UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2003

OR

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____.

Commission file number **1-13300**

CAPITAL ONE FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	54-1719854
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1680 Capital One Drive, McLean, Virginia	22102
(Address of principal executive offices)	(Zip Code)

(703) 720-1000

(Registrant's telephone number, including area code)

(Not Applicable)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
Yes [X] No [ ]

As of July 31, 2003 there were 227,251,437 shares of the registrant's Common Stock, par value $.01 per share, outstanding.

CAPITAL ONE FINANCIAL CORPORATION
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June 30, 2003

Item 1.

CAPITAL ONE FINANCIAL CORPORATION
Condensed Consolidated Balance Sheets
(dollars in thousands, except per share data) (unaudited)

	June 30 2003	December 31 2002
Assets:		
Cash and due from banks	$ 296,551	$ 277,509
Federal funds sold and resale agreements	2,320,658	373,828
Interest-bearing deposits at other banks	578,479	267,441
Cash and cash equivalents	3,195,688	918,778
Securities available for sale	5,418,817	4,423,677
Consumer loans	26,848,578	27,343,930
Less: Allowance for loan losses	(1,590,000)	(1,720,000)
Net loans	25,258,578	25,623,930
Accounts receivable from securitizations	4,092,961	3,606,549
Premises and equipment, net	760,376	770,326
Interest receivable	200,517	217,512
Other	1,439,714	1,821,608
Total assets	$40,366,651	$37,382,380
Liabilities:		
Interest-bearing deposits	$19,821,881	$17,325,965
Senior notes	5,987,125	5,565,615
Other borrowings	6,237,419	6,365,075
Interest payable	230,836	236,081
Other	2,782,400	3,266,473
Total liabilities	35,059,661	32,759,209
Stockholders' Equity:		
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; 228,427,310 and 227,073,162 shares issued as of June 30, 2003 and December 31, 2002, respectively	2,284	2,271
Paid-in capital, net	1,762,469	1,704,470
Retained earnings	3,550,780	2,966,948
Cumulative other comprehensive income (loss)	40,623	(15,566)
Less: Treasury stock, at cost; 1,303,161 and 878,206 shares as of June 30, 2003 and December 31, 2002, respectively	(49,166)	(34,952)
Total stockholders' equity	5,306,990	4,623,171
Total liabilities and stockholders' equity	$40,366,651	$37,382,380

See Notes to Condensed Consolidated Financial Statements.

CAPITAL ONE FINANCIAL CORPORATION
Condensed Consolidated Statements of Income
(in thousands, except per share data) (unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2003	2002	2003	2002
Interest Income:				
Consumer loans, including past-due fees	$ 960,124	$ 930,751	$1,973,406	$1,775,291
Securities available for sale	47,895	45,815	90,826	88,159
Other	62,261	48,095	112,614	95,572
Total interest income	1,070,280	1,024,661	2,176,846	1,959,022
Interest Expense:				
Deposits	220,640	203,112	429,948	381,275
Senior notes	106,151	109,687	210,248	203,591
Other borrowings	61,226	57,450	119,583	108,506
Total interest expense	388,017	370,249	759,779	693,372
Net interest income	682,263	654,412	1,417,067	1,265,650
Provision for loan losses	387,097	541,841	762,948	931,458
Net interest income after provision for loan losses	295,166	112,571	654,119	334,192
Non-Interest Income:				
Servicing and securitizations	742,696	718,347	1,472,385	1,344,494
Service charges and other customer-related fees	402,970	460,984	844,196	926,618
Interchange	89,141	137,353	174,492	235,449
Other	75,815	68,128	124,152	119,775
Total non-interest income	1,310,622	1,384,812	2,615,225	2,626,336
Non-Interest Expense:				
Salaries and associate benefits	373,257	379,363	770,706	760,098
Marketing	270,555	320,446	512,251	673,982
Communications and data processing	112,456	101,601	224,508	193,794
Supplies and equipment	87,680	88,844	171,492	173,351
Occupancy	42,755	38,275	86,329	71,656
Other	263,865	225,117	558,196	440,660
Total non-interest expense	1,150,568	1,153,646	2,323,482	2,313,541
Income before income taxes	455,220	343,737	945,862	646,987
Income taxes	168,431	130,620	349,969	245,855
Net income	$ 286,789	$ 213,117	$ 595,893	$ 401,132
Basic earnings per share	$ 1.28	$ 0.97	$ 2.67	$ 1.83
Diluted earnings per share	$ 1.23	$ 0.92	$ 2.58	$ 1.75
Dividends paid per share	$ 0.03	$ 0.03	$ 0.05	$ 0.05

See Notes to Condensed Consolidated Financial Statements.

CAPITAL ONE FINANCIAL CORPORATION
Condensed Consolidated Statements of Changes in Stockholders' Equity
(dollars in thousands, except per share data) (unaudited)

	Common Stock Shares	Amount	Paid-in Capital	Deferred Compensation	Retained Earnings	Cumulative Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholder's Equity
Balance, December 31, 2001	217,656,985	$2,177	$1,394,596	$ (44,488)	$2,090,761	$(84,598)	$(34,970)	$3,323,478
Comprehensive income:								
Net income					401,132			401,132
Other comprehensive income, net of income tax:								
Unrealized gains on securities, net of income taxes of $20,028						32,678		32,678
Foreign currency translation adjustments						18,844		18,844
Unrealized losses on cash flow hedging instruments, net of income tax benefit of $699						(1,140)		(1,140)
Other comprehensive income						50,382		50,382
Comprehensive income								451,514
Cash dividends - $.05 per share					(11,530)			(11,530)
Issuance of mandatory convertible securities			36,616					36,616
Issuances of common and restricted stock	3,351,614	33	163,601				18	163,652
Exercise of stock options	1,204,423	12	42,966					42,978
Amortization of deferred compensation				6,367				6,367
Other items, net			831					831
Balance, June 30, 2002	222,213,022	$2,222	$1,638,610	$ (38,121)	$2,480,363	$(34,216)	$(34,952)	$4,013,906
Balance, December 31, 2002	227,073,162	$2,271	$1,806,440	$(101,970)	$2,966,948	$(15,566)	$(34,952)	$4,623,171
Comprehensive income:								
Net income					595,893			595,893
Other comprehensive income, net of income tax:								
Unrealized gains on securities, net of income taxes of $13,621						25,509		25,509
Foreign currency translation adjustments						16,353		16,353
Unrealized gains on cash flow hedging instruments, net of income taxes of $8,414						14,327		14,327
Other comprehensive income						56,189		56,189
Comprehensive income								652,082
Cash dividends - $.05 per share					(12,061)			(12,061)
Purchase of treasury stock							(14,214)	(14,214)
Issuances of common and	691,196	7	25,417	(3,385)				22,039

restricted stock, net								
Exercise of stock options	662,952	6	15,682					15,688
Amortization of deferred compensation				19,312				19,312
Other items, net			973					973
Balance, June 30, 2003	228,427,310	$2,284	$1,848,512	$ (86,043)	$3,550,780	$ 40,623	$(49,166)	$5,306,990

See Notes to Condensed Consolidated Financial Statements.

CAPITAL ONE FINANCIAL CORPORATION
Condensed Consolidated Statements of Cash Flows
(in thousands) (unaudited)

	Six Months Ended June 30	
	2003	**2002**
Operating Activities:		
Net income	$ 595,893	$ 401,132
Adjustments to reconcile net income to cash provided by operating activities:		
Provision for loan losses	762,948	931,458
Depreciation and amortization	186,165	110,311
Gains on securities available for sale	(9,564)	(10,856)
Stock plan compensation expense	19,312	6,367
Decrease (increase) in interest receivable	16,995	(46,369)
(Increase) decrease in accounts receivable from securitizations	(479,255)	30,384
Decrease (increase) in other assets	366,917	(106,599)
(Decrease) increase in interest payable	(5,245)	46,948
(Decrease) increase in other liabilities	(471,966)	419,571
Net cash provided by operating activities	982,200	1,782,347
Investing Activities:		
Purchases of securities available for sale	(2,221,002)	(3,186,024)
Proceeds from maturities of securities available for sale	576,866	201,191
Proceeds from sales of securities available for sale	677,344	1,701,249
Proceeds from securitization of consumer loans	4,597,861	5,798,126
Net increase in consumer loans	(5,189,811)	(10,511,991)
Recoveries of loans previously charged off	178,536	114,916
Additions of premises and equipment, net	(118,122)	(179,380)
Net cash used for investing activities	(1,498,328)	(6,061,913)
Financing Activities:		
Net increase in interest-bearing deposits	2,495,916	3,175,424
Net (decrease) increase in other borrowings	(127,784)	595,060
Issuances of senior notes	1,092,144	300,000
Maturities of senior notes	(678,690)	(279,605)
Issuance of mandatory convertible debt securities		725,075
Purchases of treasury stock	(3,714)	
Dividends paid	(12,061)	(11,530)
Net proceeds from issuances of common stock	11,539	163,652
Proceeds from exercise of stock options	15,688	29,596
Net cash provided by financing activities	2,793,038	4,697,672
Increase in cash and cash equivalents	2,276,910	418,106
Cash and cash equivalents at beginning of period	918,778	707,238
Cash and cash equivalents at end of period	$ 3,195,688	$ 1,125,344

See Notes to Condensed Consolidated Financial Statements.

Note A: Basis of Presentation

The condensed consolidated financial statements include the accounts of Capital One Financial Corporation (the "Corporation") and its subsidiaries. The Corporation is a holding company whose subsidiaries market a variety of financial products and services to consumers. The principal subsidiaries are Capital One Bank (the "Bank"), which offers credit card products, Capital One, F.S.B. (the "Savings Bank"), which offers consumer lending (including credit cards) and deposit products, and Capital One Auto Finance, Inc. ("COAF") which offers automobile financing products. The Corporation and its subsidiaries are collectively referred to as the "Company."

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. Operating results for the three and six months ended June 30, 2003 are not necessarily indicative of the results for the year ending December 31, 2003. The notes to the consolidated financial statements contained in the Annual Report on Form 10-K for the year ended December 31, 2002 should be read in conjunction with these condensed consolidated financial statements. All significant intercompany balances and transactions have been eliminated.

Reclassifications

Certain prior years' amounts have been reclassified to conform to the 2003 presentation.

Stock-Based Compensation

The Company applies Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* ("APB 25") and related Interpretations in accounting for its stock-based compensation plans. In accordance with APB 25, no compensation cost has been recognized for the Company's fixed stock options, since the exercise price of all such options equals or exceeds the market price of the underlying stock on the date of grant.

Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* ("SFAS 123") requires companies electing to continue to follow the recognition provisions of APB 25 to provide pro forma information regarding net income and earnings per share as if the recognition provisions of SFAS 123 were adopted for all stock compensation granted. For purposes of pro forma disclosure, the fair value of the options was estimated at the date of grant using the Black-Scholes option-pricing model and is amortized into pro forma expense over the options' vesting period.

Pro Forma Information	For the Three Months Ended June 30 2003	2002	For the Six Months Ended June 30 2003	2002
Net income, as reported	$286,789	$213,117	$595,893	$401,132
Stock-based employee compensation expense included in reported net income	9,583	3,242	19,312	6,367
Stock-based employee compensation expense determined under fair value based method[1]	(47,155)	(42,147)	(92,721)	(91,042)
Pro forma net income	$249,217	$174,212	$522,484	$316,457
Earnings per share:				
Basic – as reported	$ 1.28	$ .97	$ 2.67	$ 1.83
Basic – pro forma	$ 1.11	$ .79	$ 2.34	$ 1.45
Diluted – as reported	$ 1.23	$ .92	$ 2.58	$ 1.75
Diluted – pro forma	$ 1.11	$ .78	$ 2.27	$ 1.44

[1]Includes amortization of compensation expense for current year stock option grants and prior year stock option grants over the stock options' vesting periods.

The fair value of the options granted during the three and six months ended June 30, 2003 and 2002 was estimated at the date of grant using a Black-Scholes option-pricing model with the weighted average assumptions described below:

Assumptions	For the Three Months Ended June 30 2003	2002	For the Six Months Ended June 30 2003	2002
Dividend yield	.24%	.25%	.29%	.25%
Volatility factors of expected market price of stock	55%	55%	55%	55%
Risk-free interest rate	2.73%	4.45%	2.77%	4.46%
Expected option lives (in years)	4.5	8.5	4.5	8.7

Recent Accounting Pronouncements

In May 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard No.150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity,* ("SFAS 150"). SFAS 150 provides guidance on the reporting of various types of financial instruments as liabilities or equity. SFAS 150 is effective for instruments entered into or modified after May 31, 2003 and it is effective for pre-existing instruments beginning July 1, 2003. The adoption of SFAS 150 is not expected to have a material impact on the consolidated earnings or financial position of the Company.

In April 2003, the FASB issued Statement of Financial Accounting Standard No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities,* ("SFAS 149"). SFAS 149 amends SFAS 133, *Accounting for Derivative Instruments and Hedging Activities,* for certain decisions made by the FASB as part of the Derivatives Implementation Group ("DIG") process and clarifies the definition of a derivative. SFAS 149 also contains amendments to existing accounting pronouncements to provide more consistent reporting of contracts that are derivatives or contracts that contain embedded derivatives that require separate accounting. SFAS 149 is effective for contracts entered into or modified after June 30, 2003, except for mortgage loan commitments that are classified as held for sale that were treated as derivatives under a previously issued DIG issue and certain financial guarantee contracts that were already included in the scope of SFAS 133 in which SFAS 149 adds clarification language only. The adoption of SFAS 149 is not expected to have a material impact on the consolidated earnings or financial position of the Company. The Company will evaluate the impact of SFAS 149 for new or modified contracts entered into subsequent to June 30, 2003.

In April 2003, the FASB issued FASB Staff Position on Accounting for Accrued Interest Receivable Related to Securitized and Sold Receivables under SFAS No. 140, (the "FSP on AIR"). The FSP on AIR adopts the provisions of the Interagency Advisory on the Accounting Treatment of Accrued Interest Receivable Related to Credit Card Securitizations (the "Advisory") issued jointly by the Office of the Comptroller of the Currency, The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the Office of Thrift Supervision. Under the Advisory and the FSP on AIR, any subordinated finance charge and fee receivables on the investors' interest in securitized loans should be treated as retained beneficial interests and not reported as part of "Loans Receivable" or other terminology implying that it has not been subordinated to the senior interests in the securitization. The FSB on AIR became effective for fiscal quarters beginning after March 31, 2003. The Company has reclassified all subordinated finance charge and fee receivables on the investors' interest in securitized loans from "Consumer loans" to "Accounts receivable from securitizations" on the Consolidated Balance Sheet and reclassified the interest income derived from such balances from "Consumer Loan Interest Income" to "Other Interest Income" on the Consolidated Statement of Income. All prior periods have been reclassified to conform to the current period presentation.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), *Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51.* This interpretation addresses consolidation of business enterprises of variable interest entities ("VIEs"), which have certain characteristics. FIN 46 applies immediately to VIEs created after January 31, 2003, and on July 1, 2003 for VIEs acquired before February 1, 2003. All securitization transactions that receive sale treatment under SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities – a Replacement of SFAS No. 125* ("SFAS 140"), are accomplished through qualifying special purpose entities and such transactions are not subject to the provisions of FIN 46. The Company has not created any VIEs subsequent to January 31, 2003, which are subject to the consolidation requirements of FIN 46. The Company has evaluated all its interest in existing VIEs and will consolidate all VIEs for which the Company is the primary beneficiary, effective July 1, 2003. Consolidation of the VIEs is expected to result in the recognition of a loss for a cumulative effect of a change in accounting principle, net of tax, of approximately $15 – $20 million.

Note B: Segments

The Company manages its business by three distinct operating segments: Consumer Lending, Auto Finance and International. The Consumer Lending segment primarily consists of domestic credit card and installment lending activities. The Auto Finance segment consists of automobile financing activities. The International segment consists primarily of credit card lending activities outside the United States. The Consumer Lending, Auto Finance and International segments are disclosed separately. The "Other" caption includes the Company's liquidity portfolio, emerging businesses not included in reportable segments, investments in external companies, and various non-lending activities. The "Other" caption also includes the net impact of transfer pricing, certain unallocated expenses, and gains/losses related to the securitization of assets.

The accounting policies of the reportable segments are the same as those described above and in the summary of significant accounting policies in the annual report filed on Form 10-K. Revenue for all segments is derived from external parties. Performance evaluation of and resource allocation to each reportable segment is based on a wide range of indicators to include both historical and forecasted operating results.

Management decision making is performed on a managed portfolio basis. An adjustment to reconcile the managed financial information to the reported financial information in the consolidated financial statements is provided. This adjustment reclassifies a portion of net interest income, non-interest income and provision for loan losses into non-interest income from servicing and securitization.

The Company maintains its books and records on a legal entity basis for the preparation of financial statements in conformity with GAAP. The following tables present information prepared from the Company's internal management information system, which is maintained on a line of business level through allocations from legal entities. Certain reclassifications have been made to the prior year segment disclosures to conform with the 2003 presentation.

For the Three Months Ended June 30, 2003

(dollars in thousands)	Consumer Lending	Auto Finance	International	Other	Total Managed	Securitization Adjustments	Total Reported
Net interest income	$ 1,190,621	$ 180,890	$ 134,677	$ (48,671)	$ 1,457,517	$ (775,254)	$ 682,263
Non-interest income	918,732	37,551	79,965	9,764	1,046,012	264,610	1,310,622
Provision for loan losses	744,499	77,977	56,828	18,437	897,741	(510,644)	387,097
Non-interest expenses	904,894	70,620	138,295	36,759	1,150,568		1,150,568
Income tax provision (benefit)	170,185	25,842	5,889	(33,485)	168,431		168,431
Net income (loss)	$ 289,775	$ 44,002	$ 13,630	$ (60,618)	$ 286,789	$ —	$ 286,789
Loans receivable	$47,181,885	$7,379,815	$6,061,388	$112,721	$60,735,809	$(33,887,231)	$26,848,578

For the Three Months Ended June 30, 2002

(dollars in thousands)	Consumer Lending	Auto Finance	International	Other	Total Managed	Securitization Adjustments	Total Reported
Net interest income	$ 1,076,856	$ 131,526	$ 94,012	$(68,088)	$ 1,234,306	$ (579,894)	$ 654,412
Non-interest income	1,079,617	25,313	66,973	(26,889)	1,145,014	239,798	1,384,812
Provision for loan losses	732,930	78,712	65,156	5,139	881,937	(340,096)	541,841
Non-interest expenses	945,144	54,070	125,852	28,580	1,153,646		1,153,646
Income tax provision (benefit)	181,791	9,142	(10,205)	(50,108)	130,620		130,620
Net income (loss)	$ 296,608	$ 14,915	$ (19,818)	$(78,588)	$ 213,117	$ —	$ 213,117
Loans receivable	$42,819,132	$5,353,825	$4,985,065	$ 50,193	$53,208,215	$(28,712,209)	$24,496,006

For the Six Months Ended June 30, 2003

(dollars in thousands)	Consumer Lending	Auto Finance	International	Other	Total Managed	Securitization Adjustments	Total Reported
Net interest income	$ 2,407,508	$ 355,303	$ 265,546	$ (62,889)	$ 2,965,468	$ (1,548,401)	$ 1,417,067
Non-interest income	1,843,953	52,561	161,305	16,126	2,073,945	541,280	2,615,225
Provision for loan losses	1,523,572	209,959	110,183	(73,645)	1,770,069	(1,007,121)	762,948
Non-interest expenses	1,777,094	138,316	270,946	137,126	2,323,482		2,323,482
Income tax provision (benefit)	351,794	22,048	14,022	(37,895)	349,969		349,969
Net income (loss)	$ 599,001	$ 37,541	$ 31,700	$ (72,349)	$ 595,893	$ —	$ 595,893
Loans receivable	$47,181,885	$7,379,815	$6,061,388	$112,721	$60,735,809	$(33,887,231)	$26,848,578

For the Six Months Ended June 30, 2002

(dollars in thousands)	Consumer Lending	Auto Finance	International	Other	Total Managed	Securitization Adjustments	Total Reported
Net interest income	$ 2,109,260	$ 235,473	$ 175,772	$(113,662)	$ 2,406,843	$ (1,141,193)	$ 1,265,650
Non-interest income	2,035,249	34,770	123,939	(58,783)	2,135,175	491,161	2,626,336
Provision for loan losses	1,294,620	156,789	102,332	27,749	1,581,490	(650,032)	931,458
Non-interest expenses	1,932,741	105,527	241,211	34,062	2,313,541		2,313,541
Income tax provision (benefit)	348,516	3,012	(15,505)	(90,168)	245,855		245,855
Net income (loss)	$ 568,632	$ 4,915	$ (28,327)	$(144,088)	$ 401,132	$ —	$ 401,132
Loans receivable	$42,819,132	$5,353,825	$4,985,065	$ 50,193	$53,208,215	$(28,712,209)	$24,496,006

During the six months ended June 30, 2003, the Company sold $1.4 billion of auto loans. The sale resulted in a $39.3 million gain of which $29.3 million was allocated to the Auto Finance segment and the remainder was held in the Other category.

Note C: Capitalization

In June 2003, the Bank issued $500.0 million aggregate principal amount of ten-year fixed rate subordinate bank notes at 6.50% under the Senior and Subordinated Global Bank Note Program.

In May 2003, the Bank issued $600.0 million aggregate principal amount of five-year fixed rate senior bank notes at 4.875% under the Senior and Subordinated Global Bank Note Program.

In May 2003, the Company terminated its Domestic Revolving Credit Facility and replaced it with a new revolving credit facility providing for an aggregate of $1.0 billion in unsecured borrowings from various lending institutions to be used for general corporate purposes (the “New Credit Facility”). The New Credit Facility is available to the Corporation, the Bank, the Savings Bank and Capital One Bank (Europe), plc. However, the Corporation’s availability is limited to $250.0 million. All borrowings under the New Credit Facility are based on varying terms of LIBOR.

In January 2003, the Bank increased its capacity under the Senior and Subordinated Global Bank Note Program to $8.0 billion and in May 2003 the Bank updated this Program.

Note D: Comprehensive Income

Comprehensive income for the three months ended June 30, 2003 and 2002, respectively was as follows:

	Three Months Ended June 30	
	2003	2002
Comprehensive Income:		
Net income	$286,789	$213,117
Other comprehensive income, net of tax	65,979	58,497
Total comprehensive income	$352,768	$271,614

Note E: Earnings Per Share

Basic earnings per share is based on the weighted average number of common shares outstanding, excluding any dilutive effects of options or restricted common shares outstanding during the period. Diluted earnings per share is based on the weighted average number of common and common equivalent shares, dilutive stock options or restricted common shares outstanding during the period.

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended June 30		Six Months Ended June 30	
	2003	2002	2003	2002
Numerator:				
Net income	$286,789	$213,117	$595,893	$401,132
Denominator:				
Denominator for basic earnings per share -				
Weighted-average shares	223,691	219,961	223,277	218,761
Effect of dilutive securities:				
Stock options	8,115	11,720	6,793	10,388
Restricted stock	750	3	375	2
Dilutive potential common shares	8,865	11,723	7,168	10,390
Denominator for diluted earnings per share -				
Adjusted weighted-average shares	232,556	231,684	230,445	229,151
Basic earnings per share	$ 1.28	$ 0.97	$ 2.67	$ 1.83
Diluted earnings per share	$ 1.23	$ 0.92	$ 2.58	$ 1.75

Note F: Goodwill

The following table provides a summary of the acquisition goodwill.

	Auto Finance	International	Other	Total
Balance at December 31, 2002	$218,957	$6,818	$133,200	$358,975
Other		593		593
Balance at June 30, 2003	$218,957	$7,411	$133,200	$359,568

Note G: Commitments and Contingencies

Securities Litigation

Beginning in July 2002, the Corporation was named as a defendant in twelve putative class action securities cases. All twelve actions were filed in the United States District Court for the Eastern District of Virginia. Each complaint also named as “Individual Defendants” several of the Corporation’s executive officers.

On October 1, 2002, the Court consolidated these twelve cases. Pursuant to the Court’s order, Plaintiffs filed an amended complaint on October 17, 2002, which alleged that the Corporation and the Individual Defendants violated Section 10(b) of the Exchange Act, Rule 10b-5 promulgated thereunder, and Section 20(a) of the Exchange Act. The amended complaint asserted a class period of January 16, 2001, through July 16, 2002, inclusive. The amended complaint alleged generally that, during the asserted class period, the Corporation misrepresented the adequacy of its capital levels and loan loss allowance relating to higher risk assets. In addition, the amended complaint alleged generally that the Corporation failed to

disclose that it was experiencing serious infrastructure deficiencies and systemic computer problems as a result of its growth.

On December 4, 2002, the Court granted defendants' motion to dismiss plaintiffs' amended complaint with leave to amend. Pursuant to that order, plaintiffs filed a second amended complaint on December 23, 2002, which asserted the same class period and alleged violations of the same statutes and rule. The second amended complaint also added a new Individual Defendant and asserted violations of GAAP. Defendants moved to dismiss the second amended complaint on January 8, 2003, and plaintiffs filed a motion on March 6, 2003, seeking leave to amend their complaint. On April 10, 2003, the Court granted defendants' motion to dismiss plaintiffs' second amended complaint, denied plaintiffs' motion for leave to amend, and dismissed the consolidated action with prejudice. Plaintiffs appealed the Court's order, opinion, and judgment to the United States Court of Appeals for the Fourth Circuit on May 8, 2003.

The Corporation believes that it has meritorious defenses with respect to this case and intends to defend the case vigorously. At the present time, management is not in a position to determine whether the resolution of this case will have a material adverse effect on either the consolidated financial position of the Corporation or the Corporation's results of operations in any future reporting period.

Other Pending and Threatened Litigation

In addition, the Company is also commonly subject to various pending and threatened legal actions relating to the conduct of its normal business activities. In the opinion of management, the ultimate aggregate liability, if any, arising out of any such pending or threatened legal actions will not be material to the consolidated financial position or results of operations of the Company.

Item 2.

CAPITAL ONE FINANCIAL CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(dollars in thousands, yields and rates presented on an annualized basis)

Introduction

Capital One Financial Corporation (the "Corporation") is a holding company whose subsidiaries market a variety of products and services to consumers using its Information-Based Strategy ("IBS"). The Corporation's principal subsidiaries are Capital One Bank (the "Bank"), which offers credit card products, Capital One, F.S.B. (the "Savings Bank"), which offers consumer lending products (including credit cards) and deposit products, and Capital One Auto Finance, Inc. ("COAF"), which offers automobile financing products. The Corporation and its subsidiaries are hereafter collectively referred to as the "Company." As of June 30, 2003, the Company had 45.8 million accounts and $60.7 billion in managed consumer loans outstanding and was one of the largest providers of MasterCard and Visa credit cards in the world. The Company's profitability is affected by the net interest income and non-interest income earned on earning assets, consumer usage patterns, credit quality, the level of marketing expense and operating efficiency.

See also "Reconciliation to GAAP Financial Measures," below.

SIGNIFICANT ACCOUNTING POLICIES

The Notes to the Consolidated Financial Statements contained in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2002, include a summary of the Company's significant accounting policies, along with a discussion of recently issued accounting pronouncements. Several of these policies are considered to be important to the portrayal of the Company's financial condition, since they require management to make difficult, complex or subjective judgements, some of which may relate to matters that are inherently uncertain. These policies include determination of the level of allowance for loan losses, accounting for securitization transactions, and finance charge and fee revenue recognition.

Allowance for Loan Losses

The allowance for loan losses is maintained at the amount estimated to be sufficient to absorb probable losses, net of principal recoveries (including recovery of collateral), inherent in the existing reported loan portfolio. The provision for loan losses is the periodic cost of maintaining an adequate allowance. The amount of allowance necessary is determined primarily based on a migration analysis of delinquent and current accounts and forward loss curves. The entire balance of an account is contractually delinquent if the minimum payment is not received by the payment due date. In evaluating the sufficiency of the allowance for loan losses, management takes into consideration the following factors: recent trends in delinquencies and charge-offs including bankrupt, deceased and recovered amounts; forecasting uncertainties and size of credit risks; the degree of risk inherent in the composition of the loan portfolio; economic conditions; credit evaluations and underwriting policies; and the value of collateral supporting the loans. To the extent credit experience is not indicative of future performance or other assumptions used by management do not prevail, loss experience could differ significantly, resulting in either higher or lower future provision for loan losses, as applicable.

Accounting for Securitization Transactions

Loan securitization involves the sale, generally to a trust or other special purpose entity, of a pool of loan receivables and is accomplished through the public and private issuance of asset-backed securities by the special purpose entity. The Company removes loan receivables from the consolidated balance sheet for

those asset securitizations that qualify as sales in accordance with Statement of Financial Accounting Standards No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - a Replacement of FASB Statement No. 125* ("SFAS 140"). The trusts are qualifying special purpose entities as defined by SFAS 140. For those asset securitizations that qualify as sales in accordance with SFAS 140, the trusts to which the loans were sold are not subsidiaries of the Company, and are not included in the Company's consolidated financial statements in accordance with generally accepted accounting principles. Gains on securitization transactions, fair value adjustments and earnings on the Company's securitizations are included in servicing and securitizations income in the consolidated statement of income and amounts due from the trusts are included in accounts receivable from securitizations on the consolidated balance sheet.

Gains on securitization transactions represent the present value of estimated excess cash flow the Company will receive over the estimated life of the receivables. This excess cash flow essentially represents an interest-only strip, consisting of the following estimates: the excess of finance charges and past-due fees over the sum of the return paid to investors, contractual servicing fees and credit losses. To the extent assumptions used by management do not prevail, fair value estimates of the interest-only strip could differ significantly, resulting in either higher or lower future income from servicing and securitization non-interest income, as applicable.

Finance Charge and Fee Revenue Recognition

The Company recognizes earned finance charges and fee income on loans according to the contractual provisions of the credit agreements. When, based on historic performance of the portfolio, payment in full of finance charge and fee income is not expected, the estimated uncollectible portion is not accrued as income. Total finance charge and fee amounts billed but not accrued as income were $497.3 million and $574.4 million during the three months ended June 30, 2003 and 2002, respectively, and $1.0 billion and $1.1 billion during the six months ended June 30, 2003 and 2002, respectively.

RECONCILIATION TO GAAP FINANCIAL MEASURES

The Company's consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP") are referred to as its "reported" financial statements. Loans included in securitization transactions which qualified as sales under GAAP have been removed from the Company's "reported" balance sheet. However, interest income, interchange, fees and recoveries generated from the securitized loan portfolio net of charge-offs in excess of the interest paid to investors of asset-backed securitizations are recognized as non-interest income on the "reported" income statement.

The Company's "managed" consolidated financial statements reflect adjustments made related to effects of securitization transactions qualifying as sales under GAAP. The Company generates earnings from its "managed" loan portfolio which includes both the on-balance sheet loans and off-balance sheet loans. The Company's "managed" income statement takes the components of the non-interest income generated from the securitized portfolio and distributes the revenue to appropriate income statement line items from which it originated. For this reason, the Company believes the "managed" consolidated financial statements and related managed metrics to be useful to stakeholders.

	Total Reported	Securitization Adjustments[1]	Total Managed[2]
Income Statement Measures			
Net interest income	$ 682,263	$ 775,254	$ 1,457,517
Non-interest income	$ 1,310,622	$ (264,610)	$ 1,046,012
Total revenue	$ 1,992,885	$ 510,644	$ 2,503,529
Provision for loan losses	$ 387,097	$ 510,644	$ 897,741
Balance Sheet Measures			
Consumer loans	$26,848,578	$33,887,231	$60,735,809
Total assets	$40,366,651	$33,269,431	$73,636,082
Average consumer loans	$27,101,042	$32,814,755	$59,915,797
Average earning assets	$36,297,922	$31,152,917	$67,450,839
Average total assets	$39,678,236	$32,235,014	$71,913,250
Delinquencies	$ 1,506,812	$ 1,497,314	$ 3,004,126

[1] Includes adjustments made related to the effects of securitization transactions qualifying as sales under GAAP and adjustments made to reclassify to "managed" loans outstanding the collectible portion of billed finance charge and fee income on the investors' interest in securitized loans excluded from loans outstanding on the "reported" balance sheet in accordance with Financial Accounting Standards Board Staff Position, "Accrued Interest Receivable," issued in April 2003.

[2] The managed loan portfolio does not include auto loans which have been sold in whole loan sale transactions where the Company has retained servicing rights.

Earnings Summary

Net income increased 35% to $286.8 million, or $1.23 per share, for the three months ended June 30, 2003, compared to net income of $213.1 million, or $0.92 per share, for the same period in 2002. The growth in earnings was primarily attributable to the growth in the Company's managed loan portfolio, gains from the sale of auto loans in whole loan sale transactions, a decrease in the provision for loan losses, and a reduction in the marketing expenses for the three months ended June 30, 2003, compared to the same period in the prior year.

Managed loans consist of the Company's reported loan portfolio, the collectible portion of billed finance charge and fee income on the investors' interest in securitized loans and the off-balance sheet securitized loan portfolio. The Company has retained servicing rights for its securitized loans and receives servicing fees in addition to the excess spread generated from the securitized loan portfolio. Average managed loans increased 17% to $59.9 billion for the three months ended June 30, 2003 from $51.3 billion for the same period in 2002. Total period end managed loans increased 14% to $60.7 billion at June 30, 2003 from $53.2 billion at June 30, 2002.

For the three months ended June 30, 2003, average managed earning assets increased by $11.9 billion to $67.5 billion compared to the same period in the prior year. Although managed earning assets increased, the managed net interest margin for the three months ended June 30, 2003, decreased to 8.64% from 8.89% for the same period in 2002. This decrease was the result of a 70 basis point decrease in the managed earning asset yield, offset by a 42 basis point decrease in the cost of funds. The decrease in the managed earning asset yield resulted from the addition of higher credit quality, lower yielding loans to the managed loan portfolio combined with a $3.3 billion increase in the Company's liquidity portfolio for the three months ended June 30, 2003 compared to the same period in 2002.

During the three months ended June 30, 2003, as part of its ongoing program of auto loan sales, the Company sold $1.3 billion of auto loans, recording a gain of $35.1 million.

During the three months ended June 30, 2003, the provision for loan losses decreased $154.7 million to $387.1 million compared to $541.8 million for the same period in the prior year. The decrease in the provision for loan losses reflects slower loan growth during the quarter combined with a decline in forecasted charge-offs due to declines in the delinquency rates at June 30, 2003.

During the three months ended June 30, 2003, marketing expense decreased $49.9 million to $270.6 million compared to the three months ended June 30, 2002. This decrease was a result of the Company's efforts to slow loan growth to more historical levels and fewer opportunities to invest due to increased competition in the superprime market.

Net income for the six months ended June 30, 2003, was $595.9 million, or $2.58 per share, compared to $401.1 million, or $1.75 per share, for the same period in 2002. This 49% increase in net income primarily reflected the increase in managed earning assets, a reduction in the provision for loan losses, gains recognized on auto loan sales, and reduction in marketing expenses during the six months ended June 30, 2003, compared to the same period in the prior year. Each component is discussed in further detail in subsequent sections of this analysis.

CONSOLIDATED STATEMENTS OF INCOME

Net Interest Income

Net interest income is comprised of interest and past-due fees earned and deemed to be collectible from the Company's consumer loans and securities less interest expense on borrowings, which includes interest-bearing deposits, borrowings from senior notes and other borrowings.

Reported net interest income for the three month period ended June 30, 2003 was $682.3 million, compared to $654.4 million for the same period in the prior year, representing an increase of $27.9 million, or 4%. For the six months ended June 30, 2003, reported net interest income was $1.4 billion compared to $1.3 billion for the same period in the prior year, representing an increase of $151.4 million, or 12%. Net interest income increased primarily as a result of an 18% and 22% increase in the Company's average earning assets for the three and six months ended June 30, 2003, respectively, compared to the same periods in the prior year. The reported net interest margin decreased 101 and 68 basis points to 7.52% and 8.05% from 8.53% and 8.73% for the three and six months ended June 30, 2003, respectively, compared to the same periods in the prior year. The decrease was primarily due to a decrease in loan yield, offset by a decrease in the cost of funds. The reported loan yield decreased 80 and 67 basis points to 14.17% and 14.51% for the three and six months ended June 30, 2003, respectively, compared to 14.97% and 15.18% for the three and six months ended June 30, 2002. The yield on consumer loans decreased primarily due to the Company's shift in the mix of the reported loan portfolio towards a greater composition of lower yielding, higher credit quality loans and lower past-due fees compared to the prior year. In addition, during the three months ended June 30, 2003, the Company took advantage of certain funding opportunities, which increased the Company's average liquidity portfolio by $3.3 billion compared to the same period in the prior year.

Table 1 provides average balance sheet data, and an analysis of net interest income, net interest spread (the difference between the yield on earning assets and the cost of interest-bearing liabilities) and net interest margin for each of the three and six months ended June 30, 2003 and 2002.

TABLE 1 - STATEMENTS OF AVERAGE BALANCES, INCOME AND EXPENSE, YIELDS AND RATES

	Three Months Ended June 30					
	2003			2002		
(dollars in thousands)	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
Assets:						
Earning assets						
Consumer loans[1]						
Domestic	$24,525,992	$ 881,922	14.38%	$22,092,654	$ 842,388	15.25%
Foreign	2,575,050	78,202	12.15%	2,783,466	88,363	12.70%
Total	27,101,042	960,124	14.17%	24,876,120	930,751	14.97%
Securities available for sale	5,386,070	47,895	3.56%	3,662,832	45,815	5.00%
Other						
Domestic	3,079,492	54,291	7.05%	1,950,276	45,538	9.34%
Foreign	731,318	7,970	4.36%	188,277	2,557	5.43%
Total	3,810,810	62,261	6.54%	2,138,553	48,095	9.00%
Total earning assets	36,297,922	$1,070,280	11.79%	30,677,505	$1,024,661	13.36%
Cash and due from banks	242,861			450,573		
Allowance for loan losses	(1,634,498)			(993,711)		
Premises and equipment, net	773,126			822,706		
Other	3,998,825			3,083,398		
Total assets	$39,678,236			$34,040,471		
Liabilities and Equity:						
Interest-bearing liabilities						
Deposits						
Domestic	$18,029,732	$ 202,134	4.48%	$14,341,969	$ 186,942	5.21%
Foreign	1,148,422	18,506	6.45%	934,545	16,170	6.92%
Total	19,178,154	220,640	4.60%	15,276,514	203,112	5.32%
Senior notes	5,533,693	106,151	7.67%	5,959,240	109,687	7.36%
Other borrowings						
Domestic	6,681,627	61,217	3.66%	5,918,130	56,851	3.84%
Foreign	1,170	9	3.08%	28,853	599	8.30%
Total	6,682,797	61,226	3.66%	5,946,983	57,450	3.86%
Total interest-bearing liabilities	31,394,644	$ 388,017	4.94%	27,182,737	$ 370,249	5.45%
Other	3,135,528			2,836,421		
Total liabilities	34,530,172			30,019,158		
Equity	5,148,064			4,021,313		
Total liabilities and equity	$39,678,236			$34,040,471		
Net interest spread			6.85%			7.91%
Interest income to average earning assets			11.79%			13.36%
Interest expense to average earning assets			4.27			4.83
Net interest margin			7.52%			8.53%

[1] *Interest income includes past-due fees of approximately $188,057 and $235,475 for the three months ended June 30, 2003 and 2002, respectively.*

TABLE 1 - STATEMENTS OF AVERAGE BALANCES, INCOME AND EXPENSE, YIELDS AND RATES

	Six Months Ended June 30					
	2003			2002		
(dollars in thousands)	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
Assets:						
Earning assets						
Consumer loans[1]						
Domestic	$24,496,856	$1,791,916	14.63%	$20,737,327	$1,606,058	15.49%
Foreign	2,711,168	181,490	13.39%	2,648,988	169,233	12.78%
Total	27,208,024	1,973,406	14.51%	23,386,315	1,775,291	15.18%
Securities available for Sale	4,904,480	90,826	3.70%	3,516,124	88,159	5.01%
Other						
Domestic	2,533,869	98,491	7.77%	1,932,689	90,898	9.41%
Foreign	580,778	14,123	4.86%	163,046	4,674	5.73%
Total	3,114,647	112,614	7.23%	2,095,735	95,572	9.12%
Total earning assets	35,227,151	$2,176,846	12.36%	28,998,174	$1,959,022	13.51%
Cash and due from banks	372,955			371,675		
Allowance for loan losses	(1,676,490)			(933,855)		
Premises and equipment, net	777,313			803,054		
Other	4,301,009			2,790,266		
Total assets	$39,001,938			$32,029,314		
Liabilities and Equity:						
Interest-bearing liabilities						
Deposits						
Domestic	$17,461,274	$ 396,972	4.55%	$13,507,123	$ 352,242	5.22%
Foreign	1,101,252	32,976	5.99%	888,819	29,033	6.53%
Total	18,562,526	429,948	4.63%	14,395,942	381,275	5.30%
Senior notes	5,422,310	210,248	7.75%	5,696,078	203,591	7.15%
Other borrowings						
Domestic	6,843,779	119,555	3.49%	5,405,010	107,409	3.97%
Foreign	1,673	28	3.35%	34,137	1,097	6.43%
Total	6,845,452	119,583	3.49%	5,439,147	108,506	3.99%
Total interest-bearing liabilities	30,830,288	$ 759,779	4.93%	25,531,167	$ 693,372	5.43%
Other	3,185,442			2,700,428		
Total liabilities	34,015,730			28,231,595		
Equity	4,986,208			3,797,719		
Total liabilities and equity	$39,001,938			$32,029,314		
Net interest spread			7.43%			8.08%
Interest income to average earning assets			12.36%			13.51%
Interest expense to average earning assets			4.31%			4.78%
Net interest margin			8.05%			8.73%

[1] Interest income includes past-due fees of approximately $404,682 and $470,243 for the six months ended June 30, 2003 and 2002, respectively.

Interest Variance Analysis

Net interest income is affected by changes in the average interest rate generated on earning assets and the average interest rate paid on interest-bearing liabilities. In addition, net interest income is affected by changes in the volume of earning assets and interest-bearing liabilities. Table 2 sets forth the dollar amount of the increases and decreases in interest income and interest expense resulting from changes in the volume of earning assets and interest-bearing liabilities and from changes in yields and rates.

TABLE 2 - INTEREST VARIANCE ANALYSIS

	Three Months Ended June 30, 2003 vs. 2002			Six Months Ended June 30, 2003 vs. 2002		
(in thousands)	Increase (Decrease)	Change due to[1] Volume	Yield/Rate	Increase (Decrease)	Change due to[1] Volume	Yield/Rate
Interest Income:						
Consumer loans						
Domestic	$ 39,534	$279,016	$(239,482)	$185,858	$415,295	$(229,437)
Foreign	(10,161)	(6,435)	(3,726)	12,257	4,035	8,222
Total	29,373	266,606	(237,233)	198,115	404,233	(206,118)
Securities available for sale	2,080	66,915	(64,835)	2,667	57,066	(54,399)
Other						
Domestic	8,753	68,860	(60,107)	7,593	45,376	(37,783)
Foreign	5,413	8,848	(3,435)	9,449	11,599	(2,150)
Total	14,166	88,464	(74,298)	17,042	67,482	(50,440)
Total interest income	45,619	613,775	(568,156)	217,824	634,322	(416,498)
Interest Expense:						
Deposits						
Domestic	15,192	145,336	(130,144)	44,730	156,740	(112,010)
Foreign	2,336	8,632	(6,296)	3,943	10,097	(6,154)
Total	17,528	154,774	(137,246)	48,673	167,432	(118,759)
Senior notes	(3,536)	(25,493)	21,957	6,657	(22,578)	29,235
Other borrowings						
Domestic	4,366	18,697	(14,331)	12,146	44,076	(31,930)
Foreign	(590)	(356)	(234)	(1,069)	(711)	(358)
Total	3,776	19,404	(15,628)	11,077	43,918	(32,841)
Total interest expense	17,768	182,812	(165,044)	66,407	223,475	(157,068)
Net interest income[1]	$ 27,851	$394,328	$(366,477)	$151,417	$401,572	$(250,155)

[1] The change in interest due to both volume and rates has been allocated in proportion to the relationship of the absolute dollar amounts of the change in each. The changes in income and expense are calculated independently for each line in the table. The totals for the volume and yield/rate columns are not the sum of the individual lines.

Servicing and Securitization Income

In accordance with SFAS 140, the Company records gains or losses on the off-balance sheet securitizations of consumer loan receivables on the date of sale based on the estimated fair value of assets sold and retained and liabilities incurred in the sale. Gains represent the present value of estimated excess cash flows the Company will receive over the estimated life of the receivables and are included in servicing and securitizations income. This excess cash flow essentially represents an interest-only strip, consisting of the following estimates: the excess of finance charges and past-due fees over the sum of the return paid to investors, contractual servicing fees and credit losses. The credit risk exposure on retained

interests exceeds the pro rata share of the Company's interest in the underlying receivables. However, exposure to credit losses on the securitized loans is contractually limited to the retained interests.

Servicing and securitizations income represents servicing fees, excess spread and other fees relating to consumer loan receivables sold through securitization and other sale transactions, as well as gains and losses recognized as a result of the securitization transactions, and fair value adjustments to the interest-only strips. Servicing and securitizations income increased $24.4 million, or 3%, to $742.7 million for the three months ended June 30, 2003, from $718.3 million for the same period in 2002. Servicing and securitizations income increased $127.9 million, or 10%, to $1.5 billion for the six months ended June 30, 2003, from $1.3 billion for the same period in 2002. This increase was primarily due to a 24% and 27% increase in the average off-balance sheet loan portfolio for the three and six months ended June 30, 2003 compared to the same periods in the prior year, offset in part by a reduction in the excess spread generated by the securitized loan portfolio.

Certain estimates inherent in the determination of the fair value of the retained interests are influenced by factors outside the Company's control, and as a result, such estimates could materially change in the near term. Any future gains that will be recognized in accordance with SFAS 140 will be dependent on the timing and amount of future securitizations. The Company intends to continuously assess the performance of new and existing securitization transactions, and therefore the valuation of retained interests, as estimates of future cash flows change.

Service Charges and Other Customer-Related Fees

Service charges and other customer-related fees decreased by $58.0 million or 13%, to $403.0 million for the three months ended June 30, 2003, from $461.0 million in the same period during 2002, and decreased by $82.4 million or 9%, to $844.2 million for the six months ended June 30, 2003, from $926.6 million during the same period in 2002. The decrease primarily reflects a shift in the mix of the reported loan portfolio toward a greater composition of lower fee-generating loans and a decrease in the number of accounts compared with the prior year.

Interchange Income

Interchange income decreased 35% to $89.1 million and 26% to $174.5 million, for the three and six months ended June 30, 2003, respectively, compared to $137.4 million and $235.4 million for the same periods in the prior year. This decrease is primarily attributable to a decrease in purchase volume of the reported credit card loan portfolio. Total interchange income is net of $25.9 million and $47.7 million of costs related to the Company's rewards programs for the three and six months periods ended June 30, 2003, respectively, compared to $12.8 million and $36.9 million for the same periods in the prior year.

Other Non-Interest Income

Other non-interest income includes gains on sale of securities, gains or losses associated with hedging transactions, service provider revenue generated by the Company's medical procedures lending business, and gains on sale of auto loans.

Other non-interest income increased $7.7 million and $4.4 million, or 11% and 4%, to $75.8 million and $124.2 million for the three and six months ended June 30, 2003, compared to the same periods in 2002. The increase in other non-interest income was the result of $35.1 million and $39.3 million gains recorded from the routine sale of auto loans during the three and six months ended June 30, 2003, compared to $17.8 for both the comparable periods in the prior year. The increase in other non-interest income from auto loan sale gains was offset by a decrease in gains from sale of securities of $11.6 million and $1.3

million during the three and six months ended June 30, 2003, respectively, compared to the same periods in the prior year.

Non-Interest Expense

Non-interest expense consists of marketing and operating expenses. Non-interest expense for the three and six months ended June 30, 2003 was $1.2 billion and $2.3 billion, respectively, which was comparable to the same periods in the prior year. Marketing expense decreased $49.9 million and $161.7 million to $270.6 million and $512.3 million for the three and six months ended June 30, 2003, respectively, as a result of the Company's efforts to slow loan growth. Operating expenses increased $46.8 million and $171.7 million to $880.0 million and $1.8 billion for the three and six months ended June 30, 2003, respectively, compared to the same periods in the prior year. The increase in operating expenses was the result of increased credit and recovery efforts combined with a reduction of expenses deferred in connection with loan origination efforts as a result of slowing loan growth.

Income Taxes

The Company's income tax rate was 37% and 38%, respectively for the three months ended June 30, 2003 and 2002. The decrease was due to growth and improved results of the Company's International operations, which have lower effective tax rates. The effective rate includes both state and federal income tax components.

MANAGED CONSUMER LOAN PORTFOLIO

The Company's managed consumer loan portfolio is comprised of reported loans and off-balance sheet loans. Off-balance sheet loans are those which have been securitized and accounted for as sales in accordance with SFAS 140, and are not assets of the Company.

Table 3 summarizes the Company's managed consumer loan portfolio.

TABLE 3 - MANAGED CONSUMER LOAN PORTFOLIO

(in thousands)	June 30 2003	June 30 2002
Period-End Balances:		
Reported consumer loans		
Domestic	$24,156,037	$21,519,894
Foreign	2,692,541	2,976,112
Total	26,848,578	24,496,006
Securitization adjustments[1]		
Domestic	30,518,384	26,703,256
Foreign	3,368,847	2,008,953
Total	33,887,231	28,712,209
Managed consumer loan portfolio		
Domestic	54,674,421	48,223,150
Foreign	6,061,388	4,985,065
Total	$60,735,809	$53,208,215

(in thousands)	Three Months Ended June 30 2003	Three Months Ended June 30 2002
Average Balances:		
Reported consumer loans		
Domestic	$24,525,992	$22,092,654
Foreign	2,575,050	2,783,466
Total	27,101,042	24,876,120
Securitization adjustments[1]		
Domestic	29,760,892	24,739,542
Foreign	3,053,863	1,727,102
Total	32,814,755	26,466,644
Managed consumer loan portfolio		
Domestic	54,286,884	46,832,196
Foreign	5,628,913	4,510,568
Total	$59,915,797	$51,342,764

(in thousands)	Six Months Ended June 30 2003	2002
Average Balances:		
Reported consumer loans		
Domestic	$24,496,856	$20,737,327
Foreign	2,711,168	2,648,988
Total	27,208,024	23,386,315
Securitization adjustments[1]		
Domestic	29,594,303	23,992,641
Foreign	2,782,261	1,649,075
Total	32,376,564	25,641,716
Managed consumer loan portfolio		
Domestic	54,091,159	44,729,968
Foreign	5,493,429	4,298,063
Total	$59,584,588	$49,028,031

[1] Includes adjustments made related to the effects of securitization transactions qualifying as sales under GAAP and adjustments made to reclassify to "managed" loans outstanding the collectible portion of billed finance charge and fee income on the investors' interest in securitized loans excluded from loans outstanding on the "reported" balance sheet in accordance with Financial Accounting Standards Board Staff Position, "Accrued Interest Receivable," issued in April 2003.

The Company actively engages in off-balance sheet consumer loan securitization transactions. Securitizations involve the transfer of a pool of loan receivables by the Company to an entity created for securitizations, generally a trust or other special purpose entity ("the trusts"). The credit quality of the receivables is supported by credit enhancements, which may be in various forms including interest-only strips, subordinated interests in the pool of receivables, cash collateral accounts, and accrued interest and fees on the investor's share of the pool of receivables. Securities ($33.4 billion outstanding as of June 30, 2003) representing undivided interests in the pool of consumer loan receivables are sold to the public through an underwritten offering or to private investors in private placement transactions. The Company receives the proceeds of the sale as payment for the receivables transferred. In certain securitizations, the Company retains an interest in the entity to which it transferred receivables ("seller's interest") equal to the amount of the outstanding receivables transferred to the trust in excess of the principal balance of the securities outstanding. For securitizations backed by a revolving pool of assets, the Company's seller's interest varies as the amount of the excess receivables in the trusts fluctuates as the accountholders make principal payments and incur new charges on the selected accounts. A securitization backed by non-revolving amortizing assets, such as installment loans, generally does not include a seller's interest, as obligor principal payments are generally paid to investors on a monthly basis. A securitization accounted for as a sale in accordance with SFAS 140 results in the removal of the receivables, other than any applicable seller's interest, from the Company's balance sheet for financial and regulatory accounting purposes and recording of any additional retained interests.

Collections received from securitized receivables are used to pay interest to investors, servicing and other fees, and are available to absorb the investors' share of credit losses. For revolving securitizations, amounts collected in excess of that needed to pay the above amounts are remitted to the Company, as described above in "Servicing and Securitizations Income." For amortizing securitizations, amounts in excess of the amount that is used to pay interest, fees and principal are generally remitted to the Company, but may be paid to investors in further reduction of their outstanding principal as described below.

Investors in the Company's revolving securitization program are generally entitled to receive principal payments either in one lump sum after an accumulation period or through monthly payments during an

amortization period. Amortization may begin sooner in certain circumstances, including the possibility of the annualized portfolio yield (generally consisting of interest and fees) for a three-month period dropping below the sum of the interest rate payable to investors, loan servicing fees and net credit losses during the period. Increases in net credit losses and payment rates could significantly decrease the spread and cause early amortization. This early amortization could have a significant effect on the ability of the Bank and the Savings Bank to meet the capital adequacy requirements as all off-balance sheet loans experiencing such early amortization would have to be recorded on the balance sheet. At June 30, 2003, the annualized portfolio yields on the Company's off-balance sheet securitizations sufficiently exceeded the sum of the related interest rates payable to investors, loan servicing fees and net credit losses, and as such, early amortizations of its off-balance sheet securitizations was not indicated or expected.

In revolving securitizations, prior to the commencement of the amortization or accumulation period, the investors' shares of the principal payments received on the trusts' receivables are reinvested in new receivables to maintain the principal balance of the securities. During the amortization period, the investors' share of principal payments is paid to the security holders until the securities are repaid. When the trust allocates principal payments to the security holders, the Company's reported consumer loans increase by the amount of any new activity on the accounts. During the accumulation period, the investors' share of principal payments is paid into a principal funding account designed to accumulate principal collections so the securities can be paid in full on the expected final payment date.

Table 4 indicates the impact of the consumer loan securitizations on average earning assets, net interest margin and loan yield for the periods presented. The Company intends to continue to securitize consumer loans.

TABLE 4 - OPERATING DATA AND RATIOS

	Three Months Ended June 30		Six Months Ended June 30	
(dollars in thousands)	2003	2002	2003	2002
Reported:				
Average earning assets	$36,297,922	$30,677,505	$35,227,151	$28,998,174
Net interest margin[(1)]	7.52%	8.53%	8.05%	8.73%
Loan yield	14.17	14.97	14.51	15.18
Managed:				
Average earning assets	$67,450,839	$55,559,191	$66,034,100	$53,062,294
Net interest margin[(1)]	8.64%	8.89%	8.98%	9.07%
Loan yield	14.09	14.32	14.30	14.53

[(1)]Net interest margin is equal to net interest income divided by average earning assets.

Decreases in the net interest margins resulted from an overall reduction in earning asset yields due to lower consumer loan yields and an increase in the liquidity portfolio. The decrease in the consumer loan yield resulted from the addition of higher credit quality, lower yielding loans. The increase in the liquidity portfolio resulted from the Company taking advantage of favorable funding opportunities during the three months ended June 30, 2003.

Risk Adjusted Revenue and Margin

The Company's products are designed with the objective of maximizing customer value while optimizing returns for the level of risk undertaken. Management believes that comparable measures for external analysis are the risk adjusted revenue and risk adjusted margin of the managed portfolio. Risk adjusted

revenue is defined as net interest income and non-interest income less net charge-offs. Risk adjusted margin measures risk adjusted revenue as a percentage of average earning assets. These measures consider not only the earning asset yield and cost of funds, but also the fee income associated with these products. By deducting net charge-offs, consideration is given to the risk inherent in the Company's portfolio.

The Company markets its card products to specific consumer populations. The terms of each card product are actively managed to achieve a balance between risk and expected performance, while obtaining the expected return. For example, card product terms include the ability to reprice individual accounts upwards or downwards based on the consumer's performance. In addition, since 1998, the Company has aggressively marketed low non-introductory rate cards to consumers with the best established credit profiles to take advantage of the favorable risk return characteristics of this consumer type. Industry competitors have continuously solicited the Company's customers with similar interest rate strategies. Management believes the competition has placed, and will continue to place, pressure on the Company's pricing strategies.

The Company also offers other credit card products. Examples of such products include secured cards and other cards marketed to certain consumer populations that the Company believes are underserved by its competitors. Products marketed to underserved consumers do not have a significant, immediate impact on managed loan balances; rather they typically consist of lower credit limit accounts and balances that build over time. The terms of these customized card products tend to include membership fees and higher annual finance charge rates. The profile of the consumer populations that these products are marketed to, in some cases, may also tend to result in higher account delinquency rates and consequently higher past-due and overlimit fees as a percentage of loan receivables outstanding than the low non-introductory rate products.

Table 5 provides income statement data and ratios for the Company's consumer loan portfolio. The causes of increases and decreases in the various components of risk adjusted revenue are discussed in sections previous to this analysis.

TABLE 5 - RISK ADJUSTED REVENUE AND MARGIN

(dollars in thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2003	2002	2003	2002
Reported Income Statement:				
Net interest income	$ 682,263	$ 654,412	$ 1,417,067	$ 1,265,650
Non-interest income	1,310,622	1,384,812	2,615,225	2,626,336
Net charge-offs	(435,634)	(299,353)	(897,091)	(538,053)
Risk adjusted revenue	$1,557,251	$1,739,871	$ 3,135,201	$ 3,353,933
Ratios[(1)]:				
Net interest margin	7.52%	8.53%	8.05%	8.73%
Non-interest income	14.44	18.06	14.85	18.11
Net charge-offs	(4.80)	(3.90)	(5.10)	(3.71)
Risk adjusted margin	17.16%	22.69%	17.80%	23.13%
Managed Income Statement:				
Net interest income	$1,457,517	$1,234,306	$ 2,965,468	$ 2,406,843
Non-interest income	1,046,012	1,145,014	2,073,945	2,135,175
Net charge-offs	(946,278)	(639,449)	(1,904,212)	(1,188,085)
Risk adjusted revenue	$1,557,251	$1,739,871	$ 3,135,201	$ 3,353,933
Ratios[(1)]:				
Net interest margin	8.64%	8.89%	8.98%	9.07%
Non-interest income	6.20	8.24	6.28	8.04
Net charge-offs	(5.61)	(4.60)	(5.76)	(4.47)
Risk adjusted margin	9.23%	12.53%	9.50%	12.64%

[(1)] As a percentage of average earning assets.

ASSET QUALITY

The asset quality of a portfolio is generally a function of the initial underwriting criteria used, levels of competition, account management activities and demographic concentration, as well as general economic conditions. The seasoning of the accounts is also an important factor in the delinquency and loss levels of the portfolio.

Delinquencies

Table 6 shows the Company's consumer loan delinquency trends for the periods presented on a reported and managed basis. The entire balance of an account is contractually delinquent if the minimum payment is not received by the payment due date.

TABLE 6 - DELINQUENCIES

(dollars in thousands)	June 30 2003 Loans	June 30 2003 % of Total Loans	June 30 2002 Loans	June 30 2002 % of Total Loans
Reported:				
Loans outstanding	$26,848,578	100.00%	$24,496,006	100.00%
Loans delinquent:				
30-59 days	712,616	2.65	547,520	2.23
60-89 days	344,582	1.29	252,359	1.03
90 or more days	449,614	1.67	305,667	1.25
Total	$ 1,506,812	5.61%	$ 1,105,546	4.51%
Loans delinquent by geographic area:				
Domestic	1,406,694	5.82%	1,035,272	4.81%
Foreign	100,118	3.72%	70,274	2.36%
Managed:				
Loans outstanding	$60,735,809	100.00%	$53,208,215	100.00%
Loans delinquent:				
30-59 days	1,270,107	2.10	1,058,884	1.99
60-89 days	693,164	1.14	539,726	1.01
90 or more days	1,040,855	1.71	759,978	1.43
Total	$ 3,004,126	4.95%	$ 2,358,588	4.43%

Consumer loan delinquency rate increases principally reflect a continued seasoning of a portion of subprime accounts added during the first six months of 2002, along with slower loan growth in the second half of 2002 and the first half of 2003.

Net Charge-Offs

Net charge-offs include the principal amount of losses (excluding accrued and unpaid finance charges, fees and fraud losses) less current period principal recoveries. Table 7 shows the Company's net charge-offs for the three month periods presented on a reported and managed basis.

TABLE 7 - NET CHARGE-OFFS

(dollars in thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2003	2002	2003	2002
Reported:				
Average loans outstanding	$27,101,042	$24,876,120	$27,208,024	$23,386,315
Net charge-offs	435,634	299,353	897,091	538,053
Net charge-offs as a percentage of average loans outstanding	6.43%	4.81%	6.59%	4.60%
Managed:				
Average loans outstanding	$59,915,797	$51,342,764	$59,584,588	$49,028,031
Net charge-offs	946,278	639,449	1,904,212	1,188,085
Net charge-offs as a percentage of average loans outstanding	6.32%	4.98%	6.39%	4.85%

The increase in both the reported and managed net charge-off rates was the result of the continued seasoning of subprime accounts added during the first half of 2002 and slower loan growth in the last half of 2002 and the first half of 2003.

Allowance for Loan Losses

The allowance for loan losses is maintained at an amount estimated to be sufficient to absorb probable losses, net of principal recoveries (including recovery of collateral), inherent in the existing reported loan portfolio. The provision for loan losses is the periodic cost of maintaining an adequate allowance. Management believes that, for all relevant periods, the allowance for loan losses was adequate to cover anticipated losses in the total reported consumer loan portfolio under then current conditions, met applicable legal and regulatory guidance and was consistent with GAAP. There can be no assurance as to future credit losses that may be incurred in connection with the Company's consumer loan portfolio, nor can there be any assurance that the loan loss allowance that has been established by the Company will be sufficient to absorb such future credit losses. The allowance is a general allowance applicable to the reported homogeneous consumer loan portfolio. The amount of allowance necessary is determined primarily based on a migration analysis of delinquent and current accounts and forward loss curves. In evaluating the sufficiency of the allowance for loan losses, management also takes into consideration the following factors: recent trends in delinquencies and charge-offs including bankrupt, deceased and recovered amounts; forecasting uncertainties and size of credit risks; the degree of risk inherent in the composition of the loan portfolio; economic conditions; legal and regulatory guidance (including the "Expanded Guidance for Subprime Lending Programs" ("Subprime Guidelines") issued by the four federal banking agencies (the "Agencies")); credit evaluations and underwriting policies.

Table 8 sets forth the activity in the allowance for loan losses for the periods indicated. See "Asset Quality," "Delinquencies" and "Net Charge-Offs" for a more complete analysis of asset quality.

TABLE 8 - SUMMARY OF ALLOWANCE FOR LOAN LOSSES

(dollars in thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2003	2002	2003	2002
Balance at beginning of period	$1,635,000	$ 990,000	$ 1,720,000	$ 840,000
Provision for loan losses:				
Domestic	347,409	503,943	695,906	866,691
Foreign	39,688	37,898	67,042	64,767
Total provision for loan losses	387,097	541,841	762,948	931,458
Acquisitions/other	3,537	4,512	4,143	3,595
Charge-offs:				
Domestic	(482,980)	(323,485)	(996,801)	(593,177)
Foreign	(37,096)	(32,616)	(78,826)	(59,792)
Total charge-offs	(520,076)	(356,101)	(1,075,627)	(652,969)
Recoveries:				
Domestic	74,796	50,109	160,739	102,483
Foreign	9,646	6,639	17,797	12,433
Total recoveries	84,442	56,748	178,536	114,916
Net charge-offs	(435,634)	(299,353)	(897,091)	(538,053)
Balance at end of period	$1,590,000	$1,237,000	1,590,000	1,237,000
Allowance for loan losses to loans at period-end	5.92%	4.95%	5.92%	4.95%
Allowance for loan losses by geographic distribution:				
Domestic	$1,493,406	$1,160,813	$ 1,493,406	$1,160,813
Foreign	96,594	76,187	96,594	76,187

The $45.0 million decrease in the allowance for loan losses during the three months ended June 30, 2003, resulted from improving delinquency rates and a reduction in reported loans. The 30 plus day reported delinquency rate was 5.61% at June 30, 2003, down from 6.12% at December 31, 2002, which in turn resulted in a decrease to forecasted charge-offs. The Company's reported loan portfolio decreased to $26.9 million at June 30, 2003 from $27.6 billion at March 31, 2003.

REPORTABLE SEGMENTS

The Company manages its business by three distinct operating segments: Consumer Lending, Auto Finance and International. The Consumer Lending, Auto Finance and International segments are considered reportable segments based on quantitative thresholds applied to the managed loan portfolio for reportable segments provided by SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*. Management decision making is performed on a managed portfolio basis, and information about reportable segments is provided on a managed portfolio basis.

TABLE 9 - REPORTABLE SEGMENTS

	Consumer Lending		Auto Finance		International	
	As of and for the Three Months Ended June 30		As of and for the Three Months Ended June 30		As of and for the Three Months Ended June 30	
	2003	2002	2003	2002	2003	2002
Loans receivable	$47,181,885	$42,819,132	$7,379,815	$5,353,825	$6,061,388	$4,985,065
Net income	289,775	296,608	44,002	14,915	13,630	(19,818)
Net charge-off rate	6.95%	5.46%	4.22%	2.84%	4.48%	3.91%
Delinquency rate	4.83%	4.51%	6.97%	5.38%	3.92%	3.78%

	Consumer Lending		Auto Finance		International	
	For the Six Months Ended June 30		For the Six Months Ended June 30		For the Six Months Ended June 30	
	2003	2002	2003	2002	2003	2002
Net income	599,001	568,632	37,541	4,915	31,700	(28,327)

Consumer Lending Segment

The Consumer Lending segment consists primarily of domestic credit card and installment lending activities. The loan growth in this segment reflects the Company's continued success in applying its IBS.

The Company slowed its loan growth during the first six months of 2003, resulting in an expected increase to its charge-off rate when compared to the same period in 2002. The Consumer Lending delinquency rate at June 30, 2003 increased over the delinquency rate at June 30, 2002 due to the continued seasoning of subprime accounts added during the first six months of 2002, and the slower loan growth during the first six months of 2003.

Auto Finance Segment

The Auto Finance segment consists of automobile financing activities. The increase in loans outstanding at June 30, 2003 compared to June 30, 2002 was the result of expanded organizational capabilities and increased reliance on IBS concepts, which attracted new dealer-sourced and direct loan volume. The Auto Finance segment's contribution to consolidated net income increased to $37.5 million for the six month period ended June 30, 2003, compared to $4.9 million for the same period in the prior year.

During 2003, the Company sold $1.4 billion of auto loans in whole loan sale transactions resulting in $39.3 million of gains, of which $29.3 was allocated to the Auto Finance Segment.

The increase in the charge-off rate for the three months ended June 30, 2003 compared to the three months ended June 30, 2002 was driven by general economic weakness, slower loan growth and a continued deterioration in used car values, which caused higher loss severity.

The increase in the delinquency rate at June 30, 2003 compared to June 30, 2002 was primarily the result of slower loan growth and general economic weakness.

International Segment

The International segment consists of all non-domestic consumer lending activities. The increase in total International segment loans outstanding was principally the result of the application of IBS to originate loans in the United Kingdom and Canada. The International segment's contribution to consolidated net income increased to $31.7 million for the six month period ended June 30, 2003, compared to a loss of $28.3 million for the same period in the prior year.

The increase in the charge-off rate largely reflected the relatively slow loan growth during the second half of 2002 and the first quarter of 2003, and changes in the exchange rate between the U.S. and Canadian dollars. The increase in the International segment delinquency rate was primarily as a result of the seasoning of the Canadian credit card portfolio.

FUNDING

The Company has established access to a variety of funding alternatives in addition to securitization of its consumer loans. Table 10 illustrates the Company's unsecured funding sources.

TABLE 10 - FUNDING AVAILABILITY AS OF JUNE 30, 2003

(dollars or dollar equivalents in millions)	Effective/ Issue Date	Availability[1]	Outstanding	Final Maturity[5]
Senior and Subordinated Global Bank Note Program[2]	1/03	$3,900	$3,631	—
Senior Domestic Bank Note Program[3]	4/97	—	$ 783	—
New Revolving Credit Facility	5/03	$1,000	—	5/05
Multicurrency Facility[4]	8/00	$ 345	—	8/04
Collateralized Revolving Credit Facility	—	$2,296	$ 204	—
Corporation shelf registration	3/02	$2,248	N/A	—

(1) All funding sources are non-revolving except for the Multicurrency Credit Facility, the New Domestic Revolving Credit Facility and the Collateralized Revolving Credit Facility. Funding availability under the credit facilities is subject to compliance with certain representations, warranties and covenants. Funding availability under all other sources is subject to market conditions.

(2) The notes issued under the global senior and subordinated bank note program may have original terms of thirty days to thirty years from their date of issuance. This program was updated in May 2003.

(3) The notes issued under the senior domestic bank note program have original terms of one to ten years. The senior domestic bank note program is no longer available for issuances.

(4) US dollar equivalent based on the USD/Euro exchange rate as of June 30, 2003.

(5) Maturity date refers to the date the facility terminates, where applicable.

The Senior and Subordinated Global Bank Note Program gives the Bank the ability to issue securities to both U.S. and non-U.S. lenders and to raise funds in U.S. and foreign currencies. The Senior and Subordinated Global Bank Note Program had $3.6 billion outstanding at June 30, 2003. During the second quarter 2003, the Bank issued $600.0 million of five-year fixed rate bank notes and $500 million of ten-year fixed rate subordinated bank notes under this program. In January 2003, the Bank increased its capacity under the Senior and Subordinated Global Bank Note Program to $8.0 billion and in May 2003 updated this Program. Prior to the establishment of the Senior and Subordinated Global Bank Note Program, the Bank issued senior unsecured debt through its $8.0 billion Senior Domestic Bank Note Program, of which $782.8 million was outstanding at June 30, 2003. The Bank did not renew the Senior Domestic Bank Note Program for future issuances following the establishment of the Senior and Subordinated Global Bank Note Program.

In May 2003, the Company terminated the Domestic Revolving Credit Facility and replaced it with a new revolving credit facility providing for an aggregate of $1.0 billion in unsecured borrowings from various lending institutions to be used for general corporate purposes (the "New Credit Facility"). The New Credit Facility is available to the Corporation, the Bank, the Savings Bank and Capital One Bank (Europe) plc. However, the Corporation's availability is limited to $250.0 million. All borrowings under the New Credit Facility are based on varying terms of LIBOR.

An Euro 300 million multicurrency revolving credit facility (the "Multicurrency Facility") is available for general purposes of the Bank's business in the United Kingdom. The Corporation and the Bank serve as guarantors of all borrowings by Capital One Bank (Europe), plc under the Multicurrency Facility. Internationally, the Company has funding programs available to foreign investors or to raise funds in foreign currencies, allowing the Company to borrow from U.S. and non-U.S. lenders, including foreign currency funding options under the Credit Facility discussed above. The Company funds its foreign assets by directly or synthetically borrowing or securitizing in the local currency to mitigate the financial statement effect of currency translations.

In April 2002, COAF entered into a revolving warehouse credit facility collateralized by a security interest in certain consumer loan assets. As of June 30, 2003, the credit facility had the capacity to issue up to $2.5 billion in secured notes. The collateralized revolving warehouse credit facility has several participants each with a separate renewal date. The facility does not have a final maturity date. Instead, each participant may elect to renew the commitment for another set period of time. Interest on the facility is based on commercial paper rates.

As of June 30, 2003, the Corporation had two effective shelf registration statements under which the Corporation from time to time may offer and sell senior or subordinated debt securities, preferred stock, common stock, common equity units and stock purchase contracts.

The Company continues to expand its retail deposit gathering efforts through both direct and broker marketing channels. The Company uses its IBS capabilities to test and market a variety of retail deposit origination strategies, including via the Internet, as well as to develop customized account management programs. As of June 30, 2003, the Company had $19.8 billion in interest-bearing deposits of which $8.9 billion represent large denomination certificates of $100 thousand or more, with original maturities up to ten years.

Table 11 shows the maturities of domestic time certificates of deposit in denominations of $100 thousand or greater (large denomination CDs) as of June 30, 2003.

TABLE 11 - MATURITIES OF LARGE DENOMINATION CERTIFICATES-$100,000 OR MORE

	June 30, 2003	
(dollars in thousands)	Balance	Percent
Three months or less	$1,038,751	11.65%
Over 3 through 6 months	924,668	10.37
Over 6 through 12 months	1,472,127	16.52
Over 12 months through 10 years	5,477,527	61.46
Total	$8,913,073	100.00%

DERIVATIVE INSTRUMENTS

The Company enters into interest rate swap agreements in order to manage interest rate exposure. In most cases, this exposure is related to the funding of fixed rate assets with floating rate obligations, including off-balance sheet securitizations. The Company also enters into forward foreign currency exchange contracts and cross currency swaps to reduce sensitivity to changing foreign currency exchange rates. The hedging of foreign currency exchange rates is limited to certain intercompany obligations related to international operations. These derivatives expose the Company to certain credit risks. The Company has established policies and limits, as well as collateral agreements, to manage credit risk related to derivative instruments.

RISK MANAGEMENT

Risk is an inherent part of the Company's business and activities. The Company's ability to properly and effectively identify, assess, monitor and manage risk in its business activities is critical to its safe and sound operation and profitability. Among other risks, the Company's business activities generate credit risk, liquidity risk, interest rate risk and operational risk, each of which is described below.

Credit Risk

Credit risk is one of the Company's most important risk categories. Consequently, as part of the Company's risk management process, the Company has established a central reference system of control of credit polices and programs that is designed to maintain the ability of the Company's operating units to respond flexibly to changing market and competitive conditions. In 2002, the Company appointed a dedicated Chief Credit Officer, expanded its central Credit Risk Management staff and strengthened its Credit Policy Committee. The credit committee and staff group oversee that the Company's credit decisions are made on an appropriate basis, that each of its operating units applies standardized practices in measuring and managing credit risk, and that relevant factors, including an appropriate credit outlook, profitability, and the competitive, economic and regulatory environment are considered in making credit decisions.

In addition to strong governance, another key element in the Company's management of credit risk is its use of IBS, which is the foundation of the Company's credit decision making approach. IBS governs the Company's selection of customers and its approach to pricing, credit line management, customer management, collections and recoveries. It provides a framework in which the Company can apply a very high degree of analytical rigor to decision making while preserving the flexibility to respond quickly to changing market and economic conditions.

The Company's credit risk profile is managed with the goal of maintaining better than average credit quality, strong risk-adjusted returns and increased diversification. This is accomplished by increasing growth in the prime and superprime card business, while reducing growth in the subprime card business, by customizing credit lines and product terms to each consumer segment to ensure appropriate returns, by diversification into consumer lending products such as automobile financing and unsecured installment lending and by international expansion. The centralized Credit Risk Management group monitors overall composition and quality of the credit portfolio. The Company takes into consideration potential future economic conditions when monitoring and assessing its credit portfolio to understand its credit risk profile under various stressful conditions.

The Company's guiding principles, strengthened central governance and Board-directed risk tolerances, are designed to ensure that senior executives are well-informed of credit trends and can make appropriate credit and business decisions for the Company. The Company promotes day-to-day market responsiveness and flexibility by empowering its business line managers to develop credit strategies and programs aligned with the objective of long-term business profitability. The credit program development process considers the evolving needs of the target market, the competitive environment and the economic outlook. It is highly analytical and uses the Company's extensive database of past test results. Senior Credit Officers, who are appointed by the Credit Policy Committee, oversee all credit program

development. Large new programs or program changes are reviewed by the Credit Policy Committee or its subcommittee.

Most of the Company's credit strategies rely heavily on the use of sophisticated proprietary scoring models. These models consider many variables, including credit scores developed by nationally recognized scoring firms. The models are validated, monitored and maintained in accordance with detailed policies and procedures to ensure their continued validity.

Interest Rate Risk

Interest rate risk refers to changes in earnings or the net present value of assets and off-balance sheet positions less liabilities (termed "economic value of equity") due to interest rate changes. To the extent that managed interest income and expense do not respond equally to changes in interest rates, or that all rates do not change uniformly, earnings and economic value of equity could be affected. The Company's managed net interest income is affected primarily by changes in LIBOR, as variable rate card receivables, securitization bonds and corporate debts are repriced. The Company manages and mitigates its interest rate sensitivity through several techniques, which include, but are not limited to, changing the maturity, repricing and distribution of assets and liabilities and by entering into interest rate swaps.

The Company measures interest rate risk through the use of a simulation model. The model generates a distribution of 12-month managed net interest income outcomes based on a plausible set of interest rate paths, which are generated from an industry-accepted term structure model. The consolidated balance sheet and all off-balance sheet positions are included in the analysis. The Company's Asset/Liability Management Policy requires that based on this distribution there be no more than a 5% probability of a reduction in 12-month net interest income of more than 3% of base net interest income. The interest rate scenarios evaluated as of June 30, 2003 included scenarios in which short-term interest rates rose by over 290 basis points or fell by as much as 190 basis points over the 12 months.

The Asset/Liability Management Policy also limits the change in 12-month net interest income and economic value of equity due to instantaneous parallel rate shocks.

As of June 30, 2003, the Company was in compliance with its interest rate risk management policies. The measurement of interest rate sensitivity does not consider the effects of changes in the overall level of economic activity associated with various interest rate scenarios or reflect the ability of management to take action to further mitigate exposure to changes in interest rates. This action may include, within legal and competitive constraints, the repricing of interest rates and/or fees on outstanding credit card loans.

Liquidity Risk

Liquidity risk refers to the Company's ability to meet its cash needs. The Company meets its cash requirements by securitizing assets, gathering deposits and issuing debt and equity. As discussed in "Managed Consumer Loan Portfolio," a significant source of liquidity for the Company has been the securitization of consumer loans. Maturity terms of existing securitizations vary from 2003 to 2008, and for revolving securitizations have accumulation periods during which principal payments are aggregated to make payments to investors. As payments on the loans are accumulated and are no longer reinvested in new loans, the Company's funding requirements for such new loans increase accordingly. The occurrence of certain events may cause the securitization transactions to amortize earlier than scheduled, which would accelerate the need for funding. Additionally, this early amortization could have a significant effect on the ability of the Bank and the Savings Bank to meet the capital adequacy requirements as all off-balance sheet loans experiencing such early amortization would have to be recorded on the balance sheet.

As such amounts amortize or are otherwise paid, the Company believes it can securitize additional consumer loans, gather deposits, purchase federal funds and establish other funding sources to fund new loan growth, although no assurance can be given to that effect. Additionally, the Company maintains a portfolio of high-quality securities such as U.S. Treasuries and other U.S. government obligations, commercial paper, interest-bearing deposits with other banks, federal funds and other cash equivalents in order to provide adequate liquidity and to meet its ongoing cash needs. As of June 30, 2003, the Company had $8.6 billion of such securities, cash and cash equivalents.

Liability liquidity is measured by the Company's ability to obtain borrowed funds in the financial markets in adequate amounts and at favorable rates. As of June 30, 2003, the Company, the Bank, the Savings Bank and COAF collectively had over $3.6 billion in unused commitments under various credit facilities available for liquidity needs.

Operational Risk

The Company is exposed to numerous types of operational risk. Operational risk generally refers to the risk of loss resulting from the Company's operations, including, but not limited to, the risk of fraud by employees or persons outside the Company, the execution of unauthorized transactions by employees, errors relating to transaction processing and systems, and breaches of internal control system and compliance requirements. This risk of loss also includes potential legal actions that could arise as a result of an operational deficiency or as result of noncompliance with applicable regulatory standards.

The Company operates in a number of different businesses and markets and places reliance on the ability of its employees and systems to process a high number of transactions. In the event of a breakdown in the internal control systems, improper operation of systems or improper employee actions, the Company could suffer financial loss, face regulatory action and suffer damage to its reputation. In order to address this risk, management maintains a system of internal controls with the objective of providing proper transaction authorization and execution, safeguarding of assets from misuse or theft, and ensuring the reliability of financial and other data.

The Company maintains systems of control that provide management with timely and accurate information about the operations of the Company. These systems have been designed to manage operational risk at appropriate levels given the Company's financial strength, the environment in which it operates, and considering factors such as competition and regulation. The Company has also established procedures that are designed to ensure that policies relating to conduct, ethics and business practices are followed on a uniform basis. Management continually monitors and improves its internal control systems and Company-wide processes and procedures to reduce the likelihood of losses related to operational risk.

CAPITAL ADEQUACY

The Bank and the Savings Bank are subject to capital adequacy guidelines adopted by the Federal Reserve Board (the "Federal Reserve") and the Office of Thrift Supervision (the "OTS") (collectively, the "Regulators"), respectively. The capital adequacy guidelines and the regulatory framework for prompt corrective action require the Bank and the Savings Bank to maintain specific capital levels based upon quantitative measures of their assets, liabilities and off-balance sheet items.

The most recent notifications received from the Regulators categorized the Bank and the Savings Bank as "well-capitalized." To be categorized as "well-capitalized," the Bank and Savings Bank must maintain minimum capital ratios as set forth in Table 12. As of June 30, 2003, there were no conditions or events since these notifications that management believes would have changed either the Bank or the Savings Bank's capital category.

TABLE 12 - REGULATORY CAPITAL RATIOS

	Regulatory Filing Basis Ratios	Applying Subprime Guidance Ratios	Minimum for Capital Adequacy Purposes	To Be "Well Capitalized" Under Prompt Corrective Action Provisions
June 30, 2003				
Capital One Bank				
Tier 1 Capital	15.08%	10.98%	4.00%	6.00%
Total Capital	20.31	15.04	8.00	10.00
Tier 1 Leverage	12.70	12.70	4.00	5.00
Capital One, F.S.B.				
Tier 1 Capital	15.39%	11.87%	4.00%	6.00%
Total Capital	17.09	13.47	8.00	10.00
Tier 1 Leverage	14.53	14.53	4.00	5.00
June 30, 2002				
Capital One Bank				
Tier 1 Capital	15.24%	11.15%	4.00%	6.00%
Total Capital	17.37	12.99	8.00	10.00
Tier 1 Leverage	13.38	13.38	4.00	5.00
Capital One, F.S.B.				
Tier 1 Capital	13.74%	10.19	4.00%	6.00%
Total Capital	15.58	11.87	8.00	10.00
Tier 1 Leverage	11.73	11.73	4.00	5.00

Since early 2001, the Bank and Savings Bank have treated a portion of their loans as subprime under the Subprime Guidelines and have assessed their capital and allowance for loan losses accordingly. In the second quarter of 2002, the Company adopted a revised application of the Subprime Guidelines, the result of which was to require more capital and allowance for loan losses to be held against subprime loans. Under the revised application of the Subprime Guidelines, the Company has, for purposes of calculating capital ratios, risk weighted subprime loans in targeted programs at 200%, rather than the 100% risk weighting applied to loans not in targeted subprime programs. The company has addressed the additional capital requirements with available resources. Under the revised application of the Subprime Guidelines, each of the Bank and Savings Bank exceeds the requirements for a "well-capitalized" institution as of June 30, 2003.

For purposes of the Subprime Guidelines, the Company has treated as subprime all loans in the Bank's and the Savings Bank's targeted subprime programs to customers either with a FICO score of 660 or below or with no FICO score. The Bank and the Savings Bank hold on average 200% of the total risk-based capital charge that would otherwise apply to such assets. This results in higher levels of regulatory capital at the Bank and the Savings Bank. As of June 30, 2003, approximately $4.9 billion or 24.4% of the Bank's, and $3.0 billion or 24.7% of the Savings Bank's, on-balance sheet assets were treated as subprime for purposes of the Subprime Guidelines.

In November 2001, the Agencies adopted an amendment to the regulatory capital standards regarding the treatment of certain recourse obligations, direct credit substitutes (i.e., guarantees on third-party assets),

residual interests in asset securitizations, and certain other securitized transactions. Effective January 1, 2002, this rule amended the Agencies' regulatory capital standards to create greater differentiation in the capital treatment of residual interests. On May 17, 2002, the Agencies issued an advisory interpreting the application of this rule to a residual interest commonly referred to as an accrued interest receivable (the "AIR Advisory"). The effect of this AIR Advisory is to require all insured depository institutions, including the Bank and the Savings Bank, to hold significantly higher levels of regulatory capital against accrued interest receivables beginning December 31, 2002. The Bank and the Savings Bank have met this capital requirement and remain well capitalized.

The Company currently expects to operate each of the Bank and Savings Bank in the future with a total capital ratio of at least 12%. The Corporation has a number of alternatives available to meet any additional regulatory capital needs of the Bank and the Savings Bank, including substantial liquidity held at the Corporation and available for contribution.

In August 2000, the Bank received regulatory approval and established a subsidiary bank in the United Kingdom. In connection with the approval of its former branch office in the United Kingdom, the Company committed to the Federal Reserve that, for so long as the Bank maintains a branch or subsidiary bank in the United Kingdom, the Company will maintain a minimum Tier 1 Leverage ratio of 3.0%. As of June 30, 2003, the Company's Tier 1 Leverage ratio was 12.84%. The Company expects to maintain a Tier 1 leverage ratio of at least 6% in the future.

Additionally, federal banking law limits the ability of the Bank and Savings Bank to transfer funds to the Corporation. As of June 30, 2003, retained earnings of the Bank and the Savings Bank of $1.2 billion and $518.2 million, respectively, were available for payment of dividends to the Corporation without prior approval by the Regulators. The Savings Bank, however, is required to give the OTS at least 30 days advance notice of any proposed dividend and the OTS, in its discretion, may object to such dividend.

Dividend Policy

Although the Company expects to reinvest a substantial portion of its earnings in its business, the Company also intends to continue to pay regular quarterly cash dividends on its common stock. The declaration and payment of dividends, as well as the amount thereof, are subject to the discretion of the Board of Directors of the Company and will depend upon the Company's results of operations, financial condition, cash requirements, future prospects and other factors deemed relevant by the Board of Directors. Accordingly, there can be no assurance that the Corporation will declare and pay any dividends. As a holding company, the ability of the Corporation to pay dividends is dependent upon the receipt of dividends or other payments from its subsidiaries. Applicable banking regulations and provisions that may be contained in borrowing agreements of the Corporation or its subsidiaries may restrict the ability of the Corporation's subsidiaries to pay dividends to the Corporation or the ability of the Corporation to pay dividends to its stockholders.

LEGISLATIVE AND REGULATORY MATTERS

Informal Memorandum of Understanding

As described in the Company's report on Form 10-Q, dated August 13, 2002, the Company has entered into an informal memorandum of understanding with the bank regulatory authorities with respect to certain issues, including capital, allowance for loan losses, finance charge and fee reserve policies, procedures, systems and controls. A memorandum of understanding is characterized by regulatory authorities as an informal action that is not published or publicly available. The Company has implemented levels of capital, reserves and allowances that it believes satisfy the memorandum of understanding.

In addition, as required under the memorandum of understanding, the Company has continued to take actions, among others, to enhance its enterprise risk management framework and legal entity business plans. As part of the ongoing supervision of the Bank and the Savings Bank, the Company will periodically report to, and consult with, the Regulators on all the matters addressed under the informal memorandum of understanding. While the Company has delivered on the principal requirements of the informal memorandum of understanding, it expects its Regulators to monitor its ongoing execution for some period of time and it is not possible to predict when the Company will achieve its goals for all items under the memorandum of understanding. The Company is also subject to ongoing general and targeted regulatory exams. Hence, the Company is unable to predict the exact timing for conclusion or termination of the informal memorandum of understanding.

Basel Committee

In April 2003, the Basel Committee on Banking Supervision (the "Committee") issued a consultative document for public comment, "The New Basel Capital Accord," which proposes significant revisions to the current Basel Capital Accord. The proposed new accord would establish a three-part framework for capital adequacy that would include: (1) minimum capital requirements; (2) supervisory review of an institution's capital adequacy and internal assessment process; and (3) market discipline through effective disclosures regarding capital adequacy.

The first part of the proposal would create options for a bank to use when determining its capital charge. The option selected by each bank would depend on the complexity of the bank's business and the quality of its risk management. The proposed Standardized approach would refine the current measurement framework and introduce the use of external credit assessments to determine a bank's capital charge. Banks with more advanced risk management capabilities could make use of an internal risk-rating based approach (the "IRB Approach"). Under the IRB Approach, a bank could use its internal estimates to determine certain elements of credit risk, such as the loss that a borrower's default would cause and the probability of a borrower's default. The Committee is also proposing an explicit capital charge for operational risk to provide for risks created by processes, systems, or people, such as internal systems failure or fraud.

The second part of the proposal would establish new supervisory review requirements for capital adequacy and would seek to ensure that a bank's capital position is consistent with its overall risk profile and strategy. The proposed supervisory review process would also encourage early supervisory intervention when a bank's capital position deteriorates.

The third aspect of the proposal, market discipline, would require detailed disclosure of a bank's capital adequacy to enhance the role of market participants in encouraging banks to hold adequate capital. Each bank would also be required to disclose how it evaluates its own capital adequacy.

On July 11, 2003, the US banking agencies released an Advanced Notice of Proposed Rulemaking (the "ANPR") that solicits comments from US financial institutions regarding the implementation of the Committee's proposal in the United States.

Despite the release of the ANPR, it is not clear as of this date whether and in what manner the proposed new accord will be adopted by U.S. bank regulators with respect to banking organizations that they supervise and regulate. Adoption of the proposed new accord could require U.S. banking organizations, including the Company, to increase their capital, due in part to the new capital requirement for operational risk.

Privacy and Fair Credit Reporting

The Gramm-Leach-Bliley Financial Services Modernization Act of 1999 (the "GLB Act") requires a financial institution to disclose its privacy policy to customers and consumers, and requires that such customers or consumers be given a choice (through an opt-out notice) to forbid the sharing of non-public personal information about them with non-affiliated third persons. The Corporation and the Bank each have a written privacy notice posted on the Corporation's web site which is delivered to each of its customers when customer relationships begin, and annually thereafter, in compliance with the GLB Act. Under that privacy notice, the Corporation and the Bank protect the security of information about their customers, educate their employees about the importance of protecting customer privacy, and allow their customers to remove their names from the solicitation lists they use and share with others. The Corporation and the Bank require business partners with whom they share such information to abide by the redisclosure and reuse provisions of the GLB Act. The Corporation and the Bank have developed and implemented programs to fulfill the expressed requests of customers and consumers to opt out of information sharing subject to the GLB Act.

If the federal or state regulators of the financial subsidiaries establish further guidelines for addressing customer privacy issues, the Corporation and/or the Bank may need to amend their privacy policies and adapt their internal procedures. In addition to adopting federal requirements regarding privacy, the GLB Act also permits individual states to enact stricter laws relating to the use of customer information. Vermont and North Dakota have done so by regulation or referendum, and many states, notably California, are expected to consider such proposals which may impose additional requirements or restrictions on the Corporation and/or the Bank. Like other lending institutions, the Bank utilizes credit bureau data in its underwriting activities. Use of such data is regulated under the Fair Credit Reporting Act ("FCRA") on a uniform, nationwide basis. Portions of the federal FCRA related to credit reporting, prescreening, sharing of information between affiliates, and the use of credit data may become subject to additional state legislation if Congress does not extend its explicit preemption over such matters by December 31, 2003 on a uniform, nationwide basis. If Congress fails to extend this preemption, future state legislation may make it more difficult or more costly for the Company to obtain credit bureau data, and may impact the quality or quantity of available data.

Holding Company Regulation

The Corporation is a unitary thrift holding company and may not be acquired by nonfinancial companies without relinquishing certain powers. In addition, if a unitary thrift holding company is acquired by a financial company without certain grandfathered rights, it may lose its ability to engage in certain non-banking activities otherwise ineligible for bank holding companies or financial holding companies.

The Corporation is also registered as a financial institution holding company under Virginia law and as such is subject to periodic examination by Virginia's Bureau of Financial Institutions. The Corporation's automobile financing activities include COAF and PeopleFirst and fall under the scrutiny of the state agencies having supervisory authority under applicable sales finance laws or consumer finance laws in most states. The Corporation also complies with regulations in the international jurisdictions in which it conducts its business.

Investment in the Corporation, the Bank and the Savings Bank

Certain acquisitions of capital stock may be subject to regulatory approval or notice under federal or Virginia law. Investors are responsible for ensuring that they do not, directly or indirectly, acquire shares of capital stock of the Corporation in excess of the amount which can be acquired without regulatory approval. The Bank and the Savings Bank are each "insured depository institutions" within the meaning of the Change in Bank Control Act. Consequently, federal law and regulations prohibit any person or

company from acquiring control of the Corporation without, in most cases, prior written approval of the Federal Reserve or the OTS, as applicable. Control is conclusively presumed if, among other things, a person or company acquires more than 25% of any class of voting stock of the Corporation. A rebuttable presumption of control arises if a person or company acquires more than 10% of any class of voting stock and is subject to any of a number of specified "control factors" as set forth in the applicable regulations. Although the Bank is not a "bank" within the meaning of Virginia's reciprocal interstate banking legislation (Chapter 15 of Title 6.1 of the Code of Virginia), it is a "bank" within the meaning of Chapter 13 of Title 6.1 of the Code of Virginia governing the acquisition of interests in Virginia financial institutions (the "Financial Institution Holding Company Act"). The Financial Institution Holding Company Act prohibits any person or entity from acquiring, or making any public offer to acquire, control of a Virginia financial institution or its holding company without making application to, and receiving prior approval from, the Bureau of Financial Institutions.

USA PATRIOT Act of 2001

On October 26, 2001, the President signed into law the USA PATRIOT Act of 2001 (the "Patriot Act"). Enacted in response to the terrorist attacks on September 11, 2001, the Patriot Act is intended to strengthen U.S. law enforcement's and the intelligence communities' abilities to work cohesively to combat terrorism on a variety of fronts. The potential impact of the Patriot Act on financial institutions of all kinds is significant and wide ranging. The Patriot Act contains sweeping anti-money laundering and financial transparency laws as well as enhanced information collection tools and enforcement mechanics for the U.S. government, including: due diligence requirements for financial institutions that administer, maintain, or manage private bank accounts or correspondence accounts for non-U.S. persons; standards for verifying customer identification at account opening; rules to promote cooperation among financial institutions, regulators, and law enforcement entities in identifying parties that may be involved in terrorism or money laundering; reports by nonfinancial trades and businesses filed with the Treasury Department's Financial Crimes Enforcement Network for transactions exceeding $10,000; and filing suspicious activities reports by brokers and dealers if they believe a customer may be violating U.S. laws and regulations.

The Department of Treasury in consultation with the Federal Reserve Board ("FRB") and other federal financial institution regulators has promulgated rules and regulations implementing the Patriot Act which: prohibit U.S. correspondent accounts with foreign banks that have no physical presence in any jurisdiction; require financial institutions to maintain certain records for correspondent accounts of foreign banks; require financial institutions to produce certain records relating to anti-money laundering compliance upon request of the appropriate federal banking agency; require due diligence with respect to private banking and correspondent banking accounts; facilitate information sharing between government and financial institutions, and require financial institutions to have in place an anti-money laundering program.

In addition, an implementing regulation under the Patriot Act regarding verification of customer identification by financial institutions was recently finalized and became effective on May 30, 2003. The Corporation has implemented and will continue to implement the provisions of the Patriot Act as such provisions become effective. The Corporation currently maintains and will continue to maintain policies and procedures to comply with the Patriot Act requirements.

FFIEC

On January 8, 2003, the Federal Financial Institutions Examination Council ("FFIEC") released Account Management and Loss Allowance Guidance (the "Guidance"). The Guidance applies to all credit card lending of regulated financial institutions and generally requires that banks properly manage several elements of their credit card lending programs, including line assignments, over-limit practices, minimum payment

and negative amortization, workout and settlement programs and the accounting methodology used for various assets and income items related to credit card loans.

The Company believes that its credit card account management and loss allowance practices are prudent and appropriate and, therefore, consistent with the Guidance. The Company also believes the Guidance will not have a material adverse effect on its financial condition or results of operations. The Company cautions, however, that similar to the Subprime Guidelines, the Guidance provides wide discretion to bank regulatory agencies in the application of the Guidance to any particular institution and its account management and loss allowance practices. Accordingly, under the Guidance, bank examiners could require changes in the Company's account management or loss allowance practices in the future.

Sarbanes-Oxley

On July 30, 2002, the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") was passed into law. The Sarbanes-Oxley Act applies to all companies that are required to file periodic reports with the Securities and Exchange Commission ("SEC") and contains a number of significant changes relating to the responsibilities of directors and officers and reporting and governance obligations of SEC reporting companies. Certain provisions of the Sarbanes-Oxley Act were effective immediately without action by the SEC; however many provisions became, or will become, effective after its passage and required, or will require, the SEC to issue implementing rules. Following the passage of the Sarbanes-Oxley Act, the Company has taken steps which it believes place it in substantial compliance with the effective provisions of the Sarbanes-Oxley Act. The Company continues to monitor SEC rulemaking to determine if additional changes are needed to comply with provisions that will become effective in the future. Furthermore, the Company's management has monitored the design of, or has designed, internal controls and procedures for financial reporting and disclosure controls and procedures to provide reasonable assurance regarding the reliability of these controls and has evaluated the effectiveness of the controls as more fully set forth in "Controls and Procedures" below. During the course of its compliance efforts, the Company has identified no significant changes which must be made to its organizational and control structures or existing processes as a result of this legislation and the currently effective rules issued by the SEC thereunder. The Company's management also has disclosed to the Company's auditors and the audit committee any significant deficiencies or material weaknesses in the design or operation of its controls, as well as any fraud, whether or not material, by those that have a significant role in these controls.

BUSINESS OUTLOOK

This business outlook section summarizes the Company's expectations for earnings for 2003, and its primary goals and strategies for continued growth. The statements contained in this section are based on management's current expectations. Certain statements are forward looking, and therefore actual results could differ materially. Factors that could materially influence results are set forth throughout this section and below under "Risk Factors".

Earnings Goals

The Company has historically targeted annual growth in earnings per share of at least 20%, with 2002 marking the eighth consecutive year that this goal has been achieved. The Company anticipates earnings per share results of at least $4.55 in 2003, or approximately 16% growth over the $3.93 earnings per share achieved in 2002. The Company continues to target long-term earnings per share growth of 20% per year.

The Company's 2003 earnings per share growth target results from its decision to moderate the growth of its managed loans outstanding to 15-20% in 2003 from 32%, 53% and 46% in 2002, 2001 and 2000,

respectively. In the second half of 2003, the Company expects marketing spending to increase from the $512 million invested in the first half of 2003. The Company's allowance for loan losses is also expected to increase in the second half of this year as reported loan balances increase. The Company expects to achieve these results based on the continued success of its business strategies and its current assessment of the competitive, regulatory and funding market environments that it faces (each of which is discussed elsewhere in this Quarterly Report), as well as the expectation that the geographies in which the Company competes will not experience significant consumer credit quality erosion, as might be the case in an economic downturn or recession.

The Company's earnings are a function of its revenues (net interest income and non-interest income), consumer usage, payment and attrition patterns, the credit quality and growth rate of its earning assets (which affects fees, charge-offs and provision expense) and the Company's marketing and operating expenses. An overview of trends in these metrics, as well as a discussion of the Company's core IBS and the competitive dynamics of the Company's three operating segments, follow.

Revenue

Revenue margin is expected to fluctuate due to the Company's scheduled repricings of certain introductory rate credit card products, delinquency trends and general shifts in product strategy. However, revenue margin is expected to trend lower over time as a result of the Company's gradual shift towards higher credit quality assets.

Marketing Investment

Marketing expense in the second half of 2003 is expected to increase from the $512 million invested in the first half of 2003. A portion of this marketing spending will continue to support the Company's efforts to build a strong brand for the Company. The Company's *"What's in Your Wallet"* campaign has resulted in the Company achieving brand awareness and brand equity scores among the highest in the credit card industry, as measured by third-party firms. The Company believes the branded franchise that it is building strengthens and enables its IBS and mass customization strategies across product lines. The Company cautions, however, that an increase or decrease in marketing expense or brand awareness does not necessarily correlate to a comparable increase or decrease in outstanding balances or accounts due to, among other factors, the long-term nature of brand building, customer attrition and utilization patterns, and shifts over time in targeting consumers and/or products that have varying marketing acquisition costs.

The Company expects to vary its marketing across its credit card, installment lending and auto financing products depending on the competitive dynamics of the various markets in which it participates. Currently, among the Company's various product lines, U.S. credit cards marketed to consumers with the most favorable credit profiles are facing the highest degree of competitive intensity. Accordingly, the Company expects to focus a larger proportion of its marketing expenditures on other products marketed to similar consumer bases, such as installment loans and U.K. credit cards, in the short term. The Company expects to adjust its marketing allocations, however, to target specific product lines that it believes offer the highest response rates and opportunities from time to time.

As a result of overall marketing investments the Company expects to make in 2003 and the continued shift toward higher credit quality, and thus higher balance accounts, the Company expects little or no account growth in 2003. The Company also expects managed loans outstanding to increase by approximately 15%-20% in 2003, with a majority of this growth comprising superprime and prime assets rather than subprime assets.

Operating Cost Trends

Management believes one of its competitive advantages is its low operating cost structure, and therefore measures operating efficiency using a variety of metrics which vary by specific department or business unit. During the second half of 2003, the Company expects operating costs per account (defined as all non-interest expense less marketing, divided by the average annual number of accounts) to fluctuate around $80, including costs associated with the closing of the Fredericksburg, Virginia site. Additionally, as the loan mix continues to shift towards higher balance accounts such as auto and installment loans, operating costs as a percentage of assets will continue to decline.

Impact of Delinquencies, Charge-offs and Attrition

The second quarter of 2003 evidenced an improvement in delinquencies, with balances 30 days or more delinquent falling from 4.97% on March 31, 2003, to 4.95% on June 30, 2003. Since reductions in delinquent balances typically result in reductions in charge-offs in later periods, the company currently believes the charge-off rate in the second half of 2003 will be lower than the 6.32% experienced in the second quarter of 2003, with a seasonal increase in the fourth quarter of 2003.

The Company's earnings are particularly sensitive to delinquencies and charge-offs in its portfolio. As delinquency levels fluctuate, the resulting amount of past due and overlimit fees (which are significant sources of revenue) will also fluctuate. Furthermore, the timing of revenues from increasing or decreasing delinquencies precedes the related impact of higher or lower charge-offs that can ultimately result from these varying levels of delinquencies. Delinquencies and charge-offs are impacted by a number of factors such as general economic trends affecting consumer credit performance, regulatory and legislative developments affecting bankruptcy and fee assessment or recognition policies, the degree of seasoning of the portfolio, the product mix and the success of the Company's collections efforts.

The Company's earnings are also sensitive to the pattern of loan growth throughout a given year, as provision expense taken in a given period is a function of charge-offs in the period, as well as the quantity of loans held on the Company's balance sheet and the delinquency status of those loans. In the first half of 2003, loan growth was modest while delinquencies improved and charge-offs began to decline. These factors in combination resulted in a reduction in the allowance for loan losses in both the first and second quarters of 2003. The Company expects loan growth to accelerate in the second half of 2003 due to natural seasonality in the credit card business, an increased amount of marketing investment in new products, and an expectation that the Company will sell fewer auto loans in the second half of 2003 than it did in the first half of 2003. The Company believes that these factors will result in higher provision expense and loan loss allowance in the second half of 2003 despite an expectation of declining charge-off rates.

The Company's earnings are also sensitive to the level of customer and/or balance attrition that it experiences. Fluctuation in attrition levels can occur due to the level of competition within the industries in which the Company competes, as well as competition from outside of the Company's industries, such as consumer debt consolidation that may occur during a period of significant mortgage refinancing.

Our Core Strategy: IBS

The Company's core strategy has been, and is expected to continue to be, to apply its proprietary IBS to the businesses in which it competes, principally focused on consumer lending products. The Company continues to seek to identify new product and new market opportunities, and to make investment decisions that are informed by the Company's intensive testing and analysis to be profitable, for the enterprise to pursue.

The Company's lending products and other products are subject to intense competitive pressures which management anticipates will continue to increase as the lending markets mature, which could affect the economics of decisions that the Company has made or will make in the future in ways which it did not anticipate, test or analyze.

Consumer Lending Segment

This segment consists of $42.1 billion of U.S. credit card receivables and $5 billion in installment loan receivables, marketed to consumers across the full credit spectrum.

The competitive environment is currently intense for credit card products marketed to consumers with the best credit profiles. The Federal Reserve Board's lowering of interest rates during 2002 and 2003 has allowed many issuers to enter the market with fixed annual percentage rate ("APR") credit cards below 10%. Prior to these interest rate reductions, the Company was the only major issuer to be heavily marketing fixed rate cards below 10%. As interest rates have fallen, the Company has offered 0% introductory rates, followed by low long-term fixed rates. At the same time, industry mail volume increased substantially in mid-2002, resulting in declines in response rates to the Company's new customer solicitations. Additionally, competition has increased the attrition levels in the Company's existing superprime portfolio, although they still remain well below the attrition levels realized in the prime and subprime portfolios.

The Company continues to use its IBS to test new credit card products. In the second quarter of 2003, the Company completed testing of a new 4.99% fixed rate credit card, with no introductory rate period, that is targeted to customers with very strong credit histories. The Company believes the economics of this product are attractive, but are dependent on achieving low acquisition costs, low charge-offs, and low operating costs. This product, together with other superprime credit card, auto finance and international credit card lending, are expected to lead the Company's receivables growth in the second half of 2003.

Likewise, the Company's credit card products marketed to consumers with less established or higher risk credit profiles continue to experience steady competition. These products generally feature higher annual percentage rates, lower credit lines, and annual membership fees. Additionally, since these borrowers are generally viewed as higher risk, they tend to be more likely to pay late or exceed their credit limit, which results in additional fees assessed to their accounts. The Company's strategy has been, and is expected to continue to be, to offer competitive APRs and annual membership, late and overlimit fees on these accounts.

Auto Finance Segment

This segment consists of $7.4 billion of U.S. auto receivables, marketed across the credit spectrum, via direct and indirect marketing channels. The Company expects to more heavily weight its portfolio growth toward prime and direct marketed products. The Company believes that full credit spectrum financing provides competitive advantage and scale benefits to the auto business.

In the fourth quarter of 2002, the Company entered into a forward flow agreement with a purchaser to sell non-prime auto receivables originated via its auto dealer network. These assets are sold at a premium, servicing released with no recourse. During the second quarter 2003, the Company sold $161 million of

non-prime auto receivables under this agreement. These assets are originated using the Company's underwriting policies. As part of its overall business strategy, the Company also sold $1.2 billion in superprime auto loans in the second quarter. The Company plans to slow the rate of sale of superprime auto loans in the second half of 2003 to hold more of these loans on its balance sheet.

Credit quality in the superprime auto finance business has remained strong, with net charge-offs in the 15-20 basis point range expected in 2003. Charge-off frequency in the non-prime auto business has continued to improve, on a static pool basis, in each year that the Company has participated in the sector. However, declining prices for used cars at auction have increased repossession severity. The Company believes that it can continue to improve credit risk and grow market share and profits in the auto finance business.

International Segment

This segment consists of $6.1 billion of credit card receivables and installment loans, principally originated and managed in the U.K. and Canada. Additionally, the Company has been testing and plans to continue to test new geographic markets.

The improvement in the Company's financial performance over the past twelve months is due to the maturation of the Company's businesses in the U.K. and Canada. Both of these businesses are generating profitable portfolio growth, realizing lower operating expenses and steadily improving risk management.

In 2002, the Company also launched its *"What's in Your Wallet?"* and *"No Hassle"* brand campaigns in the U.K. This strong focus on brand marketing activity, combined with industry leading rates and products, has enabled our U.K. business to continually rank among the top issuers of new credit cards in the U.K. market in terms of managed loans outstanding.

MANAGEMENT CHANGES

During the first half of 2003, the Corporation announced several changes in its senior management structure. On March 3, 2003, the Corporation announced the resignation of David M. Willey, former Executive Vice President and Chief Financial Officer, in conjunction with a pending investigation by the Securities and Exchange Commission (the "SEC") alleging insider trading by Mr. Willey and his spouse. At that time, David R. Lawson, Chief Executive Officer of Capital One Auto Finance, Inc., assumed the additional position of Chief Financial Officer of the Corporation. In April 2003, Dennis H. Liberson, former Executive Vice President, Human Resources, resigned from employment with the Corporation effective June 30, 2003. Matthew Schuyler, Senior Vice President, Human Resources, assumed all executive responsibilities previously held by Mr. Liberson on May 1, 2003. Additionally, on April 21, 2003, the Corporation announced the creation of a management Executive Committee, chaired by Richard D. Fairbank, the Corporation's Chief Executive Officer, and comprising the heads of each of the Corporation's business and staff functions. At the same time, the Corporation announced that Nigel W. Morris, who had served as President and Chief Operating Officer of the Corporation since September 1994, would transition to the role of Vice Chairman as of May 1, 2003. On August 6, 2003, the Corporation announced that Mr. Morris and the Corporation had entered into an employment agreement, as described in more detail below, setting forth Mr. Morris' responsibilities prior to his departure on April 30, 2004, and the terms of his separation thereafter. Lastly, on August 6, 2003, the Company announced that Robert A. Crawford, Controller and Principal Accounting Officer, has resigned from the Company effective August 31, 2003.

In addition, the Corporation announced several executive hires and promotions in the second quarter. Gary Perlin, formerly Chief Financial Officer at the World Bank, joined the Corporation on July 29, 2003 and will assume the role of Chief Financial Officer and Principal Accounting Officer on August 15, 2003. Laura Olle, who had been acting as Interim Chief Risk Officer since 2002, was appointed Chief Enterprise Risk Officer in April 2003, and

Stephen Linehan, formerly Vice President and Assistant Treasurer, was promoted to Senior Vice President and Treasurer effective July 1, 2003.

Employment Agreement with Mr. Morris

Pursuant to an Employment Agreement between Mr. Morris and the Corporation dated as of July 18, 2003, Mr. Morris will continue to serve as Vice Chairman of the Corporation through April 30, 2004. As previously announced, it is expected that Mr. Morris will complete the transition of his executive officer responsibilities by the end of 2003. However, he will continue to assist his successors and will continue to serve on the Boards of Directors of the Corporation, the Bank and the Savings Bank until the expiration of his current term in April 2004. From the date of his employment agreement through December 31, 2008, Mr. Morris will be subject to various non-competition and other restrictive covenants. These covenants prohibit Mr. Morris from, inter alia, working for or advising any company that is engaged in a consumer lending business that competes with the Corporation's business in any country where the Corporation does business. In exchange for complying with these restrictive covenants, Mr. Morris will receive $750,000 annually, beginning January 1, 2004, and similar perquisites and benefits to those for which he is currently eligible as an employee, including an automobile, an allowance for personal financial services, home security protection, executive assistance and home office support. In addition, as of the date of the employment agreement, Mr. Morris held 3,006,358 outstanding, vested stock options to purchase shares of the Corporation's common stock, which will expire on July 30, 2004, according to their terms. The Company has since announced Mr. Morris' entry into a trading plan providing for the exercise of all of these stock options and the sale of the underlying shares of common stock. Another 3,221,853 outstanding, vested and unvested stock options will continue to vest and be exercisable through December 31, 2008, unless expiring earlier according to their terms. Mr. Morris has also agreed to forfeit, as of the date of the employment agreement, the 753,774 stock options awarded to him on April 29, 1999, which would have otherwise vested in 2008 (or earlier upon a change of control of the Corporation). If Mr. Morris violates certain of the restrictive covenants in his employment agreement at any time prior to December 31, 2008, the Corporation will cease making the payments and providing the benefits described above, other than the continued vesting and exercisability of his stock options, and be entitled to seek a lump sum payment of $25 million from Mr. Morris, as well as to sue for actual and punitive damages and injunctive relief. If Mr. Morris' employment is terminated for cause or he leaves without good reason prior to April 30, 2004, the Corporation will likewise cease making the payments and providing the benefits described above, other than the continued vesting and exercisability of his stock options.

The Board of Directors believes that Mr. Morris' employment agreement is appropriate and reasonable in light of Mr. Morris' lengthy service in co-founding and building the Corporation and its business. Mr. Morris' employment agreement has been entered into with the intent of protecting the Corporation's intellectual capital by discouraging Mr. Morris from providing services to the Corporation's competitors or disclosing the Corporation's confidential information. The agreement has also been entered into with the intent of encouraging a smooth and orderly transition of Mr. Morris' current responsibilities and enabling him to be compensated through the continued exercise of stock option awards made to Mr. Morris during the nine years in which he served as President and Chief Operating Officer but received limited or no other compensation.

Separation Agreement with Mr. Willey

Mr. Willey and the Corporation signed a Letter of Agreement dated July 8, 2003, providing for certain payments and benefits following his separation from employment. The terms of his agreement provide for the following: payment of base salary for two years, based on his base salary as of the date of separation from employment; reimbursement of the portion of his 2002 cash incentive, paid in January 2003, forgone in connection with the Corporation's stock option program known as EntrepreneurGrant V; continuation of the vesting of restricted stock granted to him on December 6, 2002; modification of

all outstanding, unvested stock options with an exercise price of $50.00 or less per share (other than EntrepreneurGrant V) to permit the continuation of vesting and exercisability through March 5, 2006; immediate cancellation of all outstanding stock options granted as part of EntrepreneurGrant V and all outstanding, unvested stock options with an exercise price of more than $50.00 per share; expiration of all outstanding, vested stock options three months from the date of his separation from employment with the Corporation, according to the terms of the related stock option agreements; and certain health and welfare benefits for two years from his date of separation. The agreement also contains a general release of claims from Mr. Willey for the benefit of the Company and other terms and conditions, including covenants regarding cooperation with, and non-disparagement of, the Corporation and the enforcement of Mr. Willey's Intellectual Property Protection Agreement (which includes non-competition and confidentiality convenants) for its full two-year duration. Mr. Willey will not be entitled to any additional payments under his Intellectual Property Protection Agreement. If a court finds Mr. Willey responsible for wrongdoing in the matters for which he is under investigation with the SEC, or if Mr. Willey admits wrongdoing in a related settlement agreement with the SEC, then the Corporation may require forfeiture of the stock options and restricted stock modified by his agreement and recovery of any profits obtained by prior exercise or vesting of such stock options or restricted shares. Breach by Mr. Willey of his obligations under the agreement, later discovery of other wrongdoing by Mr. Willey while employed by the Corporation, or a finding of wrongdoing by any court or regulatory body other than as set forth above, would entitle the Corporation to require forfeiture of his continued salary and health and welfare benefits.

The Compensation Committee of the Board of Directors believes that the terms of Mr. Willey's separation agreement are appropriate and reasonable in light of the lengthy service Mr. Willey provided to the Corporation and its business. His agreement has been entered into with the intent of recognizing Mr. Willey's contributions and after consideration of relevant competitive and other factors.

RISK FACTORS

The strategies and objectives outlined above, and the other forward-looking statements contained in this section, involve a number of risks and uncertainties. The Company cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially. This section highlights specific risks that could affect the business and the Company. Although the Company has tried to discuss key factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time and the Company cannot predict such risks or estimate the extent to which they may affect the Company's financial performance. In addition to the factors discussed above, among the other factors that could cause actual results to differ materially are the following:

The Company May Experience Limited Availability of Financing and Variation in Its Funding Costs

In general, the amount, type and cost of the Company's funding, including financing from other financial institutions, the capital markets and deposits, can positively or negatively affect its financial results. A number of factors could make such financing more difficult, more expensive or unavailable including, but not limited to, changes within the Company's organization, changes in the activities of the Company's business partners, disruptions in the capital markets, counter-party availability, changes affecting the Company's investments, the Company's corporate and regulatory structure, interest rate fluctuations and accounting and regulatory changes and relations.

The securitization of consumer loans, which involves the legal sale of beneficial interests in consumer loan balances, is one of the Company's major sources of funding. As of June 30, 2003, the Company had $39.3 billion, or approximately 65%, of its total loans subject to securitization transactions. The Company's future ability to use securitization as a funding source depends on the difficulty and expense

associated with such funding. Until now, the Company has used securitization funding because the terms have been economically acceptable. The Company's continued reliance on this funding source will be affected by many factors. Economic, reputational, legal, regulatory, accounting and tax changes can make securitization funding more difficult, more expensive or unavailable on any terms both domestically and internationally, where the securitization of consumer loans may be on terms more or less favorable than in the United States. For example, securitizations that meet the criteria for sale treatment under GAAP may not always be an attractive source of funding for the Company, and it may have to seek other, more expensive funding sources in the future. In such event, the Company's earnings could be reduced and its ability to fund its asset growth may be severely restricted. Economic trends have recently resulted in securitization terms becoming less favorable market-wide. This risk of loan financing has been heightened for the Company, in particular, due to market perceptions of its lower unsecured debt rating compared to other credit card issuers, its informal memorandum of understanding with its federal banking regulators, and the proportion of certain accounts in its loan portfolio viewed by some as subprime, as further described below. In addition, the occurrence of certain events may cause previously completed securitization transactions to amortize earlier than scheduled, which would accelerate the need for funding. This early amortization would also have a significant effect on the ability of the Bank and the Savings Bank to meet their capital adequacy requirements as affected off-balance sheet loans would have to be recorded on the balance sheet and so would be subject to regulatory capital requirements.

In general, the amount, type and cost of the Company's financing, including financing from other financial institutions, the capital markets and deposits, can affect the Company's financial results. A number of factors could make such financing more difficult, more expensive or unavailable including, but not limited to, financial results and losses, changes within its organization, changes in the activities of its business partners, changes affecting its investments, its corporate and regulatory structure, interest rate fluctuations, general economic conditions and accounting and regulatory changes.

In particular, ratings agencies play an important role in determining, by means of the ratings they assign to issuers and their debt, the availability and cost of funding. The Company currently receives ratings from several ratings entities. As private entities, ratings agencies have broad discretion in the assignment of ratings. Because the Company depends on the capital markets for funding and capital, a strong rating (particularly an investment grade rating) is important. A rating below investment grade typically reduces availability and increases the cost of market-based funding, both secured and unsecured. A debt rating of Baa3 or higher by Moody's Investors Service, or BBB- or higher at Standard & Poor's and Fitch Ratings, is considered investment grade. Currently, all three rating agencies rate the unsecured senior debt of the Bank investment grade. Two of the three rate the unsecured senior debt of the Corporation investment grade, with Standard & Poor's assigning a rating of BB+, or just below investment grade.

	Capital One Financial Corporation	Capital One Bank
Moody's	Baa3	Baa2
Standard & Poor's	BB+	BBB-
Fitch	BBB	BBB

If these ratings were to be lowered, the Company could experience reduced availability and increased cost of funding from the capital markets. This result could make it difficult for the Company to grow at or to a level it currently anticipates. The immediate impact of a ratings downgrade on other sources of funding, however, would be limited, as deposit funding and pricing is not generally determined by corporate debt ratings. The Company's ability to use deposits as a source of funding is generally regulated by federal law and regulations. The Savings Bank is authorized to engage in a full range of

deposit-taking activities. Likewise, the Company's various credit facilities do not contain covenants triggered by a ratings downgrade, although the pricing of any borrowings under these facilities is linked to these ratings.

The Company competes for funding with other banks, savings banks and similar companies. Some of these institutions are publicly traded. Many of these institutions are substantially larger, have more capital and other resources and have better debt ratings than the Company does. Competition from these other borrowers may increase the Company's cost of funds. Events that disrupt capital markets and other factors beyond the Company's control could also make the Company's funding sources more expensive or unavailable. The Company's informal understanding with regulators may make it more sensitive to these types of events.

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

The Company Faces Intense Competition and Increased Strategic Risk in all of Its Markets

The Company faces intense competition from many other providers of credit cards and other consumer financial products and services. In particular, in the Company's credit card activities, it competes with international, national, regional and local bank card issuers, with other general purpose credit or charge card issuers, and to a certain extent, issuers of smart cards and debit cards and providers of other types of financial services (such as home equity lines and other products). The Company faces similarly competitive markets in its automobile financing and installment loan activities as well as in its international markets. In addition, the GLB Act, which permits greater affiliations between banks, securities firms and insurance companies, may increase competition in the financial services industry, including in the credit card business. Increased competition has resulted in, and may continue to cause, a decrease in credit card response rates and reduced productivity of marketing dollars invested in certain lines of business. Other credit card companies may compete with the Company for customers by offering lower interest rates and fees and/or higher credit limits. Because customers generally choose credit card issuers based on price (primarily interest rates and fees), credit limit and other product features, customer loyalty is limited. The Company may lose entire accounts, or may lose account balances, to competing card issuers. The Company's automobile financing and installment products also face intense competition on the basis of price. Customer attrition from any or all of its products, together with any lowering of interest rates or fees that the Company might implement to retain customers, could reduce its revenues and therefore its earnings.

The Company faces intense pricing competition in a wide array of credit card products and services, such as its low fixed-rate cards, introductory interest rate cards, secured cards and other customized cards. Thus, the cost to acquire new accounts will continue to vary among product lines and may reasonably be expected to rise as the Company moves beyond the domestic card market and becomes increasingly focused on prime and superprime lending. The Company expects that competition will continue to grow more intense with respect to most of its products, including its products offered internationally.

The Company Faces Increased Regulatory Scrutiny and Reputational Risk

During the third quarter of 2002, the Company entered into an informal memorandum of understanding with bank regulatory authorities regarding certain financial considerations and calculations as well as certain changes and improvements to its policies, procedures, systems and controls. Under this memorandum of understanding, the Company informally reports to and consults with the regulatory

authorities on these matters and other business considerations on a regular basis. While the Company has delivered on the principal requirements of the informal memorandum of understanding, it expects its Regulators to monitor its ongoing execution for some period of time and it is not possible to predict when it will achieve its goals for all items under the informal memorandum of understanding. Remaining subject to the memorandum of understanding for a prolonged period could result in, among other things, decreased funding opportunities and less favorable economic terms, as well as a continued strain on financial and operational resources, decreased employee morale and further internal and external business regulation.

Fluctuations in the Company's Accounts and Loan Balances Can Create Volatility

The number of accounts and aggregate total of loan balances of the Company's domestic credit card portfolio (including the rate at which they grow) will be affected by a number of factors, including how the Company allocates its marketing investment among different products and the rate at which customers transfer their accounts and loan balances to the Company or away from the Company to competing card issuers. Such accounts and loan balances are also affected by general economic conditions, which may increase or decrease the amount of spending by the Company's customers and affect their ability to repay their loans, the Company's desire to maintain a moderate growth rate and other factors beyond the Company's control.

Because the Company's strategy takes advantage of market opportunities by differentiating among customers and targeting growth opportunities, the Company often varies how much it spends for marketing, how it spends such funds, or on which products. Accordingly, the Company's account and loan balance growth is affected by which products its IBS identifies as targeted growth opportunities and the Company's continual reassessment of those targets, general economic conditions, the Company's desire for a moderate growth rate, and many other factors. The Company's results, therefore, will vary as marketing investments, accounts and loan balances fluctuate.

It is Difficult to Sustain and Manage Growth

The Company's growth strategy is threefold. First, the Company seeks to continue to grow its domestic credit card business. Second, the Company desires to grow its lending business, including credit cards, internationally, in the United Kingdom, Canada and beyond. Third, the Company hopes to identify, pursue and expand new business opportunities, such as automobile financing, installment lending and other types of consumer lending activities. The Company's management believes that, through IBS, it can achieve these objectives. However, there are several types of factors that can affect the Company's ability to do so, including:

- *Credit Risk*. As a consumer lender, factors affecting the Company's growth (including its ability to obtain funding and its ability to generate account balance growth), are also affected by the delinquency and charge-off levels of its accounts. The Company's delinquency and charge-off levels are also affected by the general state of the United States and world economies, and may likely be adversely impacted by a recessionary economy. See "—The Company May Experience Increased Delinquencies and Credit Losses" below, and "Operations — Risk Management – Credit Risk" above.

- *Liquidity Funding Risk*. The Company's ability to grow may be constrained by its ability to generate funding sufficient to both create the liquidity necessary to extend loans to its customers and to provide the Company with the capital necessary to meet the requirements of its regulators, the rating agencies and its own prudent management principles. The Company's ability to generate this funding, especially capital funding which can come from only limited sources, is limited by a number of factors, such as the regulatory environment and its corporate structure. In addition, the Company's

ability to raise funds is strongly affected by the general state of the United States and world economies, and has become increasingly difficult due to economic and other factors. See "—The Company May Experience Limited Availability of Financing and Variation in Its Funding Costs and "Operations – Risk Management – Liquidity Risk" above.

- *Operational Risk*. The Company's ability to grow successfully is also dependent on its ability to build or acquire the necessary operational and organizational infrastructure, manage expenses as the Company expands, and recruit experienced management and operations personnel with the experience to run an increasingly complex business. In addition, the Company operates in a highly regulated industry, and its ability to grow its business, both in credit card issuances and by expanding into international and new lending opportunities, may be adversely affected by the legal and regulatory environment it faces and which the trade associations to which the Company belongs to may face. These environmental factors may change at any time and are outside of the Company's control. See "Operations – Risk Management – Operational Risk" above.

- *International Operational Risk*. The Company's expansion internationally is affected by additional factors, including limited access to information, differences in cultural attitudes toward credit, changing regulatory and legislative environments, political developments, exchange rates and differences from the historical experience of portfolio performance in the United States and other countries. See "Operations – Risk Management – Operational Risk" above.

- *Legal and Compliance Risk*. Due to the Company's significant reliance on the documentation supporting its funding transactions and the individual lending arrangements with its customers, as well as its unique corporate structure, the Company faces a risk of loss due to faulty legal contracts and changes in laws and interpretations. The Company also is subject to an array of banking and consumer lending laws and regulations that apply to almost every element of its business. Failure to comply with these laws and regulations could result in financial, structural and operational penalties, including receivership. See "Supervision and Regulation" above.

- *Strategic Risk*. The Company's ability to grow is driven by the success of its fundamental business plan. This risk has many components, including:

  Ø *Customer and Account Growth.* As a business driven by customer finance, the Company's growth is highly dependent on its ability to retain existing customers and attract new ones, grow existing and new account balances, develop new market segments and have sufficient funding available for marketing activities that generate these customers and account balances. The Company's ability to grow and retain customers is also dependent on customer satisfaction, which may be adversely affected by factors outside of its control, such as postal service and other marketing and customer service channel disruptions and costs.

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

  Ø *Reputational Risk*. The Company's ability to originate and maintain accounts is highly dependent upon consumer perceptions of the Company's financial health and business practices. To this end, the Company has aggressively pursued a campaign to enhance its brand image and awareness in recent years. Adverse developments, however, in the Company's brand campaign or in any of the

areas described above could damage its reputation in both the customer and funding markets, leading to difficulties in generating and maintaining accounts as well as in financing them.

The Company May Experience Increased Delinquencies and Credit Losses

Like other credit card lenders and providers of consumer financing, the Company faces the risk that it will not be able to collect on its accounts because accountholders and other borrowers will not repay their credit card and other unsecured loans. Consumers who miss payments on their credit card and other unsecured loans often fail to repay them, and consumers who file for protection under the bankruptcy laws generally do not repay their credit card and other unsecured loans. Therefore, the rate of missed payments, or "delinquencies," on the Company's portfolio of loans, and the rate at which customers may be expected to file for bankruptcy, can be used to predict the future rate at which the Company will charge-off its consumer loans. A high charge-off rate would hurt the Company's overall financial performance and the performance of its securitizations and increase its cost of funds.

Widespread increases in past-due payments and nonpayment generally occur whenever the country or a region experiences an economic downturn, such as a recession. In addition, if the Company makes fewer loans than it has in the past, the proportion of new loans in its portfolio will decrease and the delinquency rate and charge-off rate may increase. Credit card accounts also tend to exhibit a rising trend of delinquency and credit loss rates as they "season," or age. As a result of the Company's recent focus on growing its high quality loan portfolio more quickly than its loans to riskier customers, as well other factors, the Company experienced a decrease in the Company's managed net charge-off rate from 6.47% in the first quarter of 2003 to 6.32% in the second quarter of 2003. There can be no assurance, however, that this trend will continue. Delinquencies and credit losses may also occur for other reasons. For example, changes in general or regulatory accounting principles can lead to changes in the Company's delinquency or charge-off rates that are unrelated to actual portfolio performance. This would reduce the Company's earnings unless offset by other changes.

The Company also, as provided for by the applicable accounting rules, holds allowances for expected losses from delinquencies and charge-offs in its existing portfolio. There can be no assurance, however, that such allowances will be sufficient to account for actual losses.

In addition, the Company markets its products to a broad range of consumers, including those who have less experience with credit, and who therefore tend to experience higher delinquency and charge-off rates. The Company's goal is to use IBS to set the credit limits and price products for customers relative to the risk of anticipated associated losses, but it cannot be certain that it has set high enough fees and rates for certain accounts to offset the higher delinquency and loss rates it may experience from such accounts. The Company's credit losses, therefore, can continue to increase.

The Company Faces Risk From Economic Downturns and Social Factors

Delinquencies and credit losses in the consumer finance industry generally increase during economic downturns or recessions. Likewise, consumer demand may decline during an economic downturn or recession. Accordingly, an economic downturn (either local or national), such as the one the Company is currently experiencing, can hurt the Company's financial performance as accountholders default on their loans or, in the case of card accounts, carry lower balances. The Company's customer base and IBS models have resulted in the Company's substantial participation in the subprime/underserved market. These accountholders generally have higher rates of charge-offs and delinquencies than do non-subprime accountholders. Additionally, as the Company increasingly markets its cards internationally, an economic downturn or recession outside the United States also could hurt its financial performance. A variety of social factors also may cause changes in credit card and other consumer finance use, payment patterns and the rate of defaults by accountholders and borrowers. These social factors include changes in

consumer confidence levels, the public's perception of the use of credit cards and other consumer debt, changing attitudes about incurring debt and the stigma of personal bankruptcy, and consumer concerns about the practices of certain lenders perceived as participating primarily in the subprime market. The Company's goal is to manage these risks through its underwriting criteria and product design, but these tools may not be enough to protect its growth and profitability during a sustained period of economic downturn or recession or a material shift in social attitudes.

The Company Faces Market Risk of Interest Rate and Exchange Rate Fluctuations

Like other financial institutions, the Company borrows money from institutions and depositors which it then lends to customers. The Company earns interest on the consumer loans it makes, and pays interest on the deposits and borrowings it uses to fund those loans. Changes in these two interest rates affect the value of its assets and liabilities. If the rate of interest the Company pays on its borrowings increases more than the rate of interest it earns on its loans, its net interest income, and therefore its earnings, could fall. The Company's earnings could also be hurt if the rates on its consumer loans fall more quickly than those on its borrowings.

The financial instruments and techniques the Company uses to manage the risk of interest rate and exchange rate fluctuations, such as asset/liability matching and interest rate and exchange rate swaps and hedges and some forward exchange contracts, may not always work successfully. The Company's goal is generally to maintain an interest rate neutral or "matched" position, where interest rates and exchange rates on loans and borrowings or foreign currencies go up or down by the same amount and at the same time so that interest rate and exchange rate changes for loans or borrowings or foreign currencies will not affect its earnings. The Company cannot, however, always achieve this position at a reasonable cost. Furthermore, if these techniques become unavailable or impractical, the Company's earnings could be subject to volatility and decreases as interest rates and exchange rates change.

The Company also manages these risks partly by changing the interest rates it charges on its credit card accounts. The success of repricing accounts to match an increase or decrease in its borrowing rates depends on the overall product mix of such accounts, the actual amount of accounts repriced, the rate at which the Company is originating new accounts and its ability to retain accounts (and the related loan balances) after repricing. For example, if the Company increases the interest rate it charges on its credit card accounts and the accountholders close their accounts as a result, the Company may not be able to match its increased borrowing costs as quickly if at all. The Company's fixed rate products, in particular, may see attrition in a rising interest rate environment that concurrently raises its costs of borrowing.

Changes in Regulation and Legislation Can Increase Compliance Risk and Affect the Company's Results

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

The laws governing bankruptcy and debtor relief, in the U.S. or in foreign jurisdictions in which the Company conducts business, also could change, making it more expensive or more difficult for the Company to collect from its customers. Congress has recently considered legislation that would change

the existing federal bankruptcy laws. One intended purpose of this legislation is to increase the collectibility of unsecured debt; however, it is not clear whether or in what form Congress may adopt this legislation and the Company cannot predict how this legislation may affect it.

In addition, banking regulators possess broad discretion to issue or revise regulations, or to issue guidance, which may significantly impact the Company. In 2001, regulators restricted the ability of two of the Company's competitors to provide further credit to higher risk customers due principally to supervisory concerns over rising charge-off rates and capital adequacy. In 2002, the Company entered into an informal memorandum of understanding with its banking regulators. The Company maintains an active dialogue with its banking agency regulators following this memorandum of understanding and believes that its capital levels and risk management practices are appropriate for its business. The Company cannot, however, predict whether and how any new guidelines issued or other regulatory actions taken by the agencies will be applied to the Bank or the Savings Bank or the resulting effect on the Corporation, the Bank or the Savings Bank. In addition, certain state and federal regulators are considering or have approved rules affecting certain practices of subprime mortgage lenders. There can also be no assurance that these regulators will not also consider or approve additional rules with respect to subprime credit card lending or, if so, how such rules would be applied to or affect the Corporation, the Bank or the Savings Bank.

Furthermore, various federal and state agencies and standard-setting bodies may from time to time consider changes to accounting rules or standards that could impact the business practices or funding transactions of the Company.

In addition, existing laws and rules, in the U.S., at the state level, and in the foreign jurisdictions in which the Company conducts operations, are complex. If the Company fails to comply with them it might not be able to collect its loans in full, or it might be required to pay damages or penalties to its customers. For these reasons, new or changes in existing laws or rules could hurt its profits.

Fluctuations in Its Expenses and Other Costs May Hurt the Company's Financial Results

The Company's expenses and other costs, such as human resources and marketing expenses, directly affect its earnings results. Many factors can influence the amount of the Company's expenses, as well as how quickly they grow. For example, increases in postal rates currently contemplated by postal regulators could raise the Company's costs for postal service, which is a significant component of its expenses for marketing and for servicing its 45.8 million accounts as of June 30, 2003. As the Company's business develops, changes or expands, additional expenses can arise from asset purchases, structural reorganization or a reevaluation of business strategies. Other factors that can affect the amount of the Company's expenses include legal and administrative cases and proceedings, which can be expensive to pursue or defend. In addition, changes in accounting policies can significantly affect how it calculates expenses and earnings.

Item 3. Quantitative and Qualitative Disclosure of Market Risk

The information called for by this item is provided under the caption "Interest Rate Sensitivity" under Item 2 – Managed Discussion and Analysis of Financial Condition and Results of Operations.

Item 4. Controls and Procedures

The Corporation carried out an evaluation, under the supervision and with the participation of the Corporation's management, of the effectiveness of the design and operation of the Corporation's disclosure controls and internal controls and procedures as of June 30, 2003 pursuant to Exchange Act Rules 13a-14 and 13a-15. These controls and procedures for financial reporting are the responsibility of the Corporation's management. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in alerting them in a timely manner to material information relating to the Corporation (including consolidated subsidiaries) required to be included in the Corporation's periodic filings with the Securities and Exchange Commission. The Corporation has established a Disclosure Committee consisting of members of senior management to assist in this evaluation.

Part II Other Information

Item 1. Legal Proceedings

The information required by Item 1 is included in this Quarterly Report under the heading "Notes to Condensed Consolidated Financial Statements – Note F – Commitments and Contingencies."

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

4.1 Amended & Restated Distribution Agreement, dated May 8, 2003, between Capital One Bank and J.P. Morgan Securities, Inc. and various distribution agents.

10.1 Revolving Credit Facility Agreement, dated May 5, 2003 by and between Capital One Financial Corporation, Capital One Bank, Capital One, F.S.B. and Capital One Bank (Europe), plc, as borrowers and JP Morgan Chase Bank

10.2 Employment Agreement, dated July 18, 2003, by and between the Corporation and Nigel W. Morris

10.3 Letter of Agreement, dated July 8, 2003, from the Corporation to David M. Willey

31.1 Section 302 Certification of Richard D. Fairbank

31.2 Section 302 Certification of David R. Lawson

32.1 Section 906 Certification* of Richard D. Fairbank

32.2 Section 906 Certification* of David R. Lawson

(b) Reports on Form 8-K:

On April 21, 2003, the Company filed under Item 5 – "Other Events" and filed under Item 7 – "Financial Statements, Pro Forma Financial Information and Exhibits" and Item 9 – "Regulation FD Disclosure" of Form 8-K, on Exhibit 99.1, a copy of its earnings press release for the first quarter of 2003 that was issued on April 21, 2003. This release, which is required under Item 12, "Results of Operations and Financial Condition," has been included under Item 9 pursuant to interim reporting guidance provided by the SEC. In this Form 8-K, the Company also furnished under Items 7 and 9 additional information concerning the Company's first quarter earnings that was presented to investors in teleconference call on April 21, 2003 and furnished additional information related to Company operations on Exhibit 99.2.

On May 5, 2003, the Company furnished under Item 9 – "Regulation FD Disclosure" of Form 8-K on Exhibit 99.1 information related to Company operations.

On May 9, 2003, the Company furnished under Item 9 – "Regulation FD Disclosure" of Form 8-K on Exhibit 99.1 the Monthly Financial Measures – April 2003, for the month ended April 30, 2003.

On May 14, 2003, the Company furnished under Item 9 – "Regulation FD Disclosure" of Form 8-K on Exhibit 99.1 and 99.2, certifications by Mr. Richard D. Fairbank and Mr. David R. Lawson, as Chief Executive Officer and Chief Financial Officer, respectively, of the Company, which certifications accompanied the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2003 (the "Form 10-Q") filed with the Commission.

On June 9, 2003, the Company furnished under Item 9 – "Regulation FD Disclosure" of Form 8-K on Exhibit 99.1 the Monthly Financial Measures – May 2003, for the month ended May 31, 2003.

* furnished herewith

Note: Information in this report (including any exhibits) furnished herewith shall not be deemed to be "filed" for purposes of Section 18 of the 1934 Act or otherwise subject to the liabilities of that section.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CAPITAL ONE FINANCIAL CORPORATION

(Registrant)

Date: August 11, 2003

/s/ DAVID R. LAWSON

David R. Lawson
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer
and duly authorized officer
of the Registrant)

EXHIBIT 4.1

Capital One Bank
Senior and Subordinated Global Bank Notes
Due From 30 Days to 30 Years or More from Date of Issue

AMENDED AND RESTATED DISTRIBUTION AGREEMENT

May 8, 2003

J.P. MORGAN SECURITIES INC.
270 Park Avenue
New York, New York 10017

AND EACH OF THE DISTRIBUTION AGENTS LISTED
ON SCHEDULE 1 HERETO

Ladies and Gentlemen:

This Amended and Restated Distribution Agreement, dated May 8, 2003 (this "Agreement"), amends and restates the Amended and Restated Distribution Agreement, dated January 31, 2003, among Capital One Bank, a banking association chartered under the laws of the Commonwealth of Virginia (the "Bank"), J.P. Morgan Securities Inc. and each of the distribution agents listed on Schedule 1 hereto (each referred to as a "Distribution Agent" and collectively referred to as the "Distribution Agents"). The Bank confirms its agreement with J.P. Morgan Securities Inc. and each of the Distribution Agents with respect to the issue and sale by it of its (i) senior unsecured debt obligations not insured by the Federal Deposit Insurance Corporation (the "FDIC") (the "Senior Notes") and (ii) subordinated unsecured debt obligations not insured by the FDIC (the "Subordinated Notes", and together with the Senior Notes, the "Bank Notes"). The Bank Notes have maturities of 30 days to 30 years or more from date of issue. The Bank Notes are to be issued pursuant to an Amended and Restated Global Agency Agreement, dated as of May 8, 2003 (the "Global Agency Agreement"), among the Bank and JPMorgan Chase Bank, as domestic paying agent (the "Domestic Paying Agent") and registrar (the "Registrar"), JPMorgan Chase Bank, London Branch, as London paying agent (the "London Paying Agent") and London issuing agent (the "London Issuing Agent"), J.P. Morgan Bank Luxembourg S.A., as transfer agent (the "Transfer Agent") and Luxembourg paying agent (the "Luxembourg Paying Agent" and together with the Domestic Paying Agent and the London Paying Agent, the "Paying Agents" and each individually, a "Paying Agent") and Kredietbank S.A. Luxembourgeoise, as listing agent (the "Listing Agent"). As of the date hereof, the Bank has authorized the issuance of up to U.S.$8,000,000,000 (or the equivalent thereof in other currencies calculated as described in the Offering Circular dated May 8, 2003) aggregate principal amount at any one time outstanding of its Bank Notes. It is understood, however, that

the Bank may from time to time authorize the issuance of an additional outstanding amount of Bank Notes and that the Bank Notes may be distributed through or sold to one or more of the Distribution Agents pursuant to the terms of this Agreement, all as though the issuance of the Bank Notes were authorized as of the date hereof. The Bank is a subsidiary of Capital One Financial Corporation (the "Parent").

This Agreement provides both for the sale of Bank Notes by the Bank to the Distribution Agents as principal for resale to investors and other purchasers and for the sale of Bank Notes by the Bank directly to investors through the Distribution Agents (as may from time to time be agreed to by the Bank and the Distribution Agents), in which case the Distribution Agents will act as agents of the Bank in soliciting Bank Note purchasers.

SECTION 1. Appointment as Distribution Agents.

(a) Appointment of Distribution Agents. Subject to the terms and conditions stated herein and subject to the reservation by the Bank of the right to sell Bank Notes directly to investors on its own behalf in those jurisdictions where it is authorized to do so, the Bank hereby agrees that Bank Notes will be sold exclusively to or through the Distribution Agents. The Distribution Agents are authorized to engage the services of any other broker or dealer in connection with the offer or sale of the Bank Notes purchased by a Distribution Agent as principal for resale to others but are not authorized to appoint sub-agents. in connection with sales by the Distribution Agents of Bank Notes purchased by a Distribution Agent as principal to other brokers or dealers, a Distribution Agent may allow any portion of the discount it has received in connection with such purchase from the Bank to such brokers or dealers.

(b) Sale of Bank Notes. The Bank shall not approve the solicitation of purchases of Bank Notes in excess of the amount which shall be authorized to be outstanding by the Bank from time to time or in excess of the aggregate principal amount of Bank Notes specified in the Offering Circular, The Distribution Agents will have no responsibility for maintaining records with respect to the aggregate principal amount of Bank Notes sold or outstanding, or of otherwise monitoring the availability of Bank Notes for sale.

(c) Purchases as Principal. The Distribution Agents shall not have any obligation to purchase Bank Notes from the Bank as principal, but the Distribution Agents may agree from time to time to purchase Bank Notes as principal. Any such purchase of Bank Notes by a Distribution Agent as principal shall be made in accordance with Section 3(a) hereof.

(d) Solicitations as Distribution Agent. If agreed upon by a Distribution Agent and the Bank, the Distribution Agent, acting solely as agent for the Bank and not as principal, will solicit purchases of the Bank Notes. The Distribution Agent will communicate to the Bank, orally or in writing, each offer to purchase Bank Notes solicited by such Distribution Agent on an agency basis, other than those offers rejected by the Distribution Agent. The Distribution Agent shall have the right, in its discretion reasonably exercised, to reject any proposed purchase of Bank Notes, as a whole or in part, and any such rejection shall not be deemed a breach of any Distribution Agent's agreement contained herein. The Bank may accept or reject any proposed purchase of the Bank Notes in whole or in part. The Distribution Agent shall make reasonable

efforts to assist the Bank in obtaining performance by each purchaser whose offer to purchase Bank Notes has been solicited by the Distribution Agent and accepted by the Bank. The Distribution Agent shall not have any liability to the Bank in the event any such agency purchase is not consummated for any reason. If the Bank shall default on its obligation to deliver Bank Notes to a purchaser whose offer it has accepted, the Bank shall (i) hold the Distribution Agent harmless against any loss, claim or damage arising from or as a result of such default by the Bank and (ii) notwithstanding such default, pay to the Distribution Agent any commission to which it would be entitled in connection with such sale.

(e) Additional Agents. The Bank may, from time to time, engage additional agents either as principal or as an agent for the sale of the Bank Notes. Any additional agents shall be required, as a condition to their engagement, either to enter into this Agreement (amended to include such additional agents as signatories) or into an agreement with the Bank substantially similar to this Agreement.

(f) Stabilization. The Distribution Agent (if any) specified as the Stabilization Manager in the Pricing Supplement relating to any Tranche of Bank Notes or any person acting for the Stabilization Manager may, in connection with such Bank Notes, over-allot or effect transactions with a view to supporting the market price of the Bank Notes of the Series of which such Tranche forms a part at a level higher than that which might otherwise prevail for a limited period, but in so doing, the Stabilization Manager (or any person acting for him) shall act as principal and not as agent of the Bank. Such stabilization, if commenced, may be discontinued at any time. Such stabilization shall be conducted in accordance with all relevant laws, regulations and rules. Any loss or profit sustained as a consequence of any such over-allotment or stabilization shall, as against the Bank, be for the account of such named Distribution Agent.

The Bank confirms that it has been informed of the existence of the United Kingdom Financial Services Authority ("FSA") stabilizing guidance in Section MAR 2 Ann 2G of the FSA Handbook.

(g) Reliance. The Bank and the Distribution Agents agree that the Bank Notes purchased by the Distribution Agents shall be purchased, and the Bank Notes the placement of which a Distribution Agent arranges shall be placed by such Distribution Agent, in reliance on the representations, warranties, covenants and agreements of the Bank contained herein and on the terms and conditions and in the manner provided herein.

SECTION 2. Representations and Warranties.

(a) The Bank represents and warrants to each Distribution Agent as of the date hereof, as of the date of each acceptance by the Bank of an offer for the purchase of Bank Notes (whether to the Distribution Agent as principal or through the Distribution Agent as agent), as of the date of each delivery of Bank Notes (whether to such Distribution Agent as principal or through such Distribution Agent as agent) (the date of each such delivery to a Distribution Agent as principal being hereafter referred to as a "Settlement Date"), and as of the times referred to in Section 8(b) hereof (each of the times referenced above being referred to hereafter as a "Representation Date"), as follows:

(i) Offering Circular. The Bank has prepared an offering circular, dated May 8, 2003 (as such document may hereafter be amended or supplemented (including by any pricing supplement by the Bank), including the material incorporated therein by reference, the "Offering Circular"), to be used by the Distribution Agents in connection with the Distribution Agents' solicitation of purchasers of, or offering of, the Bank Notes. The Bank has been authorized by the Parent to incorporate by reference in the Offering Circular the Parent's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and each other document filed by the Parent pursuant to Section 13(a), 13(c), 14 or 15(d) (and any and all amendments thereto) (except that information in such documents deemed not to have been filed in accordance with the rules of the Securities and Exchange Commission shall not be incorporated by reference) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and the rules and regulations thereunder. The Offering Circular, as of the date hereof, does not and, as of the applicable Representation Date, will not, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply to statements in or omissions from the Offering Circular made in reliance upon, and in conformity with, information furnished to the Bank in writing by the Distribution Agents expressly for use therein.

The Bank has incorporated by reference in the Offering Circular the publicly available portions of each of its Consolidated Reports of Condition and Income (each, a "Call Report"), and any amendments or supplements thereto, beginning with and including the Call Report for the period ended December 31, 2000 to and including the most recent Call Report filed or published prior to the offering of Bank Notes. The publicly available portions of any Call Reports filed by the Bank subsequent to the date of the Offering Circular and prior to the termination of the offering of the Bank Notes will be incorporated therein by reference.

The documents incorporated by reference into the Offering Circular, at the time they were or hereafter are filed with the applicable federal regulatory authorities, complied or when so filed will comply in all material respects with the 1934 Act or the rules and regulations otherwise applicable thereto, as the case may be and, when read together with the other information in the Offering Circular, did not and will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were or are made, not misleading.

(ii) Due Organization, Valid Existence and Good Standing. The Bank is a banking corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia, and is licensed, registered or qualified to conduct the business in which it is engaged in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such license, registration or qualification, except to the extent that the failure to be so licensed, registered or qualified or to be in good standing would not have a material adverse effect on the Bank and its subsidiaries

taken as a whole. The Bank is a subsidiary of the Parent, a Delaware corporation which has securities registered under the 1934 Act.

(iii) Due Authorization, Execution and Delivery of this Agreement, The Global Agency Agreement, the Interest Calculation Agreement, the Exchange Rate Agent Agreement and the Letters of Representations. This Agreement, the Global Agency Agreement, the Amended and Restated Interest Calculation Agreement dated as of May 8, 2003, between the Bank and JPMorgan Chase Bank (the "Interest Calculation Agreement"), the Amended and Restated Exchange Rate Agent Agreement dated as of May 8, 2003, between the Bank and JPMorgan Chase Bank (the "Exchange Rate Agreement") and the Short-Term and Medium-Term Letters of Representation dated May 8, 2003 (the "Letter[s] of Representations"), between the Bank, JPMorgan Chase Bank and The Depository Trust Company, have been duly authorized, executed and delivered by the Bank and are valid and legally binding agreements of the Bank, enforceable against the Bank in accordance with their respective terms, subject to applicable bankruptcy, liquidation, insolvency, fraudulent transfer, reorganization, moratorium, conservatorship, receivership and similar laws of general applicability relating to, or affecting, creditors' rights, to general equity principles and with respect to any indemnification or contribution obligation, to public policies which might affect such obligations.

(iv) Due Authorization, Execution and Delivery of the Bank Notes. The Bank Notes have been duly authorized for issuance and sale pursuant to this Agreement and, when issued and authenticated against payment of the consideration therefor. The Bank Notes will be valid and legally binding obligations of the Bank, enforceable against the Bank in accordance with their respective terms, subject to applicable bankruptcy, liquidation, insolvency, fraudulent transfer, reorganization, moratorium, conservatorship, receivership and similar laws of general applicability relating to, or affecting, creditors' rights to general equity principles and with respect to any indemnification or contribution obligation, to public policies which might affect such obligations.

(v) Exemption from Registration. The Bank Notes are exempt from registration under Section 3(a)(2) of the Securities Act of 1933, as amended (the "1933 Act"), and neither registration of the Bank Notes under the 1933 Act, nor qualification of an indenture under the Trust Indenture Act of 1939, as amended, is required in connection with the offer, sale, issuance or delivery of the Bank Notes pursuant to this Agreement or any applicable Terms Agreement (as defined in Section 3(a) hereof).

(vi) Exemption from Investment Company Act. The Bank is not required to register under the provisions of the Investment Company Act of 1940, as amended (the "Investment Company Act"), or to take any other action with respect to or under the Investment Company Act.

(vii) No Other Approvals Required. No consent, approval or authorization of or filing with any governmental body or agency is required for the performance by the Bank of its obligations under this Agreement, the Bank Notes, the Global Agency

Agreement, the Interest Calculation Agreement, the Exchange Rate Agent Agreement, the Letters of Representations and any applicable Terms Agreement (provided that the representations contained in the immediately preceding clause with respect to approvals under the laws of foreign countries shall only be to the best knowledge of the Bank) or the consummation by the Bank of the transactions contemplated by this Agreement and any agreement with a Distribution Agent to purchase such Bank Notes as principal, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Bank Notes.

(viii) Description of Bank Notes. The Bank Notes are substantially in the form heretofore delivered to the Distribution Agents and conform in all material respects to the description thereof contained in the Offering Circular under the caption "Description of Notes."

(ix) Priority of Bank Notes. The Senior Notes are unsecured and unsubordinated debt obligations of the Bank and rank pari passu among themselves and with all other unsecured and unsubordinated debt obligations of the Bank except, (A) pursuant to Section 11(d)(11) of the Federal Deposit Insurance Act, the Bank's unsecured deposit obligations and (B) pursuant to Section 6.1 - 110.9 of the Code of Virginia, the Bank's deposit obligations. The Subordinated Notes are unsecured and subordinated debt obligations of the Bank, rank pari passu among themselves, and are subordinated and junior in right of payment to the Bank's obligations to depositors and general creditors, other than obligations which, by their express terms, rank on a parity with or junior to the Subordinated Notes. Upon issuance, the Subordinated Notes will qualify as Tier 2 capital of the Bank (within the meaning of [Appendix A to 12 C.F.R. Part 208]).

(x) No Violation. Neither the Bank or any of its subsidiaries nor the Parent or any of its subsidiaries is in violation of its charter or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage loan agreement, note, lease or other instrument to which it is a party or by which it or any of them or their properties may be bound which might result in a material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Bank and its subsidiaries or the Parent or any of its subsidiaries, in each case considered as one enterprise, or might materially and adversely affect the properties or assets thereof or might materially and adversely affect the consummation of this Agreement, the Global Agency Agreement, the Interest Calculation Agreement, the Exchange Rate Agent Agreement, the Letters of Representations or the Bank Notes or any transaction contemplated hereby or thereby. The execution, issuance and delivery by the Bank of the Bank Notes, and the execution, delivery and performance by the Bank of this Agreement, the Global Agency Agreement, the Interest Calculation Agreement, the Exchange Rate Agent Agreement, the Letters of Representations and any applicable Terms Agreement, will not violate any law, rule, regulation, order, judgment or decree applicable to the Parent and its subsidiaries or to the Bank and any of its subsidiaries or violate any provision of the Bank's charter or by-laws, or conflict with or result in a material breach of or constitute a material default under, or result in the creation or imposition of any material lien, charge or encumbrance upon any

property or assets of the Parent and its subsidiaries or the Bank and any of its subsidiaries pursuant to any contract, indenture, mortgage loan agreement, note, lease or other instrument to which the Parent or any of its subsidiaries or the Bank or any of its subsidiaries, or the property of any of them, is bound or subject.

(xi) No Material Adverse Change. Since the respective dates as of which information is given or incorporated by reference in the Offering Circular (a) there has not been any material adverse change, or any development which could reasonably be expected to result in a material adverse change, in the condition, financial or otherwise, or business affairs or business prospects of the Bank and its subsidiaries or of the Parent and its subsidiaries, as the case may be, considered as one enterprise, whether or not arising in the ordinary course of business, other than as set forth or contemplated in the Offering Circular (including the material incorporated by reference therein), and (b) there have been no material transactions entered into by the Bank or any of its subsidiaries or the Parent and any of its subsidiaries considered as one enterprise, other than those in the ordinary course of business.

(xii) Rating. The Senior Notes of the Bank have been rated by a "nationally recognized statistical rating agency" (as that term is defined by the Securities and Exchange Commission ("the Commission") for purposes of Rule 436(g)(2) under the 1933 Act), in one of its four highest categories. The Bank "has unsecured non-convertible debt with a term of issue of at least four (4) years, or unsecured non-convertible preferred securities, rated by a nationally recognized statistical rating organization in one of its four (4) highest ratings categories" within the meaning of Conduct Rule 2710(b)(7) of the National Association of Securities Dealers, Inc.

(xiii) Financial Statements and Financial Information. The financial statements and other financial information of the Parent and its consolidated subsidiaries and the Bank and its consolidated subsidiaries included or incorporated by reference in the Offering Circular present fairly the consolidated financial position of the Parent and its consolidated subsidiaries and the Bank and its consolidated subsidiaries, as the case may be, as of the dates indicated therein and the consolidated results of their operations for the periods specified therein; and except as stated therein, such financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis; and financial information of certain financial institutions, if any, acquired by or consolidated with or proposed to be acquired by or consolidated with the Parent and the Bank included or incorporated by reference in the Offering Circular present fairly the financial position of such financial institutions as of the dates indicated therein and the results of their operations for the periods specified therein.

(xiv) Legal Proceedings. Except as may be set forth in the Offering Circular, there is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Bank, threatened against or affecting, the Parent or any of its subsidiaries or the Bank or any of its subsidiaries, which might, in the opinion of the Bank, result in any material adverse

change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Bank and its subsidiaries considered as one enterprise, or might materially and adversely affect the properties or assets thereof or might materially and adversely affect the consummation of this Agreement, the Global Agency Agreement, the Interest Calculation Agreement, the Exchange Rate Agent Agreement or the Bank Notes or any transaction contemplated hereby or thereby.

(xv) Commodity Exchange Act. The Bank Notes, when issued, authenticated and delivered pursuant to the provisions of this Agreement and the Global Agency Agreement, will be excluded or exempted under the provisions of the Commodity Exchange Act.

(b) Additional Certifications. Any certificate signed by any officer of the Bank or the Parent and delivered to the Distribution Agents or to counsel for the Distribution Agents in connection with an offering of Bank Notes, or the sale of Bank Notes to a Distribution Agent as principal, contemplated by this Agreement shall be deemed a representation and warranty by the Bank or the Parent, as the case may be, to the Distribution Agents as to the matters covered thereby on the date of such certificate and at each Representation Date referred to in Section 2(a) hereof subsequent thereto.

SECTION 3. Purchases as Principal; Solicitations as Distribution Agents.

(a) Purchases as Principal. Unless otherwise agreed to by a Distribution Agent and the Bank, Bank Notes shall be purchased by the Distribution Agent as principal. Such purchases shall be made in accordance with terms agreed upon by the Distribution Agent and the Bank including such information (as applicable) as is specified in Exhibit A hereto (which terms shall be agreed upon orally, and which may or may not be confirmed in writing in the form of Exhibit A, prepared by the Distribution Agent and mailed or sent via facsimile transmission to the Bank) and, in the case of sales to Distribution Agents on a syndicated basis, a separate terms agreement substantially in the form of Exhibit H hereto or other agreement governing such purchase that is agreed to in writing by each Distribution Agent party thereto and the Bank. Any oral or written agreement entered into pursuant to the previous sentence, including any agreement in the form of Exhibit H hereof, is referred to herein as a "Terms Agreement". The Distribution Agent's commitment to purchase Bank Notes as principal shall be deemed to have been made on the basis of the representations and warranties of the Bank herein contained and shall be subject to the terms and conditions herein set forth. Each purchase of Bank Notes, unless otherwise agreed, shall be at a discount from the principal amount of each such Bank Note equivalent to the applicable commission set forth in Exhibit B hereto. The Distribution Agent may engage the services of any other broker or dealer in connection with the resale of the Bank Notes purchased as principal and may allow any portion of the discount received in connection with such purchases from the Bank to such brokers and dealers. At the time of each purchase of Bank Notes by a Distribution Agent as principal, the Distribution Agent shall specify any requirements for the opinions of counsel, officers' certificates and the accountant's letter pursuant to Sections 6(a), 6(b) and 6(d) hereof. The resale of any Bank Notes acquired by such Distribution

Agent as principal shall be subject to all of the applicable selling restrictions set forth in Exhibit G hereto.

(b) Solicitations as Distribution Agents. On the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, when agreed upon by the Bank and a Distribution Agent, such Distribution Agent, as an agent of the Bank, will use its reasonable efforts to solicit offers to purchase the Bank Notes upon the terms and conditions set forth herein and in the Offering Circular. All Bank Notes sold through a Distribution Agent as agent will be sold at 100% of their principal amount unless otherwise agreed to by the Bank and the Distribution Agent,

The Bank reserves the right, in its sole discretion, to suspend solicitation of purchases of the Bank Notes through the Distribution Agents, as agents, commencing at any time for any period of time or permanently. Upon receipt of instructions from the Bank, the Distribution Agents will forthwith suspend solicitation of purchases from the Bank until such time as the Bank has advised the Distribution Agents that such solicitation may be resumed. During such period, the Bank shall not be required to comply with the provisions of Sections 8(b), (c) and (d). Upon advising the Distribution Agents that such solicitation may be resumed, however, the Bank shall simultaneously provide the documents required to be delivered by Sections 8(b), (c) and (d), and the Distribution Agents shall have no obligation to solicit offers to purchase the Bank Notes until such documentation has been received by the Distribution Agents.

The Bank agrees to pay each Distribution Agent a commission, in the form of a discount, equal to the applicable percentage of the principal amount of each Bank Note sold by the Bank as a result of a solicitation made by such Distribution Agent as set forth in Exhibit B hereto, or as otherwise agreed to by the Bank and such Distribution Agent. The Distribution Agents may reallow any portion of the commission payable pursuant hereto to dealers in connection with the offer and sale of the Bank Notes.

(c) Administrative Procedures. The purchase price, interest rate or formula, maturity date and other terms of the Bank Notes (as applicable) specified in Exhibit A hereto shall be agreed upon by the Bank and the applicable Distribution Agent and set forth in a pricing supplement to the Offering Circular to be prepared in connection with each sale of Bank Notes. Administrative procedures with respect to the sale of Bank Notes shall be agreed upon from time to time by the Distribution Agents and the Bank (the "Procedures"). The initial Procedures, as agreed upon by the Distribution Agents and the Bank, are attached hereto as Exhibit I and may be supplemented or amended from time to time by the Distribution Agents and the Bank by an instrument in writing. The Distribution Agents and the Bank agree to perform the respective duties and obligations specifically provided to be performed by the Distribution Agents and the Bank herein and in the Procedures.

(d) Delivery. The documents required to be delivered by Section 6 hereof shall be delivered at the office of Morrison & Foerster LLP, on the date hereof, or at such other time and place as the Distribution Agents and the Bank may agree upon in writing (the "Closing Time").

SECTION 4. Covenants of the Bank.

The Bank covenants with the Distribution Agents as follows:

(a) Amending Offering Circular. The Bank will give the Distribution Agents notice of its intention to prepare any additional offering circular supplement with respect to the sale of the Bank Notes or any amendment or supplement to the Offering Circular and will furnish the Distribution Agents with copies of any such amendment or supplement or other documents proposed to be distributed a reasonable time in advance of such proposed distribution and will not distribute any such amendment or supplement or other documents in a form to which the Distribution Agents or counsel for the Distribution Agents shall reasonably object.

(b) Copies of Offering Circular. The Bank will deliver to the Distribution Agents as many copies of the Offering Circular (as amended or supplemented, including documents incorporated by reference therein) as the Distribution Agents shall reasonably request in connection with sales or solicitations of offers to purchase the Bank Notes.

(c) Revisions of Offering Circular -- Material Changes. Except as otherwise provided in Subsection (d) of this Section 4, if any event shall occur or condition exist as a result of which it is necessary, in the reasonable opinion of counsel for the Distribution Agents or counsel for the Bank, to amend or supplement the Offering Circular in order that the Offering Circular will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, immediate notice shall be given, and confirmed in writing, to the Distribution Agents to cease the solicitation of offers to purchase the Bank Notes in their capacity as agents and to cease sales of the Bank Notes the Distribution Agents may then own as principal, and the Bank will promptly prepare such amendment or supplement as may be necessary to correct such untrue statement or omission. The Distribution Agents shall, at such time as the Bank shall have furnished to the Distribution Agents an amended or supplemented Offering Circular in form satisfactory to the Distribution Agents and their counsel, resume solicitation of offers to purchase Bank Notes using the Offering Circular so amended and supplemented. The Bank agrees to update the Offering Circular no less than annually within 120 days after its fiscal year-end.

(d) Suspension of Certain Obligations. The Bank shall not be required to comply with the provisions of subsection (c) of this Section 4 during any period from the later of the time (i) the Distribution Agents shall have suspended solicitation of purchases of the Bank Notes in their capacity as agents pursuant to a request from the Bank and (ii) no Distribution Agent shall then hold any Bank Notes purchased as principal pursuant hereto, until the tune the Bank shall determine that solicitation of purchases of the Bank Notes should be resumed or the Distribution Agent shall subsequently purchase Bank Notes from the Bank as principal.

(e) Regulatory Reports. The Bank shall provide the Distribution Agents with copies of the publicly available portion of any reports required to be filed by the Bank or the Parent with any United States or state supervisory or regulatory authority as promptly as reasonably practicable after such reports become publicly available.

(f) Preparation of Pricing Supplements. The Bank will prepare, with respect to the Bank Notes to be sold through or to the Distribution Agents pursuant to this Agreement, a pricing supplement with respect to the Bank Notes in a form previously approved by the Distribution Agents.

(g) Blue Sky Qualifications. The Bank will endeavor, in cooperation with the Distribution Agents, to qualify the Bank Notes for offering and sale under the applicable securities laws of such states and other jurisdictions of the United States as the Distribution Agents may designate, and will maintain such qualifications in effect for as long as may be required for the distribution of the Bank Notes; provided, however, that the Bank shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation in any jurisdiction in which it is not so qualified. The Bank will file such statements and reports as may be required by the laws of each jurisdiction in which the Bank Notes have been qualified as above provided. The Bank will promptly advise the Distribution Agents of the receipt by the Bank of any notification with respect to the suspension of the qualification of the Bank Notes for sale in any such state or jurisdiction or the initiating or threatening of any proceeding for such purpose.

(h) Stand-Off Agreement. In connection with a purchase by a Distribution Agent of Bank Notes as principal, between the date of the agreement to purchase such Bank Notes and the Settlement Date with respect to such purchase, the Bank will not, without the prior consent of the Distribution Agent who is party to such agreement, offer or sell, or enter into any agreement to sell, any debt securities of the Bank (other than the Bank Notes that are to be sold pursuant to such agreement and deposit and other bank obligations issued and sold directly by the Bank in the ordinary course of its business).

(i) No Deposit-Taking. In respect of any Bank Notes having a maturity of less than one year, the Bank will issue such Bank Notes only if the following conditions apply (or the Bank Notes can otherwise be issued without contravention of Section 19 of the United Kingdom Financial Services and Markets Act 2000 (the "FSMA")):

(i) Selling Restrictions. Each relevant Distribution Agent represents and agrees that it will comply with the terms set out in the section headed "United Kingdom" in Exhibit G *(Selling Restrictions)*; and

(ii) Minimum Denomination. The redemption value of each such Bank Note is not less than £100,000 (or an amount of equivalent value denominated wholly or partly in a currency other than sterling), and no part of any Bank Note may be transferred unless the redemption value of that part is not less than £100,000 (or such an equivalent amount).

SECTION 5. Payment of Expenses.

Whether or not the transactions contemplated hereunder are consummated or this Agreement or any agreement by a Distribution Agent to purchase Bank Notes as principal is terminated, the Bank will pay all expenses incident to the performance of the Bank's obligations under this Agreement including, without limitation; (a) the preparation, printing and delivery of

the Offering Circular and all amendments and supplements thereto; (b) the preparation and reproduction of this Agreement; (c) the preparation, issuance and delivery of the Bank Notes, including fees and expenses related to the use of book-entry notes; (d) the fees and disbursements of the Bank's counsel and accountants, of the Paying Agents, London Issuing Agent, Registrar, Transfer Agent and Listing Agent and of any calculation agents or exchange rate agents; (e) the reasonable fees and disbursements of counsel to the Distribution Agents incurred in connection with the establishment of the program relating to the Bank Notes and incurred from time to time in connection with the transactions contemplated thereby; (f) any fees charged by rating agencies for rating of the Bank Notes; (g) any advertising and other out-of-pocket expenses of the Distribution Agents incurred with the approval of the Bank; (h) the qualification of the Bank Notes under state securities laws in accordance with the provisions of Section 4(g) hereof, including the filing fees and the reasonable fees and disbursements of counsel for the Distribution Agents in connection therewith and in connection with the preparation of any Blue Sky Survey and any Legal Investment Survey; (i) the cost of preparing and providing any CUSIP or other identification numbers for the Bank Notes and (j) all fees payable to any exchange in connection with listing the Bank Notes on such exchange.

SECTION 6. Conditions of Distribution Agents' Obligations.

The obligations of the Distribution Agents to solicit offers to purchase the Bank Notes as agents of the Bank, the obligations of any purchasers of Bank Notes sold through a Distribution Agent as agent, and any obligation of a Distribution Agent to purchase Bank Notes pursuant to any agreement by such Distribution Agent to purchase Bank Notes as principal (or otherwise), will be subject at all times to the accuracy in all material respects of the representations and warranties on the part of the Bank herein and to the accuracy in all material respects of the statements of the Bank's and the Parent's officers made in any certificate furnished pursuant to the provisions hereof, to the performance and observance in all material respects by the Bank of all covenants and agreements herein contained and to the following additional conditions precedent:

(a) Legal Opinions. On the date hereof, and, if required pursuant to Section 8(c) hereof, on each Settlement Date, the Distribution Agents shall have received the following legal opinions, dated as of the date hereof or the Settlement Date, as the case may be, and in form and substance satisfactory to the Distribution Agents:

(i) Opinions of Counsel to the Bank and the Parent.

(A) The opinion of John G. Finneran Jr., General Counsel to the Bank and the Parent or such other person as may be agreed by the parties, substantially in the form of Exhibit C1.

(B) The opinion of Cleary, Gottlieb, Steen & Hamilton, counsel to the Bank and the Parent or such other counsel as may be agreed by the parties hereto, substantially in the form of Exhibit C2.

(ii) Opinion of Counsel to the Distribution Agents. The opinion of Morrison & Foerster LLP, counsel to the Distribution Agents, or such other counsel as may be agreed by the parties hereto, covering such matters as they may request.

(b) Officers' Certificates. On the date hereof, and, if required pursuant to Section 8(b) hereof, on each Settlement Date, the Distribution Agents shall have received a certificate of (i) the Chief Executive Officer, the President, or any Executive Vice President, Senior Vice President or Vice President, and the Chief Financial Officer, Chief Accounting Officer or Treasurer of the Bank satisfactory to the Distribution Agents, substantially in the form of Exhibit D hereto and (ii) the Chief Executive Officer, the President, or any Executive Vice President, Senior Vice President or Vice President, and the Chief Financial Officer, Chief Accounting Officer or Treasurer of the Parent satisfactory to the Distribution Agents, substantially in the form of Exhibit E hereto, each dated the date hereof or the Settlement Date, as the case may be.

(c) Representations Certificate. On the date hereof, the Distribution Agents shall have received a certificate of the President, Senior Vice President or Vice President, and the Chief Financial Officer, Chief Accounting Officer or Treasurer of the Parent, substantially in the form of Exhibit F hereto.

(d) Accountants' Letter. On the date hereof, and, if required pursuant to Section 8(d) hereof, on each Settlement Date, the Distribution Agents shall have received a letter from Ernst & Young LLP, independent accountants to the Bank and the Parent, dated as of the date hereof or the Settlement Date, as the case may be, and in form and substance satisfactory to the Distribution Agents.

(e) Other Documents. On the date hereof and on each Settlement Date, counsel to the Distribution Agents shall have been furnished with such documents and opinions as such counsel may reasonably request for the purpose of enabling such counsel to pass upon the issuance and sale of the Bank Notes as herein contemplated and related proceedings, or in order to evidence the accuracy and completeness of any of the representations and warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Bank in connection with the issuance and sale of Bank Notes as herein contemplated shall be satisfactory in form and substance to the Distribution Agents and to counsel to the Distribution Agents.

If any condition specified in this Section 6 shall not have been fulfilled when and as required to be fulfilled, this Agreement (or, at the option of the Distribution Agent, any applicable agreement by such Distribution Agent to purchase Bank Notes as principal) may be terminated by the Distribution Agents by written notice to the Bank at any time at or prior to the Closing Time and any such termination shall be without liability of any party to any other party, except that the provisions of Section 5 hereof, the indemnity and contribution agreement set forth in Sections 9 and 10 hereof, and the provisions of Sections 11, 14 and 15 hereof shall remain in effect.

SECTION 7. Delivery of and Payment for Bank Notes Sold through a Distribution Agent.

Delivery of Bank Notes sold through a Distribution Agent as agent shall be made by the Bank to such Distribution Agent for the account of any purchaser only against payment therefor in immediately available funds. In the event that a purchaser shall fail either to accept delivery of or to make payment for a Bank Note on the date fixed for settlement, the Distribution Agent shall promptly notify the Bank and deliver the Bank Note to the Bank, and, if the Distribution Agent has theretofore paid the Bank for the Bank Note, the Bank will promptly return such funds to the Distribution Agent. If such failure shall have occurred for any reason other than default by the applicable Distribution Agent to perform its obligations hereunder, the Bank will reimburse such Distribution Agent on an equitable basis for its loss of the use of funds during the period when the funds were credited to the account of the Bank.

SECTION 8. Additional Covenants of the Bank.

The Bank covenants and agrees with each Distribution Agent that:

(a) Reaffirmation of Representations and Warranties. Each acceptance by the Bank of an offer for the purchase of Bank Notes (whether to a Distribution Agent as principal or through the Distribution Agent as agent), and each delivery of Bank Notes to the Distribution Agents, shall be deemed to be an affirmation that the representations and warranties of the Bank contained in this Agreement and in any certificate theretofore delivered to the Distribution Agents pursuant hereto are true and correct in all material respects at the time of such acceptance or sale, as the case may be, and an undertaking that such representations and warranties will be true and correct in all material respects at the time of delivery to the purchaser or his agent, or to the applicable Distribution Agent, of the Bank Note or Bank Notes relating to such acceptance or sale, as the case may be, as though made at and as of each such time (and it is understood that such representations and warranties shall relate to the Offering Circular as amended and supplemented to each such time, including any amendment resulting from the incorporation by reference of documents filed by the Bank or the Parent).

(b) Subsequent Delivery of Certificates. Each time that (i) the Offering Circular shall be amended or supplemented (other than by an amendment or supplement providing solely for a change in the interest rates or other variable terms of Bank Notes), (ii) there is filed with the Commission or any bank regulatory agency any document incorporated by reference into the Offering Circular, but in no event more than once a quarter upon the filing of the Parent's Form 10-Q unless requested by the Distribution Agents, (iii) (if required in connection with the purchase of Bank Notes by a Distribution Agent as principal) the Bank sells Bank Notes to such Distribution Agent as principal or (iv) the Bank issues and sells Bank Notes in a form not previously certified to the Distribution Agents by the Bank, the Bank shall furnish or cause to be furnished forthwith to the Distribution Agents certificates from the Bank and the Parent dated the date of such amendment or supplement, the date of such filing, or the Settlement Date, as the case may be, to the effect that the statements contained in the certificates which were last furnished to the Distribution Agents by the Bank and the Parent pursuant to Section 6(b) hereof are true and correct in all material respects at the time of such amendment, supplement or sale, as the case may be, as though made at and as of such time (except that such statements shall be

deemed to relate to the Offering Circular as amended and supplemented to such time, including any amendment resulting from incorporation by reference of documents filed by the Bank and the Parent) or, in lieu of such certificates, certificates of the same form as the certificates referred to in said Section 6(b), modified as necessary to relate to the Offering Circular as amended and supplemented to the time of delivery of such certificates.

(c) Subsequent Delivery of Legal Opinions. Each time that (i) the Offering Circular shall be amended or supplemented with respect to the Bank Notes (other than by an amendment or supplement (x) providing solely for a change in interest rates or other variable terms of the Bank Notes or similar changes, or (y) setting forth financial statements or other information as of and for a fiscal period (unless, in the reasonable judgment of the Distribution Agents, an opinion of counsel should be furnished in light of such an amendment)), (ii) there is filed with the Commission or any bank regulatory agency any document incorporated by reference into the Offering Circular, but in no event more than once a quarter upon the filing of the Parent's Form 10-Q unless requested by the Distribution Agents, (iii) (if required in connection with the purchase of Bank Notes by a Distribution Agent as principal) the Bank sells Bank Notes to such agent as principal or (iv) die Bank issues and sells Bank Notes in a form not previously certified to the Distribution Agents by the Bank, the Bank shall furnish or cause to be furnished forthwith to the Distribution Agents and the Distribution Agents' counsel a letter from each counsel last furnishing an opinion referred to in Section 6(a)(i) hereof (or such other counsel as may be acceptable to the Distribution Agents) to the effect that the Distribution Agents may rely on such last opinion to the same extent as though it were dated the date of such letter authorizing reliance (except that statements in such last opinion shall be deemed to relate to the Offering Circular as amended and supplemented to the time of delivery of such letter authorizing reliance) or in lieu of such letter, each such counsel (or such other counsel as may be acceptable to the Distribution Agents) may deliver a letter in the same form as its letter referred to in Section 6(a)(i) but modified, as necessary to relate to the Offering Circular as amended and supplemented to the tune of delivery of such letter. With respect to this Section 8(c), the opinion referred to in Section 6(a)(ii) will also be furnished in the same manner contemplated above but only pursuant to Section 8(c)(iii) above.

(d) Subsequent Delivery of Accountants' Letters. Each time that (i) the Offering Circular shall be amended or supplemented with respect to the Bank Notes (other than by an amendment or supplement providing solely for a change in interest rates or other variable terms of the Bank Notes), (ii) if requested by the Distribution Agents, but in any event at least once annually at the filing of the Parent's Form 10-K, there is filed with the Commission any document incorporated by reference into the Offering Circular, (iii) (if required in connection with the purchase of Bank Notes by a Distribution Agent as principal) the Bank sells Bank Notes to such agent as principal or (iv) (if required by a Distribution Agent) the Bank issues and sells Bank Notes in a form not previously certified to the Distribution Agents by the Bank, the Bank shall furnish or cause to be furnished forthwith to the Distribution Agents and the Distribution Agents' counsel a letter from Ernst & Young LLP reaffirming the statements made in its letter delivered pursuant to Section 6(d), or in lieu of such letter, Ernst & Young LLP may deliver a letter in the same form as its letter referred to in Section 6(d) but modified as necessary to relate to the Offering Circular as amended and supplemented to the time of delivery of such letter.

(e) Listing. In connection with any application to list Bank Notes on the Luxembourg Stock Exchange or any other stock exchange, the Bank will furnish from time to time any and all documents, instruments, information and undertakings and publish all advertisements or other material that may be necessary in order to effect such listing(s) and maintain such listing(s) until none of such Bank Notes is outstanding or until such time as payment in respect of principal, premium, if any, and interest in respect of all such Bank Notes has been duly provided for, whichever is earlier; provided, however, that if the Bank can no longer reasonably maintain such listing(s), it will use its best efforts to obtain and maintain the quotation for, or listing of, the Bank Notes on such other stock exchanges, competent listing authorities and/or quotation systems as the Bank may decide with the approval of the Distribution Agents.

SECTION 9. Indemnification.

(a) Indemnification of Distribution Agents. The Bank agrees to indemnify and hold harmless each Distribution Agent, each person who controls any Distribution Agent and each affiliate of any Distribution Agent which assists such Distribution Agent in the distribution of the Bank Notes within the meaning of the 1933 Act or of the 1934 Act against any and all losses, claims, damages, expenses or liabilities, to which they or any of them may become subject under the 1933 Act or the 1934 Act or other Federal or state statutory law or regulation, at common law or otherwise, as incurred, insofar as such losses, claims, damages, expenses or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Offering Circular (including for purposes of this Section 9 all amendments and supplements thereto and any of the documents incorporated by reference therein), or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and agrees to reimburse each such indemnified party for any legal or other expenses reasonably incurred by them, as incurred, in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Bank will not be liable in any such case to the extent that any such loss, claim, damage, expense or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Bank by or on behalf of any Distribution Agent specifically for use in the Offering Circular.

(b) Indemnification of the Bank. Each Distribution Agent severally agrees to indemnify and hold harmless the Bank and each person who controls the Bank within the meaning of the 1933 Act or of the 1934 Act to the same extent as the foregoing indemnity from the Bank to each Distribution Agent, but only with reference to written information furnished to the Bank by or on behalf of such Distribution Agent specifically for use in the Offering Circular. This indemnity agreement will be in addition to any liability which any Distribution Agent may otherwise have.

If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnity may be sought pursuant to either of the two preceding paragraphs, such person (the "Indemnified Person") shall promptly notify the person against whom such indemnity may be sought (the "Indemnifying Person") in writing, and the Indemnifying Person, upon request of the

Indemnified Person, shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others the Indemnifying Person may designate in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary, (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person or (iii) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be reimbursed as they are incurred. Any such separate firm for the Distribution Agents, each affiliate of any Distribution Agent which assists such Distribution Agent in the distribution of the Bank Notes and such control persons of the Distribution Agents shall be designated in writing by J.P. Morgan Securities Inc. or, if J.P. Morgan Securities Inc. is not an Indemnified Party, by the Distribution Agents that are Indemnified Parties and any such separate firm for the Bank, its directors, its officers and such control persons of the Bank or authorized representatives shall be designated in writing by the Bank. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify any Indemnified Person from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Person shall have requested an Indemnifying Person to reimburse the Indemnified Person for fees and expenses of counsel as contemplated by the third sentence of this paragraph, the Indemnifying Person agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such Indemnifying Person of the aforesaid request and (ii) such Indemnifying Person shall not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement. No Indemnifying Person shall, without the prior written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Person, unless such settlement includes an unconditional release of such Indemnified Person from all liability on claims that are the subject matter of such proceeding.

SECTION 10. Contribution.

If the indemnification provided for in paragraphs (a) or (b) of Section 9 is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein in connection with any offering of Bank Notes, but is applicable in accordance with its terms, then each Indemnifying Person under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion

as is appropriate to reflect the relative benefits received by the Bank on the one hand and each Distribution Agent on the other from the offering of the Bank Notes or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Bank on the one hand and each Distribution Agent on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Bank on the one hand and each Distribution Agent on the other in connection with the offering of such Bank Notes shall be deemed to be in the same respective proportion as the net proceeds from the offering of such Bank Notes (before deducting expenses) received by the Bank and the total discounts and commissions received by each Distribution Agent in respect thereof bear to the aggregate offering price of such Bank Notes. The relative fault of the Bank on the one hand and of each Distribution Agent on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Bank or by such Distribution Agent and the parties, relative intent, knowledge, access to information and opportunity to correct or prevent such statement or the omission or alleged omission.

The Bank and each Distribution Agent agree that it would not be just and equitable if contribution pursuant to this Section 10 were determined by pro rata allocation (even if all Distribution Agents were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to above in this Section 10. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to above in Sections 9 and 10 shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Person in connection with investigating or defending any such action or claim. Notwithstanding the provisions of Sections 9 and 10, in no event shall a Distribution Agent be required to contribute any amount in excess of the amount by which the total price at which the Bank Notes referred to in Section 10 that were sold by or through such Distribution Agent exceeds the amount of any damages that such Distribution Agent has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11 (f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent" misrepresentation. The obligation of each Distribution Agent to contribute pursuant to this Section 10 is several (in the proportion that the principal amount of the Bank Notes the sale of which by or through such Distribution Agent gave rise to such losses, claims, damages or liabilities bears to the aggregate principal amount of the Bank Notes the sale of which by or through any Distribution Agent gave rise to such losses, claims, damages or liabilities) and is not joint.

SECTION 11. Representations. Warranties and Agreements to Survive Delivery.

All representations, warranties and agreements contained in this Agreement or contained in certificates of officers of the Bank pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Distribution Agents or any

controlling person of a Distribution Agent, or by or on behalf of the Bank, and shall survive each delivery of and payment for any of the Bank Notes.

SECTION 12. Termination.

(a) Termination of this Agreement. This Agreement (excluding any agreement hereunder by a Distribution Agent to purchase Bank Notes as principal) may be terminated for any reason, at any time by either the Bank or any of the Distribution Agents as to itself, immediately upon the giving of 30 days written notice of such termination to the other party hereto in accordance with the provisions of Section 13 hereof.

(b) Termination of an Agreement to Purchase Bank Notes as Principal. A Distribution Agent may terminate an agreement hereunder by such Distribution Agent to purchase Bank Notes as principal, immediately upon written notice to the Bank, at any time prior to the Settlement Date relating thereto (i) if there has been, since the date of such agreement or since the respective dates as of which information is given in the Offering Circular, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Bank and its subsidiaries, or of the Parent and its subsidiaries, as the case may be, considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there shall have occurred any material adverse change in financial markets or any outbreak or escalation of hostilities or other national or international calamity or crisis either within or outside the United States the effect of which, in the judgment of such Distribution Agent, is material and adverse and makes it impracticable or inadvisable to market the Bank Notes or enforce contracts for the sale of the Bank Notes, or (iii) there shall have occurred a change in international financial, political or economic conditions or currency exchange rates or exchange controls as would be likely to prejudice materially the sale by such Distribution Agent of the Bank Notes, or (iv) if trading in any securities issued or guaranteed by the Bank or the Parent shall have been suspended by the Commission or any securities exchange or in any over- the-counter market, or if trading generally on either the American Stock Exchange, the New York Stock Exchange or the Chicago Board of Trade shall have been suspended or materially limited, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required, by either of said exchanges or by order of the Commission or any other governmental authority, or if a banking moratorium shall have been declared by either federal, New York State or the Commonwealth of Virginia authorities, as the case may be, or there shall have occurred a material disruption in commercial banking or securities clearance settlement services in the United States or (v) if the rating assigned by any nationally recognized securities rating agency to any debt securities of the Bank or the Parent as of the date of any agreement by a Distribution Agent to purchase the Bank Notes as principal shall have been lowered since that date or if any such rating agency shall have publicly announced that it has placed under surveillance or review, other than with positive implications, its rating of any debt securities or deposits of the Bank or the Parent, or (vi) if there shall have come to such Distribution Agent's attention any facts that would cause such Distribution Agent to believe that the Offering Circular or any amendments thereto or supplements thereof, at the time it was required to be delivered to a purchaser of Bank Notes, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time of such delivery, not misleading.

(c) General.

In the event of any such termination, none of the parties will have any liability to the other parties hereto, except that (i) the Distribution Agents shall be entitled to any commissions earned in accordance with the third paragraph of Section 3(b) hereof, (ii) if at the tune of termination (a) a Distribution Agent shall own any Bank Notes purchased with the intention of reselling them or (b) an offer to purchase any of the Bank Notes has been accepted by the Bank but the time of delivery to the purchaser or his agent of the Bank Note or Bank Notes relating thereto has not occurred, the covenants set forth in Sections 4 and 8 hereof shall remain in effect until such Bank Notes are so resold or delivered, as the case may be, and (iii) the provisions of Section 5 hereof, the indemnity and contribution agreements set forth in Sections 9 and 10 hereof, and the provisions of Section 11, 14 and 15 hereof shall remain in effect.

SECTION 13. Notices.

Unless otherwise provided herein, all notices required under the terms and provisions hereof shall be in writing, either delivered by hand, by mail or by telex, telecopier or telegram, and any such notice shall be effective when received at the address specified below.

If to the Bank:

Capital One Bank
1680 Capital One Drive
McLean, Virginia 22102
Attention: Treasurer
Facsimile Number: (703)875-1099

If to the Parent:

Capital One Financial Corporation
1680 Capital One Drive
McLean, Virginia 22102
Attention: Senior Vice President, Corporate Financial Management
Facsimile Number: (703)205-1088

If to J.P. Morgan Securities Inc.:

J.P. Morgan Securities Inc.
270 Park Avenue, 7th Floor
New York, New York 10017
Attention: Transaction Execution Group
Facsimile Number: (212) 834-6702

If to any other Distribution Agent, at the address specified in Schedule 1 hereto,

or at such other address as such party may designate from time to time by notice duly given in accordance with the terms of this Section 13.

SECTION 14. Parties.

This Agreement shall inure to the benefit of and be binding upon the Distribution Agents, the Bank and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and the controlling persons and officers and directors referred to in Sections 9 and 10 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein or therein contained. This Agreement and all conditions and provisions hereof and thereof are intended to be for the sole and exclusive benefit of the parties hereto and respective successors and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Bank Notes shall be deemed to be a successor by reason merely of such purchase.

SECTION 15. Governing Law.

This Agreement and all the rights and obligations of the parties shall be governed by and construed in accordance with the laws of New York applicable to agreements made and to be performed in such state without regard to its conflicts of laws principles. Any suit, action or proceeding brought by the Bank or the Parent in connection with or arising under this Agreement shall be brought solely in the state or federal court of appropriate jurisdiction located in the Borough of Manhattan, The City of New York.

SECTION 16. Counterparts.

This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

If the foregoing is in accordance with the your understanding of our agreement, please sign and return to the Bank a counterpart hereof, whereupon this instrument along with all counterparts will become a binding agreement between each of the Distribution Agents and the Bank in accordance with its terms.

Very truly yours,

CAPITAL ONE BANK

By: /s/ STEPHEN LINEHAN

Name: Stephen Linehan
Title: Treasurer and Vice President,
Corporate Treasury

CONFIRMED AND ACCEPTED,
as of the date first above written:

J.P. MORGAN SECURITIES INC.

By: /s/ MARIA SRAMEK

Name: Maria Sramek
Title: Vice President

J.P. MORGAN SECURITIES LTD.

By: /s/ ROBIN PITTS

Name: Robin Pitts
Title: Vice President

BANC OF AMERICA SECURITIES LLC

By: /s/ ILEANA I. CHU

Name: Ileana Chu
Title: Principal — US Debt Capital Markets

BANC OF AMERICA SECURITIES LIMITED

By: /s/ FELICITY BUCHAN

Name: Felicity Buchan
Title: Managing Director

BARCLAYS CAPITAL INC.

By: /s/ ERIC JAEGER

Name: Eric Jaeger
Title: Managing Director

BARCLAYS BANK PLC

By: /s/ ISABELLE BEVERLEY

Name: Isabelle Beverley
Title: Associate Director

CREDIT SUISSE FIRST BOSTON LLC

By: /s/ JULIE KEOGH

Name: Julie Keogh
Title: Authorized Signatory

CREDIT SUISSE FIRST BOSTON (EUROPE) LIMITED

By: /s/ LISA McLEE

Name: Lisa McLee
Title: Duly Appointed Attorney

DEUTSCHE BANK SECURITIES INC.

By: /s/ ERIC MAUFF

Name: Eric Mauff
Title: Managing Director

DEUTSCHE BANK AG LONDON

By: /s/

Name:
Title:

LEHMAN BROTHERS INC.

By: /s/ ERIN CALLAN

Name: Erin Callan
Title: Managing Director

LEHMAN BROTHERS INTERNATIONAL (EUROPE)

By: /s/ SARAH McMORROW

Name: Sarah McMorrow
Title: Director

MORGAN STANLEY & CO. INCORPORATED

By: /s/

Name:
Title:

MORGAN STANLEY & CO. INTERNATIONAL LIMITED

By: /s/ JAMES WALTER

Name: James Walter
Title: Vice President

DEUTSCHE BANK SECURITIES INC.

By: /s/ ERIC DOBI

Name: Eric Dobi
Title: Vice President

DEUTSCHE BANK AG LONDON

By: /s/

Name:
Title:

CITIGROUP GLOBAL MARKETS INC.

By: /s/ MARTHA BALLEY

Name: Martha Balley
Title: Senior Vice President

CITIGROUP GLOBAL MARKETS LIMITED

By: /s/ MARTHA BALLEY

Name: Martha Balley
Title: Senior Vice President

WACHOVIA SECURITIES, INC.

By: /s/ KEITH MAUNEY

Name: Keith Mauney
Title: Managing Director

J.P. MORGAN SECURITIES INC.
270 Park Avenue
New York, New York 10017

Address for notices:
270 Park Avenue, 7th Floor
New York, New York 10017
Attention: Transaction Execution Group
Telephone: (212) 834-5710
Facsimile: (212) 834-6702

J.P. MORGAN SECURITIES LTD.
125 London Wall
London EC2Y 5AJ
United Kingdom

Address for notices:
125 London Wall
London, EC2Y 5AJ
United Kingdom
Attention: Euro-Medium Term Note Desk
Telephone: 011-44-207-779-3469
Facsimile: 011-44-207-777-9153

BANC OF AMERICA SECURITIES LLC
100 North Tyron Street, 7th Floor
Charlotte, North Carolina 28255

Address for notices:
100 North Tyron Street, 7th Floor
Charlotte, North Carolina 28255
Attention: MTN Desk
Telephone: (704) 386-6616
Facsimile: (704) 388-9939

BANC OF AMERICA SECURITIES LIMITED
1 Alie Street
London E1 8DE
United Kingdom

Address for notices:
1 Alie Street
London E1 8DE
United Kingdom
Attention: EMTN Desk
Telephone: 011-44-207-634-4903
Facsimile: 011-44-207-634-4937

BARCLAYS CAPITAL INC.
200 Park Avenue
New York, New York 10166

Address for notices:
200 Park Avenue
New York, New York 10166
Attention: MTN Trading
Telephone: (212) 412-6980
Facsimile: (212) 412-7305

BARCLAYS BANK PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

Address for notices:
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom
Attention: MTN Dealers
Telephone: 011-44-207-773-9090
Facsimile: 011-44-207-773-4876
Telex: 94020039 BAR G

CREDIT SUISSE FIRST BOSTON LLC
11 Madison Avenue
New York, New York 10010

Address for notices:
11 Madison Avenue
New York, New York 10010
Attention: Short & Medium Term Finance
Telephone: (212) 325-7198
Facsimile: (212) 743-5825

CREDIT SUISSE FIRST BOSTON
(EUROPE) LIMITED
One Cabot Square
London E14 4QJ
United Kingdom

Address for notices:
One Cabot Square
London E14 4QJ
United Kingdom
Attention: MTN Trading Desk
Telephone: 011-44-207-888-4021
Facsimile: 011-44-207-905-6128

DEUTSCHE BANK SECURITIES INC.
Debt Capital Markets, 3rd Floor
60 Wall Street
New York, New York 10005

Address for notices:
Debt Capital Markets, 3rd Floor
60 Wall Street
New York, New York 10005
Attention: Mary Myers
Telephone: (212) 250-6859
Facsimile: (212) 797-2203

DEUTSCHE BANK AG LONDON
Winchester House
1 Great Winchester Street
London EC2N 4DB
United Kingdom

Address for notices:
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom
Attention: MTN Desk
Telephone: 011-44-207-545-2761
Facsimile: 011-44-207-541-2761

LEHMAN BROTHERS INC.
745 Seventh Avenue
New York, New York 10019

Address for notices:
745 Seventh Avenue
New York, New York 10019
Attention: Fixed Income Syndicate/Medium Term Note Desk
Telephone: (212) 526-9664
Facsimile: (212) 526-0943

LEHMAN BROTHERS INTERNATIONAL (EUROPE)
One Broadgate
London EC2M 7HA
United Kingdom

Address for notices:
One Broadgate
London EC2M 7HA
United Kingdom
Attention: Euro Medium Term Note Desk
Telephone: 011-44-20-7256-8256
Facsimile: 011-44-20-7260-2778

MORGAN STANLEY & CO. INCORPORATED
1585 Broadway, 2nd Floor
New York, New York 10035

Address for notices:
1585 Broadway, 2nd Floor
New York, New York 10035
Attn: Manager-Continuously Offered Products
Telephone: (212) 761-4000
Facsimile: (212) 761-0780

with a copy to:

Att: Peter Cooper
Investment Banking Information Center
29th Floor
Telephone: (212) 761-8385
Facsimile: (212) 761-0164

MORGAN STANLEY & CO.
INTERNATIONAL LIMITED
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Address for notices:
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom
Attn: Debt Capital Markets-Head of
Transaction Management Group
Telephone: 011-44-20-7677-7799
Facsimile: 011-44-20-7677-7999

with a copy to:

Attn: Peter Cooper
Investment Banking Information Center
1585 Broadway, 29th Floor
New York, New York 10035

Telephone: (212) 761-8385
Facsimile: (212) 761-0164

CITIGROUP GLOBAL MARKETS INC.
388 Greenwich Street, 35th Floor
New York, New York 10013

Address for notices:
390 Greenwich Street, 4th Floor
New York, New York 10013
Attention: Peter Ahern
Telephone: (212) 723-6104
Facsimile: (212) 723-8670

CITIGROUP GLOBAL MARKETS LIMITED
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Address for notices:
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom
Attention: MTN Desk
Telephone: 020-7986-9050
Facsimile: 020-7986-1929

WACHOVIA SECURITIES, INC.
One Wachovia Center, TW-8
301 South College Street
Charlotte, NC 28288

Address for notices:
One Wachovia Center, TW-8
301 South College Street
Charlotte, NC 28288
Attention: James Bowers
Telephone: (704) 383-7460
Facsimile: (704) 383-9165

EXHIBIT A

FORM OF PRICING SUPPLEMENT

[INSERT FORM OF PRICING SUPPLEMENT]

EXHIBIT B

As compensation for the services of the Distribution Agents hereunder, the Bank shall pay the applicable Distribution Agent, on a discount basis, a commission for the sale of each Bank Note equal to the principal amount of the Bank Note multiplied by the appropriate percentage set forth below, as agreed upon by the applicable Distribution Agent and the Bank:

Global Bank Notes Commission Schedule

MATURITY RANGES	PERCENT OF PRINCIPAL AMOUNT
7 days to less than 9 months	.050%
From 9 months to less than 1 year	.125%
From 1 year to less than 18 months	.150%
From 18 months to less than 2 years	.200%
From 2 years to less than 3 years	.250%
From 3 years to less than 4 years	.350%
From 4 years to less than 5 years	.450%
From 5 years to less than 6 years	.500%
From 6 years to less than 7 years	.550%
From 7 years to less than 10 years	.600%
From 10 years to less than 15 years	.625%
Greater than and including 15 years	[to be negotiated at the time of sale]

[FORM OF OPINIONS OF COUNSEL TO THE BANK AND THE PARENT]

EXHIBITS C1 and C2

[TO COME]

EXHIBIT D

CAPITAL ONE BANK

OFFICERS' CERTIFICATE

We, David R. Lawson, the Chief Financial Officer, Capital One Financial Corporation, and Stephen Linehan, Treasurer and Vice President, Corporate Treasury, respectively, of Capital One Bank, a banking corporation duly organized and validly existing in good standing under the laws of the Commonwealth of Virginia (the "Bank"), pursuant to Section 6(b)(i) of the Amended and Restated Distribution Agreement, dated May 8, 2003 (the "Distribution Agreement"), among each of the Bank, J.P. Morgan Securities Inc., J.P. Morgan Securities Ltd., Banc of America Securities LLC, Banc of America Securities Limited, Barclays Capital Inc., Barclays Bank PLC, Credit Suisse First Boston LLC, Credit Suisse First Boston (Europe) Limited, Deutsche Bank Securities Inc., Deutsche Bank AG London, Lehman Brothers Inc., Lehman Brothers International (Europe), Morgan Stanley & Co. Incorporated, Morgan Stanley & Co. International Limited, Citigroup Global Markets Inc., Citigroup Global Markets Limited, and Wachovia Securities, Inc. hereby certify that:

(i) Since December 31, 2003, there has been no material adverse change in the condition, financial or otherwise, of the Bank and its subsidiaries considered as one enterprise, or in the business affairs, earnings or business prospects of the Bank and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, other than as set forth or contemplated in the Offering Circular, dated May 8, 2003 (including the material incorporated by reference therein), as amended or supplemented to the date hereof, relating to the Bank Notes;

(ii) The other representations and warranties of the Bank contained in Section 2 of the Distribution Agreement are true and correct in all material respects with the same force and effect as though expressly made at and as of the date hereof; and

(iii) The Bank has performed or complied with the Distribution Agreement and with all agreements and documentation executed in connection therewith and satisfied in all material respects all conditions on its part to be performed or satisfied at or prior to the date hereof.

IN WITNESS WHEREOF, we have hereunto signed our names and affixed the seal of the Bank this 8th day of May, 2003.

By: _____

Name: David R. Lawson
Title: Chief Financial Officer, Capital One Financial Corporation

[SEAL]

By: _____

Name: Stephen Linehan
Title: Treasurer and Vice President, Corporate Treasury

EXHIBIT E

CAPITAL ONE FINANCIAL CORPORATION

OFFICERS' CERTIFICATE

We, David R. Lawson, the Chief Financial Officer and Stephen Linehan, Treasurer and Vice President, Corporate Treasury, respectively, of Capital One Financial Corporation, a corporation organized under the laws of the State of Delaware (the "Parent"), pursuant to Section 6(b)(ii) of the Amended and Restated Distribution Agreement, dated May 8, 2003, (the "Distribution Agreement"), among each of Capital One Bank (the "Bank"), J.P. Morgan Securities Inc., J.P. Morgan Securities Ltd., Banc of America Securities LLC, Banc of America Securities Limited, Barclays Capital Inc., Barclays Bank PLC, Credit Suisse First Boston LLC, Credit Suisse First Boston (Europe) Limited, Deutsche Bank Securities Inc., Deutsche Bank AG London, Lehman Brothers, Inc., Lehman Brothers International (Europe), Morgan Stanley & Co. Incorporated, Morgan Stanley & Co. International Limited, Citigroup Global Markets Inc., Citigroup Global Markets Limited, and Wachovia Securities, Inc. (collectively, the "Distribution Agents") hereby certify that:

1. Since December 31, 2003, there has been no material adverse change in the condition, financial or otherwise, of the Parent and its subsidiaries or the Bank and its subsidiaries, as the case may be, considered as one enterprise, or in the business affairs, earnings or business prospects of the Parent and its subsidiaries or the Bank and its subsidiaries, as the case may be, considered as one enterprise, whether or not arising in the ordinary course of business, other than as set forth or contemplated in the Offering Circular, dated May 8, 2003, as amended or supplemented to the date hereof, relating to the Bank Notes;

2. The representations and warranties of the Parent contained in the Representation Certificate dated May 8, 2003, furnished by the Parent to the Distribution Agents pursuant to Section 6(c) of the Distribution Agreement are true and correct in all material respects with the same force and effect as though expressly made at and as of the date hereof; and

3. The Parent has performed or complied in all material respects with the Distribution Agreement and with all agreements and documentation executed in connection therewith and satisfied in all material respects all conditions on its part to be performed or satisfied at or prior to the date hereof.

IN WITNESS WHEREOF, we have hereunto signed our names and affixed the seal of the Parent the 8th day of May, 2003.

By: _____

Name: David R. Lawson
Title: Chief Financial Officer

[SEAL]

By: _____

Name: Stephen Linehan
Title: Treasurer and Vice President, Corporate Treasury

EXHIBIT F

REPRESENTATIONS CERTIFICATE OF CAPITAL ONE FINANCIAL CORPORATION

To induce J.P. Morgan Securities Inc., J.P. Morgan Securities Ltd., Banc of America Securities LLC, Banc of America Securities Limited, Barclays Capital Inc., Barclays Bank PLC, Credit Suisse First Boston LLC, Credit Suisse First Boston (Europe) Limited, Deutsche Bank Securities Inc., Deutsche Bank AG London, Lehman Brothers, Inc., Lehman Brothers International (Europe), Morgan Stanley & Co. Incorporated, Morgan Stanley & Co. International Limited, Citigroup Global Markets Inc., Citigroup Global Markets Limited, and Wachovia Securities, Inc. (each referred to as a "Distribution Agent" and collectively referred to as the "Distribution Agents") to enter into the Amended and Restated Distribution Agreement of even date herewith (the "Distribution Agreement") among each of Capital One Bank (the "Bank"), and the Distribution Agents and to induce JPMorgan Chase Bank, JPMorgan Chase Bank, London Branch, J.P. Morgan Bank Luxembourg S.A. and Kredietbank S.A. Luxembourgeoise to enter into the Amended and Restated Global Agency Agreement (the "Global Agency Agreement") among the Bank and JPMorgan Chase Bank, as domestic paying agent (the "Domestic Paying Agent") and registrar (the "Registrar"), JPMorgan Chase Bank, London Branch, as London paying agent (the "London Paying Agent") and London issuing agent (the "London Issuing Agent"), J.P. Morgan Bank Luxembourg S.A., as Luxembourg paying agent and transfer agent (the "Luxembourg Agent" and together with the Domestic Paying Agent and the London Paying Agent, the "Paying Agents" and each individually, a "Paying Agent") and Kredietbank S.A. Luxembourgeoise, as Luxembourg listing agent (the "Luxembourg Listing Agent") with respect to the issue and sale by the Bank of its Bank Notes (the "Bank Notes"), the undersigned, David R. Lawson, the Chief Executive Officer, and Stephen Linehan, Treasurer and Vice President, Corporate Treasury of Capital One Financial Corporation (the "Parent"), hereby represent and warrant on behalf of the Parent to each Distribution Agent and to JPMorgan Chase Bank, as of the date hereof, as of each time that there is filed with the Securities and Exchange Commission (the "Commission") any document relating to the Parent incorporated by reference in the Offering Circular, as of the date of each acceptance by the Bank of an offer for the purchase of Bank Notes (whether by a Distribution Agent as principal or through such Distribution Agent as agent), as of each applicable Settlement Date and as of each applicable Representation Date, as follows:

(i) Authorization to Incorporate by Reference. The Parent has authorized the Bank to incorporate by reference in the Offering Circular its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and each other document filed by the Corporation pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities and Exchange Act of 1934, as amended (the "1934 Act") filed by the Parent with the Commission pursuant to the 1934 Act and the rules and regulations thereunder (and any and all amendments thereto) (except that information in such documents deemed not to have been filed in accordance with the rules of the Securities Exchange Commission shall not be incorporated by reference) (the "Incorporated Documents").

(ii) Incorporated Documents. The Incorporated Documents, at the time they were or hereafter are filed with the applicable federal regulatory authorities, complied or when so filed will comply, as the case may be, in all material respects with the requirements of the 1934 Act and the rules and regulations promulgated thereunder or the rules and regulations otherwise applicable thereto, as the case may be, and, when read together with the other information in the Offering Circular, did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were or are made, not misleading.

(iii) Due Organization, Valid Existence and Good Standing. The Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is licensed, registered or qualified to conduct the business in which it is engaged in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such license, registration or qualification, except to the extent that the failure to be so licensed, registered or qualified or to be in good standing would not have a material adverse effect on the Parent and its subsidiaries taken as a whole.

(iv) No Material Adverse Change. Since the respective dates as of which information is given in the Offering Circular, there has not been any material adverse change, or any development which could be expected to result in a material adverse change, in the condition, financial or otherwise, or in the business affairs, earnings or business prospects of the Bank and its subsidiaries, considered as one enterprise, or the Parent and its subsidiaries, considered as one enterprise, whether or not arising in the ordinary course of business, other than as set forth or contemplated in the Offering Circular.

In addition, to induce the Distribution Agents to enter into the Distribution Agreement, the Parent agrees to indemnify and hold harmless each Distribution Agent and each person, if any, who controls each Distribution Agent within the meaning of Section 15 of the Securities Act of 1933, as amended (the "1933 Act") or Section 20 of the 1934 Act (each, a "Controlling Person") to the same extent and upon the same terms that the Bank agrees to indemnify and hold harmless each Distribution Agent and each such Controlling Person in Section 9(a) of the Distribution Agreement and to contribute to the payment of any losses, liabilities, claims, damages or expenses incurred by each Distribution Agent or each such Controlling Person to the same extent and upon the same terms that the Bank agrees to contribute in Section 10 of the Distribution Agreement.

All representations and warranties contained in this certificate shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Distribution Agents or any Controlling Person of the Distribution Agents, or by or on behalf of the Parent and shall survive each delivery of and payment for any of the Bank Notes.

All terms used herein but not otherwise defined shall have the meanings assigned to such terms in the Distribution Agreement.

IN WITNESS WHEREOF, we have hereunto signed our names on behalf of the Parent this 8th day of May, 2003.

CAPITAL ONE FINANCIAL
CORPORATION

By: _____

Name: David R. Lawson
Title: Chief Financial Officer

By: _____

Name: Stephen Linehan
Title: Treasurer and Vice President,
Corporate Treasury

ACCEPTED,
as of the date first above written:

J.P. MORGAN SECURITIES INC.

By: _____

Name:
Title:

J.P. MORGAN SECURITIES LTD.

By: _____

Name:
Title:

BANC OF AMERICA SECURITIES LLC

By: _____

Name:
Title:

BANC OF AMERICA SECURITIES LIMITED

By: _____

Name:
Title:

BARCLAYS CAPITAL INC.

By: _____

Name:
Title:

BARCLAYS BANK PLC

By: _____

Name:
Title:

CREDIT SUISSE FIRST BOSTON LLC

By: _____

Name:
Title:

CREDIT SUISSE FIRST BOSTON (EUROPE) LIMITED

By: _____

Name:
Title:

DEUTSCHE BANK SECURITIES INC.

By: _____

Name:
Title:

DEUTSCHE BANK SECURITIES INC.

By: _____

Name:
Title:

DEUTSCHE BANK AG LONDON

By: _____

Name:
Title:

DEUTSCHE BANK AG LONDON

By: _____

Name:
Title:

LEHMAN BROTHERS INC.

By: _____

Name:
Title:

LEHMAN BROTHERS INTERNATIONAL (EUROPE)

By: _____

Name:
Title:

MORGAN STANLEY & CO. INCORPORATED

By: _____

Name:
Title:

MORGAN STANLEY & CO. INTERNATIONAL LIMITED

By: _____

Name:
Title:

CITIGROUP GLOBAL MARKETS INC.

By: _____

Name:
Title:

CITIGROUP GLOBAL MARKETS LIMITED

By: _____

Name:
Title:

WACHOVIA SECURITIES, INC.

By: _____

Name:
Title:

SELLING RESTRICTIONS

Each Distribution Agent and the Bank will, in connection with the offering of the Bank Notes on behalf of the Bank, comply with the restrictions on the offering of Bank Notes and distribution of documents relating thereto set forth below and/or such other restrictions agreed to by the Bank and such Distribution Agent. Capitalized terms used below but not defined herein have the meanings ascribed to them in the Offering Circular.

Sales Restrictions

General

No action has been taken by the Bank or any of the Distribution Agents which would permit a public offering of its (i) senior unsecured debt obligations not insured by the Federal Deposit Insurance Corporation (the "FDIC") (the "Senior Notes") and (ii) subordinated unsecured debt obligations not insured by the FDIC (the "Subordinated Notes") and together with the Senior Notes, the "Bank Notes") or distribution of the Offering Circular, including any supplements thereto, or any other offering material in any jurisdiction, other than the United States, where action for that purpose is required. Accordingly, the Bank Notes may not be offered or sold, directly or indirectly, and neither the Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except in circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession the Offering Circular or any Bank Notes come must inform themselves about, and observe, any such restrictions and must obtain any consent, approval or permission required by such person for the purchase, offer or sale by such person of Bank Notes under the laws and regulations in force in any jurisdiction to which such person is subject or in which such person makes such purchases, offers or sales. Neither the Bank nor any of the Distribution Agents represents that the Offering Circular may be lawfully distributed, or that the Bank Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption therefrom, or assumes any responsibility for facilitating any such distribution or offering. In particular, there are further restrictions on the distribution of the Offering Circular and the offer or sale of the Bank Notes in the United Kingdom, Japan, the Netherlands, Germany and Switzerland. See the Offering Circular section entitled "Plan of Distribution — Sales Restrictions".

With regard to each Bank Note, the relevant purchaser will be required to comply with such restrictions as the Bank and the relevant purchaser shall agree and as shall be set out in the applicable Pricing Supplement. The following selling restrictions may be modified by the Bank and the relevant Distribution Agents following a change in the relevant law, regulation or directive. Any such modification will be set out in the applicable Pricing Supplement.

United States Law

The Bank Notes have not been, and are not required to be, registered with the Commission under the Securities Act. The Bank Notes are exempt from registration with the Commission pursuant to an exemption contained in Section 3(a)(2) of the Securities Act.

Bearer Notes are subject to United States tax law requirements and may not be offered, sold, resold or delivered, directly or indirectly, within the United States or its possessions or to a U.S. person, except in certain transactions permitted by United States tax regulations. Any underwriters, Distribution Agents and dealers participating in the offering of Bearer Notes, directly or indirectly, will be required to agree that they will not, in connection with the original issuance of any Bearer Notes or during the restricted period, offer, sell, resell or deliver, directly or indirectly, any Bearer Notes in the United States or its possessions or to United States persons (other than as permitted by the applicable United States tax regulations). In addition, any such underwriters, Distribution Agents and dealers will be required to have procedures reasonably designed to ensure that their employees or agents who are directly engaged in selling Bearer Notes are aware of the above restrictions on the offering, sale, resale or delivery of Bearer Notes. Terms used in this paragraph have the meaning given to them by the Internal Revenue Code of 1986, as amended (the "Code").

In addition, in connection with issuances of Bearer Notes:

(1) except to the extent permitted under United States Treasury Regulation § 1.163-5(c)(2)(i)(D) (the *"D Rules"*), (a) each Distribution Agent agrees that it has not offered or sold, and during the restricted period under Regulation S under the 1933 Act or other applicable restricted period (the *"Restricted Period"*) will not offer or sell, Bearer Notes to a person who is within the United States or its possessions or to a United States person, and (b) it has not delivered and will not deliver within the United States or its possessions definitive Bearer Notes that are sold during the restricted period;

(2) each Distribution Agent represents and agrees that it has and throughout the Restricted Period will have in effect procedures reasonably designed to ensure that its employees or Distribution Agents who are directly engaged in selling Bearer Notes are aware that Bearer Notes may not be offered or sold during the Restricted Period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(3) if it is a United States person, each such Distribution Agent represents that it is acquiring the Bearer Notes for purposes of resale in connection with their original issuance and if it retains Bearer Notes for its own account, it will only do so in accordance with the requirements of Section 1.163-5(c)(2)(i)(D)(6) of the D Rules; and

(4) With respect to each affiliate that acquires from it Bearer Notes for the purpose of offering or selling Bearer Notes during the Restricted Period,

each such Distribution Agent either (a) repeats and confirms the representations and agreements contained in clauses (1), (2) and (3) above on its behalf, or (b) agrees that it will obtain from such affiliate for the Bank's benefit the representations and agreements contained in clauses (1), (2) and (3) above.

Terms used in the foregoing paragraph have the meanings given to them by the Code and the United States Treasury Regulations thereunder, including the D Rules.

United Kingdom

Each Distribution Agent represents and agrees, and each further Distribution Agent appointed under the Program will be required to represent and agree, that:

(i) in relation to Bank Notes having a maturity of one year or more, it has not offered or sold and, prior to the expiry of the period of six months from the issue date of such Bank Notes, will not offer or sell any such Bank Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended;

(ii) in relation to any Bank Notes having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Bank Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of Bank Notes would otherwise constitute a contravention of Section 19 of the United Kingdom Financial Services and Markets Act 2000 (the "FSMA") by the Bank;

(iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Bank Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Bank; and

(iv) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bank Notes in, from or otherwise involving the United Kingdom.

Japan

Unless otherwise specified in the applicable pricing supplement, the Bank Notes have not been, and will not be, registered under the Securities and Exchange Law of Japan (the

"Securities and Exchange Law") and each Distribution Agent represents and agrees that it will not offer or sell any of the Bank Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan except in compliance with the Securities and Exchange Law and any other applicable laws and regulations of Japan.

The Netherlands

Each Distribution Agent represents and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in The Netherlands any of the Bank Notes with a denomination of less than €50,000 (or its foreign currency equivalent) other than to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises) unless one of the other exemptions from or exemptions to the prohibition contained in Article 3 of the Dutch Securities Transactions Supervision Act 1995 (*wet toezicht effectenwerkeer 1995*) is applicable and the conditions attached to such exemption or exception are complied with.

Germany

Each Distribution Agent confirms that it is aware of the fact that no German selling prospectus (*Verkaufsprospekt*) has been or will be published with respect to the Bank Notes and that it will comply with the Securities Selling Prospectus Act (the **"German Act"**) of Germany *(Wertpapier Verkaufsprospektgesetz)*. In particular, each Distribution Agent undertakes not to engage in a public offering *(öffentliches Angebot)* within the meaning of the German Act or other selling activities in Germany with respect to the Bank Notes otherwise than in accordance with the German Act and any other act replacing or supplementing the German Act and all other applicable laws and regulations.

Switzerland

Each Distribution Agent has agreed, and each further Distribution Agent appointed under the Program will be required to agree, that any issue of Bank Notes denominated in Swiss Francs or carrying a Swiss Franc-related element will be effected in compliance with the guidelines of the Swiss National Bank regarding issues of Swiss Franc denominated debt securities.

EXHIBIT H

FORM OF SYNDICATED TERMS AGREEMENT

[Date]

To: The Agents Listed on Annex 1 Hereto

c/o _____

(the *"Lead Agent"*)

Re: Capital One Bank (the *"Issuer"*)
US$8,000,000,000 Global Bank Note Program

Ladies and Gentlemen:

The Issuer proposes to issue and sell the ____% Global Bank Notes due _____ (the "Notes") to [Lead Agent] and the agents listed on Annex 1 hereto (collectively, the *"Agents"*). The Agents agree to purchase on a syndicated basis the Notes as described in the pricing supplement attached as Annex 2 hereto (the "Pricing Supplement"), on the terms set out in such Pricing Supplement and on the terms set out below. The sale of the Notes will be subject to the terms and conditions stated herein and in the Distribution Agreement, dated May 8, 2003 (the "Distribution Agreement"), among the Issuer and the Distribution Agents named therein. Unless otherwise defined herein, all terms used herein have the meanings given to them in the Distribution Agreement. Each of the provisions of the Distribution Agreement is incorporated herein by reference in its entirety, and shall be deemed to be part of this Agreement to the same extent as if such provisions had been set forth in full herein.

1. Subject to the terms and conditions of the Distribution Agreement and this Agreement, the Issuer hereby agrees to issue the Notes, and the Agents severally agree to purchase the Notes (in the proportions set out next to each Agent's name in Annex I hereto) at the purchase price of ____ per Note (being equal to the issue price of ____% of the principal amount less a combined underwriting commission of % of the principal amount);

2. The purchase price specified above will be paid by the Lead Agent on behalf of the Agents by wire transfer in immediately available funds to the Issuer at ____ (____time) on ____, ____, or such other time and/or date as the Issuer and the Lead Agent on behalf of the Agents may agree (the *"Settlement Time"*) against delivery of the Notes to or upon your order in the manner contemplated in the Distribution Agreement, the Global Agency Agreement or otherwise.

3. The Agents' obligations hereunder are conditional on the receipt of: (i) opinions of counsel described in Section 8(c) of the Distribution Agreement, dated as of the Settlement Time, (ii) a "comfort letter" described in Section 8(d) of the Distribution

Agreement, dated as of the Settlement Time, (iii) the officer's certificates described in Section 8(b) of the Distribution Agreement, dated as of the Settlement Time; and (iv) such other opinions, certificates and documents as may be agreed by the Issuer and the Agents on or prior to the date of this Agreement.

4. If one or more of the Agents shall fail at the Settlement Time to purchase the Bank Notes which it or they are obligated to purchase under this Agreement (the "Defaulted Bank Notes"), the Lead Agent shall have the right, within 36 hours thereafter, to make arrangements for one or more of the non-defaulting Agents, or any other agents, to purchase all, but not less than all, of the Defaulted Bank Notes in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Lead Agent shall not have completed such arrangements within such 36-hour period, then:

(a) if the principal amount of Defaulted Bank Notes does not exceed 10% of the principal amount of Notes to be purchased on such date, each of the non-defaulting Agents shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Agents, or

(b) if the principal amount of Defaulted Bank Notes exceeds 10% of the principal amount of Notes to be purchased on such date, this Agreement shall terminate without liability on the part of any non-defaulting Agent.

No action taken pursuant to this section shall relieve any defaulting Agent from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement either the Lead Agent or the Issuer shall have the right to postpone the Settlement Time for a period not exceeding seven days in order to effect any required changes in any documents or arrangements. As used herein, the term "Agent" includes any person substituted for an Agent under this Section 4.

Very truly yours,

CAPITAL ONE BANK

By: _____

Name:
Title:

[LEAD AGENT]

By: _____

Name:
Title:

By and on behalf of the Agents listed on Annex I hereto.

ANNEX I

Schedule of Agents

Agent	Principal Amount of Notes

ANNEX 2

FORM OF PRICING SUPPLEMENT

The Pricing Supplement applicable to each Tranche of Notes will be in the following form and will contain such information as is applicable in respect of such Notes (all references to numbered Conditions being to the Terms and Conditions of the relevant Notes):

PRICING SUPPLEMENT DATED [ ]
(to Offering Circular dated May 8, 2003)

Capital One Bank
(a Bank organized pursuant to the Laws of Virginia)

Global Bank Notes

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]

UNDER THE U.S.$8,000,000,000 GLOBAL BANK NOTE PROGRAM

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Offering Circular dated May 8, 2003. This Pricing Supplement is supplemental to and must be read in conjunction with such Offering Circular.

If the Notes have a maturity of less than one year, the minimum denomination may need to be £100,000 or its equivalent in any other Specified Currency.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs.]

1.	Issuer:	Capital One Bank
2.	[(i)] Series Number:	[ ]
	[(ii)] Tranche Number:	[ ] *(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible and the aggregate principal amount of the Series)*
3.	Specified Currency or Currencies (in the case of Dual Currency Notes):	[ ]
4.	Aggregate Principal Amount:	[ ]
	[(i)] Series:	[ ]
	[(ii)] Tranche:	[ ]
5.	[(i)] Original Issue Date [and Interest Commencement Date]:	[ ]
	[(ii)] Interest Commencement Date (if different from the Original Issue Date):	[ ]
6.	Stated Maturity Date:	*[Specify date or (for floating rate notes) Interest*

		Payment Date falling in or nearest to the relevant month and year] Notes having a maturity of less than one year will, if the proceeds of issue of such notes are to be accepted by the Issuer in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the United Kingdom Financial Services and Markets Act 2000 (the "FSMA") unless they are issued to a limited class of professional investors and have a minimum denomination of £100,000 (or its equivalent in other Specified Currencies) (or another applicable exemption from Section 19 of the FSMA must be available)
7.	Status of the Notes:	[Senior] [Subordinated]
8.	Interest Basis:	[ ] per cent. Fixed Rate] [ ] Month [LIBOR/EURIBOR/Other] +/- [ ] per cent. Floating Rate] [Zero Coupon] [Indexed] [Dual Currency] [other *(specify)*] (further particulars specified below)
9.	Redemption/Payment Basis:	[Redemption at par] [Indexed] [Dual Currency] [Partly Paid] [Installment] [Other *(specify)*]
10.	Change of Interest or Redemption/Payment Basis:	*[Specify details of any provision for change in interest/payment basis]*
11.	Redeemable at Option of Issuer/Holder:	[Redemption at the option of the Issuer] [Redemption at the option of the Holder] *(further particulars specified below)*
12.	[(i)] Issue Price:	[ ] per cent. of the aggregate principal amount of the Notes [plus accrued interest from *[insert date]*
	[(ii)] Net proceeds:	*(in the case of fungible issues only, if applicable)*]

13. Default Rate (if other than Interest Rate):

[ ]% per annum: [ ] (Required only for listed issues)

14. Authorized Denominations: [ ]

15. Listing: [Luxembourg/other *(specify)*/None]

16. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17. Fixed Rate Note Provisions: [Applicable/Not applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Interest Rate(s): [ ] per cent. per annum [payable [annually/ semi-annually/quarterly/monthly] [other] in arrears] [payable at maturity]

(ii) Interest Payment Date(s): [ ] in each year, up to [but excluding] the Stated Maturity Date]/[specify other](NB: *This will need to be amended in the case of long or short Coupons*)

(iii) Day Count Convention: [30/360
Actual/360
Actual/Actual (ISMA)
Other (specify convention and applicable period)]

(iv) Interest Determination Date(s): [ ] in each year

[Insert interest payment dates except where there are long or short periods. In these cases, insert regular interest payment dates] (NB: only relevant where Day Count Convention is Actual/Actual (ISMA))

(v) Other terms relating to the method of calculating interest for Fixed Rate Notes: *[None/(give details)]*

18. Floating Rate Note Provisions: [Applicable/Not applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Interest Payment Dates: [ ]

(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
(iii)	Minimum Interest Rate:	[ ] per cent. per annum
(iv)	Maximum Interest Rate:	[ ] per cent. per annum
(v)	Day Count Convention:	30/360 Actual/360 Actual/Actual Other (specify convention and applicable period)
(vi)	Manner in which the Interest Rate(s) and Interest Amount is/are to be determined:	[Reference Rate Determination/ISDA Rate/other *(give details)*]
(vii)	Party responsible for calculating the Interest Rate(s) (if not the Calculation Agent):	[ ]
(viii)	Reference Rate Determination:	
	— Initial Interest Rate:	[ ]
	— Index Maturity:	[ ]
	— Interest Rate Basis/Bases:	[LIBOR (specify applicable LIBOR screen)/ EURIBOR/CMT Rate/CD Rate/Commercial Paper Rate/Eleventh District Cost of Funds Rate/Federal Funds Rate/J.J. Kenny Rate/ Prime Rate/Treasury Rate/Other] *(additional information is required if other —including fallback provisions)*
	— Interest Determination Date(s):	[ ]

— Relevant Screen Page: [ ]

(In the case of CMT Rate, specify CMT Moneyline Telerate Page and CMT Maturity Index)

(In the case of LIBOR, specify whether LIBOR Moneyline Telerate or LIBOR Reuters)

(In the case of EURIBOR, if not Moneyline Telerate 248 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

— Index Currency: [ ]

— Spread: [+ /-]%

— Spread Multiplier: [ ]

— Initial Interest Reset Date: [ ]

— Interest Reset Period: [ ]

— Interest Reset Dates: [ ]

— Interest Calculation: [Regular Floating Rate Note][Floating Rate/ Fixed Rate Note *(specify Fixed Rate Commencement Date and Fixed Interest Rate)*] [Inverse Floating Rate Note *(specify Fixed Interest Rate)*]

(ix) ISDA Rate:

— Margin(s): [+/-][ ] per cent. per annum

— Floating Rate Option: [ ]

— Designated Maturity: [ ]

— Reset Date: [ ]

19. Discount Note (including Zero Coupon Note) Provisions: [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Total Amount of OID: [ ]

(ii) Yield to Maturity: [ ]

(iii) Initial Accrual Period: [ ]

(iv) Issue Price: [ ]

20.	Index/Formula Linked Interest Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Index/Formula:	*[give or annex details]*
	(ii) Agent, if any, responsible for calculating the principal and/or interest due:	[ ]
	(iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[ ]
21.	Dual Currency Note Provisions:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Face Amount:	[ ]
	(ii) Face Amount Currency:	[ ]
	(iii) Optional Payment Currency:	[ ]
	(iv) Designated Exchange Rate:	[ ]
	(v) Option Election Dates:	[ ]
	(vi) Option Value Calculation Agent:	[ ]
	(vii) Agent, if any, responsible for calculating the principal and/or interest payable:	[ ]

PROVISIONS RELATING TO REDEMPTION

22.	Redeemable at Option of Issuer:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Initial Redemption Date:	[ ]
	(ii) Initial Redemption Percentage:	[ ]
	(iii) Annual Redemption Percentage Reduction:	[ ]
23.	Repayable at Option of Holders:	[Applicable/Not Applicable]
	Holder's Optional Repayment Date(s):	[ ]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	Form of Notes:	
	(i) Bearer Notes:	[Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Bearer Notes [on 60 days' notice]]
	(ii) Registered Notes:	
	— Registrar:	[ ]
	— Transfer Agent:	[ ]
	— Record Dates:	[ ]
25.	Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including the right of the Issuer to forfeit the Notes and interest due on late payment:	[Not applicable/*give details*)]
26.	Installment Notes:	
	(i) Installment amount(s):	[Not applicable/*give details*]
	(ii) Installment date(s):	[Not applicable/*give details*]
27.	Other terms or specified conditions:	[Not applicable/*give details*]
28.	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
29.	Details of any additional or different Paying Agents, Registrars, London Issuing Agents, Transfer Agents:	[Not applicable/*give details*]

DISTRIBUTION

30.	(i) If syndicated, names of Distribution Agents:	[Not applicable/*give names*]
	(ii) Stabilization Manager (if any):	[Not applicable/*give names*] **The Stabilization Manager or any other person acting for the Stabilization Manager may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilization Manager or any agent of the Stabilization Manager to do this. Such stabilization, if commenced, may be discontinued at any time and must be terminated after a limited period. Such stabilization, if any, must comply with all applicable laws, regulations and rules.**
31.	If non-syndicated, name of Distribution Agent:	[Not applicable/*give names*]
32.	Additional selling restrictions:	[Not applicable/*give names*]

OPERATIONAL INFORMATION

33.	CUSIP Code:	[ ]
34.	ISIN Code:	[ ]
35.	Common Code:	[ ]
36.	Clearing System(s):	[DTC only] [Euroclear and Clearstream, Luxembourg only] [DTC, Euroclear and Clearstream, Luxembourg through DTC] [DTC, Euroclear and Clearstream, Luxembourg] [Other *(specify)*]
37.	Delivery:	Delivery [against/free of] payment
38.	Redenomination applicable:	Redenomination [not] applicable *(If Redenomination is applicable, any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))*
39.	"Business Day" definition (if other than as defined in the Offering Circular):	[ ]
40.	Governing Law:	New York

[LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the listing of the U.S.$8,000,000,000 Global Bank Note Program of Capital One Bank]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.
Signed on behalf of the Issuer:

By: _____

Duly authorized

EXHIBIT I

ADMINISTRATIVE PROCEDURES MEMORANDUM

(Dated as of May 8, 2003)

FOR

CAPITAL ONE BANK
Global Bank Notes Due From
30 Days to 30 Years or More from Date of Issue

Senior unsecured debt obligations (the *"Senior Notes"*) and subordinated unsecured debt obligations (the *"Subordinated Notes"* and, together with the Senior Notes, the *"Bank Notes"*) which from time to time may be offered on a continuing basis for sale by Capital One Bank (the *"Bank"*) through each of J.P. Morgan Securities Inc. and each of the distribution agents listed on Schedule I to the Distribution Agreement to which these Administrative Procedures are an exhibit (the *"Distribution Agreement"*) (each, a *"Distribution Agent"* and collectively, the *"Distribution Agents"*) who may purchase the Bank Notes, as principal from the Bank for resale to investors and other purchasers in accordance with the Distribution Agreement. In addition, if agreed to by the Bank and the applicable Distribution Agent, such Distribution Agent may utilize its reasonable efforts on an agency basis to solicit offers to purchase the Bank Notes. Only those provisions in these Administrative Procedures that are applicable to the particular role that a Distribution Agent will perform shall apply. Whenever these Administrative Procedures indicate that information may be set forth in a Bank Note, such information may be set forth in a Pricing Supplement to the Offering Circular (as defined below).

JPMorgan Chase Bank (or such other agent appointed in accordance with the Global Agency Agreement (as defined below)) will act as the registrar (the "Registrar") and domestic paying agent (the "Domestic Paying Agent") for the Bank Notes through its office at 4 New York Plaza, 15th Floor New York, New York 10004. JPMorgan Chase Bank, London Branch, acting through its London office (or such other agent appointed in accordance with the Global Agency Agreement), will act as London paying agent (the "London Paying Agent") and London issuing agent (the "London Issuing Agent"). As used herein, the term *"Offering Circular"* refers to the most recent offering circular, as such document may be amended or supplemented, which has been prepared by the Bank for use by the Distribution Agents in connection with the offering of the Bank Notes.

Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Bank Notes or the Offering Circular.

DTC REGISTERED GLOBAL NOTES

Bank Notes may the issued in book-entry form (each beneficial interest in a global Note, a *"Book-Entry Note"* and collectively, the *"Book-Entry Notes"*) and represented by one or more fully registered global Bank Notes (each, a *"Global Note"* and collectively, the *"Global Bank Notes"*) held by or on behalf of The Depository Trust Company, as depositary (*"DTC",* which term includes any successor thereof), and recorded in the book-entry system maintained by DTC. Book-Entry Notes represented by a Global Note are exchangeable for definitive Bank Notes in registered form, of like tenor and of an equal aggregate principal amount, by the owners of such Book-Entry Notes only upon certain limited circumstances described in the Offering Circular.

In connection with the qualification of Book-Entry Notes for eligibility in the book-entry system maintained by DTC, the Registrar or its agents will perform the custodial, document control and administrative functions described below, in accordance with its respective obligations under the applicable Letters of Representations from JPMorgan Chase Bank to DTC relating to the Program, and a Certificate of Deposit Agreement between JPMorgan Chase Bank and DTC (the *"Certificate Agreement"*), and its obligations as a participant in DTC, including DTC's Same-Day Funds Settlement System (*"SDFS"*).

Settlement Procedures for Book-Entry Notes:

Settlement Procedures with regard to Book-Entry Notes purchased by each Distribution Agent as principal or sold by each Distribution Agent, as agent of the Bank, will be as follows (which will have been agreed to by the Bank and such Distribution Agent in accordance with the Distribution Agreement):

(A) The Distribution Agent will advise the Bank by telephone, confirmed by facsimile to the Bank and the Registrar, of the following settlement information:

1. Taxpayer identification number of the purchaser.
2. Principal amount of such Book-Entry Notes.
3. Whether the Bank Note is a Senior Note or a Subordinated Note.
4. Each term specified in the applicable Pricing Supplement.
5. Price to public, if any, of such Book Entry Bank Notes (if such Book-Entry Notes are not being offered "at the market").

6. Trade Date.

7. Settlement Date (Original Issue Date).

8. Maturity Date.

9. Redemption provisions, if any, including: Initial Redemption Date, Initial Redemption Percentage and Annual Redemption Percentage Reduction.

10. Repayment provisions, if any, including Holder's Optional Repayment Date(s).

11. Net proceeds to the Bank.

12. Whether such Book-Entry Notes are being sold to the Distribution Agent as principal or to an investor or other purchaser through the Distribution Agent acting as agent for the Bank.

13. The Distribution Agent's commission or discount, as applicable.

14. Whether such Book-Entry Notes are being issued with Original Issue Discount and the terms thereof.

15. Default Rate.

16. Identification numbers of participant accounts maintained by DTC on behalf of the Distribution Agent.

17. Whether additional documentation will be required for Bank Notes being sold to the Distribution Agent as principal.

18. Such other information specified with respect to such Book-Entry Notes (whether by Addendum or otherwise).

(B) The Registrar will assign a CUSIP number of the appropriate series to the Global Note representing such Book-Entry Notes and, as soon thereafter as practicable, the Registrar will notify the Distribution Agent by telephone of such CUSIP number.

(C) The Registrar will communicate to DTC and the Distribution Agent through DTC's Participant Terminal System, a pending deposit message specifying the following settlement information:

1. The information set forth in Settlement Procedure A.

2. The identification numbers of the participant accounts maintained by DTC on behalf of the Registrar and the Distribution Agent.

3. Identification of the Book-Entry Note as a Fixed Rate Book-Entry Note or Floating Rate Book-Entry Note.

4. The initial Interest Payment Date for the Global Note representing such Book-Entry Notes, the number of days by which such date succeeds the related Record Date and, if then calculable, the amount of interest payable on such Interest Payment Date (which amount shall have been confirmed by the Bank).

5. The CUSIP number of the Global Note representing such Book-Entry Notes.

6. Whether such Global Note represents any other Bank Notes issued or to be issued in book-entry form.

(D) The Registrar will complete and deliver to DTC (or its custodian) the Global Note representing such Book-Entry Notes in a form that has been approved by the Bank and the relevant Distribution Agents.

(E) DTC will credit the Book-Entry Notes represented by such Global Note to the participant account of the Registrar maintained by DTC.

(F) The Registrar will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC (i) to debit such Book-Entry Notes to the Registrar's participant account and credit such Book-Entry Notes to the participant account of the Distribution Agent maintained by DTC and (ii) to debit the settlement account of the Distribution Agent and credit the Settlement account of the Registrar maintained by DTC in an amount equal to the price of such Book-Entry Notes less such Distribution Agent's commission or discount. Any entry of such deliver order

shall be deemed to constitute a representation and warranty by the Registrar to DTC that (i) the Global Note representing such Book-Entry Notes has been issued and authenticated and (ii) the Registrar is holding such Global Note pursuant to the Certificate Agreement.

(G) In the case of Book-Entry Notes sold through a Distribution Agent acting as agent, the Distribution Agent will enter an SDFS deliver order through DTC's Participant Terminal System instructing DTC (i) to debit such Book-Entry Notes to the Distribution Agent's participant account and credit such Book-Entry Notes to the participant accounts of the Participants maintained by DTC and (ii) to debit the settlement accounts of such Participants and credit the settlement account of the Distribution Agent maintained by DTC, in an amount equal to the offering price of such Book-Entry Notes.

(H) Transfers of funds in accordance with SDFS deliver orders described in Settlement Procedures F and G will be settled in accordance with SDFS operating procedures in effect on the Settlement Date.

(I) In the case of Book-Entry Notes sold through a Distribution Agent acting as agent, the Distribution Agent will confirm the purchase of such Book-Entry Notes to the purchaser either by transmitting to the Participant with respect to such Book-Entry Notes a confirmation order through DTC's Participant Terminal System or by mailing a written confirmation to such purchaser.

Settlement Procedures Timetable:

For offers to purchase Book-Entry Notes accepted by the Bank, Settlement Procedures "A" through "I" set forth above shall be completed as soon as possible but no later than the respective times (New York City time) set forth below:

Settlement Procedure	Time
A	11:00 a.m. on the Trade Date
B	12:00 noon on the Trade Date
C	5:00 p.m. on the Trade Date
D	9:00 a.m. on the Settlement Date

Settlement Procedure	Time
E	10:00 a.m. on the Settlement Date
F-G	2:00 p.m. on the Settlement Date
H	4:00 p.m. on the Settlement Date
I	5:00 p.m. on the Settlement Date

If a sale is to be settled on the same Business Day as the Trade Date, Settlement Procedures C, F, and G shall be completed no later than 2:30 p.m. on such Business Day, and Settlement Procedure D shall be completed no later than 10:00 a.m. on such Business Day.

If a sale is to be settled more than one Business Day after the trade date, Settlement Procedures A, B and C may, if necessary, be completed at any time prior to the specified times on the first Business Day after such trade date. In connection with a sale which is to be settled more than one Business Day after the trade date, if the initial interest rate for a Floating Rate Note is not known at the time that Settlement Procedure A is completed, Settlement Procedures B and C shall be completed as soon as such rate has been determined, but no later than 11:00 a.m. and 2:00 p.m., New York City time, respectively, on the second Business Day before the Settlement Date.

Settlement Procedure H is subject to extension in accordance with any extension of Fedwire closing deadlines and in the other events specified in the SDFS operating procedures in effect on the Settlement Date.

If settlement of a Book-Entry Note is rescheduled or canceled, the Registrar will deliver to DTC, through DTC's Participant Terminal System, a cancellation message to such effect by no later than 5:00 p.m., New York City time, on the Business Day immediately preceding the scheduled Settlement Date.

Failure to Settle:

If the Registrar fails to enter an SDFS deliver order with respect to a Book-Entry Note pursuant to Settlement Procedure F, then the Registrar may deliver to DTC, through DTC's Participant Terminal System, as soon as practicable a withdrawal message instructing DTC to debit such Book-Entry Note to the participant account of the Registrar maintained at DTC. DTC will process the withdrawal message; provided that such participant account contains a principal amount of the Global Note representing such Book-Entry Note that is at least equal to the principal amount to the debited. If withdrawal messages are processed with respect

to all Book-Entry Notes represented by a Global Note, the Registrar will mark such Global Note "canceled" and make appropriate entries in its records. The CUSIP number assigned to such Global Note shall, in accordance with CUSIP Service Bureau procedures, be canceled and not immediately reassigned. If withdrawal messages are processed with respect to some of the Book-Entry Notes represented by a Global Note, the Registrar will exchange such Global Note for two Global Bank Notes, one of which shall represent the Book-Entry Notes for which such withdrawal messages are processed and shall be canceled immediately after issuance, and the other of which shall represent the other Book-Entry Notes previously represented by the surrendered Global Note and shall bear the CUSIP number of the surrendered Global Note.

In the case of any Book-Entry Note sold through a Distribution Agent, acting as agent, if the purchase price for any Book-Entry Note is not timely paid to the Participants with respect to such Book-Entry Note by the beneficial purchaser thereof (or a person, including an indirect participant in DTC, acting on behalf of such purchaser), such Participants and, in turn, the applicable Distribution Agent may enter SDFS deliver orders through DTC's Participant Terminal System reversing the orders entered pursuant to Settlement Procedures F and G, respectively. Thereafter, the Registrar will deliver the withdrawal message and take the related actions described in the preceding paragraph.

Notwithstanding the foregoing, upon any failure to settle with respect to a Book-Entry Note, DTC may take any actions in accordance with its SDFS operating procedures then in effect. In the event of a failure to settle with respect to a Book-Entry Note that was to have been represented by a Global Note also representing other Book-Entry Notes, the Registrar will provide, in accordance with Settlement Procedure D, for the issuance of a Global Note representing such remaining Book-Entry Notes and will make appropriate entries in its records.

BEARER NOTES

In certain circumstances Bearer Notes may be issued. Settlement Procedures with regard to Bearer Notes purchased by each Distribution Agent as principal or sold by each Distribution Agent as agent of the Bank, will be as follows:

Day	Latest London Time	Action
No later than Original Issue Date minus 5 Business Days	2:00 p.m.	The Bank may agree with one or more of the Distribution Agents for the issue and purchase of Bearer Notes (whether pursuant to an unsolicited bid from a Distribution Agent or pursuant to an inquiry by the Bank). The Distribution Agent instructs the London Issuing Agent to obtain a Common Code and ISIN from Euroclear or Clearstream, Luxembourg. In the case of the first Tranche of Bank Notes of a Series, the London Issuing Agent telephones Euroclear or Clearstream, Luxembourg with a request for a Common Code and ISIN for such Series and in the case of a subsequent Tranche of Bank Notes of that Series the London Issuing Agent telephones Euroclear or Clearstream, Luxembourg with a request for a temporary Common Code and ISIN for such Tranche. Each Common Code and ISIN is notified by the London Issuing Agent to each Distribution Agent which has reached agreement with the Bank.
	3:00 p.m.	If a Distribution Agent has reached agreement with the Bank by telephone, such Distribution Agent confirms the terms of the agreement to the Bank by fax attaching a copy of the Pricing Supplement. The Distribution Agent sends a copy of that fax to the London Issuing Agent and the Registrar for information.
	5:00 p.m.	The Bank confirms its agreement to the terms on which the issue of Bearer Notes is to be made (including the form of the Pricing Supplement) by signing and returning a copy of the Pricing Supplement to the relevant Distribution Agent. The Bank also confirms its instructions to the London Issuing Agent (including, in the case of Floating Rate Bank Notes, the rate fixed by the Calculation Agent) to carry out the duties to be carried out by the London Issuing Agent under these Settlement Procedures and the Global Agency Agreement including

Day	Latest London Time	Action
		preparing, authenticating and issuing a Temporary Global Note for the Tranche of Bank Notes which is to be purchased and in the case of the first Tranche of a Series, where the Pricing Supplement for such Tranche does not specify that such Temporary Global Note is to be exchangeable only for Bearer Notes in definitive form, a Permanent Global Note for such Series, giving details of such Bearer Notes. The Bank confirms such instructions by sending a copy by fax of the signed Pricing Supplement to the London Issuing Agent.
No later than Original Issue Date minus 4 Business Days	2:00 p.m.	In the case of Bearer Notes which are to be listed on a Stock Exchange, the London Issuing Agent notifies the relevant Listing Agent who in turn notifies the relevant Stock Exchange by fax or by hand of the details of the Bank Notes to be issued by sending the Pricing Supplement to the relevant Stock Exchange.
Original Issue Date minus 2 Business Days	3:00 p.m.	In the case of Bearer Notes cleared through Euroclear and/or Clearstream, Luxembourg, the relevant Distribution Agent instructs the relevant clearing system to debit its account and pay the purchase price, against delivery of the Bearer Notes, to the London Issuing Agent's account with the relevant clearing system on the Original Issue Date and the London Issuing Agent receives details of such instructions through the records of the relevant clearing system.
Original Issue Date minus 1 Business Day	3:00 p.m.	In the case of Floating Rate Bank Notes, the Calculation Agent notifies the relevant clearing system, the Bank, any relevant Stock Exchange (or the relevant Listing Agent, which in turn shall notify the relevant Stock Exchange) and the relevant Distribution Agent by telex or fax of the rate of interest for the first Interest Period (if already determined). Where the rate of interest has not yet been determined, notification will be made in accordance with this paragraph as soon as it has been determined.

Day	Latest London Time	Action
Original Issue Date minus 1 Business Day (in the case of pre- closed issues) or Original Issue Date (in any other case) (the *"Payment Instruction Date"*)	agreed time	The London Issuing Agent prepares and authenticates a Temporary Global Note for each Tranche of Bank Notes which is to be purchased and, where required as specified above, a Permanent Global Note in respect of the relevant Series. The Temporary Global Note and any such Permanent Global Note are then delivered by the London Issuing Agent to a common depositary for Euroclear and Clearstream, Luxembourg and instructions are given by the London Issuing Agent to Euroclear or, as the case may be, Clearstream, Luxembourg to credit the Bearer Notes represented by such Temporary Global Note to the London Issuing Agent's distribution account. In the case of Bearer Notes cleared through Euroclear and/or Clearstream, Luxembourg, the London Issuing Agent further instructs Euroclear or, as the case may be, Clearstream, Luxembourg to debit from the distribution account the nominal amount of the relevant Tranche of Bank Notes and to credit such nominal amount to the account of such Distribution Agent with Euroclear or Clearstream, Luxembourg against payment to the account of the London Issuing Agent of the purchase price for the relevant Tranche of Bank Notes on the Original Issue Date. The relevant Distribution Agent gives corresponding instructions to Euroclear or Clearstream, Luxembourg. The parties (which for this purpose shall include the London Issuing Agent) may agree to arrange for "free delivery" to be made through the relevant clearing system if specified in the applicable Pricing Supplement.
Original Issue Date		The relevant clearing system debits and credits accounts in accordance with instructions received by it. The London Issuing Agent pays to the Bank on the Original Issue Date the aggregate purchase price received by it to such account of the Bank as shall have been notified to the London Issuing Agent for the purpose.

Day	Latest London Time	Action
On or subsequent to the Original Issue Date		The London Issuing Agent notifies the Bank forthwith in the event that a Distribution Agent does not pay the purchase price due from it in respect of a Bank Note. The London Issuing Agent notifies the Bank of the issue of Bearer Notes giving details of the Global Note(s) and the nominal sum represented thereby. The relevant Distribution Agent promptly notifies the London Issuing Agent that the distribution of the Bearer Notes purchased or placed by it has been completed. If applicable, the London Issuing Agent promptly notifies the Bank, the relevant Distribution Agents and the relevant clearing system of the date of the end of any applicable restricted trading period with respect to the relevant Tranche of Bank Notes.

EUROCLEAR/CLEARSTREAM, LUXEMBOURG REGISTERED GLOBAL NOTES

Bank Notes may be issued in book-entry form as Book-Entry Notes and represented by one or more fully registered Global Bank Notes held by or on behalf of Euroclear and/or Clearstream, Luxembourg, as depositary, and recorded in the book-entry system maintained by Euroclear and/or Clearstream, Luxembourg. Book-Entry Notes represented by a Global Note are exchangeable for definitive Bank Notes in registered form, of like tenor and of an equal aggregate principal amount, by the owners of such Book-Entry Notes only upon certain limited circumstances described in the Offering Circular. Settlement Procedures with regard to Book-Entry Notes purchased by each Distribution Agent as principal or sold by each Distribution Agent, as agent of the Bank, are as follows:

Day	Latest London Time	Action
No later than Original Issue Date minus 5 Business Days	2:00 p.m.	The Bank may agree with one or more of the Distribution Agents for the issue and purchase of Bank Notes (whether pursuant to an unsolicited bid from a Distribution Agent or pursuant to an inquiry by the relevant Bank).
	3:00 p.m.	In the case of the first Tranche of Registered Bank Notes, the London Issuing Agent telephones Euroclear and/or Clearstream, Luxembourg with a request for a Common Code for such Tranche and, in the case of a subsequent Tranche of Bank Notes of that Series, the London Issuing Agent telephones Euroclear and/or Clearstream, Luxembourg with a request for a temporary Common Code for such Tranche and the London Issuing Agent confirms such number(s) to the Registrar. Each ISIN number, and each Common Code is notified by the Registrar by telex or fax to the Bank and the relevant Distribution Agent. If a Distribution Agent has reached agreement with the Bank by telephone, such Distribution Agent confirms the terms of the agreement to the Bank by telex or fax attaching a copy of the Pricing Supplement. The relevant Distribution Agent sends a copy of that fax to the London Issuing Agent and the Registrar for information.
	5:00 p.m.	The Bank confirms its agreement to the terms on which the issue of Bank Notes is to be made (including the form of the Pricing Supplement) by signing and returning a

Day	Latest London Time	Action
		copy of the Pricing Supplement to the relevant Distribution Agent. The Bank also confirms its instructions (including, in the case of Floating Rate Bank Notes, the rate fixed by the Calculation Agent) to the London Issuing Agent and the Registrar to carry out the duties to be carried out by the London Issuing Agent and the Registrar under these Settlement Procedures and the Global Agency Agreement including preparing, authenticating and issuing one or more Registered Global Bank Notes and/or one or more Definitive Registered Bank Notes for each Tranche of Bank Notes which are to be purchased or placed by the relevant Distribution Agent, giving details of such Bank Notes. The Bank confirms such instructions by sending a copy by fax of the signed Pricing Supplement to the London Issuing Agent and the Registrar. The relevant Distribution Agent notifies Euroclear and/or Clearstream, Luxembourg of the relevant accounts to be credited with Bank Notes represented by interests in the Global Note(s) to be issued.
No later than Original Issue Date minus 4 Business Days	2:00 p.m.	In the case of Bank Notes which are to be listed on a Stock Exchange, the London Issuing Agent notifies the relevant Listing Agent who in turn notifies the relevant Stock Exchange by fax or by hand of the details of the Bank Notes to be issued by sending the Pricing Supplement to the relevant Stock Exchange.
Original Issue Date minus 2 Business Days	3:00 p.m.	Where the relevant Distribution Agent is purchasing or placing Bank Notes through Euroclear and/or Clearstream, Luxembourg, the relevant Distribution Agent instructs Euroclear and/or Clearstream, Luxembourg, subject to further instructions, on the Original Issue Date or, in the case of Bank Notes denominated in a currency requiring a pre-closing, the Original Issue Date minus 1 Business Day, to debit its account, or such account as it directs, and pay the purchase price to the account of the closing bank as agreed between the Bank, the London Issuing Agent and the relevant Distribution Agent from time to time (in

Day	Latest London Time	Action
		such capacity, the *"Closing Bank"*) for such purpose.
Original Issue Date minus 1 Business Day	3:00 p.m.	In the case of Floating Rate Bank Notes, the Calculation Agent notifies the Registrar, Euroclear, Clearstream, Luxembourg, the Bank, in the case of Listed Bank Notes, the relevant Listing Agent (who in turn notifies the relevant Stock Exchange), and the relevant Distribution Agent by telex or fax of the rate of interest for the first Interest Period (if already determined). Where the rate of interest has not yet been determined, this will be notified in accordance with this paragraph as soon as it has been determined.
Original Issue Date minus 1 Business Day (in the case of pre- closed issues) or Original Issue Date (in any other case) (the *"Payment Instruction Date"*)	agreed time	The London Issuing Agent prepares and authenticates the Registered Global Note(s) for each Tranche of Bank Notes which is to be purchased by attaching the applicable Pricing Supplement to a copy of the applicable master Registered Global Note(s). The Registrar enters details of the principal amount of Bank Notes to be issued and the registered holder(s) of such Bank Notes in the Register. Each Registered Global Note is then delivered by, or on behalf of, the London Issuing Agent to a custodian for Euroclear and/or Clearstream, Luxembourg to credit the principal amount of the relevant Tranche of Bank Notes to the appropriate participants' accounts in Euroclear and/or Clearstream, Luxembourg previously notified by the relevant Distribution Agent. Each Definitive Registered Note is delivered to the relevant Distribution Agent or its designee for the benefit of the purchaser of such Bank Note against delivery by such Distribution Agent of a receipt therefor or, if so instructed and upon confirmation from the Bank that proper payment by the purchaser has been made, delivered directly to the Bank or its designee for the benefit of the purchaser of such Bank Note(s) against delivery of a receipt therefor. The parties (which for this purpose shall include the London Issuing Agent and the Registrar) may agree to arrange for "free delivery" to be

Day	Latest London Time	Action
		made through the relevant clearing system if specified in the applicable Pricing Supplement, in which case these Settlement Procedures will be amended accordingly.
Original Issue Date		The relevant Distribution Agent instructs Euroclear and/or Clearstream, Luxembourg to credit the interests in the Registered Global Note(s) representing Bank Notes purchased by or through such Distribution Agent to such accounts as the relevant Distribution Agent has directed with Euroclear and/or Clearstream, Luxembourg. Euroclear and/or Clearstream, Luxembourg debit and credit accounts in accordance with instructions received by them. The Closing Bank makes payment to the Bank on the Original Issue Date of the aggregate amount received by it to such account of the Bank as shall have been notified to the Closing Bank for that purpose by the relevant bank.
On or subsequent to the Original Issue Date		The London Issuing Agent notifies the Bank forthwith in the event that the relevant Distribution Agent does not pay the purchase price due from it in respect of the Bank Notes. The relevant Distribution Agent notifies the London Issuing Agent that the distribution of the Bank Notes purchased or placed by it has been completed.

EXHIBIT 10.1

EXECUTION COUNTERPART

CAPITAL ONE FINANCIAL CORPORATION

CAPITAL ONE BANK

CAPITAL ONE, F.S.B.

CAPITAL ONE BANK (EUROPE) PLC

$1,000,000,000

CREDIT AGREEMENT

Dated as of May 5, 2003

J.P. MORGAN SECURITIES INC.
as Book Manager and Lead Arranger

BANK OF AMERICA, N.A.,
BARCLAYS BANK PLC,
CITIBANK, N.A.,
CREDIT SUISSE FIRST BOSTON,
DEUTSCHE BANK AG, NEW YORK BRANCH,
LEHMAN COMMERCIAL PAPER INC., and
WACHOVIA BANK, NATIONAL ASSOCIATION
as Syndication Agents

JPMORGAN CHASE BANK
as Administrative Agent

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CREDIT AGREEMENT dated as of May 5, 2003 among:

CAPITAL ONE FINANCIAL CORPORATION, a corporation organized under the laws of the State of Delaware ("COFC");

CAPITAL ONE BANK, a bank organized under the laws of the Commonwealth of Virginia ("COB");

CAPITAL ONE, F.S.B., a Federal savings bank organized under the laws of the United States of America ("FSB");

CAPITAL ONE BANK (EUROPE) PLC, a corporation organized under the laws of England ("COBE"; each of COFC, COB, FSB and COBE is herein referred to as a "Borrower" and, collectively, as the "Borrowers");

each lender that is a signatory hereto identified under the caption "LENDERS" on the signature pages hereto and each lender that becomes a "Lender" after the date hereof pursuant to Section 11.06(b) hereof (individually, a "Lender" and, collectively, the "Lenders"); and

JPMORGAN CHASE BANK, as agent for the Lenders (in such capacity, together with its successors in such capacity, the "Administrative Agent").

The Borrowers have requested that the Lenders agree to make loans to them in an aggregate amount, subject to Section 2.10 hereof, up to but not exceeding $1,000,000,000 at any one time outstanding, to be used for general corporate purposes, and the Lenders and the Administrative Agent are willing to make such loans, on and subject to the terms and conditions provided herein.

Accordingly, the parties hereto hereby agree as follows:

SECTION 1. Definitions and Accounting Matters.

1.01 Certain Defined Terms. As used herein, the following terms shall have the following meanings (all terms defined in this Section 1.01 or in other provisions of this Agreement in the singular to have the same meanings when used in the plural and vice versa):

"Administrative Agent's Account" shall mean (a) in respect of (i) Dollars, the account of the Administrative Agent most recently designated by the Administrative Agent for such purpose by notice to the Lenders, (ii) Pounds Sterling, account number 36254290, maintained by JPMorgan with J.P. Morgan Europe Limited, London SWIFT CHASGB22, Sort Code: 40-52-06C, or (iii) Euro, account number 6001600037, maintained by JPMorgan with JPMorgan Chase Bank, Frankfurt, SWIFT CHASDEFX, Favour: J.P. Morgan Europe Limited,

London SWIFT CHASGB22, or (b) any other account in respect of any Alternative Currency as the Administrative Agent shall designate in a notice to the Borrowers and the Lenders.

"Administrative Questionnaire" shall mean an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" shall mean, with respect to any specified Person, any other Person that directly or indirectly controls, or is under common control with, or is controlled by, the specified Person. As used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise). Notwithstanding the foregoing, (a) no individual shall be an Affiliate of a specified Person solely by reason of his or her being a director, officer or employee of such specified Person or any of its Subsidiaries and (b) a Person and its Subsidiaries shall not be Affiliates of one another.

"Agreed Alternative Currency" shall mean at any time either of Euros and Pounds Sterling, so long as at such time, (a) such currency is dealt with in the London interbank deposit market, (b) such currency is freely transferable and convertible into Dollars in the London foreign exchange market and (c) no central bank or other governmental authorization in the country of issue of such currency is required to permit use of such currency by any Lender for making any Loan hereunder and/or to permit the relevant Borrower to borrow and repay the principal thereof and to pay the interest thereon, unless such authorization has been obtained.

"Alternative Currency" shall mean at any time any Agreed Alternative Currency and any other currency (other than Dollars) so long as at such time, (a) such currency is dealt with in the London interbank deposit market, (b) such currency is freely transferable and convertible into Dollars in the London foreign exchange market and (c) no central bank or other governmental authorization in the country of issue of such currency is required to permit use of such currency by any Lender for making any Loan hereunder and/or to permit the relevant Borrower to borrow and repay the principal thereof and to pay the interest thereon, unless such authorization has been obtained.

"Applicable Facility Fee Percentage", "Applicable Margin" with respect to Base Rate Loans, "Applicable Margin" with respect to Eurocurrency Loans and "Applicable Utilization Fee Percentage" shall mean, for any day, the respective rate per annum set forth in the table below opposite the Rating Level prevailing on such day under the caption "Applicable Facility Fee Percentage", "Applicable Margin with respect to Base Rate Loans" "Applicable Margin with respect to Eurocurrency Loans" or "Applicable Utilization Fee Percentage", as the case may be:

Rating Level	Applicable Facility Fee Percentage	Applicable Margin with respect to Eurocurrency Loans	Applicable Margin with respect to Base Rate Loans	Applicable Utilization Fee Percentage
Rating Level 1	0.100%	0.525%	0.000%	0.125%
Rating Level 2	0.150%	0.725%	0.000%	0.250%
Rating Level 3	0.250%	1.000%	0.250%	0.500%
Rating Level 4	0.300%	1.200%	0.500%	0.500%
Rating Level 5	0.375%	1.875%	1.250%	0.750%
Rating Level 6	0.500%	2.250%	1.750%	1.000%
Rating Level 7	0.500%	2.750%	2.250%	1.000%

Each change in the Applicable Facility Fee Percentage, Applicable Margin with respect to Eurocurrency Loans, Applicable Margin with respect to Base Rate Loans and the Applicable Utilization Fee Percentage resulting from a change in the Debt Rating shall become effective on the date of announcement or publication by the respective Rating Agencies of a change in the Debt Rating or, in the absence of such announcement or publication, on the effective date of such change.

With respect to any utilization fee payable under Section 2.05(b) hereof, the Applicable Utilization Fee Percentage on any date of determination shall be computed by reference to the Rating Level of the Borrower that results in the accrual on such day under Section 2.05(b) hereof of the greatest amount of utilization fee.

"Applicable Lending Office" shall mean, for each Lender and for each Type and Currency of Loan, the "Lending Office" of such Lender (or of an affiliate of such Lender) designated for such Type and Currency of Loan in its Administrative Questionnaire or such other office of such Lender (or of an affiliate of such Lender) as such Lender may from time to time specify to the Administrative Agent and the Borrowers as the office by which its Loans of such Type and Currency are to be made and maintained.

"Assignment and Assumption" shall mean an assignment and assumption

agreement entered into by a Lender and an assignee (with the consent of any Person whose consent is required by Section 11.06(b) hereof), and accepted by the Administrative Agent, in the form of Exhibit H or any other form approved by the Administrative Agent.

"Average", as used in Section 2.05 hereof with respect to the aggregate outstanding principal amount of any Loans or the aggregate amount of any Commitments, shall mean, for any Computation Period, the average aggregate outstanding principal amount of such Loans or the average aggregate amount of such Commitments, as the case may be, over such Computation Period (excluding the last day of such Computation Period).

"Bank Regulatory Authority" shall mean the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the FSA and all other relevant bank regulatory authorities (including, without limitation, relevant state bank regulatory authorities).

"Bankruptcy Code" shall mean the Federal Bankruptcy Code of 1978, as amended from time to time.

"Base Rate" shall mean, for any day, a rate per annum equal to the higher of (a) the Federal Funds Rate for such day plus 1/2 of 1% and (b) the Prime Rate for such day. Each change in any interest rate provided for herein based upon the Base Rate resulting from a change in the Base Rate shall take effect at the time of such change in the Base Rate.

"Base Rate Loans" shall mean Syndicated Loans that bear interest at rates based upon the Base Rate.

"Basic Documents" shall mean this Agreement and the Notes.

"Basle Accord" shall mean the proposals for risk-based capital framework described by the Basle Committee on Banking Regulations and Supervisory Practices in its paper entitled "International Convergence of Capital Measurement and Capital Standards" dated July 1988, as amended, modified and supplemented and in effect from time to time or any replacement thereof.

"Business Day" shall mean any day (a) on which commercial banks are not authorized or required to close in New York City or London, (b) if such day relates to the giving of notices or quotes in connection with a LIBOR Auction in respect of a Loan denominated in Dollars or to a borrowing of, a payment or prepayment of principal of or interest on, or the Interest Period for, a Eurocurrency Loan or a LIBOR Market Loan denominated in Dollars or a notice by a Borrower with respect to any such borrowing, payment, prepayment or Interest Period, that is also a day on which dealings in Dollar deposits are carried out in the London interbank market, (c) if such day relates to the giving of notices or quotes in connection with a LIBOR Auction in respect of a Loan denominated in an Alternative Currency other than the Euro or to a borrowing of, a payment or prepayment of principal of or interest on, or the Interest Period for, a Eurocurrency Loan or a LIBOR Market Loan denominated in an Alternative

Currency other than the Euro or a notice by a Borrower with respect to any such borrowing, payment, prepayment or Interest Period, that is also a day on which commercial banks and foreign exchange markets settle payments in the Principal Financial Center for the Currency in which such Loan is denominated and (d) if such day relates to the giving of notices or quotes in connection with a LIBOR Auction in respect of a Loan denominated in Euros or to a borrowing of, a payment or prepayment of principal of or interest on, or the Interest Period for, a Eurocurrency Loan or a LIBOR Market Loan denominated in Euros, or a notice by a Borrower with respect to any such borrowing, payment, prepayment or Interest Period, that is also a TARGET Business Day.

"Capital Lease Obligations" shall mean, for any Person, all obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) Property to the extent such obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under GAAP, and, for purposes of this Agreement, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"COFC Cumulative Equity Proceeds" shall mean, as of any date of determination, the aggregate amount of all cash received on or prior to such date of determination by COFC and its Subsidiaries in respect of any Equity Issuance effected after March 31, 2003, net of reasonable expenses incurred by COFC and its Subsidiaries in connection therewith.

"COFC Cumulative Net Income" shall mean, as of any date of determination, the aggregate net operating income of COFC and its consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with GAAP) for each fiscal quarter of COFC (a) commencing with the fiscal quarter ended June 30, 2003 and (b) ending with the fiscal quarter most recently ended on or prior to such date of determination; provided that COFC Cumulative Net Income shall be determined exclusive of any fiscal quarter of COFC for which the net operating income of COFC and its consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with GAAP) is less than zero.

"Commitment" shall mean, with respect to each Lender, the commitment of such Lender to make Loans, as such commitment may be (a) reduced from time to time pursuant to Section 2.04, (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 11.06 or (c) increased pursuant to Section 2.10 hereof. The initial amount of each Lender's Commitment is set forth on Schedule 2.01, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable. The initial aggregate amount of the Commitments is $1,000,000,000.

"Commitment Increase Date" shall have the meaning assigned to such term in Section 2.10(b) hereof.

"Commitment Increase Letter" shall have the meaning assigned to such term in Section 2.10(b) hereof.

"Commitment Termination Date" shall mean May 4, 2005; provided that if any such day is not a Business Day, then the Commitment Termination Date shall be the immediately preceding Business Day.

"Computation Period" shall mean, with respect to any utilization fee payable under Section 2.05 hereof, (a) the period from and including the date hereof to and including the first day on which such utilization fee is payable under Section 2.05(c) hereof and (b) thereafter, each period from and including the last day of the immediately preceding Computation Period to and including the next succeeding day on which such utilization fee is payable under Section 2.05(c) hereof.

"Currency" shall mean Dollars or any Alternative Currency.

"Debt Rating" shall mean, as of any date of determination thereof and with respect to any Borrower, the ratings most recently published by the Rating Agencies relating to the unsecured, unsupported senior long-term debt obligations of such Borrower; provided that (a) the Debt Rating on any date of determination with respect to FSB or COBE shall be deemed to be the Debt Rating on such date applicable to COB, (b) if a rating is not at any time assigned by a Rating Agency to the unsecured, unsupported senior long-term debt obligations of COFC, the rating assigned to such obligations by such Rating Agency shall be deemed to be one rating subcategory below the rating assigned by such Rating Agency to the unsecured, unsupported senior long-term debt obligations of COB and (c) if a rating is not at any time assigned by at least two Rating Agencies to the unsecured, unsupported senior long-term debt obligations of COB, the Debt Rating of COB will be deemed to fall in Rating Level 7.

"Default" shall mean an Event of Default or an event that with notice or lapse of time or both would become an Event of Default.

"Defaulting Lender" shall have the meaning assigned to such term in Section 11.04 hereof.

"Delinquency Ratio" shall mean, on any date and with respect to any U.S. Borrower, the ratio of (a) all Past Due Receivables with respect to such U.S. Borrower on such date to (b) the aggregate amount of all Managed Receivables with respect to such U.S. Borrower on such date.

"Dollar Equivalent" shall mean, with respect to any Loan denominated in an Alternative Currency, the amount of Dollars that would be required to purchase the amount of the Alternative Currency of such Loan on the date such Loan is requested (or, in the case of Money Market Loans, the date of the related Money Market Quote Request) or (with respect to any determination made under Section 2.01(c) hereof) on the date of any borrowing referred to in said Section, based upon the arithmetic mean (rounded upwards, if necessary, to the nearest four

decimal places), as determined by the Administrative Agent, of the spot selling rate at which the Reference Lenders offer to sell such Alternative Currency for Dollars in the London foreign exchange market at approximately 11:00 a.m. London time for delivery two Business Days later.

"Dollars" and "$" shall mean lawful money of the United States of America.

"Double Leverage Ratio" shall mean, on any date, the ratio of (a) the sum of (i) Intangibles (other than goodwill) with respect to COFC on such date plus (ii) the aggregate investment of COFC on such date in the capital stock of its Subsidiaries as reported pursuant to Section 8.01(a) or 8.01(b) hereof (including COFC's interest in undistributed earnings of its Subsidiaries), to (b) Net Worth on such date.

"Effective Date" shall mean the first date on which the Administrative Agent notifies the Borrowers and the initial Lenders that all of the conditions set forth in Section 6.01 hereof have been satisfied.

"EMU" means Economic and Monetary Union as contemplated in the Treaty on European Union, as amended and in effect from time to time.

"EMU Legislation" means legislative measures of the European Council (including without limitation European Council regulations) for the introduction of, changeover to or operation of a single or unified European currency (whether known as the Euro or otherwise), being in part the implementation of the third stage of EMU.

"Environmental Laws" shall mean any and all present and future Federal, state, local and foreign laws, rules or regulations, and any orders or decrees, in each case as now or hereafter in effect, relating to the regulation or protection of the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or toxic or hazardous substances or wastes into the indoor or outdoor environment, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or toxic or hazardous substances or wastes.

"Equity Issuance" shall mean (a) any issuance or sale by COFC or any of its Subsidiaries of (i) any of its capital stock, (ii) any warrants or options exercisable in respect of its capital stock (other than any capital stock of COFC or any warrants or options to purchase any capital stock of COFC, which are issued to directors, officers or employees of COFC or any of its Subsidiaries pursuant to employee benefit plans established in the ordinary course of business, or any capital stock of COFC issued upon the exercise of any such warrants or options) or (iii) any other security or instrument representing an equity interest (or the right to obtain any equity interest) in COFC or any of its Subsidiaries or (b) the receipt by COFC or any of its Subsidiaries from any Person not a shareholder of COFC of any capital contribution (whether or not evidenced by any equity security issued by the recipient of such contribution); provided that Equity Issuance shall not include (i) any such issuance or sale by any Subsidiary of COFC to COFC or any Wholly Owned Subsidiary of COFC or (ii) any capital contribution by COFC or any Wholly Owned Subsidiary of COFC to any Subsidiary of COFC.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" shall mean any corporation or trade or business that is a member of any group of organizations (i) described in Section 414(b) or (c) of the Code of which any Borrower is a member and (ii) solely for purposes of potential liability under Section 302(c)(11) of ERISA and Section 412(c)(11) of the Code and the lien created under Section 302(f) of ERISA and Section 412(n) of the Code, described in Section 414(m) or (o) of the Code of which any Borrower is a member.

"Euro" means the single currency of Participating Member States of the European Union.

"Euro Unit" means the currency unit of the Euro.

"Eurocurrency Loans" shall mean Syndicated Loans that bear interest at rates based on rates referred to in the definition of "Fixed Base Rate" in this Section 1.01.

"Eurocurrency Rate" shall mean, for any Eurocurrency Loan for the Interest Period therefor, a rate per annum (rounded upwards, if necessary, to the nearest four decimal places) determined by the Administrative Agent to be equal to the Fixed Base Rate for such Loan for such Interest Period.

"Event of Default" shall have the meaning assigned to such term in Section 9 hereof.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"Excluded Representations" shall mean the representations and warranties made in (a) the last sentence of Section 7.02 hereof and (b) Section 7.03 hereof (but only insofar as the representation and warranty in Section 7.03 hereof relates to proceedings that could have a Material Adverse Effect of the type referred to clause (a) of the definition thereof in this Section 1.01, but not of the type referred to in clause (b), (c), (d) or (e) of the definition thereof in this Section 1.01).

"Existing Credit Agreement" shall mean the Credit Agreement dated as of May 25, 1999, as heretofore amended, among COB, FSB, COFC, the lenders party thereto and JPMorgan Chase Bank, as Administrative Agent.

"FDIA" shall mean the Federal Deposit Insurance Act, as amended from time to time.

"Federal Funds Rate" shall mean, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the weighted average of the rates on

overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (a) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day and (b) if such rate is not so published for any Business Day, the Federal Funds Rate for such Business Day shall be the average rate charged to JPMorgan on such Business Day on such transactions as determined by the Administrative Agent.

"Fixed Base Rate" shall mean, with respect to any Fixed Rate Loan denominated in any Currency for the Interest Period therefor, the rate for deposits in such Currency for a period comparable to such Interest Period which appears on Telerate Page 3750 (or otherwise) as of 11:00 a.m., London time, on the day that is two London Banking Days preceding the first day of such Interest Period; provided that, if such rate does not appear on the relevant Telerate Page, the "Fixed Base Rate" shall be the arithmetic mean (rounded upwards, if necessary, to the nearest four decimal places), as determined by the Administrative Agent, of the rates per annum quoted by the respective Reference Lenders at approximately 11:00 a.m. London time (or as soon thereafter as practicable) on the day that is two London Banking Days prior to (or in the case of a Fixed Rate Loan denominated in Euros, on such other date as is customary in the relevant interbank market) the first day of such Interest Period for the offering by the respective Reference Lenders to leading banks in the London interbank market of deposits denominated in such Currency having a term comparable to such Interest Period and in an amount comparable to the principal amount of such Fixed Rate Loan to be made by the respective Reference Lenders. If any Reference Lender is not participating in any Fixed Rate Loans during the Interest Period therefor, the Fixed Base Rate for such Loans for such Interest Period shall be determined by reference to the amount of such Loans that such Reference Lender would have made or had outstanding had it been participating in such Loan; provided that in the case of any LIBOR Market Loan, the Fixed Base Rate for such Loan shall be determined with reference to deposits of $25,000,000 (or its equivalent in any Alternative Currency). If any Reference Lender does not timely furnish such information for determination of any Fixed Base Rate, the Administrative Agent shall determine such Fixed Base Rate on the basis of the information timely furnished by the remaining Reference Lenders.

"Fixed Rate Loans" shall mean Eurocurrency Loans and, for the purposes of the definition of "Fixed Base Rate" in this Section 1.01 and in Section 5 hereof, LIBOR Market Loans.

"Foreign Currency Equivalent" shall mean, with respect to any amount in Dollars, the amount of any Alternative Currency that could be purchased with such amount of Dollars using the reciprocal of the foreign exchange rate(s) specified in the definition of the term "Dollar Equivalent", as determined by the Administrative Agent.

"FSA" shall mean the Financial Services Authority in the United Kingdom.

"GAAP" shall mean generally accepted accounting principles in the United States of America, applied on a basis consistent with those that, in accordance with the second sentence of Section 1.02(a) hereof, are to be used in making the calculations for purposes of determining compliance with this Agreement.

"Guarantee" shall mean a guarantee, an endorsement, a contingent agreement to purchase or to furnish funds for the payment or maintenance of, or otherwise to be or become contingently liable under or with respect to, the Indebtedness, other obligations, net worth, working capital or earnings of any Person, or a guarantee of the payment of dividends or other distributions upon the stock or equity interests of any Person, or an agreement to purchase, sell or lease (as lessee or lessor) Property, products, materials, supplies or services primarily for the purpose of enabling a debtor to make payment of such debtor's obligations or an agreement to assure a creditor against loss, and including, without limitation, causing a bank or other financial institution to issue a letter of credit or other similar instrument for the benefit of another Person, but excluding endorsements for collection or deposit in the ordinary course of business. The terms "Guarantee" and "Guaranteed" used as a verb shall have a correlative meaning.

"Indebtedness" shall mean, for any Person: (a) obligations created, issued or incurred by such Person for borrowed money (whether by loan, the issuance and sale of debt securities or the sale of Property to another Person subject to an understanding or agreement, contingent or otherwise, to repurchase such Property from such Person); (b) obligations of such Person to pay the deferred purchase or acquisition price of Property or services, other than trade accounts payable (other than for borrowed money) arising, and accrued expenses incurred, in the ordinary course of business so long as such trade accounts payable are payable within 90 days of the date the respective goods are delivered or the respective services are rendered; (c) Indebtedness of others secured by a Lien on the Property of such Person, whether or not the respective indebtedness so secured has been assumed by such Person; (d) non-contingent obligations of such Person (and, for the purposes of Sections 8.06 and 9(b) hereof, all contingent obligations of such Person) in respect of letters of credit, bankers' acceptances or similar instruments issued or accepted by banks and other financial institutions for account of such Person; (e) Capital Lease Obligations of such Person; and (f) Indebtedness of others Guaranteed by such Person.

"Insured Subsidiary" shall mean any insured depositary institution (as defined in 12 U.S.C. §1813(c) (or any successor provision), as amended, re-enacted or redesignated from time to time), that is controlled (within the meaning of 12 U.S.C. §1841 (or any successor provision), as amended, re-enacted or redesignated from time to time) by a Borrower.

"Intangibles" shall mean, as at any date and with respect to any Borrower, the aggregate amount (to the extent reflected in determining the consolidated stockholders' equity of such Borrower and its consolidated Subsidiaries) of (a) all write-ups (other than write-ups resulting from foreign currency translations and write-ups of assets of a going concern business made within 12 months after the acquisition of such business) subsequent to September 30, 1996 in the book value of any asset by such Borrower or any of its consolidated Subsidiaries, (b) all

Investments in unconsolidated Subsidiaries and all equity investments in Persons that are not Subsidiaries and (c) all unamortized debt discount and expense, unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, anticipated future benefit of tax loss carry-forwards, copyrights, organization or developmental expenses and other intangible assets.

"Interest Period" shall mean:

(a) with respect to any Eurocurrency Loan, the period commencing on the date such Eurocurrency Loan is made and ending on the numerically corresponding day in the first, second, third or sixth calendar month thereafter, as the relevant Borrower may select as provided in Section 4.05 hereof, except that each Interest Period that commences on the last Business Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Business Day of the appropriate subsequent calendar month;

(b) with respect to any Set Rate Loan, the period commencing on the date such Set Rate Loan is made and ending on any Business Day not less than seven days thereafter, as the relevant Borrower may select as provided in Section 2.03(b) hereof;

(c) with respect to any LIBOR Market Loan, the period commencing on the date such LIBOR Market Loan is made and ending on the numerically corresponding day in the first, second, third or sixth calendar month thereafter, as the relevant Borrower may select as provided in Section 2.03(b) hereof, except that each Interest Period that commences on the last Business Day of a calendar month (or any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Business Day of the appropriate subsequent calendar month; and

(d) with respect to any Base Rate Loan, the period commencing on the date such Base Rate Loan is made and ending on the earlier of the first Quarterly Date thereafter and the Commitment Termination Date.

Notwithstanding the foregoing: (i) if any Interest Period for any Loan would otherwise end after the Commitment Termination Date, such Interest Period shall end on the Commitment Termination Date; (ii) each Interest Period that would otherwise end on a day that is not a Business Day shall end on the next preceding Business Day; (iii) except as provided in clause (v) below, no Interest Period for any Loan (other than a Base Rate Loan or a Set Rate Loan) shall have a duration of less than one month and, if the Interest Period for any Eurocurrency or LIBOR Market Loan would otherwise be a shorter period, such Loan shall not be available hereunder for such period; (iv) no Borrower may select an Interest Period for a Loan in any Alternative Currency which would extend beyond the date on which such Alternative Currency ceases to be legal tender in its respective country; and (v) if each Lender shall have notified the Administrative Agent that the requested Interest Period is available (but subject to the foregoing clauses (i) and (ii)), a Eurocurrency Loan or LIBOR Market Loan may be made available for a specified Interest Period of less than one month or for an Interest Period of nine or 12 months;

provided that no Loan shall be made to FSB or COBE with an Interest Period in excess of six months.

"Investment" shall mean, for any Person: (a) the acquisition (whether for cash, Property, services or securities or otherwise) of capital stock, bonds, notes, debentures, partnership or other ownership interests or other securities of any other Person or any agreement to make any such acquisition (including, without limitation, any "short sale" or any sale of any securities at a time when such securities are not owned by the Person entering into such sale); (b) the making of any deposit with, or advance, loan or other extension of credit to, any other Person (including the purchase of Property from another Person subject to an understanding or agreement, contingent or otherwise, to resell such Property to such Person), but excluding any such advance, loan or extension of credit having a term not exceeding 90 days arising in connection with the sale of inventory or supplies by such Person in the ordinary course of business; or (c) the entering into of any Guarantee of, or other contingent obligation with respect to, Indebtedness or other liability of any other Person and (without duplication) any amount committed to be advanced, lent or extended to such Person.

"JPMorgan" shall mean JPMorgan Chase Bank.

"Leverage Ratio" shall mean, on any date and with respect to any U.S. Borrower, the ratio of (a) the sum (determined for such U.S. Borrower and its consolidated Subsidiaries on a consolidated basis without duplication in accordance with GAAP) of (i) the aggregate amount of Indebtedness outstanding on such date (not including non-brokered deposit liabilities incurred by FSB or COB in the ordinary course of business) minus (ii) the aggregate amount of all on-balance sheet loans held for securitization on such date to (b) Tangible Net Worth with respect to such U.S. Borrower on such date.

"LIBO Margin" shall have the meaning assigned to such term in Section 2.03(c)(ii)(C) hereof.

"LIBOR Auction" shall mean a solicitation of Money Market Quotes setting forth LIBO Margins based on the Eurocurrency Rate pursuant to Section 2.03 hereof.

"LIBOR Market Loans" shall mean Money Market Loans the interest rates on which are determined on the basis of Eurocurrency Rates pursuant to a LIBOR Auction.

"Lien" shall mean, with respect to any Property, any mortgage, lien, pledge, charge, security interest, encumbrance or arrangement for priority or preference of any kind in respect of such Property. For purposes of this Agreement, a Person shall be deemed to own subject to a Lien any Property that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement (other than an operating lease) or, in the case of any security, any third party right to purchase, in each case relating to such Property.

"Loans" shall mean Syndicated Loans and Money Market Loans.

"Local Time" shall mean, with respect to any Loan denominated in or any payment to be made in any Currency, the local time in the Principal Financial Center for the Currency in which such Loan is denominated or such payment is to be made.

"London Banking Day" shall mean any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London, England.

"Majority Lenders" shall mean, subject to the last paragraph of Section 11.04 hereof, Lenders having more than 50% of the aggregate amount of the Commitments or, if the Commitments shall have terminated, Lenders holding more than 50% of the aggregate unpaid principal amount of the Loans.

"Managed Receivables" shall mean, on any date and with respect to any U.S. Borrower, the sum for such U.S. Borrower and its consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with GAAP) of (a) all on-balance sheet credit card loans and other finance receivables plus (b) all on-balance sheet credit card loans and other finance receivables held for securitization plus (c) all securitized credit card loans and other finance receivables; provided that, as the term "Managed Receivables" is used in the definition of "Tier 1 Capital to Managed Receivables Ratio", clauses (a), (b) and (c) above shall be determined exclusive of securitized on-balance sheet finance receivables.

"Mandatorily Convertible Securities" shall mean the Upper DECS securities issued by COFC on April 23, 2002 pursuant to the Senior Indenture dated as of November 1, 1996, as supplemented by the First Supplemental Indenture, dated as of April 23, 2002, each by and between COFC and BNY Midwest Trust Company, and other securities hereafter issued providing for conversion thereof on substantially the same terms and conditions as such Upper DECS securities.

"Margin Stock" shall mean "margin stock" within the meaning of Regulations T, U and X.

"Material Adverse Effect" shall mean, with respect to a Borrower, a material adverse effect on (a) the Property, business, operations, financial condition or capitalization of such Borrower and its Subsidiaries taken as a whole, (b) the ability of such Borrower to perform its obligations under the Basic Documents, (c) the validity or enforceability of the obligations of such Borrower under the Basic Documents, (d) the rights and remedies of the Lenders and the Administrative Agent against such Borrower under the Basic Documents or (e) the timely payment of the principal of or interest on the Loans or other amounts payable by such Borrower in connection therewith.

"Money Market Borrowing" shall have the meaning assigned to such term in Section 2.03(b) hereof.

"Money Market Loan Limit" shall have the meaning assigned to such term in

Section 2.03(c)(ii) hereof.

"Money Market Loans" shall mean the loans provided for by Section 2.03 hereof.

"Money Market Notes" shall mean any promissory notes in substantially the form of Exhibit A-2 hereto issued pursuant to Section 2.08(d) hereof, and all promissory notes delivered in substitution or exchange therefor, in each case as the same shall be modified and supplemented and in effect from time to time.

"Money Market Quote" shall mean an offer in accordance with Section 2.03(c) hereof by a Lender to make a Money Market Loan with one single specified interest rate.

"Money Market Quote Request" shall have the meaning assigned to such term in Section 2.03(b) hereof.

"Multiemployer Plan" shall mean a multiemployer plan defined as such in Section 3(37) of ERISA to which contributions have been made by any Borrower or any ERISA Affiliate and that is covered by Title IV of ERISA.

"Net Worth" shall mean, on any date, the consolidated stockholders' equity of COFC and its consolidated Subsidiaries plus an amount equal to 80% of the face amount of any Mandatorily Convertible securities issued by COFC, all determined as of such date on a consolidated basis without duplication in accordance with GAAP.

"Notes" shall mean the Syndicated Notes and the Money Market Notes.

"Participating Member State" means each country so described in any EMU Legislation.

"Past-Due Receivables" shall mean, on any date with respect to any U.S. Borrower, the sum (determined with respect to such U.S. Borrower and its Subsidiaries on a consolidated basis without duplication in accordance with GAAP) of (a) all Managed Receivables the minimum payments on which are at least 90 days overdue on such date plus (b) all other assets which have been, in accordance with the relevant Borrower's credit policies with respect to such assets, classified as non-performing assets; provided that, Managed Receivables that are credit card loans, whether or not at least 90 days overdue, shall not constitute "Past-Due Receivables" to the extent of any cash balance of the account debtor on such loan on deposit with the creditor (but only to the extent such creditor is entitled under an agreement governing such credit card loan to set off such cash balances against the obligations of the account debtor under such loan and to the extent such cash balances are not subject to any other set-off or deduction by such creditor or any of its affiliates against a matured obligation owing by such debtor).

"PBGC" shall mean the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Person" shall mean any individual, corporation, company, voluntary association, partnership, limited liability company, joint venture, trust, unincorporated organization or government (or any agency, instrumentality or political subdivision thereof).

"Plan" shall mean an employee benefit or other plan established or maintained by any Borrower or any ERISA Affiliate and that is covered by Title IV of ERISA, other than a Multiemployer Plan.

"Post-Default Rate" shall mean a rate per annum equal to 2% plus the Base Rate as in effect from time to time plus the Applicable Margin for Base Rate Loans, provided that, with respect to principal of a Eurocurrency Loan or a Money Market Loan that shall become due (whether at stated maturity, by acceleration, by optional or mandatory prepayment or otherwise) on a day other than the last day of the Interest Period therefor, the "Post-Default Rate" shall be, for the period from and including such due date to but excluding the last day of such Interest Period, 2% plus the interest rate for such Loan as provided in Section 3.02 hereof and, thereafter, the rate provided for above in this definition.

"Pounds Sterling" shall mean the lawful currency of the United Kingdom.

"Prime Rate" shall mean the rate of interest from time to time announced by JPMorgan at the Principal Office as its prime commercial lending rate.

"Principal Financial Center" shall mean (a) in the case of each Currency identified in Section 1.4(a)(i)(A) of the 1991 ISDA Definitions (as amended and supplemented by the 1998 Supplement to the 1991 ISDA Definitions and the 1998 ISDA Euro Definitions) published by the International Swaps and Derivatives Association, Inc., the financial center identified in said Section opposite such Currency and (b) in the case of any other Currency, the principal financial center of the country that issues such Currency, as determined by the Administrative Agent.

"Principal Office" shall mean the principal office of JPMorgan, located on the date hereof at 270 Park Avenue, New York, New York 10017.

"Property" shall mean any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

"Qualifying Bank" shall mean any Lender (a) which is a bank as defined in Section 840A of the Income and Corporation Taxes Act 1988 of the United Kingdom (as such section may be amended from time to time) for the purposes of Section 349 of said Income and Corporation Taxes Act 1988 (as such section may be amended from time to time) making a Loan hereunder or in respect of a Loan made hereunder by a Person that was such a bank at the time that Loan was made and is within the charge to United Kingdom corporation tax with respect to any interest received by it in respect of a Loan hereunder and is beneficially entitled to any payments made to it or (b) who is resident (as such term is defined in an appropriate double taxation treaty) in a country with which the United Kingdom has a double taxation treaty giving residents of that country an exemption from United Kingdom taxation on interest and does not

carry on business in the United Kingdom through a permanent establishment with which the indebtedness under this Agreement in respect of which interest is paid is effectively connected.

"Quarterly Dates" shall mean the last Business Day of March, June, September and December in each year, the first of which shall be the first such day after the date hereof.

"Rating Agencies" shall mean Moody's Investors Service, Inc. and Standard & Poor's Ratings Services or, in each case, any successor nationally recognized statistical rating organization.

"Rating Levels" shall mean, on any date of determination, (a) Rating Level 1 if the Debt Rating by the Rating Agencies is at least equal to "A3" or "A-", (b) Rating Level 2 if the Debt Rating by the Rating Agencies is at least equal to "Baa1" or "BBB+", but does not fall within Rating Level 1, (c) Rating Level 3 if the Debt Rating by the Rating Agencies is at least equal to "Baa2" or "BBB", but does not fall within Rating Level 1 or Rating Level 2, (c) Rating Level 4 if the Debt Rating by the Rating Agencies is at least equal to "Baa3" or "BBB-", but does not fall within Rating Level 1, Rating Level 2 or Rating Level 3, (e) Rating Level 5 if the Debt Rating by the Rating Agencies is at least equal to "Ba1" or "BB+", but does not fall within Rating Level 1, Rating Level 2, Rating Level 3 or Rating Level 4, (f) Rating Level 6 if the Debt Rating by the Rating Agencies is at least equal to "Ba2" or "BB", but does not fall within Rating Level 1, Rating Level 2, Rating Level 3, Rating Level 4 or Rating Level 5 or (g) Rating Level 7 if none of the foregoing is applicable. If the Debt Rating of any Rating Agency is below the Debt Rating of the other Rating Agency and the two Debt Ratings shall be equal to or greater than "Baa3" and "BBB-", the "Rating Level" will be determined without regard to the Debt Rating of such Rating Agency with the lower Rating Level. If the Debt Rating of any Rating Agency is below the Debt Rating of the other Rating Agency and either Debt Rating shall be less than "Baa3" or "BBB-", the "Rating Level" will be determined based on the Debt Rating of such Rating Agency with the lower Rating Level.

"Receivables" means, with respect to any Borrower, any amount owing, from time to time, with respect to a credit card, revolving or installment loan account, home equity line of credit or residential mortgage loan account or other receivable owned by such Borrower, including, without limitation, amounts owing to a Borrower or a Subsidiary of a Borrower for payment of goods and services, cash advances, convenience checks, membership fees, finance charges, late charges, credit insurance premiums and cash advance fees and fees relating to additional lending products, and any other receivables arising out of financing transactions by such Borrower; provided that the term "Receivables" shall not include any of the foregoing that is subject to a securitization effected in the ordinary course of business.

"Reference Lenders" shall mean JPMorgan, Bank of America, N.A. and Citibank, N.A. (or their respective Applicable Lending Offices, as the case may be).

"Regulations A, D, T, U and X" shall mean, respectively, Regulations A, D, T, U and X of the Board of Governors of the Federal Reserve System (or any successor), as the same

may be modified and supplemented and in effect from time to time.

"Regulatory Change" shall mean, with respect to any Lender, any change after the date hereof in Federal, state or foreign law or regulations (including, without limitation, Regulation D) or the adoption or making after such date of any interpretation, directive or request applying to a class of banks including such Lender of or under any Federal, state or foreign law or regulations (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

"Reserve Requirement" shall mean, for the Interest Period for any Eurocurrency Loan or LIBOR Market Loan, the average maximum rate at which reserves (including, without limitation, any marginal, supplemental or emergency reserves) are required to be maintained during such Interest Period under Regulation D by member banks of the Federal Reserve System in New York City with deposits exceeding one billion Dollars against "Eurocurrency liabilities" (as such term is used in Regulation D). Without limiting the effect of the foregoing, the Reserve Requirement shall include any other reserves required to be maintained by such member banks by reason of any Regulatory Change with respect to (i) any category of liabilities that includes deposits by reference to which the Fixed Base Rate for Eurocurrency Loans or LIBOR Market Loans (as the case may be) is to be determined as provided in the definition of "Fixed Base Rate" in this Section 1.01 or (ii) any category of extensions of credit or other assets that includes Eurocurrency Loans or LIBOR Market Loans.

"Restricted Shares" means, with respect to any Borrower, shares of stock of or other ownership interests in such Borrower or any Subsidiary thereof engaged primarily in the extension of consumer credit to third parties or securitizations of receivables related to such extension of consumer credit, excluding without limitation any such ownership interests of any Borrower in America One Communications, Inc.

"Risk Adjusted Assets" shall mean, on any date and with respect to any U.S. Borrower, the amount, for such U.S. Borrower and its consolidated Subsidiaries (determined on a consolidated basis) on such date, of (i) "weighted risk assets", within the meaning given to such term in the Capital Adequacy Guidelines for State Member Banks published by the Board of Governors of the Federal Reserve System (12 C.F.R. Part 208, Appendix A, as amended, modified and supplemented and in effect from time to time or any replacement thereof) plus (ii) "risk weighted assets", within the meaning given to such term in 12 C.F.R. Part 567.1.

"SEC" shall mean the Securities and Exchange Commission, or any successor agency charged with the administration and enforcement of the Securities Act and the Exchange Act.

"Securities Act" shall mean the Securities Act of 1933, as amended from time to time.

"Set Rate" shall have the meaning assigned to such term in Section 2.03(c)(ii)(D)

hereof.

"Set Rate Auction" shall mean a solicitation of Money Market Quotes setting forth Set Rates pursuant to Section 2.03 hereof.

"Set Rate Loans" shall mean Money Market Loans the interest rates on which are determined on the basis of Set Rates pursuant to a Set Rate Auction.

"Subsidiary" shall mean, with respect to any Person, any corporation, partnership, limited liability company or other entity of which at least a majority of the Voting Securities issued by such corporation, partnership, limited liability company or other entity is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person.

"Swap Agreement" shall have the meaning given to such term in Section 101(53B) of the Bankruptcy Code (as in effect on the date hereof).

"Syndicated Loans" shall mean the loans provided for by Section 2.01(a) hereof, which may be Base Rate Loans and/or Eurocurrency Loans.

"Syndicated Notes" shall mean any promissory notes in substantially the form of Exhibit A-1 hereto issued pursuant to Section 2.08(d) hereof, and all promissory notes delivered in substitution or exchange thereof, in each case as the same shall be modified and supplemented and in effect from time to time.

"Syndication Agents" shall mean each of Bank of America, N.A., Barclays Bank plc, Citibank, N.A., Credit Suisse First Boston, Deutsche Bank AG, Lehman Brothers Commercial Paper, Inc. and Wachovia Bank, National Association.

"Tangible Net Worth" shall mean, on any date and with respect to any Borrower, the consolidated stockholders' equity of such Borrower and its consolidated Subsidiaries (provided, that the consolidated stockholders' equity of COFC shall include an amount equal to 80% of the face amount of any Mandatorily Convertible Securities issued by it so long as such Mandatorily Convertible Securities do not, at any time, comprise more than 25% of the Tangible Net Worth of COFC) less Intangibles of such Borrower and its consolidated Subsidiaries, all determined as of such date on a consolidated basis without duplication in accordance with GAAP.

"TARGET Business Day" means any day that is not (i) a Saturday or Sunday, or (ii) any other day on which the Trans-European Real-time Gross Settlement Express Transfer Payment System (or any successor settlement system) is not operating (as determined by the Administrative Agent).

"Tier 1 Capital" shall mean, on any date and with respect to any U.S. Borrower, the amount, for such U.S. Borrower and its consolidated Subsidiaries (determined on a

consolidated basis) on such date, of "Tier 1 capital", within the meaning given to such term in the Capital Adequacy Guidelines for State Member Banks published by the Board of Governors of the Federal Reserve System (12 C.F.R. Part 208, Appendix A, as amended, modified and supplemented and in effect from time to time or any replacement thereof).

"Tier 1 Capital to Managed Receivables Ratio" shall mean, on any date and with respect to any U.S. Borrower, the ratio of (a) Tier 1 Capital (determined, for the purposes of this definition, in accordance with GAAP) with respect to such U.S. Borrower on such date to (b) Managed Receivables with respect to such U.S. Borrower on such date.

"Tier 1 Capital to Risk Adjusted Assets Ratio" shall mean, on any date and with respect to COB or FSB, the ratio of (a) Tier 1 Capital with respect to such Borrower on such date to (b) Risk Adjusted Assets with respect to such Borrower on such date.

"Tier 1 Leverage Ratio" shall mean, on any date and with respect to COB or FSB, the ratio of (a) Tier 1 Capital with respect to such Borrower on such date to (b) Total Assets with respect to such Borrower on such date.

"Total Assets" shall mean, on any date and with respect to any U.S. Borrower, the amount, for such U.S. Borrower and its consolidated Subsidiaries (determined on a consolidated basis) on such date, of "average total consolidated assets", within the meaning given to such term in the Capital Adequacy Guidelines for State Member Banks published by the Board of Governors of the Federal Reserve System (12 C.F.R. Part 208, Appendix b, as amended, modified and supplemented and in effect from time to time or any replacement thereof).

"Total Capital" shall mean, on any date and with respect to any U.S. Borrower, the amount, for such U.S. Borrower and its consolidated Subsidiaries (determined on a consolidated basis) on such date, of "total capital", within the meaning given to such term in the Capital Adequacy Guidelines for State Member Banks published by the Board of Governors of the Federal Reserve System (12 C.F.R. Part 208, Appendix A, as amended, modified and supplemented and in effect from time to time or any replacement thereof).

"Total Capital to Risk Adjusted Assets Ratio" shall mean, on any date and with respect to COB or FSB, the ratio of (a) Total Capital with respect to such Borrower on such date to (b) Risk Adjusted Assets with respect to such Borrower on such date.

"Type" shall have the meaning assigned to such term in Section 1.03 hereof.

"U.S. Borrower" shall mean any Borrower other than COBE.

"Voting Securities" shall mean, with respect to any Person, securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such Person (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such Person shall have or might have voting power by reason of the happening of any

contingency).

"Wholly Owned Subsidiary" shall mean, with respect to any Person, any corporation, partnership, limited liability company or other entity of which all of the Voting Securities issued by such corporation, partnership, limited liability company or other entity (other than, in the case of a corporation, directors' qualifying shares) are directly or indirectly owned or controlled by such Person or one or more Wholly Owned Subsidiaries of such Person or by such Person and one or more Wholly Owned Subsidiaries of such Person.

1.02 Accounting Terms and Determinations.

(a) Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Lenders hereunder shall (unless otherwise disclosed to the Lenders in writing at the time of delivery thereof in the manner described in subsection (b) below) be prepared in accordance with generally accepted accounting principles in the United States of America, applied on a basis consistent with those used in the preparation of the latest financial statements furnished to the Lenders hereunder (which, prior to the delivery of the first financial statements under Section 8.01(a) or (b) hereof, shall mean the audited financial statements as at December 31, 2002 referred to in Section 7.02 hereof). All calculations made for the purposes of determining compliance with this Agreement shall (except as otherwise expressly provided herein) be made by application of generally accepted accounting principles in the United States of America applied on a basis consistent with those used in the preparation of the latest annual or quarterly financial statements furnished to the Lenders pursuant to Section 8.01 hereof (or, prior to the delivery of the first financial statements under Section 8.01(a) or (b) hereof, used in the preparation of the audited financial statements as at December 31, 2002 referred to in Section 7.02 hereof) unless (i) any Borrower shall have objected to determining such compliance on such basis at the time of delivery of such financial statements or (ii) the Majority Lenders shall so object in writing within 30 days after delivery of such financial statements, in either of which events such calculations shall be made on a basis consistent with those used in the preparation of the latest financial statements as to which such objection shall not have been made (which, if objection is made in respect of the first financial statements delivered under Section 8.01(a) or (b) hereof, shall mean the audited financial statements referred to in Section 7.02 hereof). Notwithstanding the foregoing, the accounting terms "Risk-Adjusted Assets", "Tier 1 Capital", "Total Assets" and "Total Capital" defined in Section 1.01 hereof shall be interpreted by reference to the statutes or regulations referred to in said definitions, as such statutes or regulations are amended, modified, supplemented or replaced and in effect from time to time.

(b) COFC shall deliver to the Lenders at the same time as the delivery of any annual or quarterly financial statement under Section 8.01 hereof (i) a description in reasonable detail of any material variation between the application of accounting principles in the United States of America employed in the preparation of such statement and the application of accounting principles in the United States of America employed in the preparation of the next

preceding annual or quarterly financial statements as to which no objection has been made in accordance with the last sentence of subsection (a) above and (ii) reasonable estimates of the difference between such statements arising as a consequence thereof. COBE shall deliver to the Lenders at the same time as the delivery of any annual or quarterly financial statement under Section 8.01 hereof (i) a description in reasonable detail of any material variation between the application of accounting principles in England employed in the preparation of such statement and the application of accounting principles in England employed in the preparation of the next preceding annual or quarterly financial statements as to which no objection has been made in accordance with the last sentence of subsection (a) above and (ii) reasonable estimates of the difference between such statements arising as a consequence thereof.

(c) To enable the ready and consistent determination of compliance with the covenants set forth in Section 8 hereof, no Borrower will change the last day of its fiscal year from December 31 of each year, or the last days of the first three fiscal quarters in each of its fiscal years from March 31, June 30 and September 30 of each year, respectively.

1.03 Currencies and Types of Loans. Loans hereunder are distinguished by "Currency" and by "Type". The "Currency" of a Loan refers to the Currency in which such Loan is denominated. The "Type" of a Loan refers to whether such Loan is a Base Rate Loan, a Eurocurrency Loan, a Set Rate Loan or a LIBOR Market Loan, each of which constitutes a Type. Loans may be identified by one or more of their Currency and Type.

1.04 EMU.

(a) Unavailability of Euro. If the Administrative Agent at any time determines that: (1) the Euro has ceased to be utilized as the basic accounting unit of the European Community, (2) for reasons affecting the market in Euros generally, Euros are not freely traded between banks internationally, or (3) it is illegal, impossible or impracticable for payments to be made hereunder in Euros, then the Administrative Agent may in its discretion declare (such declaration to be binding on all the parties hereto) that any payment made or to be made thereafter which, but for this provision, would have been payable in Euros shall be made in Pounds Sterling or Dollars (as selected by the Administrative Agent (the "Selected Currency")) and the amount to be so paid shall be calculated on the basis of the equivalent of the Euro in the Selected Currency.

(b) Basis of Accrual. If the basis of accrual of interest or fees expressed in this Agreement with respect to the Currency of any state that becomes a Participating Member State shall be inconsistent with any convention or practice in the relevant interbank market for the offering of deposits denominated in such Currency for the basis of accrual of interest or fees in respect of the Euro, such convention or practice shall replace such expressed basis effective as of and from the date on which such state becomes a Participating Member State, provided, that if any Loan in the Currency of such state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Advance, at the end of the then current Interest Period.

(c) Additional Changes at Administrative Agent's Discretion. This Section and other provisions of this Agreement relating to Euros shall be subject to such further changes as the Administrative Agent may from time to time in its reasonable discretion specify to the other parties hereto as necessary or appropriate to reflect the changeover to or operation of the Euro in Participating Member States.

SECTION 2. Commitments, Loans, and Prepayments.

2.01 Syndicated Loans.

(a) Each Lender severally agrees, on the terms and conditions of this Agreement, to make Syndicated Loans to any of the Borrowers in Dollars or any Agreed Alternative Currency during the period from and including the date hereof to but not including the Commitment Termination Date in an aggregate principal amount at any one time outstanding up to but not exceeding the amount of the Commitment of such Lender as in effect from time to time. Subject to the terms and conditions of this Agreement, during such period any Borrower may borrow, repay and reborrow the amount of the Commitments; provided that (i) no more than 10 separate Interest Periods in respect of Eurocurrency Loans may be outstanding at any one time, (ii) no more than 20 different Interest Periods for both Syndicated Loans and Money Market Loans may be outstanding at the same time (for which purpose (x) Interest Periods described in different lettered clauses of the definition of the term "Interest Period" shall be deemed to be different Interest Periods even if they are coterminous and (y) Loans denominated in different Currencies shall be deemed to have different Interest Periods) and (iii) after giving effect to any such Loan, subject to Section 2.10 hereof, no more than $250,000,000 in Loans to COFC may be outstanding at any one time.

(b) No Syndicated Loan shall be made if, after giving effect to such Loan, the aggregate outstanding principal amount of all Syndicated Loans, together with the aggregate outstanding principal amount of Money Market Loans, would exceed the aggregate amount of Commitments.

(c) For purposes of determining whether the amount of any borrowing of Loans, together with all other Loans then outstanding, would exceed the aggregate amount of Commitments (including, without limitation, for the purposes of Sections 2.01(a), 2.01(b) and 2.03(a) hereof) or any other limitation hereunder, the amount of any Loan outstanding that is denominated in an Alternative Currency shall be deemed to be the Dollar Equivalent (determined as of the date of such borrowing of Loans) of the amount in the Alternative Currency of such Loan. For purposes of determining the unused portion of the Commitments under Section 2.04(b) hereof, the amount of any Loan outstanding that is denominated in an Alternative Currency shall be deemed to be the Dollar Equivalent (determined as of the date of determination of the unused portion of the Commitments) of the amount in the Alternative Currency of such Loan. For purposes of calculating the amount of any utilization fee payable

under Section 2.05(b) hereof, the amount of any Loan outstanding on any date that is denominated in an Alternative Currency shall be deemed to be the Dollar Equivalent (determined as of the date of the most recent borrowing of Loans) of the amount in the Alternative Currency of such Loan.

2.02 Borrowings of Syndicated Loans. The applicable Borrower shall give the Administrative Agent notice of each borrowing of Syndicated Loans as provided in Section 4.05 hereof. Not later than 1:00 p.m. Local Time on the date specified for each borrowing of Syndicated Loans, each Lender shall make available the amount of the Syndicated Loan or Loans to be made by it on such date to the Administrative Agent, at the Administrative Agent's Account for the Currency in which such Loan is denominated, in immediately available funds, for account of the applicable Borrower. The amount so received by the Administrative Agent shall, subject to the terms and conditions of this Agreement, be made available to the applicable Borrower by depositing the same, in immediately available funds, in an account of the applicable Borrower designated by the applicable Borrower.

2.03 Money Market Loans.

(a) In addition to borrowings of Syndicated Loans, at any time prior to the Commitment Termination Date, any Borrower may, as set forth in this Section 2.03, request the Lenders to make offers to make Money Market Loans to such Borrower in Dollars or in any Alternative Currency. The Lenders may, but shall have no obligation to, make such offers and the applicable Borrower may, but shall have no obligation to, accept any such offers in the manner set forth in this Section 2.03. Money Market Loans may be LIBOR Market Loans or Set Rate Loans (each a "Type" of Money Market Loan), provided that:

(i) there may be no more than 20 different Interest Periods for both Syndicated Loans and Money Market Loans outstanding at the same time (for which purpose (x) Interest Periods described in different lettered clauses of the definition of the term "Interest Period" shall be deemed to be different Interest Periods even if they are coterminous and (y) Loans denominated in different Currencies shall be deemed to have different Interest Periods); and

(ii) the aggregate principal amount of all Money Market Loans, together with the aggregate principal amount of all Syndicated Loans, at any one time outstanding shall not exceed the aggregate amount of the Commitments then in effect.

(b) When a Borrower wishes to request offers to make Money Market Loans, it shall give the Administrative Agent (which shall promptly notify the Lenders) notice (a "Money Market Quote Request") so as to be received no later than (x) 11:00 a.m. New York time on the fifth Business Day prior to the date of borrowing proposed therein, in the case of a LIBOR Auction, (y) 12:00 noon London time on the fourth Business Day prior to the date of borrowing proposed therein in the case of a Set Rate Auction in respect of Money Market Loans denominated in an Alternative Currency or (z) the Business Day next preceding the date of

borrowing proposed therein in the case of a Set Rate Auction in respect of Money Market Loans denominated in Dollars. The applicable Borrower may request offers to make Money Market Loans for up to three different Interest Periods in a single notice (for which purpose (x) Interest Periods in different lettered clauses of the definition of the term "Interest Period" shall be deemed to be different Interest Periods even if they are coterminous and (y) Money Market Loans denominated in different Currencies shall be deemed to have different Interest Periods); provided that the request for each separate Interest Period or Currency shall be deemed to be a separate Money Market Quote Request for a separate borrowing (a "Money Market Borrowing"). Each such notice shall be substantially in the form of Exhibit E hereto and shall specify as to each Money Market Borrowing:

(i) the name of the Borrower, the Currency of such Borrowing and the proposed date of such borrowing, which shall be a Business Day;

(ii) the aggregate amount of such Money Market Borrowing, which shall be an integral multiple of $1,000,000 and not less than $5,000,000 (or, in the case of a Borrowing of Money Market Loans denominated in an Alternative Currency, the Foreign Currency Equivalent thereof (rounded to the nearest 1,000 units of such Alternative Currency)) but shall not cause the limits specified in Section 2.03(a) hereof to be violated;

(iii) the duration of the Interest Period applicable thereto;

(iv) whether the Money Market Quotes requested for a particular Interest Period are seeking quotes for LIBOR Market Loans or Set Rate Loans; and

(v) if the Money Market Quotes requested are seeking quotes for Set Rate Loans denominated in Dollars, the date on which the Money Market Quotes are to be submitted (the date on which such Money Market Quotes are to be submitted is called the "Quotation Date").

Except as otherwise provided in this Section 2.03(b), no Money Market Quote Request shall be given within five Business Days of any other Money Market Quote Request.

(c) (i) Each Lender may submit one or more Money Market Quotes, each constituting an offer to make a Money Market Loan in response to any Money Market Quote Request; provided that, if the applicable Borrower's request under Section 2.03(b) hereof specified more than one Interest Period, such Lender may make a single submission containing one or more Money Market Quotes for each such Interest Period. Each Money Market Quote must be submitted to the Administrative Agent not later than (x) 4:00 p.m. New York time on the fifth Business Day prior to the proposed date of borrowing, in the case of a LIBOR Auction, (y) 4:00 p.m. London time on the fourth Business Day prior to the date of borrowing proposed therein in the case of a Set Rate Auction in respect of Money Market Loans denominated in an Alternative Currency or (z) 10:00 a.m. New York time on the Quotation Date in the case of a Set Rate Auction in

respect of Money Market Loans denominated in Dollars; provided that any Money Market Quote may be submitted by JPMorgan (or its Applicable Lending Office) only if JPMorgan (or such Applicable Lending Office) notifies such Borrower of the terms of the offer contained therein not later than (x) 3:45 p.m. New York time on the fifth Business Day prior to the proposed date of borrowing, in the case of a LIBOR Auction, (y) 3:45 p.m. London time on the fourth Business Day prior to the date of borrowing proposed therein in the case of a Set Rate Auction in respect of Money Market Loans denominated in an Alternative Currency or (z) 9:45 a.m. New York time on the Quotation Date in the case of a Set Rate Auction in respect of Money Market Loans denominated in Dollars. Subject to Sections 5.02(b), 5.03, 6.02 and 9 hereof, any Money Market Quote so made shall be irrevocable except with the consent of the Administrative Agent given on the instructions of such Borrower.

(ii) Each Money Market Quote shall be substantially in the form of Exhibit F hereto and shall specify:

(A) the name of the Borrower, the Currency of such Borrowing and the proposed date of borrowing and the Interest Period therefor;

(B) the principal amount of the Money Market Loan for which each such offer is being made, which principal amount shall be an integral multiple of $1,000,000 and not less than $5,000,000 (or, in the case of a Borrowing of Money Market Loans denominated in an Alternative Currency, the Foreign Currency Equivalent thereof (rounded to the nearest 1,000 units of such Alternative Currency)); provided that the aggregate principal amount of all Money Market Loans for which a Lender submits Money Market Quotes (x) may be greater or less than the Commitment of such Lender but (y) may not exceed the principal amount of the Money Market Borrowing for a particular Interest Period for which offers were requested;

(C) in the case of a LIBOR Auction, the margin above or below the applicable Eurocurrency Rate (the "LIBO Margin") offered for each such Money Market Loan, expressed as a percentage (rounded upwards, if necessary, to the nearest 1/10,000th of 1%) to be added to or subtracted from the applicable Eurocurrency Rate;

(D) in the case of a Set Rate Auction, the rate of interest per annum (rounded upwards, if necessary, to the nearest 1/10,000th of 1%) offered for each such Money Market Loan (the "Set Rate"); and

(E) the identity of the quoting Lender.

Unless otherwise agreed by the Administrative Agent and the applicable Borrower, no Money Market Quote shall contain qualifying, conditional or similar language or propose terms other than or in addition to those set forth in the applicable Money Market Quote

Request and, in particular, no Money Market Quote may be conditioned upon acceptance by the applicable Borrower of all (or some specified minimum) of the principal amount of the Money Market Loan for which such Money Market Quote is being made, provided that the submission by any Lender containing more than one Money Market Quote may be conditioned on the applicable Borrower not accepting offers contained in such submission that would result in such Lender making Money Market Loans pursuant thereto in excess of a specified aggregate amount (the "Money Market Loan Limit").

(d) The Administrative Agent shall (x) in the case of a LIBOR Auction, by 5:00 p.m. New York time on the day a Money Market Quote is submitted, (y) in the case of a Set Rate Auction in respect of Money Market Loans denominated in an Alternative Currency, by 5:00 p.m. London time or (z) in the case of a Set Rate Auction in respect of Money Market Loans denominated in Dollars, as promptly as practicable after the Money Market Quote is submitted (but in any event not later than 10:15 a.m. New York time on the Quotation Date), notify the applicable Borrower of the terms (i) of any Money Market Quote submitted by a Lender that is in accordance with Section 2.03(c) hereof and (ii) of any Money Market Quote that amends, modifies or is otherwise inconsistent with a previous Money Market Quote submitted by such Lender with respect to the same Money Market Quote Request. Any such subsequent Money Market Quote shall be disregarded by the Administrative Agent unless such subsequent Money Market Quote is submitted solely to correct a manifest error in such former Money Market Quote. The Administrative Agent's notice to the applicable Borrower shall specify (A) the aggregate principal amount of the Money Market Borrowing for which offers have been received and (B) the respective principal amounts and LIBO Margins or Set Rates, as the case may be, so offered by each Lender (identifying the Lender that made each Money Market Quote).

(e) Not later than (x) 10:00 a.m. New York time on the fourth Business Day prior to the proposed date of borrowing in the case of a LIBOR Auction, (y) 10:00 a.m. London time on the third Business Day prior to the proposed date of borrowing in the case of a Set Rate Auction in respect of Money Market Loans denominated in an Alternative Currency or (z) 11:00 a.m. New York time on the Quotation Date in the case of a Set Rate Auction in respect of Money Market Loans denominated in Dollars, the applicable Borrower shall notify the Administrative Agent of its acceptance or nonacceptance of the offers so notified to it pursuant to Section 2.03(d) hereof (which notice shall specify the aggregate principal amount of offers from each Lender for each Interest Period that are accepted, it being understood that the failure of the applicable Borrower to give such notice by such time shall constitute nonacceptance) and the Administrative Agent shall promptly notify each affected Lender. The notice from the Administrative Agent shall also specify the aggregate principal amount of offers for each Interest Period that were accepted and the lowest and highest LIBO Margins and Set Rates that were accepted for each Interest Period. The applicable Borrower may accept any Money Market Quote in whole or in part; provided that:

(i) the aggregate principal amount of each Money Market Borrowing may not exceed the applicable amount set forth in the related Money Market Quote Request;

(ii) the aggregate principal amount of each Money Market Borrowing shall be an integral multiple of $1,000,000 and not less than $5,000,000 (or, in the case of a Borrowing of Money Market Loans denominated in an Alternative Currency, the Foreign Currency Equivalent thereof (rounded to the nearest 1,000 units of such Alternative Currency)) but shall not cause the limits specified in Section 2.03(a) hereof to be violated;

(iii) acceptance of offers may, subject to clause (vi) below, be made only in ascending order of LIBO Margins or Set Rates, as the case may be, in each case beginning with the lowest rate so offered;

(iv) any Money Market Quote accepted in part shall be an integral multiple of $1,000,000 and not less than $5,000,000 (or, in the case of a Borrowing of Money Market Loans denominated in an Alternative Currency, the Foreign Currency Equivalent thereof (rounded to the nearest 1,000 units of such Alternative Currency));

(v) the applicable Borrower may not accept any offer where the Administrative Agent has advised the applicable Borrower that such offer fails to comply with Section 2.03(c)(ii) hereof or otherwise fails to comply with the requirements of this Agreement (including, without limitation, Section 2.03(a) hereof); and

(vi) the aggregate principal amount of each Money Market Borrowing from any Lender may not exceed any applicable Money Market Loan Limit of such Lender.

If offers are made by two or more Lenders with the same LIBO Margins or Set Rates, as the case may be, for a greater aggregate principal amount than the amount in respect of which offers are permitted to be accepted for the related Interest Period, the principal amount of Money Market Loans in respect of which such offers are accepted shall be allocated by the applicable Borrower among such Lenders as nearly as possible (in an integral multiple of $1,000,000 and not less than $5,000,000 (or, in the case of a Borrowing of Money Market Loans denominated in an Alternative Currency, the Foreign Currency Equivalent thereof (rounded to the nearest 1,000 units of such Alternative Currency)) in proportion to the aggregate principal amount of such offers. Determinations by the applicable Borrower of the amounts of Money Market Loans shall be conclusive in the absence of manifest error.

(f) Any Lender whose offer to make any Money Market Loan has been accepted in accordance with the terms and conditions of this Section 2.03 shall, not later than 11:00 a.m. Local Time (in the case of a LIBOR Auction or a Set Rate Auction in respect of Money Market Loans denominated in an Alternative Currency) or 1:00 p.m. New York time (in the case of a Set Rate Auction in respect of Money Market Loans denominated in Dollars) on the date specified for the making of such Loan, make the amount of such Loan available to the Administrative Agent at the Administrative Agent's Account for the Currency in which such Loan is denominated in immediately available funds, for account of the applicable Borrower. The amount so received by the Administrative Agent shall, subject to the terms and conditions of

this Agreement, be made available to the applicable Borrower on such date by depositing the same, in immediately available funds, in an account of the applicable Borrower designated by the applicable Borrower.

(g) Except for the purpose and to the extent expressly stated in Section 2.04(b) hereof, the amount of any Money Market Loan made by any Lender shall not constitute a utilization of such Lender's Commitment.

(h) The applicable Borrower shall pay to the Administrative Agent a fee of $750 each time it gives a Money Market Quote Request to the Administrative Agent.

2.04 Changes of Commitments.

(a) The aggregate amount of the Commitments shall be automatically reduced to zero on the Commitment Termination Date.

(b) The Borrowers, acting jointly, shall have the right at any time or from time to time (i) to terminate the Commitments so long as no Syndicated Loans or Money Market Loans are outstanding and (ii) to reduce the aggregate unused amount of the Commitments (for which purpose use of the Commitments shall be deemed to include the aggregate principal amount of all Money Market Loans); provided that (x) the Borrowers shall give notice of each such termination or reduction as provided in Section 4.05 hereof, (y) each partial reduction shall aggregate to an integral multiple of $1,000,000 and not less than $10,000,000 and (z) no such termination or reduction shall be effected unless such notice shall have been given by each Borrower.

(c) The Commitments, once terminated or reduced, may not be reinstated.

2.05 Fees.

(a) Facility Fee. The Borrowers shall pay to the Administrative Agent for account of each Lender a facility fee on the daily average of such Lender's Commitment (regardless of utilization thereof), for the period from and including the date hereof to but not including the earlier of the date such Commitment is terminated and the Commitment Termination Date, at a rate per annum equal to the Applicable Facility Fee Percentage; provided, that the Applicable Facility Fee Percentage on the Commitments available for borrowing by COFC pursuant to Section 2.01(a) shall be determined with reference to the lower of the Debt Ratings assigned to COFC and COB, while the Applicable Facility Fee Percentage on the Commitments not available for borrowing by COFC pursuant to Section 2.01(a) shall be determined with reference to the Debt Rating of COB; provided, further, that the facility fee shall not accrue or become payable by the Borrowers on the Commitment of any Defaulting Lender during the period that such Lender is a Defaulting Lender.

(b) Utilization Fee. The Borrowers shall pay to the Administrative Agent for account of each Lender a utilization fee, for each Computation Period occurring during the

period from and including the date hereof to but not including the earlier of the date the Commitments are terminated and the Commitment Termination Date, on the excess, if any, of (i) the Average of the aggregate outstanding principal amount of all Loans (including Money Market Loans) outstanding for such Computation Period over (ii) 33% of the Average of the aggregate amount of all Commitments in effect for such Computation Period at a rate per annum equal to the Applicable Utilization Fee Percentage. Utilization fee payable under this Section 2.05(b) with respect to any day shall be allocated among the Borrowers pro rata according to the respective Average aggregate outstanding principal amounts of Loans owing by the Borrowers for such Computation Period.

(c) Payment. Accrued facility fee and utilization fee shall be payable on each Quarterly Date and on the earlier of the date the Commitments are terminated and the Commitment Termination Date.

2.06 Lending Offices. The Loans of each Type and Currency made by each Lender shall be made and maintained at such Lender's Applicable Lending Office for Loans of such Type and Currency.

2.07 Several Obligations; Remedies Independent. The failure of any Lender to make any Loan to be made by it on the date specified therefor shall not relieve any other Lender of its obligation to make its Loan on such date, but neither any Lender nor the Administrative Agent shall be responsible for the failure of any other Lender to make a Loan to be made by such other Lender, and (except as otherwise provided in Section 4.06 hereof) no Lender shall have any obligation to the Administrative Agent or any other Lender for the failure by such Lender to make any Loan required to be made by such Lender. The amounts payable by each Borrower at any time hereunder and under the Notes to each Lender shall be a separate and independent debt, and each Lender shall be entitled to protect and enforce its rights arising out of this Agreement and the Notes, and it shall not be necessary for any other Lender or the Administrative Agent to consent to, or be joined as an additional party in, any proceedings for such purposes.

2.08 Evidence of Debt.

(a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Loan made by such Lender, including the date, amount, Currency, Type, interest rate and duration of Interest Period of each Loan made by such Lender to a Borrower, and amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(b) The Administrative Agent shall maintain accounts in which it shall record (i) the name of each Borrower and amount of each Loan made to such Borrower hereunder, Currency and Type thereof and the interest rate and Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iii) the amount of any sum received by the

Administrative Agent from any Borrower hereunder for the account of the Lenders and each Lender's share thereof.

(c) The entries made in the accounts maintained pursuant to paragraph (a) or (b) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of any Borrower to repay its Loans in accordance with the terms of this Agreement.

(d) Any Lender may request through the Administrative Agent that Loans made by it be evidenced by one or more promissory notes. In such event, the applicable Borrower(s) shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender in the form of Exhibit A-1 hereto (to evidence Syndicated Loans), or Exhibit A-2 hereto (to evidence Money Market Loans), as such Lender may request. Each Syndicated Note shall be dated the date hereof, duly executed by the applicable Borrower and payable to such Lender in a principal amount equal to the amount of its Commitment as originally in effect and otherwise duly completed. Each Money Market Note shall be dated the date hereof, duly executed by the applicable Borrower and payable to such Lender and otherwise duly completed.

(e) No Lender shall be entitled to have its Notes substituted or exchanged for any reason, or subdivided for promissory notes of lesser denominations, except in connection with a permitted assignment of all or any portion of such Lender's Commitment, Loans and Notes pursuant to Section 11.06 hereof (and, if requested by any Lender, each Borrower agrees to so exchange any Note).

2.09 Prepayments.

(a) Optional Prepayments. Subject to Section 4.04 hereof, each Borrower shall have the right to prepay Syndicated Loans made to such Borrower at any time or from time to time, provided that: (i) such Borrower shall give the Administrative Agent notice of each such prepayment as provided in Section 4.05 hereof (and, upon the date specified in any such notice of prepayment, the amount to be prepaid shall become due and payable hereunder) and (ii) any prepayment of a Eurocurrency Loan on a day other than the last day of the Interest Period for such Loan shall be subject to the payment of any compensation payable under Section 5.05 hereof. Money Market Loans may not be prepaid.

(b) Currency Valuation. In the event that any Borrower selects an Interest Period of more than three months' duration for any borrowing of Loans, on each Currency Valuation Date (as defined below), the Administrative Agent shall determine the sum of the aggregate outstanding principal amount of all Loans. For purposes of this determination, the outstanding principal amount of any Loan that is denominated in any Alternative Currency shall be deemed to be the Dollar Equivalent of the amount in the Alternative Currency of such Loan, determined as of such Currency Valuation Date. Upon making such determination, the

Administrative Agent shall promptly notify the Lenders and each Borrower thereof. If, on the date of such determination, such sum of the aggregate principal amount of all Loans exceeds 105% of the aggregate of the Commitments as then in effect, the Borrowers shall, if requested by the Majority Lenders (through the Administrative Agent), prepay outstanding Loans (ratably in accordance with the then outstanding aggregate principal amounts thereof) in such amounts as shall be necessary so that after giving effect thereto the aggregate outstanding principal amount of all Loans does not exceed the aggregate Commitments. After the date of any such prepayment, the Borrowers shall not be required to make a prepayment under this Section 2.09(b) until any Borrower subsequently selects an Interest Period of more than three months's duration. Any such payment shall be accompanied by accrued interest thereon as provided in Section 3.02 hereof and by any amounts payable under Section 5.05 hereof.

For purposes of this Section 2.09(b), "Currency Valuation Date" shall mean, with respect to each Interest Period having an initial duration of more than three months for any borrowing of Loans, each date which occurs at intervals of three months after the first day of such Interest Period (or, if any such date is not a Business Day, the immediately preceding Business Day).

2.10 Increases in Commitments.

(a) The Borrowers, acting jointly, shall have the right at any time to increase the aggregate amount of the Commitments hereunder to an amount not to exceed $1,500,000,000 by causing one or more banks or other financial institutions, which may include any Lender already party to this Agreement, to become a "Lender" party to this Agreement or (in the case of any Lender already party to this Agreement) to increase the amount of such Lender's Commitment; provided that (i) the addition of any bank or other financial institution to this Agreement that is not already a Lender shall be subject to the consent of the Administrative Agent (which consent shall not be unreasonably withheld or delayed) and (ii) the Commitment of any bank or other financial institution becoming a "Lender" party to this Agreement, and any increase in the amount of the Commitment of any Lender already party to this Agreement, shall be in an amount equal to an integral multiple of $1,000,000 and not less than $10,000,000.

(b) Any increase in the aggregate amount of the Commitments pursuant to Section 2.10(a) hereof shall be effective only upon the execution and delivery to the Borrowers and the Administrative Agent of a commitment increase letter in substantially the form of Exhibit I hereto (a "Commitment Increase Letter"), which Commitment Increase Letter shall be delivered to the Administrative Agent not less than five Business Days prior to the Commitment Increase Date and shall specify (i) the amount of the Commitment of any bank or other financial institution becoming a "Lender" party to this Agreement or of any increase in the amount of the Commitment of any Lender already party to this Agreement and (ii) the date such increase is to become effective (the "Commitment Increase Date").

(c) Any increase in the aggregate amount of the Commitments pursuant to this Section 2.10 shall not be effective unless:

(i) no Default shall have occurred and be continuing on the Commitment Increase Date;

(ii) each of the representations and warranties made by the Borrowers in Section 7 hereof (other than the Excluded Representations) shall be true and correct in all material respects on and as of the Commitment Increase Date with the same force and effect as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date);

(iii) no notice of borrowing of Syndicated Loans affected by such increase in the aggregate amount of the Commitments shall have been given, in each case, on and as of such Commitment Increase Date;

(iv) such increase in the aggregate amount of the Commitments does not cause any Lender to hold a Commitment in an amount exceeding 25% of the aggregate amount of the Commitments;

(v) immediately after giving effect to such increase, the aggregate amount of Commitments available for borrowing by COFC shall not exceed 25% of the aggregate amount of Commitments; and

(vi) the Administrative Agent shall have received (with sufficient copies for each of the Lenders) each of (x) a certificate of the corporate secretary or assistant secretary of the Borrowers as to the taking of any corporate action necessary in connection with such increase and (y) an opinion or opinions of counsel to the Borrowers as to their corporate power and authority to borrow hereunder after giving effect to such increase.

Each notice requesting an increase in the aggregate amount of the Commitments pursuant to this Section 2.10 shall constitute a certification to the effect set forth in clauses (i) and (ii) of the preceding sentence.

(d) No Lender shall at any time be required to agree to a request of a Borrower to increase its Commitment or obligations hereunder.

2.11 Undertaking of COB. COB hereby agrees with each Lender and the Administrative Agent as follows:

(a) Undertaking to Pay. At the request of FSB and COBE, COB hereby irrevocably undertakes in favor of the Administrative Agent that COB will honor the Administrative Agent's sight drafts drawn on COB and payable to the order of the Administrative Agent upon presentation of such drafts to COB at the address to which notices are deliverable to COB under Section 11.02 hereof accompanied by a written certification referred to below (such undertaking to honor such drafts being herein called, the "Undertaking"). Each draft must be accompanied by written certification of the Administrative Agent in the form

of Exhibit J to this Agreement. Each draft drawn under and in compliance with the Undertaking will be duly honored by COB forthwith upon presentation by paying the amount of such draft to the Administrative Agent at the Administrative Agent's Account in the manner specified in Section 4.01 hereof.

(b) Amount Available. The aggregate amount available to be drawn under this Section 2.11 shall be equal to (i) the aggregate amount of Commitments hereunder plus (ii) interest (computed on the basis of a year of 360 days) that would accrue on such aggregate amount for a period of 360 days at a rate per annum equal to 12%. Partial and multiple drawings under this Section 2.11 are permitted. The Undertaking shall expire on the date 100 days following the Commitment Termination Date.

(c) Certain Terms and Conditions. All charges and commissions incurred by COB in connection with the issuance or administration of the Undertaking (including any drawing in respect of the Undertaking) shall be for account of FSB or COBE, as the case may be. This Section 2.11 sets forth in full the terms of the Undertaking, and the Undertaking shall not in any way be amended, modified, amplified or limited by reference to any other Section or provision of this Agreement or any document, instrument or agreement referred to herein, and any such reference shall not be deemed to incorporate in this Section 2.11 by reference any document, instrument or agreement. The obligations of COB in respect of the Undertaking are independent of any of the obligations of any other party to this Agreement and of any obligations of COB under any other Section or provision of this Agreement (and accordingly the Undertaking is intended to be both a "credit" and a "letter of credit" within the meaning of Article 5 of the New York Uniform Commercial Code), and the entitlement of the Administrative Agent to draw under the Undertaking is subject only to compliance by the Administrative Agent with the express conditions to drawing set forth in this Section 2.11. The Undertaking may not be assigned or transferred other than to a successor Administrative Agent appointed in accordance with Section 10.08 hereof.

(d) Reimbursement. FSB and COBE agree to reimburse COB for any drawing by the Administrative Agent under the Undertaking for their respective accounts, without notice or demand of any kind, not later than 1:00 p.m. (New York time) on the Business Day following such drawing, in an amount equal to the amount of such drawing. COB hereby agrees that until the payment and satisfaction in full of the principal of and interest on the Loans made by the Lenders to, and any Notes held by each Lender of, FSB and COBE and all other amounts from time to time owing to the Lenders or the Administrative Agent by FSB and COBE hereunder and under any Notes and the expiration or termination of the Commitments COB shall not exercise any right or remedy to collect any amount owing by FSB or COBE to COB under this Section 2.11(d).

(e) UCP. The Undertaking is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500 (the "UCP"). In the event of any conflict between the law of the State of New York (which, pursuant to Section 11.10 hereof, governs this Agreement) and the UCP, the UCP shall

control. Notwithstanding Article 17 of the UCP, if the Undertaking expires during an interruption of business as described in said Article 17, COB shall effect payment if the Undertaking is drawn against within 30 days after the resumption of business.

(f) Distribution of Proceeds of Drawing. Each payment received by the Administrative Agent in connection with any drawing under the Undertaking shall be promptly applied by the Administrative Agent to the obligations of FSB or COBE, as the case may be, in respect of which such drawing was made.

SECTION 3. Payments of Principal and Interest.

3.01 Repayment of Loans. Each Borrower hereby promises to pay to the Administrative Agent for account of each Lender the principal of each Loan made by such Lender to such Borrower, and each such Loan shall mature, on the last day of the Interest Period therefor. Except as set forth in Section 2.11 hereof, no Borrower shall have liability for the obligations of another Borrower.

3.02 Interest. Each Borrower hereby promises to pay to the Administrative Agent for account of each Lender interest on the unpaid principal amount of each Loan made by such Lender to such Borrower for the period from and including the date of such Loan to but excluding the date such Loan shall be paid in full, at the following rates per annum:

(a) if such Loan is a Base Rate Loan, the Base Rate (as in effect from time to time) plus the Applicable Margin;

(b) if such Loan is a Eurocurrency Loan, the Eurocurrency Rate for such Loan for the Interest Period therefor plus the Applicable Margin;

(c) if such Loan is a LIBOR Market Loan, the Eurocurrency Rate for such Loan for the Interest Period therefor plus (or minus) the LIBO Margin quoted by the Lender making such Loan in accordance with Section 2.03 hereof; and

(d) if such Loan is a Set Rate Loan, the Set Rate for such Loan for the Interest Period therefor quoted by the Lender making such Loan in accordance with Section 2.03 hereof.

Notwithstanding the foregoing, each Borrower hereby promises to pay to the Administrative Agent for account of each relevant Lender interest at the applicable Post-Default Rate on any principal of any Loan made by such Lender to such Borrower, and on any other amount payable by such Borrower to or for account of such Lender hereunder or under any Notes, that shall not be paid in full when due (whether at stated maturity, by acceleration, by mandatory prepayment or otherwise), for the period from and including the due date thereof to but excluding the date the same is paid in full. Accrued interest on each Loan shall be payable (i) on the last day of the Interest Period therefor and, if such Interest Period is longer than 90 days (in the case of a Set Rate Loan) or three months (in the case of a Eurocurrency Loan or a

LIBOR Market Loan), at 90-day or three-month intervals, respectively, following the first day of such Interest Period, and (ii) in the case of any Loan, upon the payment or prepayment thereof (but only on the principal amount so paid or prepaid), except that interest payable at the Post-Default Rate shall be payable from time to time on demand. Promptly after the determination of any interest rate provided for herein or any change therein, the Administrative Agent shall give notice thereof to the Lenders to which such interest is payable and to the applicable Borrower.

SECTION 4. Payments; Pro Rata Treatment; Computations; Etc.

4.01 Payments.

(a) Except to the extent otherwise provided herein, all payments of principal of and interest on any Loan and of all other amounts to be made by a Borrower under this Agreement and any Notes shall be made in the Currency in which such Loan or other amount is denominated, in immediately available funds, without deduction, set-off or counterclaim, to the Administrative Agent at the Administrative Agent's Account for the Currency in which such Loan or other amount is denominated, not later than 1:00 p.m. Local Time on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day), provided that if a new Loan is to be made to a Borrower by any Lender on a date on which such Borrower is to repay any principal of an outstanding Loan of such Lender and in the same Currency, such Lender shall apply the proceeds of such new Loan to the payment of the principal to be repaid and only an amount equal to the difference between the principal to be borrowed and the principal to be repaid shall be made available by such Lender to the Administrative Agent as provided in Section 2.02 hereof or paid by the applicable Borrower to the Administrative Agent pursuant to this Section 4.01, as the case may be. All amounts owing under this Agreement and any Notes (other than principal of and interest on Loans denominated in an Alternative Currency) are denominated and payable in Dollars.

(b) Any Lender for whose account any such payment is to be made may (but shall not be obligated to) debit the amount of any such payment that is not made by such time to any ordinary deposit account of the Borrower obligated to make such payment with such Lender (with notice to such Borrower and the Administrative Agent), provided that such Lender's failure to give such notice shall not affect the validity thereof.

(c) Each Borrower shall, at the time of making each payment under this Agreement or any Note for account of any Lender, specify to the Administrative Agent (which shall so notify the intended recipient(s) thereof) the Loans or other amounts payable by such Borrower hereunder to which such payment is to be applied (and in the event that such Borrower fails to so specify, or if an Event of Default has occurred and is continuing, the Administrative Agent may distribute such payment to the Lenders for application in such manner as it or the Majority Lenders, subject to Section 4.02 hereof, may determine to be appropriate).

(d) Each payment received by the Administrative Agent under this Agreement or any Note for account of any Lender shall be paid by the Administrative Agent promptly to such Lender, in like Currency and immediately available funds, for account of such Lender's Applicable Lending Office for the Loan or other obligation in respect of which such payment is made.

(e) If the due date of any payment under this Agreement or any Note would otherwise fall on a day that is not a Business Day, such payment shall be made on the next preceding Business Day.

4.02 Pro Rata Treatment. Except to the extent otherwise provided herein:

(a) each borrowing under Section 2.01 hereof of Syndicated Loans shall be made from the Lenders, each payment under Section 2.05(a) hereof of facility fee to the Lenders, and each termination or reduction under Section 2.04(b) hereof of the Commitments shall be applied to the respective Commitments of the Lenders, pro rata according to the amounts of their respective Commitments;

(b) except as otherwise provided in Section 5.04 hereof, Eurocurrency Loans having the same Interest Period shall be allocated among the Lenders pro rata according to the amounts of their respective Commitments;

(c) each payment or prepayment of principal of Syndicated Loans, and each payment under Section 2.05 hereof of utilization fee to the Lenders, shall be made by a Borrower (allocated between the Borrowers in accordance with the last sentence of Section 2.05(b) hereof) for account of the Lenders pro rata according to the respective unpaid principal amounts of the Syndicated Loans owing by such Borrower held by such Lenders; and

(d) each payment of interest on Syndicated Loans shall be made by a Borrower for account of the Lenders pro rata according to the amounts of interest on such Loans then due and payable by such Borrower to such Lenders.

4.03 Computations. Interest on Money Market Loans and Eurocurrency Loans and facility and utilization fee shall be computed on the basis of a year of 360 days and actual days elapsed (including the first day but excluding the last day) occurring in the period for which payable, and interest on Base Rate Loans shall be computed on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed (including the first day but excluding the last day) occurring in the period for which payable. Notwithstanding the foregoing, (a) for each day that the Base Rate is calculated by reference to the Federal Funds Rate, interest on Base Rate Loans shall be computed on the basis of a year of 360 days and actual days elapsed and (b) interest on Eurocurrency Loans denominated in Pounds Sterling shall be computed on the basis of a year of 365 or 366 days, as the case may be.

4.04 Minimum Amounts

4.04 Minimum Amounts. Except for prepayments made pursuant to Section 5.04 hereof, each borrowing and partial prepayment of principal of Loans (other than Money Market Loans) shall aggregate to an integral multiple of $1,000,000 and not less than $10,000,000 (borrowings or prepayments of Loans of different Types or, in the case of Eurocurrency Loans, having different Interest Periods at the same time hereunder to be deemed separate borrowings and prepayments for purposes of the foregoing, one for each Type or Interest Period), provided that (a) the aggregate principal amount of Eurocurrency Loans having the same Interest Period shall aggregate to an integral multiple of $1,000,000 and not less than $20,000,000 (or, in the case of Loans denominated in an Alternative Currency, the Foreign Currency Equivalent thereof (rounded to the nearest 1,000 units of such Alternative Currency)) and (b) if any Eurocurrency Loans would otherwise be in a lesser principal amount for any period, such Loans shall be Base Rate Loans during such period.

4.05 Certain Notices. Except as otherwise provided in Section 2.03 hereof with respect to Money Market Loans, notices by a Borrower to the Administrative Agent of terminations or reductions of the Commitments and of borrowings and optional prepayments of Loans, Currencies and Types of Loans and of the duration of Interest Periods shall be irrevocable and shall be effective only if received by the Administrative Agent not later than 11:00 a.m. New York time on the number of Business Days prior to the date of the relevant termination, reduction, borrowing or prepayment or the first day of such Interest Period specified below:

Type	Number of Business Days Prior
Termination or reduction of Commitments	3
Borrowing or prepayment of Base Rate Loans	same day
Borrowing or prepayment of, or duration of Interest Period for, Eurocurrency Loans denominated in Dollars	3
Borrowing or prepayment of, or duration of Interest Period for, Eurocurrency Loans denominated in an Agreed Alternative Currency	4

Each such notice of termination or reduction shall specify the amount of the Commitments to be terminated or reduced. Each such notice of borrowing or optional prepayment shall be in substantially the form of Exhibit D hereto and shall specify the Loans to be borrowed or prepaid and the amount (subject to Section 4.04 hereof), Currency and Type of each Loan to be borrowed or prepaid, the date of borrowing or optional prepayment (which shall be a Business Day), the Interest Period of the Loans to be borrowed or prepaid and the identity of the applicable Borrower; provided that any notice of borrowing given by FSB or COBE shall also be signed by COB. The Administrative Agent shall promptly notify the affected Lenders of the contents of each such notice.

4.06 Non-Receipt of Funds by the Administrative Agent. Unless the Administrative Agent shall have been notified by a Lender or a Borrower (the "Payor") prior to the date on which the Payor is to make payment to the Administrative Agent of (in the case of a Lender) the proceeds of a Loan to be made by such Lender hereunder or (in the case of a Borrower) a payment to the Administrative Agent for account of one or more of the Lenders hereunder (such payment being herein called the "Required Payment"), which notice shall be effective upon receipt, that the Payor does not intend to make the Required Payment to the Administrative Agent, the Administrative Agent may assume that the Required Payment has been made and may, in reliance upon such assumption (but shall not be required to), make the amount thereof available to the intended recipient(s) on such date; and, if the Payor has not in fact made the Required Payment to the Administrative Agent, the recipient(s) of such payment shall, on demand, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date (the "Advance Date") such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to the Federal Funds Rate for such day and, if such recipient(s) shall fail promptly to make such payment, the Administrative Agent shall be entitled to recover such amount, on demand, from the Payor, together with interest as aforesaid, provided that if neither the recipient(s) nor the Payor shall return the Required Payment to the Administrative Agent within three Business Days of the Advance Date, then, retroactively to the Advance Date, the Payor and the recipient(s) shall each be obligated to pay interest on the Required Payment as follows:

(i) if the Required Payment shall represent a payment to be made by a Borrower to the Lenders, such Borrower and the recipient(s) shall each be obligated retroactively to the Advance Date to pay interest in respect of the Required Payment at the Post-Default Rate (without duplication of the obligation of such Borrower under Section 3.02 hereof to pay interest on the Required Payment at the Post-Default Rate), it being understood that the return by the recipient(s) of the Required Payment to the Administrative Agent shall not limit such obligation of such Borrower under said Section 3.02 to pay interest at the Post-Default Rate in respect of the Required Payment; and

(ii) if the Required Payment shall represent proceeds of a Loan to be made by the Lenders to a Borrower, the Payor and such Borrower shall each be obligated retroactively to the Advance Date to pay interest in respect of the Required Payment pursuant to whichever of the rates specified in Section 3.02 hereof is applicable to the Type of such Loan, it being understood that the return by such Borrower of the Required Payment to the Administrative Agent shall not limit any claim such Borrower may have against the Payor in respect of such Required Payment.

4.07 Sharing of Payments, Etc.

(a) Each Borrower agrees that, in addition to (and without limitation of) any right of set-off, banker's lien or counterclaim a Lender may otherwise have, each Lender shall be

entitled, at its option (to the fullest extent permitted by law), to set off and apply any deposit (general or special, time or demand, provisional or final), or other indebtedness, held by it for the credit or account of such Borrower at any of its offices, in Dollars or in any other currency, against any principal of or interest on any of such Lender's Loans to such Borrower or any other amount payable by such Borrower to such Lender hereunder, that is not paid when due (regardless of whether such deposit or other indebtedness is then due to such Borrower), in which case it shall promptly notify such Borrower and the Administrative Agent thereof, provided that such Lender's failure to give such notice shall not affect the validity thereof.

(b) If any Lender shall obtain from a Borrower payment of any principal of or interest on any Syndicated Loan owing to such Lender or payment of any other amount owing under this Agreement (other than in respect of Money Market Loans) through the exercise of any right of set-off, banker's lien or counterclaim or similar right or otherwise (other than from the Administrative Agent as provided herein), and, as a result of such payment, such Lender shall have received a greater percentage of the principal of or interest on the Syndicated Loans or such other amounts due hereunder from such Borrower to such Lender than the percentage received by any other Lender, it shall promptly purchase from such other Lenders participations in (or, if and to the extent specified by such Lender, direct interests in) the Loans or such other amounts, respectively, owing to such other Lenders (or in interest due thereon, as the case may be) in such amounts, and make such other adjustments from time to time as shall be equitable, to the end that all the Lenders shall share the benefit of such excess payment (net of any expenses that may be incurred by such Lender in obtaining or preserving such excess payment) pro rata in accordance with the unpaid principal of and/or interest on the Loans or such other amounts, respectively, owing to each of the Lenders. To such end all the Lenders shall make appropriate adjustments among themselves (by the resale of participations sold or otherwise) if such payment is rescinded or must otherwise be restored.

(c) The Borrower obligated in respect of such Loans or other amounts agrees that any Lender so purchasing such a participation (or direct interest) may exercise all rights of set-off, banker's lien, counterclaim or similar rights with respect to such participation as fully as if such Lender were a direct holder of Loans or other amounts (as the case may be) owing to such Lender in the amount of such participation.

(d) Nothing contained herein shall require any Lender to exercise any such right or shall affect the right of any Lender to exercise, and retain the benefits of exercising, any such right with respect to any other indebtedness or obligation of a Borrower. If, under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a set-off to which this Section 4.07 applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this Section 4.07 to share in the benefits of any recovery on such secured claim.

SECTION 5. Yield Protection, Etc.

5.01 Additional Costs.

(a) Each Borrower shall pay directly to each Lender from time to time such amounts as such Lender may determine to be necessary to compensate such Lender for any costs that such Lender determines are attributable to its making or maintaining of any Fixed Rate Loans owing by such Borrower or its obligation to make to such Borrower any Fixed Rate Loans hereunder, or any reduction in any amount receivable by such Lender hereunder in respect of any of such Loans or such obligation (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), resulting from any Regulatory Change (including without limitation, the introduction of, changeover to or operation of the Euro in a Participating Member State) that:

(i) shall subject any Lender (or its Applicable Lending Office for any of such Loans) to any Taxes; or

(ii) imposes or modifies any reserve, special deposit or similar requirements (other than, in the case of any Lender for any period as to which a Borrower is required to pay any amount under Section 5.01(d) hereof, the reserves against "Eurocurrency liabilities" under Regulation D referred to therein) relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, such Lender (including, without limitation, any of such Loans or any deposits referred to in the definition of "Fixed Base Rate" in Section 1.01 hereof), or any commitment of such Lender (including, without limitation, the Commitment(s) of such Lender hereunder); or

(iii) imposes any other condition affecting this Agreement or (if any) its Notes (or any of such extensions of credit or liabilities) or its Commitment(s).

If any Lender requests compensation from a Borrower under this Section 5.01(a), such Borrower may, by notice to such Lender (with a copy to the Administrative Agent), suspend the obligation of such Lender thereafter to make Eurocurrency Loans to such Borrower until the Regulatory Change giving rise to such request ceases to be in effect (in which case the provisions of Section 5.04 hereof shall be applicable), provided that such suspension shall not affect the right of such Lender to receive the compensation so requested.

(b) Without limiting the effect of the foregoing provisions of this Section 5.01 (but without duplication), if any Lender shall have determined that any law or regulation or any interpretation, directive or request (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) of any court or governmental or monetary authority, (i) following any Regulatory Change or (ii) implementing any risk-based capital guideline or other requirement (whether or not having the force of law and whether or not the failure to comply therewith would be unlawful) hereafter issued by any government or governmental or supervisory authority implementing at the national level any change in the Basle Accord, has or would have the effect of reducing the rate of return on assets or equity of such Lender (or any Applicable Lending Office of such Lender or any bank holding company of

which such Lender is a subsidiary) as a consequence of such Lender's Commitment to make or maintain Loans to a Borrower or Loans made to such Borrower to a level below that which such Lender (or any Applicable Lending Office or such bank holding company) could have achieved but for such law, regulation, interpretation, directive or request, then such Borrower shall pay directly to each Lender from time to time on request such amounts as such Lender may determine to be necessary to compensate such Lender (or, without duplication, such bank holding company) for such reduction.

(c) Each Lender shall notify the relevant Borrower of any event occurring after the date hereof entitling such Lender to compensation from such Borrower under paragraph (a) or (b) of this Section 5.01 as promptly as practicable, but in any event within 45 days, after such Lender obtains actual knowledge thereof; provided that (i) if any Lender fails to give such notice within 45 days after it obtains actual knowledge of such an event, such Lender shall, with respect to compensation payable by such Borrower pursuant to this Section 5.01 in respect of any costs resulting from such event, only be entitled to payment under this Section 5.01 for costs incurred from and after the date 45 days prior to the date that such Lender does give such notice and (ii) each Lender will designate a different Applicable Lending Office for the Loans of such Lender affected by such event if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole opinion of such Lender, be disadvantageous to such Lender, except that such Lender shall have no obligation to designate an Applicable Lending Office located in the United States of America. Each Lender will furnish to the relevant Borrower a certificate setting forth the basis and amount of each request by such Lender for compensation under paragraph (a) or (b) of this Section 5.01. Determinations and allocations by any Lender for purposes of this Section 5.01 of the effect of any Regulatory Change pursuant to paragraph (a) of this Section 5.01, or of the effect of capital maintained pursuant to paragraph (b) of this Section 5.01, on its costs or rate of return of maintaining Loans or its obligation to make Loans, or on amounts receivable by it in respect of Loans, and of the amounts required to compensate such Lender under this Section 5.01, shall be conclusive, provided that such determinations and allocations are made on a reasonable basis.

(d) Without limiting the effect of the foregoing, each Borrower shall pay to each Lender on the last day of the Interest Period therefor so long as such Lender is maintaining reserves against "Eurocurrency liabilities" under Regulation D (or, unless the provisions of paragraph (b) above are applicable, so long as such Lender is, by reason of any Regulatory Change, maintaining reserves against any other category of liabilities that includes deposits by reference to which the interest rate on Fixed Rate Loans is determined as provided in this Agreement or against any category of extensions of credit or other assets of such Lender that includes any Fixed Rate Loans) an additional amount (determined by such Lender and notified to such Borrower through the Administrative Agent) equal to the product of the following for each Fixed Rate Loan to such Borrower for each day during such Interest Period:

(i) the principal amount of such Fixed Rate Loan outstanding on such day; and

(ii) the remainder of (x) a fraction the numerator of which is the rate (expressed

as a decimal) at which interest accrues on such Fixed Rate Loan for such Interest Period as provided in this Agreement (less the Applicable Margin) and the denominator of which is one minus the effective rate (expressed as a decimal) at which such Reserve Requirements are imposed on such Lender on such day minus (y) such numerator; and

(iii) 1/360.

Notwithstanding the foregoing, this Section 5.01 does not apply to the extent that any Additional Costs are compensated for by Section 5.06 or would have been so compensated but for the application of any exclusion under Section 5.06(i).

5.02 Limitation on Types of Loans. Anything herein to the contrary notwithstanding, if, on or prior to the determination of any Fixed Base Rate for any Interest Period:

(a) the Administrative Agent determines, which determination shall be conclusive, that quotations of interest rates for the relevant deposits referred to in the definition of "Fixed Base Rate" in Section 1.01 hereof are not being provided in the relevant amounts or Currencies or for the relevant maturities for purposes of determining rates of interest for either Type of Fixed Rate Loans as provided herein; or

(b) the Majority Lenders determine (or any Lender that has outstanding a Money Market Quote with respect to a LIBOR Market Loan determines), which determination shall be conclusive, and notify (or notifies, as the case may be) the Administrative Agent that the relevant rates of interest referred to in the definition of "Fixed Base Rate" in Section 1.01 hereof upon the basis of which the rate of interest for Eurocurrency Loans (or LIBOR Market Loans, as the case may be) in any Currency for such Interest Period is to be determined will not adequately and fairly reflect the cost to such Lenders (or to such quoting Lender) of making or maintaining Eurocurrency Loans (or LIBOR Market Loans, as the case may be) in such Currency for such Interest Period;

then the Administrative Agent shall give each affected Borrower and Lender prompt notice thereof and, so long as such condition remains in effect, the Lenders (or such quoting Lender) shall be under no obligation to make additional Eurocurrency Loans in such Currency, and such Lender shall no longer be obligated to make any LIBOR Market Loan in such Currency that it has offered to make.

5.03 Illegality; Agreed Alternative Currencies. Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for any Lender or its Applicable Lending Office to honor its obligation to make or maintain Eurocurrency Loans or LIBOR Market Loans in any Currency hereunder (and, in the sole opinion of such Lender, the designation of a different Applicable Lending Office would either not avoid such unlawfulness or would be disadvantageous to such Lender), then such Lender shall promptly notify each affected Borrower thereof (with a copy to the Administrative Agent) and such Lender's obligation to make Eurocurrency Loans in such Currency shall be suspended until such time as

such Lender may again make and maintain Eurocurrency Loans in such Currency (in which case the provisions of Section 5.04 hereof shall be applicable), and such Lender shall no longer be obligated to make any LIBOR Market Loan in such Currency that it has offered to make.

5.04 Treatment of Affected Loans. If the obligation of any Lender to make Eurocurrency Loans in Dollars shall be suspended pursuant to Section 5.01 or 5.03 hereof, then, unless and until such Lender gives notice as provided below that the circumstances specified in Section 5.01 or 5.03 hereof that gave rise to such suspension no longer exist (which such Lender agrees to do promptly upon such circumstances ceasing to exist), all Loans that would otherwise be made by such Lender as Eurocurrency Loans in Dollars shall be made instead as Base Rate Loans. If the obligation of any Lender to make Eurocurrency Loans denominated in any Agreed Alternative Currency shall be suspended pursuant to Section 5.01 or 5.03 hereof, then, unless and until such Lender gives notice as provided below that the circumstances specified in Section 5.01 or 5.03 hereof that gave rise to such suspension no longer exist (which such Lender agrees to do promptly upon such circumstances ceasing to exist), all Loans that would otherwise be made by such Lender as Eurocurrency Loans in such Agreed Alternative Currency shall, except as provided in the immediately preceding sentence, be made instead as Eurocurrency Loans denominated in Dollars.

5.05 Compensation. Each Borrower shall pay to the Administrative Agent for account of each Lender, upon the request of such Lender through the Administrative Agent, such amount or amounts as shall be sufficient (in the reasonable opinion of such Lender) to compensate such Lender for any loss, cost or expense that such Lender determines is attributable to:

(a) any payment or mandatory or optional prepayment of a Fixed Rate Loan or a Set Rate Loan made by such Lender to such Borrower (which shall not include the return by a Borrower pursuant to Section 4.06 hereof of any Required Payment previously advanced to such Borrower by the Administrative Agent on behalf of a Lender) for any reason (including, without limitation, the acceleration of the Loans pursuant to Section 9 hereof) on a date other than the last day of the Interest Period for such Loan; or

(b) any failure by such Borrower for any reason (including, without limitation, the failure of any of the conditions precedent specified in Section 6 hereof to be satisfied) to borrow a Fixed Rate Loan or a Set Rate Loan (with respect to which, in the case of a Money Market Loan, such Borrower has accepted a Money Market Quote) from such Lender on the date for such borrowing specified in the relevant notice of borrowing given pursuant to Section 2.02 or 2.03(b) hereof.

Such compensation shall be equal to an amount equal to the excess, if any, of (i) the amount of interest that otherwise would have accrued on the principal amount so paid, prepaid or not borrowed for the period from the date of such payment, prepayment or failure to borrow to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow,

the Interest Period for such Loan that would have commenced on the date specified for such borrowing) at the Eurocurrency Rate for such Loan for such Interest Period over (ii) the amount of interest that otherwise would have accrued on such principal amount at a rate per annum equal to the interest component of the amount such Lender would have bid in the London interbank market (if such Loan is a Eurocurrency Loan or a LIBOR Market Loan) or the United States secondary certificate of deposit market (if such Loan is a Set Rate Loan) for deposits denominated in the relevant Currency of leading banks in amounts comparable to such principal amount and with maturities comparable to such period (as reasonably determined by such Lender). Any Lender requesting compensation pursuant to this Section 5.05 will furnish to the relevant Borrower a certificate setting forth its computation of the amount of such compensation, which certificate shall be conclusive as to the amount of such compensation provided that the computations made therein are made on a reasonable basis.

5.06 Taxes.

(a) Any and all payments by each Borrower hereunder shall be made, in accordance with Section 4.01, free and clear of and without deduction or liability for any and all current or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding taxes (including, without limitation, taxes on net income, profits or gains) imposed on the Administrative Agent or any Lender (or any transferee or assignee thereof, including a participation holder (any such entity a "Transferee")) as a result of a present, former or future connection between the jurisdiction of the governmental authority imposing such tax or any political subdivision or taxing authority thereof or therein and the Administrative Agent or the Lender (other than a connection resulting from or attributable to such Administrative Agent or Lender having executed, delivered or performed its obligations, or enforced, this Agreement or any Note) (all such nonexcluded taxes, levies, imposts, deductions, charges, withholdings and liabilities, collectively or individually, "Taxes"). If a Borrower shall be required to deduct any Taxes from or in respect of any sum payable hereunder to any Lender (or any Transferee) or the Administrative Agent, or any Lender, Transferee or the Administrative Agent shall be required to pay such Taxes, (i) the sum payable shall be increased by the amount (an "additional amount") necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 5.06) such Lender (or Transferee) or the Administrative Agent (as the case may be) shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant governmental authority in accordance with applicable law.

(b) In addition, each Borrower agrees to pay to the relevant governmental authority in accordance with applicable law any current or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any Note ("Other Taxes").

(c) Each Borrower will indemnify each Lender (or Transferee) and the Administrative Agent on an after-tax basis for the full amount of Taxes and Other Taxes paid by such Lender (or Transferee) or the Administrative Agent, as the case may be, and any liability (including penalties, interest and expenses (including reasonable attorney's fees and expenses)) arising therefrom or with respect thereto (except in the case of gross negligence or willful misconduct of such Lender (or Transferee) or the Administrative Agent), whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant governmental authority. A certificate as to the amount of such payment or liability prepared by a Lender (or Transferee), or the Administrative Agent, absent manifest error, shall be final, conclusive and binding for all purposes. Such indemnification shall be made within 30 days after the date such Lender (or Transferee) or the Administrative Agent, as the case may be, makes written demand therefor.

(d) If a Borrower determines in good faith that a reasonable basis exists for contesting a Tax, the relevant Lender (or Transferee), or the Administrative Agent, as applicable, shall cooperate with such Borrower in challenging such Tax in such Borrower's name at such Borrower's expense if requested by such Borrower.

(e) As soon as practicable after the date of any payment of Taxes or Other Taxes by a Borrower to the relevant Governmental Authority, such Borrower will deliver to the Administrative Agent, at its address referred to in Section 11.02, the original or a certified copy of a receipt issued by such Governmental Authority evidencing payment thereof.

(f) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 5.06 shall survive the payment in full of the principal of and interest on all Loans made hereunder.

(g) Each U.S. Borrower agrees to pay to each Lender that is not a U.S. Person such additional amounts as are necessary in order that the net payment of any amount due from such U.S. Borrower to such non-U.S. Person hereunder after deduction for or withholding in respect of any U.S. Taxes imposed with respect to such payment (or in lieu thereof, payment of such U.S. Taxes by such non-U.S. Person), will not be less than the amount stated herein to be then due and payable, provided that the foregoing obligation to pay such additional amounts shall not apply:

(i) to any payment to any Lender hereunder unless such Lender is, on the date hereof (or on the date it becomes a Lender hereunder as provided in Section 11.06(b) hereof) and on the date of any change in the Applicable Lending Office of such Lender, either entitled to submit a Form W-8BEN (relating to such Lender and entitling it to a complete exemption from withholding on all interest to be received by it hereunder in respect of the Loans) or Form W-8ECI (relating to all interest to be received by such Lender hereunder in respect of the Loans), or

(ii) to any U.S. Taxes imposed solely by reason of the failure by such non-U.S. Person to comply with applicable certification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connections with

the United States of America of such non-U.S. Person if such compliance is required by statute or regulation of the United States of America as a precondition to relief or exemption from such U.S. Taxes.

For the purposes of this Section 5.06(a), (A) "U.S. Person" shall mean a citizen, national or resident of the United States of America, a corporation, partnership or other entity created or organized in or under any laws of the United States of America or any State thereof, or any estate or trust that is subject to Federal income taxation regardless of the source of its income, (B) "U.S. Taxes" shall mean any present or future tax, assessment or other charge or levy imposed by or on behalf of the United States of America or any taxing authority thereof or therein, (C) "Form W-8BEN" shall mean Form W-8EBN (Certificate of Foreign Status of Beneficial Owner for Unites States Tax Withholding) of the Department of the Treasury of the United States of America and (D) "Form W-8ECI" shall mean Form W-8ECI (Certificate of Foreign Person's Claim for Exemption from Withholding of Tax on Income Effectively Connected with the Conduct of a Trade or Business in the United States) of the Department of the Treasury of the United States of America (or in relation to either such Form such successor and related forms as may from time to time be adopted by the relevant taxing authorities of the United States of America to document a claim to which such Form relates). Each of the Forms referred to in the foregoing clauses (C) and (D) shall include such successor and related forms as may from time to time be adopted by the relevant taxing authorities of the United States of America to document a claim to which such Form relates.

(h) Within 30 days after paying any amount to the Administrative Agent or any Lender from which it is required by law to make any deduction or withholding, and within 30 days after it is required by law to remit such deduction or withholding to any relevant taxing or other authority, the relevant Borrower shall deliver to the Administrative Agent for delivery to such non-U.S. Person evidence satisfactory to such Person of such deduction, withholding or payment (as the case may be).

(i) In relation to any payments of interest by COBE, there shall be no obligation on COBE to pay any additional amount as described in (a) above or to indemnify any Person pursuant to clause (c) above where the relevant Lender or Transferee was not, on the date of this Agreement, or has ceased to be (other than by reason of a change in law or the interpretation of any law) a Qualifying Bank.

(j) COBE and each Lender and the Administrative Agent and the relevant Transferee shall reasonably cooperate in completing any procedural formalities necessary to enable COBE to obtain authorization (where such authorization is necessary) to make any payment without any deduction for or on account of any Taxes.

(k) If the Administrative Agent or a Lender or Transferee determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by a Borrower or with respect to which a Borrower has paid additional amounts pursuant to this Section 5.06, it shall pay over such refund to such Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this

Section 5.06 with respect to the Taxes or Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of the Administrative Agent or such Lender or Transferee and without interest (other than any interest paid by the relevant governmental authority with respect to such refund); provided, that the Borrower, upon the request of the Administrative Agent or such Lender or Transferee, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant governmental authority) to the Administrative Agent or such Lender or Transferee in the event the Administrative Agent or such Lender is required to repay such refund to such governmental authority. This Section shall not be construed to require the Administrative Agent or any Lender or Transferee to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

5.07 Replacement of Lenders. If any Lender requests compensation pursuant to Section 5.01 or 5.06 hereof, or any Lender's obligation to make Loans of any Type or in any Currency shall be suspended pursuant to Section 5.01 or 5.03 hereof, or any Lender becomes a Defaulting Lender pursuant to Section 11.04 hereof (any such Lender requesting such compensation, or whose obligations are so suspended, or that becomes and remains a Defaulting Lender, being herein called a "Subject Lender"), the Borrowers, upon three Business Days notice, may (jointly but not severally) require that such Subject Lender transfer all of its right, title and interest under this Agreement and such Subject Lender's Notes to any bank or other financial institution (a "Proposed Lender") identified by the Borrowers that is reasonably satisfactory to the Administrative Agent (i) if such Proposed Lender agrees to assume all of the obligations of such Subject Lender hereunder, and to purchase all of such Subject Lender's Loans hereunder for consideration equal to the aggregate outstanding principal amount of such Subject Lender's Loans, together with interest thereon to the date of such purchase, and satisfactory arrangements are made for payment to such Subject Lender of all other amounts payable hereunder to such Subject Lender on or prior to the date of such transfer (including any fees accrued hereunder and any amounts that would be payable under Section 5.05 hereof as if all of such Subject Lender's Loans were being prepaid in full on such date) and (ii) if such Subject Lender has requested compensation pursuant to Section 5.01 or 5.06 hereof, such Proposed Lender's aggregate requested compensation, if any, pursuant to said Section 5.01 or 5.06 with respect to such Subject Lender's Loans is lower than that of the Subject Lender. Subject to the provisions of Section 11.06(b) hereof, such Proposed Lender shall be a "Lender" for all purposes hereunder. Without prejudice to the survival of any other agreement of the Borrowers hereunder, the agreements of the Borrowers contained in Sections 2.11, 5.01, 5.06, 11.03 and 11.13 hereof (without duplication of any payments made to such Subject Lender by the Borrowers or the Proposed Lender) shall survive for the benefit of such Subject Lender under this Section 5.07 with respect to the time prior to such replacement.

SECTION 6. Conditions Precedent.

6.01 Conditions to Effectiveness. The obligation of the Lenders to make their Loans on the occasion of the initial borrowing hereunder is subject to the conditions precedent

that (i) the Effective Date shall have occurred on or before May 7, 2003 and (ii) the Administrative Agent shall have received the following documents (with, in the case of clauses (a), (b), (c), (d), (e) and (h) below, sufficient copies for each Lender), each of which shall be satisfactory to the Administrative Agent and special New York counsel to JPMorgan in form and substance:

(a) Corporate Documents. Certified copies of the charter and by-laws (or equivalent documents) of each Borrower and of all corporate authority for each Borrower (including, without limitation, board of director resolutions and evidence of the incumbency, including specimen signatures, of officers) with respect to the execution, delivery and performance of the Basic Documents and each other document to be delivered by such Borrower from time to time in connection herewith and the Loans hereunder (and the Administrative Agent and each Lender may conclusively rely on such certificate until it receives notice in writing from the relevant Borrower to the contrary).

(b) Officer's Certificate. A certificate of a senior officer of each Borrower, dated the Effective Date, to the effect that (i) no Default has occurred and is continuing and (ii) the representations and warranties made by the Borrowers in Section 7 hereof (including the last sentence of Section 7.02 hereof and in Section 7.03 hereof) are true and complete on and as of the Effective Date with the same force and effect as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date).

(c) Opinion of Special U.S. Counsel to the Borrowers. An opinion, dated the Effective Date, of McGuireWoods LLP, special U.S. counsel to the Borrowers, substantially in the form of Exhibit B-1 hereto and covering such other matters as the Administrative Agent may reasonably request (and the Borrowers hereby instruct such counsel to deliver such opinion to the Lenders and the Administrative Agent).

(d) Opinion of Special English Counsel to COBE. An opinion, dated the Effective Date, of Hammonds, special English counsel to COBE, substantially in the form of Exhibit B-2 hereto and covering such other matters as the Administrative Agent may reasonably request (and COBE hereby instructs such counsel to deliver such opinion to the Lenders and the Administrative Agent).

(e) Opinion of Counsel to the Borrowers. An opinion, dated the Effective Date, of John G. Finneran, Jr., Esq., General Counsel and Secretary of the Borrowers, substantially in the form of Exhibit B-3 hereto and covering such other matters as the Administrative Agent may reasonably request (and the Borrowers hereby instruct such counsel to deliver such opinion to the Lenders and the Administrative Agent).

(f) Opinion of Special New York Counsel to JPMorgan. An opinion, dated the Effective Date, of Milbank, Tweed, Hadley & McCloy LLP, special New York counsel to JPMorgan, substantially in the form of Exhibit C hereto (and JPMorgan hereby

instructs such counsel to deliver such opinion to the Lenders).

(g) Notes. If applicable, any Notes, duly completed and executed for each Lender requesting such Notes.

(h) Existing Credit Agreement. Evidence of the termination of the Commitments as defined in the Existing Credit Agreement and of the payment of all amounts payable to the Lenders and the Administrative Agent as defined therein.

(i) Other Documents. Such other documents as the Administrative Agent or special New York counsel to JPMorgan may reasonably request.

The effectiveness of the obligations of any Lender hereunder is also subject to the payment by the Borrowers of such fees as the Borrowers shall have agreed to pay or deliver to any Lender or the Administrative Agent in connection herewith, including, without limitation, the reasonable fees and expenses of Milbank, Tweed, Hadley & McCloy LLP, special New York counsel to JPMorgan, in connection with the negotiation, preparation, execution and delivery of this Agreement and any Notes (to the extent that statements for such fees and expenses have been delivered to the Borrowers).

6.02 Initial and Subsequent Loans. The obligation of any Lender to make any Loan (including any Money Market Loan) to a Borrower upon the occasion of each borrowing hereunder is subject to the further conditions precedent that:

(a) in the case of a Syndicated Loan, the applicable Borrower shall have given notice of such borrowing by delivery of a Notice of Borrowing in substantially the form of Exhibit D hereto to the Administrative Agent;

(b) in the case of a Money Market Loan, the applicable Borrower shall have requested that the Lenders make offers to make Money Market Loans by delivery of a Money Market Quote Request in substantially the form of Exhibit E hereto to the Administrative Agent; and

(c) both immediately prior to the making of such Loan and also after giving effect thereto and to the intended use thereof, but only if such borrowing will increase the aggregate outstanding principal amount of the Loans owing by such Borrower to any Lender hereunder:

(i) no Default shall have occurred and be continuing; and

(ii) the representations and warranties made by such Borrower in Section 7 hereof (other than the Excluded Representations, but, if such borrowing will increase the outstanding aggregate principal amount of the Loans owing by COFC to any Lender hereunder, including the representations and warranties made by each Borrower in Section 7 hereof, other than the Excluded

Representations) shall be true and complete on and as of the date of the making of such Loan with the same force and effect as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date).

SECTION 7. Representations and Warranties. Each Borrower represents and warrants to the Administrative Agent and the Lenders that:

7.01 Corporate Existence. Each of such Borrower and its Subsidiaries: (a) is a corporation, partnership, limited liability company or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (b) (i) has all requisite corporate or other power, and (ii) except to the extent it could not reasonably be expected to have a Material Adverse Effect, has all governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being conducted; and (c) is qualified to do business and is in good standing in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify could (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect. COB is a member in good standing with the Federal Reserve System, and COB's deposit accounts are insured by the Federal Deposit Insurance Corporation, and no proceedings for the termination or revocation of such insurance are pending or, to the knowledge of any Borrower, threatened.

7.02 Financial Condition. COFC has heretofore furnished to each of the Lenders a consolidated balance sheet of COFC and its Subsidiaries as at December 31, 2002 and the related consolidated statements of income, changes in stockholders'/division equity and cash flows of COFC and its Subsidiaries for the fiscal year ended on said date, with the opinion thereon of Ernst & Young LLP. Such financial statements present fairly, in all material respects, the consolidated financial condition of COFC and its Subsidiaries as at said date and the consolidated results of their operations and their cash flows for the fiscal year ended on said date, all in accordance with generally accepted accounting principles in the United States of America and practices applied on a consistent basis. Since December 31, 2002, there has been no material adverse change in the Property, business, operations, financial condition, prospects or capitalization of COFC and its Subsidiaries taken as a whole from that set forth in said financial statements as at said date.

7.03 Litigation. Except as identified in Schedule 7.03 hereto, there are no legal or arbitral proceedings, or any proceedings by or before any governmental or regulatory authority or agency, now pending or (to the knowledge of any Borrower) threatened against or affecting COFC or any of its Subsidiaries as to which there is a reasonable possibility of an adverse determination that could (either individually or in the aggregate) have a Material Adverse Effect.

7.04 No Breach. None of the execution and delivery of this Agreement and the

Notes and the other Basic Documents, the consummation of the transactions herein contemplated or compliance with the terms and provisions hereof will conflict with or result in a breach of, or require any consent under, the charter or by-laws (or equivalent documents) of any Borrower, or any applicable law or regulation, or any order, writ, injunction or decree of any court or governmental authority or agency, or any agreement or instrument to which COFC or any of its Subsidiaries is a party or by which any of them or any of their Property is bound or to which any of them is subject, or constitute a default under any such agreement or instrument, except for any such conflict, breach or default that, or consent that if not obtained, could not reasonably be expected (either individually or in the aggregate) to have a Material Adverse Effect and could not subject the Administrative Agent or any Lender to any material liability.

7.05 Action. Each Borrower has all necessary corporate power, authority and legal right to execute, deliver and perform its obligations under each of the Basic Documents to which it is a party and to consummate the transactions contemplated thereby; the execution, delivery and performance by each Borrower of each of the Basic Documents to which it is a party and the consummation of the transactions contemplated thereby have been duly authorized by all necessary corporate action on its part (including, without limitation, any required shareholder approvals); and this Agreement has been duly and validly executed and delivered by each Borrower and constitutes, and each of the other Basic Documents to which it is a party when executed and delivered for value will constitute, its legal, valid and binding obligation, enforceable against such Borrower in accordance with its terms, except as may be limited by (a) bankruptcy, insolvency, receivership, conservatorship, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) such enforceability may be limited by the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

7.06 Approvals. No authorizations, approvals or consents of, and no filings or registrations with, any governmental or regulatory authority or agency, or any securities exchange, are necessary for the execution, delivery or performance by any Borrower of this Agreement or any of the other Basic Documents to which any Borrower is a party or for the consummation of any the transactions contemplated hereby or thereby or for the legality, validity or enforceability hereof or thereof.

7.07 Use of Credit. No part of the proceeds of the Loans hereunder will be used for the purpose, whether immediate, incidental or ultimate, of buying or carrying any Margin Stock.

7.08 ERISA. Each Plan, and, to the knowledge of each Borrower, each Multiemployer Plan, is in compliance in all material respects with, and has been administered in all material respects in compliance with, the applicable provisions of ERISA, the Code and the Age Discrimination in Employment Act, as amended, and no event or condition has occurred and is continuing as to which any Borrower would be under an obligation to furnish a report to the Lenders under Section 8.01(k) hereof.

7.09 Taxes. COFC and its Subsidiaries are members of an affiliated group of corporations filing consolidated returns for Federal income tax purposes, of which COFC is the "common parent" (within the meaning of Section 1504 of the Code) of such group. COFC and its Subsidiaries have filed all Federal income tax returns and all other material tax returns that are required to be filed by them and have paid all taxes due pursuant to such returns or pursuant to any assessment received by COFC or any of its Subsidiaries. The charges, accruals and reserves on the books of COFC and its Subsidiaries in respect of taxes and other governmental charges are, in the opinion of the Borrowers, adequate. No Borrower has given or been requested to give a waiver of the statute of limitations relating to the payment of any Federal, state, local and foreign taxes or other impositions.

7.10 Investment Company Act. Neither COFC nor any of its Subsidiaries is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

7.11 Public Utility Holding Company Act. Neither COFC nor any of its Subsidiaries is a "holding company", or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

7.12 Environmental Matters. Each of COFC and its Subsidiaries has obtained all environmental, health and safety permits, licenses and other authorizations required under all Environmental Laws to carry on its business as now being or as proposed to be conducted, except to the extent failure to have any such permit, license or authorization would not (either individually or in the aggregate) have a Material Adverse Effect. Each of such permits, licenses and authorizations is in full force and effect, and each of COFC and its Subsidiaries is in compliance with the terms and conditions thereof, and is also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any applicable Environmental Law or in any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, except to the extent failure to comply therewith would not (either individually or in the aggregate) have a Material Adverse Effect.

7.13 True and Complete Disclosure. The information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of any Borrower to the Administrative Agent or any Lender in connection with the negotiation, preparation or delivery of this Agreement or included herein or delivered pursuant hereto, when taken as a whole, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. All written information furnished after the date hereof by or on behalf of any Borrower to the Administrative Agent and the Lenders in connection with this Agreement and the transactions contemplated hereby will be true, complete and accurate in every material respect, or (in the case of projections) based on reasonable estimates, on the date as of which such information is stated or certified.

7.14 Legal Form. Each of the Basic Documents to which COBE is a party is in proper legal form under the laws of England and Wales for the enforcement thereof against COBE in the English courts and an English court will give effect to those provisions of the Basic Documents providing that such documents are to be governed by and construed in accordance with the laws of the State of New York, subject to the exceptions and qualifications described in the opinion of special English counsel delivered pursuant to Section 6.01(d) hereof. All formalities required in the United Kingdom for the validity and enforceability against COBE of each of the Basic Documents to which it is party have been accomplished, and no Taxes or Other Taxes are required to be paid, and no notarization is required, for the validity and enforceability thereof against COBE.

Notwithstanding anything in this Section 7 to the contrary, none of COB, FSB or COBE makes any representations or warranties under any of Sections 7.01, 7.04, 7.05, 7.06, 7.10, 7.11 and 7.12 as to COFC or any of its Subsidiaries (other than, in each case, with respect to COB, FSB, COBE and/or any of their respective Subsidiaries).

SECTION 8. Covenants. Each Borrower covenants and agrees with the Lenders and the Administrative Agent that, so long as any Commitment or Loan is outstanding and until payment in full of all amounts payable by each Borrower hereunder:

8.01 Financial Statements Etc. Each Borrower shall deliver or cause to be delivered or otherwise made available through electronic media (provided that the Borrowers shall give prior written notice to each Lender of such availability) to each of the Lenders:

(a) as soon as available and in any event within 60 days after the end of each of the first three quarterly fiscal periods of each fiscal year of COFC, consolidated statements of income, changes in stockholders'/division equity and cash flows and consolidating statements of income of COFC and its Subsidiaries for such period and for the period from the beginning of the respective fiscal year to the end of such period, and the related consolidated and consolidating balance sheets of COFC and its Subsidiaries as at the end of such period, setting forth in each case in comparative form the corresponding consolidated figures for the corresponding periods in the preceding fiscal year (except that, in the case of balance sheets, such comparison shall be to the last day of the prior fiscal year), accompanied by a certificate of a senior financial officer of COFC, which certificate shall state that said financial statements present fairly, in all material respects, the consolidated financial condition and results of operations of COFC and its Subsidiaries in accordance with generally accepted accounting principles in the United States of America, consistently applied, as at the end of, and for, such period (subject to normal year-end audit adjustments);

(b) as soon as available and in any event within 120 days after the end of each fiscal year of COFC, consolidated statements of income, changes in stockholders'/division equity and cash flows and consolidating statements of income of

COFC and its Subsidiaries for such fiscal year and the related consolidated and consolidating balance sheets of COFC and its Subsidiaries as at the end of such fiscal year, setting forth in each case in comparative form the corresponding consolidated figures as of the end of and for the preceding fiscal year, and accompanied by an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that said financial statements present fairly, in all material respects, the consolidated financial condition and results of operations and cash flows of COFC and its Subsidiaries as at the end of, and for, such fiscal year in accordance with generally accepted accounting principles in the United States of America (or, in lieu thereof, copies of COFC's Annual Report on Form 10-K as filed with the SEC containing such financial statements and information);

(c) as soon as available and in any event within 60 days after the end of each of the first three quarterly fiscal periods of each fiscal year of COB, consolidated statements of income of COB and its Subsidiaries for such period and for the period from the beginning of the respective fiscal year to the end of such period, and the related consolidated balance sheet of COB and its Subsidiaries as at the end of such period, setting forth in each case in comparative form the corresponding consolidated figures for the corresponding periods in the preceding fiscal year (except that, in the case of balance sheets, such comparison shall be to the last day of the prior fiscal year), accompanied by a certificate of a senior financial officer of COB, which certificate shall state that said financial statements present fairly, in all material respects, the consolidated financial condition and results of operations of COB and its Subsidiaries in accordance with generally accepted accounting principles in the United States of America, consistently applied, as at the end of, and for, such period (subject to normal year-end audit adjustments);

(d) as soon as available and in any event within 120 days after the end of each fiscal year of COB, consolidated statements of income, changes in stockholders' equity and cash flows of COB and its Subsidiaries for such fiscal year and the related consolidated and consolidating balance sheets of COB and its Subsidiaries as at the end of such fiscal year, setting forth in each case in comparative form the corresponding consolidated figures as of the end of and for the preceding fiscal year, accompanied by a certificate of a senior financial officer of COB, which certificate shall state that said financial statements present fairly, in all material respects, the consolidated financial condition and results of operations and cash flows of COB and its Subsidiaries as at the end of, and for, such fiscal year in accordance with generally accepted accounting principles in the United States of America;

(e) as soon as available and in any event within 60 days after the end of each of the first three quarterly fiscal periods of each fiscal year of FSB, consolidated statements of income of FSB and its Subsidiaries for such period and for the period from the beginning of the respective fiscal year to the end of such period, and the related consolidated balance sheet of FSB and its Subsidiaries as at the end of such period,

setting forth in each case in comparative form the corresponding consolidated figures for the corresponding periods in the preceding fiscal year (except that, in the case of balance sheets, such comparison shall be to the last day of the prior fiscal year), accompanied by a certificate of a senior financial officer of FSB, which certificate shall state that said financial statements present fairly, in all material respects, the consolidated financial condition and results of operations of FSB and its Subsidiaries in accordance with generally accepted accounting principles in the United States of America, consistently applied, as at the end of, and for, such period (subject to normal year-end audit adjustments);

(f) as soon as available and in any event within 120 days after the end of each fiscal year of FSB, consolidated statements of income, changes in stockholders' equity and cash flows of FSB and its Subsidiaries for such fiscal year and the related consolidated and consolidating balance sheets of FSB and its Subsidiaries as at the end of such fiscal year, setting forth in each case in comparative form the corresponding consolidated figures as of the end of and for the preceding fiscal year, and accompanied by a certificate of a senior financial officer of FSB, which certificate shall state that said financial statements present fairly, in all material respects, the consolidated financial condition and results of operations and cash flows of FSB and its Subsidiaries as at the end of, and for, such fiscal year in accordance with generally accepted accounting principles in the United States of America;

(g) as soon as available and in any event within 60 days after the end of each of the first three quarterly fiscal periods of each fiscal year of COBE, consolidated statements of income of COBE and its Subsidiaries for such period and for the period from the beginning of the respective fiscal year to the end of such period, and the related consolidated balance sheet of COBE and its Subsidiaries as at the end of such period, setting forth in each case in comparative form the corresponding consolidated figures for the corresponding periods in the preceding fiscal year (except that, in the case of balance sheets, such comparison shall be to the last day of the prior fiscal year), accompanied by a certificate of a senior financial officer of COBE, which certificate shall state that said financial statements present fairly, in all material respects, the consolidated financial condition and results of operations of COBE and its Subsidiaries in accordance with generally accepted accounting principles in the United States of America, consistently applied, as at the end of, and for, such period (subject to normal year-end audit adjustments);

(h) as soon as available and in any event within 120 days after the end of each fiscal year of COBE, consolidated statements of income, changes in stockholders' equity and cash flows of COBE and its Subsidiaries for such fiscal year and the related consolidated and consolidating balance sheets of COBE and its Subsidiaries as at the end of such fiscal year, setting forth in each case in comparative form the corresponding consolidated figures as of the end of and for the preceding fiscal year, accompanied by a certificate of a senior financial officer of COBE, which certificate shall state that said

financial statements present fairly, in all material respects, the consolidated financial condition and results of operations and cash flows of COBE and its Subsidiaries as at the end of, and for, such fiscal year in accordance with generally accepted accounting principles in the United States of America;

(i) as soon as available and in any event within 60 days after the end of each quarterly fiscal period of each fiscal year of COB, the "Consolidated Reports of Condition and Income" for COB and its Insured Subsidiaries, all prepared in accordance with regulatory accounting principles prescribed by the Federal Financial Institutions Examination Counsel;

(j) as soon as available and in any event within 60 days after the end of each quarterly fiscal period of each fiscal year of FSB, the "Consolidated Reports of Condition and Income" for FSB and its Insured Subsidiaries, all prepared in accordance with regulatory accounting principles prescribed by the Federal Financial Institutions Examination Counsel;

(k) promptly upon their becoming available, copies of all registration statements (excluding exhibits to such registration statements, and other than registration statements filed on Form S-8 or any successor form) and regular periodic reports filed on Form 10-K, Form 10-Q or Form 8-K (or any successor form), if any, that any Borrower shall have filed with the SEC or any national securities exchange;

(l) promptly upon the mailing thereof to the shareholders of COFC generally, copies of all financial statements, reports and proxy statements so mailed;

(m) as soon as possible, and in any event within ten days after any Borrower knows or has reason to believe that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan has occurred or exists, a statement signed by a senior financial officer of such Borrower setting forth details respecting such event or condition and the action, if any, that such Borrower or its ERISA Affiliate proposes to take with respect thereto (and a copy of any report or notice required to be filed with or given to the PBGC by such Borrower or an ERISA Affiliate with respect to such event or condition, except that a copy of any notice required to be filed for an event described in subparagraph (i) below may be provided at a later date (to be no later than the date such notice is filed) if it has not been filed as of the date of the signed statement described above):

(i) any reportable event, as defined in Section 4043(c) of ERISA and the regulations issued thereunder, with respect to a Plan, as to which the requirement to provide 30 days' notice to the PBGC under Section 4043(a) or Section 4043(b) of ERISA applies, other than a reportable event for which the requirement to provide such notice has been waived by regulation or for which the PBGC has announced in Technical Update 95-3 (or any subsequent

administrative guideline) that it will not apply a penalty for failure to provide such notice (provided that a failure to meet the minimum funding standard of Section 412 of the Code or Section 302 of ERISA, including, without limitation, the failure to make on or before its due date a required installment under Section 412(m) of the Code or Section 302(e) of ERISA, shall be a reportable event regardless of the issuance of any waivers in accordance with Section 412(d) of the Code); and any request for a waiver under Section 412(d) of the Code for any Plan;

(ii) the distribution under Section 4041(c) of ERISA of a notice of intent to terminate any Plan or any action taken by any Borrower or an ERISA Affiliate to terminate any Plan under Section 4041(c) of ERISA;

(iii) the institution by the PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by any Borrower or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan;

(iv) the complete or partial withdrawal from a Multiemployer Plan by any Borrower or any ERISA Affiliate that results in liability under Section 4201 or 4204 of ERISA (including the obligation to satisfy secondary liability as a result of a purchaser default) or the receipt by any Borrower or any ERISA Affiliate of notice from a Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA;

(v) the institution of a proceeding by a fiduciary of any Multiemployer Plan against any Borrower or any ERISA Affiliate to enforce Section 515 of ERISA, which proceeding is not dismissed within 30 days; and

(vi) the adoption of an amendment to any Plan that, pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA, would result in the loss of tax-exempt status of the trust of which such Plan is a part if any Borrower or an ERISA Affiliate fails to timely provide security to such Plan in accordance with the provisions of said Sections;

(n) within five days after any executive officer of any Borrower obtains knowledge of the occurrence of any Default, if such Default is continuing, a notice of such Default describing the same in reasonable detail and, together with such notice or as soon thereafter as possible, a description of the action that the Borrowers have taken or propose to take with respect thereto;

(o) promptly after any Borrower knows that a change in the Debt Rating assigned by any Rating Agency has occurred, a notice describing the same;

(p) at the time any set of financial statements is furnished pursuant to paragraph (a), (b), (c), (d), (e) or (f) above, a certificate of a senior financial officer of the relevant Borrower (i) to the effect that no Default has occurred and is continuing (or, if any Default has occurred and is continuing, describing the same in reasonable detail and describing the action that the Borrowers have taken or propose to take with respect thereto) and (ii) setting forth in reasonable detail (including, without limitation, as to the component parts of relevant definitions of accounting terms included in Section 1.01 hereof) the computations necessary to determine whether such Borrower is in compliance with its obligations under Sections 8.07 and 8.08 hereof as of the end of the respective quarterly fiscal period or fiscal year; and

(q) from time to time such other information regarding the financial condition, operations, business or prospects of COFC or any of its Subsidiaries as any Lender or the Administrative Agent may reasonably request.

8.02 Litigation. Each Borrower will promptly give to each Lender notice of all legal or arbitral proceedings, and of all investigations or proceedings by or before any governmental or regulatory authority or agency, and any material development in respect of such legal or other proceedings, against or affecting such Borrower or any of its Subsidiaries, except investigations or proceedings (a) as to which there is no reasonable possibility of an adverse determination or (b) that, if adversely determined, would not (either individually or in the aggregate) have a Material Adverse Effect.

8.03 Existence, Etc. Each Borrower will, and will cause each of its Subsidiaries to:

(a) preserve and maintain its legal existence and all of its rights, privileges, licenses and franchises necessary or desirable (in the relevant Borrower's judgment) in the normal conduct of its business (provided that nothing in this Section 8.03 shall prohibit any transaction expressly permitted under Section 8.05 hereof);

(b) comply with the requirements of all applicable laws, rules, regulations and orders of governmental or regulatory authorities (including, without limitation, ERISA, all Environmental Laws and the FDIA and all rules and regulations promulgated thereunder) if failure to comply with such requirements could (either individually or in the aggregate) have a Material Adverse Effect;

(c) pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its Property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained in accordance with generally accepted accounting principles in the United States of America;

(d) maintain all of its Properties used or useful in its business in good working

order and condition ordinary wear and tear excepted, except to the extent that the failure to maintain any such Property in good working order and condition would not (either individually or in the aggregate) have a Material Adverse Effect and would not interfere in any material respect in the ordinary conduct of its business or operations;

(e) keep adequate records and books of account, in which complete entries will be made in accordance with generally accepted accounting principles in the United States of America consistently applied; and

(f) permit representatives of any Lender or the Administrative Agent, during normal business hours, to examine, copy and make extracts from its books and records, to inspect any of its Properties, and to discuss its business and affairs with its officers, all to the extent reasonably requested by such Lender or the Administrative Agent (as the case may be); provided that no Borrower shall be required to provide (i) the names of, or other information that could be used to identify, account holders, (ii) any proprietary strategic insights or statistical models concerning account holders or potential account holders, (iii) information regarding the specific nature or application of any of the information-based strategies employed by COFC and its Subsidiaries in the conduct of their business or (iv) any proprietary plans or other proprietary information relating to the development of the business of COFC and its Subsidiaries.

8.04 Insurance. Each Borrower will, and will cause each of its Subsidiaries to, maintain (either in its own name or in the name of a Borrower) with financially sound and responsible insurance companies, insurance on all their respective properties in at least such amounts and against at least such risks (and with such risk retention) as are usually insured against in the same general area by companies of established repute engaged in the same or a similar business; and will furnish to the Lenders, upon request from the Administrative Agent, information presented in reasonable detail as to the insurance so carried.

8.05 Prohibition of Fundamental Changes. No Borrower will, nor will it permit any of its Subsidiaries to: (a) enter into any transaction of merger or consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution); or (b) convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions (a "Transfer"), all or substantially all of its business or Property; provided that:

(i) any Subsidiary of COB may be merged or consolidated with or into, or Transfer all or substantially all of its business or Property (including, without limitation, interests in Subsidiaries) to, (x) COB if COB is the continuing, surviving or transferee corporation or (y) any other Subsidiary of COB;

(ii) any Subsidiary of FSB may be merged or consolidated with or into, or Transfer all or substantially all of its business or Property (including, without limitation, interests in Subsidiaries) to, (x) FSB if FSB is the continuing, surviving or transferee corporation or (y) any other Subsidiary of FSB;

(iii) any Subsidiary of COBE may be merged or consolidated with or into, or Transfer all or substantially all of its business or Property (including, without limitation, interests in Subsidiaries) to, (x) COBE if COBE is the continuing, surviving or transferee corporation or (y) any other Subsidiary of COBE;

(iv) the restriction set forth in clause (b) above shall apply, in the case of COB, only to a Transfer of Managed Receivables;

(v) any Subsidiary of COFC (other than COB, FSB or any of their respective Subsidiaries) may be merged or consolidated with or into, or Transfer all or substantially all of its business or Property (including, without limitation, interests in Subsidiaries) to, (x) COFC if COFC is the continuing, surviving or transferee corporation or (y) any other Subsidiary of COFC;

(vi) COFC or any of its Subsidiaries (other than COB) may be merged or consolidated with or into, or Transfer all or substantially all of its business or Property (including, without limitation, interests in Subsidiaries) to, COB; or COFC or any of its Subsidiaries (other than FSB) may be merged or consolidated with or into, or Transfer all or substantially all of its business or Property to, FSB;

(vii) any Subsidiary of COFC (other than COB) may merge or consolidate with or into, or Transfer all or substantially all of its business or Property (including, without limitation, interests in Subsidiaries) to, any Person (other than COFC or any of its Subsidiaries) so long as (x) the continuing, surviving or transferee corporation is a Subsidiary of COFC and (y) no Event of Default has occurred and is continuing immediately prior to such merger, consolidation or Transfer or would result therefrom; and

(viii) nothing in this Section 8.05 shall prohibit COFC or any of its Subsidiaries from (A) the sale of credit card loans and other finance receivables pursuant to securitizations (whether or not such securitization received off-balance sheet treatment for the entity effecting such securitization) or (B) the transfer of receivables in the ordinary course of its business.

8.06 Limitation on Liens. No Borrower will, nor will it permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any (1) Receivables of any Borrower or (2) Restricted Shares owned by it, in each case whether now owned or hereafter acquired, except:

(a) Liens for taxes not yet due or Liens for taxes being contested in good faith by appropriate proceedings for which adequate reserves (in the good faith judgment of the management of the relevant Borrower) have been established;

(b) Liens imposed by law (i) which are incurred in the ordinary course of business and (x) which do not in the aggregate materially detract from the value of such

Receivables or Restricted Shares or materially impair the use thereof in the operation of the business of COFC or any of its Subsidiaries or (y) which are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the Receivables or Restricted Shares subject to such Lien or (ii) which do not relate to material liabilities of COFC and its Subsidiaries and do not in the aggregate materially detract from the value of the Receivables or Restricted Shares of COFC and its Subsidiaries taken as a whole; provided that no Lien permitted under this clause (b) may secure any obligation in an amount exceeding $50,000,000 and all Liens permitted under this clause (b) may not secure obligations in an aggregate amount exceeding $75,000,000; and

(c) any pledge of Receivables to a Federal Reserve Bank made in the ordinary course of business to secure advances or other transactions and manage the liquidity position of the Borrower.

8.07 Financial Covenants.

(a) No U.S. Borrower will permit its Delinquency Ratio as of the last day of any calendar month to exceed 6.0%.

(b) No U.S. Borrower will permit its Tier 1 Capital to Managed Receivables Ratio as of the last day of any fiscal quarter of such U.S. Borrower to be less than 4.0%.

(c) No U.S. Borrower will permit its Leverage Ratio as of any date to exceed 7.0 to 1.

(d) COFC will not permit Tangible Net Worth with respect to COFC as of any date of determination to be less than the sum of (i) 75% of its Tangible Net Worth as of March 31, 2003 plus (ii) 60% of COFC Cumulative Net Income as of the last day of the fiscal quarter of COFC most recently ended after such date plus (z) 60% of COFC Cumulative Equity Proceeds as of such date of determination.

(e) COFC will not permit the Double Leverage Ratio as of the last day of any fiscal quarter to exceed 1.25 to 1.

(f) Neither COB nor FSB will permit its Tier 1 Leverage Ratio as of the last day of any fiscal quarter of COB or FSB, as the case may be, to be less than 5.0%.

(g) Neither COB nor FSB will permit the Tier 1 Capital to Risk Adjusted Assets Ratio as of the last day of any fiscal quarter of COB or FSB, as the case may be, to be less than 6.0%.

(h) Neither COB nor FSB will permit its Total Capital to Risk Adjusted Assets Ratio as of the last day of any fiscal quarter of COB or FSB, as the case may be, to be less than 10.0%.

(i) COB will not permit its Tangible Net Worth on any date to be less than 75% of its Tangible Net Worth as of March 31, 2003. FSB will not permit its Tangible Net Worth on any date to be less than $750,000,000. COBE will not permit its Tangible Net Worth on any date to be less than 75% of its Tangible Net Worth as of March 31, 2003.

8.08 Regulatory Capital. (a) Each U.S. Borrower will cause each of its Insured Subsidiaries to be (and each of COB and FSB so long as it is an Insured Subsidiary will be) at all times "well capitalized" for purposes of 12 U.S.C. §1831o, as amended, re-enacted or redesignated from time to time, and at all times to maintain (and each of COB and FSB so long as it is an Insured Subsidiary will maintain) such amount of capital as may be prescribed from time to time, whether by regulation, agreement or order, by each Bank Regulatory Authority having jurisdiction over such Insured Subsidiary.

(b) COFC shall, and shall insure that each of its Insured Subsidiaries, at all times maintain compliance with any rules, regulations, orders or guidelines issued by any Bank Regulatory Authority having jurisdiction over such Insured Subsidiary related to subprime lending.

(c) COBE will at all times maintain such minimum amounts of capital as shall from time to time be required by, and otherwise comply with, the capital adequacy regulations of the FSA or any other relevant Bank Regulatory Authority.

8.09 Lines of Business.

(a) COB will not, nor will it permit any of its Subsidiaries to, engage to any extent in any line or lines of business activity other than as permitted by its charter.

(b) FSB will not, nor will it permit any of its Subsidiaries to, engage to any extent in any line or lines of business activity other than as permitted by its charter.

(c) COBE will not, nor will it permit any of its Subsidiaries to, engage to any material extent in any line or lines of business activity other than as permitted by its memorandum and articles of association.

(d) COFC will not, nor will it permit any of its Subsidiaries to, engage to any material extent in any line or lines of business activity other than as permitted by its charter.

8.10 Use of Proceeds. Each Borrower will use the proceeds of the Loans made to such Borrower hereunder for general corporate purposes (in compliance with all applicable legal and regulatory requirements, including, without limitation, Regulations T, U and X and the Securities Act and the Exchange Act and the regulations thereunder); provided that (a) neither the Administrative Agent nor any Lender shall have any responsibility as to the use of any of such proceeds and (b) no Borrower will use the proceeds of the Loans made hereunder to acquire directly or indirectly a majority of the voting stock issued by, or all or substantially all of the assets of, any Person except with the prior written consent of the Board of Directors of such

Person or any controlling shareholder of such Person.

Notwithstanding anything in this Section 8 to the contrary, none of COB, FSB or COBE shall have any obligation (a) to cause COFC or any of its Subsidiaries (other than with respect to COB, FSB, COBE and/or any of their respective Subsidiaries) to take or refrain from taking any action or (b) to cause or prevent any event or circumstance from occurring with respect to COFC or any of its Subsidiaries (other than with respect to COB, FSB, COBE and/or any of their respective Subsidiaries).

SECTION 9. Events of Default. If one or more of the following events (herein called "Events of Default") shall occur and be continuing:

(a) Any Borrower shall: (i) default in the payment of any principal of any Loan when due (whether at stated maturity or at mandatory or optional prepayment); or (ii) default in the payment of any interest on any Loan, any fee or any other amount payable by it hereunder when due and such default shall have continued unremedied for five or more days; or

(b) (i) COFC shall default in the payment when due of any principal of or interest on any of its other Indebtedness aggregating $100,000,000 (or its equivalent in any other currency or currencies) or more, or any event specified in any note, agreement, indenture or other document evidencing or relating to any such Indebtedness, and such event shall continue after any applicable grace period, shall occur if the effect of such event is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, such Indebtedness to become due, or to be prepaid in full (whether by redemption, purchase, offer to purchase or otherwise), prior to its stated maturity; or (ii) COB, FSB and/or COBE shall default in the payment when due of any principal of or interest on any of their other Indebtedness aggregating $75,000,000 (or its equivalent in any other currency or currencies), or any event specified in any note, agreement, indenture or other document evidencing or relating to any such Indebtedness shall occur, and such event shall continue after any applicable grace period, if the effect of such event is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, such Indebtedness to become due, or to be prepaid in full (whether by redemption, purchase, offer to purchase or otherwise), prior to its stated maturity; or COFC or any of its Subsidiaries shall default in the payment or delivery when due (whether upon termination or liquidation or otherwise), under one or more Swap Agreements, of amounts or property required to be paid or delivered having an aggregate fair market value of $100,000,000 (or its equivalent in any other currency or currencies) or more; or

(c) Any representation, warranty or certification made or deemed made herein (or in any modification or supplement hereto) by any Borrower, or any certificate furnished to any Lender or the Administrative Agent pursuant to the provisions hereof,

shall prove to have been false or misleading as of the time made, deemed made or furnished in any material respect; or

(d) Any Borrower shall default in the performance of any of its obligations under any of Sections 8.01(n), 8.01(o), 8.05, 8.06, 8.07, 8.08, 8.09 and 8.10 hereof; or any Borrower shall default in the performance of any of its other obligations in this Agreement and such default shall continue unremedied for a period of 30 or more days after notice thereof to such Borrower by the Administrative Agent or any Lender (through the Administrative Agent); or

(e) Any Borrower or any of its Subsidiaries shall admit in writing its inability to, or be generally unable to, pay its debts as such debts become due; or

(f) Any Borrower or any of its Subsidiaries shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, conservator, custodian, trustee, examiner or liquidator of itself or of all or a substantial part of its Property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Bankruptcy Code, (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding-up, or composition or readjustment of debts, (v) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the Bankruptcy Code or (vi) take any corporate action for the purpose of effecting any of the foregoing; or

(g) A proceeding or case shall be commenced, without the application or consent of any Borrower or any of its Subsidiaries, in any court of competent jurisdiction, seeking (i) its reorganization, liquidation, dissolution, arrangement or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a receiver, conservator, custodian, trustee, examiner, liquidator or the like of such Borrower or Subsidiary or of all or any substantial part of its Property or (iii) similar relief in respect of such Borrower or Subsidiary under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 60 or more days; or an order for relief against any Borrower or any of its Subsidiaries shall be entered in an involuntary case under the Bankruptcy Code; or

(h) Any Insured Subsidiary shall cease accepting deposits or making commercial loans on the instruction of any Bank Regulatory Authority with authority to give such instruction other than pursuant to an instruction generally applicable to banks organized under the jurisdiction of organization of such Insured Subsidiary; or

(i) Any Insured Subsidiary shall cease to be an insured bank under the FDIA and all rules and regulations promulgated thereunder; or

(j) Any Insured Subsidiary shall be required (whether or not the time allowed by the appropriate Bank Regulatory Authority for the submission of such plan has been established or elapsed) to submit a capital restoration plan of the type referred to in 12 U.S.C. §1831o(b)(2)(C), as amended, re-enacted or redesignated from time to time; or

(k) COFC shall Guarantee in writing the capital of any Insured Subsidiary as part of or in connection with any agreement or arrangement with any Bank Regulatory Authority; or

(l) A final judgment or judgments for the payment of money of $100,000,000 ((i) exclusive of amounts covered by insurance or subject to indemnification by a solvent third party or (ii) its equivalent in any other currency or currencies) or more in the aggregate shall be rendered by one or more courts, administrative tribunals or other bodies having jurisdiction against any Borrower or any of its Subsidiaries and the same shall not be discharged (or provision shall not be made for such discharge), or a stay of execution thereof shall not be procured, within 30 days from the date of entry thereof and the relevant Borrower or Subsidiary shall not, within said period of 30 days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

(m) An event or condition specified in Section 8.01(m) hereof shall occur or exist with respect to any Plan or Multiemployer Plan and, as a result of such event or condition, together with all other such events or conditions, any Borrower or any ERISA Affiliate shall incur or in the opinion of the Majority Lenders shall be reasonably likely to incur a liability to a Plan, a Multiemployer Plan or the PBGC (or any combination of the foregoing) that, in the determination of the Majority Lenders, would (either individually or in the aggregate) have a Material Adverse Effect; or

(n) The expiration or termination of the Undertaking or the failing or ceasing of the Undertaking to be in full force and effect (in either case other than in accordance with its terms) prior to the expiration or termination of all Commitments and the irrevocable payment in full of all amounts owing by FSB and COBE under this Agreement; or COB shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, the Undertaking; or

(o) COFC shall at any time fail to own and control, beneficially, directly or indirectly (free and clear of all Liens and other encumbrances), at least 95% of the issued and outstanding shares of capital stock of each class of Voting Securities issued by COB; or COFC shall at any time fail to own and control, beneficially, directly or indirectly (free and clear of all Liens and other encumbrances), at least 95% of the issued and outstanding shares of capital stock of each class of Voting Securities issued by FSB; or COFC shall at any time fail to own and control, beneficially, directly or indirectly (free and clear of all Liens and other encumbrances), at least 95% of the issued and outstanding shares of capital stock of each class of Voting Securities issued by COBE; or

(p) During any period of 25 consecutive calendar months, a majority of the Board of Directors of COFC shall no longer be composed of individuals (i) who were members of said Board on the first day of such period, (ii) whose election or nomination to said Board was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of said Board or (iii) whose election or nomination to said Board was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of said Board; or

(q) Any person or group of persons (within the meaning of Section 13 or 14 of the Exchange Act, as amended) shall have acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated by the SEC under the Exchange Act) of 20% or more of the issued and outstanding shares of voting common stock issued by COFC;

THEREUPON: (1) in the case of an Event of Default other than one referred to in clause (f) or (g) of this Section 9 with respect to any Borrower, (A) upon request of the Majority Lenders, the Administrative Agent will, by notice to the Borrowers, terminate the Commitments and they shall thereupon terminate, and (B) upon request of Lenders holding more than 50% of the aggregate unpaid principal amount of the Loans owing by a Borrower, the Administrative Agent will, by notice to such Borrower declare the principal amount then outstanding of, and the accrued interest on, the Loans and all other amounts payable by such Borrower hereunder and under the Notes (including, without limitation, any amounts payable under Section 5.05 hereof) to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by such Borrower; and (2) in the case of the occurrence of an Event of Default referred to in clause (f) or (g) of this Section 9 with respect to any Borrower, the Commitments shall automatically be terminated and the principal amount then outstanding of, and the accrued interest on, the Loans and all other amounts payable by the Borrowers hereunder and under the Notes (including, without limitation, any amounts payable under Section 5.05 hereof) shall automatically become immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by each Borrower.

Notwithstanding the foregoing, no Event of Default under any of paragraphs (a), (b), (c), (d) or (l) of this Section 9 solely with respect to COFC or any of its Subsidiaries (other than COB, FSB, COBE and/or any of their respective Subsidiaries) shall in and of itself permit the Administrative Agent or the Lenders to declare the principal amount then outstanding of, and the accrued interest on, the Loans owing by COB, FSB or COBE or any other amounts payable by COB, FSB or COBE hereunder or under the Notes to be forthwith due and payable.

SECTION 10. The Administrative Agent.

10.01 Appointment, Powers and Immunities. Each Lender hereby appoints and authorizes the Administrative Agent to act as its agent hereunder with such powers as are

specifically delegated to the Administrative Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. The Administrative Agent (which term as used in this sentence and in Section 10.05 and the first sentence of Section 10.06 hereof shall include reference to its affiliates and its own and its affiliates' officers, directors, employees and agents):

(a) shall have no duties or responsibilities except those expressly set forth in this Agreement, and shall not by reason of this Agreement be a trustee for any Lender;

(b) shall not be responsible to the Lenders for any recitals, statements, representations or warranties made by any other Person contained in this Agreement, or in any certificate or other document referred to or provided for in, or received by any of them from any other Person under, this Agreement, or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, any Note or any other document referred to or provided for herein or for any failure by any Borrower or any other Person to perform any of its obligations hereunder or thereunder;

(c) shall not be required to initiate or conduct any litigation or collection proceedings hereunder; and

(d) shall not be responsible for any action taken or omitted to be taken by it hereunder or under any other document or instrument referred to or provided for herein or in connection herewith, except for its own gross negligence or willful misconduct.

The Administrative Agent may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith. The Administrative Agent may deem and treat the payee of a Note as the holder thereof for all purposes hereof unless and until a notice of the assignment or transfer thereof shall have been filed with the Administrative Agent, together with the consent of the applicable Borrower to such assignment or transfer (to the extent required by Section 11.06(b) hereof).

10.02 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon any certification, notice or other communication (including, without limitation, any thereof by telephone, telecopy, telegram or cable) reasonably and in good faith believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the Administrative Agent. As to any matters not expressly provided for by this Agreement, the Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with instructions given by the Majority Lenders, and such instructions of the Majority Lenders and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders.

10.03 Defaults. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of a Default unless the Administrative Agent has received notice from a Lender or a Borrower specifying such Default and stating that such notice is a

"Notice of Default". In the event that the Administrative Agent receives such a notice of the occurrence of a Default, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall (subject to Sections 10.07 and 11.04 hereof) take such action with respect to such Default as shall be directed by the Majority Lenders, provided that, unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interest of the Lenders except to the extent that this Agreement expressly requires that such action be taken, or not be taken, only with the consent or upon the authorization of the Majority Lenders or all of the Lenders.

10.04 Rights as a Lender. With respect to its Commitment and the Loans made by it, JPMorgan (and any successor acting as Administrative Agent) in its capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as the Administrative Agent, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include JPMorgan (and any successor acting as Administrative Agent) in its individual capacity. JPMorgan (and any successor acting as Administrative Agent) and its affiliates may (without having to account therefor to any Lender) accept deposits from, lend money to, make investments in and generally engage in any kind of banking, trust or other business with any Borrower (and any of its Subsidiaries or Affiliates) as if it were not acting as the Administrative Agent, and JPMorgan (and any such successor) and its affiliates may accept fees and other consideration from any Borrower for services in connection with this Agreement or otherwise without having to account for the same to the Lenders.

10.05 Indemnification. The Lenders agree to indemnify the Administrative Agent (to the extent not reimbursed under Section 11.03 hereof, but without limiting the obligations of the Borrowers under said Section 11.03) ratably in accordance with their respective Commitments, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever that may be imposed on, incurred by or asserted against the Administrative Agent (including by any Lender) arising out of or by reason of any investigation in or in any way relating to or arising out of this Agreement or any other documents contemplated by or referred to herein or the transactions contemplated hereby (including, without limitation, the costs and expenses that any Borrower is obligated to pay under Section 11.03 hereof, but excluding, unless a Default has occurred and is continuing, normal administrative costs and expenses incident to the performance of its agency duties hereunder) or the enforcement of any of the terms hereof or of any such other documents, provided that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the Administrative Agent.

10.06 Non-Reliance on Administrative Agent and Other Lenders. Each Lender agrees that it has, independently and without reliance on the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of each Borrower and its Subsidiaries and decision to enter into this Agreement and that it will, independently and without reliance upon the Administrative Agent or

any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement. The Administrative Agent shall not be required to keep itself informed as to the performance or observance by any Borrower of this Agreement or any other document referred to or provided for herein or to inspect the Properties or books of any Borrower or any of its Subsidiaries. Except for notices, reports and other documents and information expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition or business of any Borrower or any of its Subsidiaries (or any of their affiliates) that may come into the possession of the Administrative Agent or any of its affiliates.

10.07 Failure to Act. Except for action expressly required of the Administrative Agent hereunder, the Administrative Agent shall in all cases be fully justified in failing or refusing to act hereunder unless it shall receive further assurances to its satisfaction from the Lenders of their indemnification obligations under Section 10.05 hereof against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action.

10.08 Resignation or Removal of Administrative Agent. Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by giving notice thereof to the Lenders and the Borrowers, and the Administrative Agent may be removed at any time with or without cause by the Majority Lenders. Upon any such resignation or removal, the Majority Lenders (in consultation with the Borrowers) shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Majority Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent's giving of notice of resignation or the Majority Lenders' removal of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, that shall be a bank with a combined capital and surplus of at least $500,000,000 that has an office in New York, New York. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this Section 10 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent.

10.09 Co-Agents; Etc. Neither the Lead Arranger and Bookrunner nor any Syndication Agent shall have any obligations under this Agreement except (a) in its capacity as a "Lender" hereunder and (b) if and so long as such Person is the "Administrative Agent" hereunder, in its capacity as Administrative Agent hereunder.

SECTION 11. Miscellaneous.

11.01 Waiver. No failure on the part of the Administrative Agent or any Lender to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement or any Note shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement or any Note preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

11.02 Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to any Borrower, to it at 1680 Capital One Dr., McLean, VA 22102-2980, Attention of the Director of Capital Markets (Telephone No. 703-720-1000, Facsimile No. 703-720-3169);

(ii) if to the Administrative Agent, to JPMorgan Chase Bank, Loan & Agency Services, 1111 Fanin, 10th Floor, Houston, TX 77002, Attention of Mr. Jeremy M. Jones (Facsimile No. 713-750-2223), with a copy to JPMorgan Chase Bank, 270 Park Avenue, New York, New York 10017, Attention of Financial Institutions Corporate Banking (Telephone No. 212-270-6261, Facsimile No. 212-270-0670) or, if in respect of any Loan made in any Alternative Currency, to J.P. Morgan Europe Limited, 125 London Wall, 9th Floor, London EC2Y5AJ, UK, Attention of Nichola Hall, (Facsimile No. +44-207-777-2360); and

(iii) if to any Lender, to it at the address (or telecopy number) set forth in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders hereunder (including all documents delivered pursuant to Section 8.01 hereof, with the exception of documents delivered pursuant to Section 8.01(n)) may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided, that the foregoing shall not apply to notices pursuant to Section 2 unless otherwise agreed by the Administrative Agent and the applicable Lender; and, provided, further, that the Borrower shall deliver to any Lender a physical copy of the financial statements referred to in Sections 8.01(a) through 8.01(j), if reasonably requested by such Lender to do so. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided, that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto (or, in the case of any such change by a Lender, by notice to the Borrower and the Administrative Agent). All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

11.03 Expenses, Etc. Each Borrower agrees to pay or reimburse each of the Lenders and the Administrative Agent for: (a) all reasonable out-of-pocket costs and expenses of the Administrative Agent (including, without limitation, the reasonable fees and expenses of Milbank, Tweed, Hadley & McCloy LLP, special New York counsel to JPMorgan) in connection with (i) the negotiation, preparation, execution and delivery of this Agreement and the making of the Loans hereunder and (ii) the negotiation or preparation of any modification, supplement or waiver of any of the terms of this Agreement or any of the other Basic Documents (whether or not consummated); (b) all out-of-pocket costs and expenses of the Lenders and the Administrative Agent (including, without limitation, the fees and expenses of legal counsel, including, if applicable, the allocated costs of in-house counsel) in connection with (i) any Default and any enforcement or collection proceedings resulting therefrom, including, without limitation, all manner of participation in or other involvement with (x) bankruptcy, insolvency, receivership, foreclosure, winding up or liquidation proceedings, (y) judicial or regulatory proceedings and (z) workout, restructuring or other negotiations or proceedings (whether or not the workout, restructuring or transaction contemplated thereby is consummated) and (ii) the enforcement of this Section 11.03; and (c) all transfer, stamp, documentary or other similar taxes, assessments or charges levied by any governmental or revenue authority in respect of this Agreement or any of the other Basic Documents or any other document referred to herein; provided that COB shall have no such payment or reimbursement obligation in connection with Loans made to COFC.

Each Borrower hereby agrees to indemnify the Administrative Agent and the Lenders and their affiliates and the respective directors, officers, employees, attorneys and agents thereof from, and hold each of them harmless against, any and all losses, liabilities, claims, damages or expenses incurred by any of them (including, without limitation, any and all losses, liabilities, claims, damages or expenses incurred by the Administrative Agent to any Lender) arising out of or by reason of any investigation or litigation or other proceedings (including any threatened investigation or litigation or other proceedings, and whether or not the Administrative Agent or any Lender is a party to such litigation or other proceedings) relating to this Agreement or the Loans hereunder or any actual or proposed use by any Borrower or any of its Subsidiaries of the proceeds of any of the Loans hereunder, including, without limitation, the reasonable fees and disbursements of counsel, including, if applicable, the allocated costs of in-house counsel, incurred in connection with any such investigation or litigation or other proceedings (but excluding any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified); provided that COB shall have no liability under the foregoing indemnity in connection with events or circumstances relating solely to COFC or any of its Subsidiaries (other than COB or any of its Subsidiaries).

11.04 Amendments, Etc. Except as otherwise expressly provided in this Agreement, any provision of this Agreement may be modified or supplemented only by an instrument in writing signed by the Borrowers and the Majority Lenders, or by the Borrowers and the Administrative Agent acting with the consent of the Majority Lenders, and any provision of this Agreement may be waived only by an instrument in writing signed by the Majority Lenders or by the Administrative Agent acting with the consent of the Majority Lenders; provided that: (a) no modification, supplement or waiver shall, unless by an instrument signed by all of the Lenders or by the Administrative Agent acting with the consent of all of the Lenders: (i) increase, or extend the term of the Commitments, or extend the time or waive any requirement for the reduction or termination of the Commitments, (ii) extend the date fixed for the payment of principal of or interest on any Loan or any fee payable hereunder, (iii) reduce the amount of any such payment of principal, (iv) reduce the rate at which interest is payable on such principal or any such fee is payable, (v) alter the rights or obligations of any Borrower to prepay Loans or (vi) alter the amount set forth in clause (iii) of the proviso to Section 2.01(a) hereof or alter the percentage set forth in Section 2.10(c)(v) hereof; (b) no modification, supplement or waiver shall, unless by an instrument signed by all of the Lenders or by the Administrative Agent acting with the consent of all of the Lenders: (i) alter the manner in which payments or prepayments of principal, interest or other amounts hereunder shall be applied as between the Lenders or as between Syndicated Loans or Money Market Loans, (ii) alter the terms of this Section 11.04 or Section 2.11, 4.02, 4.07 or 10.09 hereof, (iii) modify the definition of the term "Majority Lenders" or modify in any other manner the number or percentage of the Lenders required to make any determinations or waive any rights hereunder or to modify any provision hereof, or (iv) waive any of the conditions precedent set forth in Section 6.01 hereof; and (c) any modification or supplement of Section 10 hereof, or of any of the rights or duties of the Administrative Agent hereunder, shall require the consent of the Administrative Agent. For purposes of this Section 11.04 and Section 11.06(c) hereof, no modification, supplement or waiver relating to any of Sections 7, 8 and 9 of this Agreement shall be deemed to increase, or extend the term of, the Commitments.

Anything in this Agreement to the contrary notwithstanding, if at a time when the conditions precedent set forth in Section 6 hereof to any Loan hereunder are, in the opinion of the Majority Lenders, satisfied, any Lender shall fail to fulfill its obligations to make such Loan (any such Lender, a "Defaulting Lender") then, for so long as such failure shall continue, the Defaulting Lender shall (unless the Borrowers and the Majority Lenders, determined as if the Defaulting Lender were not a "Lender" hereunder, shall otherwise consent in writing) be deemed for all purposes relating to amendments, modifications, waivers or consents under this Agreement (including, without limitation, under this Section 11.04) to have no Loans or Commitments, shall not be treated as a "Lender" hereunder when performing the computation of Majority Lenders, and shall have no rights under the preceding paragraph of this Section 11.04; provided that any action taken by the other Lenders pursuant to this paragraph with respect to the matters referred to in clause (a) or (b) of the preceding paragraph shall not be effective as against the Defaulting Lender.

11.05 Successors & Assigns. This Agreement shall be binding upon and inure

11.05 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

11.06 Assignments and Participations.

(a) Assignments Generally. No Borrower may assign any of its rights or obligations hereunder or under the Notes without the prior consent of all of the Lenders and the Administrative Agent (and any attempted assignment or transfer by any Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Affiliates of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders.

(i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld (it being understood that it will not be unreasonable for the Borrowers to withhold consent to an assignment to any assignee whose long term debt obligations are then rated below Baa3 by Moody's Investor Service, Inc. or below BBB- by Standard & Poor's Rating Services)) of:

(A) the Borrowers, provided that no consent of the Borrowers shall be required for an assignment to a Lender, an Affiliate of a Lender or, if an Event of Default has occurred and is continuing, any other assignee; and

(B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for an assignment to a Lender or an Affiliate of a Lender.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 unless each Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrowers shall be required if a Default has occurred and is continuing;

(B) each partial assignment with respect to Syndicated Loans shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations with respect to Syndicated Loans under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500, except in the case of an assignment referred to in Section 5.07, in which case the Borrower or the assignee shall pay such fee;

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; and

(E) any assignee or prospective assignee shall execute a confidentiality agreement pursuant to Section 11.12(b) prior to receiving any Confidential Information.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be subject to its obligations under Section 11.12 for a period of two years following the effective date specified in such Assignment and Assumption and entitled to the benefits of Sections 5.01, 5.05, 5.06 and 11.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 11.06 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrowers, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrowers, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall

be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Participations. Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (C) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (D) any Participant or prospective Participant shall execute a confidentiality agreement pursuant to Section 11.12(b) prior to receiving any Confidential Information. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 11.04 that affects such Participant. Subject to paragraph (c)(ii) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 5.01, 5.05 and 5.06 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 4.07(a) as though it were a Lender, provided such Participant agrees to be subject to Section 4.07 as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 5.01 or 5.06 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent.

(d) Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(e) Anything in this Section 11.06 to the contrary notwithstanding, no Lender may assign or participate any interest in any Loan held by it hereunder to any Borrower or any of its Affiliates or Subsidiaries, and none of the Borrowers and their respective Affiliates and Subsidiaries shall acquire any such assignment or participation, without the prior consent of each Lender.

11.07 Survival. The obligations of each Borrower under Sections 2.11, 5.01, 5.05, 5.06, 11.03 and 11.13 hereof, and the obligations of the Lenders under Section 10.05 hereof, shall survive the repayment of the Loans and the termination of the Commitments and, in the case of any Lender that may assign any interest in its Commitment or Loans hereunder, shall, in the case of any event or circumstance that occurred prior to the effective date of such assignment, survive the making of such assignment, notwithstanding that such assigning Lender may cease to be a "Lender" hereunder. In addition, each representation and warranty made, or deemed to be made by a notice of any Loan, herein or pursuant hereto shall survive the making of such representation and warranty, and no Lender shall be deemed to have waived, by reason of making any Loan, any Default that may arise by reason of such representation or warranty proving to have been false or misleading, notwithstanding that such Lender or the Administrative Agent may have had notice or knowledge or reason to believe that such representation or warranty was false or misleading at the time such Loan was made.

11.08 Captions. The table of contents and captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

11.09 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

11.10 Governing Law; Submission to Jurisdiction. This Agreement and the Notes shall be governed by, and construed in accordance with, the law of the State of New York. Each Borrower hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of the Supreme Court of the State of New York sitting in New York County (including its Appellate Division), and of any other appellate court in the State of New York, for the purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each Borrower hereby irrevocably waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

11.11 Waiver of Jury Trial. **EACH OF THE BORROWERS, THE ADMINISTRATIVE AGENT AND THE LENDERS HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

11.12 Treatment of Certain Information; Confidentiality.

(a) Each Borrower acknowledges that from time to time financial advisory,

investment banking and other services may be offered or provided to such Borrower or one or more of its Subsidiaries (in connection with this Agreement or otherwise) by any Lender or by one or more subsidiaries or affiliates of such Lender, and each Borrower hereby authorizes each Lender to share any information delivered to such Lender by such Borrower and its Subsidiaries pursuant to this Agreement, or in connection with the decision of such Lender to enter into this Agreement, to any such subsidiary or affiliate, it being understood that any such subsidiary or affiliate receiving such information shall be bound by the provisions of paragraph (b) below as if it were a Lender hereunder. Such authorization shall survive the repayment of the Loans and the termination of the Commitments.

(b) Each Lender and the Administrative Agent agrees (on behalf of itself and each of its affiliates, directors, officers, employees and representatives) to use reasonable precautions to keep confidential, in accordance with their customary procedures for handling confidential information of the same nature and in accordance with safe and sound banking practices, any non-public information supplied to it by any Borrower pursuant to this Agreement that is identified by such Borrower as being confidential at the time the same is delivered to the Lenders or the Administrative Agent, provided that nothing herein shall limit the disclosure of any such information (i) after such information shall have become public (other than through a violation of this Section 11.12), (ii) to the extent required by statute, rule, regulation or judicial process, (iii) to counsel for any of the Lenders or the Administrative Agent, (iv) to bank examiners (or any other regulatory authority having jurisdiction over any Lender or the Administrative Agent), or to auditors or accountants, (v) to the Administrative Agent or any other Lender, (vi) in connection with any litigation to which any one or more of the Lenders or the Administrative Agent is a party, or in connection with the enforcement of rights or remedies hereunder, (vii) to a subsidiary or affiliate of such Lender as provided in paragraph (a) above or (viii) to any assignee or participant (or prospective assignee or participant) so long as such assignee or participant (or prospective assignee or participant) first executes and delivers to the respective Lender a Confidentiality Agreement substantially in the form of Exhibit G hereto (or executes and delivers to such Lender an acknowledgement to the effect that it is bound by the provisions of this Section 11.12(b), which acknowledgement may be included as part of the respective assignment or participation agreement pursuant to which such assignee or participant acquires an interest in the Loans hereunder); provided, further, that in no event shall any Lender or the Administrative Agent be obligated or required to return any materials furnished by any Borrower. The obligations of any assignee that has executed a Confidentiality Agreement in the form of Exhibit G hereto shall be superseded by this Section 11.12 upon the date upon which such assignee becomes a Lender hereunder pursuant to Section 11.06(b) hereof.

Notwithstanding any other provision herein, the Borrowers, the Lenders and the Administrative Agent (and each employee, representative or other agent of the Borrowers, the Lenders and the Administrative Agent) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of this Agreement and all materials of any kind (including opinions or other tax analyses) that are provided to the Borrower, the Lenders and the Administrative Agent relating to such U.S. “tax treatment” and U.S. “tax structure” (in each case, within the meaning of Treasury Regulation Section 1.6011-4), other than any

information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

11.13 Judgment Currency. This is an international loan transaction in which the specification of Dollars or an Alternative Currency, as the case may be (the "Specified Currency"), and any payment in New York City or the country of the Specified Currency, as the case may be (the "Specified Place"), is of the essence, and the Specified Currency shall be the currency of account in all events relating to Loans denominated in the Specified Currency. The payment obligations of the Borrowers under this Agreement and the Notes shall not be discharged by an amount paid in another currency or in another place, whether pursuant to a judgment or otherwise, to the extent that the amount so paid on conversion to the Specified Currency and transfer to the Specified Place under normal banking procedures does not yield the amount of the Specified Currency at the Specified Place due hereunder. If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder in the Specified Currency into another currency (the "Second Currency"), the rate of exchange which shall be applied shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the Specified Currency with the Second Currency on the Business Day next preceding that on which such judgment is rendered. The obligation of each Borrower in respect of any such sum due from it to the Administrative Agent or any Lender hereunder shall, notwithstanding the rate of exchange actually applied in rendering such judgment, be discharged only to the extent that on the Business Day following receipt by the Administrative Agent or such Lender, as the case may be, of any sum adjudged to be due hereunder or under the Notes in the Second Currency to the Administrative Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase and transfer to the Specified Place the Specified Currency with the amount of the Second Currency so adjudged to be due; and each Borrower hereby, as a separate obligation and notwithstanding any such judgment, agrees to indemnify the Administrative Agent or such Lender, as the case may be, against, and to pay the Administrative Agent or such Lender, as the case may be, on demand in the Specified Currency, any difference between the sum originally due to the Administrative Agent or such Lender, as the case may be, in the Specified Currency and the amount of the Specified Currency so purchased and transferred.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

BORROWERS

CAPITAL ONE FINANCIAL CORPORATION

By /s/ STEPHEN LINEHAN

Title: Treasurer

CAPITAL ONE BANK

By /s/ STEPHEN LINEHAN

Title: Treasurer

CAPITAL ONE, F.S.B.

By /s/ THOMAS A. FEIL

Title: Director of Capital Markets

CAPITAL ONE BANK (EUROPE) PLC

By /s/ STEPHEN LINEHAN

Title: Vice President, Corporate Funding

LENDERS

JPMORGAN CHASE BANK

By /s/ CHRISTINE HERRICK

Title: Vice President

BANK OF AMERICA, N.A.

By /s/ SHELLY K. HARPER

Title: Principal

BARCLAYS BANK PLC

By /s/ ALISON MCGUIGAN

Title: Associate Director

CITIBANK, N.A.

By /s/ ROBERT B. GOLDSTEIN

Title: Managing Director

CREDIT SUISSE FIRST BOSTON, acting through its Cayman Islands Branch

By /s/ JAY CHALL

Title: Director

By /s/ CASSANDRA DROOGAN

Title: Associate

DEUTSCHE BANK AG, NEW YORK BRANCH

By /s/ GAYMA Z. SHIVNARAIN

Title: Director

By /s/ KATHLEEN BOWERS

Title: Director

LEHMAN BROTHERS COMMERCIAL PAPER, INC.

By /s/ SUZANNE RY

Title: Authorized Signatory

WACHOVIA BANK, NATIONAL ASSOCIATION

By /s/ THOMAS L. STITCHBERRY

Title: Managing Director

BANK OF MONTREAL

By /s/ AMY K. DUMSER

Title: Vice President

SOCIETE GENERALE, NEW YORK BRANCH

By /s/ EDITH L. HORNICK

Title: Director

THE BANK OF NEW YORK

By /s/ STEPHEN ADAM

Title: Assistant Vice President

HSBC BANK plc

By /s/ C.M. RICHARDS

Title: Relationship Manager

THE ROYAL BANK OF SCOTLAND plc

By /s/ DIANE FERGUSON

Title: Senior Vice President

CREDIT LYONNAIS, NEW YORK BRANCH

By /s/ SEBASTIAN ROCCO

Title: Senior Vice President

ADMINISTRATIVE AGENT

JPMORGAN CHASE BANK,
as Administrative Agent

By /s/ CHRISTINE HERRICK

Title: Vice President

COMMITMENTS

Name of Lender	COMMITMENT
JPMorgan Chase Bank	$ 95,000,000
Bank of America, N.A.	$ 85,000,000
Barclays Bank plc	$ 85,000,000
Citibank, N.A.	$ 85,000,000
Credit Suisse First Boston	$ 85,000,000
Deutsche Bank AG, New York Branch	$ 85,000,000
Lehman Brothers Commercial Paper, Inc.	$ 85,000,000
Wachovia Bank, National Association	$ 85,000,000
Bank of Montreal	$ 67,500,000
Société Générale, New York Branch	$ 67,500,000
The Bank of New York	$ 50,000,000
HSBC Bank plc	$ 50,000,000
The Royal Bank of Scotland plc	$ 50,000,000
Credit Lyonnais, New York Branch	$ 25,000,000
TOTAL	$1,000,000,000

Securities Litigation

Beginning in July 2002, the Corporation was named as a defendant in twelve putative class action securities cases. All twelve actions were filed in the United States District Court for the Eastern District of Virginia. Each complaint also named as "Individual Defendants" several of the Corporation's executive officers.

On October 1, 2002, the Court consolidated these twelve cases. Pursuant to the Court's order, Plaintiffs filed an amended complaint on October 17, 2002, which alleged that the Corporation and the Individual Defendants violated Section 10(b) of the Exchange Act, Rule 10b-5 promulgated thereunder, and Section 20(a) of the Exchange Act. The amended complaint asserted a class period of January 16, 2001, through July 16, 2002, inclusive. The amended complaint alleged generally that, during the asserted class period, the Corporation misrepresented the adequacy of its capital levels and loan loss allowance relating to higher risk assets. In addition, the amended complaint alleged generally that the Corporation failed to disclose that it was experiencing serious infrastructure deficiencies and systemic computer problems as a result of its growth.

On December 4, 2002, the Court granted defendants' motion to dismiss plaintiffs' amended complaint with leave to amend. Pursuant to that order, plaintiffs filed a second amended complaint on December 23, 2002, which asserted the same class period and alleged violations of the same statutes and rule. The second amended complaint also added a new Individual Defendant and asserted violations of Generally Accepted Accounting Principles. Defendants moved to dismiss the second amended complaint on January 8, 2003, and plaintiffs filed a motion on March 6, 2003, seeking leave to amend their complaint. On April 10, 2003, the Court granted defendants' motion to dismiss plaintiffs' second amended complaint, denied plaintiffs' motion for leave to amend, and dismissed the consolidated action.

EXHIBIT A-1

[Form of Syndicated Note]

PROMISSORY NOTE

[$] [£] [€] _____ May 5, 2003
New York, New York

FOR VALUE RECEIVED, [CAPITAL ONE BANK, a bank chartered under the laws of the Commonwealth of Virginia][CAPITAL ONE, F.S.B., a Federal savings bank chartered under the laws of the United States of America] [CAPITAL ONE FINANCIAL CORPORATION, a corporation organized under the laws of the State of Delaware] [CAPITAL ONE BANK (EUROPE) PLC, a corporation organized under the laws of England] (the "Borrower"), hereby promises to pay to the order of _____ (the "Lender"), for account of its respective Applicable Lending Offices provided for by the Credit Agreement referred to below, at the principal office of JPMorgan Chase Bank at 270 Park Avenue, New York, New York 10017, the principal sum of _____ [Dollars] [Pounds Sterling] [Euro] (or such lesser amount as shall equal the aggregate unpaid principal amount of the Dollar Loans made by the Lender to the Borrower under the Credit Agreement), in lawful money of [the United States of America] [the United Kingdom] [the Participating Member States] and in immediately available funds, on the dates and in the principal amounts provided in the Credit Agreement, and to pay interest on the unpaid principal amount of each such Loan, at such office, in like money and funds, for the period commencing on the date of such Loan until such Loan shall be paid in full, at the rates per annum and on the dates provided in the Credit Agreement.

The date, amount, Type, Currency, interest rate and duration of Interest Period of each Loan made by the Lender to the Borrower, and each payment made on account of the principal thereof, shall be recorded by the Lender on its books and, prior to any transfer of this Note, endorsed by the Lender on the schedule attached hereto or any continuation thereof, provided that the failure of the Lender to make any such recordation (or any error in making any such recordation) or endorsement shall not affect the obligations of the Borrower to make a payment when due of any amount owing under the Credit Agreement or hereunder in respect of the Loans made by the Lender.

This Note is one of the Syndicated Notes referred to in the Credit Agreement dated as of May 5, 2003 (as modified and supplemented and in effect from time to time, the "Credit Agreement") among Capital One Financial Corporation, Capital One Bank, Capital One, F.S.B., Capital One Bank (Europe) plc, the lenders party thereto (including the Lender) and JPMorgan Chase Bank, as Administrative Agent, and evidences Loans made by the Lender thereunder. Terms used but not defined in this Note have the respective meanings assigned to them in the Credit Agreement.

Syndicated Note

The Credit Agreement provides for the acceleration of the maturity of this Note upon the occurrence of certain events and for prepayments of Loans upon the terms and conditions specified therein.

Except as permitted by Section 11.06 of the Credit Agreement, this Note may not be assigned by the Lender to any other Person.

This Note shall be governed by, and construed in accordance with, the law of the State of New York without reference to choice of law doctrine.

[CAPITAL ONE BANK]

[CAPITAL ONE, F.S.B.]

[CAPITAL ONE FINANCIAL CORPORATION]

[CAPITAL ONE BANK (EUROPE) PLC]

By _____

Title:

SCHEDULE OF LOANS

This Note evidences Loans made under the within-described Credit Agreement to the Borrower, on the dates, in the principal amounts, of the Types, bearing interest at the rates and having Interest Periods of the durations set forth below, subject to the payments and prepayments of principal set forth below:

Principal Amount of Loan (and Currency thereof)	Type of Loan	Interest Rate	Maturity Date of Loan	Amount Paid or Prepaid	Unpaid Principal Amount	Notation Made By

EXHIBIT A-2

[Form of Money Market Note]

PROMISSORY NOTE

_____, 200__
New York, New York

FOR VALUE RECEIVED, [CAPITAL ONE BANK, a bank chartered under the laws of the Commonwealth of Virginia][CAPITAL ONE, F.S.B., a Federal savings bank chartered under the laws of the United States of America][CAPITAL ONE FINANCIAL CORPORATION, a corporation organized under the laws of the State of Delaware] [CAPITAL ONE BANK (EUROPE) PLC, a corporation organized under the laws of England] (the "Borrower"), hereby promises to pay to the order of _____ (the "Lender"), for account of its respective Applicable Lending Offices provided for by the Credit Agreement referred to below, at the principal office of JPMorgan Chase Bank at 270 Park Avenue, New York, New York 10017, the aggregate unpaid principal amount of the Money Market Loans made by the Lender to the Borrower under the Credit Agreement, in the respective Currencies in which such Loans are denominated and in immediately available funds, on the dates and in the principal amounts provided in the Credit Agreement, and to pay interest on the unpaid principal amount of each such Money Market Loan, at such office, in like money and funds, for the period commencing on the date of such Money Market Loan until such Money Market Loan shall be paid in full, at the rates per annum and on the dates provided in the Credit Agreement.

The date, amount, Type, Currency, interest rate and maturity date of each Money Market Loan made by the Lender to the Borrower, and each payment made on account of the principal thereof, shall be recorded by the Lender on its books and, prior to any transfer of this Note, endorsed by the Lender on the schedule attached hereto or any continuation thereof, provided that the failure of the Lender to make any such recordation (or any error in making any such recordation) or endorsement shall not affect the obligations of the Borrower to make a payment when due of any amount owing under the Credit Agreement or hereunder in respect of the Money Market Loans made by the Lender.

This Note is one of the Money Market Notes referred to in the Credit Agreement dated as of May 5, 2003 (as modified and supplemented and in effect from time to time, the "Credit Agreement") among Capital One Financial Corporation, Capital One Bank, Capital One, F.S.B., Capital One Bank (Europe) plc, the lenders party thereto (including the Lender) and JPMorgan Chase Bank, as Administrative Agent, and evidences Money Market Loans made by the Lender thereunder. Terms used but not defined in this Note have the respective meanings assigned to them in the Credit Agreement.

The Credit Agreement provides for the acceleration of the maturity of this Note upon the occurrence of certain events and for prepayments of Money Market Loans upon the terms and conditions specified therein.

Money Market Note

Except as permitted by Section 11.06 of the Credit Agreement, this Note may not be assigned by the Lender to any other Person.

This Note shall be governed by, and construed in accordance with, the law of the State of New York without reference to choice of law doctrine.

[CAPITAL ONE BANK]
[CAPITAL ONE, F.S.B.]
[CAPITAL ONE FINANCIAL CORPORATION]
[CAPITAL ONE BANK (EUROPE) PLC]

By _____

Title:

SCHEDULE OF MONEY MARKET LOANS

This Note evidences Money Market Loans made under the within-described Credit Agreement to the Borrower, on the dates, in the principal amounts, and of the Types and Currencies, bearing interest at the rates and maturing on the dates set forth below, subject to the payments and prepayments of principal set forth below:

Principal Amount of Loan	Type and Currency of Loan	Interest Rate	Maturity Date of Loan	Amount Paid or Prepaid	Unpaid Principal Amount	Notation Made By

EXHIBIT B-1

[Form of Opinion of Special U.S. Counsel to the Borrowers]

[Letterhead of McGuireWoods LLP]

May ____, 2003

Each of the Lender Parties
referenced below
JPMorgan Chase Bank,
as Administrative Agent
270 Park Avenue
New York, New York 10017

Ladies and Gentlemen:

We have acted as special New York and Virginia counsel to Capital One Financial Corporation ("COFC"), Capital One Bank ("COB"), Capital One, F.S.B. ("FSB") and Capital One Bank Europa PLC ("COBE" and, collectively with COFC, COB and FSB, the "Borrowers" and COFC, COB and FSB collectively being the "US Borrowers") in connection with the Credit Agreement (the "Loan Agreement") dated as of May 5, 2003, among the Borrowers, the Lenders party thereto and JPMorgan Chase Bank, as Administrative Agent (the Administrative Agent and the Lenders are collectively referred to as the "Lender Parties" and individually as a "Lender Party") for the Lenders. This opinion letter is furnished to you pursuant to Section 6.01 of the Loan Agreement. Unless otherwise defined herein, terms used herein have the meanings provided for in the Loan Agreement.

Documents Reviewed

In connection with this opinion letter, we have examined the following documents, each of which is dated as of the date of the Loan Agreement unless otherwise indicated:

(a) the Loan Agreement; and

(b) the Notes;

The documents referred to in clauses (a) and (b) above are referred to collectively as the "Subject Documents".

In addition we have examined the following:

(i) originals, or copies identified to our satisfaction as being true copies, of such records, documents and other instruments as we have deemed necessary for the purposes of this opinion letter; and

(ii) certificates from the Secretary of each US Borrower certifying in each instance as to true and correct copies of the certificate of incorporation, bylaws and board of directors resolutions of each such Borrower (the "Organizational Documents") and as to the incumbency and specimen signatures of officers or other persons authorized to execute the Subject Documents on behalf of each such Borrower;

Assumptions Underlying Our Opinions

For all purposes of the opinions expressed herein, we have assumed, without independent investigation, that:

(a) Factual Matters. With regard to factual matters, to the extent that we have reviewed and relied upon (a) certificates of each Borrower or authorized representatives thereof, (b) representations of each Borrower set forth in the Subject Documents and (c) certificates and assurances from public officials, all of such certificates, representations and assurances are accurate;

(b) Contrary Knowledge of Addressee. No addressee of this opinion letter has any actual knowledge that any of our factual assumptions or opinions is inaccurate;

(c) Signatures. The signatures of individuals (other than individuals signing on behalf of the Borrowers) signing the Subject Documents are genuine and authorized;

(d) Authentic and Conforming Documents. All documents submitted to us as originals are authentic, complete and accurate and all documents submitted to us as copies conform to authentic original documents;

(e) Capacity of Certain Parties. All parties to the Subject Documents (other than the US Borrowers party thereto) have the organizational capacity and full power and authority to execute, deliver and perform the Subject Documents and the documents required or permitted to be delivered and performed thereunder;

(f) Subject Documents Binding on Certain Parties. (i) Except with respect to the US Borrowers, all of the Subject Documents and the documents required or permitted to be delivered thereunder have been duly authorized by all necessary organizational action on the part of the parties thereto and (ii) all of the Subject Documents and the documents required or permitted to be delivered thereunder have been duly executed and delivered by such parties and,

except with respect to the Borrowers, are legal, valid and binding obligations enforceable against such parties in accordance with their terms;

(g) Consents for Certain Parties. All necessary consents, authorizations, approvals, permits or certificates (governmental and otherwise) which are required as a condition to the execution and delivery of the Subject Documents by the parties thereto (other than the US Borrowers) and to the consummation by such parties of the transactions contemplated thereby have been obtained; and

(h) Accurate Description of Parties' Understanding. The Subject Documents accurately describe and contain the mutual understanding of the parties, and there are no oral or other written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, any of the terms thereof;

Our Opinions

Based on and subject to the foregoing and the other limitations, assumptions, qualifications and exclusions set forth in this opinion letter, we are of the opinion that:

1. Application of New York Law. A Virginia court or a federal court sitting in Virginia in a diversity action should, under conflicts of law principles observed by the courts of Virginia, if properly presented with the issue, give effect to those provisions of the Subject Documents providing that such documents are to be governed by and construed in accordance with the laws of the State of New York insofar as such provisions relate to the substantive laws of the State of New York and to the validity, nature, interpretation and effect of the documents, except (i) to the extent, if any, that federal law applies, (ii) to the extent procedural (as opposed to substantive) laws are involved or (iii) to the extent that the applicable laws of the State of New York violate a public policy of Virginia.

2. Power and Authority. Each US Borrower has the organizational power and authority to execute, deliver and perform the terms and provisions of each Subject Document to which it is party and has taken all necessary organizational action to authorize the execution, delivery and performance thereof.

3. Validity and Enforceability. Each Subject Document to which a Borrower is a party constitutes its valid, binding and enforceable obligation.

4. Noncontravention. Neither the execution, delivery and performance by any Borrower of any Subject Document to which it is a party, nor the compliance by any Borrower with the terms and provisions thereof: (a) violates any present law, statute or regulation of the State of New York or the Commonwealth of Virginia or the United States (including Regulations T, U and X of the Board of Governors of the Federal Reserve System) that, in each case, is applicable to such Borrower or (b) any provision of the Organizational Documents of any US Borrower.

5. Governmental Approvals. No consent, approval or authorization of, or filing with, any governmental authority of the State of New York or the Commonwealth of Virginia or

the United States that, in each case, is applicable to any Borrower is required for (a) the due execution, delivery and performance by any Borrower of any Subject Document to which it is a party or (b) the validity, binding effect or enforceability of any Subject Document to which any Borrower is a party, except (i) in each case as have previously been made or obtained, and (ii) consents, approvals, authorizations or filings as may be required to be obtained or made by any Lender Party as a result of its involvement in the transactions contemplated by the Subject Documents.

Exclusions

We call your attention to the following matters as to which we express no opinion:

(a) Indemnification. Any agreement of a Borrower in a Subject Document relating to indemnification, contribution or exculpation from costs, expenses or other liabilities that is contrary to public policy or applicable law;

(b) Fraudulent Transfer. The effect, if applicable, of fraudulent conveyance, fraudulent transfer and preferential transfer laws and principles of equitable subordination;

(c) Jurisdiction, Venue, etc. Any agreement of a Borrower in a Subject Document to submit to the jurisdiction of a specified federal or state court, to waive any objection to the laying of the venue, to waive the defense of forum non conveniens in any action or proceeding referred to therein, to waive trial by jury, or to effect service of process in any particular manner or to establish evidentiary standards;

(d) Certain Laws. Federal securities laws or regulations, state securities and Blue Sky laws or regulations, pension and employee benefit laws and regulations, federal and state environmental laws and regulations, federal and state tax laws and regulations, federal and state health and occupational safety laws and regulations, building code, zoning, subdivision and other laws and regulations governing the development, use and occupancy of real property, federal and state antitrust and unfair competition laws and regulations, and the effect of any of the foregoing on any of the opinions expressed;

(e) Local Ordinances. The ordinances, statutes, administrative decisions, orders, rules and regulations of any municipality, county, special district or other political subdivision of the State of New York or the Commonwealth of Virginia;

(f) Certain Agreements of Borrower Parties. Any agreement of a Borrower in a Subject Document providing for:

(i) specific performance of any Borrower's obligations;

(ii) the right of any purchaser of a participation interest from any Lender to set off or apply any deposit, property or indebtedness with respect to any such participation interest;

(iii) establishment of a contractual rate of interest payable after judgment;

(iv) adjustments of payments among Lenders or rights of set off among Lenders;

(v) the granting of any power of attorney;

(vi) survival of liabilities and obligations of any party under any of the Subject Documents arising after the effective date of termination of the Loan Agreement;

(vii) Section 4.07(c) of the Credit Agreement;

(viii) Section 11.13 of the Credit Agreement; and

(ix) any requirement that any waiver or modification of a Subject Document must be in writing.

(g) Bank Holding Company Act. With respect to our opinion set forth in paragraph 4, as to whether, by reason of the assumption by COB of the Undertaking set forth in Section 2.11 of the Credit Agreement, COFC would be required to be licensed as a bank holding company under the Bank Holding Company Act of 1956, as amended (the "BHCA"), by reason of the failure of COB to fall within the exclusion from the definition of the term "bank" contained in Section 2(c)(2)(F) of the BHCA.

Qualifications and Limitations

The opinions set forth above are subject to the following qualifications and limitations:

(h) Applicable Law. Our opinions are limited to the federal law of the United States, the laws of the State of New York and the laws of the Commonwealth of Virginia and we do not express any opinion concerning any other law.

(i) Bankruptcy. Our opinions are subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally.

(j) Equitable Principles. Our opinions are subject to the effect of general principles of equity (regardless of whether considered in a proceeding in equity or at law), including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing. In applying such principles, a court, among other things, might limit the availability of specific equitable remedies (such as injunctive relief and the remedy of specific performance), might not allow a creditor to accelerate maturity of debt or exercise other remedies upon the occurrence of a default deemed immaterial or for non-credit reasons or might decline to order a debtor to perform covenants in a Subject Document. Further, a court may refuse to enforce a covenant if

and to the extent that it deems such covenant to be violative of applicable public policy, including, for example, provisions requiring indemnification of a Lender Party against liability for its own wrongful or negligent acts.

(k) Noncontravention and Governmental Approvals. With respect to the opinions expressed in paragraphs 4(a) and 5, our opinions are limited (i) to our actual knowledge, if any, of the Borrowers' specially regulated business activities and properties based solely upon the Borrowers' certificates in respect of such matters and without any independent investigation or verification on our part and (ii) to our review of only those laws and regulations that, in our experience, are normally applicable to transactions of the type contemplated by the Subject Documents.

(l) Use of Proceeds. With respect to our opinion expressed in paragraph 4(a) as it relates to Regulations T, U and X of the Board of Governors of the Federal Reserve System, we have assumed that the Borrowers will comply with the provisions of the Loan Agreement relating to the use of proceeds.

(m) Material Changes to Terms. Provisions in the Subject Documents which provide that any obligations of a Borrower thereunder will not be affected by the action or failure to act on the part of any Lender Party or by an amendment or waiver of the provisions contained in the other Subject Documents might not be enforceable under circumstances in which such action, failure to act, amendment or waiver so materially changes the essential terms of the obligations that, in effect, a new contract has arisen between the Lender Parties and the Borrowers.

(n) Incorporated Documents. The foregoing opinions do not relate to (and we have not reviewed) any document or instrument other than the Subject Documents, and we express no opinion as to such other document or instrument (including, without limitation, any document or instrument referenced or incorporated in any of the Subject Documents) or as to the interplay between the Subject Documents and any such other document and instrument.

(o) Mathematical Calculations. We have made no independent verification of any of the numbers, schedules, formulae or calculations in the Subject Documents, and we render no opinion with regard to the accuracy, validity or enforceability of any of them.

Miscellaneous

The foregoing opinions are being furnished to the Lender Parties for the purpose referred to in the first paragraph of this opinion letter, and this opinion letter is not to be furnished to any other person or entity or used or relied upon for any other purpose without our prior written consent. The opinions set forth herein are made as of the date hereof, and we assume no obligation to supplement this opinion letter if any applicable laws change after the date hereof or if we become aware after the date hereof of any facts that might change the opinions expressed herein. The headings and titles to paragraphs of sections of this opinion letter are for convenience of reference only and are not construed to have any effect or meaning with respect to such paragraphs or sections.

Very truly yours,

[Manual Signature of McGuireWoods LLP]

EXHIBIT B-2

[FORM OF OPINION OF SPECIAL ENGLISH COUNSEL TO COBE]

[Letterhead of Hammonds]

May , 2003

Each of the Lender Parties
referenced below
JPMorgan Chase Bank,
as Administrative Agent
270 Park Avenue
New York, New York 10017

Ladies and Gentlemen:

We have acted as English legal advisers to Capital One Bank Europe PLC ("COBE"), in connection with the Credit Agreement (the "Loan Agreement") dated as of May 5, 2003, among the Borrowers, the Lenders party thereto and JPMorgan Chase Bank, as Administrative Agent (the Administrative Agent and the Lenders are collectively referred to as the "Lender Parties" and individually as a "Lender Party") for the Lenders. This opinion letter is furnished to you pursuant to Section 6.01(d) of the Loan Agreement. Unless otherwise defined herein, terms used herein have the meanings provided for in the Loan Agreement.

We have received instructions from, and participated in discussions with, McGuire Woods LLP, special New York and Virginia Counsel to the Borrowers, about the provisions contained in the Subject Documents (as defined below) and on that basis we are delivering this opinion.

Our opinion relates solely to English law as applied by the English courts as at the date of this opinion and insofar as any law other than English law may be relevant to this opinion, we have taken no account of, and have made no investigation of, such law.

Documents Reviewed

Opinion of Special English Counsel to COBE

In connection with this opinion letter, we have examined an [executed copy] of the Loan Agreement.

The Loan Agreement and the Notes are referred to collectively as the "Subject Documents".

In addition we have examined the following:

(i) searches in the file of COBE maintained by the Registrar of Companies for England and Wales as at the opening of business on [ ] ("the Searches") and the Certificate of Good Standing dated [ ] issued by the Registrar of Companies for England and Wales in respect of COBE; and

(ii) certificates from the Company Secretary of COBE certifying as to true and correct copies of the certificate of incorporation, memorandum and articles of association and board of directors resolutions of COBE (the "Organizational Documents") and as to the incumbency and specimen signatures of officers or other persons authorized to execute the Subject Documents on behalf of COBE.

We have not, for the purposes of this opinion, examined any contracts, instruments, decrees, judgments or other documents entered into by or affecting COBE (including contracts, instruments or other documents referred to in such documents as we have examined) or any other corporate records (including the statutory registers and the records) of COBE and we have not, save as expressly mentioned in this letter, made any other enquiries concerning COBE.

Assumptions Underlying Our Opinions

For all purposes of the opinions expressed herein, we have assumed, without independent investigation, that:

Factual Matters. With regard to factual matters, to the extent that we have reviewed and relied upon (i) certificates of COBE or authorized representatives thereof, (ii) representations and statements as to factual matters set forth in the Subject Documents and notices given or to be given in relation thereto and (iii) certificates and assurances from and information provided by public officials, all of such certificates, representations, statements, notices, assurances and information are true and accurate;

Signatures. The signatures of individuals (other than individuals signing on behalf of COBE) signing the Subject Documents are genuine and authorized and such individuals have full legal capacity;

(p) Authentic and Conforming Documents. All documents submitted to us as originals are authentic, complete and accurate and all documents submitted to us as copies conform to authentic and complete original documents;

(q) Capacity of Certain Parties. All parties to the Subject Documents (other than COBE) validly exist and have the capacity and full power and authority to execute, deliver and

perform the Subject Documents and the documents required or permitted to be delivered and performed thereunder;

(r) Subject Documents Binding on Certain Parties. (i) Except with respect to COBE, all of the Subject Documents and the documents required or permitted to be delivered thereunder have been duly authorized by all necessary action on the part of the parties thereto and (ii) all of the Subject Documents and the documents required or permitted to be delivered thereunder have been duly executed and delivered by such parties and, except with respect to COBE, are legal, valid and binding obligations enforceable against such parties in accordance with their terms under all applicable laws;

(s) Consents for Certain Parties. All necessary consents, authorizations, approvals, permits or certificates (governmental and otherwise) which are required as a condition to the execution and delivery of the Subject Documents by the parties thereto (other than COBE) and to the consummation by such parties of the transactions contemplated thereby have been obtained and are in full force and effect;

(t) Accurate Description of Parties' Understanding. The Subject Documents accurately describe and contain the mutual understanding of the parties, and there are no oral or other written statements or agreements that modify, amend or vary, or purport to modify, amend or vary, any of the terms thereof;

(u) Legal Valid and Binding Obligations. The Subject Documents constitute legal and valid obligations under the laws of the State of New York by which they are expressed to be governed and any other applicable law (other than English law in the case of COBE) which are binding on each party thereto and enforceable in accordance with their respective terms and insofar as any obligation under the Subject Documents falls to be performed in any jurisdiction outside England, its performance will not be illegal or in breach of any exchange control regulations or other directives under the laws of that jurisdiction;

(v) No Contravention of Laws. There are no provisions of the laws of any jurisdiction other than England and Wales which will be contravened by the execution, delivery or performance of any of the Subject Documents by any party or by the performance by any party of any obligations assumed by it thereunder and that no law other than the laws of England and Wales affects this opinion;

(w) Absence of Fraud. The absence of any fraud or misrepresentation on the part of all parties to the Subject Documents;

(x) No Restrictions. The execution, delivery or performance of the Subject Documents do not and will not infringe any restrictions binding upon COBE in terms of any contract, instrument, decree, judgment, regulation, directive or other document entered into by or affecting COBE which is not known to us;

(y) Proper Use of Powers. The execution and delivery of the Subject Documents by COBE was a proper use of its Directors' powers in accordance with their duties under all applicable laws and the memorandum and articles of association of COBE and in its best

interests and that the exercise of its rights and performance of its obligations thereunder will be of commercial benefit to COBE;

(z) Public Filings. Information contained in the file of COBE maintained by the Registrar of Companies for England and Wales as at the opening of business on [ ] was complete and accurate in all respects and the information revealed in response to our enquiries on [ ] of the Central Registry of Winding Up Petitions was complete and accurate in all respects;

(aa) Submission to Jurisdiction. The Submission by COBE in the Subject Documents to the jurisdiction of the courts of New York is valid and binding under the laws of the State of New York and will be accepted by the New York courts.

(bb) Resolutions. The written resolutions of the directors of COBE set out in the Organisational Documents were duly passed pursuant to Regulation 93 of the Articles of Association of COBE by duly appointed directors of COBE (which, based on the assumptions contained herein, appears to be the case on the face of such resolutions) and a full declaration of directors' interests was made prior thereto and none of those resolutions have been rescinded or amended and all are in full force and effect;

(cc) Constitutional Documents. The memorandum and articles of association examined by us are the current memorandum and articles of association of COBE and that no resolution has been passed which has not been disclosed to us making any amendment to such memorandum and articles.

(dd) Notes. The Notes are not negotiable instruments, do not constitute promissory notes within the meaning of Section 83 of the Bills of Exchange Act 1882 and will not be offered or sold to any person otherwise than by way of transfer in connection with an assignment of rights under the Loan Agreement in accordance with Section 11.06 of the Loan Agreement. It is further assumed that each of the Notes has been duly and validly executed and delivered on the date of this opinion.

Our Opinions

Based on and subject to the foregoing and the other limitations, assumptions, qualifications and exclusions set forth in this opinion letter, we are of the opinion that:

6. Application of New York Law. An English court will give effect to those provisions of the Subject Documents providing that such documents are to be governed by and construed in accordance with the laws of the State of New York insofar as such provisions relate to the substantive laws of the State of New York and to the validity, nature, interpretation and effect of the Subject Documents, except (i) to the extent, if any, that US federal law applies, (ii) to the extent procedural (as opposed to substantive) laws are involved, (iii) to the extent that the applicable laws of the State of New York violate a public policy of England or English law; or (iv) to the extent that mandatory rules of English law apply in accordance with Article 3 of the Convention on the law applicable to contractual obligations opened in Rome and signed by the United Kingdom on 7 December 1981.

7. Incorporation and Good Standing. COBE is duly incorporated in Great Britain and registered in England and Wales and:

(a) the Searches revealed no order or resolution for the winding up of COBE and no notice of appointment of a liquidator, receiver, administrative receiver or administrator in respect of COBE; and

(b) the Central Registry of Winding Up Petitions has confirmed in response to our oral enquiry made at its opening on [ ] that no petition for the winding up of any Obligor has been presented within the period covered by such enquiry.

8. Power and Authority. COBE has the corporate power under its Memorandum of Association to execute, deliver and perform the terms and provisions of each Subject Document to which it is party and the execution, delivery and performance thereof has been duly authorised by all necessary corporate action on the part of COBE under its Articles of Association and the Loan Agreement has been duly executed and delivered by COBE.

9. Enforceability. Each of the Subject Documents is in proper legal form under the laws of England and Wales for the enforcement thereof against COBE in the English courts.

10. Noncontravention. Neither the execution, delivery and performance by COBE of any Subject Document to which it is a party, nor the compliance by COBE with the terms and provisions thereof: (a) violates any present law, statute or regulation having the force of law in England of general application that, in each case, is applicable to COBE or (b) any provision of the Organizational Documents of COBE.

11. Governmental Approvals. No consent, approval or authorization of, or filing with, any governmental authority of England that is applicable to COBE is required for (a) the due execution, delivery and performance by COBE of any Subject Document to which it is a party or (b) the validity, binding effect or enforceability of any Subject Document to which COBE is a party.

Qualifications and Reservations

Notwithstanding the foregoing, the opinions expressed in this letter are subject to the following exclusions, qualifications and reservations:

(a) Availability of Remedies. Certain remedies, such as an order for specific performance or an injunction, may be available only at the discretion of the court. A court will not grant specific performance in respect of an obligation to pay money and may refuse the remedy on equitable and public policy grounds. No opinion is therefore expressed on whether any specific remedy, other than monetary damages, would be available.

(b) Concurrent Jurisdictions. The submission by COBE in the Subject Documents to the non-exclusive jurisdiction of the courts of the State of New York will not operate to exclude the jurisdiction of the English courts where such jurisdiction is otherwise competent.

(c) Operational Requirements. We express no opinion in relation to operational or regulatory requirements (including without limitation licensing requirements) in connection with the corporate power and capacity of COBE including without limitation its authorisation by the Financial Services Authority of the United Kingdom.

(d) Matters of fact. We express no opinion as to matters of fact.

(e) Searches. The Searches are not conclusively capable of revealing whether or not:

i. a winding up order has been made or a resolution passed for the winding up; or

ii. an administration order has been made; or

iii. a receiver, administrative receiver, administrator or liquidator has been appointed;

with respect to COBE, since notice of these matters may not be filed with the Registrar of Companies immediately and, when filed, may not be entered on the public microfiche of COBE immediately. In addition, the Searches are not capable of revealing, prior to the making of the relevant order, whether or not a winding up petition or a petition or application for an administration order has been presented.

(f) Central Index of Winding Up Petitions. To the extent that we have made a search at the Central Index of Winding Up Petitions on [ ], this relates only to a compulsory winding up and is not conclusively capable of revealing whether or not a winding up petition in respect of a compulsory winding up has been presented, since there is a delay between the presentation of a petition and the date when details of the petition are entered on the records of the Central Index of Winding Up Petitions and the response to an enquiry only relates to the period covered by the computer records for the Central Index.

(g) Limits on Enforcement. Enforcement of COBE's obligations under the Subject Documents in an English court may be affected by bankruptcy, insolvency, liquidation, administration, reorganisation, reconstruction, moratorium or similar laws generally affecting creditors' rights.

In particular, but without limitation, we draw your attention to the limitations contained in:

(i) Part II of the Insolvency Act 1986 (Powers of administrators); and

(ii) The principles of public policy relating to bankruptcy law as discussed in British Eagle v Air France (1975 1 WLR 758 (HL) where the courts will cut down transactions

aimed at circumventing basic insolvency principles, for example those of mandatory set-off and pari passu distribution.

(h) Certifications or Determinations. The provisions of the Subject Documents providing that certain certifications or determinations will be conclusive and binding will not necessarily prevent judicial enquiry into the merits of any claim by an aggrieved party.

(i) Exercise of discretion. Where a party to any of the Subject Documents is vested with a discretion or may determine a matter in its opinion, English law may require that such discretion is exercised reasonably or that such opinion is based upon reasonable grounds.

(j) Rights of Set-off etc. We express no opinion as to the enforceability in all circumstances of any provisions in the Subject Documents relating to set-off nor do we express any opinion as to the existence of equities, rights of set-off, counterclaims, liens, charges, encumbrances or similar rights which are not registerable under the Companies Act 1985 and which may have arisen and not been so registered.

(k) Powers to stay an action. An English court has power to stay an action where it is shown that there is some other forum, having competent jurisdiction, which is more appropriate for the trial of the action on the basis that the case can be tried more suitably for the interests of all the parties and the ends of justice, save where the court's discretion to stay the action may be excluded by the European Council Regulation of 22 December 2000 (No 44/2001) on Jurisdiction and the Recognition and Enforcement of Judgements in Civil and Commercial Matters (as implemented by Statutory Instrument 2001/3929) or the 1968 Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters (as amended) or by the 1988 Lugano Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters as the same have been applied by virtue of the Civil Jurisdiction and Judgments Act 1982 (as amended).

(l) Costs. An English court may refuse to give effect to any provisions of the Subject Documents relating to expenses in respect of the costs of enforcement (actual or contemplated) or of unsuccessful litigation brought before an English court or where the court has itself made an order for costs.

(m) Judgements by Foreign Courts. A judgment by a court of a foreign jurisdiction has no direct operation in England but may be enforceable by registration (where available under the Administration of Justice Act 1920, the Foreign Judgments (Reciprocal Enforcements) Act 1933, the EEC Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters of 1968 (as amended), the Civil Jurisdiction and Judgments Act 1982 or the European Council Regulation of 22 December 2000 (No 44/2001) on Jurisdiction and the Recognition and Enforcement of Judgements in Civil and Commercial Matters (as implemented by Statutory Instrument 2001/3929)) or may form the basis of an action or counterclaim or may be recognised by the English courts as a defence to an action or as conclusive of an issue in an action. Such registration or recognition would not be available, inter alia, where: (I) the foreign court was not duly invested with jurisdiction under all applicable foreign laws and did not have jurisdiction under English conflict of laws

rules; or (ii) the judgment had been obtained by fraud or in a manner opposed to natural justice; or (iii) enforcement or recognition of the judgment would be contrary to public policy or to Section 5 of the Protection of Trading Interests Act 1980; or (iv) enforcement or recognition of the judgment would involve the enforcement of foreign revenue or penal or other public laws.

(n) Modifications. We express no view on any provision in the Subject Documents requiring written amendments and waivers of any of the provisions of such documents insofar as it suggests that oral or other modifications, amendments or waivers could not be effectively agreed upon or granted by or between the parties or implied by the course of conduct of the parties.

(o) Unconscionable Bargains etc. Amounts payable in respect of interest and fees may not be recoverable if the rate of interest and/or amount of fees charged are such that the transaction breaches the equitable rules as to unconscionable bargains, or they are construed as being a penalty and not a genuine pre-estimate of loss, or, in the event of the administration or liquidation of COBE, is extortionate within the meaning of section 244(3) of the Insolvency Act 1986.

(p) Noncontravention and Governmental Approvals. With respect to the opinions expressed in paragraphs 5(a) and 6, our opinions are limited (i) to our actual knowledge, if any, based solely upon the Borrowers' certificates in respect of such matters and without any independent investigation or verification on our part and (ii) to our review of only those laws and regulations that, in our experience, are normally applicable to transactions of the type contemplated by the Subject Documents.

(q) Incorporated Documents. The foregoing opinions do not relate to any document or instrument other than the Subject Documents, and we express no opinion as to such other document or instrument (including, without limitation, any document or instrument referenced or incorporated in any of the Subject Documents) or as to the interplay between the Subject Documents and any such other document and instrument.

(r) Compensation. We express no opinion as to whether the provisions of Section 5.05(b) of the Loan Agreement (relating to compensation to be paid by a Borrower if a Loan is not made) will be effective in relation to COBE if, at the relevant time, COBE is in the course of being wound up.

Miscellaneous

This opinion is addressed to you personally but may also be relied on by the Lender Parties as if addressed to each of them. It may not be relied upon by anyone else without our prior written consent. This opinion:

(a) may not be disclosed in whole or part by you or the Lender Parties to anyone other than persons who in the ordinary course of your business or that of any other party who is authorised to rely on this opinion have access to your or such party's papers

and records and on the basis that such persons will similarly make no further disclosure; and

(b) may not be filed with any governmental agency or authority or quoted in any public document without, in any such case, our prior written consent.

This opinion is strictly limited to the matters stated herein and is not to be read as extending by implication to any other matter in connection with the Subject Documents or otherwise.

Yours faithfully

[Manual Signature of Hammonds]

Hammonds

EXHIBIT B-3

[Form of Opinion of Counsel to the Borrowers]

May , 2003

Each of the Lenders party
to the Credit Agreement
referred to below
JPMorgan Chase Bank,
as Administrative Agent
270 Park Avenue
New York, New York 10017

Ladies and Gentlemen:

I am General Counsel and Secretary of Capital One Financial Corporation ("COFC"), Capital One Bank ("COB") and Capital One, F.S.B. ("FSB" and, collectively with COFC and COB, the "U.S. Borrowers"), and am General Counsel of Capital One Bank (Europe) plc ("COBE" and, collectively with the U.S. Borrowers, the "Borrowers"), and, together with other attorneys under my supervision, have acted as counsel to the Borrowers in connection with (i) the Credit Agreement (the "Credit Agreement") dated as of May 5, 2003 among the Borrowers, the Lenders party thereto and JPMorgan Chase Bank, as Administrative Agent, providing for loans to be made by the Lenders to the Borrowers in an aggregate initial principal amount not exceeding $1,000,000,000 (or, to the extent specified in the Credit Agreement, its equivalent in certain foreign currencies and as such amount may be increased pursuant to Section 2.10 of the Credit Agreement) and (ii) the various other agreements, instruments and other documents referred to in the next following paragraph. Capitalized terms used but not defined herein have the respective meanings given to such terms in the Credit Agreement. This opinion letter is being delivered pursuant to Section 6.01(d) of the Credit Agreement.

In rendering the opinions expressed below, we have examined the following agreements, instruments and other documents:

(a) the Credit Agreement;

(b) the Notes; and

(c) such records of the Borrowers and such other documents as I have deemed necessary as a basis for the opinions expressed below.

The agreements, instruments and other documents referred to in clauses (a) and (b) above are collectively referred to as the "Credit Documents".

In my examination, I have assumed the genuineness of all signatures, the authenticity of all documents submitted to me as originals and the conformity with authentic original documents of all documents submitted to me as copies. When relevant facts were not independently established, I have relied upon statements of governmental officials and upon representations made in or pursuant to the Credit Documents and certificates of appropriate representatives of the Borrowers.

In rendering the opinions expressed below, I have assumed, with respect to all of the documents referred to in this opinion letter, that (except, to the extent set forth in the opinions expressed below, as to the Borrowers):

(i) such documents have been duly authorized by, have been duly executed and delivered by, and constitute legal, valid, binding and enforceable obligations of, all of the parties to such documents;

(ii) all signatories to such documents have been duly authorized; and

(iii) all of the parties to such documents are duly organized and validly existing and have the power and authority (corporate or other) to execute, deliver and perform such documents.

Based upon and subject to the foregoing and subject also to the qualifications set forth below, and having considered such questions of law as I have deemed necessary as a basis for the opinions expressed below, I am of the opinion that:

1. COFC is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. COB is a banking corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia. FSB is a savings bank duly organized, validly existing and in good standing under the laws of the United States of America.

2. Each U.S. Borrower has all requisite corporate power to execute and deliver, and to perform its obligations under, the Credit Documents to which it is a party. Each U.S. Borrower has all requisite corporate power to borrow under the Credit Agreement.

3. The execution, delivery and performance by each U.S. Borrower of each Credit Document to which it is a party, and the borrowings by each U.S. Borrower under the Credit Agreement, have been duly authorized by all necessary corporate action on the part of such U.S. Borrower.

4. Each Credit Document has been duly executed and delivered by each U.S. Borrower party thereto.

5. The execution, delivery and performance by each U.S. Borrower of, and the consummation by each U.S. Borrower of the transactions contemplated by, the Credit Documents to which such Borrower is a party do not and will not (a) violate any provision of its charter or by-laws (or equivalent documents), (b) violate any applicable law or regulation, (c) violate any order, writ, injunction or decree of any court or governmental authority or agency or any arbitral award applicable to any U.S. Borrower or any of its Subsidiaries of which I have knowledge (after due inquiry) or (d) result in a breach of, constitute a default under, require any consent under, or result in the acceleration or required prepayment of any indebtedness pursuant to the terms of, any agreement or instrument of which I have knowledge (after due inquiry) to which any U.S. Borrower or any of its Subsidiaries is a party or by which any of them is bound or to which any of them is subject, or result in the creation or imposition of any Lien upon any Property of any U.S. Borrower or any of its Subsidiaries pursuant to the terms of any such agreement or instrument, except for any such conflict, breach, violation, default or consent that if not obtained, or Lien that if created, could not (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect and could not subject the Administrative Agent or any Lender to any material liability.

6. The execution, delivery and performance by COBE of, and the consummation by COBE of the transactions contemplated by, the Credit Documents to which COBE is a party do not and will not result in a breach of, constitute a default under, require any consent under, or result in the acceleration or required prepayment of any indebtedness pursuant to the terms of, any agreement or instrument of which I have knowledge (after due inquiry) to which COBE or any of its Subsidiaries is a party or by which any of them is bound or to which any of them is subject, or result in the creation or imposition of any Lien upon any Property of COBE or any of its Subsidiaries pursuant to the terms of any such agreement or instrument, except for any such conflict, breach, violation, default or consent that if not obtained, or Lien that if created, could not (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect and could not subject the Administrative Agent or any Lender to any material liability.

6. Except as set forth in Schedule 7.03 to the Credit Agreement, I have no knowledge (after due inquiry) of any legal or arbitral proceedings, or any proceedings by or before any governmental or regulatory authority or agency, pending or threatened against or affecting any Borrower or any of its Subsidiaries or any of their respective Properties, except proceedings that, if adversely determined, would not have a Material Adverse Effect.

The foregoing opinions are limited to matters involving the Federal laws of the United States, the Delaware General Corporation Law and the law of the Commonwealth of Virginia, and I do not express any opinion as to the laws of any other jurisdiction.

At the request of my clients, this opinion letter is, pursuant to Section 6.01(d) of the Credit Agreement, provided to you by me in my capacity as counsel to the Borrowers and

may not be relied upon by any Person for any purpose other than in connection with the transactions contemplated by the Credit Agreement without, in each instance, my prior written consent.

Very truly yours,

John G. Finneran, Jr.
General Counsel and
Secretary

EXHIBIT C

[Form of Opinion of Special New York Counsel to JPMorgan]

May ____, 2003

Each of the Lenders party
to the Credit Agreement
referred to below
JPMorgan Chase Bank,
as Administrative Agent
270 Park Avenue
New York, New York 10017

Ladies and Gentlemen:

We have acted as special New York counsel to JPMorgan Chase Bank ("JPMorgan") in connection with (i) the Credit Agreement dated as of May 5, 2003 (the "Credit Agreement") among Capital One Financial Corporation ("COFC"), Capital One Bank ("COB"), Capital One, F.S.B. ("FSB"), Capital One Bank (Europe) plc ("COBE" and, collectively with COFC, COB and FSB, the "Borrowers"), the Lenders party thereto and JPMorgan, as Administrative Agent, providing for loans to be made by the Lenders to the Borrowers in an aggregate principal amount not exceeding $1,000,000,000 (or, to the extent specified in the Credit Agreement, its equivalent in certain foreign currencies and as such amount may be increased pursuant to Section 2.10 of the Credit Agreement) and (ii) the various other agreements, instruments and other documents referred to in the next following paragraph. Capitalized terms used but not defined herein have the respective meanings given to such terms in the Credit Agreement. This opinion letter is being delivered pursuant to Section 6.01(e) of the Credit Agreement.

In rendering the opinions expressed below, we have examined the following agreements, instruments and other documents:

(a) the Credit Agreement;

(b) the Notes; and

(c) such records of the Borrowers and such other documents as we have deemed necessary as a basis for the opinions expressed below.

Opinion of Special New York Counsel to JPMorgan

The agreements, instruments and other documents referred to in clauses (a) and (b) above are collectively referred to as the "Credit Documents".

In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with authentic original documents of all documents submitted to us as copies. When relevant facts were not independently established, we have relied upon representations made in or pursuant to the Credit Documents.

In rendering the opinions expressed below, we have assumed, with respect to all of the documents referred to in this opinion letter, that:

(i) such documents have been duly authorized by, have been duly executed and delivered by, and (except to the extent set forth in the opinions below as to the Borrowers) constitute legal, valid, binding and enforceable obligations of, all of the parties to such documents;

(ii) all signatories to such documents have been duly authorized; and

(iii) all of the parties to such documents are duly organized and validly existing and have the power and authority (corporate or other) to execute, deliver and perform such documents.

Based upon and subject to the foregoing and subject also to the comments and qualifications set forth below, and having considered such questions of law as we have deemed necessary as a basis for the opinions expressed below, we are of the opinion that each of the Credit Documents constitutes the legal, valid and binding obligation of each Borrower, enforceable against each Borrower in accordance with its terms, except as may be limited by bankruptcy, fraudulent conveyance or transfer, insolvency, receivership, conservatorship, reorganization, moratorium or other similar laws relating to or affecting the rights of creditors generally (as such laws would apply in the event of the insolvency, receivership, conservatorship or reorganization of, or other similar occurrence with respect to, COB or FSB) and except as the enforceability of the Credit Documents is subject to the application of general principles of equity (regardless of whether considered in a proceeding in equity or at law), including, without limitation, (a) the possible unavailability of specific performance, injunctive relief or any other equitable remedy and (b) concepts of materiality, reasonableness, good faith and fair dealing.

The foregoing opinions are subject to the following comments and qualifications:

(A) The enforceability of Section 11.03 of the Credit Agreement may be limited by (i) laws rendering unenforceable indemnification contrary to Federal or state securities laws and the public policy underlying such laws and (ii) laws limiting the enforceability of provisions exculpating or exempting a party from, or requiring indemnification of a party for, liability for its own action or inaction, to the extent the action or inaction involves gross negligence, recklessness, willful misconduct or unlawful conduct.

(B) The enforceability of provisions in the Credit Documents to the effect that terms may not be waived or modified except in writing may be limited under certain circumstances.

(C) We express no opinion as to (i) the effect of the laws of any jurisdiction in which any Lender is located (other than the State of New York) that limit the interest, fees or other charges such Lender may impose, (ii) Section 4.07(c) of the Credit Agreement, (iii) the second sentence of Section 11.10 of the Credit Agreement, insofar as such sentence relates to the subject matter jurisdiction of the United States District Court for the Southern District of New York to adjudicate any controversy related to any of the Credit Documents and (iv) Section 11.13 of the Credit Agreement.

The foregoing opinions are limited to matters involving the Federal laws of the United States and the law of the State of New York, and we do not express any opinion as to the laws of any other jurisdiction.

At the request of our client, this opinion letter is, pursuant to Section 6.01(e) of the Credit Agreement, provided to you by us in our capacity as special New York counsel to JPMorgan and may not be relied upon by any Person for any purpose other than in connection with the transactions contemplated by the Credit Agreement without, in each instance, our prior written consent.

Very truly yours,

WFC/RJW

EXHIBIT D

[Form of Notice of Borrowing of Syndicated Loans]

[Date]

To: JPMorgan Chase Bank,
as Administrative Agent

From: [Name of Borrower]

Re: Notice of Borrowing

Pursuant to Section 2.02 of the Credit Agreement dated as of May 5, 2003 (as modified and supplemented and in effect from time to time, the "Credit Agreement") among Capital One Financial Corporation, Capital One Bank, Capital One, F.S.B., Capital One Bank (Europe) plc, the lenders party thereto and JPMorgan Chase Bank, as Administrative Agent, the undersigned Borrower hereby gives notice of a borrowing of Syndicated Loans described below:

Name of Borrower: _____

Aggregate Principal

Amount of Loans to be borrowed: _____

Currency of Loans to be borrowed: _____

Type of Loans to be borrowed: _____

Business Day of borrowing: _____

Interest Period to be applicable: _____ [1]

This notice of borrowing constitutes a certification by the undersigned Borrower to the effect set forth in Section 6.02(c) of the Credit Agreement, both as of the date of this notice of borrowing and, unless the undersigned notifies the Administrative Agent prior to the date of such borrowing, as of the date of such borrowing.

If the undersigned Borrower is FSB or COBE, then COB has signed this notice of borrowing on the line provided below.

1/No Loan may be made to FSB with an Interest Period in excess of six months.

Terms used herein have the meanings assigned to them in the Credit Agreement.

[NAME OF BORROWER]

By _____

Title:

[COB hereby confirms its obligations under
Section 2.11 of the Credit Agreement
after giving effect to the borrowing
of Loans by [FSB] [COBE] requested in this notice
of borrowing:

CAPITAL ONE BANK

By _____

Title:][2]

2/Insert if FSB or COBE is the Borrower.

EXHIBIT E

[Form of Money Market Quote Request]

[Date]

To: JPMorgan Chase Bank, as Administrative Agent

From: [Name of Borrower]

Re: Money Market Quote Request

Pursuant to Section 2.03 of the Credit Agreement dated as of May 5, 2003 (as modified and supplemented and in effect from time to time, the "Credit Agreement") among Capital One Financial Corporation, Capital One Bank, Capital One, F.S.B., Capital One Bank (Europe) plc, the lenders party thereto and JPMorgan Chase Bank, as Administrative Agent, we hereby give notice that we request Money Market Quotes from the Lenders for the following proposed Money Market Borrowing(s):

Borrowing Date	Quotation Date[1]	Amount[2]	Type and Currency[3]	Interest Period[4]

If the undersigned Borrower is FSB or COBE, then COB has signed this Money Market Quote Request on the line provided below.

Terms used herein have the meanings assigned to them in the Credit Agreement.

[NAME OF BORROWER]

By _____

Title:

* All numbered footnotes appear on the last page of this Exhibit.

[COB hereby confirms its obligations under
Section 2.11 of the Credit Agreement
after giving effect to the borrowing
of Loans by [FSB] [COBE] requested in this
Money Market Quote Request:

CAPITAL ONE BANK

By _____

Title:][3]

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[1] In the case of Set Rate Loans to be denominated in Dollars, for use if a Set Rate in a Set Rate Auction is requested to be submitted before the Borrowing Date.

[2] Each amount must be an integral multiple of $1,000,000 and at least $5,000,000 (or, in the case of a Borrowing of Money Market Loans denominated in an Alternative Currency, the Foreign Currency Equivalent thereof (rounded to the nearest 1,000 units of such Alternative Currency)).

[3] Insert either "LIBO Margin" (in the case of LIBOR Market Loans) or "Set Rate" (in the

---

3/Insert if FSB or COBE is the Borrower.

case of Set Rate Loans).

[4] One, two, three or six months, in the case of a LIBOR Market Loan or, in the case of a Set Rate Loan, a period of not less than seven days after the making of such Set Rate Loan and ending on a Business Day. No Loan may be made to FSB with an Interest Period in excess of six months.

Money Market Quote Request

EXHIBIT F

[Form of Money Market Quote]

To: JPMorgan Chase Bank,
as Administrative Agent

Attention: Loan & Agency Services

Re: Money Market Quote to
[Name of Borrower] (the "Borrower")

This Money Market Quote is given in accordance with Section 2.03(c) of the Credit Agreement dated as of May 5, 2003 (as modified and supplemented and in effect from time to time, the "Credit Agreement") among Capital One Financial Corporation, Capital One Bank, Capital One, F.S.B., Capital One Bank (Europe) plc, the lenders party thereto and JPMorgan Chase Bank, as Administrative Agent. Terms defined in the Credit Agreement are used herein as defined therein.

In response to the Borrower's invitation dated , , we hereby make the following Money Market Quote(s) on the following terms:

1. Quoting Lender:

2. Person to contact at Quoting Lender:

3. We hereby offer to make Money Market Loan(s) in the following principal amount[s], for the following Interest Period(s) and at the following rate(s):

Borrowing Date	Quotation Date[1]	Amount [2]	Type and Currency[3]	Interest Period[4]	Rate[5]

provided that the Borrower may not accept offers that would result in the undersigned making Money Market Loans pursuant hereto in excess of $ in the aggregate (the "Money Market Loan Limit").

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* All numbered footnotes appear on the last page of this Exhibit.

We understand and agree that the offer(s) set forth above, subject to the satisfaction of the applicable conditions set forth in the Credit Agreement, irrevocably obligate[s] us to make the Money Market Loan(s) for which any offer(s) (is/are) accepted, in whole or in part (subject to the third sentence of Section 2.03(e) of the Credit Agreement and any Money Market Loan Limit specified above).

Very truly yours,

[NAME OF LENDER]

By _____

Authorized Officer

Dated: ,

---

[1] As specified in the related Money Market Quote Request.

[2] The principal amount bid for each Interest Period may not exceed the principal amount requested. Bids must be made for an integral multiple of $1,000,000 and at least $5,000,000 (or, in the case of a Borrowing of Money Market Loans denominated in an Alternative Currency, the Foreign Currency Equivalent thereof (rounded to the nearest 1,000 units of such Alternative Currency)).

[3] Indicate "LIBO Margin" (in the case of LIBOR Market Loans) or "Set Rate" (in the case of Set Rate Loans).

[4] One, two, three or six months, in the case of a LIBOR Market Loan or, in the case of a Set Rate Loan, a period of not less than seven days after the making of such Set Rate Loan and ending on a Business Day, as specified in the related Money Market Quote Request. No Loan may be made to FSB with an Interest Period in excess of six months.

[5] For a LIBOR Market Loan, specify margin over or under the Eurocurrency Rate determined for the applicable Interest Period. Specify percentage (rounded to the nearest 1/10,000 of 1%) and specify whether "PLUS" or "MINUS". For a Set Rate Loan, specify rate of interest per annum (rounded to the nearest 1/10,000 of 1%).

EXHIBIT G

[Form of Confidentiality Agreement]

CONFIDENTIALITY AGREEMENT

[Date]

[Insert Name and
Address of Prospective
Participant or Assignee]

Re: Credit Agreement dated as of May 5, 2003 (as modified and supplemented and in effect from time to time, the "Credit Agreement") among Capital One Financial Corporation, Capital One Bank, Capital One, F.S.B., Capital One Bank (Europe) plc, the lenders party thereto and JPMorgan Chase Bank, as Administrative Agent.

Ladies and Gentlemen:

As a Lender party to the Credit Agreement, we have agreed with the Borrowers pursuant to Section 11.12 of the Credit Agreement to use reasonable precautions to keep confidential, except as otherwise provided therein, all non-public information identified by the Borrowers as being confidential at the time the same is delivered to us pursuant to the Credit Agreement.

As provided in said Section 11.12, we are permitted to provide you, as a prospective [holder of a participation in the Loans (as defined in the Credit Agreement)] [assignee Lender], with certain of such non-public information subject to the execution and delivery by you, prior to receiving such non-public information, of a Confidentiality Agreement in this form. Such information will not be made available to you until your execution and return to us of this Confidentiality Agreement.

Accordingly, in consideration of the foregoing, you agree (on behalf of yourself and each of your affiliates, directors, officers, employees and representatives and for the benefit of us and the Borrowers) that (A) such information will not be used by you except in connection with the proposed [participation][assignment] mentioned above and (B) you shall use reasonable precautions, in accordance with your customary procedures for handling confidential information and in accordance with safe and sound banking practices, to keep such information confidential, provided that (x) nothing herein shall limit the disclosure of any such information (i) after such information shall have become public (other than through a violation of Section 11.12 of the

Credit Agreement), (ii) to the extent required by statute, rule, regulation or judicial process, (iii) to your counsel or to counsel for any of the Lenders or the Administrative Agent, (iv) to bank examiners (or any other regulatory authority having jurisdiction over any Lender or the Administrative Agent), or to auditors or accountants, (v) to the Administrative Agent or any other Lender, (vi) in connection with any litigation to which you or any one or more of the Lenders or the Administrative Agent is a party, or in connection with the enforcement of rights or remedies under the Credit Agreement, (vii) to a subsidiary or affiliate of yours as provided in Section 11.12(a) of the Credit Agreement or (viii) to any assignee or participant (or prospective assignee or participant) so long as such assignee or participant (or prospective assignee or participant) first executes and delivers to you a Confidentiality Agreement substantially in the form hereof and (y) in no event shall you be obligated to return any materials furnished to you pursuant to this Confidentiality Agreement.

If you are a prospective assignee, your obligations under this Confidentiality Agreement shall be superseded by Section 11.12 of the Credit Agreement on the date upon which you become a Lender under the Credit Agreement pursuant to Section 11.06(b) thereof. This Confidentiality Agreement shall be governed by, and construed in accordance with, the law of the State of New York without reference to choice of law doctrine.

Please indicate your agreement to the foregoing by signing as provided below the enclosed copy of this Confidentiality Agreement and returning the same to us.

Very truly yours,

[INSERT NAME OF LENDER]

By _____

Title:

The foregoing is agreed to
as of the date of this letter:

[INSERT NAME OF PROSPECTIVE
PARTICIPANT OR ASSIGNEE]

By _____

Title:

EXHIBIT H

[Form of Assignment and Assumption]

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

2. Assignee: _____

Assignment and Assumption

[and is an Affiliate/Approved Fund of [*identify Lender*][4]]

3. Borrower: _____

4. Administrative Agent: JPMorgan Chase Bank, as the administrative agent under the Credit Agreement

5. Credit Agreement: The $1,000,000,000 Credit Agreement dated as of May 5, 2003 between Capital One Financial Corporation, Capital One Bank, Capital One, F.S.B., Capital One Bank (Europe) plc, the Lenders parties thereto and JPMorgan Chase Bank, as Administrative Agent

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans[5]
	$	$	%
	$	$	%
	$	$	%

Effective Date (herein, the "Effective Date"): , 20 [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

4 Select as applicable.

5 Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____

Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____

Title:

[Consented to and][6] Accepted:

JPMORGAN CHASE BANK, as
Administrative Agent

By _____

Title:

[Consented to:][7]

CAPITAL ONE FINANCIAL CORPORATION

By _____

Title:

CAPITAL ONE BANK

By _____

Title:

---

6 To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

7 To be added only if the consent of the Borrowers is required by the terms of the Credit Agreement.

CAPITAL ONE, F.S.B.

By _____

Title:

CAPITAL ONE BANK (EUROPE) PLC

By _____

Title:

ANNEX 1

$1,000,000,000 CREDIT AGREEMENT DATED AS OF MAY 5, 2003

AMONG CAPITAL ONE FINANCIAL CORPORATION, CAPITAL ONE FINANCIAL CORPORATION, CAPITAL ONE, F.S.B., CAPITAL ONE BANK (EUROPE) PLC, CERTAIN LENDERS PARTY THERETO AND JPMORGAN CHASE BANK, AS ADMINISTRATIVE AGENT

STANDARD TERMS AND CONDITIONS FOR

ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Basic Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Basic Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Basic Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Basic Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 8.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it

is not a U.S. Lender, attached to this Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Basic Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Basic Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT I

[Form of Commitment Increase Letter]

COMMITMENT INCREASE LETTER

[Date]

Capital One Bank
Capital One, F.S.B.
Capital One Financial Corporation
Capital One Bank (Europe) plc
1680 Capital One Dr.
McClean, VA 22101-2980

JPMorgan Chase Bank,
as Administrative Agent
Loan & Agency Services
1111 Fanin, 10th Floor
Houston, TX 77002
Attention: Mr. Jeremy M. Jones

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of May 5, 2003 (as modified and supplemented and in effect from time to time, the "Credit Agreement") among Capital One Financial Corporation, Capital One Bank, Capital One, F.S.B., Capital One Bank (Europe) plc, the lenders party thereto and JPMorgan Chase Bank, as Administrative Agent. Terms used but not defined herein have the respective meanings given to such terms in the Credit Agreement.

This Commitment Increase Letter is delivered pursuant to Section 2.10 of the Credit Agreement.

If, prior to the execution and delivery of this Commitment Increase Letter, the undersigned is a Lender already party to the Credit Agreement, then the undersigned hereby agrees that, effective as of the Commitment Increase Date set forth below, the Commitment of

such Lender set forth below is increased by an amount equal to the "Commitment Increase Amount" set forth below.

If, prior to the execution and delivery of this Commitment Increase Letter, the undersigned is not a Lender already party to the Credit Agreement, then the undersigned hereby agrees that, effective as of the Commitment Increase Date set forth below, the undersigned shall have a Commitment in an amount equal to the "Commitment Increase Amount" set forth below.

Commitment Increase Date: ,

Commitment Increase Amount: $

The undersigned agrees with the Borrowers and the Administrative Agent that the undersigned will, from and after the Commitment Increase Date, be a "Lender" under the Credit Agreement (if not already a "Lender" thereunder) and perform all of the obligations of the undersigned as a "Lender" under the Credit Agreement in respect of the Commitment Increase Amount (together with, if already a "Lender" under the Credit Agreement, the Commitment(s) of the Lender in effect immediately prior to the execution and delivery of this Commitment Increase Letter).

This Commitment Increase Letter shall be governed by and construed in accordance with the law of the State of New York without reference to choice of law doctrine.

Very truly yours,

[INSERT NAME OF LENDER]

By _____

Title:

Assignment and Assumption

EXHIBIT J

[Form of Drawing Certificate]

DRAWING CERTIFICATE

Capital One Bank

_____

_____

Ladies and Gentlemen:

Reference is made to the Undertaking entered into by Capital One Bank ("COB") pursuant to Section 2.11 of the Credit Agreement dated as of May 5, 2003 (as modified and supplemented and in effect from time to time, the "Credit Agreement") among Capital One Financial Corporation, Capital One Bank, Capital One, F.S.B. ("FSB"), Capital One Bank (Europe) plc ("COBE"), the lenders party thereto and the Administrative Agent named therein. Terms used but not defined herein have the respective meanings given to such terms in the Credit Agreement.

The undersigned, a duly authorized representative of the Administrative Agent (the "Administrative Agent"), hereby certifies that:

1. The Administrative Agent is the beneficiary of the Undertaking.

2. The Administrative Agent hereby requests payment in an amount equal to the amount of the draft accompanying this Certificate (the "Draft"), which amount is not greater than the aggregate amount due and payable by [FSB] [COBE] on the date of this Certificate in respect of the principal of or interest on the Loans made by the Lenders to, and the Notes held by each Lender of, [FSB] [COBE] or any other amount owing by [FSB] [COBE] to any Lender or the Administrative Agent under the Credit Agreement or any of the Notes.

3. The amount represented by the Draft has not been paid by [FSB] [COBE] and has not been the subject of and paid pursuant to a prior drawing by the Administrative Agent under the Undertaking.

4. The date of the Draft is the date of this Certificate.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on [insert date of draft accompanying this Certificate].

[NAME OF ADMINISTRATIVE AGENT],
as Administrative Agent

By _____
Authorized Representative

Drawing Certificate

EXHIBIT 10.2

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of this 18th day of July, 2003 by and between Capital One Financial Corporation, a Delaware corporation (the "Company"), and Nigel W. Morris (the "Executive").

WITNESSETH:

WHEREAS, the Company desires to continue to employ the Executive and the Executive desires to continue such employment on the terms and conditions set forth herein;

WHEREAS, the Company desires that the Executive be subject to appropriate restrictive covenants during his employment and thereafter, that the Executive provide the Company with a release of claims upon his termination of employment and that the Executive be treated appropriately upon his termination of employment in light of his long service with, and the instrumental role that he played in the development of, the Company and its affiliates (the "Capital One Group") and his contributions during the transition period; and

WHEREAS, the Executive desires to ensure that he be adequately compensated for entering into such release and restrictive covenants and that he continue to participate in the success of the Company.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and promises contained herein and for other good and valuable consideration, the Company and the Executive hereby agree as follows:

l. Term; Position and Responsibilities; Principal Work Location.

(a) Term of Employment. The Company shall employ the Executive on the terms and subject to the conditions of this Agreement for a term commencing on the date hereof (the "Commencement Date") and ending on April 30, 2004 (the "Scheduled Expiration Date"), unless such term is terminated earlier pursuant to Section 4 hereof. The Executive's employment with the Company and the term set forth in the immediately preceding sentence are co-extensive and together constitute the "Employment Period."

(b) Position and Responsibilities. During the Employment Period, subject to its being terminated prior to its Scheduled Expiration Date in accordance herewith, the Executive shall serve as Vice Chairman of the Board of Directors of the Company (the "Board") with responsibility for the Capital One Group's international lines of business and its enterprise risk management program, and the Executive shall devote sufficient time to the performance of his duties with respect thereto, it being understood that the Executive will spend a substantial portion of such time transitioning responsibility to his successors in these areas. During the Employment Period, the Executive shall comply with all policies and procedures of the Capital One Group applicable to the positions in which he is serving. Effective as of the date the Employment Period ends in accordance herewith (for whatever reason including its scheduled expiration), the Executive shall automatically and without taking any further actions be deemed to have resigned

from all positions, titles, duties, authorities and responsibilities with, arising out of or relating to the Executive's employment with the Capital One Group, including any directorships or any fiduciary positions in which the Executive was serving at the request of, or appointment by, the Capital One Group, except that he shall continue to serve as a director of the Company until the expiration of his then current term. The Executive agrees to execute all additional documents and take such further steps as may be required to effectuate such resignations, unless otherwise specifically requested by the Board.

(c) Principal Work Location. During the Employment Period, the Executive's services shall be performed primarily at the location where the Executive was employed immediately preceding the Commencement Date or any office or location less than 35 miles from such location.

(d) Consulting Services. Following the conclusion of the Employment Period, the Company may request that the Executive provide, and the Executive may agree (subject to his other personal and business commitments) to perform, certain consulting services for the Company, the terms and conditions of which shall be mutually agreed to by the parties at the time.

2. Compensation and Treatment of Outstanding Options.

(a) No Annual Base Salary Through December 31, 2003; Base Salary for Remainder of Employment Period. For the period beginning on the Commencement Date and ending on December 31, 2003, the Executive shall not be entitled to any salary as a result of his participation in the 2001 Performance-Based Compensation Program under the Company's 1994 Stock Incentive Plan, as amended (the "Plan") as evidenced by the Capital One Financial Corporation 1994 Stock Incentive Plan Nonstatutory Stock Option Agreement dated October 18, 2001, by and between the Executive and the Company (the "EntrepreneurGrant V Agreement"). For the remainder of the Employment Period, the Company shall pay to the Executive, in installments in accordance with the Company's regular payroll practices applicable to salaries of senior executives, a base salary at an annualized rate of Seven hundred fifty thousand dollars ($750,000).

(b) No Annual Bonus; No Long-Term Incentives. The Executive shall not be eligible for, and shall not receive, any annual bonus or long-term incentive payments or grants during the Employment Period.

(c) Cancellation of EntrepreneurGrant IV Options. The Executive hereby agrees to the cancellation, without any additional consideration, of the options granted to him pursuant to the Capital One Financial Corporation 1994 Stock Incentive Plan Nonstatutory Stock Option Agreement dated April 29, 1999 (the "EntrepreneurGrant IV Options"), as of the Commencement Date, in complete settlement of his and the Company's rights and obligations thereunder and such options shall automatically and immediately be cancelled as of such date.

(d) Expiration of EntrepreneurGrant I Options and EntrepreneurGrant II Options. The Executive and the Company hereby agree that the options granted to him pursuant to the Capital One Financial Corporation 1994 Stock Incentive Plan Nonstatutory Stock Option

Agreements dated September 15, 1995 and December 18, 1997 ("EntrepreneurGrant I Options" and "EntrepreneurGrant II Options", respectively) shall not be affected by this Agreement and such options shall expire in accordance with their terms and the terms of the Plan, other than as set forth in Section 4(g)(ii)(10) hereof. For the avoidance of doubt, if the Executive remains employed by the Company in accordance with this Agreement, whether as Vice Chairman of the Board or otherwise, through April 30, 2004, such options shall remain exercisable through the close of business on July 30, 2004 at which time such options shall expire.

(e) Extension of Term to Exercise EntrepreneurGrant III Options, EntrepreneurGrant V Options and October 30, 1998 Reload Options.

(i) Extension of Term. The Executive and the Company hereby agree that the options granted to him pursuant to the Capital One Financial Corporation 1994 Stock Incentive Plan Nonstatutory Stock Option Agreements dated June 11, 1998 and October 18, 2001 ("EntrepreneurGrant III Options" and "EntrepreneurGrant V Options", respectively) and October 30, 1998 (the "Reload Grant Options", which together with EntrepreneurGrant III Options and the EntrepreneurGrant V Options are herein referred to as the "Continuing Options") shall continue to vest and become exercisable and shall remain exercisable, as though he remained an employee of the Company, until June 11, 2008 in the case of the EntrepreneurGrant III Options, December 31, 2008 in the case of the EntrepreneurGrant V Options, and November 15, 2004 in the case of the Reload Grant Options, upon which respective dates such Continuing Options shall expire. The Company agrees that the provisions of the immediately preceding sentence shall not be affected by the termination of the Employment Period for any reason, the Executive's death at any time prior to December 31, 2008 or any act or failure to act by the Executive.

(ii) Tax Acknowledgement. The Executive understands that the modification of the Continuing Options as set forth herein may adversely affect the treatment of such Continuing Options under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

(f) Other Matters.

(i) No Further Reloads. Any option or any portion of an option, whether or not a Continuing Option, swapped after the Commencement Date will not reload.

(ii) Cancellation at Expiration. Any option or any portion of an option not exercised as of its expiration date set forth in the related option agreement, as modified hereby, shall be automatically and immediately cancelled as of the close of business on such date.

(iii) Relationship of this Agreement to Option Agreements and Plan. All option agreements between the Executive and the Company shall be deemed modified consistent with this Section 2; however, other than as expressly provided for in this Agreement, this Agreement is not intended to change in any manner the terms of any options granted to the Executive pursuant to the option agreements, which shall otherwise remain in full force and effect according to their terms as modified hereby, including, without limitation, the treatment of the option upon a Change of Control (as defined in the Plan or related option agreement). In the event of a Change of Control (as defined in the Plan or the related option agreement), other

merger, acquisition, disposition, liquidation or similar transaction affecting the Company's stock (each, a "Transaction"), the Executive's stock options shall be afforded substantially similar treatment as generally afforded to stock options held by senior executives of the Company (but without regard to any treatment afforded to such executives as consideration for their role in such Transaction or as an inducement for, or in consideration of, their continued employment with the Company or its successor following such Transaction).

3. Employee Benefits and Perquisites; Business Expenses.

(a) Participation in Employee Benefit Plans. During the Employment Period, other than as specified herein, the Executive shall continue to be eligible to participate in the employee benefit and fringe benefit plans, programs and arrangements maintained by the Capital One Group from time to time, to the extent he was participating in, or eligible to participate in, such plans, programs or arrangements as of the Commencement Date in accordance with the terms and conditions thereof as in effect from time to time. During the Employment Period, the Executive shall continue to receive any perquisites (including without limitation, home security reimbursement, tax and financial planning and a leased automobile) that he was receiving immediately prior to the Commencement Date on such same terms and conditions as he was receiving such perquisites on such date.

(b) Business Expenses. During the Employment Period, the Company shall reimburse the Executive for all reasonable, ordinary and necessary expenses incurred by the Executive in the performance of the Executive's duties hereunder; provided that the Executive accounts to the Company for such expenses in a manner reasonably prescribed by the Company.

4. Termination of the Employment Period. The Employment Period may be terminated by the Company or by the Executive prior to its Scheduled Expiration Date set forth in Section 1(a) hereof, as follows:

(a) Termination Due to Death. The Employment Period shall terminate upon the death of the Executive. In the event such termination due to the Executive's death occurs, the Executive's estate shall be entitled to the payments and benefits described in Section 4(g)(i) and, to the extent applicable, Section 18 and shall not be entitled to any further compensation or benefits hereunder.

(b) Termination Due to Disability. The Employment Period may be terminated by the Company due to the Executive's Disability (as defined below). In the event such termination by the Company due to the Executive's Disability occurs, the Executive shall be entitled to the payments and benefits described in Section 4(g)(i) and, to the extent applicable, Section 18 and shall not be entitled to any further compensation or benefits hereunder. For purposes of this Agreement, "Disability" shall mean the Executive's inability to perform the essential functions of his position due to a medically determinable physical or mental impairment which continues for a period of at least four (4) consecutive months or for more than one-hundred eighty (180) days out of any consecutive three-hundred sixty (360) day period (which period shall be determined by including the Employment Period). The existence of a Disability shall be determined by a medical doctor selected by the Compensation Committee or other authorized committee of the Board and the Executive. If the parties cannot agree on a medical

doctor, each party shall select a medical doctor and the two (2) doctors shall select a third medical doctor who shall be the approved medical doctor for this purpose.

(c) Termination by the Company for Cause. The Employment Period may be terminated by the Company for Cause (as defined below). In the event such termination by the Company for Cause occurs, the Executive shall be entitled to the payments and benefits described in Section 4(g)(i) and, to the extent applicable, Section 18 and shall not be entitled to any further compensation or benefits hereunder. In addition, in the event of a termination of the Employment Period by the Company for Cause due to any act or failure to act of the Executive described in clauses (ii) through (v) (inclusive) of the definition of Cause set forth below, the Executive shall pay to the Company within thirty (30) days after the Date of Termination a lump sum cash amount equal to Five million dollars ($5,000,000). For purposes of this Agreement, "Cause" shall mean a termination of the Employment Period due to the Executive's (i) material breach of Section 6(f) or Section 7(b) of this Agreement; (ii) willful misconduct in the performance of his duties hereunder that is materially injurious to the Company; (iii) breach of fiduciary duty involving his personal profit (other than a violation of Section 6(f) or Section 7(b) hereof); (iv) intentional failure to materially perform the Executive's duties hereunder (other than on account of physical or mental impairment or approved leave) unless he had a good faith belief such performance was illegal or unethical; or (v) willful violation of any law, rule or regulation applicable to the Company or its business that is materially injurious to the Company. For purposes of this Agreement, no act or failure to act shall be deemed to be "willful" or "intentional" unless it is done, or omitted to be done, by the Executive not in good faith or without a reasonable belief that his action or omission was in the best interests of the Company. With respect to any determination that Cause exists, notwithstanding any provision of Section 13 of this Agreement to the contrary, such determination shall be made, in good faith, by a vote of two thirds (2/3rds) of the members of the whole Board (excluding the Executive) only after the Executive has been given written notice stating the basis for the termination of the Employment Period by the Company for Cause, ten (10) days to cure such alleged act or omission and, failing to cure during such ten (10) day period (as determined in good faith by the Board), the Executive is given an opportunity to be heard (represented by his own counsel) at a meeting at which two thirds (2/3rds) of the members of the whole Board (excluding the Executive) are present.

(d) Termination by Company Without Cause. The Employment Period may be terminated by the Company Without Cause (as defined below). In the event such termination by the Company Without Cause occurs, the Executive shall be entitled to the payments and benefits described in Section 4(g)(ii) and, to the extent applicable, Section 18 and shall not be entitled to any further compensation or benefits hereunder. "Without Cause" shall mean a termination of the Employment Period by the Company other than due to the Executive's death, Disability or for Cause. Any determination to terminate the Employment Period Without Cause shall be made by a vote of two thirds (2/3rds) of the members of the whole Board (excluding the Executive) only after the Executive has been given reasonable notice and opportunity to present his view to the Board of relevant facts and circumstances.

(e) Termination by the Executive. The Employment Period may be terminated by the Executive for Good Reason or Without Good Reason (as each such term is defined below). In the event that the Executive terminates the Employment Period for Good Reason, the Executive shall be entitled to the payments and benefits described in Section 4(g)(ii)

and, to the extent applicable, Section 18 and shall not be entitled to any further compensation or benefits hereunder. In the event that the Executive terminates the Employment Period Without Good Reason, the Executive shall be entitled to the payments and benefits described in Section 4(g)(i) and, to the extent applicable, Section 18 and shall not be entitled to any further compensation or benefits hereunder. "Good Reason" shall mean a termination of the Employment Period by the Executive following the occurrence of any material breach by the Company of this Agreement; provided that (i) within thirty (30) days following the date the Executive first learns of the occurrence of any such breach, the Executive shall have delivered written notice to the Company of his intention to terminate the Employment Period for Good Reason, which notice specifies in reasonable detail the circumstances claimed to give rise to the Executive's right to terminate the Employment Period for Good Reason, and the Company shall not have cured such circumstances to the reasonable satisfaction of the Executive within thirty (30) days after receipt of such notice and (ii) the Executive delivers a Notice of Termination (as defined below) to the Company in accordance with Section 4(f) hereof within ten (10) days following the Company's failure to cure such circumstances within the time period specified above. "Without Good Reason" shall mean a termination of the Employment Period by the Executive by written notice to the Company other than a termination for Good Reason in accordance with the foregoing procedures.

(f) Notice of Termination; Date of Termination; No Deemed Breach.

(i) Notice of Termination. Any termination by the Company pursuant to Section 4(b), 4(c) or 4(d), or by Executive pursuant to Section 4(e), shall be communicated by a Notice of Termination addressed to the other party to this Agreement in accordance with the notice provisions of Section 19(i). A "Notice of Termination" shall mean a notice stating that the Executive or the Company, as the case may be, is electing to terminate the Employment Period and stating the proposed effective date of such termination; provided such effective date shall not be sooner than the dates provided in Section 4(f)(ii).

(ii) Date of Termination. "Date of Termination" shall mean (1) with respect to the termination of the Employment Period on its Scheduled Expiration Date, the Scheduled Expiration Date; and (2) with respect to the termination of the Employment Period prior to its Scheduled Expiration Date, (A) if the termination is due to the Executive's death, the date of his death; (B) if the Company terminates for any reason (other than Disability), the date on which Notice of Termination is given or, if later, the effective date of termination specified in such Notice of Termination (provided such notice is given after the vote required in Section 4(c) or Section 4(d) hereof, as applicable); (C) if the termination is due to the Executive's Disability, the date specified in the Notice of Termination; provided that such notice shall not be given until the provisions of Section 4(b) have been complied with and such date shall not be less than thirty (30) days after the date on which Notice of Termination is given; and (D) if the Executive terminates for any reason, the date specified in the Notice of Termination; provided that in the case of a termination of the Employment Period Without Good Reason such date shall not be less than thirty (30) days after the date on which Notice of Termination is given.

(iii) No Deemed Breach. A termination of the Employment Period prior to the Scheduled Expiration Date by the Company due to the Executive's Disability, for Cause or Without Cause or by the Executive for Good Reason or Without Good Reason, in each case in

accordance herewith, shall not be deemed to be a breach of this Agreement by such terminating party.

(g) Payments Upon Certain Terminations.

(i) Termination Prior to the Scheduled Expiration Date Due to the Executive's Death or Disability, by the Company for Cause, or by the Executive Without Good Reason. Upon termination of the Employment Period prior to the Scheduled Expiration Date due to the Executive's death or Disability, by the Company for Cause, or by Executive Without Good Reason, the Executive (or his estate as the case may be) shall be entitled to (1) payment of earned but unpaid base salary, if any, in accordance with Section 2(a) hereof and unreimbursed business expenses in accordance with Section 3(b) hereof; (2) any vested benefits as of the Date of Termination under any tax-qualified plan maintained, or contributed to, by the Capital One Group, the Executive Life Insurance Program (the "ELIP") (or any successor death benefit program), the Excess Cash Balance Plan, the Excess Savings Plan, or any disability benefits program sponsored by the Capital One Group, in accordance with the terms and conditions of each such plan or program, and any benefit required by Section 4980B of the Code ("COBRA"); (3) the waiver by the Company of any obligation that the Executive might otherwise have pursuant to the terms and conditions of the EntrepreneurGrant V Agreement to reimburse the Company for any Foregone Compensation (as defined in the EntrepreneurGrant V Agreement); (4) other than in the event of a termination of the Employment Period by the Company for Cause in accordance herewith, (x) the benefit of the Company's obligations with respect to certain gross-up payments set forth in Section 9 of the Amended and Restated Change of Control Employment Agreement dated as of January 25, 2000, by and between the Executive and the Company, which Section is made a part of this Agreement as though set forth herein (provided that the words "Anything in this Agreement to the contrary notwithstanding" shall be deleted from the beginning of Section 9(a) thereof) and (y) the Company's payment, to the full extent permitted by law, of all legal fees and expenses which the Executive may reasonably incur solely as a result of any contest by the Executive about the amount of any payment pursuant to Section 4(g)(i)(4)(x) of this Agreement in which there is a reasonable basis for the claims or defenses asserted by the Executive and such claims and defenses are asserted by the Executive in good faith (regardless of the outcome thereof), plus interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code; and (5) continued treatment of the EntrepreneurGrant I Options and the EntrepreneurGrant II Options in accordance with Section 2(d) and Section 2(f) hereof and the Continuing Options in accordance with Section 2(e) and Section 2(f) hereof; provided, however, that any termination of the Employment Period due to the Executive's Disability shall be deemed to be a termination by reason of retirement on account of a Disability approved by the committee administering the Plan for purposes of determining the time period for exercising the EntrepreneurGrant I Options and the EntrepreneurGrant II Options.

(ii) Termination of Employment Period on the Scheduled Expiration Date or Prior to the Scheduled Expiration Date by the Company Without Cause or by the Executive for Good Reason. Upon termination of the Employment Period on the Scheduled Expiration Date or prior to the Scheduled Expiration Date by the Company Without Cause or by the Executive for Good Reason:

(1) The Executive (or his estate in the event of his death after the Date of Termination and prior to April 30, 2008) shall be entitled to severance payments at an annualized rate of Seven hundred fifty thousand dollars ($750,000), payable in installments in accordance with the Company's regular payroll practices applicable to salaries of senior executives, for the period beginning on the later of (x) the Date of Termination and (y) January 1, 2004 and ending on April 30, 2008.

(2) In the event the Executive elects COBRA coverage in accordance with federal law, the Company will assume as of the Date of Termination the cost of the employer's portion of the monthly premium and the 2% COBRA administrative fee (such amounts together, the "COBRA Subsidy") for each of the eighteen (18) months the Executive and his eligible dependents are enrolled (the "COBRA Period"). The Executive will pay the remaining balance of the COBRA premium directly to the COBRA administrator. In the event the Executive elects COBRA coverage, the Company will continue the participation of the Executive and his eligible dependents in its group health plan, to the extent permitted by its terms, for the period commencing on the termination of the COBRA Period and ending on April 30, 2008, and will continue to pay an amount equal to the COBRA Subsidy toward the cost of such continued coverage for each month the Executive and his eligible dependents are enrolled. In the event the Executive's (and that of his eligible dependents) continued participation in the Company's group health plan is not permitted by its terms following the termination of the COBRA Period, for each month during the period commencing on the termination of the COBRA Period and ending on April 30, 2008 in which the Executive and his eligible dependents are not enrolled in such group health plan, the Company will pay to the Executive an amount equal to the COBRA Subsidy to assist the Executive in purchasing private medical insurance. Should the Executive become covered under another party's health insurance plan or should the Executive die between the Date of Termination and April 30, 2008, all payments by the Company under this Section 4(g)(ii)(2) shall immediately be terminated. The Executive agrees to notify the Company of the date that he becomes covered under another party's health insurance plan.

(3) For the period commencing on the Date of Termination and ending on the earlier of (A) the date the Executive becomes eligible to receive coverage under a group life insurance program not sponsored by the Company and (B) April 30, 2008, the Executive shall continue to be eligible to participate in the Capital One Executive Life Insurance Program (the "ELIP") based upon a deemed annual base salary rate of $750,000. During such period, the Company will continue to pay the employer portion of the premiums associated with the life insurance coverage under the ELIP and the Executive will be responsible for the employee portion of the premiums. The Executive will have ninety (90) days from the date the Company's contributions end to determine whether to continue independently the life insurance coverage amount or a lesser amount under the ELIP in accordance with the terms of the ELIP. For such ninety (90) day period, the Executive shall be solely responsible for any premiums or other costs associated with his participation in the ELIP. In the event the Company replaces the ELIP with another death benefit program, the Company will provide coverage to the Executive under such death benefit program comparable to his coverage under the ELIP immediately prior to its replacement through the earlier of (x) the date the Executive becomes eligible to receive coverage under a group life insurance program not sponsored by the Company and (y) April 30, 2008; provided that the Executive shall be responsible for the employee portion of any premiums or costs associated with such death benefit program in accordance with the terms and conditions

thereof; provided further that if the Executive is not eligible to participate in such death benefit program, the Company shall otherwise arrange for comparable life insurance coverage and the Executive shall be responsible for any premiums or costs associated with such coverage comparable to the employee portion of premiums or costs under such death benefit program. In such case, when the Executive's coverage ends pursuant hereto, the Company will provide the Executive with information regarding his choices for continuing coverage, if any, under such death benefit program. The Executive agrees to notify the Company immediately of the date that he becomes eligible to receive coverage under a group life insurance program not sponsored by the Company.

(4) For the period commencing on the Date of Termination and ending on April 30, 2008, the Executive shall continue to be entitled to an annual allowance under the Executive Financial Service Program ("EFSP") in an amount equal to the average annual cost of services the Executive received under the EFSP for the 2000, 2001 and 2002 calendar years.

(5) For the period commencing on the Date of Termination and ending on April 30, 2008, the Company will continue to pay the monthly monitoring fee for the Executive's home security system, if any, in accordance with the Company's applicable policy.

(6) For the period commencing on the Date of Termination and ending on April 30, 2008, the Company will continue to provide the Executive with a leased automobile (including payment of all reasonably related expenses and charges) in accordance with the Company's applicable policy.

(7) For the period commencing on the Date of Termination and ending on April 30, 2008, (A) in connection with the Executive's home offices in the United States and the United Kingdom, the Company shall continue to provide reasonable maintenance and technical support of any existing office equipment and provide telephone and facsimile services, in all cases to the extent provided as of the Commencement Date, and (B) the Executive shall have access to the Company's travel office for purposes of securing any then available discount for personal travel of the Executive and his family.

(8) For the period commencing on the Date of Termination and ending on the earlier of (A) the date the Executive becomes a full-time employee, consultant or independent contractor for an entity unrelated to the Capital One Group, (B) the retirement of such assistant from employment with the Capital One Group and (C) April 30, 2008, the Company shall provide the Executive with the full-time services of his current executive assistant (during which period such assistant shall continue to be an employee of the Company and remain on the payroll of the Company).

(9) The Executive shall be entitled to (A) the waiver by the Company of any obligation that the Executive might otherwise have pursuant to the terms and conditions of the EntrepreneurGrant V Agreement to reimburse the Company for any Foregone Compensation (as defined in the EntrepreneurGrant V Agreement); (B) the benefit of the Company's obligations with respect to certain gross-up payments set forth in Section 9 of the Amended and Restated Change of Control Employment Agreement dated as of January 25, 2000, by and between the Executive and the Company, which Section is made a part of this Agreement as though set forth

herein (provided that the words "Anything in this Agreement to the contrary notwithstanding" shall be deleted from the beginning of Section 9(a) thereof); and (C) the Company's payment, to the full extent permitted by law, of all legal fees and expenses which the Executive may reasonably incur solely as a result of any contest by the Executive about the amount of any payment pursuant to Section 4(g)(ii)(9)(B) of this Agreement in which there is a reasonable basis for the claims or defenses asserted by the Executive and such claims and defenses are asserted by the Executive in good faith (regardless of the outcome thereof), plus interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code.

(10) The EntrepreneurGrant I Options and EntrepreneurGrant II Options (to the extent still outstanding) shall remain exercisable until July 30, 2004, upon which date such EntrepreneurGrant I Options and EntrepreneurGrant II Options shall expire (and during such time shall be treated in accordance with Section 2(f) hereof) and the Continuing Options shall be treated in accordance with Section 2(e) and Section 2(f) hereof.

(11) The Executive shall be entitled to (A) payment of earned but unpaid base salary, if any, in accordance with Section 2(a) hereof and unreimbursed business expenses in accordance with Section 3(b) hereof, and (B) any vested benefits as of the Date of Termination under any tax-qualified plan maintained, or contributed to, by the Capital One Group, the Excess Cash Balance Plan, the Excess Savings Plan, or any disability benefits program sponsored by the Capital One Group, in accordance with the terms and conditions of each such plan or program, and any benefit required by COBRA.

(iii) Notwithstanding anything in this Agreement to the contrary, upon termination of the Employment Period for any reason (including its scheduled expiration) other than death, as a condition to the receipt of the payments and benefits described in Section 4(g)(i)(3) (in the case of a termination of the Employment Period prior to the Scheduled Expiration Date by the Company for Cause), Sections 4(g)(i)(3) and 4(g)(i)(4) (inclusive) (in the case of a termination of the Employment Period prior to the Scheduled Expiration Date due to the Executive's Disability or by Executive Without Good Reason), and Sections 4(g)(ii)(1) through (9) (inclusive) (in the case of a termination of the Employment Period on the Scheduled Expiration Date or prior to the Scheduled Expiration Date by the Company Without Cause or by the Executive for Good Reason), the Executive shall be required to execute a Release of Claims Agreement in the form of Exhibit A attached hereto and such agreement shall have become effective and irrevocable in accordance with its terms.

(iv) Except as specifically set forth in this Section 4(g), the Executive shall not be entitled to receive any payments or benefits under any Capital One Group plan, policy, program, practice, agreement or arrangement providing any bonus or incentive compensation or severance compensation or benefits (and the provisions of this Section 4(g) shall supersede the provisions of any such plan, policy, program or practice) and no other amounts or benefits shall be due the Executive hereunder, other than pursuant to Section 18 hereof (to the extent applicable).

5. Confidential Information.

(a) Access and Exposure to Confidential Information. The Company desires to protect the trade secrets, confidential and proprietary information and business interests of the Capital One Group. The Company agrees and the Executive acknowledges that during the course of his employment with the Company prior to the Date of Termination, the Executive has had, and will continue to have, access and exposure to Confidential Information (as defined in Section 5(b) hereof) regarding the Capital One Group's business, which, if not maintained as confidential, would threaten the continued viability of the Capital One Group's business interests. The Executive acknowledges that the Capital One Group is giving him access and exposure to certain Confidential Information expressly in exchange for the confidentiality, non-competition, non-solicitation and non-hire covenants contained in this Agreement, which are ancillary to and for the purpose of enforcing the Executive's promises to maintain as confidential the Capital One Group's Confidential Information.

(b) Definition of Confidential Information. "Confidential Information" means trade secrets, knowledge, data, specialized training, or other information of the Capital One Group of a secret, proprietary or confidential nature or otherwise not readily available to members of the general public which concern the business or affairs of the Capital One Group or the Capital One Group's customers. Confidential Information includes, but is not limited to, information relating to any Competitive Business (as defined in Section 6(b) hereof) entered into by the Capital One Group, along with any business plans and strategies, products, Work Product (as defined in Section 11(a) hereof), test results, discoveries, customer lists, databases, computer programs, frameworks, models, credit policies and practices, collections, repossessions and recoveries policies and practices, and marketing, selling and operating policies and practices, including without limitation, policies and practices concerning the identity, solicitation, acquisition, management, resale or cancellation of unsecured or secured credit card accounts, installment loan agreements, automobile loan accounts and other accounts relating to mortgage, home equity and/or consumer lending products and services. Anything herein to the contrary notwithstanding, "Confidential Information" shall not include any information (i) that is or becomes readily available to the general public or within the relevant trade or industry (other than due to the Executive's violation of this Section 5) or (ii) that is or was lawfully and independently provided to or obtained by the Executive, prior to the Executive's access and exposure to such information by the Capital One Group, from a third party who is not subject to an obligation of confidentiality or otherwise prohibited from transmitting such information (unless the Executive knows or should have known that the Capital One Group would nonetheless deem such information to be Confidential Information).

(c) Restrictions on the Disclosure of Confidential Information. Both during the Employment Period and at all times thereafter, the Executive will not use for his own benefit or for the benefit of others, or divulge to others, in any manner whatsoever, any Confidential Information, except as expressly authorized by the Company or in connection with the ordinary course of the Executive's employment (including any consultancy pursuant to Section 1(d) hereof) with the Capital One Group, provided that the provisions of this Section 5(c) shall not apply (i) when disclosure is required by law or by any court or administrative or legislative body (including any committee thereof) with apparent or actual jurisdiction to order the Executive to disclose or make accessible any information, (ii) subject to the issuance of a protective order, to

any disclosure to a court in connection with any other litigation involving this Agreement or any other agreement between the Executive and the Company, including, but not limited to, the enforcement of such agreements or (iii) to the extent such Confidential Information is provided to any representative of the Company with apparent authority to request such Confidential Information in connection with any assistance provided by the Executive pursuant to Section 9 hereof or otherwise expressly authorized by the Company in connection with such assistance. In the event the Executive is requested by subpoena, court order, investigative demand, search warrant or other legal process to disclose Confidential Information, unless otherwise prohibited by law, the Executive will as promptly as reasonably practicable, notify the Company of such request and agrees not to disclose any Confidential Information unless and until the Company has expressly authorized him to do so in writing or the Company has had a reasonable opportunity to object to such a request or to litigate the matter (of which the Company agrees to keep the Executive reasonably informed) and has failed to do so.

(d) Return of Confidential Information. On or before the date the Employment Period ends (for whatever reason including its scheduled expiration) or at any time upon the Company's written request, the Executive agrees to promptly deliver to the Company the originals and all copies (whether written or electronic) of all memoranda, notes, documents, business plans, customer lists, computer programs, computer discs, CD_ROMs and any other records, materials or property of any kind received, possessed, used, reviewed, made or compiled (in whole or in part) by the Executive or made available to the Executive, including all records, materials and property which contain or constitute Confidential Information. The Executive agrees to provide the Company with written certification that he has complied with this Section 5(d) upon written request from the Company within fifteen (15) days of such request (provided that such fifteen (15) day period shall be tolled for any time period (not to exceed ninety (90) days) during which the Executive is traveling away from his primary residence and secondary residence). Anything in this Section 5(d) to the contrary notwithstanding, nothing shall prevent the Executive from retaining (i) papers and other materials of a purely personal nature, (ii) calendars, rolodexes, papers and other materials (including journals and diaries) containing information arising from or relating to his employment as specifically authorized by the Company in writing, (iii) information relating to his compensation or reimbursement of expenses, (iv) information that he reasonably believes may be needed for tax purposes, and (v) copies of plans, programs and agreements relating to his employment; provided, however, that all such materials, except those described in clause (i) of this Section 5(d), (x) shall be retained by the Executive in a safe and secure manner; (y) shall be subject to the restrictions on disclosure set forth in Section 5(c) and (z) in the event the Capital One Group requests such materials in writing, shall promptly be provided by the Executive in original form to the Capital One Group.

6. Covenant Not to Compete.

(a) Acknowledgments. The Executive acknowledges that the Confidential Information which he receives from the Capital One Group is special and unique, and that the Executive's receipt of such Confidential Information is of benefit and value to him and that it is necessary to the performance of his duties and responsibilities hereunder. The Executive acknowledges receipt of such Confidential Information. The Executive acknowledges that he is being given Confidential Information expressly in consideration for his agreement to be bound

by, among other things, the Non-Competition Covenant set forth in Section 6(f) of this Agreement. The Executive acknowledges that the Capital One Group maintains the secrecy of its Confidential Information and takes steps to protect it. The Executive acknowledges that the Capital One Group is engaged (or has plans to engage) in Competitive Businesses in the Restricted Areas (as defined in Section 6(e) hereof), that the Capital One Group engages in active and substantial competition with all persons and entities engaged in the Competitive Businesses in the Restricted Areas, and is exploring new business opportunities within and outside of the United States and may engage in additional Competitive Businesses within the Restricted Areas. The Executive acknowledges and agrees that because of his senior position at the Company and his broad exposure to the Capital One Group's Confidential Information, he performs services, and has access and is exposed to Confidential Information, which directly concern Competitive Businesses of the Capital One Group in the United States and internationally (including but not limited to the Restricted Areas).

(b) Definition of Competitive Business. "Competitive Business" means any (i) consumer lending or small business lending business, including without limitation, the products and/or lines of business set forth on Exhibit B attached hereto, and (ii) activity or service that directly supports any Competitive Business described in clause (i) of this Section 6(b) such as management, operational, analytical, brand management, marketing, infrastructure, information technology, human resources, treasury, accounting, financial and other staff, support and administrative services or activities, and third-party consulting, credit scoring, account acquisition, account management, collection, recovery and processing services or activities.

For purposes of this Section 6(b), a "small business" shall mean any Person (as defined in Section 6(f) below) engaged in any business with revenues of equal to or less than Five million dollars ($5,000,000) per year or any principal of any such Person.

(c) Definition of Non-Competition Covenant. "Non-Competition Covenant" means the terms and promises set forth in Section 6(f) hereof.

(d) Definition of Non-Competition Period. "Non-Competition Period" means the period beginning on the Commencement Date and ending on December 31, 2008.

(e) Definition of Restricted Area. "Restricted Area" means any country set forth on Exhibit C attached hereto.

(f) Non-Competition Covenant. In order to protect the Capital One Group's legitimate domestic and international business interests, the Executive agrees that during the Non-Competition Period, (i) he shall not engage in Competitive Business in or with respect to a Restricted Area in any capacity (whether as a director, stockholder, investor, member, partner, principal, proprietor, agent, consultant, officer, employee or otherwise) for, with respect to or on behalf of any person, corporation, partnership, firm, financial institution or other business entity (including any division or unit thereof) (each, a "Person") (including himself) and (ii) he shall not serve in any capacity (whether as a director, stockholder, investor, member, partner, principal, proprietor, agent, consultant, officer, employee or otherwise) anywhere in the world for, with respect to or on behalf of (A) any Person that is engaged in Competitive Business in or with respect to a Restricted Area on the date he would otherwise begin to serve in such capacity

or (B) any affiliate of any such Person. The above notwithstanding, the following shall not constitute a breach of the Non-Competition Covenant:

(x) the Executive's service in any capacity (whether as a director, stockholder, investor, member, partner, principal, proprietor, agent, consultant, officer, employee or otherwise) for, with respect to or on behalf of any Person that, together with its affiliates, is primarily engaged in (1) the retail merchandise, retail petroleum or telecommunications business and engaged in Competitive Business solely in support of such retail merchandise, retail petroleum or telecommunications business, so long as the Executive is not directly involved in supporting or assisting such Competitive Business or (2) the private equity investment or consulting business that has investments in, or clients which are, Persons that are engaged in Competitive Business, so long as the Executive is not directly or indirectly providing services to any such Person or otherwise involved in the Competitive Business of any such Person;

(y) the Executive's service in any capacity (whether as a director, stockholder, investor, member, partner, principal, proprietor, agent, consultant, officer, employee or otherwise) for, with respect to or on behalf of any Person that, together with its affiliates, is engaged in Competitive Business solely as described in Section 6(b)(ii), so long as (1) such Competitive Business does not generate more than twenty percent (20%) of the combined revenues of such Person and its affiliates, and (2) the Executive is not directly involved in supporting or assisting such Competitive Business; or

(z) the Executive's ownership for investment purposes of not more than five percent (5%) of the total outstanding equity securities of a publicly-traded company and not more than two percent (2%) of the total outstanding equity securities of any Person engaged in Competitive Business in or with respect to a Restricted Area or any affiliate of such a Person.

For purposes of this Section 6(f), an "affiliate" of any Person shall mean a person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with such Person and "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" shall have meanings correlative thereto.

7. Non-Solicitation of Employees.

(a) For the period beginning on the Commencement Date and ending on December 31, 2008, the Executive shall not, on his own behalf or on behalf of any other Person, (i) directly or indirectly solicit or induce any Exempt Employee (as defined in Section 7(c) hereof) to leave or cease their employment relationship with the Capital One Group, for any reason whatsoever, or (ii) directly or indirectly hire or otherwise engage the services of, or assist in hiring or engaging the services of, any Exempt Employee, in each case if the Executive knew or reasonably should have known that such individual was an Exempt Employee, including without limitation:

(1) identifying any Exempt Employee who has knowledge concerning the Capital One Group's strategy, operations, processes or other Confidential Information to (x) any

Person for whom the Executive is providing services in any capacity or any recruiter for any reason or (y) any other Person for any purpose set forth in clause (i) or (ii) of this Section 7(a);

(2) communicating about the quantity of work, quality of work, skills or knowledge, or personal characteristics of any Exempt Employee to (x) any Person for whom the Executive is providing services in any capacity or any recruiter for any reason or (y) any other Person for any purpose set forth in clause (i) or (ii) of this Section 7(a);

(3) soliciting any Exempt Employee through third parties, such as recruiters or other persons not a party to this Agreement, including without limitation any corporation, partnership, firm, financial institution or other business entity;

(4) inducing any Exempt Employee to resign employment with the express or implied promise of employment following such Exempt Employee's resignation;

(5) financing or obtaining financing for a third-party entity, not a party to this Agreement, for the purpose, in whole or in part, of soliciting any Exempt Employee; or

(6) recommending to any third-party entity, not a party to this Agreement, that such third-party entity solicit, hire or otherwise engage the services of any Exempt Employee;

(7) hiring any Exempt Employee through third parties, such as recruiters or other persons not a party to this Agreement, including without limitation any corporation, partnership, firm, financial institution or other business entity; and

(8) financing or obtaining financing for a third-party entity, not a party to this Agreement, for the purpose, in whole or in part, of hiring any Exempt Employee.

(b) For the period beginning on the Commencement Date and ending on December 31, 2008, without the Company's prior written consent, the Executive shall not intentionally, on his own behalf or on behalf of any other Person, directly or indirectly hire or otherwise engage the services of, or assist in hiring or engaging the services of, any Senior-Level Employee (as defined in Section 7(c) hereof) if the Executive knew that such individual was a Senior-Level Employee, including without limitation:

(1) hiring any Senior-Level Employee through third parties, such as recruiters or other Persons not a party to this Agreement; and

(2) financing or obtaining financing for a third-party entity, not a party to this Agreement, for the purpose, in whole or in part, of hiring any Senior-Level Employee.

(c) For purposes of this Section 7, an "Exempt Employee" shall include (i) any "exempt employee" (as defined under the Fair Labor Standards Act of 1938) of the Capital One Group and (ii) any individual who was an "exempt employee" (as defined under the Fair Labor Standards Act of 1938) of the Capital One Group at any time during the six (6) months preceding any such action by the Executive described in this Section 7. For purposes of this Section 7, a "Senior-Level Employee" shall include any Exempt Employee who is or was, as the case may be, in any of Tiers 1 through 4 (inclusive) as each such Tier (including the criteria for

inclusion in such Tier) was defined as of the Commencement Date (or the equivalent under the Company's compensation programs, as the same may be amended from time to time).

8. Compliance Review.

Within fifteen (15) business days after receiving a written request from the Company's General Counsel, any Deputy General Counsel or the equivalent (which time period shall be tolled for any time period (not to exceed ninety (90) days) during which the Executive is traveling away from his primary residence and secondary residence), the Executive agrees to provide the Company such information as he deems responsive to the General Counsel's, Deputy General Counsel's or the equivalent's reasonable request for information concerning the Executive's compliance with the terms of Sections 5 through 12 (inclusive) of this Agreement. The Executive also agrees to inform any future employer and other persons and entities with whom he is substantially engaged in a business relationship about the existence of his obligations with respect to the covenants in Sections 5, 6, 7, 9 and 11 of this Agreement.

9. Cooperation.

For the period beginning on the Commencement Date and ending on December 31, 2008, if requested by the Capital One Group, subject to his other business and personal commitments, the Executive hereby agrees to reasonably cooperate (including by attending meetings) with respect to any claim, arbitral hearing, lawsuit, action, proceeding or governmental or internal investigation relating to the business of the Capital One Group with respect to which the Executive had either direct or indirect responsibility prior to the Date of Termination, with respect to which the Executive has actual knowledge or which relates to a matter reviewed by the Board while he was a member of the Board and, unless adverse to his interests as set forth below in this Section 9, to provide as full and complete disclosure as reasonably possible to the Capital One Group in response to any such inquiry in connection with any such matters. The Company agrees to reimburse the Executive for his reasonable expenses (including reasonable travel expenses and attorneys' fees if the Executive reasonably determines retention of his own counsel is necessary) incurred in connection with such cooperation. This Section 9 shall not apply in connection with any proceeding in which the Executive or his interests are, in whole or in part, as determined by the Company in good faith, adverse to those of the Capital One Group, or if such proceeding involves, in whole or in part, the Executive's violation of any obligation which he owed to the Capital One Group during the course of or in connection with the employment of the Executive thereby. Nothing in this Section 9 shall prevent the Executive from being indemnified, receiving advanced expenses or being covered under any directors' and officers' liability insurance to the extent to which he may otherwise be entitled.

10. Non-Disparagement.

(a) Both during the Employment Period and at all times thereafter, the Executive agrees that he shall not make any statement or release any information (or encourage others to make any statement or release any information) that disparages or defames the Capital One Group or any of its directors or officers or otherwise adversely affects the reputation of the Capital One Group or any of its directors or officers.

(b) Both during the Employment Period and at all times thereafter, the Company agrees that it shall cause the Company's Chief Executive Officer, the senior executive officer in charge of corporate communications and the senior executive officer in charge of investor relations not to make any statement or release any information (or encourage others to make any statement or release any information) that disparages or defames the Executive or otherwise adversely affects the reputation of the Executive.

(c) Notwithstanding the foregoing, nothing in this Section 10 shall prevent the Company or the Executive from (i) responding truthfully and publicly to incorrect, disparaging or derogatory public statements made by the other party to the extent reasonably necessary to correct or refute such public statement or (ii) making any truthful statement (A) to a court to the extent necessary in connection with any litigation involving this Agreement or any other agreement between the Executive and the Company, including, but not limited to, the enforcement of this Agreement or any other agreement between the Executive and the Company, or (B) required by law or by any court or administrative or legislative body (including any committee thereof) with apparent or actual jurisdiction to order such person to disclose or make accessible such information.

11. Ownership of Work Product.

(a) Definition. "Work Product" means all inventions, creations, trade secrets, patents (utility or design) and other intellectual property relating to any programming, documentation, technology, material, product, service, idea, process, plan or strategy concerning the business or interests of the Capital One Group that the Executive conceives, develops or delivers to the Capital One Group, in whole or in part, at any time during his employment with the Capital One Group prior to the Date of Termination, including without limitation all rights to any such Work Product that constitutes Confidential Information, copyrights, inventions, discoveries and improvements, trademarks, trade dress, designs and all other intellectual property rights.

(b) Ownership. The Company shall own all Work Product. All Work Product shall be considered work made for hire by the Executive and owned by the Company. If any of the Work Product is not, by operation of law, considered a work made for hire by the Executive for the Company, or if ownership of all right, title and interest of any Work Product does not otherwise vest exclusively in the Company, the Executive hereby assigns to the Company, in consideration of this Agreement and without further consideration, the ownership of all Work Product. The Company shall have the right to own, obtain and hold in its own name all rights, registrations and any other protection in or for the Work Product. The Executive acknowledges and recognizes the Company's exclusive right and title to, and ownership of, the Work Product. The Executive agrees to perform, upon the Company's request and at its sole expense, during or after his employment with the Capital One Group, such acts as the Company may reasonably deem to be necessary or desirable to transfer, perfect and defend the Company's ownership and any resulting registrations of the Work Product. The Executive agrees not to use or disclose any Work Product to any third party either during or after his employment with the Capital One Group and agrees to return to the Company any and all Work Product upon the date the Employment Period ends (for whatever reason including its scheduled expiration).

(c) Assignment. Notwithstanding anything in this Section 11 to the contrary, the Executive's agreement to assign his rights in any Work Product to the Company does not apply to any Work Product for which no equipment, supplies, facility or trade secret information of the Capital One Group was used and which was developed entirely on his own time, unless (i) the Work Product relates (1) directly to the business of the Capital One Group or (2) to the Capital One Group's actual or demonstrably anticipated research or development or (ii) the Work Product results from any work performed by the Executive for the Capital One Group.

12. Return of Company Property. Unless otherwise agreed to by the Company and the Executive at the time, all property of the Capital One Group (including, but not limited to property containing Confidential Information, telephones, fax machines, personal computers, corporate credit cards and phone cards) must be returned to the Company following the termination of the Employment Period (for whatever reason including its scheduled expiration); provided, however, that the Executive shall be entitled to retain his Blackberry and cellphones, any existing office equipment in his home offices in the United States and the United Kingdom as well as the items and materials he is authorized to retain pursuant to Section 5(d) hereof.

13. Effect of Breach of Certain Provisions.

(a) The Executive understands and agrees that in the event the Executive materially breaches Section 6(f) or Section 7(b) of this Agreement at any time after the Commencement Date, (i) the Company shall afford the Executive thirty (30) days to cure such breach following receipt by the Executive of written notice of such breach by the Company, which notice shall set forth the specific act or acts engaged in by the Executive that constitute a material breach of Section 6(f) or Section 7(b) of this Agreement, as the case may be, and shall be given no later than ninety (90) days after the chief executive officer or chief legal officer of the Company has actual knowledge of the activity the Company is asserting in such notice is in material breach of Section 6(f) or Section 7(b) of this Agreement, as the case may be, and (ii) provided the Company has complied with the requirements set forth in clause (i) of this Section 13(a), if the Board determines, in good faith, by a vote of two thirds (2/3rds) of the members of the whole Board (excluding the Executive, if applicable) that the Executive has materially breached Section 6(f) or Section 7(b), as the case may be, and has failed to cure such breach within such thirty (30) day period (a "Determination"), the Company's obligation to provide the Executive with the payments and benefits set forth under Sections 4(g)(i)(3) and 4(g)(i)(4) and Sections 4(g)(ii)(1) through 4(g)(ii)(9) (inclusive) of this Agreement, if any, shall cease and the Executive shall pay to the Company within ten (10) days after receipt of written notice of such Determination a lump sum cash amount equal to Twenty-Five million dollars ($25,000,000) (the "Payment"); provided that the Executive's obligation to pay the Payment to the Company shall only arise in connection with the first material breach of Section 6(f) or Section 7(b) of this Agreement, as the case may be, by the Executive with respect to which there has been a Determination (the "Initial Breach"). Notwithstanding the cessation of any payments or benefits by the Company or any payment by the Executive pursuant to clause (ii) of this Section 13(a), the obligations of the Executive pursuant to Sections 5 through 12 (inclusive) of this Agreement shall remain in full force and effect. The Executive agrees that the Payment is not a penalty and waives any defense as to the validity of the Payment on the grounds that the Payment should be void as a penalty or is not reasonably related to actual damages.

(b) Anything in this Section 13 to the contrary notwithstanding (including without limitation Section 13(a)(ii)), the Capital One Group shall, at any time following a breach or threatened breach of Sections 5 through 12 (inclusive) of this Agreement by the Executive, be entitled to seek any damages or legal or equitable relief to which it may be entitled under applicable law or as otherwise provided in this Agreement, including without limitation, temporary, preliminary and permanent injunctive relief, from any court of competent jurisdiction; provided that the amount of any monetary damages (including any punitive damages) awarded to the Capital One Group for the Initial Breach may be offset against the Executive's obligation to pay the Payment pursuant to Section 13(a)(ii) such that upon payment of the Payment the Executive shall be deemed to have satisfied all monetary damages (including any punitive damages) awarded for the Initial Breach to the extent such damage awards, in the aggregate, equal Twenty-Five million dollars ($25,000,000) or less, and accordingly, with respect to such monetary damages awarded for the Initial Breach, the Executive shall only be liable to the Capital One Group for the amount of such damages that in the aggregate exceed Twenty-Five million dollars ($25,000,000) (and, to the extent the Capital One Group is awarded monetary damages for an Initial Breach prior to seeking the Payment under Section 13(a) hereof, the payment by the Executive of any monetary damages (including any punitive damages) awarded for such Initial Breach shall be offset against the Executive's obligation to make the Payment pursuant to Section 13(a) hereof).

(c) Anything in this Section 13 to the contrary notwithstanding, any breach by the Executive of Sections 5 through 12 (inclusive) of this Agreement shall not affect the Executive's rights, if any, under the agreements relating to the EntrepreneurGrant I Options, the EntrepreneurGrant II Options and the Continuing Options and any such stock option shall remain exercisable, to the extent then exercisable, and stock shall be issuable thereunder upon any such exercise, to the extent then issuable, in accordance with the Plan and/or the related option agreements, as modified hereby.

14. Reasonableness.

The Executive acknowledges that the restrictions set forth in Sections 5 through 12 (inclusive) of this Agreement are necessary to prevent the improper use and disclosure of Confidential Information and to otherwise protect the legitimate business interests of the Capital One Group. The Executive further acknowledges that all of the restrictions set forth in Sections 5 through 12 (inclusive) of this Agreement are reasonable in all respects, including without limitation duration, territory and scope of activity. The Executive agrees that the existence of any claim or cause of action by him against the Capital One Group, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and restrictions set forth in this Agreement. Furthermore, the Executive agrees that, in the event his employment with the Capital One Group terminates for any reason, he will be able to earn a livelihood without violating this Agreement, including without limitation the Non-Competition Covenant set forth in Section 6 hereof.

15. Irreparable Harm; Injunctive Relief.

The Executive acknowledges that his violation of Sections 5 through 12 (inclusive) of this Agreement will cause immediate, substantial and irreparable harm to the

Company which cannot be adequately redressed by monetary damages alone. In the event of the Executive's violation or threatened violation of Sections 5 through 12 (inclusive) of this Agreement, the Executive agrees that the Company, without limiting any other legal or equitable remedies available to it, shall be entitled to equitable relief, including without limitation temporary, preliminary and permanent injunctive relief and specific performance, from any court of competent jurisdiction. The Non-Competition Period set forth in Section 6 hereof shall be tolled on a day-for-day basis for each day during which it is determined by a court of competent jurisdiction that the Executive participated in any activity in violation of the Non-Competition Covenant so that the Executive is restricted from engaging in the activities prohibited by the Non-Competition Covenant for the original Non-Competition Period plus the number of days immediately following the conclusion of the Non-Competition Period tolled as a result of this Section 15.

16. Court's Right to Modify Restrictions.

The parties have attempted to limit the Executive's right to compete only to the extent necessary to protect the Capital One Group's legitimate business interests. It is the intent of the parties that the provisions of this Agreement be enforced to the fullest extent permissible under the applicable law. The parties agree that if a court of competent jurisdiction adjudges any provision of this Agreement to be void, invalid or unenforceable, including without limitation the Non-Competition Covenant set forth in Section 6 hereof, such court shall modify such provision so that it is enforceable to the fullest extent permitted by applicable law.

17. Integration/Effect on Prior Agreements.

This Agreement (including the Release of Claims Agreement in the form of Exhibit A attached hereto, if, and when, executed) constitutes the final and complete agreement between the parties in relation to the subject matter hereof (including without limitation, the plans, policies, programs and arrangements of the Capital One Group as referred to herein and as modified hereby), and the Executive agrees and stipulates that no other representations have been made by the Capital One Group or any of its officers or directors to the Executive except those expressly set forth herein, and that this Agreement resolves all outstanding issues arising from or relating to the Executive's employment by the Capital One Group, and that the Executive will not receive anything further from the Capital One Group except as provided herein. In addition, except as expressly provided for herein, this Agreement is intended to replace in its entirety any prior agreements between the Executive and the Capital One Group relating to the terms of his employment (including without limitation the severance provisions thereof), including without limitation, the Amended and Restated Change of Control Employment Agreement dated as of January 25, 2000, by and between the Executive and the Company, which shall be null and void as of the Commencement Date and under which all obligations of the parties thereto shall then terminate on such date. Anything in this Section 17 to the contrary notwithstanding, this Agreement shall not be interpreted as abrogating, enhancing or otherwise modifying any stock option agreements in effect between the Company and the Executive on the Commencement Date except as explicitly provided herein.

18. Indemnification and Liability Insurance.

(a) The Executive shall be entitled to (x) indemnification and advancement of expenses to the extent permitted under the Company's Restated Certificate of Incorporation and Restated Bylaws, as each may be in effect from time to time, subject to any limitation of applicable law, and (y) coverage under any applicable directors' and officers' liability insurance policies maintained by the Company from time to time for the benefit of its senior officers and directors.

(b) The Executive hereby affirms his obligations under any undertaking with respect to the repayment of any advances signed by the Executive in connection with indemnification of him by the Company and/or its insurers, including, without limitation, the Undertaking executed by the Executive dated October 31, 2002.

19. Miscellaneous.

(a) Assignability. This Agreement is personal to the Executive and shall not be assignable by the Executive without prior written consent from the Company, other than his rights to compensation and benefits, which may be transferred by will, operation of law or pursuant to any plan, program, policy, arrangement of, or any other agreement with, the Capital One Group. The Company may not assign this Agreement to any other person or entity without the Executive's prior written consent, provided, however, that the Company may make such an assignment pursuant to a merger, consolidation or similar transaction in which the Company is not the continuing entity, or a sale, liquidation or other disposition of all or substantially all of the assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the assets of the Company and assumes the liabilities, obligations and duties of the Company under this Agreement, either contractually or as a matter of law. In the event of the Executive's death or a judicial determination of his incompetence, references in this Agreement to the Executive shall be deemed, where appropriate, to refer to his beneficiary, estate or legal representative.

(b) Choice of Law/Forum Selection. To ensure uniformity of the enforcement of this Agreement, and irrespective of the fact that either of the parties now is or may become, a resident of a different state or country, this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia without regard to its principles of conflicts of law. The Company and the Executive hereby submit to the jurisdiction and venue of any state or federal court located within the Commonwealth of Virginia for resolution of any such claims, causes of action or disputes arising out of, related to or concerning this Agreement. The Executive further agrees that any claims, causes of action, or disputes arising out of, relating to or concerning this Agreement shall only have jurisdiction and venue in the state or federal courts of the Commonwealth of Virginia.

(c) Successor. The respective rights and obligations of the Executive and Company under this Agreement shall be binding on and inure to the benefit of the parties and their respective heirs (in the case of the Executive), successors and assigns.

(d) Taxes. The Company may withhold from any payments made under this Agreement, or require the Executive to pay to the Company (with respect to any benefits not involving cash amounts being paid to the Executive by the Company), the minimum required

federal, state and local taxes, including but not limited to income, employment and social insurance taxes, as determined by the Company in its reasonable discretion.

(e) Modification. This Agreement may only be modified, amended or revised by a writing signed by both parties.

(f) No Waiver. Any waiver by either party hereto of any provision of this Agreement in any instance must be in writing, signed by the party against whom enforcement is sought and shall not be deemed a waiver of such provision in the future or a waiver of any other provision.

(g) Severability. It is the intent of the parties that the provisions of this Agreement be enforced to the fullest extent permissible under applicable law. If any provision of this Agreement shall be adjudged by any court of competent jurisdiction to be invalid or unenforceable, such judgment shall not invalidate any other provision of this Agreement. The parties agree that if a court of competent jurisdiction adjudges any provision of this Agreement to be invalid or unenforceable, such court shall modify such provision so that it is enforceable to the extent permitted by applicable law and consistent with the parties' intent.

(h) No Mitigation and No Offset. The Executive shall be under no obligation to seek other employment and there shall be no offset against amounts, benefits or entitlements due to him under this Agreement or otherwise on account of any remuneration or benefits provided by any subsequent employment he may obtain (other than as provided in Section 4(g)(ii)(2), Section 4(g)(ii)(3) and Section 4(g)(ii)(8) hereof) or on account of any claim the Capital One Group may have against the Executive.

(i) Notices. Any notice or other communication required or permitted to be delivered under this Agreement shall be (i) in writing, (ii) delivered personally, by courier service (provided written confirmation of receipt is obtained) or by certified or registered mail, first-class postage prepaid and return receipt requested, (iii) deemed to have been received on the date of delivery or, if so mailed, on the third business day after the mailing thereof, and (iv) addressed as follows (or to such other address as the party entitled to notice shall hereafter designate in accordance with the terms hereof):

(A) If to the Company, to it at:

Frank G. LaPrade, III
Deputy General Counsel
Capital One Financial Corporation
11013 West Broad Street
Glen Allen, Virginia 23060
(804) 967-1185

With a copy to:
A. Richard Susko, Esq.
Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006
(212) 225-2410

(B) If to the Executive, to him at his residential address as currently on file with the Company.

With a copy to:

Joseph E. Bachelder, Esq.
780 Third Avenue
New York, NY 10017
(212) 319-3900

(j) Representations and Warranties by the Company. The Company represents and warrants to the Executive that the Compensation Committee of the Board has taken or will take all action necessary under the Plan and related option agreements to effect any modification of the EntrepreneurGrant I Options, the EntrepreneurGrant II Options, the EntrepreneurGrant IV Options and the Continuing Options and the related option agreements as set forth in this Agreement.

(k) Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

(l) Headings. The headings in this Agreement are included for convenience only and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(m) Opportunity for Review. The Executive agrees and acknowledges that his execution of this Agreement is completely voluntary and that he has been advised to consult with an attorney prior to executing this Agreement to ensure that he fully and thoroughly understands its legal significance. Accordingly, the rule of construction to the effect that ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement. Rather, the terms of this Agreement shall be construed fairly as to both parties hereto and not in favor of or against either party.

(n) Survival. Except as otherwise expressly provided herein, upon the Date of Termination, the respective rights and obligations of the parties hereto shall survive such Date of Termination to the extent necessary to carry out the intentions of the parties embodied in the rights (such as vested rights) and obligations of the parties under this Agreement. This Agreement shall continue in effect until there are no further rights or obligations of the parties outstanding hereunder and shall not be terminated by either party without the prior express written consent of both parties hereto.

(o) Regulatory Restriction. Notwithstanding any other provision of this Agreement, the Company will make no payment pursuant to this Agreement which would be

prohibited by 12 USC Section 1828(k) or any implementing regulations thereunder. Except as provided in 12 CFR Section 359(c), the Company represents and warrants to the Executive that, as of the Commencement Date, the Company is not in a position in which the restrictions of 12 USC Section 1828(k) and its implementing regulations would apply to payments anticipated to be made to the Executive by the Company.

IN WITNESS WHEREOF, the Company has duly executed this Agreement by its authorized representative and Executive has hereunto set his hand, in each case effective as of the date first above written.

CAPITAL ONE FINANCIAL CORPORATION

By: /s/ RICHARD D. FAIRBANK

Name: Richard D. Fairbank
Title: Chairman, Chief Executive Officer & President

EXECUTIVE

/s/ NIGEL W. MORRIS

Name: Nigel W. Morris

Exhibit A

RELEASE OF CLAIMS AGREEMENT (this "Agreement") made, as of _____, 200___, by and between Nigel W. Morris (the "Executive") and Capital One Financial Corporation, a Delaware corporation (the "Company").

WHEREAS, pursuant to Section 4(g)(iii) of the Employment Agreement between the Executive and the Company dated as of July 18, 2003 (the "Employment Agreement"), the Executive agreed to execute a Release of Claims Agreement as a condition to the receipt of certain payments and benefits from the Company provided for under Section 4(g) of the Employment Agreement;

WHEREAS, pursuant to Section 4(g)(iii) of the Employment Agreement, the Company will commence providing said payments and benefits to the Executive in accordance with the terms of the Employment Agreement upon the effectiveness and irrevocability of this Agreement;

NOW, THEREFORE, in consideration of the payments set forth in the Employment Agreement and other good and valuable consideration, the Company and the Executive agree as follows:

1. Release of Claims. In consideration of the payments and other consideration provided in the Employment Agreement, that being good and valuable consideration, the receipt, adequacy and sufficiency of which are acknowledged by the Executive, the Executive, on his own behalf and on behalf of his agents, administrators, representatives, executors, successors, heirs, devisees and assigns (collectively, the "Releasing Parties"), does hereby fully release, remise, acquit and forever discharge the Company and its parent, subsidiary and affiliated corporations, organizations and entities, including without limitation CAPITAL ONE FINANCIAL CORPORATION, CAPITAL ONE BANK, CAPITAL ONE, F.S.B., CAPITAL ONE SERVICES, INC., CAPITAL ONE AUTO FINANCE, PEOPLEFIRST, INC., and AMERIFEE CORPORATION INC., and each of them, and all of their respective past, present and future divisions, departments, units, affiliates, partners, joint ventures, stockholders, predecessors, successors, assigns, insurers, officers, directors, employees, agents, representatives, attorneys and independent contractors of all such released corporations, organizations and entities (collectively, the "Released Parties"), and each of them, jointly and severally, from any and all claims, rights, demands, debts, obligations, losses, causes of action, actions, suits, controversies, setoffs, affirmative defenses, counterclaims, third party actions, damages, penalties, costs, expenses, attorneys' fees, liabilities and indemnities of any kind or nature whatsoever (collectively, the "Claims"), whether known or unknown, suspected or unsuspected, accrued or unaccrued, whether at law, equity, administrative, statutory or otherwise, and whether for injunctive relief, back pay, fringe benefits, reinstatement, reemployment, or compensatory, punitive or any other kind of damages, which any of the Releasing Parties ever have had in the past or presently have against the Released Parties, and each of them, arising from or relating to the Executive's employment with the Company, service as a director on the board of director of the Company or any of its affiliates (collectively, the "Capital One Group") or in any other position in which the Executive served at the request of

any member of the Capital One Group, or the termination of such employment or service or any circumstances related thereto, including without limitation all claims arising under or relating to employment, employment contracts, employee benefits or purported employment discrimination or violations of civil rights of whatever kind or nature, including without limitation all claims arising under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Civil Rights Acts of 1866 and/or 1871, the Americans With Disabilities Act of 1990, the Age Discrimination in Employment Act ("ADEA"), Executive Order 11246, the Equal Pay Act of 1963, the Rehabilitation Act of 1973, the Family and Medical Leave Act of 1993, any state human rights act, or any other applicable federal, state or local employment discrimination statute, law or ordinance, including, without limitation any disability claims under any such laws. The Executive agrees further that he will not file or permit to be filed on his behalf any such Claim released by the Executive herein. However, the Releasing Parties are not releasing rights they have, if any, under any qualified employee retirement plan or under the Employment Agreement, including any right to dispute that a termination for Cause was justified, or under the agreements respecting stock options, as modified by the Employment Agreement, nor are the Releasing Parties releasing any rights or claims that may arise after the date on which the Executive signs this Agreement. In addition, the Executive is not releasing (1) any rights to, or claims for, indemnification from the Company, to the extent such indemnification by the Company is permitted by applicable law, pursuant to (x) its Restated Certificate of Incorporation and Restated Bylaws or (y) the Company's Board of Directors' Resolutions, dated November 1, 2002 and December 6, 2002, (2) any right the Executive may have under any applicable insurance policies maintained by the Company with respect to any liability the Executive incurs or has incurred as a director, officer, employee, trustee or agent of the Capital One Group (including any employee benefit plans sponsored by the Capital One Group) or (3) any right the Executive may have to obtain contribution as permitted by law in the event of entry of judgment against the Executive as a result of any act or failure to act for which the Executive and the Company are jointly liable. Those rights, and only those rights, survive unaffected by this Agreement. Notwithstanding any provision of this Agreement to the contrary, this release is not intended to interfere with the Executive's right to file a charge with the Equal Employment Opportunity Commission (the "EEOC") in connection with any claim the Executive believes he may have against the Company or its affiliates. However, by executing this Agreement, the Executive hereby waives the right to recover in any proceeding he may bring before the EEOC or any state human rights commission or in any proceeding brought by the EEOC or any state human rights commission on the Executive's behalf. In addition, this Agreement is not intended to interfere with the Executive's right to challenge that his waiver of any and all potential ADEA claims pursuant to this Agreement is a knowing and voluntary waiver notwithstanding the Executive's specific representation that he has entered into this Agreement knowingly and voluntarily.

2. Waiver of ADEA Rights and Claims/Opportunity for Review. The Executive understands that this Agreement specifically releases and waives all rights and claims he may have under ADEA prior to the date on which he signs this Agreement. The Executive agrees and acknowledges that his execution of this Agreement is completely voluntary and that he has been advised to consult with an attorney prior to executing this Agreement to ensure that he fully and thoroughly understands its legal significance. The Executive understands that he may consider whether to agree to the terms contained in this Agreement for a period of at least twenty-one (21) days after the date of this Agreement during which time he should consult with

counsel. The Executive agrees that any changes made to this Agreement, whether material or immaterial, will not restart the running of such minimum twenty-one (21) day period. The Executive further acknowledges and understands that he may revoke this Agreement within seven (7) days after its execution by him and that this Agreement is not effective or enforceable until such revocation period has expired and the Executive has not revoked this Agreement during such seven (7) day period. To revoke this Agreement, the Executive must deliver a written revocation to Frank G. LaPrade, III, Deputy General Counsel, Capital One Financial Corporation, 11013 West Broad Street, Glen Allen, Virginia 23060, (804) 967-1185. If the Executive exercises his right to revoke hereunder, he shall forfeit his right to receive any of the payments and benefits to which he would otherwise be entitled upon the effectiveness and irrevocability of this Agreement pursuant to Section 4(g) of the Employment Agreement.

3. Affirmation of Undertaking. The Executive hereby affirms his obligations under any undertaking with respect to the repayment of any advances signed by the Executive in connection with indemnification of him by the Company and/or its insurers, including, without limitation, the Undertaking executed by the Executive dated October 31, 2002.

4. General Provisions.

(a) Successors. The respective rights and obligations of the Executive and Company under this Agreement shall be binding on and inure to the benefit of the parties and their respective heirs (in the case of the Executive), successors and assigns.

(b) Modification. This Agreement may only be modified, amended or revised by a writing signed by both parties.

(c) No Waiver. Any waiver by the Capital One Group of any provision of this Agreement in any instance must be in writing and shall not be deemed a waiver of such provision in the future.

(d) Severability. It is the intent of the parties that the provisions of this Agreement be enforced to the fullest extent permissible under applicable law. If any provision of this Agreement shall be adjudged by any court of competent jurisdiction to be invalid or unenforceable, such judgment shall not invalidate any other provision of this Agreement. The parties agree that if a court of competent jurisdiction adjudges any provision of this Agreement to be invalid or unenforceable, such court shall modify such provision so that it is enforceable to the extent permitted by applicable law and consistent with the parties' intent.

(e) Choice of Law. To ensure uniformity of the enforcement of this Agreement, and irrespective of the fact that either of the parties now is or may become, a resident of a different state or country, this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia without regard to its principles of conflicts of law. The Company and the Executive hereby submit to the jurisdiction and venue of any state or federal court located within the Commonwealth of Virginia for resolution of any such claims, causes of action or disputes arising out of, related to or concerning this Agreement. The Executive further agrees that any claims, causes of action, or disputes arising out of, relating

to or concerning this Agreement shall only have jurisdiction and venue in the state or federal courts of the Commonwealth of Virginia.

(f) Opportunity for Review. The Executive agrees and acknowledges that the Executive's execution of this Agreement is completely voluntary and that the Executive has been advised to consult with an attorney prior to executing this Agreement to ensure that he fully and thoroughly understands its legal significance. Accordingly, the rule of construction to the effect that ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement. Rather, the terms of this Agreement shall be construed fairly as to both parties hereto and not in favor of or against either party.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

IN WITNESS WHEREOF, the Company has duly executed this Agreement by its authorized representative and Executive has hereunto set his hand, in each case effective as of the date first above written.

CAPITAL ONE FINANCIAL CORPORATION

By: _____

Name: Richard D. Fairbank
Title: Chairman, Chief Executive Officer & President

EXECUTIVE

_____

Name: Nigel W. Morris

Acknowledgment

On the _____ day of _____, before me personally came Nigel W. Morris, who, being by me duly sworn, did acknowledge and represent that he has had an opportunity to consult with attorneys and other advisers of his choosing regarding the Release of Claims Agreement attached hereto, that he has reviewed all of the terms of such Agreement and that he fully understands all of its provisions.

_____

Notary Public

Date: _____

Commission Expires: _____

Exhibit B

- credit cards
- installment loans
- automobile loans
- motorcycle loans
- boat loans
- mortgages
- home equity loans or lines of credit
- small business loans (including without limitation small business credit cards, installment lending, small ticket equipment leasing, lines of credit, and any loans guaranteed in whole or in part by the Small Business Administration)

Exhibit C

- United States of America
- Canada
- United Kingdom
- France
- Spain
- Italy
- South Africa
- India
- Mexico

EXHIBIT 10.3

July 8, 2003

Mr. David M. Willey
1221 Towlston Road
Great Falls, VA 22066

Re: Letter of Agreement

Dear Dave:

This Letter of Agreement ("Agreement") sets forth the continuing income support and benefits that you will receive from Capital One Financial Corporation ("Capital One") and/or its affiliates as a result of your voluntary resignation from employment with Capital One and its affiliates (the "Capital One Group") effective March 1, 2003 (the "Separation Date"). This document also outlines other benefits, terms and obligations associated with your separation.

1. **Resignation of Duties.** Pursuant to your letter dated March 1, 2003, you voluntarily resigned as Capital One's Chief Financial Officer and as a member of the Board of Directors of Capital One Federal Savings Bank and Capital One Bank and you hereby confirm your voluntary resignation, effective as of the Separation Date, from all other positions, titles, duties, authorities and responsibilities with, arising out of or relating to your employment with the Capital One Group, including any directorships or any fiduciary positions in which you were serving at the request of, or appointment by, the Capital One Group, and agree to execute all additional documents and take such further steps as may be required to effectuate such resignations.

2. **Intellectual Property Protection Agreement.** Except as modified herein, the Intellectual Property Protection Agreement by and between you and Capital One, made April 29, 1999 (the "IPPA"), shall remain in full force and effect according to its terms (including the non-competition covenant set forth in Section 3 of the IPPA (the "Non-Competition Covenant") and the non-solicitation and confidentiality provisions set forth therein). You and Capital One agree that the Non-Competition Period (as defined in Section 3(d) of the IPPA) and the period of the non-solicitation provision provided for in Section 4 of the IPPA shall each begin on your Separation Date and end on February 28, 2005 (the "IPPA Period") in accordance with the terms of the IPPA. Pursuant to Section 5 of the IPPA, Capital One has not elected to waive any portion of the Non-Competition Covenant. You and Capital One also agree that your IPPA is hereby modified such that you will not be entitled to receive

any Incentive Payments (as defined in the IPPA) pursuant to the IPPA during the IPPA Period or otherwise in connection with the Capital One Group's enforcement of the Non-Competition Covenant and other terms and provisions of the IPPA.

3. **Consideration.** As consideration for this Agreement, and specifically, but without limitation, as consideration for your agreement to the provisions under Paragraph 21 hereof ("General Release of Claims") and for your agreement to the modifications made hereunder to your IPPA, and subject to this Agreement having become effective and irrevocable in accordance with its terms, Capital One shall (i) pay to you, as soon as reasonably practicable after the date on which this Agreement shall have become effective and irrevocable in accordance with its terms (the "Effective Date"), a lump-sum amount, in cash, equal to $217,569 (in reimbursement of the portion of your 2002 cash incentive, otherwise paid in January 2003, which was forgone in connection with your E-Grant V Options (as defined below)); (ii) pay to you (or to your estate in the event of your death prior to February 28, 2005), on a semi-monthly basis, your regular base pay at the rate of $380,000 per annum for the duration of the IPPA Period; (iii) modify certain provisions of your stock options and restricted stock as set forth in Paragraph 4 below; (iv) provide you with certain other benefits as set forth in Paragraphs 5, 6, 9, 11 and 12 herein; and (v) preserve certain gross-up payment obligations of Capital One to you as set forth in Paragraph 24 herein. You will not be eligible to receive any annual cash incentive, long-term incentive or other bonus award with respect to 2003 or any year thereafter.

4. **Stock Options and Restricted Stock.**

(a) With respect to all options that were outstanding and exercisable as of the Separation Date granted to you pursuant to the Capital One Financial Corporation 1994 Stock Incentive Plan (the "1994 Plan") or the Capital One Financial Corporation 1999 Stock Incentive Plan (the "1999 Plan" and together with the 1994 Plan, the "Plans") and your related existing 1994 Plan Stock Option Agreements and 1999 Plan Stock Option Agreements, as applicable (the "Vested Option Agreements"), regardless of exercise price (the "Expiring Vested Options", each as identified on Attachment A), such Expiring Vested Options, to the extent they then remained outstanding, expired on June 1, 2003, in accordance with their terms.

(b) With respect to all options that were outstanding but not exercisable as of the Separation Date granted to you pursuant to the Plans and your related existing 1994 Plan Stock Option Agreements and 1999 Plan Stock Option Agreements, as applicable (the "Unvested Option Agreements"), with a current exercise price of $50.00 or less (excluding the options granted to you pursuant to your 1994 Plan Nonstatutory Stock Option Agreement dated October 18, 2001 and related 2001 Performance-Based Option Program Compensation Reduction Election Form (the "E-Grant V Options")) (the "Continuing Unvested Options", each as identified on Attachment B), such Continuing Unvested Options shall continue to become

exercisable during the period commencing on your Separation Date and ending on March 6, 2006, as described in the related Unvested Option Agreements, as if your employment with the Capital One Group had not terminated. The expiration date for the Continuing Unvested Options shall be March 6, 2006, at which time such Continuing Unvested Options, if unexercised, will automatically and immediately expire. With respect to all options that were outstanding but not exercisable as of the Separation Date granted to you pursuant to Unvested Option Agreements with a current exercise price of $50.01 or more and the E-Grant V Options (collectively, the "Expiring Unvested Options", each as identified on Attachment C), such Expiring Unvested Options will be deemed to have expired on the Separation Date, in accordance with their terms.

(c) Notwithstanding anything in this Paragraph 4 to the contrary, in the event of your death at any time prior to March 6, 2006, (i) with respect to any options that were outstanding and exercisable on the date of your death, your estate, or the person or persons to whom the rights under such options shall have passed by will or the laws of descent and distribution, may exercise such options at any time prior to the earlier of (x) the one-year anniversary of the date of your death and (y) March 6, 2006, at which time such options, if unexercised, will automatically and immediately expire and (ii) with respect to any such options that were outstanding and not exercisable on the date of your death, such options will expire on such date.

(d) You understand that the modification of the options as set forth herein may adversely affect the treatment of such options under Section 422 of the Internal Revenue Code of 1986, as amended.

(e) Any option or any portion of an option not exercised as of the expiration dates set forth herein shall be, or shall be deemed to have been, automatically and immediately cancelled as of such dates.

(f) Any option or any portion of an option swapped after your Separation Date will not re-load.

(g) With respect to the shares of restricted stock granted to you pursuant to your 1994 Plan Restricted Stock Agreement (the "Restricted Stock Agreement"), dated December 6, 2002 (24,370 shares), the restrictions on such shares shall continue to lapse as described in the Restricted Stock Agreement, as if your employment with the Capital One Group had not terminated; provided, that (x) a portion of such shares, the fair market value of which Capital One determines in its sole and absolute discretion to be sufficient to satisfy all applicable federal, state and local withholding tax requirements attributable to the modifications made to your restricted stock pursuant to this Paragraph 4(g), shall immediately become transferable and all restrictions thereon shall lapse as of the Effective Date and (y) such portion of such shares shall be returned to Capital One in satisfaction of such withholding tax requirements as

soon as administratively practicable after the Effective Date; and, provided further, that upon your death all such shares shall immediately become transferable and all restrictions thereon shall lapse.

(h) Your Vested Option Agreements, Unvested Option Agreements and Restricted Stock Agreement shall each be deemed modified consistent with the foregoing provisions of this Paragraph 4. However, other than as expressly provided, the foregoing provisions of this Paragraph 4 are not intended to change in any manner the terms of any options or restricted stock granted to you pursuant to the Vested Option Agreements, the Unvested Option Agreements or Restricted Stock Agreement, as applicable.

5. **Benefit Continuation.**

(a) For a portion of the IPPA Period, you may be entitled to elect to exercise COBRA rights in accordance with federal law. You will receive separate notice of any such COBRA rights. In the event you elect COBRA coverage, Capital One will assume the cost of the employer's portion of the monthly premium and the 2% COBRA administrative fee (such amounts together, the "COBRA Subsidy") for each month you are enrolled through August 31, 2004. You will pay the remaining balance of the COBRA premium directly to the COBRA administrator. Capital One will reimburse you as soon as reasonably practicable after the Effective Date for any amount of the COBRA Subsidy you may have paid to Capital One prior thereto. In the event you previously elected COBRA coverage, Capital One will continue your participation in its group health plan, to the extent permitted by its terms, for the period of September 1, 2004 through and including February 28, 2005, and will continue to pay an amount equal to the COBRA Subsidy toward the cost of such continued coverage each month you are enrolled. In the event your continued participation in Capital One's group health plan is not permitted by its terms following August 31, 2004, for each month during the period of September 1, 2004 through and including February 28, 2005 in which you are not enrolled in such group health plan, Capital One will pay to you an amount equal to the COBRA Subsidy to assist you in purchasing private medical insurance. Should you become covered under another party's health insurance plan or should you die between the Separation Date and February 28, 2005, all payments by Capital One under this Paragraph 5 shall immediately be terminated. You agree to notify Capital One immediately of the date that you become covered under another party's health insurance plan.

(b) If you wish to continue any optional supplemental life insurance in effect as of your Separation Date, please contact Tom Scales at (804) 934-8071. All other benefits, including but not limited to, those provided under the Long Term Managed Income Protection plan, Short Term Managed Income Protection plan, AD&D policy, the Associate Stock Purchase Plan and Associate Savings Plan will be discontinued as of the Separation Date other than as expressly provided for under this Agreement.

6. **Executive Life Insurance Program.** Capital One will continue to pay the employer portion of the premiums associated with your life insurance coverage under the Capital One Executive Life Insurance Program (the "ELIP") through the earlier of the date you become eligible to receive coverage under a group life insurance program not sponsored by Capital One and the conclusion of the IPPA Period. You will be responsible for the employee portion of the premiums. You will have ninety (90) days from the date Capital One's contributions end to determine whether to continue independently your current life insurance coverage amount or a lesser amount under the ELIP in accordance with the terms of the ELIP. At the commencement of such ninety (90) day period, you will receive notification directly from Lander & Associates regarding your choices for continuing coverage. For such ninety (90) day period, you shall be solely responsible for any premiums or other costs associated with your participation in the ELIP. In the event Capital One replaces the ELIP with another death benefit program, Capital One will provide coverage to you under such death benefit program comparable to your coverage under the ELIP immediately prior to its replacement through the earlier of the date you become eligible to receive coverage under a group life insurance program not sponsored by Capital One and the conclusion of the IPPA Period; provided that you shall be responsible for the employee portion of any premiums or costs associated with such death benefit program in accordance with the terms and conditions thereof; provided further that if you are not eligible to participate in such death benefit program, Capital One shall otherwise arrange for comparable life insurance coverage and you shall be responsible for any premiums or costs associated with such coverage comparable to the employee portion of premiums or costs under such death benefit program. In such case, when your coverage ends pursuant hereto, Capital One will provide you with information regarding your choices for continuing coverage, if any, under such death benefit program. You agree to notify Capital One immediately of the date that you become eligible to receive coverage under a group life insurance program not sponsored by Capital One.

7. **Associate Savings Plan.** You will be considered a terminated participant under Capital One's Associate Savings Plan as of the Separation Date. All of your deductions, as well as Capital One's contributions (including, without limitation, the basic contribution, the company match based on your pre-tax deductions, and any performance contributions), made on your behalf with respect to the Associate Savings Plan shall cease as of the Separation Date. Please refer to the exit paperwork for details on your options upon termination with respect to the Associate Savings Plan.

8. **Excess Savings Plan.** The vested value in your account under Capital One's Excess Savings Plan will be distributed directly to you in accordance with the plan's provisions beginning no later than September 30, 2003. Please consult your Executive Compensation Program Guide for more information.

9. **Executive Financial Services.** You may use the full, unused portion of the current program year's annual allowance provided for under the Executive Financial Services Program (the "EFSP") for any tax preparation or other financial services which were started with Ernst & Young, LLP as of your Separation Date, but which have not yet been completed. Any unfinished tax planning or financial services as described above must be completed by September 30, 2003. You will not receive any further annual allowance under the EFSP.

10. **Return of Company Assets.** All assets of the Capital One Group (including, but not limited to confidential information, telephones, fax machines, personal computers, corporate credit cards and phone cards) must be returned to Capital One upon execution of this Agreement, except as specifically provided for herein or as authorized by Capital One. By signing and returning this Agreement, you represent and certify that, except as authorized by Capital One, you have left with, or returned to, Capital One all memoranda, notes, documents, business plans, customer lists, computer programs, computer discs, CD_ROMS and any other records, of any kind, and any and all copies thereof (whether written or electronic), made or compiled, in whole or in part, by you, or made available to you during the course of your employment with the Capital One Group.

11. **Automobile.** Capital One will continue to provide you with your leased automobile (including payment of all reasonable related expenses and charges) until May 30, 2003, in accordance with Capital One's applicable policy.

12. **Home Security System.** Capital One will continue to pay the monthly monitoring fee for your home security system through and including the expiration date of the current contract with the service provider.

13. **Notice of Certain Events.** You agree to notify Capital One if you accept employment with or begin to perform services, directly or indirectly, for any person or entity, at any time during the IPPA Period. You also agree to notify Capital One if, during the IPPA Period, the nature of your employment changes, the identity of your employer changes, you are promoted or transferred to a new position or you become covered under another party's health or life insurance plan. This notice shall be sent immediately upon the occurrence of any event requiring such notice and shall be sent to:

Frank G. LaPrade, III
Deputy General Counsel
Capital One Financial Corporation
11013 West Broad Street
Glen Allen, Virginia 23060
(804) 967-1185

Any such notice shall describe the event requiring such notice in reasonably sufficient detail to enable Capital One to determine whether you are complying with the terms and restrictions set forth in this Agreement and the IPPA (as modified hereby).

14. **Address of Record.** You have provided the address listed below as your address of record for receipt of mailings from Capital One:

David M. Willey
1221 Towlston Road
Great Falls, VA 22066

If the address changes, you agree to immediately notify Capital One in writing of your new address of record.

15. **Confidentiality.**

(a) You agree that the fact, terms and conditions of this Agreement and the IPPA (as modified hereby) are strictly confidential, and, with the exception of your spouse, counsel and tax advisors, or except to the extent required by (i) an order of a court having jurisdiction or under subpoena from an appropriate government agency (in which event, you will use your best efforts to consult with Capital One prior to responding to any such order or subpoena) or (ii) applicable law (as determined in Capital One's sole and absolute discretion), shall not be disclosed to any other person, entities or organizations, whether or not employed by the Capital One Group. Notwithstanding anything herein to the contrary, you (and each of your representatives or other agents) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and tax structure with respect to the payments and benefits to be provided to you pursuant to this Agreement and all materials of any kind (including opinions or other tax analyses) that are provided to you or your representatives or other agents, as the case may be, relating to such tax treatment and tax structure. For this purpose, "tax structure" means any facts relevant to the U.S. federal income tax treatment with respect to the payments and benefits to be provided to you pursuant to this Agreement.

(b) In addition, you agree not to use for your own benefit or for the benefit of others, or divulge to others, including without limitation, future employers, in any manner whatsoever, any of Capital One's Confidential Information (as defined below), except as expressly authorized by Capital One and except as may be required by law or legal process. In the event you are requested by subpoena, court order, investigative demand, search warrant or other legal process to disclose the Confidential Information of Capital One, you will immediately notify Capital One of such request and will not disclose any Confidential Information unless and until Capital One has expressly authorized you to do so in writing or has had a full opportunity to object to such a request and to litigate the matter. For the purposes of this Agreement, "Confidential Information" means information and materials which identify or concern past, present or future customers, businesses or plans, or constitute, embody or relate to research, development, financial accounting, programming and systems, inventions, databases, product designs, product implementations, modeling techniques, models, testing, test results, customer lists, marketing strategies, business plans, existing or potential new lines of business, credit policies and practices, accounts of customers or associates of the Capital One Group or any other information or materials made or furnished by the Capital One Group. Confidential Information may be written, oral, electronic, recorded on tape or in any other media, and includes without limitation, information embodied in documents, drawings, graphs, charts, presentations, recordings, microfiche, tapes, computer programs, computer discs, CD_ROMs and other data compilations. Additionally, unless Capital One advises you to the contrary in writing, Confidential Information shall include all software, hardware and other information supplied to the Capital One Group by third parties that is used by the Capital One Group in its business. The foregoing is not intended to change in any manner your obligations with respect to confidential information set forth and defined in Section 2 of the IPPA.

16. **Cooperation.** If requested by the Capital One Group, you hereby agree to reasonably cooperate (including by attending meetings) with respect to any claim, arbitral hearing, lawsuit, action, proceeding or governmental or internal investigation relating to the business of the Capital One Group prior to the Separation Date and to provide full and complete disclosure to the Capital One Group in response to any inquiry in connection with any such matters. Capital One agrees to reimburse you for your reasonable expenses incurred in connection with such cooperation; provided that Capital One shall not be obligated to reimburse your expenses in connection with any proceeding in which you or your interests are, in whole or in part, as determined by Capital One, adverse to those of the Capital One Group, or if such proceeding involves, in whole or in part, your violation of any obligation which you owed to the Capital One Group during the course of or in connection with your employment thereby.

17. **Non-Disparagement.** You shall not make any statements or release any information (or encourage others to make any statements or release any information)

that disparages or defames the Capital One Group or any of its directors or officers or otherwise adversely affects the reputation of the Capital One Group or any of its directors or officers. In addition, you shall not make any statements or release any information (or encourage others to make any statements or release any information) to current or prospective employees of the Capital One Group that criticizes or otherwise undermines the Capital One Group's business or strategy, management processes or governance or any of its directors or officers. Notwithstanding the foregoing, nothing herein shall prohibit you from making truthful statements when required by order of a court or other body having jurisdiction or as otherwise required by law.

18. **Outstanding Liabilities.** Notwithstanding anything herein to the contrary, any liabilities you may have to the Capital One Group, including, without limitation, any liabilities in respect of outstanding loans or advances by the Capital One Group and any liabilities to reimburse the Capital One Group for any personal expenses (such as for taxis, car service or meals) that you have charged to the Capital One Group, must be paid in full before payment of any amounts will be made to you under this Agreement or Capital One may, at its option, deduct any such amounts from any payment to be made to you pursuant to this Agreement, to the extent permitted by applicable law.

19. **General Release of Claims.** In consideration of the payments and other consideration provided for in this Agreement, that being good and valuable consideration, the receipt, adequacy and sufficiency of which are acknowledged by you, you, on your own behalf and on behalf of your agents, administrators, representatives, executors, successors, heirs, devisees and assigns (collectively, the "Releasing Parties"), do hereby fully release, remise, acquit and forever discharge Capital One and its parent, subsidiary and affiliated corporations, organizations and entities, including without limitation CAPITAL ONE FINANCIAL CORPORATION, CAPITAL ONE BANK, CAPITAL ONE, F.S.B., CAPITAL ONE SERVICES, INC., CAPITAL ONE AUTO FINANCE, PEOPLEFIRST, INC., and AMERIFEE CORPORATION INC., and each of them, and all of their respective past, present and future divisions, departments, units, affiliates, partners, joint ventures, stockholders, predecessors, successors, assigns, insurers, officers, directors, employees, agents, representatives, attorneys and independent contractors of all such released corporations, organizations and entities (collectively, the "Released Parties"), and each of them, jointly and severally, from any and all claims, rights, demands, debts, obligations, losses, causes of action, actions, suits, controversies, setoffs, affirmative defenses, counterclaims, third party actions, damages, penalties, costs, expenses, attorneys' fees, liabilities and indemnities of any kind or nature whatsoever (collectively, the "Claims"), whether known or unknown, suspected or unsuspected, accrued or unaccrued, whether at law, equity, administrative, statutory or otherwise, and whether for injunctive relief, back pay, fringe benefits, reinstatement, reemployment, or compensatory, punitive or any other

kind of damages, which any of the Releasing Parties ever have had in the past or presently have against the Released Parties, and each of them, arising from or relating to your employment with Capital One or the termination of that employment or any circumstances related thereto, or any other matter, cause or thing whatsoever, including without limitation all claims arising under or relating to employment, employment contracts, employee benefits or purported employment discrimination or violations of civil rights of whatever kind or nature, including without limitation all claims arising under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Civil Rights Acts of 1866 and/or 1871, the Americans With Disabilities Act of 1990, the Age Discrimination in Employment Act ("ADEA"), Executive Order 11246, the Equal Pay Act of 1963, the Rehabilitation Act of 1973, the Family and Medical Leave Act of 1993, any state human rights act, or any other applicable federal, state or local employment discrimination statute, law or ordinance, including, without limitation any disability claims under any such laws. You further agree that you will not file or permit to be filed on your behalf any such Claim. However, the Releasing Parties are not releasing rights they have, if any, under any qualified employee retirement plan or under this Agreement nor are the Releasing Parties releasing any rights or claims that may arise after the date on which you sign this Agreement. In addition, you are not releasing any rights to, or claims for, indemnification from Capital One pursuant to (x) its Restated Certificate of Incorporation and Restated Bylaws or (y) Capital One's Board of Directors' Resolutions, dated November 1, 2002 and December 6, 2002, and any undertaking signed by the Executive in connection therewith, to the extent such indemnification by Capital One is permitted by federal or Delaware law. Those rights, and only those rights, survive unaffected by this Agreement. Notwithstanding any provision of this Agreement to the contrary, this release is not intended to interfere with your right to file a charge with the Equal Employment Opportunity Commission (the "EEOC") in connection with any claim you believe you may have against Capital One or its affiliates. However, by executing this Agreement, you hereby waive the right to recover in any proceeding you may bring before the EEOC or any state human rights commission or in any proceeding brought by the EEOC or any state human rights commission on your behalf. In addition, this release is not intended to interfere with your right to challenge that your waiver of any and all potential ADEA claims pursuant to this Agreement is a knowing and voluntary waiver, notwithstanding your specific representation that you have entered into this Agreement (including this release) knowingly and voluntarily.

20. **Waiver of ADEA Rights and Claims/Opportunity for Review.** You understand that this Agreement specifically releases and waives all rights and claims you may have under ADEA prior to the date on which you sign this Agreement. You agree and acknowledge that your execution of this Agreement is completely voluntary and that you have been advised to consult with an attorney prior to executing this Agreement to ensure that you fully and thoroughly understand its legal significance. You understand that you may consider whether to agree to the terms contained in

this Agreement for a period of twenty-one (21) days after the date of this Agreement during which time you should consult with counsel. You agree that any changes made to this Agreement, whether material or immaterial, will not restart the running of such twenty-one (21) day period. You further acknowledge and understand that you may revoke this Agreement within seven (7) days after its execution by you and that this Agreement is not effective or enforceable until such revocation period has expired and you have not revoked this Agreement during such seven (7) day period. To revoke this Agreement, you must deliver a written revocation to Frank G. LaPrade, III at the address set forth above under Paragraph 13. If you exercise your right to revoke hereunder, you shall forfeit your right to receive any of the payments and benefits to be provided to you pursuant to this Agreement as set forth in Paragraph 3 above.

21. **Effect of Violation.**

(a) In connection with the events underlying the matters referenced in, related to or arising from the Security and Exchange Commission's (the "SEC") Wells notice, dated February 13, 2003, regarding the SEC's intention to recommend that a civil action be brought against you and Joy S. Willey, in the event that (i) a final adjudication (regardless of whether any appeal may be available) by a court in any civil action brought by the SEC or in any criminal action brought by any United States Attorney's Office establishes any violation of federal securities laws or regulations or other wrongdoing on your part or (ii) you make an admission of any violation of federal securities laws or regulations or other wrongdoing to the SEC or to any United States Attorney's Office, you understand and agree that, as of the date of such adjudication or admission (the "Finding Date"), Capital One's obligations to you regarding the modification of your Continuing Unvested Options and restricted stock as set forth in Paragraph 4 hereof shall be void and, with respect to any Continuing Unvested Options outstanding on the Finding Date or any restricted stock remaining subject to restrictions on the Finding Date, you agree that you will (i) immediately forfeit the right to exercise any and all such Continuing Unvested Options and such Continuing Unvested Options shall automatically and immediately be cancelled and (ii) immediately forfeit any and all such shares of restricted stock. In the event that you exercised Continuing Unvested Options prior to the Finding Date or the restrictions on shares of restricted stock lapsed prior to the Finding Date, you shall pay to Capital One within ten (10) days after the Finding Date an amount equal to the sum of (x) with respect to each share of stock received upon the exercise of such Continuing Unvested Option, the excess of the fair market value of a share of stock on the date of exercise over the exercise price per share with respect to such Continuing Unvested Option and (y) with respect to each such share of restricted stock (including any share of restricted stock returned to Capital One in satisfaction of withholding taxes pursuant to Paragraph 4(g) hereof), the fair market value of such share on the date the restrictions on such share lapsed. For purposes of this Agreement, "fair market value" shall have the meaning set forth in the 1994 Plan.

(b) You understand and agree that in the event (x) Capital One determines that (i) you have not complied in all respects with the terms and conditions of this Agreement and the IPPA (as modified hereby) or (ii) any act(s) or omission(s) by you prior to the Separation Date could have given rise to a termination of your employment with the Capital One Group for Cause (as defined in the IPPA) (each such determination to be made solely and conclusively by Capital One in its absolute discretion) or (y) there is (A) a final adjudication (including any appeal) by a court, (B) final determination by a regulatory body or (C) admission by you to any court or regulatory body that you violated any federal or state banking or securities law prior to the Separation Date (other than with respect to the matters covered in Paragraph 21(a) above), as of the date of such determination, adjudication or admission (the "Determination Date"), Capital One's obligations to you for all payments and benefits provided for under this Agreement as set forth in Paragraph 3(i), (ii), (iv) and (v) above shall be void and you shall be required to immediately forfeit, and reimburse Capital One within ten (10) days after the Determination Date for, any and all such payments and benefits provided to you by Capital One prior to and including the Determination Date, except as otherwise prohibited by ADEA or regulations thereunder, and all reasonable costs and attorneys' fees incurred by Capital One in defending any action brought by you in violation of, or brought by Capital One to enforce, this Agreement or the IPPA (as modified hereby). With respect to any determination made by Capital One under clause (x) of this Paragraph 21(b), Capital One shall provide you with notice of such determination ten days prior to the Determination Date, and such notice shall include a brief explanation of the reasons for such determination.

(c) You agree that the amounts set forth in this Paragraph 21 shall be in addition to any other damages or relief to which Capital One may be entitled. You further acknowledge that any violation of this Agreement or the IPPA (as modified hereby) by you will result in irreparable harm to the Capital One Group which cannot be fully and adequately addressed by the award of monetary damages, consent to the issuance of a temporary restraining order and preliminary and permanent injunctive relief as appropriate remedies for violation of this Agreement or the IPPA (as modified hereby) by you, and agree not to contest the entry of same if sought by the Capital One Group.

22. **No Further Payments or Benefits.** You understand and agree that you will not receive any payments or benefits from the Capital One Group after the Separation Date, except as expressly provided for under this Agreement. Furthermore, you acknowledge that, except for the payments made by Capital One as expressly provided for under this Agreement, you are not entitled to any payment in the nature of severance or termination pay from the Capital One Group.

23. **No Admission of Liability.** This Agreement is solely for the purpose of amicably resolving all outstanding issues between you and the Capital One Group, and you

represent and warrant that any payments or benefits provided to you under the terms of this Agreement do not constitute an admission by Capital One or any of the Released Parties that it has violated any law or legal obligation with respect to any aspect of your employment or separation therefrom.

24. **Integration/Effect on Prior Agreements.** This Agreement constitutes the final and complete agreement between the parties relating to the subject matter hereof, and you agree and stipulate that no other representations have been made by the Capital One Group or any of its officers or directors to you except those expressly set forth herein, and that this Agreement resolves all outstanding issues arising from or relating to your employment with the Capital One Group, and that you will not receive anything further from the Capital One Group except as provided herein. In addition, except as expressly provided for herein, this Agreement is intended to replace in its entirety any prior agreements between you and the Capital One Group relating to the terms of your employment (including, without limitation, the severance provisions thereof), other than (x) the IPPA which shall expressly remain in full force and effect according to its terms (including the Non-Competition Covenant and the non-solicitation and confidentiality provisions set forth therein) as modified hereby, (y) with respect to any rights to or claims for indemnification from Capital One, Capital One's (1) Restated Certificate of Incorporation and Restated Bylaws and (2) Board of Directors' Resolutions dated November 1, 2002 and December 6, 2002, to the extent such indemnification by Capital One is permitted by federal or Delaware law and (z) the Undertaking executed by the Executive on October 31, 2002. With respect to the Amended and Restated Change of Control Employment Agreement dated as of January 25, 2000, by and between you and Capital One, such Change of Control Employment Agreement shall be null and void and all obligations of the parties thereto shall terminate as of the Separation Date, except for those obligations with respect to certain gross-up payments set forth in Section 9 thereof which are made a part of this Agreement as though set forth herein. Furthermore, you hereby acknowledge that the termination of your employment with the Capital One Group did not occur at the request of a third party who has taken steps reasonably calculated to effect a change of control of Capital One and has not otherwise arisen in connection with or in anticipation of a change of control of Capital One.

25. **Choice of Law/Forum Selection.** To ensure uniformity of the enforcement of this Agreement, and irrespective of the fact that either of the parties now is or may become, a resident of a different state or country, this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia without regard to its principles of conflicts of law. Capital One and you hereby submit to the jurisdiction and venue of any state or federal court located within the Commonwealth of Virginia for resolution of any such claims, causes of action or disputes arising out of, related to or concerning this Agreement. You further agree that any claims, causes of action, or disputes arising out of, relating to or concerning

this Agreement shall only have jurisdiction and venue in the state or federal courts of the Commonwealth of Virginia.

26. **Modification.** This Agreement may only be modified, amended or revised by a writing signed by both parties.

27. **No Waiver.** Any waiver by the Capital One Group of any provision of this Agreement in any instance must be in writing and shall not be deemed a waiver of such provision in the future.

28. **Severability.** It is the intent of the parties that the provisions of this Agreement be enforced to the fullest extent permissible under applicable law. If any provision of this Agreement shall be adjudged by any court of competent jurisdiction to be invalid or unenforceable, such judgment shall not invalidate any other provision of this Agreement. The parties agree that if a court of competent jurisdiction adjudges any provision of this Agreement to be invalid or unenforceable, such court shall modify such provision so that it is enforceable to the extent permitted by applicable law and consistent with the parties' intent.

29. **Assignability.** This Agreement is personal to you and shall not be assignable by you without prior written consent from Capital One. Capital One may assign this Agreement to any other person or entity at its sole and absolute discretion.

30. **Successor.** This Agreement and all promises made herein shall survive the execution of this Agreement and shall be binding upon and inure to the benefit of the parties and their respective successors, assigns, heirs, administrators, representatives, and executors, as applicable.

31. **Taxes.** Capital One may withhold from any payments made under this Agreement, or require you to pay to Capital One, all applicable federal, state and local taxes, including but not limited to income, employment and social insurance taxes, as shall be required by law, as determined by Capital One in its sole and absolute discretion, in connection with this Agreement, including without limitation, any such taxes required to be withheld as a result of the modifications made to your restricted stock in Paragraph 4 herein.

32. **Headings.** The headings in this Agreement are included for convenience only and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

33. **Opportunity for Review.** You agree and acknowledge that your execution of this Agreement is completely voluntary and that you have been advised to consult with an attorney prior to executing this Agreement to ensure that you fully and thoroughly understand its legal significance. Accordingly, the rule of construction to the effect that ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement. Rather, the terms of this Agreement shall be construed fairly as to both parties hereto and not in favor of or against either party.

34. **Counterparts.** This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which counterpart, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

If the terms of this Agreement are acceptable to you, please indicate your agreement by signing below and returning the original to Frank G. LaPrade, III, Capital One Financial Corporation, 11013 West Broad Street, Glen Allen, VA 23060. Please be advised that the terms offered in this Agreement shall be automatically withdrawn if this Agreement is not executed by the close of business on July 31, 2003.

If you have any questions, please contact me directly.

Sincerely,

/s/ Richard D. Fairbank

Richard D. Fairbank
Chief Executive Officer

You are advised to discuss the benefits and obligations outlined in this Agreement, including the provision relating to your general release of claims, with an attorney or advisor of your choice.

Agreed to and accepted by:

Mr. David M. Willey
July 8, 2003

/s/ David M. Willey	July 31, 2003
David M. Willey	Date

Acknowledgment

On the 31st day of July 2003, before me personally came David M.Willey, who, being by me duly sworn, did depose and say that he resides at 1221 Towlston Road and did acknowledge and represent that he has had an opportunity to consult with attorneys and other advisers of his choosing regarding the Letter of Agreement attached hereto, that he has reviewed all of the terms of such Agreement and that he fully understands all of its provisions, including, without limitation, the general release and waiver set forth therein.

/s/ JASON D. ALLEY

Notary Public

Date: 7/31/2003

Commission Expires: 9/30/2007

ATTACHMENT A

EXPIRING VESTED OPTIONS

- 3 options granted pursuant to the 1994 Plan Incentive Stock Option Agreement dated January 23, 1997
- 1,785 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated April 27, 1998
- 2,493 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated June 11, 1998 (EntrepreneurGrant III)
- 2,430 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated July 27, 1998
- 300 options granted pursuant to the 1999 Plan Nonstatutory Stock Option Agreement dated April 29, 1999
- 2,745 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated May 4, 1999
- 1,764 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated May 4, 1999
- 1,038 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated May 5, 1999
- 4,500 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated May 5, 1999
- 2,606 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated February 7, 2000
- 24,000 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated May 30, 2000
- 4,232 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated June 2, 2000
- 6,890 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated August 24, 2000

- 6,130 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated September 8, 2000
- 5,371 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated September 13, 2000
- 9,227 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated May 21, 2001
- 58,333 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated October 18, 2001
- 2,038 options granted pursuant to the 1994 Plan Incentive Stock Option Agreement dated December 13, 2001
- 32,962 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated December 13, 2001
- 1,631 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated May 9, 2002

ATTACHMENT B

CONTINUING UNVESTED OPTIONS

- 12,000 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated May 30, 2000
- 116,667 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated October 18, 2001
- 4,076 options granted pursuant to the 1994 Plan Incentive Stock Option Agreement dated December 13, 2001
- 65,924 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated December 13, 2001
- 2,929 options granted pursuant to the 1994 Plan Incentive Stock Option Agreement dated December 6, 2002
- 40,971 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated December 6, 2002

ATTACHMENT C

EXPIRING UNVESTED OPTIONS

- 132,708 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated April 29, 1999 (EntrepreneurGrant IV)
- 90,643 options granted pursuant to the 1994 Plan Nonstatutory Stock Option Agreement dated October 18, 2001 (EntrepreneurGrant V)

EXHIBIT 31.1

CERTIFICATION FOR
QUARTERLY REPORT ON FORM 10-Q
OF CAPITAL ONE FINANCIAL CORPORATION AND CONSOLIDATED SUBSIDIARIES

I, Richard D. Fairbank, certify that:

1. I have reviewed this quarterly report of Capital One Financial Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2003

CAPITAL ONE FINANCIAL CORPORATION
By: /s/ RICHARD D. FAIRBANK

Richard D. Fairbank
Chairman of the Board, Chief Executive
Officer and President

EXHIBIT 31.2

CERTIFICATION FOR
QUARTERLY REPORT ON FORM 10-Q
OF CAPITAL ONE FINANCIAL CORPORATION AND CONSOLIDATED SUBSIDIARIES

I, David R. Lawson, certify that:

1. I have reviewed this quarterly report of Capital One Financial Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2003

CAPITAL ONE FINANCIAL CORPORATION
By: /s/ DAVID R. LAWSON

David R. Lawson
Executive Vice President and
Chief Financial Officer

EXHIBIT 32.1

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Richard D. Fairbank, Chairman of the Board, Chief Executive Officer and President of Capital One Financial Corporation, a Delaware corporation ("Capital One"), do hereby certify that:

The Quarterly Report on Form 10-Q for the period ended June 30, 2003 (the "Form 10-Q") of Capital One fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Capital One.

Dated: August 8, 2003

By: /s/ RICHARD D. FAIRBANK

Richard D. Fairbank
Chairman of the Board, Chief Executive
Officer and President

EXHIBIT 32.2

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, David R. Lawson, Executive Vice President and Chief Financial Officer of Capital One Financial Corporation, a Delaware corporation ("Capital One"), do hereby certify that:

The Quarterly Report on Form 10-Q for the period ended June 30, 2003 (the "Form 10-Q") of Capital One fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Capital One.

Dated: August 8, 2003

By:/s/ DAVID R. LAWSON

David R. Lawson
Executive Vice President and
Chief Financial Officer