

CAPITAL ONE FINANCIAL CORP

Form 424B2

August 23, 2006

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**This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED AUGUST 23, 2006**

**PROSPECTUS SUPPLEMENT**

**(To prospectus dated May 9, 2006)**

**\$**

## **Capital One Financial Corporation**

### **% Subordinated Notes Due 2016**

We will pay interest on the subordinated notes semiannually on February and August of each year. We will make the first interest payment on February , 2007. The notes will mature on August , 2016.

The notes will be our unsecured obligations, will rank junior to all of our senior indebtedness and will be effectively junior to all indebtedness and other liabilities of our subsidiaries. We will issue the notes in minimum denominations of \$1,000 and integral multiples of \$1,000.

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

**Investing in the notes involves risks. See Risk Factors beginning on page S-5 of this prospectus supplement.**

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

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

	<u>Price to Public</u>	<u>Underwriting Commissions</u>	<u>Proceeds to Capital One</u>
Per Subordinated Note	%(1)	%	%
Total	\$ (1)	\$	\$

(1) Your purchase price also will include interest accrued on the notes since August , 2006, if any.

Delivery of the notes in book-entry form only will be made through the facilities of The Depository Trust Company on or about August , 2006.

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*Joint Bookrunners*

**Banc of America Securities LLC**

**Barclays Capital**

**JPMorgan**

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The date of this prospectus supplement is , 2006.

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

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

We provide information to you about the notes in two separate documents: (1) this prospectus supplement, which describes the specific terms of the notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in that prospectus and (2) the accompanying prospectus, which provides general information about securities we may offer from time to time, including securities other than the notes that are being offered by this prospectus supplement. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement.

It is important for you to read and consider all of the information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You also should read and consider the information in the documents we have referred you to in *Where You Can Find More Information* on page S-18 of this prospectus supplement and page 2 of the accompanying prospectus.

We include cross-references in this prospectus supplement and the accompanying prospectus to captions in these materials where you can find additional related discussions. The table of contents in this prospectus supplement provides the pages on which these captions are located.

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

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**SUMMARY**

*The following information supplements, and should be read together with, the information contained in other parts of this prospectus supplement and in the accompanying prospectus. This summary highlights selected information from this prospectus supplement and the accompanying prospectus to help you understand the offering of the notes. You should read this prospectus supplement and the accompanying prospectus carefully to understand fully the terms of the notes as well as the other considerations that are important to you in making a decision about whether to invest in the notes. You should pay special attention to the **Risk Factors** section beginning on page S-5 of this prospectus supplement to determine whether an investment in the notes is appropriate for you.*

**Capital One**

We are a financial holding company, incorporated in Delaware on July 21, 1994. Our subsidiaries market a variety of consumer financial products and services. Our principal subsidiary, Capital One Bank, a Virginia state chartered bank and a member of the Federal Reserve System, currently offers credit card products and retail deposits and engages in a wide variety of lending and other financial activities. Capital One, F.S.B., a federally chartered savings bank, offers consumer and commercial lending and consumer deposit products, and Capital One Auto Finance, Inc. offers automobile and other motor vehicle financing products. Capital One, National Association, a nationally chartered bank, offers a broad spectrum of financial products and services to consumers, small business and commercial clients. Capital One Services, Inc., another of our subsidiaries, provides various operating, administrative and other services to us and our subsidiaries. For more information on Capital One, see the accompanying prospectus.

In March 2006, we signed a definitive agreement to acquire North Fork Bancorporation, Inc. ( **North Fork** ) a regional bank holding company organized under the laws of Delaware, in a stock and cash transaction valued on March 10, 2006 at approximately \$14.6 billion. For further details on this acquisition, see our Current Report on Form 8-K filed on March 13, 2006, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 filed on May 4, 2006, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 filed on August 7, 2006, which are incorporated by reference into this prospectus supplement. See also our Current Reports on Form 8-K filed on May 16, 2006 and August 18, 2006, which incorporate preliminary unaudited pro forma condensed combined financial information giving effect to the merger with North Fork, and our Current Reports on Form 8-K filed on May 19, 2006 and August 22, 2006, incorporating certain consolidated financial statements of North Fork.

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**The Offering**

**Issuer:** Capital One Financial Corporation

**Securities Offered:** \$ aggregate principal amount of % subordinated notes due 2016.

**Maturity:** The notes will mature on August , 2016.

**Interest:** The notes will bear interest at the rate of % per year from the original issuance date.

We will pay interest on the notes semi-annually in arrears each February and August . We will make the first interest payment on February , 2007.

**Use of Proceeds:** We will use the proceeds from the sale of the notes to pay a portion of the cash acquisition price for North Fork.

**Ranking:** The notes will be unsecured and subordinated to the payment of our senior indebtedness, will be effectively subordinated to all of the existing and future liabilities and obligations of our subsidiaries, and will rank equal in right of payment to all our existing and future unsecured and subordinated indebtedness. The notes will be senior in right of payment to our obligations relating to trust preferred securities. At June 30, 2006, we had \$69,092,635,000 in indebtedness outstanding on a consolidated basis that is senior to the notes, including deposits and other obligations of Capital One Bank, Capital One, F.S.B and Capital One, National Association, and we will incur additional debt that will be senior to the notes as a result of the acquisition of North Fork.

**Redemption:** None.

**No Listing:** The notes will not be listed on any securities exchange.

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**RISK FACTORS**

*Investing in the notes involves risks, including the risks described below that are specific to the notes and those that could affect us and our business. You should not purchase notes unless you understand these investment risks. Please be aware that other risks may prove to be important in the future. New risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial performance. Before purchasing any notes, you should carefully consider the following discussion of risks and the other information in this prospectus supplement and the accompanying prospectus, and carefully read the risks described in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, including those set forth under the caption *Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2005 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006 and June 30, 2006.*

***The notes are subordinated obligations and we cannot make payments under the notes if we default on our obligations that are more senior.***

Our obligations under the notes are unsecured and rank junior to our senior indebtedness, as described under *Description of the Notes Ranking*. This means that we cannot make payments under the notes if we default on payments under any of these obligations, unless, by their terms, the obligations are equal with or junior to the notes. If we liquidate, go bankrupt or dissolve, we would be able to make payments under the notes only after we have paid all of our liabilities that are senior to the notes. At June 30, 2006, we had outstanding \$2,047,481,000 in debts and other obligations that ranked senior to the notes, excluding obligations of our subsidiaries. We will assume additional indebtedness at the holding company level that will rank senior to the notes in connection with our planned merger with North Fork. There is no limitation on our ability to incur additional debt senior to or on parity with the notes. For more information on the subordination of payments under the notes, see *Description of the Notes Ranking*.

***The notes are our obligations and not obligations of our subsidiaries and will be effectively subordinated to the claims of our subsidiaries creditors.***

The notes are exclusively our obligations and not those of our subsidiaries. We are a holding company and, accordingly, substantially all of our operations are conducted through our subsidiaries. As a result, our cash flow and our ability to service our debt, including the notes, depend upon the earnings of our subsidiaries. In addition, we depend on the distribution of earnings, loans or other payments by our subsidiaries to us.

Our subsidiaries are separate and distinct legal entities. Our subsidiaries have no obligation to pay any amounts due on the notes or to provide us with funds to pay our obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us would be subject to regulatory or contractual restrictions. Payments to us by our subsidiaries also will be contingent upon those subsidiaries' earnings and business considerations.

Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and, therefore, the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of those subsidiaries' creditors, including senior and subordinated debtholders and general trade creditors. In the event of any such distribution of assets of our bank subsidiaries, the claims of depositors and other general or subordinated creditors would be entitled to priority over the claims of holders of the notes. In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of those subsidiaries and any indebtedness of those subsidiaries senior to that held by us. As of June 30, 2006, our subsidiaries had outstanding \$67,045,154,000 in financial obligations that would effectively rank senior to the notes in case of liquidation or reorganization, such as deposit liabilities, and we will assume additional indebtedness at the subsidiary level that will effectively rank senior to the notes in connection with our planned merger

with North Fork.

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*The notes are subject to limited rights of acceleration.*

Payment of principal on the notes may be accelerated only in the case of certain events of bankruptcy or insolvency, whether voluntary or involuntary, of us or one of our major depository institution subsidiaries. Thus, you have no right to accelerate the payment of principal on the notes if we fail to pay interest on the notes or if we fail in the performance of any of our other obligations under the notes.

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**Table of Contents****USE OF PROCEEDS**

We estimate that the net proceeds from the sale of the notes will be approximately \$ \_\_\_\_\_, after deducting underwriting discounts and our estimated expenses of the offering.

We will use the proceeds from the sale of the notes to pay a portion of the cash acquisition price for North Fork.

**CAPITALIZATION**

The following table sets forth our consolidated capitalization at June 30, 2006, (1) on an actual basis and (2) as adjusted to give effect to the issuance and sale of the notes in this offering and the 7.686% junior subordinated debt securities due August 1, 2066 issued in connection with the offering of 7.686% Capital Securities by Capital One Capital III. The table should be read in conjunction with our consolidated financial statements and the accompanying notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

	June 30, 2006	
	Actual	As Adjusted
	(Unaudited, dollars in thousands)	
<b>Debt:</b>		
Non-interest bearing deposits	\$ 4,487,837	\$ 4,487,837
Interest bearing deposits	42,698,976	42,698,976
<b>Total Deposits</b>	<b>47,186,813</b>	<b>47,186,813</b>
Senior and subordinated notes	5,490,690	
Other borrowings	16,836,398	17,487,359
<b>Total liabilities</b>	<b>\$ 69,513,901</b>	<b>\$ _____</b>
<b>Stockholders equity:</b>		
Preferred stock, par value \$.01 per share; authorized 50,000,000 shares, none issued or outstanding		
Common stock, par value \$.01 per share; authorized 1,000,000,000 shares and 306,007,266 shares issued and outstanding	3,060	3,060
Paid-in-capital	7,151,376	7,151,376
Retained earnings and cumulative other comprehensive income	8,857,963	8,857,963
Less: Treasury stock, at cost: 2,128,480 shares	(115,336)	(115,336)
<b>Total stockholders equity</b>	<b>\$ 15,897,063</b>	<b>\$ 15,897,063</b>
<b>Total capitalization</b>	<b>\$ 85,410,964</b>	<b>\$ _____</b>

**Table of Contents****RATIO OF EARNINGS TO FIXED CHARGES**

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

	<b>Six Months Ended</b>		<b>Years Ended December 31,</b>				
	<b>June 30,</b>						
	<b>2006</b>	<b>2005</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
<b>Earnings to Fixed Charges:</b>							
Including Interest on Deposits	2.59	2.68	2.37	2.31	2.13	1.98	1.87
Excluding Interest on Deposits	4.92	4.88	4.20	3.99	3.59	3.19	2.89

The ratio of earnings to fixed charges is computed by dividing income before income taxes and fixed charges less interest capitalized during such period, net of amortization of previously capitalized interest, by fixed charges. Fixed charges consist of interest, expensed or capitalized, on borrowings (including or excluding deposits, as applicable), and the portion of rental expense which is deemed representative. As of the date of this prospectus supplement, we have no preferred stock outstanding and accordingly the ratio of earnings to fixed charges and preferred stock dividends is equal to the ratio of earnings to fixed charges and is not disclosed separately.

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**DESCRIPTION OF THE NOTES**

*The following is a description of the particular terms of the notes offered pursuant to this prospectus supplement. This description supplements and, to the extent inconsistent, modifies the description of the general terms and provisions of subordinated debt securities set forth in the accompanying prospectus under Description of Debt Securities. To the extent the description in this prospectus supplement is inconsistent with the description contained in the accompanying prospectus, you should rely on the description in this prospectus supplement. The following description is qualified in its entirety by reference to the provisions of the subordinated indenture dated as of August , 2006. A form of the subordinated indenture is filed as an exhibit to the registration statement of which this prospectus supplement and the accompanying prospectus are a part. Capitalized terms not defined in this section have the meanings assigned to such terms in the accompanying prospectus or in the subordinated indenture.*

**General**

The notes offered hereby constitute a series of subordinated debt securities described in the accompanying prospectus to be issued under the subordinated indenture dated as of August , 2006, between us and The Bank of New York Trust Company, N.A., as indenture trustee, which we refer to as the subordinated indenture. The notes will be our direct, unsecured obligations.

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

**Payments**

The notes will mature on August , 2016. The notes will bear interest from August , 2006, at the annual rate of %.

We will pay interest on the notes semi-annually in arrears on each February and August . We will make the first interest payment on February , 2007.

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

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

### **Denominations**

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

### **Ranking**

Payments on the notes will rank junior in right of payment to all of our senior indebtedness. The term senior indebtedness means, with respect to us:

- (1) the principal of and premium, if any, and interest, on, whether outstanding now or incurred later, (a) all indebtedness for money borrowed by us, including indebtedness of others guaranteed by us, other than

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any subordinated debt securities, junior subordinated debt securities and other indebtedness that is expressly stated as not senior, and (b) any amendments, renewals, extensions, modifications and refundings of any indebtedness, unless in any such case the instrument evidencing the indebtedness provides that it is not senior in right of payment to the notes;

- (2) all of our capital lease obligations and any synthetic lease or tax retention operating lease;
- (3) all of our obligations issued or assumed as the deferred purchase price of property, and all conditional sale or title retention agreements, but excluding trade accounts payable in the ordinary course of business;
- (4) all of our obligations, contingent or otherwise, in respect of any letters of credit, bankers acceptances, security purchase facilities and similar credit transactions;
- (5) all of our obligations in respect of interest rate swap, cap or similar agreements, interest rate future or options contracts, currency swap agreements, currency future or option contracts, commodity contracts and other similar agreements;
- (6) all obligations of the type referred to in clauses (1) through (5) of other persons for the payment of which we are responsible or liable as obligor, guarantor or otherwise; and
- (7) all obligations of the type referred to in clauses (1) through (6) of other persons secured by any lien on any of our property or assets whether or not such obligation is assumed by us;

except that senior indebtedness will not include:

- (A) subordinated debt securities;
- (B) any indebtedness that by its terms is subordinated to, or ranks on an equal basis with, subordinated debt securities; and
- (C) any indebtedness between or among us and our affiliates that constitutes or involves (1) any junior subordinated debt securities, (2) trust preferred securities guarantees or (3) all other debt securities and guarantees in respect of those debt securities, issued to any trust, or a trustee of such trust, partnership or other entity affiliated with us which is our financing vehicle in connection with the issuance by such financing vehicle of trust preferred securities or other securities guaranteed by us pursuant to an instrument that ranks on an equal basis with, or junior to, trust preferred securities guarantees.

The notes will be subordinated in right of payment to all of our senior indebtedness. No payment may be made on the notes if a payment default or any other default allowing for acceleration has occurred and is continuing with respect to any senior indebtedness. In the event of any insolvency, dissolution, assignment for the benefit of our creditors, reorganization, restructuring of debt, marshaling of assets and liabilities or similar proceedings or any liquidation or winding-up of or relating to our company as a whole, whether voluntary or involuntary, all holders of senior indebtedness will be entitled to be paid in full before you are entitled to receive any payment in respect of the notes. In the event of any such proceedings, after payment in full of all sums owing with respect to senior indebtedness, the holders of the notes, together with the holders of any of our obligations ranking equally with the notes, will be entitled to be paid from our remaining assets the unpaid principal thereof and interest thereon before any payment or other distribution is made on our capital stock or any other obligation ranking junior to the notes.

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As of June 30, 2006, we had an aggregate of \$2,047,481,000 in senior indebtedness. **The notes do not contain any limitation on the amount of senior indebtedness that we or any of our subsidiaries may hereafter incur.**

We may, without the consent of the holders of the notes, create and issue additional debt securities under the subordinated indenture, ranking equally with the notes. The subordinated indenture does not limit the amount of additional subordinated indebtedness that we or any of our subsidiaries may incur. The notes will be our

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exclusive obligations and not those of our subsidiaries. Since we are a holding company and substantially all of our operations are conducted through subsidiaries, our cash flow and consequently our ability to service debt, including the notes, depend upon the earnings of our subsidiaries and the distribution of those earnings to us or upon other payments of funds by those subsidiaries to us. The subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on the notes or to provide us with funds for payments on the notes, whether by dividends, distributions, loans or other payments. In addition, the payment of dividends and distributions and the making of loans and advances to us by our subsidiaries may be subject to statutory or contractual restrictions, are contingent upon the earnings of those subsidiaries, and are subject to various business considerations.

Any right we have to receive assets of any of our subsidiaries upon their liquidation or reorganization and the resulting right of the holders of notes to participate in those assets effectively will be subordinated to the claims of that subsidiary's creditors, including trade creditors, except to the extent that we are recognized as a creditor of the subsidiary, in which case our claims would be subordinated to any security interests in the assets of the subsidiary and any indebtedness of the subsidiary senior to the debt held by us.

## **Events of Default; Waivers**

Events of default under the subordinated indenture with respect to the notes are:

- (1) failure to pay interest on the notes when due and continuance of that default for 30 days;
- (2) failure to pay the principal of the notes when due and payable;
- (3) failure to perform or the breach of any covenant or warranty in the subordinated indenture or the notes (other than a covenant or warranty included solely for the benefit of a series of debt securities other than the notes) that continues for 60 days after we are given written notice by the indenture trustee or we and the indenture trustee are given written notice by the holders of at least 25% in principal amount of the outstanding notes; or
- (4) certain events of bankruptcy, insolvency or reorganization of us or a major depository institution subsidiary.

If an event of default due to certain events of bankruptcy or insolvency, whether voluntary or involuntary, of us or one of our major depository institution subsidiaries under the subordinated indenture has occurred and is continuing, then the indenture trustee or the holders of not less than 25% in principal amount of the notes may declare the principal of and accrued interest on the notes to be due and payable immediately.

**There is no right of acceleration in the case of a default in the payment of interest on the notes or in our performance of any other obligation under the notes or the subordinated indenture.**

The holder of any note will have an absolute right to receive payment of the principal of and interest on such note on or after the due dates expressed in such note and to institute suit for the enforcement of any such payment, but there is no right of acceleration in the case of our default in the payment of principal or interest on the notes or the performance of any other obligation under the notes.



**Same-Day Settlement and Payment**

Settlement by purchasers of the notes will be made in immediately available funds. All payments by us to the depository of principal and interest will be made in immediately available funds. So long as any notes are represented by global securities registered in the name of the depository or its nominee, those notes will trade in the depository's Same-Day Funds Settlement System which requires secondary market trading in those notes to settle in immediately available funds. No assurance can be given as to the effect, if any, of this requirement to settle in immediately available funds on trading activity in notes.

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**Global Securities; Book-Entry Issue**

We expect that the notes will be issued in the form of global securities held by The Depository Trust Company as described under Book-Entry Procedures and Settlement in the accompanying prospectus.

**Trustee**

The Bank of New York Trust Company, N.A. is the indenture trustee with respect to the notes. The trustee is one of a number of banks with which we and our subsidiaries maintain ordinary banking and trust relationships.

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**CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES**

This summary is based on laws, regulations, rulings and decisions now in effect, all of which may change. Any change could apply retroactively and could affect the continued validity of this summary. You should consult your tax adviser about the tax consequences of holding notes, including the relevance to your particular situation of the considerations discussed below, as well as the relevance to your particular situation of state, local, non-U.S., or other tax laws.

**U.S. Holders**

The following discussion summarizes certain U.S. federal income tax considerations that may be relevant to you if you purchase notes in the initial offering at the original issue price and are a U.S. holder. You will be a U.S. holder if you are an individual who is a citizen or resident of the United States, a U.S. domestic corporation, or any other person that is subject to U.S. federal income tax on a net income basis in respect of an investment in the notes. This summary deals only with U.S. holders that hold notes as capital assets. It does not address considerations that may be relevant to you if you are an investor that is subject to special tax rules, such as a bank, thrift, real estate investment trust, regulated investment company, insurance company, dealer in securities or currencies, trader in securities or commodities that elects mark-to-market treatment, person that will hold notes as a hedge against currency risk or as a position in a straddle or conversion transaction, tax-exempt organization or a person whose functional currency is not the U.S. dollar.

*Payments or Accruals of Interest.* Payments or accruals of interest on a note will be taxable to you as ordinary interest income at the time that you receive or accrue such amounts (in accordance with your regular method of tax accounting).

*Purchase, Sale and Retirement of Notes.* Initially, your tax basis in a note generally will equal the cost of the note to you. Your basis will decrease by the amount of any payments other than interest payments made on the note.

When you sell or exchange a note, or if a note that you hold is retired, you generally will recognize gain or loss equal to the difference between the amount you realize on the transaction (less any accrued interest, which will be subject to tax in the manner described above under *Payments or Accruals of Interest* ) and your tax basis in the note.

The gain or loss that you recognize on the sale, exchange or retirement of a note generally will be capital gain or loss. The gain or loss on the sale, exchange or retirement of a note will be long-term capital gain or loss if you have held the note for more than one year on the date of disposition. Net long-term capital gain recognized by an individual U.S. holder generally will be subject to tax at a lower rate than net short-term capital gain or ordinary income. The ability of U.S. holders to offset capital losses against ordinary income is limited.

*Information Reporting and Backup Withholding.* A paying agent must file information returns with the U.S. Internal Revenue Service in connection with note payments made to certain U.S. persons. If you are a U.S. person, you generally will not be subject to U.S. backup withholding tax on such payments if you provide your taxpayer identification number to the paying agent. You also may be subject to information reporting and backup withholding tax requirements with respect to the proceeds from a sale of the notes. If you are not a U.S. person, you may have to comply with certification procedures to establish that you are not a U.S. person in order to avoid information reporting and backup withholding tax requirements.

**Non-U.S. Holders**

Under current U.S. federal income and estate tax law,

(a) payment on a note or coupon by us or any paying agent to a holder that is a Non-U.S. Holder will not be subject to withholding of U.S. federal income tax, provided that, with respect to payments of interest,

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(i) the holder does not actually or constructively own 10 percent or more of the combined voting power of all classes of our stock and is not a controlled foreign corporation related to us through stock ownership and (ii) the beneficial owner provides a statement signed under penalty of perjury that includes its name and address and certifies that it is a Non-U.S. Holder in compliance with applicable requirements (or satisfies certain documentary evidence requirements for establishing that it is a Non-U.S. Holder);

(b) a holder of a note or coupon that is a Non-U.S. Holder will not be subject to U.S. federal income tax on gain realized on the sale, exchange or redemption of the note or coupon, unless (i) such gain is effectively connected with the conduct by the holder of a trade or business in the United States or (ii) in the case of gain realized by an individual holder, the holder is present in the United States for 183 days or more in the taxable year of the sale and either (A) such gain or income is attributable to an office or other fixed place of business maintained in the United States by such holder or (B) such holder has a tax home in the United States; and

(c) a note or coupon will not be subject to U.S. federal estate tax as a result of the death of a holder who is not a citizen or resident of the United States at the time of death, provided that such holder did not at the time of death actually or constructively own 10 percent or more of the combined voting power of all classes of our stock and, at the time of such holder's death, payments of interest on such note or coupon would not have been effectively connected with the conduct by such holder of a trade or business in the United States.

Payments on a note owned by a Non-U.S. Holder will not be subject to information reporting requirements nor backup withholding tax if the statement described in clause (a) of the preceding paragraph is duly provided to the paying agent.

Payment on a note or coupon by the U.S. office of a custodian, nominee or other agent of the beneficial owner of such note or coupon will be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

Information reporting requirements and backup withholding tax will not apply to any payment of the proceeds of the sale of a note or coupon effected outside the United States by a foreign office of a foreign broker (as defined in applicable Treasury regulations), provided that such broker (1) derives less than 50 percent of its gross income for certain periods from the conduct of a trade or business in the United States, (2) is not a controlled foreign corporation for U.S. federal income tax purposes and (3) is not a foreign partnership that, at any time during its taxable year, is more than 50 percent (by income or capital interest) owned by U.S. persons or is engaged in the conduct of a U.S. trade or business. Payment of the proceeds of the sale of a note or coupon effected outside the United States by a foreign office of any other broker will not be subject to backup withholding tax, but will be subject to information reporting requirements unless such broker has documentary evidence in its records that the beneficial owner is a Non-U.S. Holder and certain other conditions are met, or the beneficial owner otherwise establishes an exemption. Payment of the proceeds of a sale of a note or coupon by the U.S. office of a broker will be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

For purposes of applying the rules set forth under this heading **Non-U.S. Holders** to an entity that is treated as fiscally transparent (e.g., a partnership) for U.S. federal income tax purposes, the beneficial owner means each of the ultimate beneficial owners of the entity.

For purposes of the discussion under this heading **Non-U.S. Holders** a **Non-U.S. Holder** is a holder of a note or coupon that is not a United States person. A **United States person** is a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (1) a U.S. court is able to exercise primary supervision over the trust's administration and (2) one or

more United States persons have the authority to control all of the trust's substantial decisions.

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**CERTAIN ERISA CONSIDERATIONS**

The following is a summary of certain considerations associated with the purchase of the notes by employee benefit plans to which Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended, which we refer to as ERISA, applies; plans, individual retirement accounts and other arrangements to which Section 4975 of the Code or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code, which we collectively refer to as Similar Laws, apply; and entities whose underlying assets are considered to include plan assets of such plans, accounts and arrangements (each of which we call a Plan).

Each fiduciary of a Plan should consider the fiduciary standards of ERISA or any applicable Similar Laws in the context of the Plan's particular circumstances before authorizing an investment in the notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA or any applicable Similar Laws and would be consistent with the documents and instruments governing the Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit Plans subject to such provisions, which we call ERISA Plans, from engaging in certain transactions involving plan assets with persons that are parties in interest under ERISA or disqualified persons under the Code with respect to the ERISA Plans. A violation of these prohibited transaction rules may result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for those persons, unless exemptive relief is available under an applicable statutory or administrative exemption. Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and foreign plans (as described in Section 4(b)(4) of ERISA) are not subject to the requirements of ERISA or Section 4975 of the Code, but may be subject to Similar Laws.

Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code could arise if the notes were acquired by an ERISA Plan with respect to which we or any of our affiliates are a party in interest or a disqualified person. For example, if we are a party in interest or disqualified person with respect to an investing ERISA Plan (either directly or by reason of our ownership of our subsidiaries), an extension of credit prohibited by Section 406(a)(1)(B) of ERISA and Section 4975(c)(1)(B) of the Code between the investing ERISA Plan and us may be deemed to occur, unless exemptive relief were available under an applicable exemption (see below).

Prohibited transaction class exemptions, or PTCEs, issued by the United States Department of Labor, as well as certain statutory exemptions available under ERISA and the Code, may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase, holding or disposition of the notes. Those class and statutory exemptions include:

PTCE 96-23 for certain transactions determined by in-house asset managers;

PTCE 95-60 for certain transactions involving insurance company general accounts;

PTCE 91-38 for certain transactions involving bank collective investment funds;

PTCE 90-1 for certain transactions involving insurance company separate accounts;

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PTCE 84-14 for certain transactions determined by independent qualified professional asset managers; and

ERISA § 408(b)(17); Code § 4975(d)(20) statutory exemption for certain transactions with service providers.

Because of the possibility that direct or indirect prohibited transactions or violations of Similar Laws could occur as a result of the purchase, holding or disposition of the notes by a Plan, the notes may not be purchased by

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any Plan, or any person investing the assets of any Plan, unless its purchase, holding and disposition of the notes will not constitute or result in a non-exempt prohibited transaction under ERISA or the Code or in a violation of any Similar Laws. Any purchaser or holder of the notes or any interest in the notes will be deemed to have represented by its purchase and holding of the notes that either:

it is not a Plan and is not purchasing the notes or interest in the notes on behalf of or with the assets of any Plan; or

its purchase, holding and disposition of the notes or interest in the notes will not constitute or result in a non-exempt prohibited transaction under ERISA or the Code or in a violation of any Similar Laws.

Due to the complexity of these rules and the penalties imposed upon persons involved in non-exempt prohibited transactions, it is important that any person considering the purchase of notes on behalf of or with the assets of any Plan consult with its counsel regarding the consequences under ERISA, the Code and any applicable Similar Laws of the acquisition, ownership and disposition of notes, whether any exemption would be applicable, and whether all conditions of such exemption have been satisfied such that the acquisition, holding and disposition of the notes by the Plan are entitled to full exemptive relief thereunder.

Nothing herein shall be construed as, and the sale of notes to a Plan is in no respect, a representation by us or the underwriters that any investment in the notes would meet any or all of the relevant legal requirements with respect to investment by, or is appropriate for, Plans generally or any particular Plan.

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Under the terms and subject to the conditions contained in an underwriting agreement dated August , 2006, we have agreed to sell to the underwriters named below, for whom J.P. Morgan Securities Inc. is acting as representative, and the underwriters have severally agreed to purchase the following respective principal amounts of the notes:

<b>Name</b>	<b>Principal Amount of Notes</b>
Banc of America Securities LLC	\$
Barclays Capital Inc.	\$
J.P. Morgan Securities Inc.	\$
<b>Total</b>	<b>\$</b>

The obligations of the underwriters under the underwriting agreement, including their agreement to purchase the notes from us, are several and not joint. Those obligations are also subject to the satisfaction of certain conditions in the underwriting agreement. The underwriters have agreed to purchase all of the notes if any are purchased.

The underwriters have advised us that they propose to offer the notes to the public at the public offering price that appears on the cover page of this prospectus supplement. The underwriters may offer the notes to selected dealers at the public offering price minus a selling concession of up to % of the principal amount per note. In addition, the underwriters may allow, and those selected dealers may reallow, a selling concession of up to % of the principal amount per note to certain other dealers. After the initial public offering, the underwriters may change the public offering price and any other selling terms.

We estimate that our out-of-pocket expenses for this offering will be approximately \$ .

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or the Securities Act.

Furthermore, each underwriter has represented, warranted and agreed that in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State ), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date ) it has not made and will not make an offer of the notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the notes to the public in