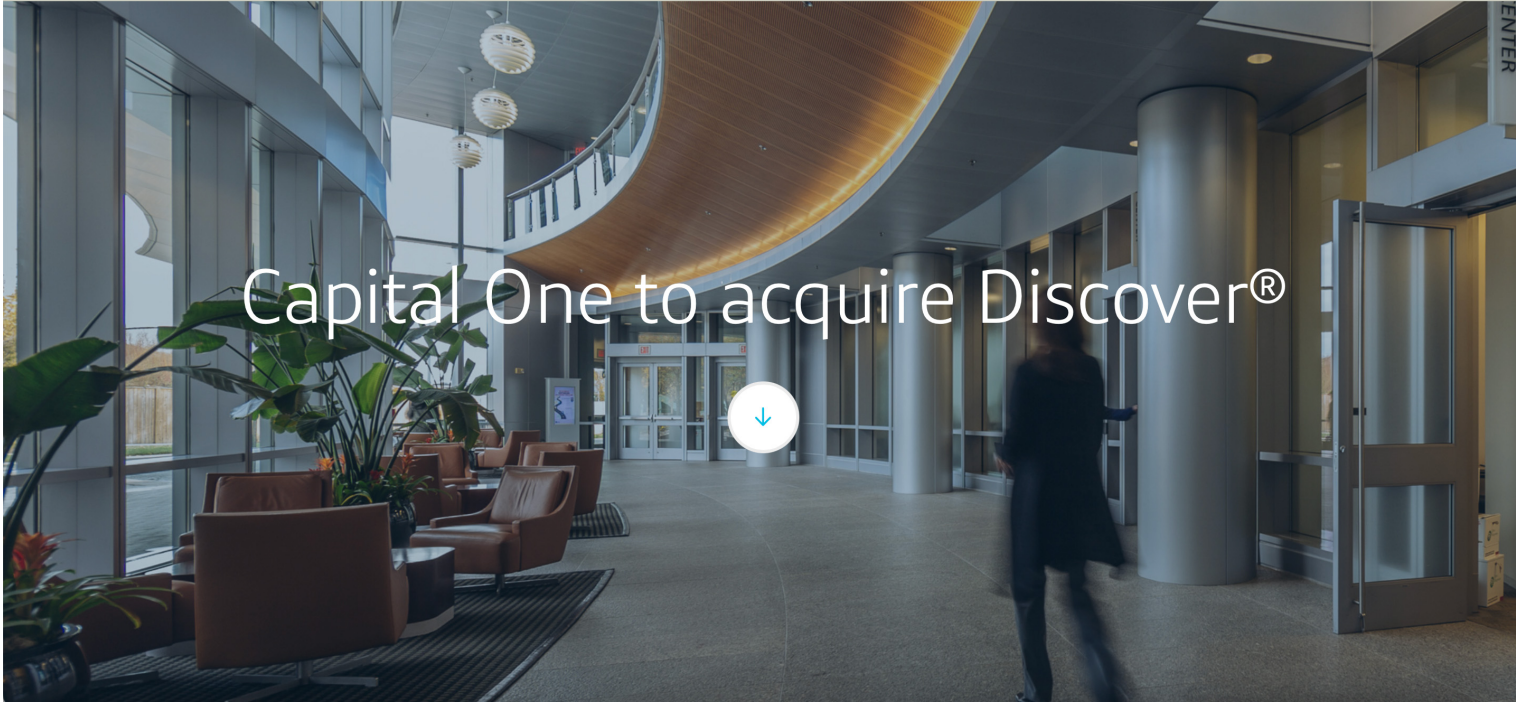
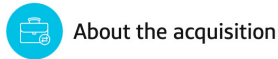


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and deemed filed pursuant to Rule 14a-12 of the
Securities and Exchange Act of 1934, as amended

Subject Company: Discover Financial Services
(Commission File No.: 001-33378)

The following are copies of materials posted to the website www.capitalonediscover.com on September 13, 2024.





Good for consumers.
Good for small businesses.
Good for communities.

This opportunity brings together two mission-driven companies with proven track records of delivering best-in-class products and experiences for consumers.

Capital One and Discover have a shared heritage of challenging the status quo and helping customers succeed. Since its founding, Capital One has been guided by a belief that no consumers should be prevented from accessing credit nor be locked out of the financial system. And today, we remain committed to serving American consumers across the credit spectrum.

Capital One was the first national bank to eliminate overdraft fees and provide the service for free. Discover has been a pioneer of cash back rewards with a legacy of award-winning customer service and exceptional customer advocacy. Together, these two companies are excited to drive innovation, increase competition in banking and payments, and serve customers with ingenuity and humanity.



Watch Capital One's founder share our vision for the combined company

Rich Fairbank, Capital One's Founder & CEO, shares how the combination of Capital One and Discover will provide significant benefits for the two companies and their customers. Joining forces will enable greater competition with the largest U.S. banks and global payments networks. Together, Capital One and Discover can deliver exceptional banking products and experiences for customers while increasing the value of the network for merchants and consumers.



Announcing our community benefits plan

Our historic community benefits plan, which was developed as part of our proposed acquisition of Discover Financial Services, totals more than \$265 billion in lending, investing and philanthropy over five years. This plan is more than twice as large as any other community commitment developed in connection with a bank acquisition.

[Details about our plan](#)

Letters of support

We have a deep history of making a positive impact in the community

“Their involvement with HGW goes beyond providing funding for our STEAM programming and Reach for the Stars Gala as they established the Capital One Coders program in 2018. Through this partnership, Capital One provided Horizons middle school students with a web design module once a week for four consecutive weeks during the summer program. **Over the course of the module, students worked with Capital One associates to develop their own website while learning the basics of HTML, CSS, and JavaScript.**”

Mike Di Marco
Executive Director, Horizons Greater Washington

“Your support of our efforts to educate potential home buyers and provide pre- and post-purchase counseling has resulted in the creation of 3,386 homebuyers and 4,440 mortgage-ready families. Because Tejano Center serves a predominantly Hispanic, heavily first-generation demographic, these outcomes mean families are establishing themselves and their children, creating wealth, and building stability.”

Gabriela Luna
Director of Affordable Housing and Community Development - Tejano Center for Community Concerns

“Capital One has supported the 2018 Capital One Community Grant project, and we are excited to see the results of the Teen Ware 2020, and would like to thank you for serving today with us. We look forward to **experience Capital One’s commitment to community partnership in Delaware**”

Logan S. Herring, Sr.
Chief Executive Officer

Letters of support

We have a deep history of making a positive impact in the community

“Capital One has been instrumental in our success. In 2018 Capital One donated a former school building to the project, and this has been renovated for use by The Teen Warehouse. The Teen Warehouse opened in 2020, and would not be serving the number of youth it serves today without this contribution. **In our experience Capital One has been a strong community partner, helping to make Wilmington and Delaware a better place to live.**”

Logan S. Herring, Sr.
Chief Executive Officer - The WRK Group

“For years now, I’ve worked directly with Capital One to promote the credit builder loans and secured credit cards. These loans give the unbanked and underbanked an opportunity to establish credit for the first time or re-establish credit. **Capital One also demonstrates their commitment by funding programs that assist LMI customers who would otherwise never walk into a financial institution.**”

Yvonne M. Bartley
ED/Program Director - Multi-Cultural Development; A HUD Approved Housing Counseling Agency

“Since 2007, Capital One has been a strong supporter of The Women’s Center. Capital One has donated \$850,000 to help support the center’s impact in the community. **Capital One demonstrates their leadership and commitment by funding programs that assist LMI customers who would otherwise never walk into a financial institution.**”

Christine Powell, M.Ed.
CEO - The Women’s Center

Letters of support

We have a deep history of making a positive impact in the community

“Since 2007, Capital One Bank has been a steadfast supporter of The Women’s Resource, investing over \$850,000 to help us grow and make a meaningful impact in the community. **Their support goes beyond financial contributions; they have provided leadership and guidance to ensure the growth and sustainability of our programs** through board and committee memberships.”

Christine Powell, MPH
CEO - The Women’s Resource

I was delighted to hear about Capital One’s record of community investments and how that aligns with that of Discover. Capital One remains committed to Discover’s vision for bringing quality jobs to Chicago’s South Side and **supporting organizations like ours whose work is critical to improving the fabric of our local communities.**

Dorri C. McWhorter
President and CEO - YMCA of Metropolitan Chicago

“Their involvement in funding for our Stars Gala & Coders program at Capital One pro with a web des consecutive we **the course of Capital One as website while and JavaScript**

Mike Di Marco
Executive Director, H





Here for consumers and small businesses

Focusing on our customers

- Offering widespread access to low-fee credit cards, no-fee bank accounts and new products with industry-leading rewards and features for consumers
- Providing ways to lower fraud and innovate through the Discover network
- Scaling seamless, consumer-friendly digital and in-person experiences across a national network of branches and cafés

Committed to communities

Making a positive difference

- Bringing benefits to the customers, communities and employees of both companies
- Increasing overall lending, investment and other services to underserved communities, including those in low- and moderate-income (LMI) neighborhoods, rural areas, and communities of color
- Building on Capital One's long-standing track record of "Outstanding" Community Reinvestment Act performance since 2007, and as a consistent top provider of community development lending among all banks since 2015, with \$4.75 billion in national community development loans in 2023 alone

[About our Community Benefits Plan](#)





Uniquely pro-competition

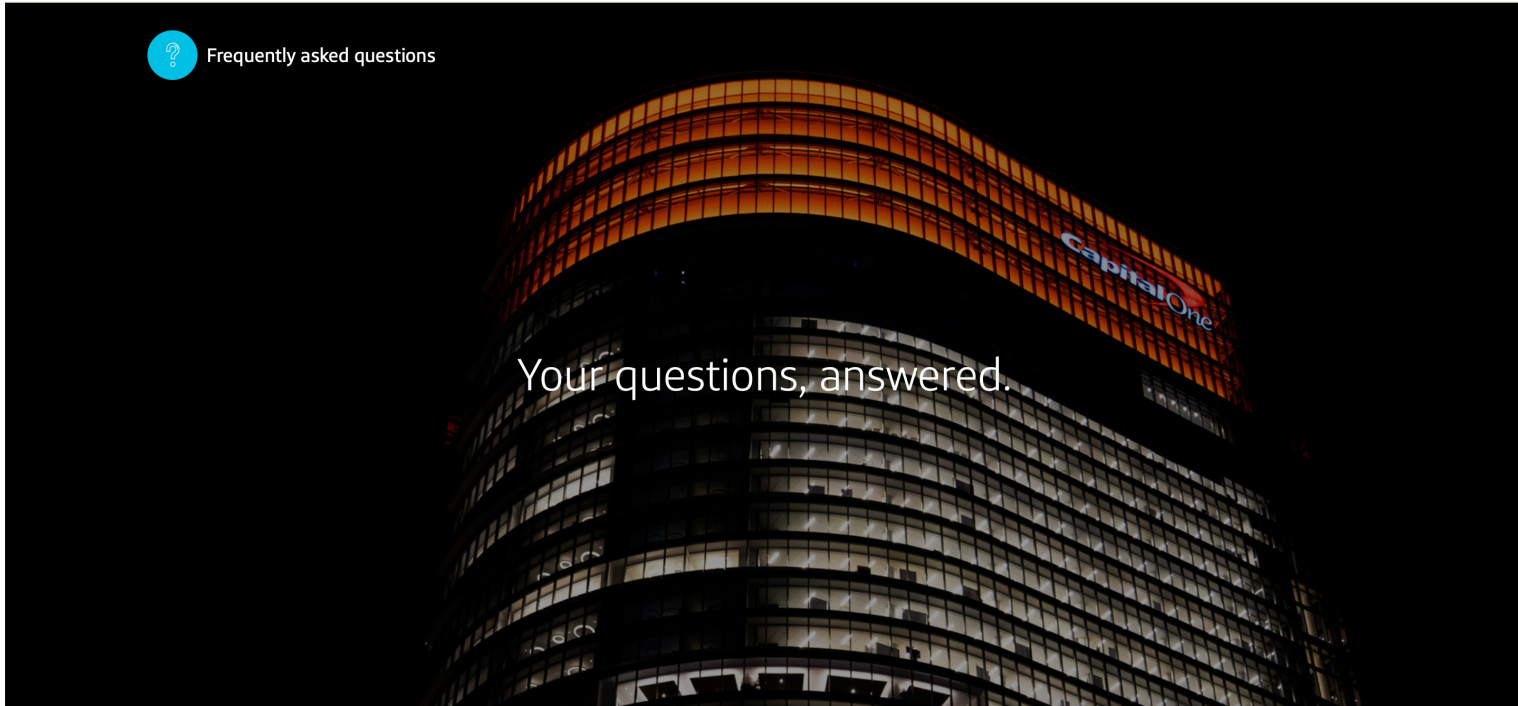
Bringing more competition into the payments industry

- Injecting more competition in the payments network space, which is dominated by Visa and Mastercard today
- Strengthening the Discover network, which today accounts for less than 4% of total credit card purchase volume, with Visa, Mastercard and American Express accounting for the remaining 96%
- Leveraging scale and industry leading capabilities to enhance the competitive position of the Discover network and pass additional efficiencies on to customers, small businesses and merchants in the form of improved products and services



Frequently asked questions

Your questions, answered.



I'm an existing customer, what will change for me? +

Will this result in branch closures? +

How long will this process take? +

Does this deal make Capital One the largest credit card company? +

Does this deal create another payments giant? +

I'm an existing customer, what will change for me? -

Capital One intends to continue to offer Discover credit card products as Discover-branded cards alongside the other consumer cards currently offered by Capital One. We intend to preserve the Discover brand, with the Discover issuer brand joining the Capital One brand family.

Credit, banking and small business customers can continue to expect award-winning customer experiences along with new products, features and capabilities, enhanced fraud protection, and a reduction in unnecessary transaction declines over time.

Will this result in branch closures? +

How long will this process take? +

Does this deal make Capital One the largest credit card company? +

I'm an existing customer, what will change for me?



Will this result in branch closures?



We don't anticipate any changes to Capital One's existing branches or Cafes, or to Discover's single bank branch in Greenwood, Delaware, as a result of this acquisition.

How long will this process take?



Does this deal make Capital One the largest credit card company?



Does this deal create another payments giant?



I'm an existing customer, what will change for me?



Will this result in branch closures?



How long will this process take?



The acquisition is subject to regulatory and shareholder approvals and is expected to close in late 2024 or early 2025.

Does this deal make Capital One the largest credit card company?



Does this deal create another payments giant?



Will this result in branch closures?



How long will this process take?



Does this deal make Capital One the largest credit card company?



The credit card market will remain intensely competitive after the transaction. While the combined Capital One-Discover will be a leading credit card issuer, the company will continue to face many significant competitors.

Capital One is currently the third largest credit card issuer in terms of credit card purchase volume, and we will remain in third place behind Chase and American Express after the deal.

Purchase volume is a meaningful indicator of size as it represents the value of transactions made on Capital One's credit cards.

Does this deal create another payments giant?



I'm an existing customer, what will change for me?



Will this result in branch closures?



How long will this process take?



Does this deal make Capital One the largest credit card company?

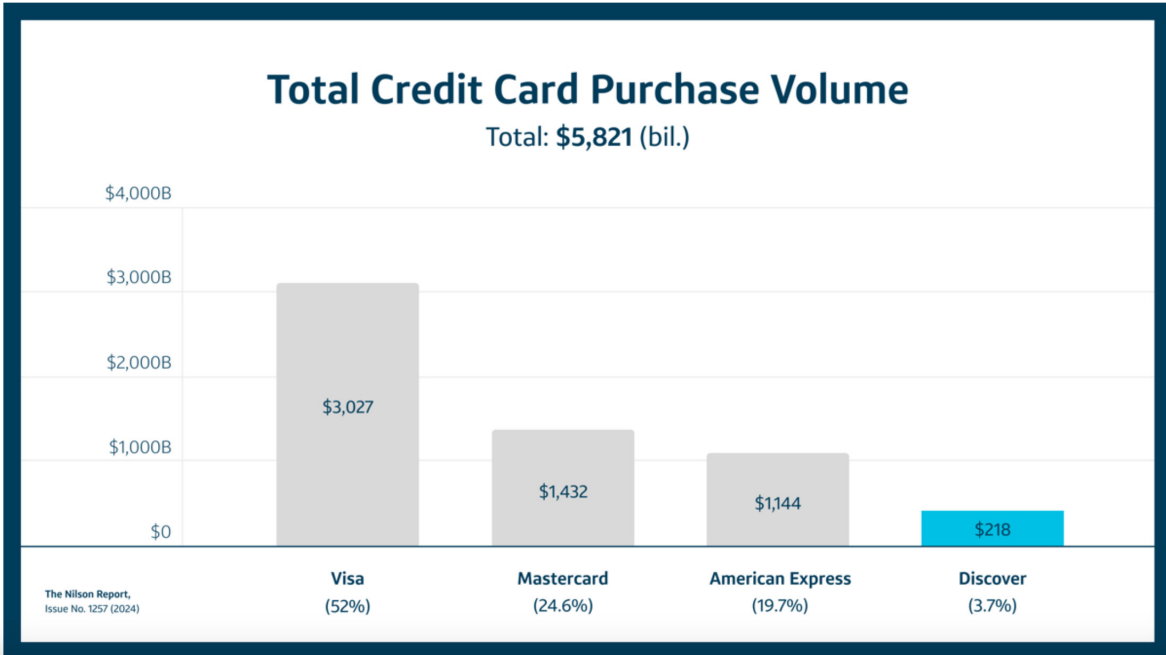


Does this deal create another payments giant?



No. There are currently four U.S.-based payment networks, of which Discover is the smallest, accounting for less than 4% of total credit card purchase volume, with Visa, Mastercard and American Express accounting for the remaining 96%.

This acquisition will add scale and investment to the Discover network, strengthening the Discover network and making it a more credible alternative to Visa, Mastercard and American Express to the benefit of consumers and merchants.



In the news

Positioned to deliver for consumers, small businesses and merchants

Chicago Tribune

With the Capital One-Discover deal, Chicago takes center stage

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Delaware News Journal

With Capital One-Discover deal, Delaware can punch above its weight

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WSJ

Capital One is buying Discover Financial for \$35 Billion

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Op-ed

With the Capital One-Discover deal, Chicago takes center stage

by Dave Kucera

Published: **April 22, 2024**[via Chicago Tribune](#)

As a Chicago native and third-generation Chicago banker, it has always been a curiosity to me that our city doesn't have more of a global profile as a financial hub. Blame our humility on "Midwest nice," but we Chicagoans know the real story — Chicago has long stood as a beacon of financial innovation.

In 1848, the Chicago Board of Trade created the world's first futures exchange. In 1973, the Chicago Board Options Exchange opened, becoming the first marketplace for trading listed options. Then, in 1985, Chicago was the launching ground for the Discover card when an employee at Sears, the department store, first came up with the idea of cash-back rewards. This innovation propelled Discover's credit cards to become a mainstay of merchants and consumers everywhere in the U.S.

Today, Chicagoland is once again at the center of a potential sea change in the financial space, following the announcement of Capital One's agreement to acquire Riverwoods-based Discover Financial Services. A combined Capital One-Discover would provide a strong alternative to Visa, Mastercard and American Express, adding scale and investment to the Discover Global Network and raising the bar for what consumers and merchants can expect from a network partner.

As Capital One's Chicago market president since 2018, it's incredibly exciting for me to see Chicago playing such a central role in the company's future. I'm especially proud to share today that Capital One is committing to fulfilling the goal of employing 1,000 associates at Discover's Chatham Customer Care Center and Shine Bright Community Center on the South Side and to providing continued support for the nonprofits with which both companies partner as we look to remain actively engaged in the community.

The Chatham Customer Care Center, which was once a vacant South Side big box store, has been transformed into a thriving customer care center that employs more than 600 people. Importantly, most live in and around Chatham, a vibrant Black community on Chicago's South Side.

I'm excited to bring the center's employees into the Capital One Chicago family and to commit to the goal of growing their ranks. Discover's customer care representatives have an impressive track record of delivering service excellence in Chatham and nationwide, and we look forward to achieving even greater

I'm excited to bring the center's employees into the Capital One Chicago family and to commit to the goal of growing their ranks. Discover's customer care representatives have an impressive track record of delivering service excellence in Chatham and nationwide, and we look forward to achieving even greater success through the merger. Together, Capital One and Discover will build a team that combines the best of Chicagoland's top talent, from the Chatham Center at 86th Street and Cottage Grove Avenue, to Capital One's offices in the Loop to Discover's headquarters in Riverwoods.

Both have been recognized as great places to work on the Fortune 100 Best Companies to Work For list, with 2024 marking Capital One's 12th consecutive year on the list and Discover's second. This accolade reflects Capital One's long-standing commitment to ensuring our associates feel connected to their communities and have the opportunity to give back. Notably, Capital One has made several durable investments on the South Side over the years, from the opening of our cafe in the Hyde Park neighborhood to our partnerships with local leaders and nonprofits such as the Greater Chicago Food Depository, Hope Chicago and Ladder Up, a free tax prep provider in Chicago with multiple sites on the South Side. The merger of Capital One and Discover will allow us to build on the nonprofit relationships we share in common.

Across the state of Illinois, Capital One also provided nearly \$378 million in community development loans or financing between 2020 and 2023, including nearly \$305 million in Chicago alone, building on our position ranking first or second in community development lending among all banks since 2018. Beyond our business contributions, Capital One's more than 1,600 Chicago-based associates are deeply engaged in their communities, having contributed more than 8,000 pro bono volunteer hours to local nonprofits last year alone. One of the partnerships I'm most proud of is our work with Chicago's Big Shoulders Fund. Our associates support their Stock Market Program by teaching students about financial services and technology, and careers within those industries. Through Capital One Coders, we're inspiring Chicago's future generation by educating, mentoring and empowering students to recognize their potential as technologists.

As Capital One seeks to expand its impact in Chicago through our acquisition of Discover, our community and employee commitments will remain strong and steadfast. So, too, will our commitment to our customers. Capital One and Discover are both unique in our focus and proven track records of pioneering breakthrough products like no-fee overdraft and cash-back rewards. By joining forces, our combined company will be an engine for innovation and competition in the payments space.

We can't do it without Chicago. We're excited to see what the future holds for our two great companies and the amazing community in the Windy City.

Dave Kucera is Capital One's Chicago market president.

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Op-ed

With Capital One-Discover deal, Delaware can punch above its weight

by Joe Westcott

Published: **March 21, 2024**

[via Delaware Online](#)

Innovation comes in all forms. In 2012, it came to Delaware in the form of a Virginia-based bank that at the time was best known for its Viking-themed TV ads and catchy slogan “What’s in Your Wallet?”

Capital One, now serving more than 100 million customers across the country, recently announced its plans to acquire Discover Financial Services. In the coming months, Capital One leaders will be meeting with members of the community across Delaware to share more about how this deal will help consumers and the economy. In the various required regulatory applications submitted this week, Capital One outlined a wide range of benefits the transaction would yield, including the potential to expand access to industry-leading no fee and no minimum bank accounts, reduce fraud and deliver new benefits for consumers and businesses and inject more competition into the credit card payments market by helping Discover take on global payments giants Visa, Mastercard and American Express.

Despite the positive benefits, a change of this scale has also understandably raised questions for many. It reminds me of a day 12 years ago, when Capital One acquired my then-employer, ING DIRECT, headquartered here in Wilmington.

At the time, I had never been part of a bank acquisition and was apprehensive about what the change would mean for me and my community. What I quickly discovered about Capital One was that it is a place that values people with a positive, forward looking approach and a curiosity to learn. I knew it was a place where I could grow as a leader, and in the last several years, I have had the opportunity to do just that, learning about different facets of the business and positioning me to lead a diverse and talented team. I have also had the honor of serving as Delaware market president since 2016.

Capital One saw the potential in me, and it also saw the potential in Delaware. With our state's history, our entrepreneurial workforce and our drive for innovation, we have built an accessible, digital bank to empower individuals and small business customers to build their financial futures and drive investment into the community.

Over the last 12 years, our combined teams have worked tirelessly to make banking better for everyone — whether it's business decisions like the one we made in 2021 to become the first bank to eliminate all overdraft and insufficient funds fees while still providing critical coverage, or the way we show up in our community here in Delaware, where last year our associates contributed 7,161 volunteer hours to local nonprofits. It's also about how we treat our people. We're proud to have been named to the News Journal's Top Workplaces list every year for the last 13 years.

Today, I am excited about the opportunity to join forces with Discover, which has its own rich history of contributing meaningfully to improving financial health in the First State. Delaware is, and will continue to be, a special place to all of us.

Our two companies share many things in common. Beyond the fact that we are both Main Street banks, hailing from Virginia and Illinois, respectively, we were also both created with a drive to take on the centuries-old financial industry by challenging conventional thinking. I know this mindset will serve us well in the years ahead.

Joe Westcott is Delaware market president and vice president at Capital One.

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With the Capital One-Discover deal, Chicago takes center stage

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Former SEC Chairman Jay Clayton: The inability of banks to consolidate has been a negative

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FINANCE

Capital One Is Buying Discover Financial for \$35 Billion

The deal combines two of the largest credit-card companies in the U.S.

By *AnnaMaria Andriotis and Lauren Thomas*

Updated Feb. 19, 2024 7:29 pm ET



Capital One plans to maintain the Discover brand. PHOTO: JEENAH MOON/BLOOMBERG NEWS

Capital One said it will buy Discover Financial Services for more than \$35 billion, a deal that will marry two of the largest credit-card companies in the U.S.

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Capital One said it will buy Discover Financial Services for more than \$35 billion, a deal that will marry two of the largest credit-card companies in the U.S.

Under the terms of the all-stock deal, Discover shareholders are set to receive 1.0192 Capital One shares for each Discover share, representing a premium of about 27% based on Discover's closing price Friday. After the deal closes, Capital One shareholders will hold roughly 60% of the combined company, with Discover shareholders owning the rest.

Capital One is making a big bet at a booming time in the credit-card sector. More consumers are moving from paying with cash to cards as a result of generous rewards programs and the digitization of commerce—a transition that accelerated with the pandemic. A recent increase in credit-card debt has provided a further boost to issuers.

Buying Discover would give Capital One, a credit-card lender with a market value of a little over \$52 billion, a network that would vastly increase its power in the payments ecosystem.

Card networks are critical to enabling transactions and setting fees that merchants pay when consumers shop with credit cards. Though much smaller than Visa and Mastercard, Discover is one of the few competitors to those companies in the U.S. and it is one of a small number of card issuers that also has a payments network.

Capital One, the ninth-largest bank in the country and a major credit-card issuer, uses Visa and Mastercard for most of its cards. The bank plans to switch at least some of its cards to the Discover network, while continuing to use Visa and Mastercard on others. Those larger networks have more merchant acceptance abroad than Discover does.

Capital One also plans to maintain the Discover brand on the cards and network—assuming regulators sign off and the deal is consummated.

Discover, based in Riverwoods, Ill., is an online institution so the takeover wouldn't come with physical bank branches, except for one location in Delaware.

The deal follows a tumultuous period for Discover that has included increased regulatory scrutiny and a change in leadership.

The company disclosed last year that an internal review found it had misclassified certain credit-card accounts beginning in 2007, incorrectly placing them in the highest merchant-and-acquirer pricing tier. The company established a liability of \$365 million to account for estimated compensation owed to merchants and acquirers.

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Separately, Discover received a consent order from the Federal Deposit Insurance Corp. In October, Discover said it would address the FDIC order to improve its consumer-compliance operations.

In December, Discover said financial-industry executive Michael Rhodes would become its CEO and president. He took over from John Owen, who had been serving in the interim after Roger Hochschild stepped down in August.

Discover has been approached by large banks and technology companies about an acquisition of all or a part of its business over the past decade or more. Tech companies have been interested in acquiring its network so that they can play a more central role in payments, but prior senior executives at Discover weren't interested in separating the company's credit-card lending side from the network.



After the deal closes, Capital One shareholders will hold roughly 60% of the combined company, with Discover shareholders owning the rest. PHOTO: ROGELIO V. SOLIS/ASSOCIATED PRESS

For Capital One, the deal would also further expand the number of cardholders it will count as customers for its credit-card lending business. Many Discover cardholders have high credit scores.

Discover also has consumer deposits, most of which are in savings accounts, allowing Capital One to continue to grow its already large presence in that area.

For roughly a decade now, big U.S. banks have aggressively competed for customers by rolling out new credit cards or enhancing their existing ones with more cash-back offers or points programs that dangle the possibility of free or discounted airfare, hotel stays or other travel perks.

Credit-card debt fell during the pandemic but is rising again. That translates into lucrative interest charges that cardholders pay to the banks that issue their credit cards.

Issuers face the risk of rising delinquencies and loan losses, however, if unemployment rises or a recession kicks in.

Rising credit-card usage is also a boon to the billions of dollars in interchange fees banks collect every year. The fees are set by card networks and paid by merchants when consumers shop with cards. By owning the Discover network, Capital One would be able to negotiate interchange fees and other terms directly with merchants for card transactions that travel over its network, making Capital One more of a competitor to Visa and Mastercard.

An acquisition of Discover will rank among the biggest deals so far in 2024. After a lull in M&A activity in 2023 as economic and other uncertainty and increased interest rates took a bite out of the appetite for deals, volumes have gotten off to a relatively strong start and are up 90% in the U.S. compared with a year earlier, according to Dealogic. Other big transactions include software maker Synopsys' roughly \$35 billion acquisition of rival Ansys and Diamondback Energy's \$25 billion deal for Endeavor Energy.

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SQUAWK BOX

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Former SEC Chairman Jay Clayton: The inability of banks to consolidate has been a negative

Former SEC Chairman Jay Clayton joins 'Squawk Box' to discuss Reddit's IPO decision, Capital One-Discovery deal, potential antitrust hurdles, 2024 race, and more.

FRI, FEB 23 2024 · 9:27 AM EST



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The following transcript is an excerpt from former SEC Chairman Jay Clayton's appearance on CNBC's "Squawk Box" on February 23, 2024.

Andrew Sorkin: Can we pivot, talking about regulation, to your thoughts on Discover Capital One? Whether you think a deal like that is going to be allowed in this environment?

Joseph Kernen: Well... Yeah, discover. Discover, not discovery.

Andrew Sorkin: I thought we were going to talk about discovery. We can talk about Warner Brothers discovery, which, by the way, I think the people confused the two.

Jay Clayton: No, I should say Sullivan and Cromwell worked on the deal. I'm not working on the deal, but just let me say that up front. People have been waiting for competition between Visa and MasterCard for decades. It would shock me if you weren't allowed to add heft to a potential competitor to Visa and MasterCard. That's just looking at a market.

Andrew Sorkin: So I made that argument the day came out and said, this would be a good thing because people think that Visa and MasterCard are like a tax on the entire economy. And if you could have another competitor in there, that would be actually very valuable. But there's this other argument being made that in terms of banking, you don't want more consolidation and that making Capital One a stronger, a stronger, becomes a, first of all, becomes the number one credit card company in the country over JP Morgan and Citigroup, and whether you think that there's just too much consolidation and the Treasury would somehow try to either, Treasury prevent it or DOJ would prevent it.

Jay Clayton: Now, I'm not going to say that I watch every minute of this show all the time, but you had the Stellantis CEO on.

Andrew Sorkin: Yes.

Jay Clayton: And what was his thing on how many car companies there are going to be in the world?

Andrew Sorkin: Five. Five or six, yeah.

Jay Clayton: I would say that we're sort of still way overbanked.

Andrew Sorkin: We're way overbanked.

Jay Clayton: Right?

Andrew Sorkin: Yes. We're way overbanked.

Joseph Kernen: We're going to have to pretend to your employers that you're not watching us. What do you mean you don't want to pretend you don't watch? You know, you don't want to cop to that, that you watch the show.

Jay Clayton: You know, I try to diversify a little bit. Hold on.

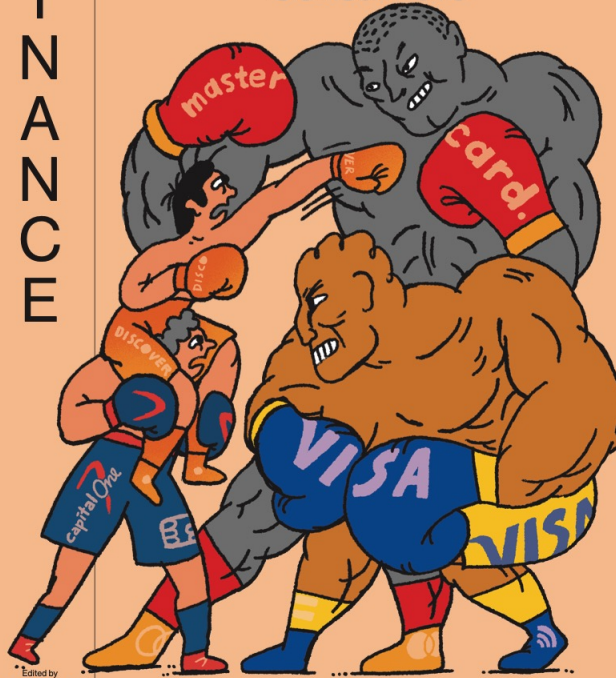
Joseph Kernen: We're not Fox.

Andrew Sorkin: When we made the argument, I remember after the Silicon Valley bank blow. Some of us made the argument that we were overbanked. And people thought that was sacrilegious to say that this country is overbanked. We still have, what, 4,000 banks in this country, which is cuckoo for Cocoa Puffs relative to every other country in the world.

Jay Clayton: There are two different issues, which is, you know, of course we're overbanked, but the regional bank, who is going to serve the small and medium-sized businesses in this country? That is a real issue. And are we going to have banks of the size that do that? But, you know, there's no doubt we're overbanked, and there's no doubt that the inability of banks to consolidate over the last four years has been a negative.

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How Capital One's \$35 Billion Discover Merger Could Affect Consumers



Edited by David Rocks and Laura Bliss

ILLUSTRATION: JAMES HOLLAND FOR BLOOMBERG BUSINESSWEEK

● Capital One's \$35 billion bid for Discover aims to challenge Visa and Mastercard

For decades, Capital One Financial Corp. Chief Executive Officer Richard Fairbank watched as Discover Financial Services built one of the most coveted assets in the world of finance—a global payment network facilitating tens of millions of credit card transactions each day. On Feb. 19, he announced plans to buy it.

The \$35 billion deal—the biggest merger announced globally this year—would unite two storied consumer-finance brands and create the largest credit card issuer in the US by loan volume, surpassing the likes of American Express, Citigroup and JPMorgan Chase.

Opposition emerged almost immediately from Democrats in the US Senate, where Ohio's Sherrod Brown—chair of the Committee on Banking, Housing, and Urban Affairs—took a dim view of the deal's size and Elizabeth Warren of Massachusetts expressed outright opposition. "A rubber-stamped merger that makes powerful financial companies even bigger and more powerful will do nothing for families," Brown said in a statement. Warren said the deal should be blocked because it "threatens our financial stability," cuts competition and brings higher costs for consumers. Fairbank told analysts during a conference call on Feb. 20 that the bank is "well-positioned for approval."

Analysts say the power of the market leaders in payments makes the question more complicated than simply the size of the combined companies, as creating a viable competitor could be considered a plus for merchants. If regulators block the deal, "they would be accused of protecting Visa and Mastercard," says Ian Katz, a managing director at Capital Alpha Partners.

A successful merger would be the culmination of a growth strategy hatched by Fairbank when he helped found Capital One in the late 1980s to offer credit cards to consumers overlooked by the industry. Since then, he's steadily transformed the company into a full-fledged bank providing services such as auto loans and savings accounts to more than 100 million customers.

What Capital One doesn't have—and what it's coveted from the start—is a payment network to take on Visa Inc. and Mastercard Inc. (the two largest) as well as No. 3 Amex. In the call with analysts, Fairbank described the combination of a credit card issuer and a network as the "Holy Grail." "A network is a very, very rare asset," he said. "There are very few of them, and I don't think people are going to be building any of these anytime soon."

Even after a deal, Discover would remain far

behind Visa and Mastercard, says Sanjay Sakhrani, a managing director at Keefe, Bruyette & Woods Inc. But he says controlling the Discover network could help the bank forge closer ties with consumers and merchants, potentially generating more revenue. "You're eliminating the middleman," Sakhrani says. "And when you eliminate the middleman, you move the value to your own network."

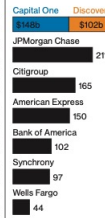
Capital One is the third-largest issuer of Mastercard and Visa plastic in the US, accounting for roughly 10% of US credit card spending, according to Mizuho Securities USA. Although Fairbank said he has no plans to abandon those card networks entirely, he predicted more than 25 million Capital One cardholders representing \$175 billion in annual spending could be moved over to the Discover network in the coming years. A deal would give the combined company more than \$250 billion in credit card loan volume—debt that customers carry on their cards—as of Dec. 31, making it the No. 1 player.

Discover has long grappled with perception problems that will pose a challenge for Capital One. The brand was introduced in 1985 by midmarket retailer Sears, Roebuck & Co. and has lagged behind Amex in attracting wealthier cardholders, even after Sears spun it out in the early 1990s. Although Discover has steadily expanded its network to rival the size of the leaders in the US, consumers haven't gotten the message, so Fairbank says Capital One will emphasize that the cards can be used virtually everywhere in the US that Visa and Mastercard are accepted. The brand continues to trail Visa and Mastercard internationally, and Fairbank says a key goal will be to sign up more non-US retailers.

Before starting Capital One, Fairbank and co-founder Nigel Morris tinkered with new ways of assessing credit card risk at a Washington-area consulting firm. Later, while working at Signet Bank's card business, they pioneered concepts such as offers that would entice borrowers to transfer balances from other lenders. Signet in 1995 spun off the business, which it called Capital One, naming Fairbank CEO. But along the way, Morris says, the pair was inspired by the operation Discover was building, with its payment network alongside the card issuance business that allowed it to skirt Visa and Mastercard. "The roots of the idea go back 30 years," says Morris, now managing partner at venture capital firm QED Investors. "We very quickly recognized that partnering with the merchant side of the business and creating the closed loop would be a strategic option down the road." —*Jennifer Surane and Katherine Doherty*

THE BOTTOM LINE Opponents insist a Capital One-Discover merger would hurt consumers, but some analysts say it could create a more viable challenger to Visa and Mastercard.

▼ Credit card loans outstanding at 2023 yearend





Our story

Sharing in similar histories, values, and missions.

Both companies were created with a drive to take on the centuries-old financial industry and have grown by challenging conventional thinking while keeping their mission to help customers build a better financial future at the core of their business.

Capital One



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Discover



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[Visit the Discover newsroom](#) 



Additional information about the acquisition

Community Benefits Plan - Press Release

[Read the press release](#)

Community Benefits Plan - Overview

[Read the overview](#)

Deal Announcement Press Release

[Read our announcement](#)

Investor Presentation

[Review the deck](#)

Application

More information can be found in Capital One's application to acquire Discover, which is available on the Federal Reserve website.

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Forward Looking Statements

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All forward-looking statements are subject to risks, uncertainties and other factors that may cause the actual results, performance or achievements of Capital One or Discover to differ materially from any results expressed or implied by such forward-looking statements. Such factors include, among others, (1) the risk that the cost savings and any revenue synergies and other anticipated benefits from the transaction may not be fully realized or may take longer than anticipated to be realized, the risk that revenues following the transaction may be lower than expected and/or the risk that certain expenses, such as the provision for credit losses, of Discover or Capital One following the transaction, may be greater than expected, (2) disruption to the parties' businesses as a result of the announcement and pendency of the transaction, (3) the risk that the integration of Discover's business and operations into Capital One, including the integration into Capital One's compliance management program, will be materially delayed or will be more costly or difficult than expected, or that Capital One is otherwise unable to successfully integrate Discover's businesses into its own, including as a result of unexpected factors or events, (4) the possibility that the requisite regulatory, stockholder or other approvals are not received or other conditions to the closing are not satisfied on a timely basis or at all, or are obtained subject to conditions that are not anticipated (and the risk that requisite regulatory approvals may result in the imposition of conditions that could adversely affect Capital One or the expected benefits of the transaction following the closing of the transaction), (5) reputational risk and the reaction of each company's customers, suppliers, employees or other business partners to the transaction, (6) the failure of the closing conditions in the merger agreement to be satisfied, or any unexpected delay in completing the transaction or the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement, (7) the dilution caused by the issuance of additional shares of Capital One's common stock in connection with the transaction, (8) the possibility that the transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events, (9) risks related to management and oversight of the expanded business and operations of Capital One following the transaction due to the increased size and complexity of its business, (10) the possibility of increased scrutiny by, and/or additional regulatory requirements of, governmental authorities as a result of the transaction or the size, scope and complexity of Capital One's business operations following the transaction, (11) the outcome of any legal or regulatory proceedings that may be currently pending or later instituted against Capital One before or after the transaction, or against Discover, (12) the risk that expectations regarding the timing, completion and accounting and tax treatments of the transaction are not met, (13) the risk that any announcements relating to the transaction could have adverse effects on the market price of Capital One's common stock, (14) certain restrictions during the pendency of the transaction, (15) the diversion of management's attention from ongoing business operations and opportunities, (16) Capital One's and Discover's success in executing their respective business plans and strategies and managing the risks involved in the foregoing, (17) effects of the announcement, pendency or completion of the transaction on Capital One's or Discover's ability to retain customers and retain and hire key personnel and maintain relationships with Capital One's and Discover's suppliers and other business partners, and on Capital One's and Discover's operating results and businesses generally, (18) general competitive, economic, political and market conditions and other factors that may affect future results of Capital One and Discover, including changes in asset quality and credit risk, the inability to sustain revenue and earnings growth, changes in interest rates and capital markets, inflation, customer borrowing, repayment, investment and deposit practices, the impact, extent and timing of technological changes, capital management activities and (19) any other factors that may affect Capital One's future results or the future results of Discover and other actions of the Federal Reserve Board and legislative and regulatory actions and reforms. Additional factors which could affect future results of Capital One and Discover can be found in Capital One's Annual Report on Form 10-K Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, and Discover's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, in each case filed with the SEC and available on the SEC's website at <http://www.sec.gov>. Capital One and Discover disclaim any obligation and do not intend to update or revise any forward-looking statements contained in this communication, which speak only as of the date hereof, whether as a result of new information, future events or otherwise, except as required by federal securities laws.

Important Information About the Transaction and Where to Find It

Capital One filed a registration statement on Form S-4 (No. 333-278812) with the SEC on April 18, 2024, as amended on June 14, 2024 and July 26, 2024, to register the shares of Capital One's common stock that will be issued to Discover stockholders in connection with the proposed transaction. The registration statement, which is not yet effective, includes a preliminary joint proxy statement of Capital One and Discover that also constitutes a preliminary prospectus of Capital One. If and when the registration statement becomes effective and the joint proxy statement/prospectus is in definitive form, such joint proxy statement/prospectus will be sent to the stockholders of each of Capital One and Discover in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT ON FORM S-4 AND THE RELATED JOINT PROXY STATEMENT/PROSPECTUS (AND ANY OTHER AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC IN CONNECTION WITH THE TRANSACTION OR INCORPORATED BY REFERENCE INTO THE JOINT PROXY STATEMENT/PROSPECTUS) BECAUSE SUCH DOCUMENTS CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION REGARDING THE PROPOSED TRANSACTION AND RELATED MATTERS. Investors and security holders may obtain free copies of these documents and other documents filed with the SEC by Capital One or Discover through the website maintained by the SEC at <http://www.sec.gov> or by contacting the investor relations department of Capital One or Discover at:

Capital One Financial Corporation	Discover Financial Services
1680 Capital One Drive	2500 Lake Cook Road
McLean, VA 22102	Riverwoods, IL 60015
Attention: Investor Relations	Attention: Investor Relations
investorrelations@capitalone.com	investorrelations@discover.com
(703) 720-1000	(224) 405-4555

Before making any voting or investment decision, investors and security holders of Capital One and Discover are urged to read carefully the entire registration statement and preliminary joint proxy statement/prospectus, including any amendments thereto when they become available, because they contain or will contain important information about the proposed transaction. Free copies of these documents may be obtained as described above.

Participants in Solicitation

Capital One, Discover and certain of their directors and executive officers may be deemed participants in the solicitation of proxies from the stockholders of each of Capital One and Discover in connection with the proposed transaction. Information regarding the directors and executive officers of Capital One and Discover and other persons who may be deemed participants in the solicitation of the stockholders of Capital One or of Discover in connection with the proposed transaction will be included in the joint proxy statement/prospectus related to the proposed transaction, which will be filed by Capital One with the SEC. Information about the directors and executive officers of Capital One and their ownership of Capital One common stock can also be found in Capital One's definitive proxy statement in connection with its 2024 annual meeting of stockholders, as filed with the SEC on March 20, 2024, and other documents subsequently filed by Capital One with the SEC. Information about the directors and executive officers of Discover and their ownership of Discover common stock can also be found in Discover's definitive proxy statement in connection with its 2024 annual meeting of stockholders, as filed with the SEC on March 15, 2024, and other documents subsequently filed by Discover with the SEC. Additional information regarding the interests of such participants is included in the preliminary joint proxy statement/prospectus and other relevant documents regarding the proposed transaction filed with the SEC when they become available.

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