CAPITAL ONE FINANCIAL CORP
Form 424B5
February 16, 2005
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PROSPECTUS SUPPLEMENT
(To Prospectus Dated July 23, 2002)

Filed pursuant to Rule 424B(5)
Registration No. 333-97119

Capital One Financial Corporation

$300,000,000 4.80% Senior Notes due 2012

$300,000,000 5.25% Senior Notes due 2017

Capital One Financial Corporation will pay interest on the senior notes due 2012, referred to as the 2012 Notes, each February 21 and August 21, commencing on August 21, 2005. The 2012 Notes will mature on February 21, 2012.

Capital One Financial Corporation will pay interest on the senior notes due 2017, referred to as the 2017 Notes, each February 21 and August 21, commencing on August 21, 2005. The 2017 Notes will mature on February 21, 2017. The 2017 Notes together with the 2012 Notes are collectively referred to as the Notes.

The Notes are unsecured and rank equally with all of Capital One Financial Corporation s other unsecured and unsubordinated indebtedness from time to time outstanding. We will issue the Notes in minimum denominations of $1,000 and integral multiples of $1,000.

We may not redeem the Notes prior to their maturity. There is no sinking fund for the Notes. The Notes will not be listed on any securities exchange.

Investing in the Notes involves risks. See Risk Factors beginning on page S-11 of this prospectus supplement.

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

The Notes are not savings accounts, deposits or other obligations of a bank and are not insured by the FDIC or any other governmental agency or instrumentality.

4.80% Notes due 2012

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Capital One
Per Note	99.635%	0.450%	99.185%(1)
Total	$298,905,000	$1,350,000	$297,555,000(1)

5.25% Notes due 2017

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Capital One
Per Note	99.665%	0.550%	99.115%(1)
Total	$298,995,000	$1,650,000	$297,345,000(1)

(1) The underwriters are offering the Notes to the public for cash, however, we expect the underwriters will purchase the Notes from us by delivering $585,000,000 aggregate principal amount of our 4.738% senior notes due 2007, which we refer to as the remarketed notes, and cash proceeds of $1,051,081. The remarketed notes were acquired by certain of the underwriters through the scheduled remarketing of such securities which took place on February 14, 2005.

Delivery of the Notes in book-entry form only, will be made through the facilities of The Depository Trust Company on or about February 18, 2005. Purchasers of the Notes will pay accrued interest from February 18, 2005, if settlement occurs after that date.

Joint Book-Running Managers

Banc of America Securities LLC **Deutsche Bank Securities**

The date of this prospectus supplement is February 15, 2005.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

We provide information to you about the Notes in two separate documents: (a) this prospectus supplement, which describes the specific terms of the Notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in that prospectus and (b) the accompanying prospectus, which provides general information about securities we may offer from time to time, including securities other than those that are being offered by this prospectus supplement. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement.

It is important for you to read and consider all of the information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You also should read and consider the information in the documents we have referred you to in Incorporation of Certain Information by Reference on page S-30 of this prospectus supplement and Where You Can Find More Information on page 2 of the accompanying prospectus. We include cross-references in this prospectus supplement and the accompanying prospectus to captions in these materials where you can find additional related discussions. The table of contents in this prospectus supplement provides the pages on which these captions are located.

Unless the context requires otherwise, references to Capital One, we, our or us refer to Capital One Financial Corporation, a Delaware corporation, and its consolidated subsidiaries.

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain (or incorporate by reference) forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include information relating to our future earnings per share, growth in managed loans outstanding, product mix, segment growth, managed revenue margin, funding costs, operations costs, employment growth, marketing expense, delinquencies and charge-offs. Forward-looking statements also include statements using words such as expect, anticipate, hope, intend, plan, believe, estimate or similar expressions. based these forward-looking statements on our current plans, estimates and projections, and you should not unduly rely on them.

Factors that could cause our actual results to differ materially from those described in forward-looking statements, include, among other things:

- continued intense competition from numerous providers of products and services which compete with our businesses;
- an increase in credit losses (including increases due to worsening of economic conditions);
- our ability to continue to securitize our credit cards and consumer loans and to otherwise access the capital markets at attractive rates and terms to capitalize and fund our operations and future growth;
- financial, legal, regulatory, accounting and other changes that may affect investment in, or the overall performance of, a product or business, including changes in existing law and regulation affecting the credit card and consumer loan industry, in particular (including federal bank examiner guidance affecting credit card and/or subprime lending) and the financial services industry, in general (including the ability of financial services companies to obtain, use and share consumer data);
- general economic conditions affecting consumer income and spending, which may affect consumer bankruptcies, defaults and charge-offs;
- with respect to financial and other products, changes in our aggregate accounts and consumer loan balances and the growth rate and composition thereof, including changes resulting from factors such as shifting product mix, amount of actual marketing expenses made by us and attrition of accounts and loan balances;

the amount of, and rate of growth in, our expenses (including salaries, associate benefits and marketing expenses) as our business develops or changes or as it expands into new market areas;

our ability to build the operational and organizational infrastructure necessary to engage in new businesses or to expand internationally, and the level of our investments in these new businesses or regions;

our ability to recruit experienced personnel to assist in the management and operations of new products and services; and

other factors listed from time to time in reports we file with the SEC, including, but not limited to, factors set forth under the caption Risk Factors in this prospectus supplement, in our Annual Report on Form 10-K for the year ended December 31, 2003 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2004.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should consider carefully the factors discussed above in evaluating these forward-looking statements.

We caution you that any such forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions, including the risk factors referred to below. Our future performance and actual results may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results and values are beyond our ability to control or predict.

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SUMMARY

The following information supplements, and should be read together with, the information contained in other parts of this prospectus supplement and in the accompanying prospectus. This summary highlights selected information from this prospectus supplement and the accompanying prospectus to help you understand the offering of the Notes. You should read this prospectus supplement and the accompanying prospectus carefully to understand fully the terms of the Notes as well as the tax and other considerations that are important to you in making a decision about whether to invest in the Notes. You should pay special attention to the Risk Factors section beginning on page S-11 of this prospectus supplement to determine whether an investment in the Notes is appropriate for you.

Capital One

We are a bank holding company incorporated in Delaware on July 21, 1994. Our subsidiaries market a variety of consumer financial products and services.

Our principal subsidiary, Capital One Bank, which we refer to as the Bank, a Virginia state chartered bank, offers consumer credit card products and deposit products. Capital One, F.S.B., a federally chartered savings bank, which we refer to as the Savings Bank, offers consumer lending products (including credit cards) and deposit products, and Capital One Auto Finance, Inc., which we refer to as COAF, offers automobile and other motor vehicle financing products. Capital One Services, Inc., another subsidiary, provides various operating, administrative and other services to Capital One Financial Corporation and its subsidiaries.

As of September 30, 2004, we had approximately 47.2 million accounts and approximately $75.5 billion in managed consumer loans outstanding. We were among the six largest issuers of Visa® and MasterCard® credit cards in the United States based on managed credit card loans outstanding as of September 30, 2004. Important factors underlying the growth of our managed credit card loans and accounts include credit card industry dynamics and our business strategies around building, analyzing and applying results derived from large quantities of data to reduce credit risk, mass customize products for consumers and improve operational efficiency. We generally have labeled these strategies our Information Based Strategy or IBS.

Our common stock is listed on the New York Stock Exchange under the symbol COF . Our principal executive office is located at 1680 Capital One Drive, McLean, Virginia 22102 (telephone number (703) 720-1000). We maintain a web site at www.capitalone.com. The information on our web site is not part of this prospectus supplement or the accompanying prospectus.

Recent Developments

We generate earnings from our managed loan portfolio, which includes both on-balance sheet loans and off-balance sheet loans. For this reason we believe our managed financial measures to be useful to stakeholders. In compliance with Regulation G of the SEC, we have provided a numerical reconciliation of the managed financial measures to comparable measures calculated on a reported basis using generally accepted accounting principles, or GAAP. Please see Reconciliation to GAAP Financial Measures below for more information.

On January 19, 2005, we announced earnings for the year ended December 31, 2004 of $1.5 billion, or $6.21 per share (diluted), compared with earnings of $1.1 billion, or $4.85 per share (diluted), for the year ended December 31, 2003. Earnings for the fourth quarter of 2004 were $195.1 million, or $0.77 per share (diluted), compared with $265.7 million, or $1.11 per share (diluted), for the fourth quarter of 2003. Managed consumer loan balances increased $4.4 billion during the fourth quarter of 2004 to $79.9 billion. The managed charge-off ratio was 4.37% for the three months ended December 31, 2004, compared to 4.05% for the three months ended

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September 30, 2004 and 5.32% for the three months ended December 31, 2003. The managed delinquency rate was 3.82% as of December 31, 2004, which was a decrease from 3.90% as of September 30, 2004 and 4.46% as of December 31, 2003. Return on managed assets for the year ended December 31, 2004 increased to 1.73% from 1.52% for the year ended December 31, 2003. Marketing expenses for the fourth quarter of 2004 increased $193.4 million to $511.1 million from $317.7 million in the third quarter 2004. Marketing expenses were $290.1 million in the comparable period of the prior year. Annualized operating expenses as a percentage of average managed loans increased to 5.44% in the fourth quarter of 2004 from 5.35% in the previous quarter and decreased from 5.82% in the fourth quarter of 2003.

In the fourth quarter of 2004, we completed the sale of our French loan portfolio and recorded a gain of $41.1 million, which is included in non-interest income. As announced during the second half of 2004, we signed definitive agreements to acquire HFS Group, a British home-equity loan broker, Onyx Acceptance Corporation, an auto finance provider through auto dealers, and eSmartloan, an online originator of home equity loans and mortgages. During January 2005, we completed the HFS and Onyx transactions, as well as the acquisition of InsLogic, a small brokerage firm. We expect to close the eSmartloan acquisition later in the first quarter of 2005.

Reconciliation to GAAP Financial Measures

Our consolidated financial statements prepared in accordance with GAAP, are referred to as our reported financial statements. Loans included in securitization transactions which qualify as sales under GAAP have been removed from our reported balance sheet. However, servicing fees, finance charges, and other fees, net of charge-offs, and interest paid to investors of securitizations are recognized as non-interest income on the reported income statement.

Our managed consolidated financial statements reflect adjustments made related to the effects of securitization transactions qualifying as sales under GAAP. We generate earnings from our managed loan portfolio, which includes both on-balance sheet loans and off-balance sheet loans. Our managed income statement takes the components of the non-interest income generated from our securitized portfolio and distributes the revenue and expense to appropriate income statement line items from which it originated. For this reason, we believe the managed consolidated financial statements and related managed metrics to be useful to stakeholders.

	At or for the Nine Months Ended September 30, 2004		
	Total Reported	Adjustments(1)	Total Managed(2)
Income Statement Measures			
Net interest income	$ 2,218,414	$ 2,714,501	$ 4,932,915
Non-interest income	$ 4,378,582	$ (1,252,975)	$ 3,125,607
Total revenue	$ 6,596,996	$ 1,461,526	$ 8,058,522
Provision for loan losses	$ 753,719	$ 1,461,526	$ 2,215,245
Net charge-offs	$ 950,495	$ 1,461,526	$ 2,412,021
Balance Sheet Measures			
Consumer loans	$ 35,160,635	$ 40,296,196	$ 75,456,831
Total assets	$ 51,959,555	$ 39,705,803	$ 91,665,358
Average consumer loans	$ 33,650,942	$ 38,980,134	$ 72,631,076
Average earning assets	$ 45,700,522	$ 37,122,588	$ 82,823,110
Average total assets	$ 49,744,649	$ 38,377,446	$ 88,122,095
Delinquencies	$ 1,407,297	$ 1,537,166	$ 2,944,463

(1) Includes adjustments made related to the effects of securitization transactions qualifying as sales under GAAP and adjustments made to reclassify to managed loans outstanding, the collectible portion of billed finance

charge and fee income on the investors interest in securitized loans excluded from loans outstanding on the reported balance sheet in accordance with Financial Accounting Standards Board Staff Position, Accrued Interest Receivable Related to Securitized and Sold Receivables under FASB Statement 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities , issued April 2003.

(2) The managed loan portfolio does not include auto loans which have been sold in whole loan sale transactions where Capital One has retained servicing rights.

Selected Consolidated Financial Data

The following tables set forth our selected consolidated financial data as of the dates or for the periods indicated. You should read this information in conjunction with, and it is qualified in its entirety by reference to, the detailed information and consolidated financial statements and the accompanying notes included in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. See Incorporation of Certain Information by Reference in this prospectus supplement and Where You Can Find More Information in the accompanying prospectus. The interim financial information has been derived from our unaudited financial information and in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for their fair presentation have been included. Operating results for the nine months ended September 30, 2004 are not necessarily indicative of our results for the year ended December 31, 2004.

We periodically securitize and sell consumer loan receivables to provide funds for operations and to improve liquidity. The effect of these transactions is to remove these consumer loans from our balance sheet. We record gains or losses on the securitization of consumer loan receivables based on the estimated fair value of the assets sold and retained and liabilities incurred in the sale. The information in the following table under Loan Data Managed consumer loans (average), Loan Data Managed consumer loans (period end) and Managed Selected Financial Ratios Capital to managed assets includes receivables sold in credit card securitization transactions and our on-balance sheet loan portfolio.

	Nine Months Ended September 30,		Year Ended December 31,		
	2004	2003	2003	2002	2001
	(Dollars in thousands, except per share and ratio data)				
Income Statement Data					
Interest income	$ 3,545,090	$ 3,279,871	$ 4,367,654	$ 4,180,766	$ 2,921,149
Interest expense	1,326,676	1,158,883	1,582,565	1,461,654	1,171,007
Net interest income	2,218,414	2,120,988	2,785,089	2,719,112	1,750,142
Provision for loan losses	753,719	1,127,092	1,517,497	2,149,328	1,120,457
Net interest income after provision for loan losses	1,464,695	993,896	1,267,592	569,784	629,685
Non-interest income	4,378,582	3,978,433	5,415,924	5,466,836	4,463,762
Non-interest expense	3,765,692	3,567,251	4,856,723	4,585,581	4,058,027
Income before income taxes and cumulative effect of accounting change	2,077,585	1,405,078	1,826,793	1,451,039	1,035,420
Income taxes	729,231	519,880	675,914	551,395	393,455
Income before cumulative effect of accounting change	1,348,354	885,198	1,150,879	899,644	641,965

Cumulative effect of accounting change, net of taxes of $8,832		15,037	15,037		
Net income	$ 1,348,354	$ 870,161	$ 1,135,842	$ 899,644	$ 641,965

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	Nine Months Ended September 30,		Year Ended December 31,		
	2004	2003	2003	2002	2001
	(Dollars in thousands, except per share and ratio data)				
Per Common Share					
Basic earnings per share before cumulative effect of accounting change	$ 5.75	$ 3.96	$ 5.12	$ 4.09	$ 3.06
Basic earnings per share after cumulative effect of accounting change	5.75	3.89	5.05	4.09	3.06
Diluted earnings per share before cumulative effect of accounting change	5.45	3.81	4.92	3.93	2.91
Diluted earnings per share after cumulative effect of accounting change	5.45	3.74	4.85	3.93	2.91
Balance Sheet Statistics (period end)					
Securities (liquidity portfolio)	$ 10,507,113	$ 6,460,802	$ 7,464,698	$ 5,064,946	$ 3,467,449
Consumer loans	35,160,635	30,617,843	32,850,269	27,343,930	20,921,014
Allowance for loan losses	(1,395,000)	(1,570,000)	(1,595,000)	(1,720,000)	(840,000)
Total assets	51,959,555	43,446,337	46,283,706	37,382,380	28,184,047
Interest-bearing deposits	25,354,323	20,936,517	22,416,332	17,325,965	12,838,968
Stockholders equity	7,930,060	5,623,194	6,051,811	4,623,171	3,323,478
Loan Data					
Reported consumer loans (average)	$ 33,650,942	$ 27,794,852	$ 28,677,616	$ 25,036,019	$ 17,284,306
Managed consumer loans (average)	72,631,076	60,968,522	62,911,953	52,799,566	35,612,317
Managed consumer loans (period end)	75,456,831	67,259,873	71,244,796	59,746,537	45,263,963
Reported Selected Financial Ratios					
Return on average assets	3.61%	2.91%	2.76%	2.63%	2.75%
Return on average equity	25.74	22.60	21.34	21.69	23.08
Net interest margin	6.47	7.81	7.45	8.73	8.45
Delinquency rate	4.00	5.03	4.79	6.12	4.84
Net charge-off rate	3.77	6.14	5.74	5.03	4.76
Ratio of earnings to fixed charges (including interest on deposits)	2.56	2.19	2.13	1.98	1.87
Ratio of earnings to fixed charges (excluding interest on deposits)	4.52	3.71	3.59	3.19	2.89
Capital to reported assets	16.88%	14.85%	14.87%	14.55%	12.14%
Managed Selected Financial Ratios					
Net interest margin	7.94%	8.79%	8.64%	9.23%	9.40%
Delinquency rate (1)	3.90	4.65	4.46	5.60	4.95
Net charge-off rate (2)	4.43	6.06	5.86	5.24	4.65
Capital to managed assets	9.57	8.12	8.19	7.86	6.52

(1) Delinquencies represent loans which were 30 days or more past-due at period-end as a percentage of loans.

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(2) Net charge-offs reflect actual principal amounts charged off, less recoveries, as a percentage of average loans for the period.

The Bank and the Savings Bank had the following capital ratios as of September 30, 2004 and 2003 and December 31, 2003, 2002 and 2001:

	Bank					Savings Bank				
	As of Nine Months Ended September 30,		As of Year Ended December 31,			As of Nine Months Ended September 30,		As of Year Ended December 31,		
	2004	2003	2003	2002	2001	2004	2003	2003	2002	2001
Tier 1 risk-based capital ratio	14.91%	13.85%	14.14%	15.56%	12.95%	15.71%	14.86%	14.79%	15.10%	9.27%
Total risk-based capital ratio	18.99%	18.21%	18.34%	17.78%	15.12%	17.01%	16.18%	16.10%	16.80%	11.21%
Tier 1 leverage ratio	12.18%	13.60%	13.17%	13.79%	12.09%	14.25%	13.87%	14.00%	14.45%	8.86%

The Offering

Issuer	Capital One Financial Corporation
Securities Offered	$300,000,000 aggregate principal amount of 4.80% senior notes due 2012, and $300,000,000 aggregate principal amount of 5.25% senior notes due 2017.
Maturity	The 2012 Notes will mature on February 21, 2012, and the 2017 Notes will mature on February 21, 2017.
Interest	The 2012 Notes will bear interest at the rate of 4.80% per year from the date of original issuance, and the 2017 Notes will bear interest at the rate of 5.25% per year from the date of original issuance.
	Interest on the Notes will be payable semi-annually in arrears on February 21 and August 21 of each year, commencing on August 21, 2005.
Use of Proceeds	The underwriters are offering the Notes to the public for cash. We expect that the underwriters will purchase the Notes from us by delivering $585,000,000 aggregate principal amount of the remarketed notes, and cash proceeds of $1,051,081.
	We will surrender the remarketed notes obtained from the underwriters for cancellation.
	The remarketed notes were issued in April 2002 as part of our Upper DECS and mature on May 17, 2007. The remarketed notes were acquired for cash by certain of the underwriters in a scheduled remarketing of such securities conducted on February 14, 2005 on behalf of the holders of the Upper DECS.
Ranking	The Notes are Capital One Financial Corporation s direct, unsecured and unsubordinated obligations and rank equal in priority with all of Capital One Financial Corporation s existing and future unsecured and unsubordinated indebtedness and senior in right of payment to all of Capital One Financial Corporation s existing and future subordinated indebtedness.
Redemption	None.
No Listing	The Notes will not be listed on any securities exchange.

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RISK FACTORS

Investing in the Notes involves risks, including the risks described below that are specific to the Notes and those that could affect us and our business. You should not purchase Notes unless you understand these investment risks. Although we have tried to discuss key risk factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial performance. Before purchasing any Notes, you should carefully consider the following discussion of risks and the other information in this prospectus supplement and the accompanying prospectus, and carefully read the risks described in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, including those set forth under the caption Risk Factors in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 and our Annual Report on Form 10-K for the year ended December 31, 2003.

Risks Related to the Notes

The Notes are Capital One Financial Corporation s obligations and not obligations of its subsidiaries and will be effectively subordinated to the claims of its subsidiaries creditors.

The Notes are exclusively Capital One Financial Corporation s obligations and not those of its subsidiaries. Capital One Financial Corporation is a holding company and, accordingly, substantially all of its operations are conducted through its subsidiaries. As a result, its cash flow and its ability to service its debt, including the Notes, depends upon the earnings of its subsidiaries. In addition, Capital One Financial Corporation depends on the distribution of earnings, loans or other payments by its subsidiaries to Capital One Financial Corporation.

Capital One Financial Corporation s subsidiaries are separate and distinct legal entities. Capital One Financial Corporation s subsidiaries have no obligation to pay any amounts due on the Notes or to provide Capital One Financial Corporation with funds for its payment obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by its subsidiaries to Capital One Financial Corporation would be subject to regulatory or contractual restrictions. Payments to Capital One Financial Corporation by its subsidiaries will also be contingent upon those subsidiaries earnings and business considerations.

Capital One Financial Corporation s right to receive any assets of any of its subsidiaries upon their liquidation or reorganization, and therefore the right of the Noteholders to participate in those assets, will be effectively subordinated to the claims of those subsidiaries creditors, including senior and subordinated debtholders and general trade creditors. In addition, even if Capital One Financial Corporation were a creditor of any of its subsidiaries, its rights as a creditor would be subordinate to any security interest in the assets of those subsidiaries and any indebtedness of those subsidiaries senior to that held by Capital One Financial Corporation.

Risks Related to Our Business

We Face Strategic Risks in Sustaining Our Growth and Pursuing Diversification

Our growth strategy is threefold. First, we seek to continue to grow our domestic credit card business. Second, we desire to continue to build and grow our automobile finance business. Third, we hope to continue to diversify our business, both geographically and in product mix, by growing our lending business, including credit cards, internationally, principally in the United Kingdom and Canada, and by identifying, pursuing and expanding new business opportunities, such as installment lending and small business lending. Our ability to grow is driven by the success of our fundamental business plan and our revenue may be adversely affected by our continuing bias toward lower loss assets (because of the potentially lower margins on such accounts), the level of our investments in new businesses or regions and our ability to successfully apply IBS to new businesses. This risk has many components, including:

Customer and Account Growth. Our growth is highly dependent on our ability to retain existing customers and attract new ones, grow existing and new account balances, develop new market segments and have sufficient

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funding available for marketing activities to generate these customers and account balances. Our ability to grow and retain customers is also dependent on customer satisfaction, which may be adversely affected by factors outside of our control, such as postal service and other marketing and customer service channel disruptions and costs.

Product and Marketing Development. Difficulties or delays in the development, production, testing and marketing of new products or services, which may be caused by a number of factors including, among other things, operational constraints, regulatory and other capital requirements and legal difficulties, will affect the success of such products or services and can cause losses arising from the costs to develop unsuccessful products and services, as well as decreased capital availability. In addition, customers may not accept the new products and services offered.

Competition. As explained in more detail below, we face intense competition from many other providers of credit cards and other consumer financial products and services. The competition affects not only our existing businesses, but also our ability to grow these businesses, to develop new opportunities, and to make new acquisitions. As we continue to have a bias toward lower loss assets in our portfolio and to diversify beyond U.S. consumer credit cards, pricing competition, in particular, may make such growth and diversification difficult or financially impractical to achieve. See We Face Intense Competition and Increased Strategic Risk in all of Our Markets below.

Diversification Risk. An important element of our strategy is our effort to diversify beyond our U.S. Credit Card portfolio. Our ability to successfully diversify is impacted by a number of factors, including: identifying appropriate acquisition targets, executing on acquisition transactions, developing strategies to grow our existing diversification business, and our financial ability to undertake these diversification activities. In addition, part of our diversification strategy has been to grow internationally. Our growth internationally faces additional challenges, including limited access to information, differences in cultural attitudes toward credit, changing regulatory and legislative environments, political developments, exchange rates and differences from the historical experience of portfolio performance in the United States and other countries.

We Face Intense Competition and Increased Strategic Risk in all of our Markets

We face intense competition from many other providers of credit cards and other consumer financial products and services. In particular, in our credit card activities, we compete with international, national, regional and local bank card issuers, with other general purpose credit or charge card issuers, and to a certain extent, issuers of smart cards and debit cards. We also compete with providers of other types of financial services and consumer loans such as home equity lines and other mortgage related products that offer consumers debt consolidation that may be attractive during a period of increasing home values and lower interest rates. We face similar competitive markets in our auto financing, small business lending and installment loan activities as well as in our international markets. Thus, the cost to acquire new accounts will continue to vary among product lines and may rise. In addition, the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 (the GLB Act), which permits greater affiliations between banks, securities firms and insurance companies, may increase competition in the financial services industry, including in the credit card business. Increased competition has resulted in, and may continue to cause, a decrease in credit card response rates and reduced productivity of marketing dollars invested in certain lines of business. Other credit card companies may compete with us for customers by offering lower interest rates and fees and/or higher credit limits. Because customers generally choose credit card issuers (or alternative sources of financing) based on price (primarily interest rates and fees), credit limit and other product features, customer loyalty is limited. We may lose entire accounts, or may lose account balances, to competing financial institutions, or find it more costly to maintain our existing customer base. Our auto financing and installment products also face intense competition on the basis of price. Customer attrition from any or all of our products, together with any lowering of interest rates or fees that we might implement to retain customers, could reduce our revenues and therefore our earnings. We expect that competition will continue to grow more intense with respect to most of our products, including the products we offer internationally.

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In addition, some of our competitors may be substantially larger than we are, which may give those competitors advantages, including a more diversified product and customer base, operational efficiencies and more versatile technology platforms. These competitors may also consolidate with other financial institutions in ways that enhance these advantages.

We Face Risk From Economic Downturns

Delinquencies and credit losses in the consumer finance industry generally increase during economic downturns or recessions. Likewise, consumer demand may decline during an economic downturn or recession. Accordingly, an economic downturn (either local or national), can hurt our financial performance as accountholders default on their loans or, in the case of credit card accounts, carry lower balances. Furthermore, because our business model is to lend across the credit spectrum, we make loans to lower credit quality customers. These customers generally have higher rates of charge-offs and delinquencies than do higher credit quality customers. Additionally, as we increasingly market our cards internationally, an economic downturn or recession outside the United States also could hurt our financial performance.

Reputational Risk and Social Factors May Impact our Results

Our ability to originate and maintain accounts is highly dependent upon consumer perceptions of our financial health and business practices. To this end, we carefully monitor internal and external developments for areas of potential reputational risk and have established a Corporate Reputation Committee, a committee of senior management, to assist in evaluating such risks in our business practices and decisions. We have also aggressively pursued a campaign to enhance our brand image and awareness in recent years. Adverse developments in our brand campaign or in any of the areas described above, however, could damage our reputation in both the customer and funding markets, leading to difficulties in generating and maintaining accounts as well as in financing them. In addition, adverse developments with respect to the consumer perceptions regarding the practices of our competitors, or our industry as a whole, may also adversely impact our reputation. Adverse impacts on our reputation may also create difficulties with our regulators.

A variety of social factors may cause changes in credit card and other consumer finance use, payment patterns and the rate of defaults by accountholders and borrowers. These social factors include changes in consumer confidence levels, the public s perception of the use of credit cards and other consumer debt, and changing attitudes about incurring debt and the stigma of personal bankruptcy and consumer concerns about the practices of certain lenders. Our goal is to manage these risks through our underwriting criteria and product design, but these tools may not be sufficient to protect our growth and profitability during a sustained period of economic downturn or recession or a material shift in social attitudes.

We May Face Limited Availability of Financing, Variation in Our Funding Costs and Uncertainty in Our Securitization Financing

In general, the amount, type and cost of our funding, including financing from other financial institutions, the capital markets and deposits, directly impacts our expense in operating our business and growing our assets and therefore can positively or negatively affect our financial results. A number of factors could make such financing more difficult, more expensive or unavailable on any terms both domestically and internationally (where funding transactions may be on terms more or less favorable than in the United States), including, but not limited to, financial results and losses, changes within our organization, specific events that adversely impact our reputation, changes in the activities of our business partners, disruptions in the capital markets, specific events that adversely impact the financial services industry, counter-party availability, changes affecting our assets, our corporate and regulatory structure, interest rate fluctuations, ratings agencies actions, general economic conditions and accounting and regulatory changes and relations. Our funding risks are also higher due to our lower unsecured debt rating compared to other banking institutions and the proportion of certain accounts in our

loan portfolio viewed by some as subprime. In addition, our ability to raise funds is strongly affected by the general state of the United States and world economies, and may become increasingly difficult due to economic and other factors.

The securitization of consumer loans, which involves the legal sale of beneficial interests in consumer loan balances, is one of our major sources of funding. As of September 30, 2004, we had $46.8 billion of securitization funding outstanding, comprising 56% of our total managed liabilities. If the consumer asset-backed securitization markets in the United States experience difficulties we may be unable to securitize our loan receivables or to do so at favorable pricing levels. Factors affecting our ability to securitize our loan receivables or to do so at favorable pricing levels include, in addition to the above factors, the overall credit quality of our securitized loans, the stability of the market for securitization transactions, and the legal, regulatory, accounting and tax environments governing securitization transactions. If we were unable to continue to securitize our loan receivables at current levels, we would use our investment securities and money market instruments in addition to alternative funding sources to fund increases in loan receivables and meet our other liquidity needs. The resulting change in our current liquidity sources could potentially subject us to certain risks. These risks would include an increase in our cost of funds, an increase in the reserve for possible credit losses and the provision for possible credit losses as more loans would remain on our consolidated balance sheet, and lower loan growth, if we were unable to find alternative and cost-effective funding sources. Also, if we could not continue to remove the loan receivables from the balance sheet we would possibly need to raise additional capital to support loan and asset growth and potentially provide additional credit enhancement.

In addition, the occurrence of certain events may cause the securitization transactions to amortize earlier than scheduled, which would accelerate the need for additional funding. This early amortization could, among other things, have a significant effect on the ability of the Bank and the Savings Bank to meet the capital adequacy requirements as all off-balance sheet loans experiencing such early amortization would have to be recorded on the balance sheet.

We May Experience Changes in Our Debt Ratings

In general, ratings agencies play an important role in determining, by means of the ratings they assign to issuers and their debt, the availability and cost of wholesale funding. We currently receive ratings from several ratings entities for our secured and unsecured borrowings. As private entities, ratings agencies have broad discretion in the assignment of ratings. A rating below investment grade typically reduces availability and increases the cost of market-based funding, both secured and unsecured. A debt rating of Baa3 or higher by Moody s Investors Service, or BBB- or higher by Standard & Poor s and Fitch Ratings, is considered investment grade. Currently, all three ratings agencies rate the unsecured senior debt of the Bank and Capital One Financial Corporation as investment grade. The following chart shows ratings for Capital One Financial Corporation and Capital One Bank as of the date of this prospectus supplement. As of that date, the ratings outlooks were as follows:

	Standard & Poor s	Moody s	Fitch
Capital One Financial Corporation	BBB-	Baa3	BBB
Capital One Financial Corporation - Outlook	Stable	Stable	Stable
Capital One Bank	BBB	Baa2	BBB
Capital One Bank - Outlook	Stable	Stable	Stable

Because we depend on the capital markets for funding and capital, we could experience reduced availability and increased cost of funding if our debt ratings were lowered. This result could make it difficult for us to grow at or to a level we currently anticipate. The Savings Bank is authorized to engage in a full range of deposit-taking activities, but our ability to use deposits as a source of funding is generally regulated by federal laws and regulations. Likewise, our credit facility does not contain covenants that could be triggered by a ratings downgrade, although the pricing of any borrowings under this facility is linked to these ratings.

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We compete for funding with other banks, savings banks and similar companies. Some of these institutions are publicly traded. Many of these institutions are substantially larger, have more capital and other resources and have better debt ratings than we do. In addition, as some of these competitors consolidate with other financial institutions, these advantages may increase. Competition from these institutions may increase our cost of funds. Events that disrupt capital markets and other factors beyond our control could also make our funding sources more expensive or unavailable.

We Face Exposure from Our Unused Customer Credit Lines

Because we offer our customers credit lines, the full amount of which is most often not used, we have exposure to these unfunded lines of credit. These credit lines could be used to a greater extent than our historical experience would predict. If actual use of these lines were to materially exceed predicted line usage, we would need to raise more funding than anticipated in our current funding plans. It could be difficult to raise such funds, either at all, or at favorable rates.

Our Accounts and Loan Balances Can Be Volatile

Changes in our aggregate accounts or consumer loan balances and the growth rate and composition thereof, including changes resulting from factors such as shifting product mix, amount of actual marketing expenses and attrition of accounts and loan balances, can have a material adverse effect on our financial results. The number of accounts and aggregate total of loan balances of our consumer loan portfolio (including the rate at which it grows) will be affected by a number of factors, including the level of our marketing investment, how we allocate such marketing investment among different products, the rate at which customers transfer their accounts and loan balances to us or away from us to competing lenders. Such accounts and loan balances are also affected by our desire to avoid unsustainable growth rates, and general economic conditions, which may increase or decrease the amount of spending by our customers and affect their ability to repay their loans, and other factors beyond our control.

We Face Risk Related to the Strength of our Operational and Organizational Infrastructure

Our ability to grow is also dependent on our ability to build or acquire the necessary operational and organizational infrastructure, manage expenses as we expand, and recruit management and operations personnel with the experience to run an increasingly complex business. Similar to other large corporations, operational risk can manifest itself at Capital One in many ways, such as errors related to failed or inadequate processes, faulty or disabled computer systems, fraud by employees or persons outside Capital One and exposure to external events. In addition, we outsource some of our operational functions to third parties; these third parties may experience similar errors or disruptions that could adversely impact us and over which we may have limited control. As we increase the amount of our operational infrastructure that we outsource to third parties, we increase our exposure to this risk. We are also subject to business interruptions arising from events either partially or completely beyond our control such as disruption in the U.S. Postal Service that could adversely impact our response rates and consumer payments. Failure to build and maintain the necessary operational infrastructure can lead to risk of loss of service to customers, legal actions or noncompliance with applicable laws or regulatory standards. In addition, to the extent we experience failures in our ability to build necessary infrastructure, we may experience financial losses related to the write-downs of infrastructure assets. Although we have devoted and will continue to devote resources to building and maintaining our operational infrastructure, including our system of internal control, there can be no assurance that we will not suffer losses from operational risks in the future.

We May Experience Increased Delinquencies and Credit Losses

Like other credit card lenders and providers of consumer financing, we face the risk that our customers will not repay their loans. A customer s failure to repay is generally preceded by missed payments. In some instances, a customer may declare bankruptcy prior to missing payments, although this is not generally the case. Customers who declare bankruptcy frequently do not repay credit card or other consumer loans. Where we have collateral, we attempt to seize it when customers default on their loans. The value of the collateral may not equal the

amount of the unpaid loan and we may be unsuccessful in recovering the remaining balance from our customers. Rising delinquencies can require us to increase our allowance for loan losses and thus hurt our overall financial performance. In addition, rising delinquencies and rising rates of bankruptcy are often precursors of future charge-offs. High charge-off rates may hurt our overall financial performance if we are unable to raise revenue to compensate for these losses, may adversely impact the performance of our securitizations, and may increase our cost of funds.

Our ability to assess the credit worthiness of our customers may diminish. We market our products to a wide range of customers including those with less experience with credit products and those with a history of missed payments. We select our customers, manage their accounts and establish prices and credit limits using proprietary models and other techniques designed to accurately predict future charge-offs. Our goal is to set prices and credit limits such that we are appropriately compensated for the credit risk we accept for both high and low risk customers. We face a risk that the models and approaches we use to select, manage, and underwrite our customers may become less predictive of future charge-offs due to changes in the competitive environment or in the economy. Intense competition, a weak economy, or even falling interest rates can adversely affect our actual charge-offs and our ability to accurately predict future charge-offs. These factors may cause both a decline in the ability and willingness of our customers to repay their loans and an increase in the frequency with which our lower risk customers defect to more attractive, competitor products. In our auto finance business, declining used-car prices reduce the value of our collateral and can adversely affect charge-offs. We attempt to mitigate these risks by adopting a conservative approach to our predictions of future charge-offs. Nonetheless, there can be no assurance that we will be able to accurately predict charge-offs, and our failure to do so may adversely affect our profitability and ability to grow.

The trends that have caused the reduction of charge-offs over the course of 2003 and the first half of 2004 may not continue. During that time, we increased the proportion of lower-risk borrowers in our portfolio and increased the proportion of lower risk asset classes, like auto loans, relative to credit cards. In addition, our managed loan portfolio grew from $71.2 billion at December 31, 2003 to $75.5 billion at September 30, 2004, which is a 5.91% increase for the nine months ended September 30, 2004. Managed charge-offs for the nine months ended September 30, 2003 were $2.8 billion compared to $2.4 billion for the nine months ended September 30, 2004, which is a 14.29% decrease. Especially in the credit card business, higher growth rates cause lower charge-offs. This is primarily driven by lower charge-offs in the first six to eight months of the life of a pool of new accounts. There can be no assurance that these trends will continue in the future.

We hold an allowance for expected losses inherent in our existing reported loan portfolio as provided for by the applicable accounting rules. There can be no assurance, however, that such allowances will be sufficient to account for actual losses. We record charge-offs according to accounting practices consistent with accounting and regulatory guidelines and rules. These rules could change and cause our charge-offs to increase for reasons unrelated to the underlying performance of our portfolio. Unless offset by other changes, this could reduce our profits.

We Face Market Risk of Interest Rate and Exchange Rate Fluctuations

Like other financial institutions, we borrow money from institutions and depositors, which we then lend to customers. We earn interest on the consumer loans we make, and pay interest on the deposits and borrowings we use to fund those loans. Changes in these two interest rates affect the value of our assets and liabilities. If the rate of interest we pay on our borrowings increases more than the rate of interest we earn on our loans, our net interest income, and therefore our earnings, could fall. Our earnings could also be hurt if the rates on our consumer loans fall more quickly than those on our borrowings.

However, our goal is generally to maintain an interest rate neutral or matched position, where interest rates and exchange rates on loans and borrowings or foreign currencies go up or down by the same amount and at the same time so that interest rate and exchange rate changes for loans or borrowings or foreign currencies will not affect our earnings. The financial instruments and techniques we use to manage the risk of interest rate and

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exchange rate fluctuations, such as asset/liability matching and interest rate and exchange rate swaps and hedges and some forward exchange contracts, may not always work successfully or may not be available at a reasonable cost. Furthermore, if these techniques become unavailable or impractical, our earnings could be subject to volatility and decreases as interest rates and exchange rates change.

Changes in interest rates also affect the balances our customers carry on their credit cards and affect the rate of pre-payment for installment loan products. When interest rates fall, there may be more low-rate product alternatives available to our customers. Consequently, their credit card balances may fall and pre-payment rates may rise. We can mitigate this risk by reducing the interest rates we charge or by refinancing installment loan products. However, these changes can reduce the overall yield on our portfolio if we do not adequately provide for them in our interest rate hedging strategies. When interest rates rise, there are fewer low-rate alternatives available to customers. Consequently, credit card balances may rise (or fall more slowly) and pre-payment rates on installment lending products may fall. In this circumstance, we may have to raise additional funds at higher interest rates. In our credit card business, we could, subject to legal and competitive constraints, mitigate this risk by increasing the interest rates we charge, although such changes may increase opportunities for our competitors to offer attractive products to our customers and consequently increase customer attrition from our portfolio.

We Face the Risk of a Complex and Changing Regulatory and Legal Environment

Due to our significant reliance on certain contractual relationships, including our funding providers, as well as our unique corporate structure and heavily regulated industry, we face a risk of loss due to legal contracts, aspects of or changes in our legal structure and changes in laws and regulations. We also are subject to an array of banking, consumer lending and deposit laws and regulations that apply to almost every element of our business. Among other things, as a registered bank holding company we are subject to extensive supervision and regulation by the Federal Reserve Board, including restrictions on activities and acquisitions, capital adequacy requirements and the Federal Reserve Board s expectations that we conduct our operations in a safe and sound manner and act as a source of financial and managerial strength to any banks we control. Failure to comply with the various banking, consumer lending and deposit laws and regulations that apply to us could result in financial, structural and operational penalties, including receivership. In addition, efforts to comply with these laws and regulations may increase our costs and/or limit our ability to pursue certain business opportunities.

Federal and state laws and rules, as well as accounting rules and rules to which we are subject in foreign jurisdictions in which we conduct business, significantly limit the types of activities in which we may engage. For example, federal and state consumer protection laws and rules, and laws and rules of foreign jurisdictions where we conduct business, limit the manner in which we may offer and extend credit. From time to time, the U.S. Congress, the states and foreign governments consider changing these laws and may enact new laws or amend existing laws to regulate further the consumer lending industry. Such new laws or rules could limit the amount of interest or fees we can charge, restrict our ability to collect on account balances, or materially affect us or the banking or credit card industries in some other manner. Additional federal, state and foreign consumer protection legislation also could seek to expand the privacy protections afforded to customers of financial institutions and restrict our ability to share or receive customer information.

The laws governing bankruptcy and debtor relief, in the United States or in foreign jurisdictions in which we conduct business, also could change, making it more expensive or more difficult for us to collect from our customers. Congress has recently considered, and the House of Representatives has passed, legislation that would change the existing federal bankruptcy laws. One intended purpose of this legislation is to increase the collectibility of unsecured debt; however, it is not clear whether or in what form Congress may adopt this legislation and we cannot predict how the final version of this legislation may affect us, if passed into law.

In addition, banking regulators possess broad discretion to issue or revise regulations, or to issue guidance, which may significantly impact us. For example, in 2001, regulators restricted the ability of two of our competitors to provide further credit to higher risk customers due principally to supervisory concerns over rising

charge-off rates and capital adequacy. We cannot, however, predict whether and how any new guidelines issued or other regulatory actions taken by the banking regulators will be applied to the Bank or the Savings Bank or the resulting effect on Capital One Financial Corporation, the Bank or the Savings Bank. In addition, certain state and federal regulators are considering or have approved rules affecting certain practices of subprime mortgage lenders. There can also be no assurance that these regulators will not also consider or approve additional rules with respect to subprime credit card lending or, if so, how such rules would be applied to or affect Capital One Financial Corporation, the Bank or the Savings Bank.

In addition, existing laws and rules in the United States, at the state level, and in the foreign jurisdictions in which we conduct operations, are complex. If we fail to comply with them, we may not be able to collect our loans in full, or we might be required to pay damages or penalties to our customers. For these reasons, new or changes in existing laws or rules could hurt our profits.

Finally, we face possible risks from the outcomes of certain industry litigation. In 1998, the United States Department of Justice filed an antitrust lawsuit against MasterCard and Visa, alleging, among other things, that the associations had violated antitrust law and engaged in unfair practices by not allowing member banks to issue cards from competing brands (such as American Express and Discover). In 2001, a New York district court entered judgment in favor of the Department of Justice and ordered the associations, among other things, to repeal these policies. The United States Second Court of Appeals affirmed the district court and, on October 4, 2004, the United States Supreme Court denied certiorari in the case.

Immediately following the Supreme Court s decision, Discover Financial Services filed a lawsuit against the associations under United States federal antitrust law. The suit alleges, among other things, that the associations engaged in anticompetitive business practices aimed at monopolizing the bank card market. The complaint, among other things, requests civil monetary damages, which could be trebled. No Capital One entity is a named defendant in this lawsuit.

In addition, on November 15, 2004, American Express Travel Related Services Company, Inc., filed a lawsuit against the associations and several member banks under United States federal antitrust law. Capital One Bank, Capital One, F.S.B., and Capital One Financial Corporation are named defendants.

In addition, several merchants have filed class action suits, which have been consolidated, against the associations under federal antitrust law relating to certain debit card products. In April 2003, the associations agreed to settle the suit in exchange for payments to plaintiffs by MasterCard of $1 billion and Visa of $2 billion, both over a ten-year period, and for changes in policies and interchange rates for debit cards. Certain merchant plaintiffs have opted out of the settlements and have commenced separate suits. Additionally, consumer class action suits with claims mirroring the merchants allegation have been filed in several courts. Finally, the associations, as well as member banks, continue to face additional lawsuits regarding policies, practices, products and fees.

With the exception of the American Express civil antitrust lawsuit, Capital One Financial Corporation and its affiliates are not parties to the suits described above and therefore will not be directly liable for any amount related to any possible or known settlements, the suits filed by merchants who have opted out of the settlements of those suits, or the class action suits pending in state and federal courts. However, the Bank and the Savings Bank are member banks of MasterCard and Visa and thus may be affected by settlements or suits relating to these issues. In addition, it is possible that the scope of these suits may expand and that other member banks, including Capital One, may be brought into the suits or future suits. Given the complexity of the issues raised by these suits and the uncertainty regarding: (1) the outcome of these suits, (2) the likelihood and amount of any possible judgment against the associations, (3) the likelihood and the amount and validity of any claim against the associations member banks, including Capital One, and (4) the effects of these suits, in turn, on competition in the industry, member banks, and interchange and association fees, we cannot determine at this time the long-term effects of these suits on us.

Fluctuations in Our Expenses and Other Costs May Hurt Our Financial Results

Our expenses and other costs, such as human resources and marketing expenses, directly affect our earnings results. Many factors can influence the amount of our expenses, as well as how quickly they grow. For example, further increases in postal rates or termination of our negotiated service arrangement with the United States Postal Service could raise our costs for postal service, which is a significant component of our expenses for marketing and for servicing our 48.6 million accounts as of December 31, 2004. As our business develops, changes or expands, additional expenses can arise from asset purchases, structural reorganization, a reevaluation of business strategies and/or expenses to comply with new or changing laws or regulations. Other factors that can affect the amount of our expenses include legal and administrative cases and proceedings, which can be expensive to pursue or defend. In addition, changes in accounting policies can significantly affect how we calculate expenses and earnings.

USE OF PROCEEDS

The net proceeds from the sale of the Notes are $594,900,000, after deducting the underwriting discount, but before deducting any of our other offering expenses. Although the underwriters have offered the Notes to the public for cash, the underwriters will purchase the Notes from us by delivering to us $585,000,000 aggregate principal amount of the remarketed notes and cash proceeds of $1,051,081.

We intend to use the net cash proceeds from this offering, which we estimate to be approximately $750,000 after deducting our estimated expenses, for general corporate purposes. We may invest any funds not required immediately for general corporate purposes in short-term marketable securities.

We will surrender the remarketed notes obtained from the underwriters for cancellation.

The remarketed notes were issued in April 2002 as part of our Upper DECS and mature on May 17, 2007. The remarketed notes were acquired for cash by certain of the underwriters in a scheduled remarketing of such securities conducted on February 14, 2005 on behalf of the holders of the Upper DECS.

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CAPITALIZATION

The following table sets forth our consolidated capitalization at September 30, 2004, (1) on an actual basis, (2) as adjusted to give effect to the issuance and sale of the Notes in this offering and (3) as adjusted to give effect to the issuance and sale of the Notes in this offering and the cancellation of the remarketed notes obtained from the underwriters. The table should be read in conjunction with our consolidated financial statements and the accompanying notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

	September 30, 2004		
	Actual	As adjusted for issuance and sale of the Notes	As adjusted for issuance and sale of the Notes and cancellation of the remarketed notes
	(Unaudited, dollars in thousands)		
Liabilities			
Interest-bearing deposits	$ 25,354,323	$ 25,354,323	$ 25,354,323
Senior notes	6,968,182	7,568,182	6,983,182
Other borrowings	8,490,631	8,490,631	8,490,631
Total liabilities	40,813,136	41,413,136	40,828,136
Stockholders equity			
Preferred stock (par value $0.01 per share, authorized 50,000,000 shares, none issued or outstanding)			
Common stock (par value $0.01 per share, authorized 1,000,000,000 shares, and 244,028,682 shares issued)	2,440	2,440	2,440
Paid-in capital, net	2,463,629	2,463,629	2,463,629
Retained earnings and cumulative other comprehensive income	5,513,694	5,513,694	5,513,694
Less: Treasury stock, at cost (1,312,024 shares)	(49,703)	(49,703)	(49,703)
Total stockholders equity	7,930,060	7,930,060	7,930,060
Total capitalization	$ 48,743,196	$49,343,196	$48,758,196

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated:

	Nine Months Ended September 30,	Year Ended December 31,				
	2004	2003	2002	2001	2000	1999
Ratio of earnings to fixed charges (including interest on deposits)	2.56	2.13	1.98	1.87	1.91	2.05
Ratio of earnings to fixed charges (excluding interest on deposits)	4.52	3.59	3.19	2.89	2.48	2.39

The ratio of earnings to fixed charges is computed by dividing income before income taxes and fixed charges less interest capitalized during such period, net of amortization of previously capitalized interest, by fixed charges. Fixed charges consist of interest, expensed and capitalized, on borrowings (including or excluding deposits, as applicable), and the portion of rental expense which is deemed representative.

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DESCRIPTION OF THE NOTES

The following is a description of the particular terms of the 2012 Notes and the 2017 Notes offered pursuant to this prospectus supplement. This description supplements, and to the extent inconsistent, modifies the description of the general terms and provisions of senior debt securities set forth in the accompanying prospectus under Description of Securities. To the extent the description in this prospectus supplement is inconsistent with the description contained in the accompanying prospectus, you should rely on the description in this prospectus supplement. The following description is qualified in its entirety by reference to the provisions of the senior indenture dated as of November 1, 1996. A copy of the senior indenture is filed as an exhibit to the registration statement of which this prospectus supplement and the accompanying prospectus are a part. Capitalized terms not defined in this section have the meanings assigned to such terms in the accompanying prospectus or in the senior indenture.

General

The 2012 Notes and the 2017 Notes offered hereby each constitute a separate series of senior debt securities described in the accompanying prospectus to be issued under the senior indenture dated as of November 1, 1996, between us and BNY Midwest Trust Company (as successor to Harris Trust and Savings Bank), as senior indenture trustee, which we refer to as the senior indenture. The Notes will be our direct, unsecured obligations.

The 2012 Notes are initially offered in the principal amount of $300,000,000, and the 2017 Notes are initially offered in the principal amount of $300,000,000. We may, without the consent of existing holders, increase the principal amount of the 2012 Notes and the 2017 Notes by issuing more notes in the future, on the same terms and conditions (other than the issue date and possibly the public offering price) and with the same CUSIP number, in each case, as the 2012 Notes and 2017 Notes being offered by this prospectus supplement. We do not plan to inform existing holders if we reopen the series of 2012 Notes or the series of 2017 Notes to issue and sell additional 2012 Notes or 2017 Notes in the future.

Payments

The 2012 Notes will mature on February 21, 2012. The 2012 Notes will bear interest from February 18, 2005 at the annual rate of 4.80%.

The 2017 Notes will mature on February 21, 2017. The 2017 Notes will bear interest from February 18, 2005 at the annual rate of 5.25%.

Interest on the Notes is payable semi-annually in arrears on each February 21 and August 21, commencing on August 21, 2005.

We will pay interest to the person in whose name the Note is registered at the close of business on the fifteenth calendar day before the relevant interest payment date, except that we will pay interest payable at the maturity date of the Notes to the person or persons to whom principal is payable. Interest on the Notes will be paid on the basis of a 360-day year comprised of twelve 30-day months. If any date on which interest is payable on the Notes is not a business day, the payment of the interest payable on that date will be made on the next day that is a business day, without any interest or other payment in respect of the delay, with the same force and effect as if made on the scheduled payment date.

The Notes will not have the benefit of a sinking fund that is, we will not deposit money on a regular basis into any separate custodial account to repay the Notes. The Notes are not redeemable before their stated maturity.

Denominations

The Notes will be issued in minimum denominations of $1,000 and in integral multiples of $1,000.

Ranking

We may, without the consent of the holders of the Notes, create and issue additional debt securities under the senior indenture, ranking equally with the Notes.

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Payment of the principal and interest on the Notes will rank equally with all of Capital One Financial Corporation s other unsecured and unsubordinated debt. As of December 31, 2004, there existed approximately $1.773 billion (including the $585,000,000 aggregate principal amount of remarketed notes obtained from the underwriters in partial payment for this offering which Capital One Financial Corporation will surrender for cancellation) of indebtedness issued under the senior indenture that would have ranked equally with the Notes. The senior indenture does not limit the amount of additional senior indebtedness that Capital One Financial Corporation or any of its subsidiaries may incur. The Notes will be Capital One Financial Corporation s exclusive obligations. Since Capital One Financial Corporation s operations are conducted through subsidiaries, its cash flow and its consequent ability to service debt, including the Notes, are partially dependent upon the earnings of its subsidiaries and the distribution of those earnings to Capital One Financial Corporation or upon other payments of funds by those subsidiaries to Capital One Financial Corporation. The subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on the Notes or to make funds available for payments on the Notes, whether by dividends, loans or other payments. In addition, the payment of dividends and the making of loans and advances to Capital One Financial Corporation by its subsidiaries may be subject to statutory or contractual restrictions, are contingent upon the earnings of those subsidiaries, and are subject to various business considerations.

Any right Capital One Financial Corporation has to receive assets of any of its subsidiaries upon their liquidation or reorganization and the resulting right of the holders of Notes to participate in those assets will be effectively subordinated to the claims of that subsidiary s creditors, including trade creditors, except to the extent that Capital One Financial Corporation is itself recognized as a creditor of the subsidiary, in which case Capital One Financial Corporation s claims would be subordinated to any security interests in the assets of the subsidiary and any indebtedness of the subsidiary senior to the debt held by Capita