CAPITAL ONE FINANCIAL CORP
Form DEF 14A
March 18, 2014
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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 [X]
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))
[X] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Under 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):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

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:

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[ ] 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:

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**NOTICE OF CAPITAL ONE FINANCIAL CORPORATION S**

**2014 ANNUAL STOCKHOLDER MEETING**

**Important Notice Regarding the Availability of Proxy Materials for**

**The Stockholder Meeting To Be Held On May 1, 2014**

**The Proxy Statement and Annual Report to Stockholders are available at www.proxyvote.com**

The Annual Stockholder Meeting of Capital One Financial Corporation ( Capital One or the Company ) will be held at Capital One s headquarters, 1680 Capital One Drive, McLean, Virginia 22102, on May 1, 2014, at 10:00 a.m.

**Items of Business**

As a stockholder you will be asked to:

1. Elect ten nominated directors, who are listed in the proxy statement, as directors of Capital One;

2. Ratify the Audit Committee s selection of Ernst & Young LLP as independent auditors of Capital One for 2014;

3. Approve Capital One s Third Amended and Restated 2004 Stock Incentive Plan;

4. Approve, on a non-binding advisory basis, Capital One s 2013 Named Executive Officer compensation;

5. Approve amendments to Capital One s Restated Certificate of Incorporation to remove supermajority voting standards applicable to the following actions:

   Item 5(a): Future amendments to the Amended and Restated Bylaws and the Restated Certificate of Incorporation;

   Item 5(b): Removing any director from office;

   Item 5(c): Certain business combinations;

6. Consider a stockholder proposal, if presented at the meeting; and

7. Transact such other business as may properly come before the meeting.

**Record Date**

You may vote if you held shares of Capital One common stock as of the close of business on March 6, 2014.

**Proxy Voting**

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

**Annual Meeting Admission**

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

We look forward to seeing you at the meeting.

On behalf of the Board of Directors,

John G. Finneran, Jr.

Corporate Secretary

Capital One Financial Corporation

1680 Capital One Drive

McLean, VA 22102

March 18, 2014

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# SECTION I ABOUT THIS PROXY STATEMENT

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

In accordance with rules of the Securities and Exchange Commission ( SEC ), instead of mailing printed copies of our proxy materials, we are furnishing the proxy materials to our stockholders via the Internet. This process will save the Company some of the cost of printing and mailing the proxy materials and will reduce the impact of our annual stockholder meetings on the environment. Accordingly, on or about March 18, 2014, we mailed to our stockholders a Notice Regarding the Internet Availability of Proxy Materials (the Notice ). If you received a Notice, you will not receive a printed copy of the proxy materials unless you request one. The Notice provides instructions on how to access the proxy materials for Capital One s 2014 Annual Stockholder Meeting (the Annual Meeting ) via the Internet, how to request a printed set of proxy materials and how to vote your shares.

### What is the purpose of the proxy materials?

The Board of Directors of Capital One is providing you these materials in connection with the solicitation by Capital One s Board of Directors of proxies to be voted at the Annual Meeting. All stockholders who held shares as of the close of business on March 6, 2014 (the record date ), are entitled to attend the Annual Meeting and to vote on the items of business outlined in this proxy statement. If you choose not to attend the Annual Meeting, you may vote your shares via the Internet, by telephone or by mail.

### How do I access the proxy materials?

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

### How do I request paper copies of the proxy materials?

You may request paper copies of the 2014 proxy materials by following the instructions listed at www.proxyvote.com, by telephoning 1-800-579-1639 or by sending an e-mail to sendmaterial@proxyvote.com.

### What is the difference between a record holder and a holder of shares in street name?

You are a record holder if you hold shares of Capital One common stock directly in your name through Capital One s transfer agent, Computershare Trust Company, N.A. ( Computershare ).

If you hold shares of Capital One common stock through a broker, bank, trust or other nominee, then you are a holder of shares in street name. As a result, you must instruct the broker, bank, trust or other nominee about how to vote your shares. Under the rules of the New York Stock Exchange ( NYSE ), if you do not provide such instructions, the firm that holds your shares will have discretionary authority to vote your shares only with respect to routine matters, as described below.

**Can I attend the Annual Meeting?**

If you held shares of Capital One common stock as of the close of business on March 6, 2014, you may attend the Annual Meeting. Because seating is limited, only you and a guest may attend the meeting. Admission to the meeting is on a first-come, first-served basis. Registration begins at 9:00 a.m. You must present a valid government-issued picture identification and proof of Capital One stock ownership as of the record date. If you hold Capital One stock in street name, you must also bring a copy of a brokerage statement reflecting your stock ownership as of the record date. If you plan to attend as the proxy of a stockholder, you must present a legal proxy (described below). Cameras, recording devices and other electronic devices are not permitted.

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## Am I entitled to vote?

You are entitled to vote if you were the record holder of shares of Capital One common stock as of the close of business on March 6, 2014. All stockholders of record are entitled to one vote per share of common stock held for each matter submitted for a vote at the meeting.

If you hold your shares of Capital One common stock in street name, you may instruct your broker regarding voting your shares using the same methods described below under How do I vote?

On March 6, 2014, there were 572,757,135 shares of Capital One s common stock issued and outstanding.

## How do I vote?

***By Internet***

You may vote via the Internet by going to www.proxyvote.com and following the instructions on the screen. Have your Notice, proxy card (for record holders) or voting instruction form (for holders of shares in street name) available when you access the web page.

***By Telephone***

You may vote by telephone by calling the toll-free telephone number on the proxy card (1-800-690-6903), which is available 24 hours a day, and following the prerecorded instructions. Have your Notice or proxy card available when you call. If you hold your shares in street name, your broker, bank, trustee or other nominee may provide additional instructions to you regarding voting your shares by telephone.

***By Mail***

If you received your proxy materials by mail, you may vote by mail by completing the enclosed proxy card, dating and signing it and returning it in the postage-paid envelope provided.

***Time for Voting Your Shares By Internet, By Telephone or By Mail***

You may vote via the Internet or by telephone up until 11:59 PM Eastern Daylight Time on April 30, 2014. If you vote by mail, your proxy card must be received by April 30, 2014.

***In Person***

If you are a record holder of shares of Capital One common stock, you may vote in person at the Annual Meeting. A record holder must present a valid government-issued picture identification and, if the shares are held in the name of an entity, evidence of valid authorization from that entity in order to attend the meeting. Stockholders of record also may be represented by another person at the Annual Meeting by executing a legal proxy designating that person as the proxy holder. See Can I attend the Annual Meeting? above for more information regarding attending the Annual Meeting.

If you hold your shares of Capital One common stock in street name, you must bring a valid government-issued picture identification and a copy of a statement reflecting your stock ownership as of the record date in order to attend the meeting. You must also obtain a legal proxy from your broker, bank, trust or other nominee and present it to the inspector of elections with your ballot to be able to vote at the Annual Meeting. To request a legal proxy, please follow the instructions at www.proxyvote.com.

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

You may instruct your broker, bank, trustee or other nominee on how to vote your shares using the methods described above. If you do not vote via the Internet or by telephone and do not return your voting instructions to the firm that holds your shares prior to the Annual Meeting, the firm has discretion to vote your shares only with respect to Item 2 on the proxy card, which is considered a routine matter under NYSE rules. The election of members of the Board of Directors and Items 3, 4, 5 and 6 are not considered routine matters, and the firm that holds your shares will not have discretionary authority to vote your shares for these Items if you do not provide instructions using one of the methods described above. Therefore, you are encouraged to return your voting instructions so that your shares are voted for non-routine matters at the Annual Meeting. If you hold shares in several different accounts, you must provide voting instructions for each account in order to authorize all of your shares to be voted.

**How do I vote my 401(k) shares?**

If you participate in the Capital One Associate Savings Plan, you may vote the number of shares equivalent to your interest in the Capital One Pooled Stock Fund as credited to your account on the record date. You will receive instructions on how to vote your shares via e-mail from Broadridge Financial Solutions, Inc. ( Broadridge ). The trustee of the Associate Savings Plan will vote your shares in accordance with your duly executed instructions if they are received by April 28, 2014. If you do not send instructions, the trustee will not vote the share equivalents credited to your account.

**Can I revoke my proxy or change my vote?**

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

- submitting another timely vote via the Internet, by telephone or by mailing a new proxy card or voting instruction form;
- attending the Annual Meeting and voting in person; or
- if you are a record holder, giving written notice of revocation to the Corporate Secretary, Capital One Financial Corporation, 1680 Capital One Drive, McLean, VA 22102.

Your new vote or revocation must be submitted in accordance with the timeframes above under Time for Voting Your Shares By Internet, By Telephone or By Mail.

**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 voting power of Capital One s outstanding shares entitled to vote generally in the election of directors are present in person or represented by proxy. Abstentions and broker non-votes will be counted in determining if there is a quorum, but neither will be counted as votes cast.

**What is a broker non-vote?**

As described above, under NYSE rules, if you hold your shares in street name and you do not submit voting instructions to the firm that holds your shares, the firm has discretionary authority to vote your shares only with respect to routine matters. For non-routine matters, which include the election of directors and Items 3, 4, 5 and 6, if you do not submit voting instructions, the firm that holds your shares will not have discretion to vote your shares. This is called a broker non-vote.

**Who will count the vote?**

Votes will be tabulated by Broadridge. The Board of Directors has appointed a representative of American Elections Services, LLC to serve as the Inspector of Elections.

**Will a list of stockholders be made available?**

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

**How much did the solicitation cost?**

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

**What is householding?**

Under SEC rules, a single package of Notices may be sent to any household at which two or more stockholders reside if they appear to be members of the same family unless contrary instructions have been received. Each stockholder continues to receive a separate Notice within the package. This procedure, referred to as householding, reduces the volume of duplicate materials stockholders receive and reduces mailing expenses. Stockholders may revoke their consent to future householding mailings or enroll in householding by contacting Broadridge toll free at 1-800-542-1061 or by writing to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, NY 11717. Capital One will deliver promptly, upon written or oral request, a separate copy of the proxy materials to any stockholder at a shared address to which a single copy was delivered. Stockholders who wish to receive a separate set of proxy materials now should contact Broadridge at the same phone number or mailing address.

**What are the Board of Directors recommendations?**

If you properly submit a proxy without giving specific voting instructions, the individuals named as proxy holders will vote in accordance with the recommendations of the Board of Directors as follows:

**FOR** the election of Richard D. Fairbank, Patrick W. Gross, Ann Fritz Hackett, Lewis Hay, III, Benjamin P. Jenkins, III, Pierre E. Leroy, Peter E. Raskind, Mayo A. Shattuck III, Bradford H. Warner and Catherine G. West, as directors of Capital One (see page 75);

**FOR** the ratification of the Audit Committee s selection of Ernst & Young LLP as independent auditors of the Company for 2014 (see page 76);

**FOR** the approval of Capital One s Third Amended and Restated 2004 Stock Incentive Plan (see page 78);

**FOR** the advisory approval of Capital One s 2013 Named Executive Officer compensation (see page 90);

**FOR** the approval of each of the amendments to Capital One s Restated Certificate of Incorporation to remove supermajority voting standards applicable to certain actions (see page 91); and

**AGAINST** the stockholder proposal (see page 95).

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

**What vote is necessary to approve each item?**

All stockholders of record are entitled to one vote per share of common stock held for each nominee for director and for each other matter presented for a vote at the meeting.

**Item 1** requests your vote for the election of ten candidates for director. Richard D. Fairbank, Patrick W. Gross, Ann Fritz Hackett, Lewis Hay, III, Benjamin P. Jenkins, III, Pierre E. Leroy, Peter E. Raskind, Mayo A. Shattuck III, Bradford H. Warner and Catherine G. West will each be elected as a director of Capital One if a majority of the votes cast in his or her election is voted in favor of such election. Capital One also maintains a majority voting policy, which requires that any director who fails to receive a majority of votes cast in favor of his or her election tender a resignation for the Board s consideration. Cumulative voting for the election of directors is not permitted. For more information regarding Capital One s director nomination process see page 16.

**Item 2**, the ratification of the Audit Committee s selection of Ernst & Young LLP as independent auditors of the Company for 2014, will be approved if a majority of the votes cast on the proposal are voted in favor of the proposal.

**Item 3**, the approval of Capital One s Third Amended and Restated 2004 Stock Incentive Plan, will be approved if a majority of the votes cast on the proposal are voted in favor of the proposal.

**Item 4**, the advisory approval of Capital One s 2013 Named Executive Officer compensation, will be approved if a majority of the votes cast on the proposal are voted in favor of the proposal.

**Items 5(a) through (c)**, three proposals amending Capital One s Restated Certificate of Incorporation to remove supermajority voting standards applicable to certain actions, will each be approved if at least 80% of the shares of common stock outstanding vote in favor of the proposal, as described more specifically in each of the three parts of Item 5. For Item 5(c), the vote must also represent at least 80% of the voting power of the then outstanding common stock not owned directly or indirectly by any Interested Stockholder or any Affiliate of any Interested Stockholder (as defined in the Restated Certificate of Incorporation), as determined by the Board of Directors pursuant to the Restated Certificate of Incorporation. Approval of any one of the three parts of Item 5 is not conditioned upon approval of the other parts.

**Item 6**, the stockholder proposal, will be approved if a majority of votes cast on the proposal are voted in favor of the proposal.

As described under How do I vote? on page 2, under NYSE rules, if you hold your shares in street name and you do not submit voting instructions to the broker, bank, trust or other nominee that holds your shares, the firm will only have discretionary authority to vote your shares with respect to Item 2. If you do not submit voting instructions, the firm that holds your shares will not have discretion to vote your shares with respect to Items 1, 3, 4, 5 and 6. Abstentions and broker non-votes are not considered votes cast and thus do not have an effect on the outcome of the vote as to Items 1, 2, 3, 4 and 6. With respect to Item 5, abstentions and broker non-votes will have the same effect as a vote against the proposal.

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# SECTION II CORPORATE GOVERNANCE AT CAPITAL ONE

## Corporate Governance Principles and Code of Business Conduct and Ethics

Capital One is dedicated to strong and effective corporate governance principles and practices. The Board of Directors has adopted Corporate Governance Principles to formalize the Board s governance practices and to provide its view of effective governance. Our Corporate Governance Principles embody many of our long-standing practices, policies and procedures, which collectively form a corporate governance framework that promotes the long-term interests of our shareholders, ensures responsible decision-making and accountability, and fosters a culture that allows our Board and management to pursue Capital One s strategic objectives. The Board reviews and periodically updates these principles and practices as legal, regulatory, and best practice developments evolve.

The Board has also adopted Capital One s Code of Business Conduct and Ethics (the Code of Conduct ), which applies to Capital One directors and associates, including Capital One s Chief Executive Officer ( CEO ), Chief Financial Officer, Principal Accounting Officer and other persons performing similar functions. The Code of Conduct reflects Capital One s commitment to honesty, fair dealing and integrity and guides the ethical actions and working relationships of Capital One s directors, officers and associates with investors, current and potential customers, fellow associates, competitors, governmental entities, the media and other third parties with whom Capital One has contact.

The Board of Directors believes that these policies, principles and practices are vital to the future success and growth of Capital One and create a foundation for the ethical and effective functioning of the Board of Directors, its Committees and Capital One as a whole. They are also critical to preserving the trust of our stakeholders, including stockholders, associates, customers, suppliers, governmental entities and the general public. Capital One s Corporate Governance Principles and the Code of Conduct, each as amended from time to time, are available free of charge on the Corporate Governance page of Capital One s Internet site at www.capitalone.com under About Us/Investors. Capital One will disclose on its website any amendment to the Code of Conduct or any waiver under the Code of Conduct granted to any of its directors or executive officers.

## Board Structure and Committee Composition

The Board of Directors oversees Capital One s business and directs its management. The Board of Directors does not involve itself with the day-to-day operations and implementation of Capital One s business. Instead, the Board of Directors meets periodically with management to review Capital One s performance, risks and business strategy. Directors also regularly consult with management outside of formal meetings to keep themselves informed about Capital One s progress.

The Board of Directors met twelve times during 2013. Each incumbent director attended at least 75% of the aggregate of the meetings of the Board of Directors and the committees occurring during the year while they were members. In accordance with our Corporate Governance Principles and New York Stock Exchange Listing requirements, the Board has executive sessions of non-management directors without senior management on a regularly scheduled basis and no less than two times per year. In addition, at least one executive session of only independent directors without senior management is held annually. In 2013, the Board met these requirements and the number of times non-management directors held executive sessions without senior management present exceeded the standard set forth in the Corporate Governance Principles. During these executive sessions, the non-management directors or independent directors, as the case may be, have complete access to such members of the Company s senior executive management as they may request, including the Chief Financial Officer, General Counsel, Chief Risk Officer, Chief Internal Auditor, Chief Credit Review Officer and Chief Compliance Officer.

Capital One expects all of its directors to attend the Annual Meeting. In 2013, the ten directors who were continuing service after the Annual Meeting were present at the meeting.

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### *Leadership Structure of the Board of Directors*

Our Board has carefully considered the critical issue of Board leadership and believes that the leadership structure must be considered in the context of Capital One s specific circumstances, culture, strategic objectives and challenges. The diverse backgrounds and experiences of our directors provide the Board with broad perspectives from which to determine the leadership structure that is best for Capital One and the long-term interests of Capital One s shareholders and other stakeholders. Our Corporate Governance Principles allow the roles of Chair and CEO to be filled by the same or different individuals, a policy which appropriately provides the Board with the flexibility to determine Capital One s current leadership structure.

Mr. Fairbank founded Capital One and has served as CEO since shortly before Capital One s initial public offering in late 1994 and Chair since early 1995. Given Mr. Fairbank s role in the formation and growth of Capital One, the Board strongly believes that it is in the Company s best interest to have him serve as the Chair and CEO, particularly given the Board s recognition and implementation of strong independent leadership on the Board through an active and empowered Lead Independent Director and independent Board committee structure. Importantly, the Corporate Governance Principles provide for a Lead Independent Director who supports the Board in assuring effective governance in managing the affairs of the Board and Capital One. The Lead Independent Director is elected annually by the independent directors and is currently Ms. Hackett. The Lead Independent Director performs the following responsibilities:

With respect to executive sessions:

- organizes and presides over executive sessions;
- sets the agendas for and leads executive sessions; and
- is responsible for soliciting feedback for and engaging the Chief Executive Officer on executive sessions;

With respect to Board meetings and agendas:

- presides at all meetings of the Board at which the Chair of the Board is not present;
- has the authority to call meetings of the independent directors;
- approves meeting agendas for the Board;
- approves information sent to the Board; and
- approves meeting schedules and works with the Chair of the Board and Committee chairpersons to assure that there is sufficient time for discussion of all agenda items;

With respect to other responsibilities related to the independent directors:

- facilitates discussion among the independent directors on key issues and concerns outside of Board meetings;
- serves as liaison between the Chair of the Board and the independent directors;
- facilitates teamwork and communication among the independent directors; and
- in a crisis, calls together the independent directors to establish appropriate Board leadership responsibility; and

With respect to performance assessments:

- leads the performance assessment of the Chief Executive Officer;
- facilitates the Board s engagement with the Chief Executive Officer and Chief Executive Officer succession planning; and
- leads the Board s self-assessment and recommendations for improvement, if any.

In addition, if requested by major stockholders, the Lead Independent Director ensures that he or she is available for consultation and direct communication.

The Board of Directors has four standing Committees: Audit, Risk, Compensation, and Governance and Nominating. Each of the Audit, Compensation, and Governance and Nominating Committees is composed solely of independent directors and has a separate independent chair. The Risk Committee is led by an independent chair. Detailed information on each Committee is contained below under Committees of the Board of Directors.

We believe that our existing Board leadership structure provides the most effective governance framework that allows our company to benefit from Mr. Fairbank s knowledge and leadership while appropriately maintaining strong independent and effective oversight of our business and affairs as demonstrated by our empowered Lead Independent Director, independent key committees that oversee the Company s operations, risks, performance and business strategy, experienced and committed directors, and frequent executive sessions without management in attendance. This structure demonstrates for our associates, customers, stockholders, investors, regulators and other stakeholders that Capital One s Board of Directors is committed to engaged, independent leadership and performance of its responsibilities. The Board of Directors believes that combining the Chair and Chief Executive Officer positions takes advantage of the talent and knowledge of Mr. Fairbank as the founder of Capital One and effectively combines the responsibilities for strategy development and execution with management of day-to-day operations. It also reduces the potential for confusion or duplication of efforts and provides clear leadership for Capital One. The Board of Directors believes that the combination of the Chair and the Chief Executive Officer roles, together with its strong governance practices, including its supermajority of independent directors and its clearly defined Lead Independent Director responsibilities, provides an appropriate balance among strategy development, operational execution and independent oversight of Capital One.

***Board s Role in Succession Planning***

The Board is responsible for ensuring that a succession plan for the Chief Executive Officer exists. The succession plan is reviewed annually by the Board. Each year, as part of its succession planning process, the Board reviews the senior executive team s experience, skills, competencies and potential to assess which executives possess or have the ability to develop the attributes that the Board believes necessary to lead and achieve the Company s goals. Among other steps taken to promote this process, the two levels of executives below the Chief Executive Officer, which include all of the Chief Executive Officer s direct reports, often attend Board meetings and present to the Board, providing the Board numerous opportunities to interact with our senior management and assess their leadership capabilities. There is also available, on a continuing basis, the Chief Executive Officer s recommendation as to a successor should the Chief Executive Officer become unexpectedly unable to serve. The Board also reviews the Chief Executive Officer s successor recommendations on an annual basis.

***Board s Role in Risk Oversight***

The Board of Directors believes that effective risk management and control processes are critical to Capital One s safety and soundness, our ability to predict and manage the challenges that Capital One and the financial services industry face and, ultimately, Capital One s long-term corporate success. Management is responsible for implementing Capital One s risk assessment and management functions and for reporting to the Board of Directors with respect to the management of risk. The Board of Directors, in turn, both directly and through its committees, is responsible for overseeing management s risk functions. In an effort to heighten Capital One s risk management focus, as well as effectively respond to regulatory expectations, management enhanced its enterprise-wide risk management framework in 2013, which included a redesign of our risk appetite statements and metrics. The Board approves the Company s strategic direction and overall risk appetite. The enterprise-wide risk management framework defines the Board s appetite for risk taking and enables senior management to understand, manage and report on risk. The risk management framework is implemented enterprise wide and includes all eight risk categories: Strategic, Legal, Market, Liquidity, Operational, Reputation, Compliance and Credit. Management has worked to develop risk appetite statements with accompanying metrics which are meaningful to the organization and reflect the aggregate level and types of risk Capital One is willing to accept in order to achieve its business objectives, clarifying both risks the Company is actively taking and risks that are purposely avoided.

The Risk Committee oversees Capital One s enterprise-wide risk management framework, including policies and practices established by management to identify, assess, measure and manage key risks facing Capital One across the eight risk categories identified above, as set forth in its charter. In addition, the Risk Committee oversees management s specific responsibilities with respect to identification and management of, and planning for, Capital One s market, liquidity, operational and credit risks. The Audit Committee is responsible for risk

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oversight with respect to compliance by Capital One with legal and regulatory requirements. In addition, the Audit Committee reviews and discusses generally the policies and practices that govern the processes by which key risk exposures are identified, assessed, managed and controlled on an enterprise-wide basis and meets jointly with the Risk Committee to assess Capital One s enterprise-wide risk management framework. The Risk Committee oversees that the Chief Risk Officer, and other members of management, as applicable, review with the Compensation Committee the risks that Capital One s incentive compensation programs, such as its senior executive, corporate incentive and other material incentive compensation programs, may pose as more fully described below under Risk Assessment of Compensation Policies and Practices.

The Chief Risk Officer, Chief Financial Officer, Chief Internal Auditor, Chief Credit Review Officer and General Counsel each meet with, or provide reports to, Capital One s Risk Committee at least once per quarter as well as separately with the Risk Committee throughout the year on a periodic basis without other members of management present. The Risk Committee also meets on a periodic basis with the Chief Compliance Officer without other members of management present. The Chief Risk Officer also meets at least annually with the full Board of Directors to review the Company s enterprise risk profile. In addition, the Audit Committee meets on a periodic basis with the Chief Compliance Officer and meets at least quarterly with the Chief Financial Officer to discuss Capital One s financial results and financial forecasts. Throughout the year, strategic presentations and line of business updates to the Board of Directors or its Committees typically include reports on risk management.

Corporate Audit Services provides independent and objective assurance services and advice and counsel regarding risk management and control practices to provide that risk management, internal controls and governance systems are adequate and functioning on a consistent and reliable basis. The Chief Internal Auditor reports organizationally to the Audit Committee of the Board of Directors, which has the authority to hire and compensate the Chief Internal Auditor and to terminate his or her employment. The Chief Credit Review Officer reports organizationally to the Risk Committee of the Board of Directors, which has the authority to hire and compensate the Chief Credit Review Officer and to terminate his or her employment.

***Risk Assessment of Compensation Policies and Practices***

The Compensation Committee actively oversees all of our compensation policies and practices, including our incentive compensation policies and practices, to monitor that such policies and practices encourage balanced risk-taking, are compatible with effective controls and risk management and align with our business strategy. In 2013, the Company continued to participate in the horizontal review of incentive compensation practices that the Federal Reserve Board began in 2010 with respect to the incentive compensation practices at 25 large banking organizations. The purpose of the review has been to assess the incentive compensation practices at these organizations and their compliance with the interagency guidance on sound incentive compensation practices issued by the Federal Reserve Board and other bank regulators in June 2010. We believe that the Compensation Committee s active oversight, together with the Company s interactions and discussions with its regulators, has further enhanced the Company s risk management and control processes with respect to incentive compensation at the Company. In January 2012, the Compensation Committee adopted an Incentive Compensation Governance Policy applicable to all Company employees that governs incentive compensation decisions and provides the framework for oversight of the design of incentive compensation programs, which it reviews and re-approves annually. In the context of setting executive compensation, the Compensation Committee assessed each of the named executive officers against one or more performance objectives specifically designed to evaluate the degree to which the executive balanced risks inherent in his or her role and also implemented additional risk-balancing features for certain equity awards, as described in more detail in the Compensation Discussion and Analysis beginning on page 31.

The Compensation Committee reviews the Company s named executive officer and other senior executive compensation programs as well as any other material incentive compensation programs. During the course of these reviews, the Compensation Committee discusses the Company s most significant risks, including the Company s status with respect to managing those risks and the relationship of those risks to applicable compensation programs. The review includes discussion and analysis of risk-balancing features embedded in these incentive compensation programs and other actions taken by the Company designed to achieve conformance with regulatory guidance and appropriately balance risk. The Compensation Committee also discusses these programs with the Company s Chief Risk Officer, Chief Human Resources Officer and the Compensation Committee s independent compensation consultant, as appropriate. Based on these discussions, the Compensation Committee believes that these compensation programs are consistent with safety and soundness and operate in a manner that appropriately balances risk.

## Director Independence

The Board of Directors has assessed whether each of its non-management members is independent under Capital One s Director Independence Standards. These standards, which have been adopted by the Board of Directors as part of Capital One s Corporate Governance Principles, reflect, among other things, the director independence requirements set forth in the listing standards of the NYSE and other applicable legal and regulatory rules, and describe certain relationships that the Board has determined to be immaterial for purposes of determining director independence. As noted above, Capital One s Corporate Governance Principles, including the Director Independence Standards, are available on the Corporate Governance page of Capital One s Internet site at www.capitalone.com under About Us/Investors. The Board of Directors has determined that each of Mr. Gross, Ms. Hackett, Mr. Hay, Mr. Jenkins, Mr. Raskind, Mr. Shattuck, Mr. Warner and Ms. West is independent under these standards. The Board of Directors previously determined that Mr. W. Ronald Dietz, who served on the Board until he passed away on March 21, 2013, was an independent director.

## Related Person Transactions

Capital One s policies and procedures for the review, approval or ratification of related person transactions are set forth in the charter of the Governance and Nominating Committee, Capital One s Code of Conduct and internal written procedures. The charter of the Governance and Nominating Committee requires the Committee to review on an annual basis any transactions involving Capital One and any of its directors, executive officers or their immediate family members and, as appropriate, to consider potential conflicts of interest or the appearance of potential conflicts of interest, as well as issues relating to director independence. The Governance and Nominating Committee performs this review each year based on the information provided by each director and executive officer on an annual questionnaire and through a review of Capital One s internal systems for payments or other transactions that could indicate the presence of a related person transaction. In developing its assessment and recommendation regarding related person transactions to the Board of Directors, the Governance and Nominating Committee relies upon criteria set forth in the Code of Conduct to evaluate activities or relationships that may create a conflict of interest, including potential related person transactions. In addition to specific prohibitions, these criteria include the extent to which the proposed relationship would be authorized and permitted (or prohibited) by Capital One policies, as well as the potential perspective of third parties regarding such relationships.

Internal written procedures require that any potential conflict of interest, including related person transactions involving any of Capital One s directors or executive officers, be reviewed by the General Counsel (in the case of a director) and by either the General Counsel or Chief Human Resources Officer (in the case of an executive officer). If the reviewer believes that such relationship could create a conflict of interest or require disclosure as a related person transaction, a second review is conducted by the disinterested members of the Governance and Nominating Committee (in the case of a director) or by the Chief Executive Officer (in the case of other executive officers).

From time to time in the ordinary course of its business, Capital One issues loans to directors, executive officers and/or nominees for director, or to a director s, executive officer s or director nominee s immediate family member, including persons sharing the household of such director, executive officer or director nominee (other than a tenant or employee). Such loans are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the Company and do not involve more than the normal risk of collectability or present other unfavorable features.

As of June 2013, Mr. Leroy has ceased to serve as Executive Chairman and Chief Executive Officer of a company in which Mr. Leroy holds approximately 17% equity interest (assuming full vesting and conversion of all of his equity interests) based upon information provided by Mr. Leroy to Capital One for 2013. Such company, through a majority owned subsidiary, receives payments from other companies that provide and are expected to continue to provide certain services to Capital One, which payments are based on the extent of Capital One s dealings with such other companies. In 2013, the amount of payments received by such companies that were attributable to Capital One s business was approximately $1.39 million. These dealings are continuing in 2014, although Capital One does not have information on the amounts to date that are attributable to its business.

***Committees of the Board of Directors***

In order to assist it in fulfilling its functions, the Board of Directors conducts business through four Committees: the Audit Committee, the Risk Committee, the Compensation Committee and the Governance and Nominating Committee. In May 2013, the Board of Directors re-organized its Committee structure. The Board of Directors restructured its Audit and Risk Committee into two separate Committees, which are the current Audit Committee and Risk Committee, and also disbanded its Finance and Trust Oversight Committee. The responsibilities of the former Finance and Trust Oversight Committee were redistributed to the current Audit Committee, Risk Committee and the Board of Directors, as appropriate. Pursuant to Capital One s Corporate Governance Principles and applicable law, the Audit, Compensation, and Governance and Nominating Committees are comprised solely of independent directors, and the Audit and Compensation Committees are comprised solely of directors who satisfy the NYSE s heightened independence requirements for audit and compensation committee members, respectively. The Chair of each Committee determines the frequency, length and agenda of meetings for his or her Committee in accordance with such Committee s charter, in consultation with other members of the Committee and with appropriate members of management, and establishes an annual calendar of topics for consideration by the Committee. The Chair of each Committee may also seek comments on key issues from other directors who are not part of the Committee and reports Committee activities to the full Board of Directors. In January 2014, each of Audit, Risk, Compensation, and Governance and Nominating Committees and the Board of Directors approved the respective Committee s charter. Copies of the charter of each Committee are available free of charge on the Corporate Governance page of Capital One s Internet site at www.capitalone.com under About Us/Investors. Below is a description of each Committee.

***Audit Committee***

Description

The Audit Committee assists the Board of Directors with overseeing Capital One s accounting, financial reporting and internal controls, including the responsibilities set forth below.

Key Responsibilities

- Monitor the integrity of Capital One s financial statements and internal controls;
- Review both the acceptability and quality of major changes to the Company s accounting principles and practices as suggested by the independent auditor, Chief Internal Auditor or management, and be responsible for the resolution of any disagreements between management and the independent auditor regarding financial reporting issues;
- Monitor Capital One s compliance with legal and regulatory requirements;
- Review and discuss generally the policies and practices that govern the processes by which key risk exposures are identified, assessed, managed and controlled on an enterprise-wide basis;
- Review and discuss with management their assessment of the effectiveness of the Company s disclosure controls and procedures and whether any changes are necessary in light of such assessment;

Oversee the establishment of and monitor procedures for: (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting control or auditing matters; and (ii) the confidential, anonymous submission by the employees of the Company of concerns regarding accounting or auditing matters;

Recommend to the Board whether to include the audited financial statements in the Corporation s Form 10-K;

Review the qualifications, independence and performance of Capital One s independent auditor;

- Appoint, compensate, retain and oversee Capital One s independent auditor; and
- Assess the performance of Capital One s Chief Internal Auditor.

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

Financial Expert

Although other members of the Audit Committee may qualify as audit committee financial experts under the Sarbanes-Oxley Act of 2002 and the rules of the SEC and the NYSE promulgated thereunder, the Board of Directors has designated Mr. Raskind and Mr. Warner as its audit committee financial experts.

Service

No member of the Audit Committee simultaneously serves on the audit committees of more than three public companies, including that of Capital One. For a part of 2013, Mr. Gross served on the audit committees of three public companies in addition to serving on Capital One s Audit and Risk Committee. However, Mr. Gross is no longer a member of Capital One s Audit Committee since the Committee restructuring in May 2013. The Board of Directors has determined, in accordance with NYSE rules, that Mr. Gross simultaneous service did not impair his ability to effectively serve on Capital One s Audit and Risk Committee.

2013 Meetings

During 2013, the Audit Committee met five times since June 2013.

During 2013, the former Audit and Risk Committee met five times prior to the Committee s restructuring in May 2013.

***Risk Committee***

Description

The Risk Committee assists the Board of Directors with overseeing Capital One s risk assessment and management processes, including the responsibilities set forth below.

Key Responsibilities

- Monitor the processes by which management assesses and manages risk;
- Monitor Capital One s enterprise-wide risk management framework, including policies and practices established by management to identify, assess, measure and manage key risks facing Capital One across all of Capital One s eight risk categories: strategic, compliance, operational, reputation, legal, credit, market, and liquidity risk;
- Review Capital One s capital adequacy, including compliance with legal, regulatory and supervisory requirements;
- Discuss with management the enterprise s risk appetite and tolerance and recommend to the Board the statement of risk appetite and tolerance to be communicated throughout the Company;
- Review and approve annually the credit review plans and policies, and any significant changes to such plans, as appropriate;

- Annually review and recommend to the Board the Company s liquidity risk tolerance, taking into account the Company s capital structure, risk profile, complexity, activities, size and other appropriate risk-related factors as the Committee may determine in its judgment, and at least semi-annually review information from management regarding adherence to the established liquidity risk tolerance;
- Assess the performance of Capital One s Chief Credit Review Officer; and
- Oversee management s specific responsibilities with respect to identification and management of, and planning for, the Company s market risk, liquidity risk, operational risk and credit risk.

The Committee may delegate authority for certain responsibilities to subcommittees or members of management as the Committee deems appropriate and as permitted by law. The Audit Committee is responsible for risk oversight with respect to compliance by Capital One with legal and regulatory requirements. In furtherance of its responsibility for oversight of Capital One s enterprise-wide risk management framework, the Risk Committee coordinates with the Audit Committee to provide risk oversight with respect to compliance by Capital One with legal and regulatory requirements.

2013 Meetings

During 2013, the Risk Committee met seven times since June 2013.

During 2013, the former Audit and Risk Committee met five times prior to the Committee s restructuring in May 2013.

***Governance and Nominating Committee***

Description

The Governance and Nominating Committee assists the Board of Directors with respect to a variety of corporate governance matters and practices, including the responsibilities set forth below.

Key Responsibilities

- Advise the Board of Directors on its organization, membership and function;
- Identify and recommend director nominees and the structure and membership of each Committee of the Board;
- Advise and recommend action on corporate governance matters applicable to Capital One;
- Develop and recommend to the Board a set of corporate governance principles applicable to the Company and periodically review and reassess the adequacy of such corporate governance principles and recommend any proposed changes to the Board for approval;
- Review on an annual basis any transactions involving the Company and any director or executive officer or immediate family member thereof and, as appropriate, consider potential conflicts of interest or the appearance thereof and issues relating to director independence;
- Advise the Board of Directors on the frequency of the Company s advisory vote on executive compensation; and
- Oversee the Board s and the Chief Executive Officer s annual evaluation processes and provide that the directors engage in periodic discussions to plan for the Chief Executive Officer s succession, as described in more detail in Capital One s Corporate Governance Principles.

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

2013 Meetings

During 2013, the Governance and Nominating Committee met six times.

***Compensation Committee***

Description

The Compensation Committee assists the Board of Directors with respect to the compensation programs and benefit plans for the directors, the Chief Executive Officer, the other executive officers and other employees; the annual Committee report and Capital One s Compensation Discussion and Analysis; the election of officers and the hiring or promotion of senior executives; and such other responsibilities and activities as may be required by law or regulation, including the responsibilities set forth below.

Key Responsibilities

- Recommend to the Board annually officers for election or re-election or the manner in which such officers will be chosen;
- Evaluate, approve and recommend to the independent directors the Chief Executive Officer s compensation, including any salary, incentive awards, perquisites and termination arrangements, in light of the Committee s assessment of his performance and anticipated contributions with respect to the Company s strategy and objectives;

- Review, approve and recommend the salary levels, incentive awards, perquisites and termination arrangements for executive officers, other than the Chief Executive Officer, to the independent directors and the hiring or promotion of such executive officers to the Board;
- Review and approve the Company s goals and objectives relevant to compensation, oversee the Company s policies and programs relating to compensation and benefits available to executive officers to ensure that they align with such goals and objectives, and review relevant market data in establishing compensation and benefits programs;
- Oversee incentive compensation programs for executive officers and others who can expose the Company to material risk to ensure such programs are designed and operated in a manner that achieves balance and is consistent with safety and soundness;
- Review data and analyses to allow an assessment of whether the design and operation of incentive compensation programs is consistent with the Company s safety and soundness as provided under applicable regulatory guidance;
- Administer Capital One s 2004 Stock Incentive Plan, 2002 Associate Stock Purchase Plan and other employee benefit plans;
- Review periodically and recommend director compensation to the Board; and
- Recommend the inclusion of the Compensation Discussion and Analysis in our annual proxy statement or our Annual Report on Form 10-K.

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

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

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee are Ms. Hackett and Messrs. Shattuck, Gross, Hay and Jenkins. No interlocking relationship exists between any member of Capital One s Board of Directors or Compensation Committee and any member of the board of directors or compensation committee of any other company, nor has any such interlocking relationship existed in the past. No director who served on the Compensation Committee during 2013 is or was formerly an officer or an employee of Capital One.

Compensation Committee Consultant

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

The Committee determines the scope and nature of F.W. Cook s assignments. In 2013, F.W. Cook:

- Provided to the Committee independent competitive market data and advice related to the compensation for the Chief Executive Officer, the other executive officers and the directors, including the development of a group of comparator companies for purposes of competitive analysis;
- Reviewed for the Committee management-provided market data and recommendations on the design of compensation programs for senior executives other than the Chief Executive Officer;

Reviewed for the Committee Capital One s executive compensation levels, performance and the design of incentive programs;
Reviewed the compensation program for Capital One s directors and provided competitive compensation data and director compensation program recommendations to the Committee for review; and
Provided information to the Committee on executive and director compensation trends and analyses of the implications of such trends for Capital One.

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Consultants from F.W. Cook generally attend Committee meetings and executive sessions upon the Chair of the Committee s request, including meetings held jointly with the independent directors to review or approve the compensation for the Chief Executive Officer and the other executive officers, to provide an independent perspective regarding such compensation practices.

The services provided by F.W. Cook are limited in scope as described above. F.W. Cook does not provide any services to the Company or its management other than the services provided to the Compensation Committee as described above. The Compensation Committee has considered factors relevant to F.W. Cook s independence from management under SEC rules and has determined that F.W. Cook is independent from management.

2013 Meetings

During 2013, the Compensation Committee met six times.

## Committee Membership

The table below provides a summary of the Board s current Committee structure, membership and related information. As a management director, Richard D. Fairbank is not a member of any Board Committee.

Chair Member Audit Committee Financial Expert

| | Audit Committee | Compensation Committee | Risk Committee | Governance and Nominating Committee |
|---|---|---|---|---|
| Patrick W. Gross | | | | |
| Ann Fritz Hackett | | | | |
| Lewis Hay, III | | | | |
| Benjamin P. Jenkins, III | | | | |
| Pierre E. Leroy | | | | |
| Peter E. Raskind | | | | |
| Mayo A. Shattuck III | | | | |
| Bradford H. Warner | | | | |
| Catherine G. West | | | | |

## How to Contact the Board of Directors and the Lead Independent Director

Interested parties may make their concerns known to the Board of Directors or independent directors as a group by contacting the Lead Independent Director, Ms. Ann Fritz Hackett, care of the Corporate Secretary, at the address below:

**Lead Independent Director**

**Board of Directors**

**c/o Corporate Secretary s Office**

**Capital One Financial Corporation**

**1680 Capital One Drive**

**McLean, Virginia 22102**

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

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

## Director Nomination Process

The Governance and Nominating Committee considers and makes recommendations to the Board of Directors concerning nominees to create or fill open positions within the Board. Stockholders may propose nominees for consideration by the Committee by submitting the names and other relevant information as required by Capital One s Amended and Restated Bylaws (the Bylaws ) to the Corporate Secretary at the address set forth on the Notice of Annual Stockholder Meeting. Capital One s Amended and Restated Corporate Governance Principles also require that a copy of the information provided to the Corporate Secretary relating to the proposed nominee must be delivered to the Chair of the Governance and Nominating Committee.

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

***Consideration of Director Nominees***

All director candidates, including incumbent directors and those recommended by stockholders, are evaluated using the same criteria. These criteria are as follows:

- Candidates should 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 Capital One s business strategy, their understanding of the intricacies of a public company, their international business background and their experience in risk management; and
- Other relevant criteria may include a reputation for high personal and professional ethics, integrity and honesty, good character and judgment, the ability to be an independent thinker and diversity along a variety of dimensions, including the candidate s professional and personal experience, background, perspective and viewpoint.

The Governance and Nominating Committee and the Board of Directors believe that diversity along multiple dimensions, including opinions, skills, perspectives, personal and professional experiences and other differentiating characteristics, is an important element of its nomination recommendations. The Board of Directors 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. Although the Board of Directors does not have a formal diversity policy, the Governance and Nominating Committee and the Board periodically review the Board s membership in light of Capital One s business model and strategic objectives, consider whether the directors possess the requisite skills, experience and perspectives to oversee the Company in achieving those goals, and may seek additional directors from time to time as a result of its considerations.

Capital One s Corporate Governance Principles provide that a director shall not be eligible for election to the Board upon reaching the age of 70. The Board may waive this requirement if it deems that it is in the best interests of the Company and its stockholders to issue a waiver.

In 2013, Capital One contracted with a third-party director search firm to identify, evaluate and verify references for potential director candidates and with a third-party to perform various background verification services for director candidates, including those related to federal and state criminal background checks, employment and education verification and credit reporting.

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## Information about our Directors and Executive Officers

Each director who is nominated for election at the Annual Meeting and each of Capital One s executive officers is listed below with a brief description of his or her business experience.

### Directors

All of our directors have demonstrated business acumen, the ability to exercise sound judgment and a commitment of service to Capital One and the Board of Directors. Our directors also bring to our Board of Directors a wealth of executive leadership experience derived from their service as executives and, in many cases, chief executive officers, of large corporations. We also believe that all of our directors have a reputation for integrity, honesty and adherence to high ethical standards.

Individually and as a whole, our directors demonstrate the high degree of engagement and possess the necessary skills and qualifications to provide effective oversight of Capital One s business and management. Our Board includes seven directors who have experience in the banking and financial services industry, most as former executives of financial institutions; five directors with risk management experience; eight directors with commercial or consumer-facing business backgrounds; and six directors who serve or have served as chief executive officers. In addition, the Board of Directors is composed of directors with a variety of tenures, ranging from one independent director who has served on the Board from the time Capital One became a public company to two new independent directors added within the past year, reflecting a diversity of perspectives that creates an effective balance between directors who have direct experience with Capital One s operations, history and business cycles and directors with fresh perspectives. Accordingly, we believe the Board possesses the appropriate combination of skills and qualifications, independence, knowledge of Capital One and its industry, and business acumen that enables it to operate as an engaged and effective Board.

Set forth below is each director s biographical information and a description of the nature of each director s experience that the Board of Directors believes supports his or her continuing service as a director.

***Richard D. Fairbank, 63***

***Chair, Chief Executive Officer and President***

Mr. Fairbank is founder, Chair, Chief Executive Officer and President of Capital One Financial Corporation. Mr. Fairbank also serves as Chair of Capital One Bank (USA), National Association and Capital One, National Association.

Mr. Fairbank has been Chair of Capital One since February 1995. Mr. Fairbank was appointed and served as the Fifth Federal Reserve District s representative on the Federal Advisory Council from January 2010 until December 2012. As a member of the Council, he conferred periodically with the Board of Governors of the Federal Reserve System on business conditions and issues related to the banking industry. Mr. Fairbank also served on MasterCard International s Global Board of Directors from February 2004 until May 2006 and, prior to that, as Chairman of MasterCard s U.S. Region Board.

Mr. Fairbank s experience in leading the business as founder and Chief Executive Officer of Capital One, his responsibilities for the strategic direction and management of Capital One s day-to-day operations and his former roles with the Federal Advisory Council and MasterCard International bring broad industry and specific institutional knowledge and experience to the Board of Directors.

***Patrick W. Gross, 69***

***Director***

Mr. Gross is Chairman of The Lovell Group, a private business and technology advisory and investment firm he founded in 2002 to work with private venture-funded technology companies on a range of business, management and financial strategies. Prior to his role with Lovell, he was a founder, and served as a principal executive officer from 1970 to 2002, of American Management Systems, Inc. ( AMS ), an information technology, consulting, software development and systems integration firm.

He has been a director of Capital One Financial Corporation since February 1995 and is also a director of Capital One Bank (USA), National Association. He served on the Audit and Risk Committee from March 1995 until the Committee s restructuring in May 2013, the Risk Committee since May 2013, the Compensation Committee since April 2005 and the Governance and Nominating Committee since April 2008.

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Mr. Gross is currently a director of the following publicly-held companies: Career Education Corporation, Liquidity Services, Inc., Rosetta Stone, Inc., and Waste Management, Inc. Mr. Gross also served on the board of Taleo Corporation from 2006 to 2012.

Mr. Gross s experience in applying information technology, advanced data analytics and risk management analytics within global financial services firms, as well as his roles in founding and leading AMS and with other public company boards, assists the Board of Directors in overseeing, among other matters, Capital One s entrepreneurial innovations, digital initiatives and information systems.

***Ann Fritz Hackett, 60***

***Director***

Ms. Hackett has been President of Horizon Consulting Group, LLC since she founded the company in 1996. Horizon Consulting Group provides strategic, organizational and human resources advice to clients worldwide. She has worked with boards of directors, chief executive officers and senior executives to identify strategic opportunities and execute solutions during periods of business and financial challenges. Prior to Horizon Consulting, Ms. Hackett was Vice President and Partner of a leading national strategy consulting firm where she served on the Management Committee and, among other assignments, led Human Resources and developed her expertise in managing cultural change, creating performance management processes and a performance-based culture, nurturing leadership talent and planning for executive succession.

Ms. Hackett has been a director of Capital One Financial Corporation since October 27, 2004, and is also a director of Capital One, National Association. She served on the Audit and Risk Committee from October 2004 until the Committee s restructuring in May 2013, the Risk Committee since May 2013, the Governance and Nominating Committee since October 2004 and on the Compensation Committee since April 2005. Ms. Hackett became the Chair of the Governance and Nominating Committee and the Lead Independent Director in April 2007. She is also a director of Fortune Brands Home & Security, Inc. and of Beam, Inc. (formerly Fortune Brands, Inc.). In 2012, Ms. Hackett joined the Tapestry Networks Lead Director Network, a select group of lead directors who collaborate on matters regarding board leadership.

Ms. Hackett has experience in leading change initiatives, talent management and succession planning and in creating performance management processes and performance-based compensation. She also has experience in corporate governance and risk matters as a result of her participation with public company boards of directors and related governance committees, non-profit boards and consulting engagements. This combination of skills assists the Board of Directors in its discussions on these and other matters.

***Lewis Hay, III, 58***

***Director***

Mr. Hay currently acts as an Operating Advisor for Clayton, Dubilier & Rice, LLC, a private equity investment firm. Mr. Hay served as Executive Chairman of NextEra Energy, Inc. (formerly FPL Group, Inc.), one of the nation s leading electricity-related services companies and the largest renewable energy generator in North America from July 2012 until he retired in December 2013. At NextEra Energy, he served as Chief Executive Officer from June 2001 to July 2012, Chairman from January 2002 to July 2012 and President from June 2001 to December 2006. He also served as Chief Executive Officer of Florida Power & Light Company from January 2002 to July 2008. He joined NextEra Energy in 1999 as Vice President, Finance and Chief Financial Officer and served as President of NextEra

Energy Resources, LLC (formerly FPL Energy, LLC) from March 2000 until December 2001.

Mr. Hay has been a director of Capital One Financial Corporation since October 31, 2003, and is also a director of Capital One, National Association. He has served on the Compensation Committee since April 2004, the Risk Committee since May 2013, and the Governance and Nominating Committee since April 2007. He also served on the Finance and Trust Oversight Committee, of which he has served as Chair, from April 2005 until the Committee was disbanded in May 2013. He is also a director of Harris Corporation and of WellPoint, Inc. Mr. Hay is a former chairman of both the Edison Electric Institute, the association of U.S. shareholder-owned electric companies, and the Institute of Nuclear Power Operations. Mr. Hay also served on President Obama s President s Council on Jobs and Competitiveness from February 2011 to February 2013.

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Mr. Hay has extensive knowledge of complex strategic, operational, management, regulatory, financial and governance issues faced by a large public company. His background in leading finance and accounting, treasury, credit, investor relations, mergers and acquisitions and information systems functions, as well as his understanding of enterprise risk management, executive compensation and public company governance, provides the Board of Directors with valuable insight on these and other matters.

***Benjamin P. Jenkins, III, 69***

***Director***

Mr. Jenkins served as Senior Advisor, Managing Director, and Vice Chairman for Retail Banking at Morgan Stanley & Co., a financial services firm, from January 2009 to January 2011. Prior to that, he had a 38-year career with Wachovia Corporation (now Wells Fargo & Company), a financial services company, where he was Vice Chairman and President of the General Banking Group. He is credited with advancing the profitability of the General Bank through improvements in customer service and the reduction of customer attrition to industry-leading levels. He and his team were instrumental in the integration of the First Union/Wachovia and Wachovia/SouthTrust mergers, and Mr. Jenkins led the successful expansion of Wachovia s banking network.

Mr. Jenkins has been a director of Capital One Financial Corporation since February 2013 and is also a director of Capital One, National Association. He has served on the Audit Committee since May 2013 and the Compensation Committee since May 2013.

Mr. Jenkins experience in corporate banking, banking operations, investment banking, and management of customer relationships brings valuable insight to the Board of Directors in overseeing, among other areas, matters critical to Capital One s banking business.

***Pierre E. Leroy, 65***

***Director***

Mr. Leroy served as Executive Chairman from March 2012 and Chief Executive Officer from July 2012 until June 2013 of Vigilant Solutions (formerly Vigilant Video, Inc.), a leading provider of video analytics software and systems. Mr. Leroy retired in 2005 from Deere & Company as President of both the Worldwide Construction & Forestry Division and the Global Parts Division. Deere & Company is a world leader in providing advanced products and services for agriculture, forestry, construction, lawn and turf care, landscaping and irrigation, and also provides financial services worldwide and manufactures and markets engines used in heavy equipment. During his professional career with Deere, Mr. Leroy served in a number of positions in Finance, including Treasurer, Vice-President and Treasurer, and Senior Vice-President and Chief Financial Officer.

Mr. Leroy has been a director of Capital One Financial Corporation since September 1, 2005. Mr. Leroy has served on the Risk Committee since May 2013.

Mr. Leroy has been a director of United Rentals, Inc. since April 2012. He also served on the Boards of Directors of RSC Holdings Inc. and RSC Equipment Rental from 2008 to April 2012 (when RSC was acquired by United Rentals), Beam, Inc. (formerly Fortune Brands, Inc.) from September 2003 to February 2012 and ACCO Brands from August 2005 to April 2009.

Mr. Leroy s experience in capital markets and asset-liability management, as well as leading and managing large complex international marketing, engineering and manufacturing organizations and serving on other public company boards, provides the Board of Directors with valuable insight on these and other matters.

***Peter E. Raskind, 57***

***Director***

Mr. Raskind is the owner of JMB Consulting, LLC, which he established in February 2009 to provide consulting services to financial services firms. In 2011, he served as Interim Chief Executive Officer of the Cleveland Metropolitan School District, and in 2010, he served as Interim Chief Executive Officer of the Cleveland-Cuyahoga County Port Authority. Until its merger with PNC Financial Services Group in December 2008, Mr. Raskind served as Chairman, President and Chief Executive Officer of National City Corporation, one of the

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largest banks in the United States, where he was appointed as a Director in January 2007 and Chief Executive Officer in July 2007. He also became Chairman of the Board in December 2007. Mr. Raskind joined National City in 2000 as the Manager of the Consumer Finance Division and served in a number of executive positions throughout his tenure. Prior to National City, Mr. Raskind had a 21-year career with U.S. Bancorp/First Bank System and Harris Bank, holding positions of successively greater responsibility in a broad range of disciplines, including cash management services, corporate finance, international banking, corporate trust, retail banking, operations and strategic planning.

Mr. Raskind has been a director of Capital One Financial Corporation since January 31, 2012 and is also a director of Capital One Bank (USA), National Association. He served on the Audit and Risk Committee from January 2013 until the Committee s restructuring in May 2013, and has served on the Audit Committee since May 2013 and as the Chair of the Risk Committee since May 2013. He qualifies as an audit committee financial expert under SEC guidelines and was designated an audit committee financial expert for Capital One in 2014.

Mr. Raskind served as a director of Omek Interactive, Inc. from January 2012 to June 2013 and United Community Banks, Inc. from May 2011 to January 2012. Mr. Raskind previously served as a director of Visa USA and Visa International, served on the Board of Directors of the Consumer Bankers Association and was a member of the Financial Services Roundtable.

Mr. Raskind is experienced in corporate banking, retail banking, wealth management/trust, mortgage, operations, technology, strategy, asset/liability management, risk management and acquisition integration from his extensive career in banking. He provides the Board with valuable insight on these and other matters.

***Mayo A. Shattuck III, 59***

***Director***

Mr. Shattuck is Chairman of the Board of Chicago-based Exelon Corporation, a Fortune 100 company and the nation s largest competitive energy provider. From March 2012 through February 2013, he served as Executive Chairman of the Board of Exelon. Prior to joining Exelon, he was Chairman, President and Chief Executive Officer of Constellation Energy, a leading supplier of electricity to large commercial and industrial customers, a position he held from 2001 to 2012. Mr. Shattuck was previously at Deutsche Bank, where he served as Chairman of the Board of Deutsche Banc Alex. Brown and, during his tenure, served as Global Head of Investment Banking and Global Head of Private Banking.

Mr. Shattuck has been a director of Capital One Financial Corporation since October 31, 2003 and also serves as a director of Capital One, National Association. He has served on the Compensation Committee since April 2004 and became its Chairman in April 2005. He also served as Chairman of the Finance and Trust Oversight Committee from April 2004 to April 2005 and was a member from December 2003 until the Committee was disbanded in May 2013. Mr. Shattuck has served on the Governance and Nominating Committee since May 2013. Mr. Shattuck is also a director of Gap, Inc. and chairs its Audit and Finance Committee.

Mr. Shattuck s experience in corporate finance, capital markets, risk management and private banking, as well as his experience in leading a large, publicly-held company and serving on other public company boards, provides the Board of Directors with valuable insight on these and other matters.

***Bradford H. Warner, 62***

***Director***

Mr. Warner served in a variety of positions at BankBoston, FleetBoston and Bank of America from 1975 until his retirement in 2004. These positions included President of Premier and Small Business Banking, Executive Vice President of Personal Financial Services, and Vice Chairman of the Investment Services and Consumer Business Group.

Throughout his banking career, Mr. Warner served in leadership roles for many of the major business lines and functional disciplines that constitute commercial banking, including leadership of retail and branch banking, consumer lending (credit cards, mortgage and home equity), student lending and small business; various corporate banking functions, including community banking and capital markets businesses, such as underwriting,

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trading and sales of domestic and international fixed income securities, foreign exchange and derivatives; international banking businesses in northern Latin America and Mexico; and several investment related businesses, including private banking, asset management and brokerage. He also served on the senior most management policy and governance committees at BankBoston, FleetBoston and Bank of America.

Mr. Warner has been a director of Capital One Financial Corporation since April 24, 2008, and also serves as a director of Capital One Bank (USA), National Association. He was a member of the Audit and Risk and Finance and Trust Oversight Committees from April 2008 until the Committees were restructured in May 2013. Mr. Warner has been a member of the Risk Committee since May 2013 and has served as Chair of the Audit Committee since May 2013. He qualifies as an audit committee financial expert under SEC guidelines and was designated an audit committee financial expert for Capital One in 2014.

Mr. Warner s experience in a broad range of commercial, consumer, investment and international banking leadership roles, as well as his experience in corporate banking functions, customer relationships and corporate culture change management, brings valuable insight to the Board of Directors in overseeing, among other matters, a broad range of matters critical to Capital One s banking business.

***Catherine G. West, 54***

***Director***

Ms. West joined Promontory Financial Group, a financial services consulting firm, in April 2012 as a Managing Director and then served as a Special Advisor from May 2013 to October 2013, where she focused on internal administrative activities. From March 2011 to April 2012, Ms. West was the Associate Director and Chief Operating Officer of the Consumer Financial Protection Bureau (the CFPB ), a federal agency tasked with regulating U.S. consumer protection with regard to financial services and products, where she led the start-up of the agency s infrastructure. While at the CFPB, Ms. West also played an integral part in implementing a Consumer Response unit designed to solicit views from consumers regarding their experiences with financial institutions and leverage those views to effect policy change. She was previously the Chief Operating Officer of J.C. Penney from August 2006 to December 2006. From March 2000 to July 2006, Ms. West was an executive officer at Capital One Financial Corporation where she served in roles that included President of the U.S. Card business and Executive Vice President of U.S. Consumer Operations.

Ms. West has been a director of Capital One Financial Corporation since February 2013 and is also a director of Capital One Bank (USA), National Association. She has served on the Audit Committee since May 2013 and the Risk Committee since May 2013.

Ms. West has a multifaceted background in financial services with more than 25 years of experience in financial services operations, regulatory matters and strategy. She has hands-on experience in leveraged buyouts, initial public offerings, and mergers and acquisitions, and has a keen understanding of both business strategy and the regulatory perspective. Ms. West provides the Board with valuable insight on these and other matters.

## Executive Officers

***Robert M. Alexander, 49***

***Chief Information Officer***

Mr. Alexander joined Capital One in April 1998. From April 1998 to May 2007, Mr. Alexander had responsibility at various times for a number of Capital One s lending businesses, including the U.S. consumer credit card and installment loan businesses. Mr. Alexander became Chief Information Officer in May 2007, and in this role he is responsible for overseeing all technology activities for Capital One.

***Jory A. Berson, 43***

***Chief Human Resources Officer***

Mr. Berson joined Capital One in July 1992. From July 1992 to June 2009, Mr. Berson held a variety of roles at Capital One, including President, Financial Services and President, U.S. Card. In June 2009, Mr. Berson became Chief Human Resources Officer, and in this role Mr. Berson is responsible for overseeing Capital One s Human Resources strategy, recruitment efforts and development programs.

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***Kevin S. Borgmann, 42***

***Chief Risk Officer***

Mr. Borgmann joined Capital One in August 2001. Since that time he has served in a variety of roles in Capital One s Corporate Strategy, Partnership Finance, Upmarket Acquisitions, Credit Card, Auto Finance and Risk departments, including serving as Senior Vice President with the Credit Card Division from March 2008 until September 2010, President of Capital One Auto Finance from September 2010 until October 2012 and Deputy Chief Risk Officer from October 2012 until January 31, 2013. On January 31, 2013, Mr. Borgmann became Chief Risk Officer, and in this role he is responsible for overseeing Capital One s credit, compliance, operational, market and liquidity, and enterprise risk management functions.

***Stephen S. Crawford, 49***

***Chief Financial Officer***

Mr. Crawford joined Capital One in February 2013 as Chief Financial Officer Designate and served as Capital One s Chief Financial Officer beginning May 24, 2013. Prior to joining Capital One, Mr. Crawford co-founded Centerview Partners, an investment banking and advisory firm, in 2006. Prior to that, Mr. Crawford served in various leadership roles at Morgan Stanley & Co., a financial services firm, including as the Co-President of the firm during 2005, Executive Vice President and Chief Administrative Officer from 2004 to 2005, Executive Vice President and Chief Financial Officer from 2001 to 2004, and Executive Vice President and Chief Strategic Officer from 2000 to 2001.

***John G. Finneran, Jr., 64***

***General Counsel and Corporate Secretary***

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

***Frank G. LaPrade, III, 47***

***Chief Enterprise Services Officer***

***Chief of Staff to the CEO***

Mr. LaPrade joined Capital One in January 1996. Since that time he has served in various positions, including as Capital One s Deputy General Counsel responsible for managing the company s litigation, employment, intellectual property and transactional practice areas. In 2004, Mr. LaPrade became Chief of Staff to the Chief Executive Officer. In 2010, Mr. LaPrade added responsibilities as Chief Enterprise Services Officer. In that capacity, Mr. LaPrade manages Information Technology, Brand Marketing, Corporate Development, Corporate Real Estate, Digital Banking and Procurement for the company.

***Gary L. Perlin, 62***

***Former Chief Financial Officer***

Mr. Perlin joined Capital One in July 2003 and retired as Capital One s Chief Financial Officer effective May 24, 2013. Mr. Perlin was responsible for Capital One s corporate finance, corporate accounting and reporting, planning and financial risk management, treasury and investor relations functions. Mr. Perlin also served as a director of Capital One, National Association and Capital One Bank (USA), National Association. Mr. Perlin served as a senior advisor to the Chief Executive Officer following his retirement through February 1, 2014.

***Ryan M. Schneider, 44***

***President, Card***

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

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***Michael C. Slocum, 57***

***President, Commercial Banking***

Mr. Slocum joined Capital One in August 2007. From August 2007 to September 2011, Mr. Slocum was Executive Vice President of Capital One s Banking Business, leading the company s Commercial Banking business including asset-based lending, leasing and private banking. Mr. Slocum became President, Commercial Banking in September 2011 and in this role he is responsible for leading multiple broad lines of business, including Commercial Real Estate, Middle Market Banking, Commercial & Specialty Finance and Treasury Services. Before joining Capital One, Mr. Slocum served in various leadership roles at Wachovia Bank (now Wells Fargo & Company), a provider of consumer and commercial financial services, including as the Regional Chief Executive Officer for Northeastern US.

***Jonathan W. Witter, 44***

***President, Retail and Direct Banking***

Mr. Witter joined Capital One in December 2010 as an Executive Vice President in Retail Banking. From September 2011 until February 2012, Mr. Witter served as President, Retail and Small Business Banking. In February 2012, he became President, Retail and Direct Banking and in this role, he provides strategic direction and leadership for the Retail and Direct Banking organization and is responsible for more than 14,000 associates, nearly 1,000 branch and office locations, and 2,200 ATMs in California, Connecticut, Delaware, Louisiana, Maryland, Minnesota, New Jersey, New York, Texas, Virginia, Washington and Washington, D.C. In February 2012, Mr. Witter also became a director of ING Bank, fsb. Prior to joining Capital One, Mr. Witter held various positions, including executive vice president and head of general Bank Distribution at Wachovia, managing director and president of Morgan Stanley Private Bank NA, a global financial services firm, and Chief Operating Officer of Morgan Stanley s Retail Banking Group.

***Sanjiv Yajnik, 57***

***President, Financial Services***

Mr. Yajnik joined Capital One in July 1998. From July 1998 to June 2009, Mr. Yajnik held a number of positions within Capital One s European credit card business, Canadian credit card business and small business services organization. Mr. Yajnik became President, Financial Services in June 2009, and in this role he is responsible for overseeing Capital One s auto finance and home loans businesses. Mr. Yajnik also serves as a director of Capital One, National Association. Prior to joining Capital One, Mr. Yajnik held a broad range of positions, including General Manager at Circuit City Stores (USA), Market Manager at PepsiCo (Canada), and Chief Engineer at Mobil Oil (International).

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# SECTION III SECURITY OWNERSHIP

## Security Ownership of Certain Beneficial Owners

Based on Schedule 13D and 13G filings submitted to the SEC, Capital One is aware of the following beneficial owners of more than 5% of Capital One s outstanding common stock. All percentage calculations are based on the number of shares of common stock issued and outstanding on December 31, 2013, which was 572,675,375.

| Name and Address | Amount and Nature of Beneficial Ownership | Percent of Class |
|---|---|---|
| Dodge & Cox (1)<br>555 California Street, 40th Fl.<br>San Francisco, CA 94104 | 46,807,942 | 8.17% |
| BlackRock, Inc. (2)<br>40 East 52nd Street<br>New York, NY 10022 | 36,170,715 | 6.31% |
| FMR LLC (3)<br>245 Summer Street<br>Boston, MA 02210 | 29,940,583 | 5.22% |

(1) On a Schedule 13G (Amendment No. 10) filed on February 13, 2014, Dodge & Cox reported beneficial ownership of 46,807,942 shares of Capital One s common stock as of December 31, 2013 with sole voting power with respect to 44,105,595 shares and sole dispositive power over all shares beneficially owned.

(2) On a Schedule 13G (Amendment No. 1) filed on January 28, 2014, BlackRock, Inc. reported beneficial ownership of 36,170,715 shares of Capital One s common stock as of December 31, 2013 with sole voting power with respect to 29,703,725 shares and sole dispositive power over all shares beneficially owned.

(3) On a Schedule 13G (Amendment No. 1) filed on February 14, 2014, FMR reported beneficial ownership of 29,940,583 shares of Capital One s common stock as of December 31, 2013 with sole voting power with respect to 3,462,457 shares and sole dispositive power over all shares beneficially owned.

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### Security Ownership of Directors and Named Executive Officers

The following table lists the beneficial ownership of Capital One s common stock as of January 31, 2014, by our directors, the named executive officers in this proxy statement and all directors and executive officers as a group.

Except as otherwise indicated below, each director or executive officer had sole voting and investment power for the applicable shares of common stock shown in the table.

| | Amount and Nature of Beneficial Ownership | | | | | |
|---|---|---|---|---|---|---|
| **Name** | **Common and Restricted Stock (1)** | **Stock that May Be Acquired Within 60 days (2)** | **Total Beneficial Ownership** | **Percent of Class** | **Stock Settled RSUs (3)** | **Total (4)** |
| Richard D. Fairbank | 1,862,428 | 5,775,413 | 7,637,841 | 1.32% | 24,662 | 7,662,503 |
| Stephen S. Crawford | 174,000 | 0 | 174,000 | * | 23,962 | 197,962 |
| Gary L. Perlin | 77,242 | 435,366 | 512,608 | * | 0 | 512,608 |
| Ryan M. Schneider | 154,611 | 240,380 | 394,991 | * | 19,321 | 414,312 |
| John G. Finneran, Jr. | 159,421 | 528,530 | 687,951 | * | 16,855 | 704,806 |
| Jonathan Witter | 77,532 | 34,231 | 111,763 | * | 15,502 | 127,265 |
| Patrick W. Gross | 7,539 | 92,936 | 100,475 | * | 0 | 100,475 |
| Ann Fritz Hackett | 20,656 | 66,732 | 87,388 | * | 0 | 87,388 |
| Lewis Hay, III | 2,728 | 90,137 | 92,865 | * | 0 | 92,865 |
| Benjamin P. Jenkins, III | 2,192 | 3,723 | 5,915 | * | 0 | 5,915 |
| Pierre E. Leroy | 4,900 | 80,458 | 85,358 | * | 0 | 85,358 |
| Peter E. Raskind | 2,000 | 17,732 | 19,732 | * | 0 | 19,732 |
| Mayo A. Shattuck III | 1,589 | 86,813 | 88,402 | * | 0 | 88,402 |
| Bradford H. Warner | 14,640 | 68,229 | 82,869 | * | 0 | 82,869 |
| Catherine G. West | 0 | 3,723 | 3,723 | * | 0 | 3,723 |
| All directors and executive officers as a group (20 persons) | 2,907,029 | 8,449,779 | 11,356,808 | 1.95% | 182,040 | 11,538,848 |

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

(1) Includes shares of unvested restricted stock that have voting rights but are not transferable until the end of the period of restriction.

(2) This amount includes shares underlying stock options that are exercisable within 60 days after January 31, 2014, and restricted stock units for which delivery of the shares of common stock underlying the stock units is deferred until the director s service with the Board of Directors, or for Mr. Fairbank, his employment with the company, ends.

(3) Restricted stock units held by our officers and which are settled in equivalent number of shares of our common stock.

(4) The amount includes the aggregate total of the Total Beneficial Ownership column and the Stock Settled RSUs column.

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Some of the shares shown in the preceding table are either subject to restrictions or not held directly by the director or executive officer. Below is a table showing the number of shares subject to restrictions or not held directly by the director or executive officer.

| Name | Restricted Stock Units For Which Delivery of Stock is Deferred | Stock Held by, or Tenant in Common With, Family Member, Trust or Partnership |
|---|---|---|
| Richard D. Fairbank | 241,680 | 0 |
| Stephen S. Crawford | 0 | 0 |
| Gary L. Perlin | 0 | 0 |
| Ryan M. Schneider | 0 | 0 |
| John G. Finneran, Jr. | 0 | 48,985 |
| Jonathan Witter | 0 | 0 |
| Patrick W. Gross | 33,476 | 0 |
| Ann Fritz Hackett | 33,476 | 5,006 |
| Lewis Hay, III | 33,476 | 1,806 |
| Benjamin P. Jenkins, III | 3,723 | 0 |
| Pierre E. Leroy | 32,476 | 0 |
| Peter E. Raskind | 7,307 | 0 |
| Mayo A. Shattuck III | 33,476 | 0 |
| Bradford H. Warner | 26,700 | 140 |
| Catherine G. West | 3,723 | 0 |

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires that Capital One s executive officers and directors, and persons that beneficially own more than 10% of Capital One s common stock, file certain reports of beneficial ownership of the common stock and changes in such ownership with the SEC and provide copies of these reports to Capital One. As a matter of practice, members of our staff assist our executive officers and directors in preparing initial ownership reports and reporting ownership changes and typically file these reports on their behalf. Based solely on our review of the copies of such forms in our possession and written representations furnished to us, we believe that in 2013 each of the reporting persons complied with these filing requirements except for one grant of equity compensation that was omitted from a timely filed report for Stephen S. Crawford, the Company s Chief Financial Officer, as a result of an administrative error by the Company which was subsequently corrected by an amended filing and four grants of equity compensation for Peter A. Schnall, the Company s former Chief Risk Officer, that were not timely reported as a result of an administrative error by the Company. Each of the amendment and the report was promptly filed after the Company became aware of the error.

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# SECTION IV DIRECTOR COMPENSATION

## Director Compensation Objectives

The Board of Directors approves the compensation for non-management directors, based on recommendations made by the Compensation Committee. The Board of Directors has designed the director compensation program to achieve four primary objectives:

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

Management directors do not receive compensation for their service on the Board of Directors. In 2013, Mr. Fairbank was Capital One s only management director.

## Director Compensation Procedures

The Compensation Committee reviews the compensation program for Capital One s non-management directors on an annual basis. F.W. Cook provides competitive compensation data and program recommendations to the Compensation Committee for review. Please see the discussion under Compensation Committee Compensation Committee Consultant in the Corporate Governance at Capital One section on page 14 for further information on the role and responsibilities of F.W. Cook. The competitive compensation data includes the compensation (cash, equity and other benefits) of non-management directors within Capital One s peer comparator group. Please see the discussion under Market Data in the Compensation Discussion and Analysis section on page 46 for further information on the selection of the peer comparator group. The Compensation Committee considers this information, as well as F.W. Cook s recommendations, and finalizes a proposed compensation structure. The proposed structure is then reviewed and approved by the full Board of Directors, typically in April or May of each year.

Based on their review of competitive market data and guidance from F.W. Cook in the second quarter of 2013, the Compensation Committee determined that the director compensation program described below meets the objectives listed above.

## Director Compensation Structure

On May 2, 2013, the Board of Directors approved a compensation program for Capital One s non-management directors for the period from May 2, 2013 until Capital One s 2014 Annual Meeting that is similar to the program for the preceding year. The compensation program consists of an annual cash retainer of $90,000 (the annual cash retainer was $80,000 for the period from May 8, 2012, until May 2, 2013) as well as cash retainers for committee service detailed in the notes to the table below. Each non-management director serving on May 2, 2013 also received an annual award of restricted stock units of Capital One common stock ( RSUs ) on such date, valued at $170,002. Lastly, the Lead Independent Director received a cash retainer of $25,000. Ms. Hackett was the Lead Independent Director in 2013.

**Other Benefits**

Under the Capital One Financial Corporation Non-Employee Directors Deferred Compensation Plan, non-management directors may voluntarily defer all or a portion of their cash compensation and receive deferred income benefits. Participants in the plan have the opportunity to direct their individual deferrals among thirteen different investments available through the plan. Directors that elected a deferral will begin to receive their deferred income benefits in cash when they cease serving as directors, upon certain other distribution events specified in the plan, or at such earlier time as is authorized by the Compensation Committee. Upon a change of control, Capital One will pay to each director within thirty days of the change of control a lump sum cash payment equal to such director s account balance as of the date of the change of control. In 2013, Mr. Jenkins elected to defer his cash compensation under this plan.

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Capital One offered non-management directors the opportunity to direct a contribution of up to $10,000 annually from Capital One to a charitable organization of their choice. Each non-management director serving on May 2, 2013 elected to make such a charitable contribution in 2013.

Directors also receive reimbursements for certain board-related expenses including, among other things, external educational seminars and travel-related costs incurred to attend Board meetings. Such reimbursements are not included as compensation for the directors in the table below.

In 2013, directors did not receive any additional compensation for their service to Capital One beyond what is described above and disclosed in the table below.

### Stock Ownership Requirements

Capital One requires non-management directors to retain all shares underlying restricted stock units granted to them by Capital One until their service with the Board of Directors ends, pursuant to the terms of their respective grant agreements. The Board of Directors may grant an exception for any case where this requirement would impose a financial hardship on a director. No directors have been granted an exception to this requirement for any outstanding awards of restricted stock units.

### Compensation of Directors

Directors of Capital One received the following compensation in 2013:

| Name | Fees Earned or Paid in Cash (4) | Stock Awards (5) | Option Awards (6) | Change in Pension Value and Nonqualified Deferred Compensation Earnings | All Other Compensation (7) | Total |
|---|---|---|---|---|---|---|
| W. Ronald Dietz (1) | $65,000 | $0 | | | | $65,000 |
| Richard D. Fairbank (2) | | | | | | |
| Patrick W. Gross | $75,000 | $170,002 | | | $10,000 | $255,002 |
| Ann Fritz Hackett | $177,500 | $170,002 | | | $10,000 | $357,502 |
| Lewis Hay, III | $75,000 | $170,002 | | | $10,000 | $255,002 |
| Benjamin P. Jenkins, III (3) | $80,000 | $212,551 | | | $10,000 | $302,551 |
| Pierre E. Leroy | $105,000 | $170,002 | | | $10,000 | $285,002 |
| Peter E. Raskind | $75,000 | $170,002 | | | $10,000 | $255,002 |
| Mayo A. Shattuck III | $67,500 | $170,002 | | | $10,000 | $247,502 |
| Bradford H. Warner | $80,000 | $170,002 | | | $10,000 | $260,002 |
| Catherine G. West (3) | $87,500 | $212,551 | | | $10,000 | $310,051 |

(1) Mr. Dietz passed away on March 21, 2013. The payments shown in the table above represent the cash retainer Mr. Dietz received in 2013.

(2) In 2013, Mr. Fairbank was Capital One s only management director.

(3) Mr. Jenkins and Ms. West were appointed as directors by the Board on February 19, 2013, and elected by our stockholders at our 2013 Annual Meeting. The Board approved a pro-rated compensation package for each of Mr. Jenkins and Ms. West for the period from February 19, 2013 until our 2013 Annual Meeting, consisting of a $20,000 retainer and a RSU grant with a grant date fair value of $42,549. Mr. Jenkins and Ms. West did not serve on any Board committees prior to the 2013 Annual Meeting.

(4) Figures above represent cash payments during 2013, which includes half of the payments under the compensation program for the period from May 2, 2013 until Capital One s 2014 Annual Meeting and, for any director who did not elect in 2012 to forgo his or her cash retainers in exchange for a grant of non-qualified stock options, half of the payments under the compensation program for the period from May 8, 2012 until Capital One s 2013 Annual Meeting.

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Compensation for committee service includes retainers for service as chairperson or as a member of a committee as described under the heading Committee Membership in the Corporate Governance at Capital One section of this proxy statement. Under the most recently approved compensation program, retainers are as follows:

- Lead Independent Director Retainer: $25,000
- Chair of the Risk Committee: $45,000
- Chair of the Audit Committee, Compensation Committee or Governance and Nominating Committee: $30,000
- Member of the Risk Committee (other than the chair): $30,000
- Member of the Audit Committee, Compensation Committee or Governance and Nominating Committee (other than the chair): $15,000

(5) Each non-management director serving on May 2, 2013, received a grant of 2,922 RSUs with a grant date fair value of $170,002 valued at $58.18 per share. Each of Mr. Jenkins and Ms. West received an additional grant on February 19, 2013, pro-rated for their service between February 19, 2013, and May 2, 2013, of 801 RSUs with a grant date fair value of $42,549 valued at $53.12 per share. All RSUs were granted under the terms of the 2004 Stock Incentive Plan and were valued at the fair market value of a share of Capital One common stock on the date of grant. RSUs vest one year from the date of grant. Delivery of the underlying shares is deferred until the director s service with the Board of Directors ends. The following table shows the number of RSUs outstanding for each director as of December 31, 2013:

| Director Name | Number of Outstanding Restricted Stock Units |
|---|---|
| W. Ronald Dietz | 0 |
| Patrick W. Gross | 33,476 |
| Ann Fritz Hackett | 33,476 |
| Lewis Hay, III | 33,476 |
| Benjamin P. Jenkins, III | 3,723 |
| Pierre E. Leroy | 32,476 |
| Peter E. Raskind | 7,307 |
| Mayo A. Shattuck III | 33,476 |
| Bradford H. Warner | 26,700 |
| Catherine G. West | 3,723 |

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(6) In prior years, directors were offered the opportunity to elect to forego their cash retainers in exchange for a grant of non-qualified stock options under the 2004 Stock Incentive Plan. In 2013, the Compensation Committee determined not to include stock options as part of the director compensation program.

The following table sets forth the total number of stock options outstanding for each director as of December 31, 2013. The options expire ten years from the date of grant. Upon termination from Board service (other than by removal for cause), a director will have the remainder of the full option term to exercise the vested stock options.

| Director Name | Number of Outstanding Stock Options |
|---|---|
| W. Ronald Dietz | 0 |
| Patrick W. Gross | 59,460 |
| Ann Fritz Hackett | 33,256 |
| Lewis Hay, III | 56,661 |
| Benjamin P. Jenkins, III | 0 |
| Pierre E. Leroy | 47,982 |
| Peter E. Raskind | 10,425 |
| Mayo A. Shattuck III | 53,337 |
| Bradford H. Warner | 41,529 |
| Catherine G. West | 0 |

(7) Each non-management director serving on May 2, 2013 elected to direct a contribution from Capital One of $10,000 to a charitable organization of his or her choice.

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# SECTION V COMPENSATION DISCUSSION AND ANALYSIS

## Introduction

Capital One s executive compensation program is designed to attract, retain and motivate leaders who have the ability to foster strong business results and promote the long-term success of the Company. The Compensation Committee of the Board of Directors (the Committee ) is responsible for, among other matters, developing, approving, monitoring and managing the compensation of all of our executive officers, including the named executive officers defined below. Final decisions regarding the compensation of our executive officers, including our Chief Executive Officer, are made by our independent directors. This Compensation Discussion and Analysis will review the compensation of the CEO, Richard D. Fairbank, and the following executive officers for 2013:

- Stephen S. Crawford, Chief Financial Officer
- Gary L. Perlin, Former Chief Financial Officer
- Ryan M. Schneider, President, Card
- John G. Finneran, Jr., General Counsel and Corporate Secretary
- Jonathan W. Witter, President, Retail and Direct Banking

As used throughout this proxy statement, the NEOs means the five executive officers listed above, and the named executive officers means the CEO and the NEOs, collectively.

## 2013 Company Performance

In 2013, Capital One delivered strong financial results. We generated capital on a strong trajectory, putting the Company in position in 2013 to meet our assumed target for the fully phased-in Basel III Tier I common capital requirement, years ahead of regulatory deadlines. We increased our dividend in 2013 after completing the 2013 CCAR process and completed our announced share repurchase program. In addition, we successfully completed the integrations of both ING Direct and the U.S. credit card business of HSBC. The Committee believes that the actions taken by the CEO and the NEOs throughout 2013 contributed greatly to the Company s results and helped position the Company to deliver stockholder value over the long-term. These accomplishments included:

- $4.2 billion in net income for 2013, or $6.96 per common share (fully diluted), with return on tangible common equity ranking fourth among our peer comparator group;
- Tier 1 common capital ratio of 12.2% at the end of 2013, up from 11.0% at the end of 2012, while increasing our dividend and completing our $1.0 billion share repurchase program;
- Strong credit risk performance, with a net charge-off rate of 2.04% for 2013;
- $2.4 billion in net income from our Domestic Card business, up from $1.4 billion in 2012;
- Solid overall profitability in the Auto business, with new loan originations of $17.4 billion; and
- Solid loan and revenue growth in our Commercial Banking business with net income of $769 million for 2013.

**Important Aspects of Our Executive Compensation Programs**

The Committee believes that our named executive officer compensation programs balance risk and financial results, reward named executive officers for their achievements, promote our overall compensation objectives and encourage appropriate, but not excessive, risk-taking. The following are some of the highlights of our compensation program:

- Capital One s executive compensation programs consist primarily of a variety of long-term equity-based compensation vehicles. See  Compensation Components  on page 33 for more details on the specific components of the CEO and NEO compensation programs.
- Since 1997, the CEO s compensation program has consisted entirely of equity awards and other incentive awards with payouts deferred for three years in lieu of any salary, retirement plan contributions or other traditional forms of compensation.
- We do not pay cash bonuses to the NEOs. Instead, we grant equity-based awards following the end of the year based on Company and individual performance during the year.

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We have eliminated excise tax gross-up provisions from our named executive officer change of control agreements. All named executive officer change of control agreements containing an excise tax gross-up that previously were entered into have expired as of the date of this proxy statement and have been replaced with new agreements that do not provide for an excise tax gross-up. See below under Change of Control Agreements on page 48 for more information.

We have designed our incentive compensation programs such that they continue to appropriately balance risk and do not jeopardize the safety and soundness of Capital One. See Risk Assessment of Compensation Policies and Practices in the Corporate Governance at Capital One section on page 9 for more information.

The awards granted to our named executive officers include the following provisions that are designed to further enhance alignment between pay and performance and balance risks:

| | |
|---|---|
| **Performance-Based Vesting Provisions** | Since January 2012, we have included performance-based vesting provisions as part of each stock option, restricted stock and stock-settled RSU award to the named executive officers and each cash-settled RSU award to the CEO. These provisions will reduce the total value delivered to the executive at vesting if the Company does not meet certain performance thresholds during the three-year vesting period. The total value can be reduced to zero if the performance metric is not met for all three years in the performance period. |
| **Performance Share Reduction** | Each performance share award to the named executive officers since January 2012 provides that the total value delivered at vesting will be reduced if for any year in the three-year performance period the Company does not achieve positive Adjusted ROA. The total value can be reduced to zero if the metric is not met for all three years in the performance period. These terms are in addition to the performance metric relative to a comparator group. |
| **Clawback Provisions** | Each incentive award to the named executive officers since January 2013 is subject to clawback provisions that allow the Committee to seek recovery of all unvested portions of the awards in the event there has been misconduct resulting in a violation of law or Company policy and the named executive officer committed the misconduct or failed in his or her responsibility to manage or monitor the applicable conduct or risks. |
| **Financial Restatement Clawback** | Since January 2011, each performance share award to the named executive officers has included clawback provisions that allow the Company to recover shares under the award following a financial restatement. |

See Additional Performance Conditions and Recovery Provisions on page 44 for more details.

Capital One does not distinguish the terms and conditions of compensation and awards between the NEOs and all other executive officers. All of the terms and features described above, including the clawback and performance-based vesting provisions, apply to awards granted to all executive officers and not just the named executive officers.

**Our Compensation Objectives**

Capital One s executive compensation program has four primary objectives.

***Strongly link rewards with both business and individual performance while appropriately balancing risk***

Capital One emphasizes pay-for-performance at all organizational levels. Typically, as an executive s level of responsibility increases, so does the proportion of the executive s pay that is subject to performance criteria. Therefore, the named executive officers have the highest relative portion of their pay directly linked to Company and individual performance, as compared to other associates. Awards made in January 2014 for the 2013 performance year were based on Company and individual performance, as well as on the demonstration of specific leadership competencies assessed through a comprehensive performance management process that included an individual assessment against one or more performance objectives specifically designed to evaluate the degree to which the executive balanced risks inherent in his or her role. The Chief Human Resources Officer and the Chief Risk Officer reviewed these assessments, and the Committee considered the assessments in making its determinations regarding individual performance and compensation levels.

***Ensure that total compensation rewards performance over multiple time horizons***

Our compensation programs are structured to encourage our executives to deliver strong results over the short-term while making decisions that create sustained value for our stockholders over the long-term. For 2013, approximately 85% of the CEO s total compensation is equity-based and at-risk to the performance of the Company s stock price, with all of his compensation deferred for a three-year period. For the NEOs in 2013, approximately 80% of total target compensation was provided through equity-based vehicles which were all at-risk to the performance of the Company s stock price and subject to vesting over multiple time horizons. The use of deferred, equity-based compensation vehicles with multi-year vesting terms advances our goal of aligning the ultimate value realized by the named executive officers with the performance of the Company s stock over time because the value of these compensation vehicles increases and decreases based on the performance of the Company s stock price.

***Attract, retain and motivate top executive talent***

To attract, retain and motivate exceptional leaders, we believe that compensation opportunities at Capital One must be competitive with the marketplace for talent. The Committee and the independent directors strive to preserve a competitive pay mix and total target compensation values in the executive compensation program, as well as provide competitive total rewards based on our selected peer group.

***Align our executives interests with those of our stockholders***

The Committee and the independent directors remain committed to designing incentive compensation programs that reward individual and corporate performance and that are aligned with the creation of stockholder value over the long-term. Because the majority of named executive officer compensation is delivered through deferred, equity-based vehicles that vest over multiple time horizons, the named executive officers have a significant stake in the success of the Company. In addition, we established specific stock ownership policies that the named executive officers must meet on an annual basis and stock retention provisions applicable to certain equity awards.

## Consideration of 2013 Say on Pay Vote and Stockholder Engagement

The Committee values the input of our stockholders and strives to foster a constructive dialogue with stockholders on matters of executive compensation. At our 2013 Annual Meeting of Stockholders, our stockholders supported our executive compensation program by approving our non-binding advisory vote on executive compensation ( 2013 Say on Pay ). However, the Committee recognizes that the percentage of stockholders supporting our executive compensation program for the 2013 Say on Pay was lower than in years past. In 2013, we enhanced our direct outreach to stockholders to ensure that we continue to maintain strong lines of communication with our stockholders and that the perspectives of our stockholders are shared with the Committee. The Committee continues to actively oversee our stockholder engagement and has considered stockholder feedback in structuring and approving the 2014 compensation program for the CEO. The Committee and the independent directors continue to believe that our executive compensation programs support the objectives outlined above.

**Compensation Components**

***CEO Compensation***

In 2013, as in past years, the Committee granted equity awards to the CEO at the beginning of the year that are designed to provide an incentive to focus on longer term performance. The Committee also established the opportunity for the CEO to receive an additional year-end incentive award based on the Committee s evaluation of the Company s performance and the CEO s contributions over the year. All of the CEO s awards are subject to a three-year deferred vesting or payout.

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The table below summarizes the elements of compensation that the Committee approved for the 2013 performance year for the CEO.

| Compensation Element | Timing of Award Determination | Basis for Award | Approximate % of CEO Total Target Compensation | Vesting Schedule |
|---|---|---|---|---|
| Base Salary | Not applicable | Not applicable | 0% | Not applicable |
| Stock Options | January 2013 | Incentive for Future Company Performance | 25% | 3-year cliff vesting; expires in 10 years |
| Performance Shares | January 2013 | Incentive for Future Company Performance | 50% | Vest at the end of the 3-year performance period; the number of shares vesting depends on achievement of performance factors |
| Year-End Incentive Opportunity | January 2014 | Reward for 2013 Company Performance | 25% | Delivered as combination of cash-settled RSUs and deferred cash bonus; payout after 3 years |

***NEO Compensation***

The NEOs traditionally receive a mix of cash and equity-based compensation. As noted above, we do not pay cash bonuses to the NEOs for annual performance. Instead, following the end of the year the Committee may grant a variety of equity-based awards based on the Committee s evaluation of Company and individual performance during the past year. All of these equity-based awards are subject to deferred vesting over a three-year period.

The table below summarizes the elements of compensation that the Committee approved for the 2013 performance year for the NEOs.

| Compensation Element | Timing of Award Determination | Basis for Award | Approximate % of NEO Total Target Compensation | Vesting Schedule |
|---|---|---|---|---|
| | January 2013 | | 20% | Paid in cash throughout the performance year |

| | | | | |
|---|---|---|---|---|
| Base Salary - Cash | | Overall experience, skills, performance, and knowledge | | |
| Base Salary - RSUs | January 2013 | Incentive for Current Year Company Performance | 15% | Awarded as RSUs which settle in cash on December 15 following the performance year |
| Cash Bonus | Not applicable | Not applicable | 0% | Not applicable |
| Cash-Settled RSUs | January 2014 | Reward for 2013 Company Performance | 15% | 3-year ratable vesting |
| Stock Options | | | | 3-year ratable vesting; expires in 10 years |
| Performance Shares | January 2014 | Reward for 2013 Individual Performance and Incentive for Long-Term Performance | 50% | Vest at the end of the 3-year performance period; the number of shares vesting depends on achievement of performance factors |
| Stock-Settled RSUs | | | | 3-year ratable vesting |

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***Performance and Recovery Provisions***

The table below summarizes the performance and recovery provisions applicable to the elements of compensation that the Committee approved for the 2013 performance year for the named executive officers. See Additional Performance Conditions and Recovery Provisions on page 44 for more details.

| Compensation Element | Performance and Recovery Provisions |
|---|---|
| NEO Cash-Settled RSUs | Clawback provisions<br><br>Performance-based vesting provisions |
| Stock Options | Clawback provisions<br><br>Performance share reduction |
| Performance Shares | Clawback provisions<br><br>Financial restatement clawbacks<br><br>Performance-based vesting provisions |
| Stock-Settled RSUs | Clawback provisions<br><br>Performance-based vesting provisions (RSUs) |
| CEO Year-End<br><br>Incentive Opportunity | Clawback provisions |

**Chief Executive Officer Compensation**

***Goals and Principles***

The Committee s top priority is to align the interests of the CEO with the interests of our stockholders by directly linking his awards with the Company s performance and his contributions to that performance over appropriate time horizons. The Committee believes that the CEO s compensation should be at-risk based on his and the Company s performance. Each year the Committee approves the form, timing and amount of CEO compensation and makes recommendations to the independent directors for final approval. The Committee takes into account the CEO s historical performance and how to most effectively align the CEO s interests with the interests of our stockholders over the appropriate time horizons, support safety and soundness and appropriately balance risk. The Committee and the independent directors have the flexibility to adjust compensation decisions from year to year to take into account the Company s performance and evolving market practices.

***2013 CEO Compensation Decisions***

In January 2013, the Committee and the independent directors reviewed the compensation structure utilized since 2009 for Mr. Fairbank and determined that for 2013 the compensation program would continue to consist of equity awards granted at the beginning of the year plus an opportunity for an additional year-end incentive award based on the Company s actual performance for 2013. In this manner, the CEO s compensation continues to be completely at-risk based on the Company s and Mr. Fairbank s performance. The Committee and independent directors determined that the compensation program structured in this manner remained appropriate for Mr. Fairbank in 2013 given that the compensation program aligns Mr. Fairbank s compensation with the Company s performance over the appropriate time horizons and supports the Company s executive compensation goals and principles. After considering various factors as described below, without giving particular weight to any specific factor, the Committee and the independent directors determined that a total target compensation amount of $17.5 million was appropriate for Mr. Fairbank s 2013 compensation program.

When determining the structure and total target compensation amount for Mr. Fairbank s 2013 compensation program, as well as the value for each component of the award, the Committee considered Mr. Fairbank s and the Company s performance during 2012 relative to the financial, operating, safety and soundness and strategic performance factors described below under Year-End Incentive Opportunity. In addition, the Committee and the independent directors considered the Company s performance in 2012 relative to the peer comparator companies performance in 2012, the structure and amount of compensation awarded to the chief executive

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officers of the peer comparator companies and the structure and amount of Mr. Fairbank s compensation awards in prior years. The Committee and the independent directors also considered the Company s risk profile and the time horizon over which the deferred, equity-based vehicles will vest, as well as the fact that the ultimate value of Mr. Fairbank s deferred, equity-based awards will depend on the Company and Mr. Fairbank s performance over time.

Performance Share Award

In January 2013, based on the above determination by the Committee and the independent directors, Mr. Fairbank was granted an award of performance shares under which he may receive from 0% to 150% of a target number of 155,363 shares of the Company s common stock based on the Company s performance over the three-year period from January 1, 2013 through December 31, 2015. The Company s performance will be assessed on the basis of Adjusted ROA relative to a comparator group consisting of companies in the KBW Bank Sector index, excluding custody banks (the KBW index ). The Committee believes that the KBW index is an appropriate index against which to assess the Company s performance because its members are principally lending businesses similar to the Company. Moreover, under the performance share reduction feature of this award, the number of shares issued at settlement will be reduced if the Company s Adjusted ROA for one or more fiscal years completed during the performance period is not positive, no matter how well it compares to the peer group. If the Company s Adjusted ROA is not positive for all three fiscal years in the performance period, Mr. Fairbank will forfeit the entire award of performance shares. Thus, although the award had a grant date value of $8,750,044, the number of shares that Mr. Fairbank ultimately receives, if any, will be solely dependent on the Company s performance over the performance period. The performance share award also is subject to certain clawback provisions. See Performance Share Reduction and Financial Restatement Clawbacks on pages 45 and 46 for more information.

After the end of the three-year performance period, the Committee will certify the Company s performance and issue the corresponding number of shares of the Company s common stock, if any, in accordance with the table below.

| | | **Relative Metric: Adjusted ROA** | | |
|---|---|---|---|---|
| | | **³ 75th Percentile** | **50th Percentile** | **< 20th Percentile** |
| **Number of years with positive Adjusted ROA:** | **Three** | 150% | 100% | 0% |
| | **Two** | 125% | 83% | 0% |
| | **One** | 100% | 67% | 0% |
| | **None** | 0% | 0% | 0% |

The table above shows potential payouts based on specific Company performance results. Payouts will range between the values shown above for performance that falls between the performance results shown in the table.

Stock Option Award

In January 2013, Mr. Fairbank also received a grant of 325,985 nonstatutory stock options at an exercise price of $56.32 per share (which was the fair market value of the Company s common stock on the date of grant). The benefits to Mr. Fairbank of the stock options are deferred, as the options cannot be exercised until three years after the date of grant and will expire ten years after the date of grant. The option grant had a fixed grant date value of $4,375,012; however, the ultimate value Mr. Fairbank realizes, if any, is solely dependent on the long-term appreciation in the Company s stock price. Mr. Fairbank can only realize value from the stock options if and to the extent the Company s stock price increases after the date of grant and the market value of the stock exceeds the exercise price at some point after the three-year vesting period when the options are exercised. The stock option award is also subject to performance-based vesting conditions and clawback provisions, each as described in more detail under Additional Performance Conditions and Recovery Provisions beginning on page 44.

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Year-End Incentive Opportunity

A portion of Mr. Fairbank s 2013 compensation award consisted of an opportunity for a year-end incentive award based on the Company s actual performance in 2013. The award had a target value of $4,375,000, but the ultimate value of the award was determined based on the Committee s evaluation of the Company s performance during 2013 and Mr. Fairbank s contributions to that performance relative to the financial, operating, safety and soundness and strategic factors shown below (which were evaluated on a qualitative basis without any specific pre-established targets).

| Financial Performance | Operating Performance | Safety and Soundness | Strategic Performance |
|---|---|---|---|
| Operating earnings<br>Earnings per share<br>Return on tangible capital | Revenue generation<br>Expense management<br>Operating effectiveness<br>Customer satisfaction | Capital adequacy<br>Risk management and compliance<br>Credit loss management<br>Underwriting quality<br>Balance sheet management | CEO leadership and performance of executive team<br>Capital management<br>Progress toward achievement of long-term strategy<br>Execution against corporate imperatives<br>Recruitment and development of world class talent<br>Disciplined investment in infrastructure<br>Corporate reputation and community engagement<br>Preservation of corporate culture and values |

In January 2014, the Committee considered the Company s performance on both a quantitative and qualitative basis, including the results described under 2013 Company Performance on page 31. In particular, the Committee considered:

- Capital One s delivery of strong financial results in 2013, particularly the solid growth in earnings per share and the Company s return on tangible common equity relative to the peer comparator group;

- The Company s exceptional three-year total stockholder return, ranking second among the peer comparator group;

- The Company s ability in 2013 to return substantial capital to stockholders in the form of both an increased dividend and share repurchases while maintaining strong capital generation and trajectory towards anticipated Basel III minimum capital requirements;

- Management s success in delivering non-interest expense in line with expectations, taking proactive steps to manage costs in 2013 and beyond;

- The successful completion of the integrations of both ING Direct and the U.S. credit card business of HSBC, with great execution, delivered on-time and under budget;

- The Company s progress enhancing its compliance and risk management programs across the enterprise;

- The Company s sound credit management across the enterprise and solid financial results in the lines of business;

- The continued exceptional talent management and recruiting by the CEO and his management team; and

- The strong progress in delivering on the Company s national banking and digital strategies and other long-term investments in franchise-enhancing initiatives.

The Committee considered these factors in light of the challenges still facing management in order to position Capital One to generate future loan growth and deliver superior and sustainable returns, including the Company s ongoing work to manage costs as well as to meet heightened regulatory expectations across the financial services industry. The Committee also considered the Company s one-year TSR, recognizing that it was just behind the median for the peer comparator group in 2013.

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The Committee also took into account peer comparator group CEO compensation levels, although the comparability of such information was limited due to evolving market conditions, the different tenures of each of the peer companies CEOs as compared to Mr. Fairbank s tenure as the CEO of Capital One and the varying degrees of success those CEOs have had in leading their respective companies.

After considering all of the above factors together, in January 2014 the Committee and the independent directors approved awards for Mr. Fairbank totaling $5,687,543. The Committee and the independent directors determined to award that amount using two vehicles: (i) an award of 40,076 restricted stock units (which had a total grant date value of $2,843,793) and (ii) a deferred cash bonus in the amount of $2,843,750. The award of restricted stock units will vest in full in three years, will settle in cash based on the Company s average stock price over the fifteen trading days preceding the vesting date, and is subject to performance-based vesting provisions. The cash bonus is mandatorily deferred for three years into the Company s Voluntary Non-Qualified Deferred Compensation Plan and will pay out in the first calendar quarter of 2017. Both the award of restricted stock units and the deferred cash bonus are subject to clawback provisions. The performance-based vesting provisions applicable to the restricted stock units and the clawback provisions applicable to both awards are described in more detail under Additional Performance Conditions and Recovery Provisions beginning on page 44.

***CEO Compensation by Performance Year***

Below is a table showing Mr. Fairbank s compensation awards as they are attributable to the performance years indicated.

| Performance Year | Cash Salary | Deferred Cash Bonus | Cash-Settled RSUs | Stock-Settled Awards | Option Awards | Total |
|---|---|---|---|---|---|---|
| 2013 | $0 | $2,843,750 | $2,843,793 | $8,750,044 | $4,375,012 | $18,812,599 |
| 2012 | $0 | $2,187,500 | $2,187,525 | $8,750,008 | $4,375,009 | $17,500,042 |
| 2011 | $0 | $0 | $7,200,044 | $4,000,046 | $8,003,906 | $19,203,996 |

The table above is presented to show how the Committee views compensation actions and to which year the compensation awards relate. This table differs substantially from the Summary Compensation Table on page 53 required for purposes of this proxy statement and is therefore not a substitute for the information required in that table. There are two principal differences between the Summary Compensation Table and the table above:

- The table above reports equity-based awards as compensation for the performance year for which they were awarded, even if the award was granted in one year based on performance for the prior year. As a result, the restricted stock unit award granted to the CEO in January 2014 for the 2013 performance year, for example, is shown in the table above as 2013 compensation. The Summary Compensation Table reports equity-based awards only in the year in which they were granted.
- The Summary Compensation Table reports the change in pension value and nonqualified deferred compensation earnings and all other compensation. These amounts are not a result of current year compensation determinations and are not shown above.

***Additional Pay Elements***

As part of the CEO compensation program, the Committee and the independent directors also approved certain other programs intended to support Mr. Fairbank s productivity and well-being. These include:

- Executive term life insurance with a benefit level of $5 million;
- The ability to participate in a comprehensive voluntary annual health screening;
- Office supplies and other maintenance for Mr. Fairbank s home office;
- The use of a driver who also provides for Mr. Fairbank s personal security; and
- The monitoring and maintenance of an electronic home security system.

Additional details on these programs can be found in the Named Executive Officer Compensation section beginning on page 52. There are no other perquisites provided to Mr. Fairbank by the Company that constitute additional compensation.

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### *2014 CEO Compensation Decisions*

In January 2014, the Committee and the independent directors reviewed the compensation structure utilized in 2013 for Mr. Fairbank and determined that for 2014 the compensation program would continue to consist of equity awards granted at the beginning of the year plus an opportunity for an additional year-end incentive award based on the Company s actual performance for 2014. In this manner, the CEO s compensation will continue to be completely at-risk based on the Company s and Mr. Fairbank s performance. The Committee and the independent directors continue to believe that the compensation program aligns Mr. Fairbank s compensation with the Company s performance over the appropriate time horizons and supports the Company s executive compensation goals and principles. The Committee and the independent directors determined that for Mr. Fairbank s 2014 compensation program a total target compensation amount of $17.5 million was appropriate.

However, after careful consideration of a number of different factors, the Committee and the independent directors determined to change the mix of the vehicles for the 2014 CEO compensation program. For the 2014 CEO compensation program, the Committee and the independent members determined to reduce the proportion of total target compensation represented by stock options. To account for the reduction of the stock option component of the CEO s total target compensation, the year-end incentive opportunity has been increased from 25% of the CEO s total target compensation program to 30% and the Committee and the independent directors introduced a stock-settled RSU award representing 10% of the CEO s 2014 total target compensation. In addition, the Committee and the independent directors determined to reduce the maximum value of Mr. Fairbank s year-end incentive opportunity to one and a half times the target value.

The Committee and the independent directors made these decisions after taking into account the perspectives of stockholders, proxy advisory firms, the Federal Reserve and other federal banking regulators. In deciding to leave Mr. Fairbank s total target compensation unchanged since 2012, change the mix of the compensation components and reduce the maximum value of the year-end incentive opportunity, the Committee and the independent directors considered the 2013 Say on Pay Vote and stockholder feedback as described above under Consideration of 2013 Say on Pay Vote and Stockholder Engagement on page 33 as well as guidance from federal banking regulators. The Committee and the independent directors believe that reducing the upside opportunity provided by stock options and the maximum upside for the year-end incentive opportunity, while increasing the proportion of Mr. Fairbank s total target compensation that will be determined at the end of 2014 and increasing the proportion of his total target compensation that will settle in shares of Capital One stock, further aligns the interests of the CEO and the interests of our stockholders, enhances the link between his awards and the Company s performance and strengthens the risk-balancing features of the CEO compensation program.

The table below summarizes the elements of compensation that the Committee and the independent directors approved for the 2014 CEO compensation program.

| Compensation Element | Timing of Award Determination | Basis for Award | Approximate % of CEO Total Target Compensation | Vesting Schedule |
|---|---|---|---|---|
| Base Salary | Not applicable | Not applicable | 0% | Not applicable |

| | | | | |
|---|---|---|---|---|
| | | | 10% | |
| Stock Options | January 2014 | Incentive for Future Company Performance | | 3-year cliff vesting; expires in 10 years |
| Performance Shares | January 2014 | Incentive for Future Company Performance | 50% | Vest at the end of the 3-year performance period; the number of shares vesting depends on achievement of performance factors |
| Stock-Settled RSUs | January 2014 | Incentive for Future Company Performance | 10% | 3-year cliff vesting; settles in Company stock |
| Year-End Incentive Opportunity | January 2015 | Reward for 2014 Company Performance | 30% | Delivered as combination of cash-settled RSUs and deferred cash bonus; payout after 3 years |

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Based on this framework, in January 2014 the Committee and the independent directors granted to Mr. Fairbank a performance share award under which he may receive from 0% to 150% of a target number of 123,309 shares of the Company s common stock based on the Company s performance over the three-year period from January 1, 2014 through December 31, 2016. Mr. Fairbank also received a grant of 108,944 nonstatutory stock options at an exercise price of $70.96 per share (which was the fair market value of the Company s common stock on the grant date) and a grant of 24,662 stock-settled RSUs. The Committee also determined that Mr. Fairbank will have an opportunity to receive an award in late 2014 or early 2015. Any such award will consist of deferred cash, an equity-based award or both and will pay out or vest after a three-year deferral period. The Committee and the independent directors will have absolute discretion to determine whether to make the award, the form of the award and the value of the award relative to the target amount of $5,250,000, and will base these determinations on the Committee s evaluation of the Company s performance in 2014 relative to the same financial, operating, safety and soundness and strategic factors described above under 2013 CEO Compensation Decisions Year-End Incentive Opportunity. The maximum value of the award, if granted, will not exceed one and a half times the target value. The Company expects that any such award will be subject to a clawback provision similar to the clawback provision applicable to the 2014 stock option award and described below.

The terms of the performance share and stock option awards granted to Mr. Fairbank in January 2014 are substantially similar to the terms described above under 2013 CEO Compensation Decisions except that the stock option award is subject to revised performance-based vesting provisions. The stock-settled RSU grant is also subject to performance-based vesting and clawback provisions. See Additional Performance Conditions and Recovery Provisions on page 44 for more details.

## NEO Compensation

### *Goals and Principles*

As with the CEO, the Committee seeks to align the interests of the NEOs with the interests of our stockholders by directly linking compensation to performance over the appropriate time horizons while supporting safety and soundness and appropriately balancing risk. The Committee annually reviews and approves the compensation structure for all of our executive officers, including those who are ultimately reported as NEOs, and makes recommendations to the independent directors for final approval. The Committee takes into account each NEO s historical performance, individual roles and responsibilities and contributions expected from each NEO in the future as well as the recommendations of the CEO, including his assessment of each NEO s performance. In determining 2013 NEO compensation, the Committee also considered the specific factors discussed below. Final decisions regarding NEO compensation are made by the independent directors.

### *2013 NEO Compensation Decisions*

The 2013 NEO compensation program approved by the Committee and the independent directors was designed to be consistent with the Company s pay-for-performance philosophy and is generally consistent with the 2012 compensation program. Base salary remains a smaller portion of total target compensation than equity based vehicles, and cash bonuses are not included in the 2013 NEO compensation program. The Committee believes that this pay mix serves to balance stockholder interests while effectively rewarding and motivating key talent.

Based on the above framework, the Committee and the independent directors then determined the 2013 total target compensation for each NEO by considering the following factors:

Each NEO s performance relative to the Company s strategic objectives;
Capital One s historical performance;
The role and qualifications of each NEO (for example, the NEO s scope of responsibility, experience and tenure and the demonstration of competencies consistent with the Company s values and the ability to deliver strong, sustainable business results);
Appropriate internal pay differentials and the desire to foster teamwork and collaboration;
Historical pay levels;

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- Available role-specific market compensation data from peer comparator companies;
- Available information on the structure of compensation packages for senior executives at peer comparator companies;
- Market trends in executive compensation (for example, current rates of pay and the prevalence and types of incentive vehicles); and
- The overall structure of the compensation program.

***Base Salaries***

For the 2013 performance year, the Committee chose to defer a significant portion of each NEO s base salary until the end of the year. Rather than award each NEO a base salary entirely in cash, the 2013 base salary for NEOs was delivered in a mix of cash (approximately 20% of total target compensation) and restricted stock units that settled in cash on December 15, 2013 (approximately 15% of total target compensation). In this way, the 2013 compensation program further deferred cash compensation for each NEO and placed it at risk to the performance of the Company s stock price for the entire performance year.

In January 2013, the Committee and the independent directors approved 2013 base salaries for the NEOs, including the portion of base salary delivered as restricted stock units, ranging from $1,504,014 to $2,347,131. Individual details for each NEO are provided in the table below showing compensation by performance year.

***Year-End Incentive Awards***

In addition to base salary, in January 2014 the Committee determined to award each NEO various equity-based incentive awards as a reward for Company and individual performance in 2013.

<u>Cash-Settled Restricted Stock Unit Awards</u>

In January 2014, the Committee and the independent directors approved awards of restricted stock units for the NEOs ranging from $990,034 to $1,530,323, representing a payout at 150% of the target award values established by the Committee in January 2013. Individual details for each NEO are provided in the table below showing compensation by performance year. The Committee and the independent directors determined that these awards were appropriate in light of the Company s performance as described under Year-End Incentive Opportunity on page 37 in connection with the determinations by the Committee and the independent directors relating to the CEO s year-end incentive awards.

<u>Equity Incentive Awards</u>

In January 2014, the Committee and the independent directors awarded various equity incentive awards to the NEOs for the 2013 performance year. At Capital One, equity incentive awards are linked to performance in two ways:

- The size of the award is based on each NEO s individual performance assessment for the year just completed; and
- The ultimate value of the award is dependent on Capital One s performance over time.

Equity incentive awards are designed to emphasize elements that are of particular importance to Capital One given the Company s unique goals and continually evolving business strategies and objectives. In determining the actual amounts to be awarded to each NEO, the Committee considered each NEO s contribution to the Company s performance for 2013 as well as the individual performance of each NEO. The Committee also received input from the CEO on his assessment of each NEO s individual performance and his recommendations for compensation of the NEOs. The CEO also assessed each NEO s performance against one or more specific objectives designed to evaluate the degree to which the NEO balanced risks inherent in the NEO s role. These assessments included the use of both quantitative and qualitative risk measures and were reviewed by the Chief Human Resources Officer and the Chief Risk Officer before being presented to the Committee and the independent directors for their consideration.

The equity incentive awards consisted of stock-settled RSUs, performance share awards and stock options. The terms of the performance share awards are substantially similar to the terms of the performance share awards granted to our CEO, as described above under 2014 CEO Compensation Decisions. The NEO stock options and stock-settled RSUs vest ratably in one-third increments starting on the first anniversary of the grant date and are subject to performance-based vesting and clawback provisions as discussed below under Additional Performance Conditions and Recovery Provisions on page 44. The stock options have an exercise price of $56.32 per share, which was the fair market value of the Company s common stock on the date of grant.

Mr. Crawford, the Company s Chief Financial Officer, was awarded 47,046 nonstatutory stock options, 23,962 stock-settled RSUs and a target amount of 14,378 performance shares with a total grant date value for all three awards of $3,476,320. The Committee and the independent directors determined to grant these awards based upon Mr. Crawford s leadership in managing the Company s balance sheet in 2013, particularly the Company s capital generation and its successful completion of the share repurchase program. The Committee and the independent directors also considered Mr. Crawford s leadership in driving enhanced risk management processes within the Company s finance operations as well as his positioning of Capital One for 2013 and beyond, providing enhanced transparency and clear communication to the market.

Mr. Perlin, the Company s Former Chief Financial Officer, was awarded 41,555 nonstatutory stock options, 23,517 stock-settled RSUs and a target amount of 14,111 performance shares with a total grant date value for all three awards of $3,337,593. The Committee determined to grant these awards based upon Mr. Perlin s tenure as Chief Financial Officer through the first quarter of 2013 and his leadership over the course of the past several years in managing the Company s balance sheet and finance operations through two significant acquisitions and dramatically changing regulatory requirements. The Committee also recognized Mr. Perlin s guidance and advice to senior management throughout 2013, particularly in supporting a smooth transition of the Chief Financial Officer role to Mr. Crawford.

Mr. Schneider, President, Card, was awarded 37,934 nonstatutory stock options, 19,321 stock-settled RSUs and a target amount of 11,593 performance shares with a total grant date value for all three awards of $2,803,002. The Committee and the independent directors determined to grant these awards based upon the strong performance of the Credit Card business in 2013, including increased net income for Domestic Card with strong credit performance and the successful delivery of several new card products and brand enhancements to market. The Committee and the independent directors also considered the well-managed integration of the U.S. credit card business of HSBC and Mr. Schneider s leadership enhancing the compliance and risk management programs within the Credit Card business.

Mr. Finneran, General Counsel and Corporate Secretary, was awarded 29,783 nonstatutory stock options, 16,855 stock-settled RSUs and a target amount of 10,113 performance shares with a total grant date value for all three awards of $2,392,062. The Committee and the independent directors determined to grant these awards based upon Mr. Finneran s management of the Company s relations with its bank regulators in an environment of heightened regulatory scrutiny and examination. In addition, the Committee and the independent directors considered Mr. Finneran s leadership enhancing the Corporation s governance and management frameworks in 2013 and supporting the Company s enterprise-wide enhancements to its compliance and risk management programs.

Mr. Witter, the Company s President, Retail and Direct Banking, was awarded 30,436 nonstatutory stock options, 15,502 stock-settled RSUs and a target amount of 9,302 performance shares with a total grant date value for all three awards of $2,248,995. The Committee and the independent directors determined to grant these awards based upon Mr. Witter s successful management of the integration and rebranding of ING Direct as well as his continued success in recruiting and retaining superior talent in the retail banking business. The Committee and the independent directors also considered Mr. Witter s success in managing operating costs in the business and his success in building the retail banking brand and delivering on its digital strategies.

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***NEO Compensation by Performance Year***

The table below shows actual NEO compensation as it is attributable to the performance year indicated.

| Name | Performance Year | Cash Salary | Cash Bonus | Cash-Settled RSUs (1) | Stock-Settled Awards (2) | Option Awards | Total |
|---|---|---|---|---|---|---|---|
| Stephen S. Crawford | 2013 | $1,326,923 | $0 | $2,550,531 | $2,720,606 | $755,714 | $7,353,774 |
| Gary L. Perlin | 2013 | $1,335,000 | $0 | $2,503,196 | $2,670,083 | $667,510 | $7,175,789 |
| | 2012 | $1,335,000 | $0 | $2,102,678 | $2,670,019 | $741,679 | $6,849,376 |
| | 2011 | $1,000,000 | $0 | $3,398,557 | $2,670,062 | $741,667 | $7,810,286 |
| Ryan M. Schneider | 2013 | $1,097,000 | $0 | $2,057,566 | $2,193,657 | $609,345 | $5,957,568 |
| | 2012 | $1,065,000 | $0 | $1,677,443 | $1,704,018 | $473,342 | $4,919,803 |
| | 2011 | $968,000 | $0 | $2,162,808 | $2,129,617 | $591,559 | $5,851,984 |
| John G. Finneran, Jr. | 2013 | $957,000 | $0 | $1,795,055 | $1,913,649 | $478,413 | $5,144,117 |
| | 2012 | $929,000 | $0 | $1,463,232 | $1,858,053 | $464,511 | $4,714,796 |
| Jonathan W. Witter | 2013 | $880,000 | $0 | $1,650,048 | $1,760,092 | $488,903 | $4,779,043 |

(1) For 2013, includes RSU portion of base salary granted in January 2013 and cash-settled RSUs granted in January 2014.

(2) For 2013, includes stock-settled RSU and performance share awards granted in January 2014.

This table is presented to show how the Committee views compensation actions and to which year the compensation awards relate, but it differs substantially from the Summary Compensation Table on page 53 required for purposes of this proxy statement and is therefore not a substitute for the information required in that table. There are two principal differences between the Summary Compensation Table and the above table:

The table above reports equity-based awards as compensation for the performance year for which they were awarded, even if the award was granted in one year based on performance for the prior year. As a result, the cash-settled RSU, stock option, stock-settled RSU and performance share awards granted in January 2014 for the 2013 performance year, for example, are shown in the above table as 2013 compensation. The Summary Compensation Table reports equity-based awards only in the year in which they were granted.

The Summary Compensation Table reports the change in pension value and nonqualified deferred compensation earnings and all other compensation. These amounts are not a result of current year compensation determinations and are not shown above.

***Additional Pay Elements***

The Committee provides certain other programs intended to support the NEOs productivity, well-being and security. These programs provide some level of personal benefit and are not generally available to all associates. For 2013, these included the following:

- The ability to participate in a comprehensive voluntary annual health screening;
- Executive term life insurance with a benefit level of approximately $5 million;
- An automobile lease; and
- The monitoring and maintenance of an electronic home security system.

The Committee has determined that the nature and value of these programs are comparable to those offered to similarly situated executives at our peers. Additional details on these programs can be found in the Named Executive Officer Compensation section beginning on page 52.

***2014 NEO Compensation Decisions***

For 2014, the Committee and the independent directors approved an NEO compensation program that is substantially similar to the 2013 program. The plan consists of multiple compensation vehicles that directly link the NEOs compensation with the Company s performance over multiple time horizons, align the NEOs interests with the interests of the Company s stockholders, support safety and soundness and encourage appropriate risk-taking.

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## Additional Performance Conditions and Recovery Provisions

The awards granted to our named executive officers include the following provisions that are designed to further enhance alignment between pay and performance and balance the risks that our incentive compensation programs might otherwise encourage:

- Performance-based vesting provisions;
- Performance share reduction;
- Clawback provisions; and
- Financial restatement clawbacks.

These terms and conditions apply to incentive awards granted to every executive officer and not just to the named executive officers.

***Performance-Based Vesting Provisions***

The ultimate value that our named executive officers receive from equity-based incentive awards is tied to our stock price performance over the vesting period. The Committee nevertheless determined that these awards should be subject to additional performance conditions so that the value received by the executives is also conditioned upon the Company continuing to meet certain operating performance thresholds. The vesting of awards subject to performance-based vesting provisions is conditioned upon the Company meeting specific performance thresholds for each and every fiscal year ending in the three-year vesting period. Any forfeitures will be cumulative over the three-year vesting period. In this manner, regardless of our executives past performance and of our stock price performance, the awards subject to performance-based vesting remain at risk of complete forfeiture over the three-year vesting period.

Since January 2012, performance-based vesting provisions have applied to the following awards:

- All named executive officer stock option awards;
- All named executive officer restricted stock and stock-settled RSUs; and
- All CEO cash-settled RSUs.

In setting the threshold operating performance conditions, the Company took into account discussions with federal bank regulators. These performance conditions do not present any upside potential for the named executive officers compensation but instead create an additional at-risk element to the compensation that has been awarded to them. Imposing these additional performance conditions is designed to further reflect our approach of balancing risk and performance over the long-term.

For awards granted in January 2014, vesting is conditioned on the Company achieving positive Core Earnings. If Core Earnings are not positive for any fiscal year in the vesting period, the named executive officer will automatically forfeit 50% of one-year s worth of vesting (i.e., one-sixth of the total award). In addition, the Committee will determine the extent to which any named executive officer was accountable for the outcome and, based on such determination, the Committee will decide whether any or all of the remaining 50% of one-year s worth of vesting will be forfeited. The Committee may also decide to delay the vesting of the applicable portion of the award not so forfeited. For the NEOs, these determinations will be made each year prior to the scheduled vesting date, based on the Core Earnings for the fiscal year ended prior to such vesting date. For the CEO, these determinations will be made prior to the scheduled vesting date at the end of the three-year vesting period, taking into account Core Earnings for each fiscal year within the period.

For awards granted in January 2013, vesting is conditioned on the Company achieving positive Core Earnings and a Base ROA better than or equal to negative one percent (-1%) for each year during the vesting period. For any year during the vesting period in which the Base ROA threshold is not met, the executive will forfeit one full year s worth of vesting (i.e., one-third of the total award). Even if the Base ROA threshold is met, the named executive officer will forfeit 50% of one-year s worth of vesting if Core Earnings is not positive for the applicable year.

Core Earnings focuses on whether profits are being generated by our basic business, as opposed to other factors that may not reflect business fundamentals. The terms of the applicable award agreements define Core Earnings to mean the Company s net income available to common stockholders, excluding, on a tax-adjusted basis, the impact of (i) impairment or amortization of intangible assets, (ii) the build or release of the allowance for loan and lease losses, calculated as the difference between the provision for loan and lease losses and charge-offs, net of recoveries, and (iii) the change in the combined uncollectible finance charge and fee reserve. For the January 2013 awards, Core Earnings also excluded the credit portion of other than temporary impairment of the securities portfolio. The Committee believes that Core Earnings is an appropriate performance metric to employ for these performance-based vesting provisions because the metric captures major operational costs and risks to the Company s business, including charge-offs, operating expenses, market and competitive risks and costs to maintain adequate levels of capital and liquidity. Because the metric is based on net income available to common stockholders, it also includes the impact of discontinued operations.

Base ROA is defined in the applicable award agreements as the ratio, expressed as a percentage, of (i) the Company s net income available to common stockholders, excluding, on a tax-adjusted basis, the impact of any impairment of intangible assets, to (ii) the Company s average total assets for the period.

### *Performance Share Reduction*

As described above, the performance share awards granted to the named executive officers since January 2012 employ Adjusted ROA as the performance metric, with the Company s performance assessed on the basis of Adjusted ROA relative to a comparator group consisting of companies in the KBW index. Each of these performance share awards is subject to reduction in the event that the Company s Adjusted ROA for any fiscal year in the three-year performance period is not positive. These reductions will occur regardless of how well the Company s Adjusted ROA compares to its peers in the KBW index. If the Company does not achieve positive Adjusted ROA for one year in the performance period, the total number of shares issued on the vesting date will be reduced by one-sixth. If the Company does not achieve positive Adjusted ROA for two years in the performance period, the total number of shares issued on the vesting date will be reduced by one-third. If the Company does not achieve positive Adjusted ROA for any of the three years in the performance period, the named executive officers will forfeit the entire award. In this manner, even if we outperform compared to the comparator group, the performance share awards are at risk of complete forfeiture if we do not achieve a threshold level of performance on an absolute basis.

Adjusted ROA means the ratio, expressed as a percentage, of (a) the Company s net income available to common stockholders, excluding, on a tax-adjusted basis, the impact of impairment or amortization of intangible assets to (b) the Company s average tangible assets for the period. This metric is intended to reflect our earnings capacity by focusing on a component of our net income relative to our tangible assets. For the January 2013 awards, the credit portion of other than temporary impairment of the securities portfolio is also excluded, on a tax-adjusted basis, from the Company s net income available to common stockholders for purposes of determining Adjusted ROA.

### *Clawback Provisions*

Capital One has included clawback provisions in certain equity awards since 2011. Beginning with awards granted in January 2013, every incentive award granted to our executive officers, including our named executive officers, includes a clawback provision designed to provide the Committee the opportunity to recover compensation previously awarded in the event the clawback is triggered. Under these clawback provisions, the Committee will determine the amount of compensation to recover in the event that the Committee determines (i) there has been misconduct resulting in either a violation of law or of Company policy that in either case causes significant financial or reputational harm to the Company and (ii) either the executive committed the misconduct or failed in his or her responsibility to manage or monitor the applicable conduct or risks. The portions of all applicable incentive awards that are unvested at the time the Committee makes a determination to exercise the clawback provisions will be subject to recovery and at risk of complete forfeiture.

In the event the Committee exercises the clawback provisions in the future, the Company intends to disclose the aggregate amount that the Committee has determined to recover, so long as the underlying event has already been publicly disclosed in the Company s filings with the SEC. This disclosure would appear in the proxy following any such determination by the Committee and would provide the aggregate amount of recovery for each event if there is more than one applicable event.

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*Financial Restatement Clawbacks*

All performance share awards to our executive officers beginning in January 2011 include a clawback that is triggered in the event of a financial restatement by the Company within three years of the vesting of the award if the executive would have been entitled to fewer shares on the vesting date as a result of the restatement. This restatement clawback is designed to recoup the shares awarded to the executive or, in the event the executive has sold or otherwise transferred the shares, the net proceeds from that sale or transfer.

## Criteria and Process for Compensation Decisions

The Committee considers a number of factors in making compensation decisions with respect to the named executive officers. The Committee relies on a range of objective data including Company performance data, peer comparator group performance data, historical pay information, data on specific market practices and trends and other relevant points of information to inform its business judgment.

*Use of Outside Consultants for CEO Compensation*

The Committee engages F.W. Cook to assist in the design of the CEO compensation program. F.W. Cook assists the Committee in a number of ways, including proposing and evaluating a peer comparator group, gathering relevant compensation data from the peer comparator companies, discussing relevant market trends and context and developing recommendations on possible plan designs. Please see the discussion under Compensation Committee Compensation Committee Consultant in the Corporate Governance at Capital One section beginning on page 14 for additional information about F.W. Cook.

*Use of Outside Consultants for NEO Compensation*

The Chief Human Resources Officer and other members of the Company s Human Resources department assist the CEO in developing compensation recommendations to the Committee for the NEOs. The Human Resources department typically uses multiple surveys as sources of market compensation data. F.W. Cook also provides additional market reference points that the Committee and the independent directors use when evaluating NEO compensation. Other outside consultants provide information to the Human Resources department regarding market practices and trends and research reports and provide subject matter expertise on specific concepts and technical issues related to executive compensation. However, these outside consultants do not recommend either the form or amount of compensation that is to be paid to the NEOs. The Human Resources department is responsible for analyzing the information obtained from the outside consultants and presenting it to the CEO. The CEO then considers all of the information provided by the Human Resources department and the Chief Human Resources Officer and makes his compensation recommendations for the NEOs to the Committee and the independent directors.

Management does not have a contractual arrangement with any compensation consultant to determine or recommend compensation programs for the NEOs. A consultant from F.W. Cook is present at Committee meetings during which CEO and NEO compensation is discussed and provides market data as well as an outsider s perspective regarding CEO and NEO compensation practices. F.W. Cook has no other engagement with, and performs no other services for, Capital One besides the services described above.

*Market Data*

The Committee reviews pertinent data from a group of peer comparator companies within the financial services industry. These organizations are intended to represent the marketplace of companies with whom Capital One competes for business and for executive talent.

F.W. Cook plays a lead role in evaluating the peer comparator group on an annual basis. Each year, a consultant from F.W. Cook presents a comprehensive report to the Committee that highlights size, scope and performance information from the peer comparator companies across a variety of metrics. The Committee specifically considers the Company s percentile rank versus peer comparator companies across the following financial metrics:

Revenue;
Assets;

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- Market value;
- Net income available to common stockholders;
- U.S. deposits;
- Loans held for investment;
- Diluted earnings per share growth;
- Return on tangible common equity;
- Adjusted ROA;
- Tier 1 common capital ratio;
- Charge-off rate;
- Ratio of stock price to tangible book value;
- Ratio of stock price to earnings; and
- Total stockholder return.

After reviewing this information, the Committee recommends a final peer comparator group to the independent directors for approval. The peer comparator group is adjusted each year, as appropriate, so that the size, scope, performance and business focus of the peer comparator companies reflect Capital One s competitive environment. After the peer comparator group was significantly adjusted in 2009 due to considerable consolidation within the peer comparator group caused by the turmoil in the financial sector, the same peer group has been used for competitive analysis when the Committee approved the 2010, 2011, 2012 and 2013 compensation programs and target award values. The Committee determined to maintain the same peer comparator group for purposes of designing the 2014 compensation programs, and approved the following peer comparator group in July 2013:

| | | |
|---|---|---|
| American Express | Fifth Third Bancorp | Regions Financial |
| Bank of America Corporation | J.P. Morgan Chase | SunTrust Banks |
| BB&T Corporation | KeyCorp | U.S. Bancorp |
| Citigroup | PNC Financial Services | Wells Fargo & Company |

Typically, compensation data from the peer comparator group is used to inform the Committee s determination of the total compensation target values for the named executive officers. As of December 31, 2013, the Company ranked second and ninth among the peer comparator group in three-year and one-year total stockholder return, respectively, and fourth in return on tangible common equity. Capital One was positioned at or near the median of the peer comparator group in terms of total assets, revenues, net income, market value and ratio of price to tangible book value.

***Tally Sheets***

In addition to considering market data from our peer comparator group (when available), the Committee also considers information contained on total compensation tally sheets for the CEO and each NEO. The tally sheets summarize multiple components of current and historical compensation, as well as the potential value of post-termination arrangements. The tally sheets are just one point of information used by the Committee in the process of determining CEO and NEO compensation. They help the Committee understand the historical context that is relevant to current compensation decisions, such as the CEO and each NEO s accumulated equity value. The tally sheets also help the Committee assess the potential downstream consequences of its decisions, such as the potential value to be received by the CEO and each NEO upon separation due to a change of control, retirement or other termination scenarios.

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## Other Compensation Arrangements

***Pension and Non-Qualified Deferred Compensation Plans***

Capital One does not currently have any active pension plans for the CEO or the NEOs. We offer a voluntary, non-qualified deferred compensation plan that restores participating NEOs to the level of savings they would have achieved if they had not been impacted by IRS limits governing our qualified 401(k) plan. It also allows the NEOs to defer additional pre-tax compensation in order to save for retirement.

Capital One annually reviews programs and practices at our peer comparator companies and across the financial services industry. We also review changes in the legal and regulatory environment pertaining to retirement programs. Each of our named executive officers participated in Capital One s Voluntary Non-Qualified Deferred Compensation Plan (the Plan ) in 2013. Details of the Plan can be found under Capital One s Voluntary Non-Qualified Deferred Compensation Programs on page 62.

***Employment Agreements***

Capital One typically does not enter into defined term employment agreements with the named executive officers in order to maintain maximum flexibility in establishing separation terms at the appropriate time and considering then current circumstances. The Committee retains full discretion to approve employment agreements on an exception basis and has done so for exceptional circumstances in the past.

***Change of Control Agreements***

Each named executive officer is a party to an agreement providing certain benefits if their employment terminates in connection with a change of control. The Committee determined that such agreements were appropriate based on their prevalence within the banking and financial services industry and given the dynamic nature of merger and acquisition activity among these institutions.

The change of control agreements define compensation and benefits payable to named executive officers in certain merger and acquisition scenarios, giving them some degree of certainty regarding their individual outcomes in these circumstances. The Committee believes these agreements allow the named executive officers to remain neutral and consider a full range of decisions that are focused on maximizing stockholder value. The change of control agreements are also intended to allow Capital One s businesses to operate with minimal disruption in the event of a change of control by providing each named executive officer with an incentive to remain in his leadership roles up to and beyond the transaction date. The named executive officers are only entitled to benefits under the agreements if their employment is actually terminated as a result of (or in anticipation of) certain merger and acquisition scenarios.

Both eligibility for participation and the structure of payments under these agreements are designed to be aligned with market practice in the banking and financial services industry. This is designed so that our stockholders are not faced with disproportionate severance costs that may impair potential merger opportunities. It also supports our ability to attract and retain talented executives by providing them with a competitive level of benefit.

Projections of potential payouts to the named executive officers under these agreements are included in the total compensation tally sheets reviewed by the Committee on an annual basis. Although the potential change of control payouts do not necessarily impact annual decisions on CEO and NEO pay, reviewing this information allows the Committee to fully understand the downstream implications of its decisions and the resulting impact to the Company and its stockholders.

Our change of control agreements for the named executive officers no longer provide for excise tax gross-up payments. On March 1, 2011, Capital One delivered notice to all executive officers that their change of control agreements, which included excise tax gross-up provisions, would not be renewed. The Committee and the independent directors also approved a new form of change of control agreement to be used after March 1, 2011 for new hires, promotions and renewals which does not provide for an excise tax gross-up. Accordingly, all named executive officer change of control agreements providing for a potential excise tax gross-up after a change of control have expired and been replaced with the new form of agreement that does not provide for an excise tax gross-up.

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*Post-Employment Compensation Practices*

The CEO has no employment or severance arrangement with the Company other than the change of control agreement as described above. If an NEO separates from Capital One, he or she is entitled to receive the amounts set forth in the Company s Executive Severance Plan, which provides for a payment of up to 30% of the NEO s current target total compensation plus partially subsidized health, dental and vision benefits through COBRA and outplacement services. The Committee may exercise its business judgment in approving additional amounts in light of all relevant circumstances, including the NEO s term of employment, past accomplishments, reasons for separation from the Company, potential risks and the NEO s willingness to restrict his or her future action(s), such as through an agreement not to compete or solicit the Company s customers or employees. Capital One has asked certain NEOs to enter into various agreements that contain restrictive covenants related to confidentiality, non-competition, non-solicitation and ownership of work product. For additional information, please see Restrictive Covenants in the Named Executive Officer Compensation section beginning on page 52. Each of the NEOs also has a change of control agreement as described above. Upon retiring from the Company, employees are generally entitled to receive certain retiree medical benefits.

## Other Aspects of Executive Compensation

*Stock Ownership and Retention Requirements*

Consistent with their responsibilities to our stockholders, the executive officers are required to maintain a significant financial stake in the Company. To this end, the CEO and the NEOs must own shares of Capital One stock with a fair market value of at least the following annual cash salary multiples:

| Role | Salary Multiple |
|---|---|
| CEO | 5X |
| Other NEOs and Executive Officers | 3X |

Given that the CEO s compensation program does not include a base salary, his ownership requirement is based on a notional salary established by the Committee and the independent directors, which is currently $1,000,000.

Ownership requirements may be fulfilled using the following shares:

- Shares owned without restriction;
- Unvested restricted stock;
- Unvested stock-settled restricted stock units;
- Shares acquired through the Associate Stock Purchase Plan; and
- Shares owned through Capital One s 401(k) Plan.

The Committee annually reviews the guidelines and monitors the named executive officers compliance with them. New executive officers are given two years from the date of promotion to or appointment as an executive officer to comply with these requirements. In the event that an executive officer is not in compliance with these requirements, the Committee has the right to take action, including reducing the executive officer s compensation. The named executive officers are currently in compliance with this requirement.

In addition, beginning in January 2011, the Company implemented stock retention requirements for certain equity awards made to the named executive officers. For equity awards granted in January 2014, throughout each executive s term of employment with Capital One, and for all shares that are acquired during the one-year period following termination of employment, each executive must hold 50% of the after-tax net shares acquired under performance share and stock-settled restricted stock unit awards for one year. These stock ownership and retention requirements apply to all of our executive officers.

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### *Prohibition of Hedging and Speculative Trading Activities*

All of Capital One s executive officers are prohibited from engaging in short sales, hedging transactions or speculative trading in derivative securities of Capital One stock and from using their Capital One stock as collateral for margin loans.

### *Equity Grant Practices*

Capital One strives to maintain equity grant practices that demonstrate high standards of corporate governance. Annual incentive awards are approved by the Committee and the independent directors at regularly scheduled meetings in the first quarter of each year. The date of grant is the actual date on which the Committee approves the awards. The Committee may grant awards of restricted stock, restricted stock units, stock options or other equity awards outside of the annual incentive cycle, usually in connection with hiring a new executive. For a newly hired executive, the date of grant is the later of the date of Committee approval or the executive s start date. The Committee has delegated authority to the CEO to award restricted stock and stock-settled RSUs and to the Chief Human Resources Officer to award cash-settled RSUs (but not options or other equity awards) to associates who are not executive officers, subject to a maximum amount of $2 million for any employee in any one year. These awards are designed to be used for new hires and for special programs designed by management to incentivize and reward current employees of the Company. The Committee reviews all grants made by delegation at least twice a year.

With respect to awards of stock options, the exercise price is always the Fair Market Value of the Company s stock on the date of grant. Under the terms of our 2004 Stock Incentive Plan, Fair Market Value is equal to the closing price of the Company s common stock on the date of grant.

The Company does not seek to time equity grants to take advantage of material non-public information and in no event is the grant date set to a date that is prior to the date of approval.

### *Tax Considerations*

The Committee carefully considers the tax impacts of its compensation programs on the Company, as well as on its executives. To maintain flexibility in compensating executive officers, the Committee does not require all compensation to be awarded in a tax-deductible manner. However, it is the Committee s intent to maximize tax deductibility to the extent reasonable, provided the Company s programs remain consistent with the Company s overall executive compensation objectives.

With respect to the named executive officers (other than the Chief Financial Officer), Section 162(m) of the Internal Revenue Code limits the federal tax deduction for compensation paid to the executive to $1 million. Amounts in excess of $1 million are also eligible for the deduction if the compensation qualifies as performance-based. The Company s 2004 Stock Incentive Plan provides for the establishment of specific performance thresholds to be tied to equity-based awards in order to qualify these incentive awards as performance-based.

The Company expects that the award of stock options and performance shares to the CEO and NEOs in 2013 were deductible as performance-based compensation. The vesting of restricted stock units granted to the CEO and restricted stock awards granted to the NEOs in January 2013 is based on the achievement of the performance-based vesting conditions described in detail under Additional Performance Conditions and Recovery Provisions Performance-Based Vesting Provisions beginning on page 44 and therefore are expected to be deductible as performance-based compensation.

In January 2013, the Committee and the independent directors established a performance threshold that the Company had to meet in order for the cash-settled restricted stock units (other than the RSUs representing a portion of base salary) to be awarded to the named executive officers and the deferred cash bonus to be awarded to the CEO in January 2014 to be deductible. Under the threshold, the named executive officers would receive their awards as long as the Company achieved positive earnings per share ( EPS ) on continuing operations, less extraordinary items, for the 2013 fiscal year.

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The 2004 Stock Incentive Plan allows for certain extraordinary items to be excluded from the EPS calculation, including, among other things, asset write-downs, reorganization and restructuring programs, mergers, acquisitions or divestitures, and the effect of changes in tax laws, accounting principles or regulations, or other laws or provisions affecting reported results. The Company s EPS on continuing operations for 2013 was positive and the performance-based vesting conditions were achieved. Therefore, the awards were made in January 2014 and are expected to be deductible as performance-based compensation.

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## SECTION VI NAMED EXECUTIVE OFFICER COMPENSATION

The Summary Compensation Table below provides information concerning compensation for the fiscal years ended December 31, 2013, 2012 and 2011 for the named executive officers.

As discussed under Chief Executive Officer Compensation in the Compensation Discussion and Analysis section beginning on page 35, 85% of the CEO s total compensation is equity-based and at-risk to the performance of the Company s stock price, with all of his compensation deferred for a three-year period. Amounts shown in the table below for the CEO for 2013 represent stock options and performance shares granted in January 2013 and a deferred cash bonus awarded in January 2014 for 2013 performance. The CEO also was granted restricted stock units in January 2014 for the 2013 performance year, which are not shown in the table below. Amounts shown in the Stock Awards column for 2013 also include restricted stock units granted to the CEO in January 2013 for the 2012 performance year.

As discussed under NEO Compensation beginning on page 40, under the NEOs 2013 compensation program, base salary comprised approximately 35% of NEO total target compensation. Each NEO received a portion of his or her 2013 base salary in cash that was paid throughout the year and a portion in restricted stock units that were granted in January 2013 and settled in cash in December 2013. These restricted stock units are included in the table below in the Stock Awards column for 2013. For the NEOs, amounts shown for 2013 in the table below also include stock options, performance shares, shares of restricted stock, and restricted stock units that were granted in January 2013 for the 2012 performance year. The NEOs also were granted equity awards in January 2014 for the 2013 performance year, which are not shown in the table below. The NEOs were not eligible for cash bonuses for 2013.

Amounts paid to the CEO and the NEOs in 2013 for other compensation and benefit programs are listed under the Change in Pension Value and Non-Qualified Deferred Compensation Earnings and All Other Compensation columns. The details of these program amounts are provided in the footnotes.

Please see the footnotes to the table below for an additional explanation regarding compensation attributable to each performance year. Further information on the timing of awards under the 2013 compensation programs for the CEO and the NEOs can be found under Compensation Components in the Compensation Discussion and Analysis section beginning on page 33.

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**2013 Summary Compensation Table**

| Name and Principal Position | Year | Salary (3) | Bonus (4) | Stock Awards (5) | Option Awards (6) | Change in Pension Value and Non-Qualified Deferred Compensation Earnings (7) | All Other Compensation (8) | Total |
|---|---|---|---|---|---|---|---|---|
| Richard D. Fairbank (1) | 2013 | $0 | $2,843,750 | $10,937,569 | $4,375,012 | $2,177 | $136,017 | $18,294,525 |
| | 2012 | $0 | $2,187,500 | $15,950,051 | $4,375,009 | $3,550 | $89,264 | $22,605,374 |
| | 2011 | $0 | $0 | $10,500,079 | $8,003,906 | $4,608 | $159,465 | $18,668,058 |
| Chairman, CEO and President | | | | | | | | |
| Stephen S. Crawford (2) | 2013 | $1,326,923 | $0 | $10,832,068 | $0 | | $223,225 | $12,382,216 |
| Chief Financial Officer | | | | | | | | |
| Gary L. Perlin (2) | 2013 | $1,335,000 | $0 | $4,772,669 | $741,679 | | $248,397 | $7,097,745 |
| | 2012 | $1,267,452 | $0 | $5,473,622 | $741,667 | | $240,571 | $7,723,312 |
| Former Chief Financial Officer | 2011 | $1,000,000 | $0 | $5,435,749 | $1,224,598 | | $288,392 | $7,948,739 |
| Ryan M. Schneider (2) | 2013 | $1,093,308 | $0 | $3,405,670 | $473,342 | | $204,084 | $5,176,404 |
| | 2012 | $1,032,394 | $0 | $4,235,215 | $591,559 | | $204,151 | $6,063,319 |
| | 2011 | $953,333 | $0 | $3,680,867 | $956,247 | | $203,526 | $5,793,973 |
| President, Card | | | | | | | | |
| John G. Finneran, Jr. (2) | 2013 | $953,769 | $0 | $3,342,536 | $464,511 | $293 | $203,963 | $4,965,072 |
| | 2012 | $907,760 | $0 | $3,989,126 | $518,657 | $1,113 | $198,199 | $5,614,855 |
| General Counsel and Corporate Secretary | | | | | | | | |
| Jonathan W. Witter (2) | 2013 | $870,769 | $0 | $3,160,115 | $511,122 | | $177,952 | $4,719,958 |
| President, Retail and Direct Banking | | | | | | | | |

(1) Mr. Fairbank s compensation for 2013 consisted of stock options, performance shares, restricted stock units and a deferred cash bonus, in addition to certain perquisites. Mr. Fairbank received a portion of his total

compensation for 2013 in January 2013 (stock options and performance shares), which is reflected in the table above for 2013. Mr. Fairbank received the rest of his compensation for 2013 in January 2014 (restricted stock units and a deferred cash bonus). The deferred cash bonus awarded to Mr. Fairbank in January 2014 is included in the table above, while the restricted stock units are not. His compensation for 2012 included restricted stock units granted in January 2013, which are included in the table above for 2013. See CEO Compensation by Performance Year in the Compensation Discussion and Analysis section on page 38 for more information on how the Compensation Committee views compensation actions and to which year the compensation awards relate.

(2) NEO compensation for 2013 generally consisted of cash base salary, stock options, performance shares and three grants of restricted stock units (one representing a portion of base salary), in addition to certain perquisites. The restricted stock units attributable to base salary are included in the table above for 2013, however the other equity-based awards for 2013 performance were granted in January 2014 and are not included in the table above. For each NEO other than Mr. Crawford, the amounts shown above include shares of restricted stock, stock options, performance shares and restricted stock units granted in January 2013 for 2012 performance. For Mr. Crawford, the amounts shown above include shares of restricted stock granted to Mr. Crawford in February 2013 as part of his new hire compensation package. See NEO Compensation by Performance Year in the Compensation Discussion and Analysis section on page 43 for more information on how the Compensation Committee views compensation actions and to which year the compensation awards relate.

(3) The amounts shown in this column represent the cash portion of base salary for NEOs. The remaining portion of base salary for 2013 was delivered in restricted stock units, as described under Base Salaries in the Compensation Discussion and Analysis section on page 41, and is included in the Stock Awards column in the table above.

(4) The amount shown in this column reflects Mr. Fairbank s deferred cash bonus for 2013 performance awarded in January 2014 as described under Year-End Incentive Opportunity in the Compensation Discussion and Analysis section on page 37.

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(5) The amounts shown in this column for 2013 represent the grant date fair value of stock awards (including shares of restricted stock, performance shares and restricted stock units) granted to the named executive officers in 2013, calculated in accordance with FASB ASC Topic 718. The CEO received performance shares and restricted stock units in 2013, while the NEOs other than Mr. Crawford received performance shares, shares of restricted stock, and two grants of restricted stock units (one representing a portion of base salary) in 2013. For Mr. Crawford, the amounts shown above include shares of restricted stock granted to Mr. Crawford in February 2013 as part of his new hire compensation package. The grant date fair value of performance shares included in this column assumes a payout at the target performance level. For additional information, including performance share awards at target and maximum performance on a per executive basis, refer to footnote 3 to the Grants of Plan-Based Awards Table below.

(6) The amounts shown in this column for 2013 represent the grant date fair value of stock options granted to the named executive officers in 2013, calculated in accordance with FASB ASC Topic 718. For information on the valuation assumptions of these awards, refer to footnote 3 to the Grants of Plan-Based Awards Table below.

(7) The amounts shown in this column represent the change in the actuarial present value of the accumulated pension benefits for Messrs. Fairbank and Finneran under the Cash Balance Pension Plan and the Excess Cash Balance Plan. The interest crediting rate for the Cash Balance Pension Plan changes annually based on the average yield of 5-year Treasury Securities for the preceding 12 months. For the Excess Cash Balance Plan, the interest crediting rate changes monthly based on the Wall Street Journal Prime Rate.

(8) All other compensation consists of the following on a per executive basis:

| Named Executive Officer | Auto (a) | Travel and Aircraft | Health Screening | Driver and Security | Company Contributions to Defined Contribution Plans (b) | Insurance (c) | Other |
|---|---|---|---|---|---|---|---|
| Richard D. Fairbank | $0 | $0 | $1,720 | $117,557 (d) | $0 | $16,740 | $0 |
| Stephen S. Crawford | $0 | $0 | $0 | $0 | $217,725 | $5,500 | $0 |
| Gary L. Perlin | $17,909 | $0 | $0 | $0 | $211,725 | $16,740 | $2,023 (e) |
| Ryan M. Schneider | $18,710 | $0 | $0 | $5,183 (f) | $175,991 | $4,200 | $0 |
| John G. Finneran, Jr. | $17,567 | $0 | $0 | $14,601 (f) | $155,055 | $16,740 | $0 |
| Jonathan W. Witter | $11,081 | $772 | $0 | $18,349 (f) | $143,592 | $4,158 | $0 |

(a) Represents the value attributable to personal use of a Company-provided automobile. The percent of personal use of the automobile is tracked throughout the year and then applied to the full expense amount.

(b) Represents Company contributions under qualified and non-qualified deferred compensation programs and other supplemental executive retirement benefits.

(c) Represents life insurance premiums paid on behalf of the executives.

(d) Includes cost attributable to personal use of a driver who also provides for Mr. Fairbank s personal security ($74,210) and aggregate cost to the Company for home security services ($43,347) for Mr. Fairbank. The percent of personal use of the automobile is tracked throughout the calendar year and then applied to the full expense amount for personal security.

(e) Represents the cost to the Company for a retirement gift.

(f) Includes aggregate cost to the Company for home security services.

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## 2013 Grants of Plan-Based Awards Table

The Grants of Plan-Based Awards table provides details on equity incentive plan awards granted in 2013, including stock options, performance shares, shares of restricted stock and restricted stock units.

The columns reporting Estimated Future Payouts Under Equity Incentive Plan Awards, All Other Stock Awards and All Other Option Awards relate to Capital One s equity-based incentive awards to the named executive officers.

For the CEO in 2013, the awards are comprised of stock options and performance shares granted in January 2013 as part of the CEO s 2013 compensation program and restricted stock units granted in January 2013 for 2012 performance.

- The stock options become exercisable three years after the date of grant, and expire in ten years.
- The performance shares will be issued based on the Company s Adjusted ROA over the three-year period from January 1, 2013 through December 31, 2015, relative to the KBW Bank Sector index, excluding custody banks. The total value delivered at vesting will be reduced if for any of the years in the three-year performance period the Company does not achieve positive Adjusted ROA, regardless of how well the Company compares to its peers in the KBW Bank Sector index over the performance period. See 2013 CEO Compensation Decisions in the Compensation Discussion and Analysis section beginning on page 35 for more details on the performance share awards. Dividends accrued on the performance shares will be paid out as additional shares on the date the performance share award results are certified by the Compensation Committee.
- The restricted stock units vest in full on February 10, 2016, and settle in cash based on the average closing price of the Company s common stock for the 20 trading days preceding the vesting date. Dividend equivalents are accrued on restricted stock units at the same time as dividends are paid to the Company s other stockholders and are paid at the time of vesting, adjusted for performance-based vesting results.

For the NEOs in 2013, the awards are comprised of stock options, performance shares, shares of restricted stock, and restricted stock units granted in January 2013 for the 2012 performance year and restricted stock units granted in January 2013 as a portion of 2013 base salary (as described under Base Salaries in the Compensation Discussion and Analysis section on page 41).

- The stock options become exercisable in three equal annual installments, beginning on February 10 of the year after the date of grant, and expire in ten years.
- The terms of the performance shares for the NEOs are the same as the terms of the CEO s performance shares described above. Dividends accrued on the performance shares will be paid out as additional shares on the date the performance share award results are certified by the Compensation Committee.
- The shares of restricted stock vest in three equal annual installments beginning on February 10 of the year after the date of grant. Dividends are accrued on restricted stock at the same time as dividends are paid to the Company s other stockholders and are paid at the time of vesting, adjusted for performance-based vesting results.
- The restricted stock units representing a portion of base salary vested in full on December 15, 2013. The other restricted stock units vest in three equal annual installments beginning on February 10 of the year after the date of grant. Both restricted stock unit awards settle in cash based on the average closing price of the Company s common stock for the 20 trading days preceding the vesting date. Dividend equivalents are paid on unvested restricted stock units at the same rate and at approximately the same time as dividends are paid to the Company s other stockholders.

Each award of restricted stock (restricted stock units for the CEO) and stock options reported below is also subject to performance-based vesting provisions tied to core earnings and return on assets that will reduce the total number of shares delivered at vesting if the Company does not achieve certain performance thresholds during the three-year vesting period. See Additional Performance Conditions and Recovery Provisions in the Compensation Discussion and Analysis section beginning on page 44 for more details on the performance-based vesting provisions.

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**2013 Grants of Plan-Based Awards Table**

| Name and Principal Position | Award Type | Date of Grant (1) | Estimated Future Payouts Under Equity Incentive Plan Awards | | All Other Stock Awards: Number of Shares of Stock or Units | All Other Option Awards: Number of Securities Underlying Options | Exercise or Base Price of Option Awards (2) ($/Sh) | Grant Date Fair Value of Stock and Option Awards (3) |
|---|---|---|---|---|---|---|---|---|
| | | | Target | Maximum | | | | |
| Richard D. Fairbank | Performance Shares | 1/31/2013 | 155,363 | 233,045 | | | | $8,750,044 |
| Chairman, CEO and President | Stock Options | 1/31/2013 | | | | 325,985 | $56.32 | $4,375,012 |
| | RSUs | 1/31/2013 | | | 38,841 | | | $2,187,525 |
| Stephen S. Crawford | RSUs (4) | 2/4/2013 | | | 18,092 | | | $1,020,208 |
| Chief Financial Officer | Restricted Stock (5) | 2/4/2013 | | | 174,000 | | | $9,811,860 |
| Gary L. Perlin | Performance Shares | 1/31/2013 | 17,778 | 26,667 | | | | $1,001,257 |
| Former Chief Financial Officer | Stock Options | 1/31/2013 | | | | 55,263 | $56.32 | $741,679 |
| | RSUs | 1/31/2013 | | | 19,556 | | | $1,101,394 |
| | RSUs (4) | 1/31/2013 | | | 17,778 | | | $1,001,257 |
| | Restricted Stock | 1/31/2013 | | | 29,630 | | | $1,668,762 |
| Ryan M. Schneider | Performance Shares | 1/31/2013 | 11,346 | 17,019 | | | | $639,007 |
| President, Card | Stock Options | 1/31/2013 | | | | 35,269 | $56.32 | $473,342 |
| | RSUs | 1/31/2013 | | | 15,601 | | | $878,648 |
| | RSUs (4) | 1/31/2013 | | | 14,613 | | | $823,004 |
| | Restricted Stock | 1/31/2013 | | | 18,910 | | | $1,065,011 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Performance Shares | 1/31/2013 | 12,372 | 18,558 | | | | $696,791 |
| | Stock Options | 1/31/2013 | | | | 34,611 | $56.32 | $464,511 |
| John G. Finneran, Jr. | RSUs | 1/31/2013 | | | 13,609 | | | $766,459 |
| General Counsel and Corporate Secretary | RSUs (4) | 1/31/2013 | | | 12,749 | | | $718,024 |
| | Restricted Stock | 1/31/2013 | | | 20,619 | | | $1,161,262 |
| | Performance Shares | 1/31/2013 | 12,252 | 18,378 | | | | $690,033 |
| Jonathan W. Witter | Stock Options | 1/31/2013 | | | | 38,084 | $56.32 | $511,122 |
| President, Retail and | RSUs | 1/31/2013 | | | 11,719 | | | $660,014 |
| Direct Banking | RSUs (4) | 1/31/2013 | | | 11,719 | | | $660,014 |
| | Restricted Stock | 1/31/2013 | | | 20,420 | | | $1,150,054 |

(1) Date on which awards were approved by the independent directors.

(2) Equal to the fair market value of a share of Capital One s common stock on the date of grant determined on the basis of the closing price as reported by the NYSE Composite Transaction Tape.

(3) The grant date fair value for each option awarded on January 31, 2013, was calculated using the Black-Scholes method and was based on the following assumptions:

| **Volatility** | **Risk-Free Interest Rate** | **Dividend Yield** | **Expected Life** |
|---|---|---|---|
| 31.87% | 1.07% | 2.29% | 5.6 Years |

The grant date fair values for the performance shares if the maximum level of performance is achieved are as follows: $13,125,066 for Mr. Fairbank, $1,501,885 for Mr. Perlin, $958,510 for Mr. Schneider, $1,045,187 for Mr. Finneran, and $1,035,045 for Mr. Witter.

(4) Grant of restricted stock units representing a portion of base salary for 2013.

(5) Represents shares of restricted stock granted to Mr. Crawford on his first day of employment with the Company as part of his new hire compensation package. The shares of restricted stock vest in five equal annual installments beginning on the first anniversary of the date of grant and may not be sold or transferred until the fifth anniversary of the date of grant.

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## 2013 Option Exercises and Stock Vested Table

| Name & Principal Position | Option Awards | | Stock Awards | |
|---|---|---|---|---|
| | Number of Shares Acquired on Exercise | Value Realized on Exercise (1) | Number of Shares Acquired on Vesting | Value Realized on Vesting (2) |
| Richard D. Fairbank<br><br>Chairman, CEO and President | 360,000 | $5,104,188 | 316,772 | $18,083,840 |
| Stephen S. Crawford<br><br>Chief Financial Officer | 0 | $0 | 18,092 | $1,286,965 |
| Gary L. Perlin<br><br>Former Chief Financial Officer | 274,070 | $3,568,281 | 83,762 | $5,073,141 |
| Ryan M. Schneider<br><br>President, Card | 121,295 | $5,329,019 | 61,582 | $3,736,956 |
| John G. Finneran, Jr.<br><br>General Counsel and Corporate Secretary | 187,438 | $8,594,565 | 48,860 | $2,991,470 |
| Jonathan W. Witter<br><br>President, Retail and Direct Banking | 0 | $0 | 79,273 | $4,990,603 |

(1) The value realized is the pre-tax value of the shares (market price less the exercise price) received.

(2) The value realized for awards other than cash-settled restricted stock units is the number of shares multiplied by the closing price of the Company s common stock on the vesting date, as reported by the NYSE Composite Transaction Tape. For cash-settled restricted stock units, the value realized and amount paid is the number of shares multiplied by the closing price of the Company s common stock for the 20 trading days preceding the vesting date, in accordance with the terms of the applicable awards. The value included in the table above that was realized from cash-settled restricted stock units was as follows: $8,188,925 for Mr. Fairbank, $1,286,965 for Mr. Crawford, $2,727,482 for Mr. Perlin, $2,067,767 for Mr. Schneider, $1,895,462 for Mr. Finneran, and

$1,235,855 for Mr. Witter.

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**2013 Outstanding Equity Awards at Fiscal Year-End Table**

| | Option Awards (1), (2) | | | | Stock Awards (2) | | | |
|---|---|---|---|---|---|---|---|---|
| Name and Principal Position | Number of Securities Underlying Unexercised Options Exercisable | Number of Securities Underlying Unexercised Options Unexercisable | Option Exercise Price (3) | Option Expiration Date | Number of Shares or Units of Stock that Have Not Vested | Market Value of Shares or Units of Stock that Have Not Vested (4) | Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights that Have Not Vested | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights that Have Not Vested (4) |
| Richard D. Fairbank<br>Chairman, CEO and President | | | | | 330,851 (8) | $25,346,495 | 784,906 (9) | $60,131,610 |
| | 566,000 (5) | 0 | $82.39 | 12/19/2014 | | | | |
| | 573,000 (5) | 0 | $87.28 | 12/19/2015 | | | | |
| | 594,851 (5) | 0 | $76.45 | 12/10/2016 | | | | |
| | 1,661,780 (6) | 0 | $50.99 | 12/09/2017 | | | | |
| | 970,403 (6) | 0 | $18.28 | 1/28/2019 | | | | |
| | 559,333 (6) | 0 | $36.55 | 1/26/2020 | | | | |
| | 0 | 608,366 (6) | $48.28 | 1/25/2021 | | | | |
| | 0 | 360,009 (7) | $45.75 | 1/30/2022 | | | | |
| | 0 | 325,985 (7) | $56.32 | 1/30/2023 | | | | |
| Stephen S. Crawford<br>Chief Financial Officer | | | | | 174,000 (10) | $13,330,140 | 0 | $0 |
| Gary L. Perlin<br>Former Chief Financial Officer | | | | | 117,342 (13) | $8,989,571 | 92,388 (9) | $7,077,845 |
| | 77,220 (11) | 0 | $78.71 | 3/14/2015 | | | | |
| | 83,510 (11) | 0 | $88.81 | 3/2/2016 | | | | |
| | 122,450 (11) | 0 | $76.79 | 3/1/2017 | | | | |
| | 62,052 (11) | 31,028 (11) | $48.28 | 1/25/2021 | | | | |
| | 20,343 (12) | 40,687 (12) | $45.75 | 1/30/2022 | | | | |
| | 0 | 55,263 (12) | $56.32 | 1/30/2023 | | | | |
| Ryan M. Schneider<br>President, Card | | | | | 89,659 (13) | $6,868,776 | 69,070 (9) | $5,291,453 |
| | 15,650 (11) | 0 | $78.71 | 3/14/2015 | | | | |
| | 17,890 (11) | 0 | $88.81 | 3/2/2016 | | | | |
| | 26,250 (11) | 0 | $76.79 | 3/1/2017 | | | | |
| | 63,700 (11) | 0 | $48.95 | 2/20/2018 | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 48,454 (11) | 24,229 (11) | $48.28 | 1/25/2021 | | | | |
| | 16,225 (12) | 32,453 (12) | $45.75 | 1/30/2022 | | | | |
| | 0 | 35,269 (12) | $56.32 | 1/30/2023 | | | | |
| | | | | | | | | |
| John G. Finneran, Jr. | | | | | 82,897 (13) | $6,350,739 | 67,404 (9) | $5,163,820 |
| | 57,760 (11) | 0 | $78.71 | 3/14/2015 | | | | |
| | 63,650 (11) | 0 | $88.81 | 3/2/2016 | | | | |
| | 88,510 (11) | 0 | $76.79 | 3/1/2017 | | | | |
| General Counsel and Corporate Secretary | 149,890 (11) | 0 | $48.95 | 2/20/2018 | | | | |
| | 37,748 (11) | 18,876 (11) | $48.28 | 1/25/2021 | | | | |
| | 14,226 (12) | 28,453 (12) | $45.75 | 1/30/2022 | | | | |
| | 0 | 34,611 (12) | $56.32 | 1/30/2023 | | | | |
| | | | | | | | | |
| Jonathan W. Witter<br><br>President, Retail and Direct Banking | | &nb | | | | | | |