Schedule 13G that the shares of common stock were acquired in the ordinary course of business, 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 purposes or effect.
- (4) On a Schedule 13G filed on February 17, 2004, Dodge & Cox reported beneficial ownership of 16,798,930 shares of Capital One's common stock as a result of acting as investment advisor registered under Section 203 of the Investment Advisers Act of 1940. All shares reported by Dodge & Cox 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.
- (5) On a Schedule 13G filed on February 13, 2004, Putnam, LLC., d/b/a Putnam Investments reported beneficial ownership of 15,719,004 shares of Capital One's common stock as a result of acting as an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 and as a parent holding company, in accordance with Section 240.13d-1(b)(ii)(G) under the Securities Exchange Act of 1934. Putnam Investments filed the report on behalf of itself, its parent holding company, Marsh & McLennan Companies, Inc., and

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two affiliated registered investment advisers named Putnam Investment Management, LLC and The Putnam Advisory Company, LLC. Putnam Investments reported that its subsidiary investment advisors have or share voting and dispositive power for the shares with each mutual fund's trustees and/or their institutional clients.

- (6) On a Schedule 13G filed on February 13, 2004, Capital Research and Management Company reported beneficial ownership of 15,150,340 shares of Capital One's common stock as a result of acting as investment advisor to various investment companies registered under Section 8 of the Investment Company Act of 1940. Shares reported by Capital Research and Management Company include 2,261,140 shares of Capital One's common stock resulting from the assumed conversion of 2,890,000 units of Capital One's 6.25% Convertible Preferred Upper DEC[®] securities due 2005. Capital Research and Management Company certified in its Schedule 13G that the shares of common stock were acquired in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer and were not acquired and are not held in connection with or as a participant in any transaction having such purpose or effect.

Table of Contents**Directors and Named Executive Officers**

The following table lists the beneficial ownership of Capital One's common stock, as of January 31, 2004, by our directors and the Named Executive Officers (as defined herein).

<u>Name and Address*</u>	<u>Amount and Nature of Beneficial Ownership(1)</u>	<u>Percent of Class(2)</u>
Richard D. Fairbank	8,517,535(3)(4)	3.58%
Nigel W. Morris	1,620,560(3)(5)	0.68%
John G. Finneran, Jr.	430,760(6)	**
Larry A. Klane	286,956(7)	**
Catherine West	354,366(8)	**
W. Ronald Dietz	112,805(9)(10)	**
James A. Flick, Jr.	98,500(11)	**
Patrick W. Gross	111,539(9)	**
Lewis Hay, III	1,700(12)(13)	**
James V. Kimsey	104,305(14)	**
Mayo Shattuck, III	0(12)	**
Stanley Westreich	638,859(9)(15)	**
All directors and executive officers as a group (17 persons)	12,859,547(16)	5.41%

* All addresses are c/o Capital One Financial Corporation, 1680 Capital One Drive, McLean, Virginia 22102.

** Less than 0.5% 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 we have indicated otherwise. The totals include shares of common stock (i) subject to options held by each person 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") or Capital One's 1999 Non-Employee Directors Stock Incentive Plan (the "1999 Directors Plan"), that are or will become exercisable within 60 days of January 31, 2004, and (ii) held by the executive officer under Capital One's 1994 Associate Stock Purchase Plan or 2002 Associate Stock Purchase Plan (the "Stock Purchase Plans").
- (2) All percentage calculations are based on the number of shares of common stock issued and outstanding on January 31, 2004, which was 237,837,426.
- (3) Includes 107,502 shares owned by Fairbank Morris, Inc. Messrs. Fairbank and Morris share voting and investment power for these shares.
- (4) Includes 7,690,287 shares issuable upon the exercise of options.
- (5) Includes 1,511,186 shares issuable upon the exercise of options.
- (6) Includes 349,518 shares issuable upon the exercise of options and 54,190 shares of common stock subject to trading restrictions.

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- (7) Includes 240,007 shares issuable upon the exercise of options and 44,220 shares of common stock subject to trading restrictions.
- (8) Includes 288,421 shares issuable upon the exercise of options and 61,840 shares of common stock subject to trading restrictions.
- (9) Includes 104,000 shares issuable upon the exercise of options.
- (10) Does not include 3,555 shares held by Mr. Dietz's spouse and 910 shares held in trust for Mr. Dietz's child. Mr. Dietz disclaims beneficial ownership of these shares.

Table of Contents

- (11) Includes 83,000 shares issuable upon the exercise of options.
- (12) Messrs. Hay and Shattuck joined the Board of Directors on October 31, 2003. On November 14, 2003, they received grants of stock options and restricted stock units but disclaim beneficial ownership of the underlying shares until the respective vesting dates. Capital One's Corporate Governance Policy requires all directors to beneficially own at least 2,500 shares of Capital One common stock by the second anniversary of their election to the Board.
- (13) Includes 1,700 shares held by the Hay Family Limited Partnership, for which Mr. Hay holds voting and investment power.
- (14) Includes 101,500 shares issuable upon the exercise of options.
- (15) Includes 156,000 shares held in trust, for which Mr. Westreich is the trustee and ultimate beneficiary. Does not include 67,590 shares held by Mr. Westreich's spouse and of which Mr. Westreich disclaims beneficial ownership.
- (16) Includes 10,954,030 shares issuable upon the exercise of options for all directors and executive officers as a group and 407,368 shares of common stock subject to trading restrictions. Does not include the shares held by others set forth in footnotes (10) and (15) above or a total of 40,541 shares held by or in trust for various family members of other executive officers, and of 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. Based solely on our review of these reports and written representations furnished to us, we believe that in 2003 each of the reporting persons complied with these filing requirements, except for Gregor Bailar, who filed two late reports concerning a purchase and a disposition of stock to pay certain tax obligations.

Table of Contents**INFORMATION ABOUT OUR DIRECTORS AND EXECUTIVE OFFICERS****Introductions**

Capital One's directors and current executive officers are listed with a brief description of their business experience for the past five years.

Richard D. Fairbank **Chairman, Chief Executive Officer and President** **Age 53**

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 Chairman of the Board of Directors of Capital One's three principal subsidiaries, Capital One Bank (the Bank), Capital One, F.S.B. (the Savings Bank) and Capital One Auto Finance, Inc. (COAF), and is Chief Executive Officer of the Bank. Mr. Fairbank is also a director of MasterCard, U.S. Region and of MasterCard International, Inc.

Nigel W. Morris **Vice Chairman** **Age 45**

Mr. Morris has been a director of Capital One since February 28, 1995. From July 26, 1994 to April 24, 2003, he served as President and Chief Operating Officer of Capital One. Since April 24, 2003, he has served as Vice Chairman of Capital One. In his role as Vice Chairman, Mr. Morris has been responsible for the company's international business and its enterprise-wide risk management activities and for transitioning responsibility for these businesses to other executive officers of Capital One. Mr. Morris now assists his successors and is expected to depart his employment on April 30, 2004. He is also a director of the Bank and the Savings Bank. In addition, Mr. Morris serves as a director of Quanta Capital Holdings Limited and an advisory board member of Second Curve Capital.

Gregor S. Bailar **Executive Vice President and** **Age 40**
Chief Information Officer

Mr. Bailar joined Capital One in November 2001 as Executive Vice President and Chief Information Officer and is responsible for all technology activities for Capital One's businesses globally. From December 1997 to October 2001, Mr. Bailar served as Chief Information Officer and Executive Vice President for Operations and Technology for the National Association of Securities Dealers, Inc./The Nasdaq Stock Market. Mr. Bailar is also a director of Digitas, Inc.

John G. Finneran, Jr. **Executive Vice President, General Counsel and** **Age 54**
Corporate Secretary

Mr. Finneran joined Capital One in September 1994. He is Executive Vice President, General Counsel and Corporate Secretary and is responsible for overseeing Capital One's legal, governmental affairs, compliance, corporate controls, enterprise risk and governance programs and the brand and corporate communications departments. He also oversees Capital One's internal audit department for administrative purposes.

Larry A. Klane **Executive Vice President,** **Age 43**
Global Financial Services

Mr. Klane joined Capital One in June 2000. He is Executive Vice President, Global Financial Services, responsible for managing Capital One's installment loan, small business lending, retail deposits and international businesses. He also manages the Corporate Development and Strategy groups, responsible for acquisitions, high impact transactions and setting corporate strategy. Mr. Klane is also President and a director of the Savings Bank. From September 1994 through May 2000, Mr. Klane was a Managing Director at Deutsche Bank/Bankers Trust, holding several positions including responsibility for the global Corporate Trust and Agency Services business and Strategy & Business Development for Global Institutional Services.

Table of Contents

David R. Lawson **Executive Vice President;** **Age 56**

**President and Chief Executive Officer, Capital One
Auto Finance**

Mr. Lawson joined Capital One in July 1998 when Capital One acquired COAF, then known as Summit Acceptance Corp., of which he had been President, Chief Executive Officer and a director since March 1995. Since July 1998, Mr. Lawson has served as President, Chief Executive Officer and a director of COAF. From February 2003 to August 2003, he additionally served as Executive Vice President and Chief Financial Officer of Capital One. Mr. Lawson also serves as a member of the boards of directors of Ameriban, Inc. and Pinnacle Packaging, Inc.

Gary L. Perlin **Executive Vice President and** **Age 52**

Chief Financial Officer

Mr. Perlin joined Capital One in July 2003 as Executive Vice President and 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. From 1998 to July 2003, Mr. Perlin served as Senior Vice President and Chief Financial Officer of the World Bank.

Peter A. Schnall **Executive Vice President and** **Age 40**

Chief Credit Officer

Mr. Schnall joined Capital One in August 1996. He is Executive Vice President and Chief Credit Officer and has responsibility for overseeing Capital One's credit risk management function. Prior to his appointment as Chief Credit Officer in October 2002, Mr. Schnall held a series of positions managing several divisions within the domestic U.S. credit card business, where he had responsibility for marketing, credit and portfolio management.

Matthew W. Schuyler **Executive Vice President,** **Age 38**

Human Resources

Mr. Schuyler joined Capital One in April 2002 and has been responsible for Capital One's human resources and corporate real estate departments since April 2003. As Executive Vice President, Human Resources, Mr. Schuyler oversees Capital One's people strategy, recruitment efforts, development programs, human capital initiatives and real estate portfolio. From June 2000 to April 2002, Mr. Schuyler was Vice President of Human Resources at Cisco Systems and from July 1987 to June 2000, Mr. Schuyler held a series of roles at PricewaterhouseCoopers, culminating with Partner.

Catherine West **Executive Vice President;** **Age 44**

President, U.S. Card

Ms. West joined Capital One in March 2000. She is Executive Vice President and President, U.S. Card, and is responsible for Capital One's credit card product development, marketing, customer relations, collections and recoveries, and customer contact operations in the United States. Ms. West is also President of the Bank. From 1991 to March 2000, Ms. West was Executive Vice President of Marketing Services and Operations for First USA Bank, where she was responsible for managing and growing inbound operations, direct marketing, retention, loyalty, sales and proactive servicing operations.

Table of Contents**W. Ronald Dietz** **Director** **Age 61**

Mr. Dietz is a director and President of W.M. Putnam Company, a nationwide provider of both outsourced facilities management services to companies with networks of smaller offices as well as the outsourced supply and internal distribution of office consumables to large companies. Mr. Dietz is also Managing Partner of Customer Contact Solutions, LLC, an advisory firm providing a broad range of customer treatment and strategic advice. He has been a director of Capital One since February 28, 1995. Mr. Dietz is also a director of the Savings Bank. He additionally serves as a director of Baker Hill Corporation and Stratis Corporation.

James A. Flick, Jr. **Director** **Age 70**

Mr. Flick has been President and Chief Executive Officer of Winnow, Inc., a management consulting firm, since May 1994. From May 1994 until April 2001, he was also Chairman, President and Chief Executive Officer of Dome Corporation, Baltimore, Maryland, a real estate development and management services company. He has been a director of Capital One since February 28, 1995. Mr. Flick is also a director of the Bank and the Savings Bank. Mr. Flick additionally serves as a director of FTI Consulting, Inc.

Patrick W. Gross **Director** **Age 59**

Mr. Gross is Chairman of The Lovell Group, a private business and technology advisory and investment firm. Mr. Gross is a founder of American Management Systems, Inc., Fairfax, Virginia (AMS), an information technology consulting, software development, and systems integration firm. He served as Principal Executive Officer and Managing Director of AMS from its incorporation in 1970 until 2002. He has been a director of Capital One since February 28, 1995. He is also a director of the Savings Bank. Mr. Gross is a director of Computer Network Technology Corporation, Minneapolis, Minnesota and Mobius Management Systems, Inc., Rye, New York, both public companies. Mr. Gross is also a director or advisory director of several private technology companies.

Lewis Hay, III **Director** **Age 48**

Mr. Hay has been the Chairman, President and Chief Executive Officer of FPL Group, Inc. 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. From 1991 to 1999, Mr. Hay served as Executive Vice President and Chief Financial Officer of U.S. Foodservice, Inc. He has been a director of Capital One since October 31, 2003. Mr. Hay also serves on the boards of directors of Harris Corporation and the Institute of Nuclear Power Operations (INPO), which encompasses all U.S. commercial nuclear operating organizations.

James V. Kimsey **Director** **Age 64**

Mr. Kimsey is the founding Chief Executive Officer and currently Chairman Emeritus of America Online, Inc., Dulles, Virginia. He has been a director of Capital One since February 28, 1995 and is also a director of the Bank. Mr. Kimsey additionally serves as a director of Batterson Venture Partners and is on the Board of Advisors of Carousel Capital Partners.

Mayo A. Shattuck, III **Director** **Age 49**

Mr. Shattuck has been President and Chief Executive Officer of Constellation Energy Group since November 2001 and was elected Chairman of the Board in July 2002. From June 1999 to October 2001, 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 also serves as a director of Gap, Inc.

Table of Contents

Stanley Westreich

Director

Age 67

Mr. Westreich has been President of Westfield Realty, Inc., Arlington, Virginia, a real estate development and construction company, since 1965. He has been a director of Capital One since July 26, 1994. Mr. Westreich is also a director of the Bank.

Annual Meetings

Capital One expects all of its directors to attend its annual stockholder meetings. In 2003, all directors then serving attended the annual meeting.

Board 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 the business. Instead, the Board meets periodically with management to review Capital One's performance and its future business strategy. Members of the Board also regularly consult with management to keep informed about Capital One's progress. The full Board of Directors met twelve times during 2003. Each 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 Board has determined that each director, other than Messrs. Fairbank and Morris, is independent under the applicable rules of the Securities and Exchange Commission, the corporate governance listing standards of the New York Stock Exchange and Capital One's Corporate Governance Policy.

Committee Meetings

The Board also conducts business through four committees: the Audit and Risk Committee, the Compensation Committee, the Governance and Nominating Committee and the Finance Committee. The Audit and Risk Committee met sixteen times, the Compensation Committee met nine times, the Governance and Nominating Committee met seven times and the Finance Committee met four times during 2003.

The Audit and Risk Committee

Members: Messrs. Dietz (Chairman), Flick and Gross. The Audit and Risk Committee is generally responsible for overseeing Capital One's accounting, financial reporting, internal controls and risk assessment and management processes. Specifically, the Audit and Risk Committee assists the Board of Directors in monitoring various internal controls and risk areas, including: the integrity of Capital One's financial statements and internal controls; Capital One's compliance with legal and regulatory requirements; the qualifications, independence and performance of Capital One's independent auditor; the performance of Capital One's internal auditor; and the processes by which management assesses and manages risk. All three members of the Audit and Risk Committee have been designated by the Board of Directors as financial experts under the Sarbanes-Oxley Act of 2002 and the rules of the SEC thereunder. In January 2004, the Board of Directors and the Audit and Risk Committee approved an amended and restated Charter for the Audit and Risk Committee, which is filed as Appendix A to this Proxy Statement and available free of charge on the corporate governance page of Capital One's internet site at www.capitalone.com under "About Capital One," or in hard copy upon request to the Corporate Secretary at the address set forth on the Notice of Annual Stockholder Meeting.

Table of Contents

The Compensation Committee

Members: Messrs. Westreich (Chairman), Kimsey and Dietz. The Compensation Committee recommends officers for election or re-election and approves all compensation and benefit programs for Capital One's executive population. The Compensation Committee also approves specific employment arrangements, grade levels, salary levels, incentive awards and termination arrangements for executive officers, including the Chief Executive Officer, with the membership of the Committee expanded to include all independent directors for this purpose. The Compensation Committee evaluates and approves the Chief Executive Officer's compensation in light of their assessment of his performance and anticipated contributions with respect to Capital One's strategy and objectives. The Compensation Committee also administers Capital One's 1994 Stock Incentive Plan, 1999 Stock Incentive Plan, 2002 Non-Executive Officer Stock Incentive Plan, the Stock Purchase Plans and various other employee benefit plans. In September 2003, the Board of Directors and the Compensation Committee approved an amended and restated Charter for the Compensation Committee, which is available free of charge on the corporate governance page of Capital One's internet site at www.capitalone.com under "About Capital One," or in hard copy upon request to the Corporate Secretary.

The Governance and Nominating Committee

Members: Messrs. Gross (Chairman), Flick and Hay. The Governance and Nominating Committee assists the Board of Directors with respect to a variety of corporate governance matters and practices. These matters include advising the Board on its organization, membership and function, including the identification and recommendation of director nominees and the structure and membership of each committee of the Board, corporate governance principles applicable to Capital One and oversight of the Board's and the Chief Executive Officer's annual evaluations. In January 2004, the Board of Directors and the Governance and Nominating Committee approved an amended and restated Charter for the Governance and Nominating Committee, which is available free of charge on the corporate governance page of Capital One's internet site at www.capitalone.com under "About Capital One," or in hard copy upon request to the Corporate Secretary.

The Governance and Nominating Committee considers and makes recommendations to the Board concerning nominees to fill open positions within the Board. It is the Committee's policy that stockholders may propose nominees for consideration by the Committee by submitting the names and other relevant information to the Corporate Secretary, with a copy to the Chairman of the Committee, at the address set forth on the Notice of Annual Stockholder Meeting. All nominations should follow the procedures set forth in the Company's by-laws, a copy of which may be obtained free of charge by writing to the Corporate Secretary.

All director candidates, including those recommended by stockholders, are evaluated on the same basis. The Committee feels

Table of Contents

that candidates must 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. A reputation for high personal and professional ethics, integrity and honesty, good character and judgment, the ability to be an independent thinker, and an inquisitive and objective perspective are also considered among the relevant criteria. 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. Director candidates, other than sitting directors, may be interviewed by the Chairman of the Committee, other directors, the Chief Executive Officer and/or other members of senior management. The results of those interviews, as well as any background checks the Committee deems appropriate, are considered by the Committee in making its recommendation to the Board. The Committee also considers sitting directors for re-nomination in light of the above considerations and their past and potential contributions to the Board. The Committee engaged the services of an independent recruiting firm in contacting and recommending Messrs. Hay and Shattuck for election to the Board, and is authorized to engage one or more firms, at Capital One's expense, to provide similar services in the future.

The Finance Committee

Members: Messrs. Fairbank (Chairman), Dietz, Flick and Shattuck. The Finance Committee assists the Board of Directors in overseeing Capital One's management of liquidity, capital and other financial risks. Specifically, the Finance Committee monitors Capital One's significant capital and funding transactions; monitors liquidity and other financial risks and exposures; oversees Capital One's debt funding and capital programs; oversees establishment and monitors execution of Capital One's wholesale and retail funding plans; and recommends the payment of dividends on Capital One's common stock to the Board of Directors. In January 2004, the Board of Dir