CAPITAL ONE FINANCIAL CORP
Form DEF 14A
March 20, 2019
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement
[ ] Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[X] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Under §240.14a-12

Capital One Financial Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

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Notice of Capital One Financial Corporation s

2019 Annual Stockholder Meeting

Important Notice Regarding the Availability of Proxy Materials for

The Stockholder Meeting To Be Held On May 2, 2019

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

The Annual Stockholder Meeting of Capital One Financial Corporation (Capital One or Company) will be held at Capital One s campus at 1600 Capital One Drive, McLean, Virginia 22102, on May 2, 2019, at 10:00 a.m. local time.

Items of Business

As a stockholder, you will be asked to:

- **Elect eleven nominated directors, who are listed in the proxy statement, as directors of Capital One;**
- **Ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for 2019;**
- **Approve, on a non-binding advisory basis, our 2018 Named Executive Officer compensation (Say on Pay);**
- **Approve and adopt the Capital One Financial Corporation Fifth Amended and Restated 2004 Stock Incentive Plan; and**
- **Consider a stockholder proposal requesting stockholders right to act by written consent, if properly presented at the meeting.**

Stockholders also will transact other business that may properly come before the meeting.

Record Date

You may vote if you held shares of Capital One common stock as of the close of business on March 5, 2019 (Record Date).

Proxy Voting

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

Annual Stockholder Meeting Admission

Due to space limitations, attendance is limited to stockholders and one guest each. Admission to the meeting is on a first-come, first-served basis. Registration will begin at 9:00 a.m. local time. Valid government-issued picture identification and proof of stock ownership as of the Record Date must be presented to attend the meeting. If you hold Capital One stock through a broker, bank, trust or other nominee, you must bring a copy of a statement reflecting your stock ownership as of the Record Date. If you plan to attend as the proxy of a stockholder, you must present a legal proxy from your bank, broker, trust or other nominee vote. Cameras, recording devices and other electronic devices are not permitted. If you require special assistance at the meeting because of a disability, please contact the Corporate Secretary at 1600 Capital One Drive, McLean, VA 22102.

We look forward to seeing you at the meeting.

On behalf of the Board of Directors,

John G. Finneran, Jr.

Corporate Secretary

March 20, 2019

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Proxy Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all the information you should consider in voting your shares. Please read the complete proxy statement and our annual report carefully before voting.

Meeting Information

Date:	Thursday, May 2, 2019
Time:	10:00 a.m. local time
Location:	1600 Capital One Drive, McLean, Virginia, 22102
Record Date:	March 5, 2019

How to Vote

Your vote is important. You may vote your shares via the Internet, by telephone, by mail or in person at the Annual Stockholder Meeting. Please refer to the section How do I vote? on page 122 for detailed voting instructions. If you vote via the Internet, by telephone or in person at the Annual Stockholder Meeting, you do not need to mail in a proxy card.

INTERNET	TELEPHONE	MAIL	IN PERSON
Visit www.proxyvote.com. You will need the control number printed on your	Dial toll-free (1-800-690-6903) or the telephone number on	If you received a paper copy of the proxy materials, send your completed and signed proxy card or voting instruction form	By following the instructions under Can I attend the Annual Meeting? on page 121 and requesting a ballot when you

notice, proxy card or voting instruction form.	your voting instruction form. You will need the control number printed on your notice, proxy card or voting instruction form.	using the enclosed postage-paid envelope.	arrive.

On March 20, 2019, we began sending our stockholders a Notice Regarding the Internet Availability of Proxy Materials.

Voting Items

Item 1	***Election of Directors*** You are being asked to elect the following eleven candidates for director: Richard D. Fairbank, Aparna Chennapragada, Ann Fritz Hackett, Peter Thomas Killalea, Cornelis Petrus Adrianus Joseph (Eli) Leenaars, Pierre E. Leroy, François Locoh-Donou, Peter E. Raskind, Mayo A. Shattuck III, Bradford H. Warner and Catherine G. West. Each director nominee is standing for election to hold office until our next annual stockholder meeting or until his or her successor is duly elected and qualified. For additional information regarding our director nominees, see Our Board of Directors beginning on page 10 and Biographies of Director Nominees beginning on page 18 of this proxy statement. For a description of our corporate governance practices, see Corporate Governance at Capital One beginning on page 10 of this proxy statement. *Our Board of Directors unanimously recommends that you vote FOR each of these director nominees.*

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Corporate Governance Highlights

Board of Directors Members and Leadership	Board Governance Best Practices
Ten of our eleven director nominees are independent; Chief Executive Officer (CEO) and founder is the only member of management who serves as a director	Frequent executive sessions of independent directors that regularly include separate meetings with our Chief Financial Officer (CFO), General Counsel, Chief Risk Officer, Chief Audit Officer, Chief Credit Review Officer and Chief Compliance Officer
Active and empowered Lead Independent Director elected annually by independent directors	Annual assessments of the Board and each of its committees, the independent directors and the Lead Independent Director
Active and empowered committee chairs, all of whom are independent	Active engagement and oversight by the Board of Company strategy, risk and the Company s political activities and contributions
Board of Directors (Board) consists of directors with a mix of tenures, including long-standing members, relatively new members, and others at different points along the tenure continuum	Direct access by the Board to key members of management at the discretion of independent directors
Directors reflect a variety of experiences and skills that match the Company s complexity and strategic direction and give the Board the collective capability necessary to oversee the Company s activities	Annual CEO evaluation process led by the Lead Independent Director
Regular discussions regarding Board recruiting, succession and refreshment including director skills and qualifications that support the Company s long-term strategic objectives	Regular talent and succession planning discussions regarding the CEO and other key executives
	Regular meetings between the Board and federal banking regulators

Stockholder Engagement and Stockholder Role in Governance

Regular outreach and engagement throughout the year with stockholders regarding Company strategy and performance by our CEO, CFO and Investor Relations team

Outreach and engagement with governance representatives of our largest stockholders at least two times per year

Feedback from investors regularly shared with our Board and its committees to ensure that our Board has insight on investor views

Board and Governance and Nominating Committee receive and review extensive briefings and benchmarking reports on corporate governance practices and emerging corporate governance issues

Majority voting for directors with resignation policy in uncontested elections

Stockholders holding at least 25% of outstanding common stock may request a special meeting

Proxy access on market terms (stockholders holding 3% of outstanding common stock for three years can nominate director candidates)

No supermajority vote provisions for amendments to Bylaws and Certificate of Incorporation or removing a director from office

No stockholder rights plan (commonly referred to as a poison pill)

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Item 2	***Ratification of Selection of our Independent Registered Public Accounting Firm*** You are being asked to ratify the Audit Committee s selection of Ernst & Young LLP as our independent registered public accounting firm for 2019. For additional information regarding the Audit Committee s selection of and the fees paid to Ernst & Young LLP, see Audit Committee Report on page 102 and Ratification of Selection of Independent Registered Public Accounting Firm on page 104 of this proxy statement. *Our Board of Directors unanimously recommends that you vote FOR the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm.*

Item 3	***Advisory Vote on our Named Executive Officer Compensation (Say on Pay)*** You are being asked to approve on an advisory basis the compensation of our named executive officers. For additional information regarding our executive compensation program and our named executive officer compensation, see Compensation Discussion and Analysis beginning on page 48 and Named Executive Officer Compensation beginning on page 81 of this proxy statement. *Our Board of Directors unanimously recommends that you vote FOR the advisory approval of our 2018 Named Executive Officer Compensation as disclosed in this proxy statement.*

Our executive compensation program is designed to attract, retain, motivate and reward leaders who can foster strong business results and promote our long-term success. We believe our executive compensation program strongly links rewards with both business and individual performance over multiple time horizons, which aligns our executives interests with those of our stockholders while supporting safety and soundness and appropriately balancing risk.

2018 Company Performance

Each year the Compensation Committee (the Committee) and the other independent members of our Board (the Independent Directors) review and evaluate the Company s qualitative and quantitative performance and make determinations regarding the compensation of our named executive officers (NEOs) based on Capital One s pay-for-performance philosophy. The Committee s top priority is to implement a compensation program that aligns the interests of our NEOs with the interests of our stockholders. The Committee also seeks to directly link the compensation of the NEOs with the Company s performance, and the executives contributions to that performance over appropriate time horizons. The Committee and the Independent Directors have the flexibility to adjust compensation decisions from year to year to take into account Company and individual performance, as well as evolving market practices.

In 2018, Capital One delivered strong financial and operating results including record revenues and profits while continuing to invest in attractive long-term growth opportunities. We improved our franchise, unveiling new products and broadening our brand with marketing and advertising campaigns that drove awareness and growth. We delivered value to our customers and empowered them with great digital experiences and extended billions of dollars of credit to consumers, small business owners and commercial clients while maintaining our focus on risk and resilience. We attracted great talent and our people practices continue to garner recognition. We believe our investments will result in a company with the scale, brand, capabilities, talent and values to succeed as the digital revolution transforms our society and our industry.

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In particular, the Committee recognized and considered the following when awarding compensation for the 2018 performance year to our NEOs[(1)]:

Record Diluted Earnings Per Share (EPS[(2)]) of $11.82, or $10.88, net of adjustments, a 40.6% increase from 2017, outpacing all companies in our peer comparator group, driven by strong credit performance and operating results in all of our major lines of business (see Market Data beginning on page 76 for a description of our peer comparator group). Record net income of $5.7 billion, driven by record net income in our Domestic Card business.

Revenue Growth of 3.1% compared to 2017, fueled by balanced performance across our major business lines, including record purchase volume growth in our Domestic Card business of 15.4% over 2017.

Return on Average Tangible Common Equity[(3)] of 18.6%, an increase of 55.0% from 2017 (as adjusted for the impacts of the Tax Cuts and Jobs Act of 2017 (Tax Act)), which is above our peer comparator group s median of 17.1%.

Tangible Book Value per share growth (including the effect of common dividends) of 17.5%, the second-highest of our peer comparator group. Tangible Book Value per share grew from $60.28 to $69.20, with quarterly common dividends totaling $1.60 per common share, driven by strong profitability and capital management.

Total Shareholder Return (TSR) of -22.8%, 11.2%, and 8.4% over one-, three-, and five-year periods as compared to the TSR of the KBW Bank Index of -17.7%, 25.4%, and 37.8% over the same time periods.

Execution Against Strategic Corporate Imperatives. We continued to make significant but disciplined investments to transform and reimagine our infrastructure, data, digital tools, and talent. We broadened our brand, enhanced our customer experience and strengthened our risk and control environment. We entered into a new partnership with Walmart, the world s largest retailer, and invested in attractive growth opportunities that will result in growth and returns in the future.

See Executive Summary beginning on page 49 and Year-End Incentive Opportunity beginning on page 61 for more information regarding the Company s 2018 performance.

Highlights of Our 2018 Compensation Programs

We believe that our NEO compensation programs balance risk and financial results, reward NEOs for their achievements, promote our overall compensation objectives and encourage appropriate, but not excessive, risk-taking. Our compensation programs are structured to encourage our executives to deliver strong results over the short term while making decisions that create sustained value for our stockholders over the long term. Key features of our 2018 compensation programs include:

No CEO Cash Salary. Our CEO does not receive a cash salary and 100% of his compensation is at-risk based on his and the Company s performance.

(1) The Committee considers these metrics to be key financial performance measures in its assessment of the Company s performance, including certain non-GAAP measures. While certain of our non-GAAP measures are widely used by investors, analysts and bank regulatory agencies to assess the capital position of financial services companies, they may not be comparable to similarly titled measures reported by other companies. See Appendix A for our definition and reconciliation of these non-GAAP measures to the applicable amounts measured in accordance with GAAP.

(2) Diluted EPS is presented on both a GAAP and non-GAAP basis. The non-GAAP measures consist of our adjusted results that the Committee believes are indicative of the Company s performance and help investors and users of our financial information understand the effect of adjusting items on our selected reported results and provide alternate measurements of our performance. See Appendix A for our reconciliation of the non-GAAP measures to the applicable amounts measured in accordance with GAAP.

(3) The ROTCE presented for 2017 is adjusted to exclude the $1.77 billion impact of the Tax Act. The adjusted amount is a non-GAAP measure that the Committee believes is indicative of the Company s performance and helps investors and users of our financial information understand the effect of the Tax Act on our selected reported results and provide alternate measurements of our performance. See Appendix A for our definition and reconciliation of these non-GAAP measures to the applicable amounts measured in accordance with GAAP.

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Payout of 60% of CEO Compensation Determined by Formula. 60% of CEO compensation granted for 2018 was in the form of performance shares that provide for vesting based entirely on the Company s performance on an absolute basis and relative to the Company s peers over a three-year period.

76% of CEO Pay is Equity-Based Compensation. 76% of our CEO s 2018 total compensation and 55% of all other named executive officer compensation for 2018 was equity-based to align with stockholder interests.

All CEO Compensation Deferred for 3 Years. All CEO compensation is deferred for at least three years.

Awards Based on Company and Individual Performance. All named executive officers receive incentive awards based on Company and/or individual performance. For 2018, 100% of CEO compensation and 80% of the compensation for the other named executive officers was based on Company and/or individual performance.

All Equity Awards Contain Performance and Recovery Provisions. All equity awards contain performance and recovery provisions that are designed to enhance alignment between pay and performance and to balance risk. See Additional Performance Conditions and Recovery Provisions beginning on page 71 for more information about these provisions.

2018 Compensation Decisions

2018 CEO Performance Year Compensation. The CEO s compensation for the 2018 performance year was composed of equity awards designed to provide the CEO with an incentive to focus on long-term performance and the opportunity for a year-end incentive award based on the Committee s evaluation of the Company s performance and the CEO s contributions to that performance. Mr. Fairbank s total compensation for performance year 2018 was $17.5 million and consisted of:

Performance Shares granted in February 2018 under which he may receive from 0% to 150% of a target number of 100,268 shares of the Company s common stock based on the Company s performance over a three-year period beginning January 1, 2018; and

Year-End Incentive Award totaling $7 million granted in January 2019 in recognition of the Company s record financial performance in 2018 and consisting of a deferred cash bonus of $4.2 million and a grant of 34,744 cash-settled restricted stock units (RSUs) valued at $2.8 million. The deferred cash bonus is mandatorily deferred for three years into the Company s Voluntary Non-Qualified Deferred Compensation Plan and will pay out in the first calendar quarter of 2022. The award of RSUs will vest in full on February 15, 2022, and settle in cash based on the Company s average stock price over the fifteen trading days preceding the vesting date.

The chart below shows Mr. Fairbank s actual total compensation for performance year 2018:

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Below is a table showing Mr. Fairbank s compensation awards as they are attributable to the performance years indicated. For the years shown in the table, Mr. Fairbank s total target compensation was $17.5 million. See 2018 CEO Compensation Program beginning on page 56 for additional information regarding Mr. Fairbank s 2018 performance year compensation.

		Year-End Incentive		Long-Term Incentives			
Performance Year	Cash Salary	Deferred Cash Bonus	Cash-Settled RSUs	Stock-Settled Awards	Performance Shares	Option Awards	Total
2018	$	$4,200,000	$2,800,019	$	$10,500,065	$	$17,500,084
2017	$	$3,727,500	$2,485,006	$	$ 8,750,041	$1,750,018	$16,712,565
2016	$	$2,677,500	$1,785,080	$1,750,026	$ 8,750,002	$1,750,003	$16,712,611

The table above is presented to show how the Committee views compensation actions and to which year the compensation awards relate. This table differs substantially from the Summary Compensation Table required for this proxy statement beginning on page 81 and is therefore not a substitute for the information required in that table. See Chief Executive Officer Compensation beginning on page 56 for a description of the compensation paid to our CEO.

2018 NEO Performance Year Compensation. NEO (other than the CEO) compensation for the 2018 performance year was composed of a mix of cash and equity-based compensation consisting of a base salary and an annual year-end incentive opportunity which consisted of a cash incentive and a long-term incentive opportunity. The long-term incentive opportunity was comprised of performance shares and stock-settled RSUs as determined by the Committee. The chart below shows the elements of NEO (other than the CEO) compensation as an approximate percentage of NEO 2018 actual total compensation:

See NEO Compensation beginning on page 66 for a description of compensation to the NEOs (other than the CEO).

Say on Pay and Response to Stockholder Feedback

The Committee and the Board of Directors value the input of our stockholders. At our 2018 Annual Stockholder Meeting, more than 85% of our stockholders supported Capital One s named executive officer compensation. See Consideration of 2018 Say on Pay Vote beginning on page 53 for additional information regarding our Say on Pay vote.

In recent years, in response to feedback received from our stockholders, the Committee and the Independent Directors have made significant improvements to Capital One s executive compensation program, practices and disclosures. The changes aim to simplify the program structure, further align our executive compensation practices with best practices and principles and enhance the transparency of our disclosures:

Increased Alignment of CEO Pay and Performance. Beginning in 2019, the Committee and the Independent Directors increased the alignment of CEO compensation with Company performance and stockholder interests by increasing the percentage of the CEO s total target compensation tied to a year-end evaluation of CEO and Company performance from 40% to 90%. The Committee and the Independent Directors believe that this structure further aligns Mr. Fairbank s compensation with that of the Company s peers and provides a greater opportunity for the Committee and the Independent Directors to assess the Company and the CEO s performance after the completion of the performance year. In addition, this structure enhances the Committee and the Independent Directors ability to incorporate feedback from stockholders received during the year to ensure that the CEO s performance year compensation appropriately reflects the Company s compensation philosophy, principles and business results. See 2019 CEO Compensation Program beginning on page 65 for more information.

New Performance Share Award Metrics. Beginning in 2018, the performance shares awarded to the named executive officers vest based on two metrics: Common Dividends + Growth of Tangible Book Value per Share (D+TBV) and Adjusted ROTCE, each defined under Performance Share Award Metrics on page 59. The Committee and the Independent Directors believe that these two performance metrics, in combination, provide a balanced and rigorous measurement of Company performance by balancing the creation of long-term stockholder value and the returns generated on stockholders investment in the Company.

Simplified NEO Compensation Program. In 2018, the Committee and the Independent Directors modified the compensation program applicable to our NEOs (other than the CEO) to reduce the number of compensation vehicles, eliminating stock options and cash-settled RSUs, and more closely aligning the program vehicles and structure to the programs used by the Company s peers. For 2018, this resulted in a greater percentage of such NEOs compensation awarded in the form of performance shares and an increase of NEO (other than the CEO) total target compensation linked to Company and individual performance from 65% to 80%. See 2018 NEO Compensation Program beginning on page 66 for more information.

Enhanced Disclosures. We provided greater transparency regarding the Committee s use of discretion, particularly regarding the Company s performance and the year-end incentive awards granted to the NEOs, and introduced disclosure regarding the Company s approach to environmental and social matters in addition to further detailing our governance principles and practices.

Item 4

Approval and Adoption of the Capital One Financial Corporation Fifth Amended and Restated 2004 Stock Incentive Plan

You are being asked to approve and adopt the Capital One Financial Corporation Fifth Amended and Restated 2004 Stock Incentive Plan. For additional information regarding the proposal, see Approval and Adoption of the Capital One Financial Corporation Fifth Amended and Restated 2004 Stock Incentive Plan beginning on page 107 of this proxy statement.

Our Board of Directors unanimously recommends a vote FOR the approval and adoption of our Fifth Amended and Restated 2004 Stock Incentive Plan as disclosed in this proxy statement.

Item 5

Stockholder Proposal Requesting Stockholders Right to Act by Written Consent

You are being asked to vote on a stockholder proposal requesting stockholders right to act by written consent. For additional information regarding the proposal, see Stockholder Proposal Requesting Stockholders Right to Act by Written Consent beginning on page 117 of this proxy statement.

û *Our Board of Directors unanimously recommends a vote AGAINST the stockholder proposal as disclosed in this proxy statement.*

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Forward-Looking Statements

This document contains forward-looking statements that is, statements related to future events that by their nature address matters that are, to different degrees, uncertain. For details on the uncertainties that may cause our actual future results to be materially different than those expressed in our forward-looking statements, see the Forward-Looking Statements in our annual reports on Form 10-K and quarterly reports on Form 10-Q. We do not undertake to update our forward-looking statements. This document also includes certain forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially.

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Section I - Corporate Governance at Capital One

Overview of Corporate Governance at Capital One

Capital One is dedicated to strong and effective corporate governance that provides our Board of Directors (Board) with the appropriate framework to engage in ongoing oversight of the Company s activities. Our Board believes that robust, dynamic corporate governance policies and practices are the foundation of an effective and well-functioning board, and are vital to preserving the trust of our stakeholders, including customers, stockholders, regulators, suppliers, associates and the general public.

Information About Our Corporate Governance Policies and Guidelines

The Board has adopted Corporate Governance Guidelines to formalize its governance practices and provide its view of effective governance. Our Corporate Governance Guidelines embody many of our long-standing practices, policies and procedures, which collectively form a corporate governance framework that promotes the long-term interests of our stockholders, promotes responsible decision-making and accountability, and fosters a culture that allows our Board and management to pursue Capital One s strategic objectives. To maintain and enhance independent oversight, our Board regularly renews and refreshes its governance policies and practices as changes in corporate strategy, the regulatory environment and financial market conditions occur, and in response to investor feedback and engagement.

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

We encourage you to visit the Corporate Governance section of our website at www.capitalone.com. Select About, then Investors, to open the section where you can find our Corporate Governance Guidelines, Code of Conduct, Committee Charters, Certificate of Incorporation, and Amended and Restated Bylaws (Bylaws). For a description of the key governance practices of our Board, see Key Board Governance Practices beginning on page 25.

Our Board of Directors

Our Perspectives on Overall Board Composition and Refreshment

In recent years, the investor community has become increasingly focused on the composition of corporate boards and policies and practices that encourage board refreshment. At Capital One, we appreciate that our investors share our passion for cultivating a board that encompasses the optimal mix of diverse backgrounds, experiences, skills, expertise, qualifications, and an unwavering commitment to integrity and good judgment, in order to thoughtfully advise and guide management as they work to achieve our long-term strategic objectives.

The Governance and Nominating Committee, under the direction of its Chair, who also currently serves as the Company s Lead Independent Director, assesses the composition of and criteria for membership on the Board and its committees on an ongoing basis. In fulfilling this responsibility, the Governance and Nominating Committee has taken a long-term view and continuously assesses the resiliency of the Board over the next ten to fifteen years in alignment with the Company s strategic direction to determine what actions may be desirable to best position the Board for success. The Governance and Nominating Committee considers a variety of factors, including the Company s long-term strategy, the skills and experiences that directors provide to the Board (including in the context of the Company s strategy), the performance of the Board and the Company, the Board s director retirement policy (as described in the Company s Corporate Governance Guidelines), the Board s view that a resilient board should include members across a continuum of tenure, and the belief that valuable insights can be gained from gender and ethnic diversity among the Board s members. Over the last few years, the Governance and Nominating Committee has held discussions regarding director recruiting plans on a quarterly

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basis, and has provided regular updates to the Board on those plans. In support of the Board s long-term resiliency efforts, four new independent directors (representing more than 25% of the Board) have been appointed in the last five years.

As a result of these long-term strategic resiliency assessments, the Governance and Nominating Committee has articulated a set of principles on board composition, which include:

Board Skills	Consider the collective set of skills that allows the Board to cover all vectors of effective challenge of management, especially in the areas of business strategy, financial performance, enterprise risk management, cyber risk, technology innovation, and executive talent and leadership Ensure collective Board skill sets evolve with corporate strategy
Industry Experience	Seek and retain Board members with industry experience, both banking and technology, that align with our long-term strategy, understanding that such experience is critical to providing effective challenge Recognize that the financial services industry is complex and understand the importance of having directors who have witnessed the extended nature of the banking business and credit cycles and can share the wisdom of those experiences
Board Size	Consider the appropriate size of the Board in relation to promoting active engagement, open discussion and effective challenge of management Continuously assess the depth of successors available to assume Board leadership positions for both expected and unexpected departures

Tenure	Believe that it is critical to have members across a continuum of director tenure in order to ensure the effective oversight of a large financial institution, which must simultaneously embrace innovation and changing market and customer expectations and prudently preserve the safety and soundness of the institution through long-term business and credit cycles Seek to have a mix of long-standing members, relatively new members, and remaining members at different points along the tenure continuum to cultivate Board membership that collectively represents members who have actively overseen the Company s strategic journey through various business cycles, who have sufficient experience to assume Board leadership positions, and who bring fresh ideas and perspectives
Diversity	Believe having a Board with members who demonstrate a diversity of thought, perspectives, skills, backgrounds and experiences is important to building an effective and resilient board, and as a result, have a goal of identifying candidates that can contribute to that diversity in a variety of ways, including ethnically and gender diverse candidates
Evergreen Recruiting	Engage in a continuous process of identifying and assessing potential director candidates in light of the Board s collective set of skills and future needs Recognize that recruiting new directors is not one-dimensional and that effective Board members are those who have relevant backgrounds and expertise combined with a broad business acumen; strategic leadership; a commitment to risk management; an understanding of the intricacies of a large, public company; and a dedication to the Company and its stockholders, the Board as a whole, and to the individual members that comprise the Board
Staged Refreshment	Take a long-term perspective, working back from a destination, to enable thoughtful director refreshment that meets strategic needs while avoiding disruption Take a planned approach to changes in board membership, considering the timing of new director onboarding relative to planned retirements and departures

	Recognize that new directors need time to become familiar with the Company s business model and strategy and become deeply grounded in these matters to be well-positioned to challenge management effectively Acknowledge that relationships among Board members develop organically over time and recognize the importance of protecting and nurturing the open, values-based culture that the Board enjoys to appropriately oversee and challenge management

SECTION I - CORPORATE GOVERNANCE AT CAPITAL ONE

The Board leverages several long-standing practices and processes to support Board refreshment in keeping with the principles articulated above, including:

- Annual assessments of the Lead Independent Director (see Annual Assessment of the Lead Independent Director on page 25 for more information).
- Annual evaluations of the Board and its committees (see Annual Board and Committee Evaluations beginning on page 26 for more information).
- Annual assessments of individual directors (see Annual Assessment of Director Nominees on page 28 for more information).

Our Director Nominees

Our Board is presenting the following 11 nominees for election as directors at the Annual Stockholder Meeting. All of the nominees currently serve as directors on our Board and, other than Mr. Leenaars (who was appointed to our Board effective January 1, 2019) and Mr. Locoh-Donou (who was appointed to our Board effective March 1, 2019), all were elected by our stockholders at our 2018 Annual Stockholder Meeting. For a description of the specific experience and qualifications of each of our nominees, see Biographies of Director Nominees beginning on page 18.

Name	Age	Occupation	Director Since	Independent	Other Public Boards
Richard D. Fairbank	68	Chairman, Chief Executive Officer and President, Capital One Financial Corporation	1994	No	0
Aparna Chennapragada	42	Vice President, Augmented Reality, Google	2018		0

Ann Fritz Hackett	65	Partner and Co-Founder, Personal Pathways, LLC	2004		1
Peter Thomas Killalea	51	Owner and President, Aoinle, LLC; Former Vice President of Technology, Amazon.com	2016		3
Eli Leenaars	57	Vice Chairman of the Global Wealth Management Division, UBS Group AG	2019		0
Pierre E. Leroy	70	Managing Partner, Aspiture, LLC; Former Executive Chair and Chief Executive Officer, Vigilant Solutions; Former Division President, Deere & Co.	2005		0
François Locoh-Donou	47	President, Chief Executive Officer, and Director, F5 Networks, Inc.	2019		1
Peter E. Raskind	62	Former Chairman, President and Chief Executive Officer, National City Corporation	2012		0
Mayo A. Shattuck III	64	Chairman, Exelon Corporation; Former Chairman, President and Chief Executive Officer, Constellation Energy Group	2003		3

Bradford H. Warner	67	Former President of Premier and Small Business Banking, Bank of America Corporation	2008	0
Catherine G. West	59	Former Special Advisor, Promontory Financial Group; Former Associate Director and Chief Operating Officer, Consumer Financial Protection Bureau	2013	0

We would like to extend our appreciation to director Benjamin P. Jenkins, who will retire from our Board effective May 2, 2019 in accordance with our Corporate Governance Guidelines. Mr. Jenkins has been a director of Capital One since 2013, providing our Board and management with extensive knowledge and valuable insights from his over 38 years of experience in corporate banking, banking operations, investment banking, and management of customer relationships. We are deeply grateful to Mr. Jenkins for his many valuable contributions to Capital One and wish him well in his future endeavors.

We would also like to extend our appreciation to director Lewis Hay, III, who has decided not to stand for re-election to the Board at the 2019 Annual Stockholder Meeting due to other demands on his time. Mr. Hay has been a director of Capital One since 2003, providing our Board and management with extensive knowledge and insights on the complex strategic, operational, management, regulatory, financial, and governance issues faced by large public companies such as Capital One. We thank Mr. Hay for his commitment to Capital One over his 16 years of service and wish him well in his future endeavors.

Director Nominee Highlights (excluding our CEO)

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SECTION I - CORPORATE GOVERNANCE AT CAPITAL ONE

What We Look For in Individual Director Nominees

The evaluation and selection of director nominees is a key aspect of the Governance and Nominating Committee s regular evaluation of the composition of, and criteria for membership on, the Board. When considering director nominees, including incumbent directors eligible for re-election, nominees to fill vacancies on the Board, and nominees recommended by stockholders, the Governance and Nominating Committee focuses on the development of a Board composed of directors that meet the criteria set forth below.

Personal Characteristics	Commitment to the Company
High personal and professional ethics, integrity and honesty, good character and judgment	A willingness to commit the time and energy to satisfy the requirements of Board and committee membership, including the ability to attend and participate in meetings of the Board and committees of which they are a member and the annual meeting of stockholders and be available to management to provide advice and counsel
Independence and absence of any actual or perceived conflicts of interest	A willingness to rigorously prepare prior to each meeting and actively participate in the meeting
The ability to be an independent thinker and willingness to provide effective challenge to management	Possess, or be willing to develop, a broad knowledge of both critical issues affecting the Company and a director s roles and responsibilities
	A willingness to comply with Capital One s Director Stock Ownership Requirements, Corporate Governance Guidelines and Code of Conduct

Diversity	Skills and Experience
Diversity along a variety of dimensions, including the candidate s professional and personal experience, background, perspective and viewpoint, as well as the candidate s gender and ethnicity	The value derived from each nominee s skills, qualifications, experience and ability to impact Capital One s long-term strategic objectives
	Strong educational background
While diversity is evaluated in a broad sense based on experience, background and viewpoint, the Governance and Nominating Committee recognizes that Capital One serves diverse communities and customers, and believes that the composition of our Board should appropriately reflect this diversity	Substantial tenure and breadth of experience in leadership capacities
	Business and financial acumen
The Governance and Nominating Committee is committed to seeking highly qualified women and individuals from minority groups to include in the pool of nominees and has instructed the third-party search firm used in director recruiting efforts to consider these elements accordingly	Understanding of the intricacies of a public company
	Experience in risk management

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SECTION I - CORPORATE GOVERNANCE AT CAPITAL ONE

The Governance and Nominating Committee reviews its effectiveness in balancing these considerations when assessing the composition of the Board, and has determined that all of our director nominees possess the personal characteristics, level of commitment to the Company, diversity, and skills and experience that align with the Company s long-term strategy and that enable the Board to operate in an engaged and effective manner.

Specific Skills and Experience. The Governance and Nominating Committee and the Board regularly review the Board s membership in light of Capital One s business model and strategic goals and objectives, the regulatory environment and financial market conditions. In its review, the Governance and Nominating Committee considers whether the Board continues to possess the appropriate mix of skills and experience to oversee the Company in achieving these goals, and may seek additional directors as a result of this consideration. Our director nominees have specific experiences that, in the aggregate, meet an articulated set of director skills established by the Governance and Nominating Committee. These skills are not one-dimensional. Instead, these skills collectively allow our director nominees to leverage strategic and forward thinking, pattern recognition, and strong business acumen to inform Board discussions and create an engaged, effective, and strategically oriented Board.

Skills and Experience of our Director Nominees (excluding our CEO)[(1)]

(1) Skills defined below

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SECTION I - CORPORATE GOVERNANCE AT CAPITAL ONE

Strategic Planning and Transformation	Experience setting a long-term corporate vision or direction, developing desirable products and customer segments, assessing geographies in which to operate, and evaluating competitive positioning
Banking and Financial Services	Extended board experience or management experience in Retail Banking, Commercial Banking, Consumer Lending, Small Business Banking, Investment Banking, and/or other financial services
Retail and/or Commercial Banking Executive	Executive level experience and oversight of Retail and/or Commercial Banking
Digital, Technology, and Cybersecurity	Leadership and understanding of technology, digital platforms and cyber risk
Technology Executive	

	Executive level experience with direct oversight and expertise in technology, digital platforms and cyber risk
Risk Management and Compliance	Significant understanding with respect to the identification, assessment and oversight of risk management programs and practices
Public Company Senior Executive Management	Experience as a chief executive officer or other senior executive at a public company
Public Accounting and Financial Reporting	Experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements
Talent Management, Compensation and Succession Planning	Understanding of the issues involved with executive compensation, succession planning, human capital management, and talent management and development
Public Company Governance	Extended experience serving as a director on a large public company board and/or experience with public company governance issues and

policies, including governance best practices

Regulated Industries and Regulatory Issues	Experience with regulated businesses, regulatory requirements, and relationships with state and federal agencies

Other Considerations. For new nominees, the Governance and Nominating Committee may also consider the results of the nominee s interviews with directors and/or other members of senior management and any background checks the Governance and Nominating Committee deems appropriate. In 2018, Capital One continued its engagement with Spencer Stuart, a third-party director search firm, to identify and evaluate potential non-incumbent director candidates based on the criteria and principles described above.

When evaluating incumbent directors, the Governance and Nominating Committee also considers the director s performance throughout the year, including the director s attendance, preparation for and participation in Board and committee meetings, the director s annual evaluation, feedback received from fellow Board members, and the director s willingness to serve for an additional term, as further described in the section Annual Assessment of Director Nominees beginning on page 28.

Process for Stockholder Recommendations of Director Candidates

Stockholders may propose nominees for consideration by the Governance and Nominating Committee by submitting the names and other relevant information as required by Capital One s Bylaws, and further described in Capital One s Corporate Governance Guidelines, to the Corporate Secretary at Capital One s address set forth in the Notice. Capital One s Corporate Governance Guidelines require the Corporate Secretary to deliver a copy of the submitted information to the Chair of the Governance and Nominating Committee. The Governance and Nominating Committee will consider potential nominees proposed by stockholders on the same basis as it considers other potential nominees.

In addition, an eligible stockholder or group of stockholders may use Capital One s proxy access bylaws to include stockholder-nominated director candidates in the Company s proxy materials for annual meetings of stockholders. Our Bylaws permit up to 20 stockholders owning 3% or more of the Company s outstanding common shares of voting stock continuously for at least three years to nominate and include in the Company s proxy materials director nominees constituting up to two (2) individuals or 20% of the Board (whichever is greater) provided that the stockholder(s) and the nominee(s) satisfy the requirements specified in the Bylaws.

Director Independence

Except for our CEO, who is the Company s founder, the Board has affirmatively determined that the other members of our Board are independent under Capital One s Director Independence Standards, which have been adopted by the Board as part of Capital One s Corporate Governance Guidelines. The Board has concluded this based on a thorough assessment of whether each of its non-management members is independent under these standards. These standards reflect the director independence requirements set forth in the listing standards of the New York Stock Exchange (NYSE) and other applicable legal and regulatory rules, and also describe certain categorical relationships that the Board has determined to be immaterial for purposes of determining director independence. The categorical relationships the Board has deemed immaterial for purposes of determining director independence are: (i) relationships between Capital One and an entity where the director serves solely as a non-management director; (ii) transactions between Capital One and a director or a director s immediate family (or their primary business affiliations) that fall below the numerical thresholds in the NYSE listing standards (or do not otherwise preclude independence under those standards), and that are ordinary course, on arm s-length market terms, and, in the case of extensions of credit, followed usual underwriting procedures, contain no other unfavorable features and are in compliance with applicable legal and regulatory rules; and (iii) discretionary contributions to not-for-profit organizations, foundations, or universities in which a director serves as an executive officer that in any of the last three fiscal years do not exceed the greater of $1 million or 2% of the organization s consolidated gross revenues.

The Board has determined that each of the director nominees (excluding our CEO) is independent under these standards. The Board has also determined that Mr. Hay and Mr. Jenkins are independent under these standards. In making these determinations, the Governance and Nominating Committee and the Board reviewed certain information obtained from non-management directors responses to a questionnaire asking about their relationships with Capital One, and those of their immediate family members and primary business or charitable affiliations and other potential conflicts of interest, as well as certain information obtained through internal diligence conducted on Capital One s businesses related to transactions, relationships or arrangements between Capital One and a non-management director or their immediate family members, primary business or charitable affiliations. Following this review, the Board determined that the relationships or transactions complied with the Corporate Governance Guidelines and the related NYSE standards.

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SECTION I - CORPORATE GOVERNANCE AT CAPITAL ONE

Biographies of Director Nominees

Richard D. Fairbank

Chairman, Chief Executive Officer and President, Capital One Financial Corporation

Director Since: 1994

Age: 68

Capital One Committees:

None

Capital One Companies:

Capital One Bank (USA), National Association (Chair)

Capital One, National Association (Chair)

Mr. Fairbank is founder, Chairman, Chief Executive Officer, and President of Capital One Financial Corporation. As an innovator and entrepreneurial leader, Mr. Fairbank has grown Capital One from a start-up to one of the ten largest banks in America and 100 largest companies in the country as ranked by Fortune Magazine. Mr. Fairbank has been the CEO since the Company s Initial Public Offering in November 1994 and has served as the Chairman and CEO since February 1995. Since the founding of the Company, Mr. Fairbank has been responsible for overseeing both the Company s strategic direction as well as management of Capital One s day-to-day operations, and has driven strong organic business growth and executed a series of strategic acquisitions across retail and direct banking, credit cards, auto lending, and technology. Mr. Fairbank has extensive experience in financial services and has led the development, growth, and transformation of the Company s business capabilities since its founding, including technology, risk management, brand, customer experience, and talent development and diversity.

Prior to Capital One, Mr. Fairbank was Vice President and head of the banking practice at a national strategy consulting firm. Mr. Fairbank served on MasterCard International s Global Board of Directors from February 2004 until

May 2006.

Additional Public Directorships (current):

None

Aparna Chennapragada

Vice President, Augmented Reality, Google

Director Since: 2018

Age: 42

Capital One Committees:

Compensation Committee

Risk Committee

Capital One Companies:

Capital One Bank (USA), National Association

Ms. Chennapragada, a computer scientist and current Vice President at Google, has more than 18 years of experience in leading teams, driving strategy, and developing successful flagship products. As an accomplished executive with experience in technology innovation and development, leading change initiatives, product development, strategy, machine learning, and talent management, she brings significant insights on mobile, artificial intelligence, and technology s transformational impact on business and consumers.

Ms. Chennapragada has been a leader at Google for more than a decade and has served as Vice President of Product Management since October 2017, where she oversees product management for new product areas in augmented reality. Prior to her current role, Ms. Chennapragada was a Senior Director and Technical Assistant to the CEO at Google from May 2016 to September 2017, where she helped drive various company-wide product efforts and company-wide product strategy reviews. She also served as a Director and Group Product Manager for Google Now from March 2013 to April 2016, was a Senior Product Manager on Google Search from September 2010 to February 2013, and began her career with the company leading a team of 30 research scientists and engineers in the development of new algorithmic features for YouTube and Google from July 2008 to September 2010. Prior to joining Google, Ms. Chennapragada served in various roles at Akamai Technologies, Inc. from September 1999 to June 2008.

Additional Public Directorships (current):

None

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Lead Independent Director

Director Since: 2004

Age: 65

Capital One Committees:

Compensation Committee

Governance and Nominating Committee (Chair)

Risk Committee

Capital One Companies:

Ann Fritz Hackett

Partner and Co-Founder, Personal Pathways, LLC

Ms. Hackett has more than 30 years of experience in developing and leading critical strategic and human capital initiatives. She has worked with boards of directors, chief executive officers and senior executives to identify strategic opportunities and execute solutions during periods of business and financial challenges and transformation. Ms. Hackett also has experience in corporate governance and risk matters as a result of her participation with public company boards of directors and related governance committees, non-profit boards and consulting engagements.

Ms. Hackett is currently a partner of Personal Pathways, LLC, a technology company she co-founded in 2007 to provide companies with a web-based enterprise collaboration insights platform to better advance high performance professional relationships and support the kind of complex problem-solving required in today s distributed workplace. Prior to her current role at Personal Pathways, in 1996 she founded and served as the President of Horizon Consulting Group, LLC, providing global consumer product and service companies with innovative strategy and human capital initiatives. Prior to launching Horizon Consulting, Ms. Hackett spent 11 years at a leading national strategy consulting firm where she served as Vice President and Partner, served on the Management Committee, led Human Resources, and developed her expertise in strategy, managing cultural change, creating performance management processes and a performance-based culture, developing leadership talent, and planning for executive succession. Ms. Hackett is also a member of Tapestry Networks Lead Director Network, a select group of lead directors who collaborate on matters regarding board leadership. She also previously served as a director of Beam, Inc. (formerly Fortune Brands, Inc.) from December 2007 until April 2014.

Capital One, National Association

Additional Public Directorships (current):

Fortune Brands Home & Security, Inc.

Peter Thomas Killalea

Owner and President, Aoinle, LLC; Former Vice President of Technology, Amazon.com

Director Since: 2016

Age: 51

Mr. Killalea, a seasoned technology executive and advisor, has deep expertise in product development, digital innovation, customer experience, and security.

Capital One Committees:

Compensation Committee

Risk Committee

Mr. Killalea is currently the Owner and President of Aoinle, LLC, a consulting firm he founded in November 2014 to provide advice to technology-driven companies. From May 1998 to November 2014, Mr. Killalea served in various leadership roles at Amazon, most recently as its Vice President of Technology for the Kindle Content Ecosystem. He led Amazon s Infrastructure and Distributed Systems team, which later became a key part of the Amazon Web Services Platform. Prior to that, he served as Amazon s Chief Information Security Officer and Vice President of Security.

Mr. Killalea also currently serves on the editorial board of ACM Queue (Association for Computing Machinery). He previously served on the board of Xoom Corporation (acquired by PayPal Inc.) from March 2015 to November 2015.

Capital One Companies:

Capital One, National Association

Additional Public Directorships (current):

Akamai Technologies, Inc.

Carbon Black

MongoDB, Inc.

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SECTION I - CORPORATE GOVERNANCE AT CAPITAL ONE

Eli Leenaars

Vice Chairman of the Global Wealth Management Division, UBS Group AG

Director Since: 2019 (new nominee)

Age: 57

Capital One Committees:

Audit Committee

Risk Committee

Capital One Companies:

None

Mr. Leenaars has over 30 years of experience in the financial services sector, including institutional and investment banking, asset management, corporate and retail banking, and in cultivating sophisticated client relationships. A respected expert on the future of digital banking, as well as global industry trends in finance, investment, banking, and leadership, Mr. Leenaars has experience managing businesses through a wide range of matters including complex corporate restructuring, strategic initiatives, and challenging financial environments.

Mr. Leenaars has served as Vice Chairman of the Global Wealth Management Division at UBS Group AG, a Swiss multinational investment bank and financial services company, since April 2015. In this role, he engages on senior relationship management with a focus on UBS largest non-U.S. clientele. Prior to joining UBS, Mr. Leenaars enjoyed a 24-year career at ING Group N.V., a Dutch multinational banking and financial services company, and various of its subsidiaries. From January 2010 until March 2015, he served as the CEO of ING Retail Banking Direct and International for ING, where he was responsible for Retail Banking and Private Banking worldwide. This included serving as CEO of ING Direct N.V., the parent company of ING Direct in the U.S., which pioneered the national direct deposit platform. Between 2004 and 2010, Mr. Leenaars was also member of ING s Executive Board with responsibility for ING s Global Retail and Private Banking operations and Group Technology and Operations. In addition, Mr. Leenaars previously served as a member of our Board from May 2012 to September 2012 in connection with Capital One s acquisition of ING Direct.

Mr. Leenaars is a member of the Supervisory Board of the Royal Concertgebouw (Amsterdam) and member of the Executive Committee of the Trilateral Commission (Paris, Tokyo, and Washington, DC).

Additional Public Directorships (current):

None

Pierre E. Leroy

Director Since: 2005

Age: 70

Capital One Committees:

Audit Committee

Compensation Committee

Capital One Companies:

Capital One Bank (USA), National Association

Managing Partner, Aspiture, LLC

Mr. Leroy has a deep knowledge and understanding of business operations and complex financial requirements through his experience as CEO and Executive Chairman of a digital analytic software company and managing partner of an advisory and consulting business, in addition to his experience leading and managing large complex international marketing, engineering and manufacturing organizations and serving on other public company boards.

In 2015, Mr. Leroy established Aspiture, LLC, an advisory and private equity firm which invests primarily in digital companies offering unique customer solutions. Prior to launching Aspiture, Mr. Leroy served in various leadership roles at Vigilant Solutions, Inc. (formerly Vigilant Video, Inc.), an industry-leading pioneer of innovative intelligence solutions that help law enforcement protect officers, families and communities. These leadership roles included Executive Chairman of Vigilant (from March 2012 to 2015), and as Chief Executive Officer (from July 2012 until June 2013).

Mr. Leroy spent much of his professional career at Deere & Company, a world leader in providing advanced products and services for agriculture, forestry, construction, lawn and turf care, landscaping and irrigation, which also provides financial services worldwide and manufactures and markets engines used in heavy equipment. While at Deere & Company, Mr. Leroy served as President of both the Worldwide Construction & Forestry Division and the Global Parts Division before retiring in 2005, and also served in a number of positions in finance, including Treasurer, Vice-President and Treasurer, and Senior Vice-President and Chief Financial Officer. Mr. Leroy has also served as a director on the boards of United Rentals, Inc. (from April 2012 to May 2015), RSC Holdings Inc. and RSC Equipment Rental from (May 2008 to April 2012 (when RSC was acquired by United Rentals), and Beam, Inc. (formerly Fortune Brands, Inc.) (from September 2003 to February 2012).

Additional Public Directorships (current):

None

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François Locoh-Donou

President, Chief Executive Officer, and Director, F5 Networks, Inc.

Director Since: 2019 (new nominee)

Age: 47

Capital One Committees:

None

Capital One Companies:

None

Mr. Locoh-Donou has nearly two decades of enterprise technology experience, building a wide range of product teams, and operations around the world. He is well known for his ability to envision where industries are going and inspire organizations to identify and execute on future growth opportunities especially in the areas of cloud, software, analytics, and security.

In April 2017, Mr. Locoh-Donou was hired as the President and Chief Executive Officer of F5 Networks, where he has refocused the company on Applications Services Software (including Security) for Multi-Cloud environments. He is also the only management member of the F5 Board of Directors. Prior to joining F5, Mr. Locoh-Donou held successive leadership positions at Ciena Corporation (from 2002 to March 2017), a network strategy and technology company, including Chief Operating Officer; Senior Vice President, Global Products Group; Vice President and General Manager, EMEA; Vice President International Sales; and Vice President and Marketing. Prior to joining Ciena, Mr. Locoh-Donou held research and development roles with Photonetics, a French opto-electronics company.

Mr. Locoh-Donou is also the co-founder and Chairman of Cajou Espoir, a cashew-processing facility that employs several hundred people in rural Togo, 80 percent of whom are women.

Additional Public Directorships (current):

F5 Networks, Inc.

Peter E. Raskind

Former Chairman, President and Chief Executive Officer, National City Corporation

Director Since: 2012

Age: 62

Capital One Committees:

Governance and Nominating Committee

Risk Committee (Chair)

Capital One Companies:

Capital One Bank (USA), National Association

Mr. Raskind has more than 30 years of banking experience, including in corporate banking, retail banking, wealth management/trust, mortgage, operations, technology, strategy, product management, asset/liability management, risk management and acquisition integration. Through his extensive banking career, he has served in a number of leadership roles and held positions of successively greater responsibility in a broad range of consumer and commercial banking disciplines, including cash management services, corporate finance, international banking, wealth management and corporate trust, retail and small business banking, operations and strategic planning.

Most recently, Mr. Raskind was a consultant to banks and equity bank investors as the owner of JMB Consulting, LLC, which he established in February 2009 and managed through 2017. Prior to founding JMB Consulting, Mr. Raskind served as Chairman, President and Chief Executive Officer of National City Corporation, one of the largest banks in the United States, until its merger with PNC Financial Services Group in December 2008. Mr. Raskind has served as a director of United Community Banks, Inc. and Visa USA and Visa International. He also served on the board of directors of the Consumer Bankers Association, was a member of the Financial Services Roundtable, and on the executive committee of the National Automated Clearing House Association. In addition, Mr. Raskind served as Interim Chief Executive Officer of the Cleveland Metropolitan School District in 2011, and in 2010, he served as Interim Chief Executive Officer of the Cleveland-Cuyahoga County Port Authority.

Additional Public Directorships (current):

None

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SECTION I - CORPORATE GOVERNANCE AT CAPITAL ONE

Director Since: 2003

Age: 64

Capital One Committees:

Compensation Committee (Chair)

Governance and Nominating Committee

Capital One Companies:

Capital One, National Association

Mayo A. Shattuck III

Chairman, Exelon Corporation; Former Chairman, President and Chief Executive Officer, Constellation Energy Group

Mr. Shattuck has decades of experience in global corporate finance and lending, corporate strategy, capital markets, risk management, executive compensation and private banking, has led two large, publicly held companies and has served on other public company boards.

Mr. Shattuck is currently Chairman of the Board of Chicago-based Exelon Corporation, the nation s largest competitive energy provider and commercial nuclear plant operator. He previously served as Executive Chairman of the Board of Exelon from March 2012 through February 2013. Prior to its merger with Exelon, Mr. Shattuck was Chairman, President and Chief Executive Officer of Constellation Energy Group, a leading supplier of electricity to large commercial and industrial customers, a position he held from 2001 to 2012.

Mr. Shattuck also has extensive experience in the financial services industry. He was previously at Deutsche Bank, where he served as Chairman of the Board of Deutsche Banc Alex. Brown and, during his tenure, also served as Global Head of Investment Banking and Global Head of Private Banking. From 1997 to 1999, Mr. Shattuck served as Vice Chairman of Bankers Trust Corporation, which merged with Deutsche Bank in 1999. In addition, from 1991 to 1997, Mr. Shattuck was President and Chief Operating Officer and a director of Alex. Brown & Sons, a major investment bank, which merged with Bankers Trust in 1997. Mr. Shattuck is the former Chairman of the Institute of Nuclear Power Operators.

Additional Public Directorships (current):

Alarm.com

Exelon Corporation

Gap, Inc.

Bradford H. Warner

Former President of Premier and Small Business Banking, Bank of America Corporation

Director Since: 2008

Age: 67

Capital One Committees:

Audit Committee (Chair)

Risk Committee

Capital One Companies:

Capital One Bank (USA), National Association

Mr. Warner has deep experience in a broad range of commercial, consumer, investment and international banking leadership roles, as well as in corporate banking functions, customer relationships, corporate culture change management, enterprise risk management, and technology.

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

Throughout his banking career, Mr. Warner served in leadership roles for many of the major business lines and functional disciplines that constitute commercial banking, including leadership of retail and branch banking, consumer lending (credit cards, mortgage and home equity), student lending and small business; various corporate banking functions, including community banking and capital markets businesses, such as underwriting, trading and sales of domestic and international fixed income securities, foreign exchange and derivatives; international banking businesses in Asia, northern Latin America and Mexico; and several investment-related businesses, including private banking, asset management and brokerage. He also served on the most senior management policy and governance committees at BankBoston, FleetBoston and Bank of America.

Additional Public Directorships (current):

None

Catherine G. West

Former Special Advisor, Promontory Financial Group; Former Associate Director and Chief Operating Officer, Consumer Financial Protection Bureau

Director Since: 2013

Age: 59

Capital One Committees:

Audit Committee

Risk Committee

Capital One Companies:

Capital One Bank (USA), National Association

Ms. West has a multifaceted background in financial services with more than 30 years of experience in financial services operations, business line management (P&L), regulatory matters, technology platform conversions, process automation and innovation, and strategy development. She has experience in initial public offerings, and mergers and acquisitions, and has a keen understanding of business strategy, operations, and the regulatory perspective in the financial services industry.

Ms. West served as a Special Advisor to Promontory Financial Group, a financial services consulting firm, from May 2013 until her departure in October 2013, and as Managing Director from April 2012 until April 2013. From March 2011 to April 2012, Ms. West was the Associate Director and Chief Operating Officer of the Consumer Financial Protection Bureau (the CFPB) a federal agency tasked with regulating U.S. consumer protection with regard to financial services and products, where she led the start-up of the agency s infrastructure. While at the CFPB, Ms. West also played an integral part in implementing a Consumer Response unit designed to solicit views from consumers regarding their experiences with financial institutions and leveraged those views to effect policy change. Prior to joining the CFPB, she served as the Chief Operating Officer of J.C. Penney from August 2006 to December 2006. Ms. West was an executive officer at Capital One Financial Corporation from March 2000 to July 2006, where she served in roles that included President of the U.S. Card business and Executive Vice President of U.S. Consumer Operations. Prior to her time at Capital One, Ms. West spent over 10 years primarily in consumer card banking at several institutions.

Additional Public Directorships (current):

None

Board Leadership Structure

Our Board has carefully considered the critical issue of Board leadership in the context of Capital One s specific circumstances, culture, strategic objectives and challenges. The diverse backgrounds and experiences of our directors provide the Board with broad perspectives from which to determine the leadership structure best suited for Capital One and the long-term interests of Capital One s stockholders and other stakeholders.

We believe that our existing Board leadership structure, with Mr. Fairbank acting as CEO and Chairman of the Board, provides the most effective governance framework and allows our Company to benefit from Mr. Fairbank s talent, knowledge, and leadership as the founder of Capital One and allows him to use the in-depth focus and perspective gained in running the Company to effectively and efficiently lead our Board. Capital One appropriately maintains strong independent and effective oversight of our business and affairs through our empowered Lead Independent Director; all-independent Board committees with independent chairs that oversee the Company s operations, risks, performance and business strategy; experienced and committed directors; and frequent executive sessions without management (including Mr. Fairbank) in attendance.

Lead Independent Director

Our Board believes that an active, empowered Lead Independent Director is key to providing strong, independent leadership for the Board. The Lead Independent Director position, elected annually by the disinterested independent directors upon the recommendation of the Governance and Nominating Committee, is a critical aspect of our corporate governance framework.

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The Lead Independent Director s responsibilities include:

Board Leadership

- Organizing and presiding over executive sessions
- Setting the agendas for and leading executive sessions
- Has authority to call meetings of the independent directors
- Soliciting feedback for and engaging the CEO on executive sessions
- Advising the Chairman of the Board on the retention of advisors and consultants who report directly to the Board
- Advising the Governance and Nominating Committee and the Chairman of the Board on the membership of Board committees and the selection of committee chairs
- Acting as a key advisor to the CEO on a wide variety of Company matters

Board Culture

- Serving as liaison between the Chairman of the Board and the independent directors
- Facilitating discussion among the independent directors on key issues and concerns outside of Board meetings

Ensuring Board discussions demonstrate effective challenge of management

Facilitating teamwork and communication among the independent directors

Fostering an environment that allows for engagement and commitment of Board members

Board Meetings

Approving meeting agendas for the Board

Approving information sent to the Board

Approving meeting schedules and working with the Chairman of the Board and committee chairs to assure there is sufficient time for discussion of all agenda items

Presiding at all meetings of the Board at which the Chairman of the Board is not present

Performance and Development

Leading the annual performance assessment of the CEO

Facilitating the Board s engagement with the CEO and CEO succession planning

Leading the Board s annual self-assessment and recommendations for improvement, if any

Stockholder Engagement

If requested by larger stockholders, ensuring that he or she is available for consultation and direct communication

Reviewing stockholder communications addressed to the full Board, to the Lead Independent Director, or to the independent directors, as appropriate

In evaluating candidates for Lead Independent Director, the independent directors consider several factors, including each candidate s corporate governance experience, Board service and tenure, leadership roles, and ability to meet the necessary time commitment. For an incumbent Lead Independent Director, the independent directors also consider the results of the candidate s annual Lead Independent Director assessment, as described in Annual Assessment of the Lead Independent Director below.

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SECTION I - CORPORATE GOVERNANCE AT CAPITAL ONE

Annual Assessment of the Lead Independent Director

To support the independent directors in electing a Lead Independent Director, the Governance and Nominating Committee oversees an annual process to evaluate the effectiveness of the Lead Independent Director. Each year the Governance and Nominating Committee designates one independent director as the facilitator, who solicits input and feedback from all directors on the performance and effectiveness of the Lead Independent Director. The facilitator shares the results with the Governance and Nominating Committee and, as appropriate, the Board, without the Lead Independent Director present. The independent directors consider the results of this assessment in the annual election of the Lead Independent Director.

Our Lead Independent Director is currently Ms. Hackett. As Lead Independent Director, Ms. Hackett has a strong record of active engagement both inside and outside the board room, including regular meetings with federal regulators and company executives in one-on-one and group settings. Ms. Hackett is also an active member of Tapestry Networks Lead Director Network, a select group of lead independent directors from America s most successful companies who share a commitment to improving corporate performance and earning stockholder trust through more effective board leadership. Leveraging her significant experience serving in leadership capacities in a variety of environments, Ms. Hackett has fostered a culture of collaboration, diligence, trust and mutual respect that allows the Board to work effectively to provide oversight of and effective challenge to management. Based on her performance, the independent directors unanimously supported Ms. Hackett s re-election as Lead Independent Director for a one-year term beginning May 2018.

Key Board Governance Practices

2018 Board Meetings and Attendance

The Board held 21 meetings and the Board s committees collectively held 40 meetings

All directors then serving attended the 2018 Annual Stockholder Meeting, and Capital One expects all of the director nominees to attend the 2019 Annual Stockholder Meeting

Each of our current directors attended at least 75% of the aggregate number of the meetings of the Board and the committees on which they served during the period the director was on the Board or committee

Director Onboarding and Education

The Company, in consultation with the Governance and Nominating Committee, has established a director onboarding and continuing education program to support our directors in fulfilling their responsibilities as members of the Board and to assist them in keeping current on industry, corporate, and other developments relevant to their work as directors. First, all new directors participate in the Company s director onboarding program to familiarize them with the Company s values, strategic plans, accounting policies, financial reporting, risk management, code of ethics, key regulatory issues, competition, and industry dynamics. During this program, over a period of 18 months, new directors meet with members of senior management from all of the business and staff areas, as well as Board Committee Chairs, the Lead Independent Director, and individual directors, to review and discuss information about the Company, the business, the boardroom, and individual director roles and responsibilities. Our continuing education program then helps keep directors current on industry, corporate and other developments relevant to their work as directors by providing: (i) semi-annual updates on director education programs offered by applicable regulators, professional organizations, and academic institutions; (ii) internal director education programs; (iii) various board-related publications to Board members; and (iv) access to peer-to-peer networks. Our directors are also encouraged to pursue other educational opportunities, at the Company s expense, that may enable them to better perform their duties.

Executive Sessions

Executive sessions of independent directors of the Board are led by the Lead Independent Director and are an important governance practice because they enable the Board to discuss matters, such as strategy, CEO and senior management performance and compensation, succession planning and board effectiveness without

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management present. Our independent directors meet in executive session without management at least once annually and, in 2018, the independent directors met four times in executive session. During these executive sessions, the independent directors have complete access to such members of the Company s senior executive management as they may request, including but not limited to the CEO, CFO, Corporate Secretary, General Counsel, Chief Risk Officer, Chief Audit Officer, Chief Credit Review Officer and Chief Compliance Officer. The Lead Independent Director and/or any director may request additional executive sessions of independent directors.

Directors Are Actively Engaged Outside of Board Meetings

Engagement outside of Board meetings provides our directors with additional insight into our business and our industry. It also provides our Board with valuable perspective on the performance of our Company, Board, CEO and other members of senior management.

Our committee chairs and Lead Independent Director meet and speak regularly with each other and with both the CEO and members of our management team, as well as with our federal regulators, usually independently of the CEO.

Our committee chairs and Lead Independent Director conduct pre-meeting reviews of agendas and provide feedback directly to management. After Board meetings, the Committee Chairs and Lead Independent Director conduct post-meeting debriefs with management to discuss any follow-up items.

Individual directors confer with each other and with our CEO, members of our senior management team and other key associates as needed.

Annual Board and Committee Evaluations

In order to monitor and improve their effectiveness, and to solicit and act upon feedback received, the Board and its committees hold a formal self-evaluation process. The Board believes that in addition to serving as a tool to evaluate and improve performance, evaluations can serve several other purposes, including the promotion of good governance, integrity of financial reporting, reduction of risk, strengthening of the board-management partnership, and helping set and oversee board expectations of management. In assessing their performance, the Board and its committees take a multi-year perspective to identify and evaluate trends and assure themselves that areas identified for improvement are appropriately and timely addressed.

To ensure the process stays fresh and continues to generate rich insights, the Board follows a cyclical, programmatic approach when conducting Board and committee evaluations. This approach includes regular, holistic reviews of the evaluation framework, methodology and form. While the Board and each of its committees conducts a formal evaluation annually, the Board considers its performance and that of its committees continuously throughout the year and shares feedback with management.

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As part of the Board s self-evaluation process, directors consider various topics related to Board composition, structure, effectiveness and responsibilities and the overall mix of director skills, experience, and background. Specifically, topics considered during the 2018 annual Board and committee self-evaluations process included:

- Board engagement, culture and setting the tone at the top
- Board leadership including the Lead Independent Director s role and Chairman of the Board s role
- Oversight of and engagement in corporate strategy (both short- and long-term strategic objectives) and Company performance
- Oversight of the CEO, executive compensation, and assessment
- CEO and executive talent development and succession planning
- Access to Company executives and associates
- Board and committee composition including director skills, background, diversity, and new director recruiting activities
- Oversight of enterprise risk, including the stature of the risk management function and appropriateness of the Company s risk appetites and risk management in light of the scale and complexity of the Company s business
- Overall Board governance including quality and quantity of materials and information, conduct of meetings and support for those activities from management

In future years, the Board and its committees may conduct their annual evaluations in a different manner, such as through group discussions in executive session, individual director interviews and/or engagement of a third-party facilitator.

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Annual Assessment of Director Nominees

Each year the Chair of the Governance and Nominating Committee conducts an individual director assessment process. This process includes candid, one-on-one discussions between the Governance and Nominating Committee s Chair and each Board member regarding the individual performance and effectiveness of the directors nominated by the Board for re-election by Capital One s stockholders. Directors may also provide feedback on any other individual director s performance at any time, regardless of whether it is part of the formal assessment process. The Lead Independent Director is also assessed annually through a process facilitated by another independent member of the Board. See Annual Assessment of the Lead Independent Director beginning on page 25 for a description of that process.

Annual Performance Assessment of the CEO

Under the direction of our Lead Independent Director, the independent directors of the Board annually assess the performance of Mr. Fairbank as Capital One s CEO. The Governance and Nominating Committee is responsible for developing and overseeing the process, facilitated by the Lead Independent Director and involving all independent directors, for conducting the CEO s annual performance evaluation. This process includes an in-depth discussion of performance by the independent directors in executive session during which directors consider a variety of factors to evaluate Mr. Fairbank s performance and feedback raised through Board discussion and self-assessment materials provided by Mr. Fairbank to the Board regarding his and the Company s performance and achievements for various subjective and objective metrics. For additional information, see Chief Executive Officer Compensation beginning on page 56.

The annual CEO performance assessment is completed as part of the end-of-year compensation process. The Compensation Committee manages end-of-year compensation decisions within the context of such assessment, and the Lead Independent Director and Chair of the Compensation Committee jointly share the input and feedback of the CEO performance assessment with Mr. Fairbank in a closed session.

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The Board s Role in Corporate Oversight

Our Board is accountable for oversight of Capital One s business affairs and operations. In carrying out this responsibility, among other things, the Board oversees management s development and implementation of the Company s (i) corporate strategy; (ii) financial performance and associated risks; (iii) the enterprise-wide risk management framework, including cyber risk; and (iv) succession planning for the Company s CEO and other key executives.

The Board s Role in Overseeing Corporate Strategy. The Board, in fulfilling its responsibility to manage risk and maximize long-term stockholder value, is accountable for reviewing and overseeing the creation and implementation of Capital One s corporate strategy. The Board expects management, with input from the Board, to develop, communicate, and implement a strategy that allows Capital One to: (i) invest in long-term capabilities and opportunities; (ii) secure competitive, endgame positions in our key businesses; (iii) attract and retain customers; (iv) grow resiliently; (v) promote ethical behavior and compliance with applicable laws and regulations; (vi) withstand economic stress and market volatility; and (vii) conform to the Board s established risk tolerance. These strategies should deliver long-term benefits and returns to our stakeholders, including our stockholders, regulators, customers, associates, and communities in which we operate.

The development of Capital One s strategy is an ongoing, iterative process that includes engagement from and between the CEO, Division Presidents, the CFO, the General Counsel, the Corporate Secretary, the Chief Risk Officer, the Chief Audit Officer, and the Board. Each year, the full Board participates in an annual Board Strategy Meeting that provides an opportunity for the Board to engage with the CEO and key senior leaders in assessing the competitive environment and Capital One s enterprise and divisional strategies, and to provide effective challenge, feedback, and input on the company s long-term strategy and investments. In addition, the Board approves the long-term strategic plan. As the year progresses, the Board remains engaged in overseeing the implementation and monitoring of Capital One s strategy through updates by the CEO on enterprise corporate strategy and by Division Presidents on business line strategies and results. These updates typically include business line performance and outlook, external and competitive trends, key investment opportunities, and risk evaluation and mitigation strategies. This approach allows the Board to engage in informed discussions with management regarding financial performance and trajectory, capital allocation, strategy implementation, and risk-mitigation plans, where appropriate.

The Board s Role in Overseeing Financial Performance and Associated Risks. The Board oversees the Company s financial performance by reviewing with management, on a regular basis, the Company s quarterly and annual financial statements. The Audit Committee oversees the integrity of the Company s financial statements by, among other things, obtaining independent assurance as to the completeness and accuracy of its financial statements from an independent registered public accounting firm, whose qualifications, independence and performance it reviews on an annual basis. The Audit Committee also oversees the integrity of the Company s internal controls over financial reporting by, among other things, reviewing periodic assessments of the adequacy and effectiveness of the Company s financial controls performed by both the Company s independent registered public accounting firm and internal audit function. In addition, the Board, either directly or through the Risk Committee, plays an integral role in the oversight of capital planning and adequacy, funding and liquidity risk management, market risk management, investment portfolio management, and other asset liability management matters.

The Board s Role in Risk Oversight. The Board believes that effective risk management and control processes are critical to Capital One s safety and soundness, our ability to predict and manage the challenges that Capital One and the financial services industry face and, ultimately, Capital One s long-term corporate success.

The enterprise-wide risk management framework defines the Board s appetite for risk taking and enables senior management to understand, manage and report on risk. The risk management framework is implemented enterprise-wide and includes eight risk categories: compliance, credit, legal, liquidity, market, operational, reputational and strategic. Management has developed risk appetite statements with accompanying metrics which are meaningful to the organization and reflect the aggregate level and types

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of risk Capital One is willing to accept in order to achieve its business objectives, clarifying both risks the Company is actively taking and risks that are purposely avoided.

The Risk Committee is responsible for the oversight of enterprise risk management for the Company, and is responsible for reviewing and recommending to the Board for approval certain risk tolerances taking into account the Company s structure, risk profile, complexity, activities, size, and other appropriate risk-related factors. Within management, enterprise risk management is generally the responsibility of the Chief Risk Officer, who has accountability for proposing risk tolerance and reporting levels related to all eight risk categories. The Chief Risk Officer is also responsible for ensuring that the Company has an overall enterprise risk framework and that it routinely assesses and reports on enterprise level risks. The Chief Risk Officer reports both to the CEO and to the Risk Committee. The Audit Committee also plays an important risk oversight function, and oversees elements of compliance and legal risk. Each committee of the Board oversees reputational risk matters within the scope of their respective responsibilities. Finally, the Board as a whole oversees the entire enterprise risk framework for the Company, including the oversight of strategic risk.

The Board s Role in Overseeing Cyber Risk. As a financial services company entrusted with the safeguarding of sensitive information, our Board believes that a strong enterprise cyber program is vital to effective cyber risk management. Accordingly, our Board is actively engaged in the oversight of the Company s cyber risk profile, enterprise cyber program and key enterprise cyber initiatives. The Risk Committee receives regular updates from management on its cyber event preparedness efforts. The Risk Committee receives regular quarterly reports from the Chief Information Security Officer on the Company s cyber risk profile and enterprise cyber program and meets with the Chief Information Security Officer at least twice annually. The Risk Committee also meets periodically with third-party experts, as appropriate, to evaluate the Company s enterprise cyber program. The Risk Committee annually reviews and recommends the Company s information security policy and information security program to the Board for approval. The Risk Committee is also responsible for overseeing cyber, information security, and technology risk, as well as management s actions to identify, assess, mitigate, and remediate material issues. At least annually, the Board reviews and discusses the Company s technology strategy with the Chief Information Officer and approves the Company s technology strategic plan. Additionally, the Risk Committee receives and reviews reports from the Chief Information Officer and the Chief Information Security Officer regarding significant cyber incidents impacting the Company, including management s assessment of the root cause and relevant learnings from the incident.

The Board s Role in Succession Planning. Under the Corporate Governance Guidelines, the Board is responsible for maintaining a succession plan for the CEO. The Board has in place an effective planning process to select successors to the CEO and annually reviews the CEO succession plan. Our Board believes that the directors and the CEO should work together on succession planning and that the entire Board should be involved. Each year, as part of its succession planning process, our CEO provides the Board with recommendations on, and evaluations of, potential CEO successors. The Board reviews the senior executive team s experience, skills, competencies and potential to assess which executives possess or can develop the attributes that the Board believes are necessary to lead and achieve the Company s goals. Among other steps taken to promote this process throughout the year, the two levels of executives below the CEO, which include the CEO s direct reports, often attend Board meetings and present to the Board, providing the Board with numerous opportunities to interact with our senior management and assess their leadership capabilities.

Our Board also has established steps to address emergency CEO succession planning for an unplanned CEO succession event. Our emergency CEO succession planning is intended to enable our Company to respond to an unexpected CEO transition by continuing our Company s safe and sound operation and minimizing potential disruption or loss of continuity to our Company s operations and strategy. There is also available, on a continuing basis as a result of the process described above, the CEO s recommendation on a successor should the CEO become unexpectedly unable to serve. The Board also reviews annually the CEO s emergency successor recommendations.

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Risk Assessment of Compensation Policies and Practices

The Compensation Committee oversees all of our compensation policies and practices, including our incentive compensation policies and practices, with a view towards ensuring that such policies and practices encourage balanced risk-taking, are compatible with effective controls and risk management, and align with our business strategy. Annually, the Compensation Committee reviews and approves the Incentive Compensation Governance Policy which applies to all Company associates and governs incentive compensation decisions. The Incentive Compensation Governance Policy provides the framework for oversight of the design of incentive compensation programs. In setting executive compensation, the Compensation Committee assesses each of the named executive officers against one or more performance objectives specifically designed to evaluate the degree to which the named executive officers balanced risks inherent in their specific roles. The Compensation Committee also implements additional risk-balancing features for certain equity awards, as described in more detail in the Compensation Discussion and Analysis beginning on page 48.

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

The Compensation Committee s active oversight, together with the Company s interactions and discussions with its regulators, has further enhanced the Company s risk management and control processes with respect to incentive compensation at the Company and supported our continued compliance with the interagency guidance on sound incentive compensation practices.

Stockholder Engagement Program

We value the input and insights of our stockholders and are committed to continued engagement with investors. As a result, we engage in continuous outreach to enable meaningful engagement and report feedback to our Board to help them drive results. In 2018, we engaged in direct outreach and discussions with stockholders representing approximately 65% of our outstanding shares. Key topics of focus included environmental, social and governance matters, company strategy and results, board composition, our special meeting threshold, and executive compensation performance metrics.

Continuous Outreach. Our CEO, CFO, and Investor Relations team meet frequently with stockholders and the investment community. In addition, members of management, including our Investor Relations, Corporate Governance, and Executive Compensation teams, as well as our General Counsel, Corporate Secretary and CFO, meet with key governance contacts at our larger stockholders throughout the year.

Meaningful Engagement. Our goal is to engage in a manner characterized by both transparency and respect, fostering collaborative and mutually beneficial discussions. Depending on the topics discussed with investors, our engagement with stockholders may include our Lead Independent Director, the Chair of the Compensation Committee or the Chair of the Governance and Nominating Committee (if different from our Lead Independent Director).

Regular Board Reporting. The Governance and Nominating Committee, Compensation Committee, and the Board request and receive reports several times a year from our Investor Relations team and

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members of management and actively discuss stockholders feedback and insights. Our Board and management review and evaluate stockholder input to identify issues and concerns that may require Board action or enhancements to our policies, practices or disclosure.

Stockholder-Driven Improvements. In recent years, in response to stockholder feedback, we have made significant improvements to our corporate governance and executive compensation practices and disclosures:

Expanded disclosure in our proxy statement regarding our approach to corporate social responsibility: People, Community, and Environment in response to discussions held with investors during the Company s formal stockholder outreach and as a result of management s and the Board s continuous benchmarking against emerging governance practices. See Environmental, Social and Governance Practices beginning on page 41 for more information.

Introduced new metrics for our performance share program, more closely aligning pay and performance, and increased the rigor of relative Company performance governing payouts applicable to performance share awards. See Performance Share Award beginning on page 58 for more information.

Beginning in 2019, the Compensation Committee (the Committee) and the other independent members of our Board of Directors (the Independent Directors) increased the alignment of CEO compensation with Company performance and stockholder interests by increasing the percentage of the CEO s total target compensation tied to a year-end evaluation of CEO and Company performance from 40% to 90%. The Committee and the Independent Directors believe that this structure further aligns Mr. Fairbank s compensation with that of the Company s peers and provides the opportunity for the Committee and the Independent Directors to assess the Company and the CEO s performance at the end of the year and incorporate feedback from stockholders received during the performance year to ensure that the CEO s performance year compensation appropriately reflects the Company s compensation philosophy and principles. See 2019 CEO Compensation Program beginning on page 65 for more information.

Provided greater transparency regarding the Committee s use of discretion, particularly regarding the year-end incentive awards granted to the named executive officers. See Use of Discretion on page 56 for more information.

Stockholder Engagement on our Special Meeting Threshold. In 2018, following receipt of a stockholder proposal requesting a reduction in the ownership threshold required for stockholders to request that the Company call a special meeting, the Company proposed a management proposal seeking stockholder ratification of the existing 25% threshold. This ratification proposal passed (receiving the support of 54% of votes cast). As part of the Company s robust, ongoing year-around investor outreach program, the Company engaged with our stockholders to obtain their views on governance matters, including our special meeting threshold. As part of this outreach, before the ratification vote, we contacted 30 of our largest stockholders representing approximately 62% of our outstanding shares, nine of which (representing approximately 39% of outstanding shares) agreed to meet with us. In addition, following the ratification vote, we contacted 15 of our largest stockholders representing 55% of our outstanding shares, six of which (representing approximately 22% of outstanding shares and including some stockholders we spoke to in advance of the ratification vote) agreed to meet with us. Over the course of those 15 discussions, our stockholders provided a wide range of views on special meeting thresholds in general. However, in our engagement with stockholders following the ratification vote, none expressed strong views that the Board should take action to reduce the existing threshold and, as a result, we are not proposing any changes to our stockholder meeting ownership threshold for this year s annual meeting.

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We Engage Across Many Channels

Company-Led Engagement	Stockholder-Led Engagement
Dedicated Investor Relations Department. Our Investor Relations professionals are dedicated full time to respond to questions from stockholders about the Company, its strategy and performance, and other issues of investor interest.	**Meetings with Directors.** If requested, our directors ensure that they are available for consultation and direct communication with our stockholders.
Formal Outreach Program. In addition to continuous outreach on a broad set of topics, our formal outreach program includes proactive outreach to our largest stockholders at least twice a year focused on governance, compensation, and related issues. Through our formal outreach program, our Board and management gain stockholder insights and an opportunity to assess stockholder sentiment.	**Voting**. Our stockholders have the opportunity to vote for the election of all of our directors on an annual basis using a majority voting standard, and, through our annual vote on executive compensation, to regularly express their opinion on our compensation programs.
Quarterly Earnings Conference Calls. In addition to prepared remarks, our management team participates in a question-and-answer session aimed at allowing stockholders to gain further insight into the Company s financial condition and results of operations.	**Annual Stockholder Meeting.** Our directors are expected to, and do, attend the annual meeting of stockholders, where all of our stockholders are invited to attend, ask questions and express their views.
Regular Investor Conferences and Road-shows. Management and our Investor Relations team routinely engage with investors at conferences and other forums. During 2018, management attended 17 investor conferences.	**Written Correspondence.** Stockholders may write to the Board through the Corporate Secretary at the address provided below in How to Contact Us on page 44.
	Special Meetings. A stockholder or group of stockholders that hold at least 25% of our outstanding common stock may request a special meeting of stockholders.

Proxy Access. A stockholder or group of up to 20 stockholders who have owned at least 3% of the Company s outstanding common shares of voting stock continuously for at least 3 years may nominate and include in the Company s proxy statement the greater of 2 director candidates or 20% of the total Board.

Board Committees

Our Board has four standing committees: Audit, Risk, Governance and Nominating, and Compensation. Each of our committees:

- Is led by an active, empowered, and independent Committee Chair
- Is comprised of all independent members
- Operates in accordance with a written charter, which is reviewed annually
- Assesses its performance annually
- Has authority to retain outside advisors, as desired

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Information About Our Current Board Committee Membership and 2018 Committee Meetings

Director	Audit (6)	Compensation	Governance and Nominating	Risk
Richard D. Fairbank				
Aparna Chennapragada (1)				
Ann Fritz Hackett				
Lewis Hay, III (2)				
Benjamin P. Jenkins (2)				
Peter Thomas Killalea				
Eli Leenaars (3)				
Pierre E. Leroy (4)				

François Locoh-Donou [5]				
Peter E. Raskind				
Mayo A. Shattuck III				
Bradford H. Warner [4]				
Catherine G. West				
# MEETINGS HELD IN 2018	14	9	7	10

Chair Member

(1) Ms. Chennapragada was appointed to the Compensation Committee and Risk Committees effective June 19, 2018.

(2) Mr. Jenkins and Mr. Hay will retire from the Board at the Annual Stockholder Meeting to be held on May 2, 2019.

(3) Mr. Leenaars was appointed to the Board and the Risk Committee and Audit Committee effective January 1, 2019.

(4) The Board has identified Mr. Leroy and Mr. Warner as audit committee financial experts under the applicable Securities and Exchange Commission (SEC) rules based on their experience and qualifications; six other of our director nominees could qualify as audit committee financial experts under the relevant NYSE standards.

(5) Mr. Locoh-Donou was appointed to the Board effective March 1, 2019.

(6)

Each member of the Audit Committee is financially literate within the listing standards of the NYSE. No member of the Audit Committee simultaneously serves on the audit committees of more than three public companies, including Capital One.

Committee Membership Determinations

Annually, the Governance and Nominating Committee assesses and considers membership for each of the Board s standing committees. This review takes into account, among other factors, committee needs, director experience, committee succession planning and the desire to balance membership continuity with new insights.

The Chair of the Governance and Nominating Committee facilitates discussions with management, committee chairs, the Chairman of the Board, and individual directors, as needed and shares that feedback with the Governance and Nominating Committee. The Governance and Nominating Committee makes recommendations for committee membership and Chairs to the full Board.

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Committee Responsibilities

Audit Committee	Compensation Committee
Primary Responsibilities:	**Primary Responsibilities:**
Oversee the qualifications, independence and performance of the Company s independent registered public accounting firm	Annually recommend to the Board officers for election or re-election or the manner in which such officers will be chosen
Oversee the appointment, compensation, retention and work of the Company s independent registered public accounting firm	Evaluate, approve and recommend to the independent directors the CEO s compensation, including any salary, incentive awards, perquisites and termination arrangements, in light of the Compensation Committee s assessment of his performance and anticipated contributions with respect to the Company s strategy and objectives
Assist our Board with the oversight of the integrity of the Company s financial statements, including matters related to internal controls over financial reporting	Review, approve and recommend the salary levels, incentive awards, perquisites and termination arrangements for executive officers, other than the CEO, to the independent directors and the hiring or promotion of such executive officers to the Board
Review and discuss with management their assessment of the effectiveness of the Company s disclosure controls and procedures and whether any changes are necessary in light of such assessment	Review and approve the Company s goals and objectives relevant to compensation, oversee the Company s policies and programs relating to compensation and benefits
Review and discuss generally the policies and practices that govern the processes by which key risk exposures are	

identified, assessed, managed and controlled on an enterprise-wide basis

Oversee the Chief Audit Officer and the internal audit function

Approve or replace the Chief Audit Officer, as appropriate, and annually review the performance, independence and compensation of the Chief Audit Officer

Oversee the compliance by the Company with legal and regulatory requirements

Perform the fiduciary audit committee function on behalf of our bank subsidiaries in accordance with federal banking regulations

Review and recommend to the Board (or disinterested members of the Board, as appropriate) for approval of (i) the Company s Code of Business Conduct and Ethics, and any material changes thereto; and (ii) any waiver of the Code of Business Conduct and Ethics for directors and certain executive officers

Qualifications:

Each member of the Audit Committee is financially literate within the listing standards of the NYSE

No member of the Audit Committee simultaneously serves on the audit committees of more than three public companies, including that of Capital One

available to executive officers with a goal of aligning the policies and programs with such goals and objectives, and review relevant market data relating to compensation and benefits

Oversee incentive compensation programs for executive officers and others who can expose the Company to material risk with a goal that such programs be designed and operated in a manner that achieves balance and is consistent with safety and soundness

Review data and analyses to allow an assessment of whether the design and operation of incentive compensation programs are consistent with the Company s safety and soundness as provided under applicable regulatory guidance

Administer Capital One s 2004 Stock Incentive Plan, 2002 Associate Stock Purchase Plan and other compensation and benefits plans

Periodically review and recommend director compensation to the Board

Based on a review and discussion with management, recommend the inclusion of the Compensation Discussion and Analysis in our annual proxy statement

The Compensation Committee may delegate authority as it deems appropriate in furtherance of its responsibilities to one or more subcommittees of directors consisting of one or more members of the Committee as appropriate, or to management. The independent directors of the Board may meet concurrently with the Compensation Committee, as appropriate, to review and approve compensation for the CEO and other executive officers.

The Board has identified Mr. Leroy and Mr. Warner as audit committee financial experts under the applicable SEC rules based on their experience and qualifications

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Governance and Nominating Committee	Risk Committee
Primary Responsibilities:	**Primary Responsibilities:**
Plan for director succession and assist our Board by identifying and recommending nominees for election to our Board and review the qualifications of potential Board members	Assist our Board with oversight of the Company s enterprise-wide risk management framework, including policies established by management to identify, assess, measure and manage key risks facing the Company across all of the Company s eight risk categories: compliance, credit, legal, liquidity, market, operational, reputational, and strategic risk
Annually review and recommend committee membership	Discuss with management the enterprise risk appetite and tolerance and, at least annually, recommend to the Board the statement of risk appetite and tolerance to be communicated throughout the Company
Lead the Company s corporate governance policies and practices, including recommending to the Board the Corporate Governance Guidelines	Review and approve annually the credit review plans and policies, and any significant changes to such plans, as appropriate
Oversee the Board and CEO s annual evaluation processes and periodically discuss the plan for the CEO s succession	Review and recommend to the Board the Company s liquidity risk tolerance at least annually, taking into account the Company s capital structure, risk profile, complexity, activities and size, and review management reports regarding the Company s liquidity risk profile and liquidity risk tolerance at least quarterly
Oversee management s stockholder engagement program and practices and evaluate stockholder proposals and other correspondence	
Establish and oversee processes for annual individual director and Board assessments and oversee that committee chairs perform annual committee evaluations	

Keep informed regarding external governance trends, including reviewing benchmarking research conducted by management

Oversee the Company s cyber risk profile, top cyber risks, enterprise cyber program, and key enterprise cyber initiatives

As it determines appropriate, and in coordination with other committees of the Board, as applicable, oversee the Company s policies, programs, and strategies related to environmental, social, and/or governance matters

The Charters of the Audit, Compensation, Governance and Nominating, and Risk Committees are available on our website at www.capitalone.com. Under About, select Investors, then Corporate Governance.

Compensation Committee Interlocks and Insider Participation

During 2018, no Capital One executive officer served as a member of the board of directors or the compensation committee of any entity with one or more executive officers serving on our Board or Compensation Committee, nor has any such relationship existed in the past. No director who served on the Compensation Committee during 2018 is or was formerly an officer or an associate of Capital One.

Compensation Committee Consultant

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

The Compensation Committee determines the scope and nature of FW Cook s assignments. In 2018, FW Cook performed the following work for the Committee:

Provided independent competitive market data and advice related to the compensation for the CEO and the other executive officers, including the development of the Company s peer comparator group for competitive analysis

- Reviewed management-provided market data and recommendations on the design of compensation programs for senior executives other than the CEO

- Reviewed Capital One s executive compensation levels, performance and the design of incentive programs

- Reviewed the compensation program for Capital One s directors and provided competitive compensation data and director compensation program recommendations for review

- Provided information on executive and director compensation trends and analyses of the implications of such trends for Capital One

Consultants from FW Cook typically attend Compensation Committee meetings and executive sessions of the Compensation Committee upon request of the Compensation Committee Chair, including meetings held jointly with the independent directors to review or approve the compensation for the CEO and the other executive officers and to provide an independent perspective regarding such compensation practices.

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

Executive Officers

Robert M. Alexander *Chief Information Officer* *Age: 54*	Mr. Alexander has served as our Chief Information Officer since May 2007, and is responsible for overseeing all technology activities for Capital One. Mr. Alexander joined Capital One in April 1998. From April 1998 to May 2007, Mr. Alexander had responsibility at various times for a number of Capital One s lending businesses, including the U.S. consumer credit card and installment loan businesses.
Jory A. Berson	Mr. Berson has served as our Chief Human Resources Officer since June 2009, and is responsible for overseeing Capital One s Human Resources strategy, recruitment efforts, and development programs. Mr. Berson joined Capital One in July 1992.

Chief Human Resources Officer *Age: 48*	From July 1992 to June 2009, Mr. Berson held a variety of roles at Capital One, including President, Financial Services and President, U.S. Card.
R. Scott Blackley *Chief Financial Officer* *Age: 50*	Mr. Blackley has served as our Chief Financial Officer since May 2016, and is responsible for managing Capital One s finance team and the overall financial management of the Company. Mr. Blackley joined Capital One in March 2011 and served as the Company s Controller from March 2011 to March 2017 and as Principal Accounting Officer from July 2011 to May 2017. Prior to joining the Company, Mr. Blackley held various executive positions at Fannie Mae and senior roles in consulting and public accounting, including an appointment to the U.S. Securities and Exchange Commission as a Professional Accounting Fellow and as a Partner with KPMG, LLP.
Kevin S. Borgmann *Senior Advisor to the CEO* *Age: 47*	Mr. Borgmann has served as a Senior Advisor to the CEO and executive team since February 2018, with a focus on strategy, risk management, and executive recruiting matters. Mr. Borgmann joined Capital One in August 2001. Since that time he has served in a variety of roles at Capital One, including Senior Vice President with the Credit Card business from March 2008 until September 2010, President of Capital One Auto Finance from September 2010 until October 2012, Deputy Chief Risk Officer from October 2012 to January 2013, and Chief Risk Officer from January 2013 through January 2018.

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SECTION I - CORPORATE GOVERNANCE AT CAPITAL ONE

Matthew W. Cooper *General Counsel* *Age: 47*	Mr. Cooper has served as our General Counsel since February 2018, and is responsible for overseeing Capital One s Legal Department. Mr. Cooper joined Capital One in January 2009. From January 2009 to January 2018, Mr. Cooper held a variety of roles within Capital One s Legal Department, including Chief Counsel, Litigation from January 2009 to February 2014, Chief Counsel, Global Card from July 2012 to January 2017, and Chief Counsel, Legal from January 2016 to February 2018. Prior to joining Capital One, Mr. Cooper served in various executive roles within the legal department of the General Electric Company and one of its successor companies, Genworth Financial.
Lia Dean *Head of Bank Marketing and Retail* *Age: 41*	Ms. Dean has served as our Head of Bank Marketing and Retail since June 2018, and is responsible for leading consumer marketing for Capital One s Retail and Direct Bank, as well as strategy, network management, customer experience, and day-to-day operations for more than 600 Capital One retail locations across the United States. Ms. Dean joined Capital One in April 2014. From April 2014 to June 2018, Ms. Dean served as Senior Vice President, Strategy for Capital One s Retail and Direct Bank businesses, where she led the national expansion of Capital One Cafés. Prior to joining Capital One, she was a partner with McKinsey & Company, a management consulting firm, where she led work for clients across North America, Europe and Asia, with particular expertise in loyalty, customer lifecycle management, retail execution, and consumer insights. In addition, Ms. Dean was a founding member of CashEdge, a fintech venture, which was acquired by FiServ in 2011.
John G. Finneran, Jr. *Senior Advisor to the CEO and Corporate Secretary* *Age: 69*	Mr. Finneran has served as a Senior Advisor to the CEO and our Corporate Secretary since August 2018, and is responsible for advising on legal and regulatory issues, and corporate strategy, reputation, mission and culture and overseeing all Board of Directors and Senior Executive governance processes. Mr. Finneran joined Capital One in September 1994 as General Counsel and Corporate Secretary, and served in that role from September 1994 to February 2018, responsible for managing Capital One s legal, governmental affairs, corporate governance, regulatory relations and corporate affairs departments, and managed Capital One s internal audit department for administrative purposes. From February 2018 to July 2018, Mr. Finneran served as Chief Risk Officer and Corporate Secretary.
Sheldon Trip Hall *Chief Risk Officer* *Age: 42*	Mr. Hall has served as our Chief Risk Officer since August 2018, and is responsible for all aspects of Capital One s risk management function, including oversight of risk management activities in areas such as credit risk, operational risk, compliance, and information security risk. Mr. Hall joined Capital One in June 1997. Since that time, he has served in a variety of roles in Capital One s Installment Loans, Credit Card, National Small Business Lending, Auto Finance and Mainstreet Card businesses, including serving as President of Capital One Auto Finance from November 2012 to March 2017 and the Executive Vice President of Domestic Consumer Card from March 2017 to July 2018.

Celia Karam *Chief Audit Officer* *Age: 40*	Ms. Karam has served as our Chief Audit Officer since June 2018, and is responsible for leading Capital One s internal audit function, developing the Company s audit strategy and ensuring the Company maintains an effective control environment on behalf of the Board of Directors. Ms. Karam joined Capital One in July 2006. From July 2006 to June 2018, Ms. Karam served in a variety of roles within Capital One s Small Business Bank, Retail and Direct Bank, U.S. Card, and Consumer Credit Card businesses, including Vice President of Consumer Lending to Retail Bank Customers from January 2012 to June 2013, Managing Vice President of Consumer Bank Products from July 2013 to December 2016, and Senior Vice President, Head of Small Business Banking from January 2017 to May 2018.

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Frank G. LaPrade, III *Chief Enterprise Services Officer and Chief of Staff to the CEO* *Age: 52*	Mr. LaPrade has served as our Chief Enterprise Services Officer since 2010 and Chief of Staff to the CEO since 2004, and is responsible for managing Enterprise Services for Capital One, including Technology, Digital, Design, Growth Ventures, Brand, Enterprise Supplier Management, External Affairs, Workplace Solutions, and Corporate Security. Mr. LaPrade joined Capital One in January 1996. Since that time he has served in various positions, including as Capital One s Deputy General Counsel from 1996 to 2004, responsible for managing the company s litigation, employment, intellectual property and transactional practice areas.
Christopher T. Newkirk *President, Small Business, International and Walmart* *Age: 48*	Mr. Newkirk has served as our President, Small Business, International and Walmart since February 2019. Mr. Newkirk is responsible for leading Capital One s International credit card businesses, Capital One s small business credit card business and small business banking in the United States and Capital One s credit card partnership with Walmart. Mr. Newkirk joined Capital One in September 2008. Since that time, he has served in a variety of roles in Capital One s U.S. Card and International Card businesses, including Head of Strategy and Valuations for U.S. Card Partnerships from September 2008 to January 2010, Head of U.S. Card Customer Management from February 2010 to June 2013, Executive Vice President and Head of International Card from July 2013 to November 2016, and most recently as President, International and Small Business from November 2016 to February 2019.
Kleber Santos *President, Retail and Direct Banking* *Age: 45*	Mr. Santos has served as our President, Retail and Direct Banking since March 2017, and is responsible for providing strategic direction and leadership for the Retail and Direct Bank organization. Mr. Santos joined Capital One in January 2006 as Director of Corporate Strategy. From 2008 to 2014, he served as Senior Vice President, leading marketing and analytics for Capital One s Retail and Direct Bank. From August 2014 to March 2017, Mr. Santos served as Executive Vice President of the Consumer Bank. Prior to joining Capital One, Mr. Santos experience includes serving as an engagement manager and U.S. payments expert at McKinsey & Company, where he led a variety of projects for the leading credit card issuers and banks in the U.S. Mr. Santos is second lieutenant of infantry in the Brazilian Army Reserve Forces.
Michael C. Slocum *President, Commercial Banking*	Mr. Slocum has served as our President, Commercial Banking since September 2011, and is responsible for leading all aspects of Commercial Banking including Corporate and Commercial Real Estate Banking, Capital Markets, Treasury Services and all related operations. Mr. Slocum joined Capital One in August 2007. From August 2007 to September 2011, Mr. Slocum was Executive Vice President of Capital One s Banking Business, leading the company s Commercial Banking business including lending, deposit products and capital markets. Before joining Capital One,

Age: 62	Mr. Slocum served in various leadership roles at Wachovia Bank (now Wells Fargo & Company).
Michael J. Wassmer *President, U.S. Card* *Age: 49*	Mr. Wassmer has served as President, U.S. Card since November 2016, and is responsible for leading the Company s consumer credit card business in the United States. Mr. Wassmer joined Capital One in July 1994. Since that time, Mr. Wassmer has served in roles of increasing responsibility across the Company, expanding his leadership scope and experience driving strategy and analysis, finance, operations and risk management across all of our consumer and small business, domestic and international card businesses. From 2013 to November 2016, Mr. Wassmer served as Executive Vice President of the Company s U.S. Branded Card business.
Sanjiv Yajnik *President, Financial Services* *Age: 62*	Mr. Yajnik has served as our President, Financial Services since June 2009, and is responsible for overseeing Capital One s Auto Finance business. Mr. Yajnik joined Capital One in July 1998. From July 1998 to June 2009, Mr. Yajnik led several businesses within Capital One, including Capital One Europe, Capital One Canada, and Capital One Small Business Services. Mr. Yajnik became President, Financial Services in June 2009. Prior to joining Capital One, Mr. Yajnik held leadership positions at PepsiCo, Circuit City and Mobil Oil.

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SECTION I - CORPORATE GOVERNANCE AT CAPITAL ONE

Related Person Transactions

Our Board has approved a written Related Person Transaction policy, which sets forth policies and procedures for reviewing, and approving or ratifying, transactions with directors, director nominees, executive officers, stockholders holding 5% or more of Capital One s voting securities, or any of their immediate family members or affiliated entities (collectively, Related Persons). The policy covers transactions, arrangements and relationships where Capital One is a participant, the aggregate amount exceeds $120,000, and a Related Person has a direct or indirect material interest (Related Person Transactions). Under the policy, Related Person Transactions must be approved or ratified by the Governance and Nominating Committee, and may only be ratified or approved if the committee determines the Related Person Transaction is not inconsistent with the best interests of the Company and its stockholders.

In reviewing Related Person Transactions, the Governance and Nominating Committee considers all relevant facts and circumstances, which may include: the benefits to the Company from the transaction; the nature and extent of the Related Person s interest in the transaction; the impact, if any, on a director s independence; any implications under Capital One s Code of Business Conduct and Ethics (including whether the transaction would create a conflict of interest or the appearance thereof); any concerns with respect to reputational risk; the availability of other sources for comparable products or services; and the terms of the transaction as compared to the terms available to unrelated third parties or to Capital One s associates, generally.

The Governance and Nominating Committee has pre-approved the following types of Related Person Transactions as being not inconsistent with the best interests of Capital One and its stockholders: director and executive compensation otherwise disclosed in the Company s proxy statement and/or approved by the Compensation Committee or the Board; transactions in amounts that are not material and where the relationship arises only from a Related Person s position as an employee (other than as an executive officer) or a director of, or having immaterial financial holdings in, another entity; and financial services, including loans, extensions of credit, or other financial services and products provided by Capital One to a Related Person that are in the ordinary course, non-preferential, do not involve features unfavorable to the Company, and comply with all applicable laws, rules, and regulations (including the Sarbanes-Oxley Act of 2002 and Regulation O of the Board of Governors of the Federal Reserve, and the Federal Deposit Insurance Corporation Guidelines).

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

Matthew W. Cooper is Capital One s General Counsel. Mr. Cooper s brother-in-law is a partner at the international law firm of McGuireWoods LLP (McGuireWoods). Capital One has engaged McGuireWoods from time to time in the ordinary course of business and on an arm s length basis. The relationship between Capital One and McGuireWoods began before Mr. Cooper was employed by Capital One and also pre-dates Mr. Cooper s brother-in-law s association with McGuireWoods. Mr. Cooper s brother-in-law does not work on any Capital One matters and his ownership in the firm is less than 1%. In 2018, Capital One made aggregate payments to McGuireWoods of approximately $8.5 million for legal services. This relationship was ratified by the Governance and Nominating Committee.

Trip Hall is Capital One s Chief Risk Officer. Mr. Hall s spouse is a Senior Director in our Human Resources department and has worked for Capital One for over 17 years. Mr. Hall s spouse received compensation of approximately $265,000 in 2018, including an annual salary and incentive awards commensurate with her qualifications, responsibilities and other employees holding similar positions. This relationship was ratified by the Governance and Nominating Committee.

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SECTION I - CORPORATE GOVERNANCE AT CAPITAL ONE

Environmental, Social and Governance Practices

While our approach to corporate social responsibility continues to evolve, each year we remain focused on three core elements: our people, our community, and our environmental footprint. In 2018, the Governance and Nominating Committee of the Board of Directors, which already leads Capital One s corporate governance policies and practices, assumed oversight responsibility for the Corporation s policies, programs and strategies related to environmental and social practices, as well as governance (ESG) matters. Highlights of our environmental and social programs are summarized below.

Our People

As part of our mission, we aim to bring ingenuity, simplicity and humanity to banking. It is fundamental to every aspect of our business operations and it underscores our commitment to putting people first. For our customers, our products are innovative, simple to use, and deliver tremendous value for individuals of all backgrounds. For our associates, our culture is built on openness, collaboration, and diversity of backgrounds, perspectives, and experiences.

49% diverse races & ethnic backgrounds	53% women	100% of our associates and third-party vendors participated in training

Highlights of Our People programs include the following:

Delivering Innovative Products and Helping Customers Succeed. We seek our customers insights and stay attuned to their candid feedback to ensure we are delivering innovative products and tools that meet their changing needs. Our customers face a wide range of financial circumstances, and we want to help them succeed when it comes to managing their finances. We are making it easier for our customers to use credit wisely with customer alerts, our CreditWise tool that helps them understand, monitor, and improve their credit scores, and our Capital One Mobile application which includes purchase alerts and enhanced controls for security and fraud prevention. Building on these tools and resources, we launched Eno, a text-based chatbot to help manage a customer s finances in a conversational way.

Diversity & Inclusion. Capital One has embedded diversity and inclusion throughout our talent acquisition, talent management and supplier practices. We have developed Diversity & Inclusion forums to keep a focus on enterprise diversity and align local goals with that strategy; we have a Chief Diversity & Inclusion Officer who oversees our efforts; and we sponsor seven business resource groups of associates with 97 chapters across the Company which provide career development programs and support workforce diversity.

Women in Tech. With our Women in Tech Program, we bring Capital One women and men together to focus on developing a love of technology in women and girls, improving the representation of women in the technology field, and supporting the career development of women in tech roles. Each year, we sponsor the Grace Hopper Celebration of Women in Computing and send hundreds of Capital One associates to attend so that they can enhance their skills and inspire the next generation of technologists.

Competitive Benefits. Offering competitive benefits helps us attract and retain exceptional talent. We offer family-friendly leave, nine on-site health centers, flexible work solutions, market-leading company contributions to associates 401(k) plans, educational assistance and other health, wellness and financial benefits.

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SECTION I - CORPORATE GOVERNANCE AT CAPITAL ONE

Awards and Recognition. In 2018, our commitment to being an employer of choice earned us the following recognition and awards:

Fortune *100 Best Companies to Work For*

Fortune *World s Most Admired Companies*

Fortune *50 Best Workplaces for Parents*

Fortune *100 Best Workplaces for Diversity*

G.I. Jobs(R) *Military-Friendly Employer (Silver)*

Women s Choice *Best Companies to Work For*

Human Rights Campaign Foundation *Corporate Equality Index* (100%)

CAREERS & the disABLED Magazine *Top 50 Employers*

A *Best-of-the-Best Corporation for Inclusion* by the National Business Inclusion Consortium

Women s Choice *Best Companies for Multicultural Women*

Fortune *100 Best Workplaces for Millenials*

Hispanic Association on Corporate Responsibility (HACR) *Corporate Inclusion Index*

Our Community

The community programs and partnerships we pursue integrate Capital One s core strengths with the skills, expertise, and experiences of others to maximize our impact. As a financial services company, we will continue our focus on spurring economic growth and creating opportunities for many. We pursue programs and partnerships that maximize our impact, understanding that healthy and thriving communities are good for our business.

422,000+ hours volunteered by our associates in 2018

$44 million+ donated to nonprofits that help build economic opportunity in our communities

Recognized as one of America s Most Community Minded Companies in the in the Points of Light Civic 50

Highlights of our community engagement efforts include the following:

FutureEdge. Through our FutureEdge community grants program, we are investing $150 million over five years in job skills development; small business technology solutions; and personal financial tools and information. One of our FutureEdge partnerships is with Year Up, a non-profit organization that provides young adults with the skills, experience and support to attain professional careers and higher education. Through Year Up, Capital One has hired participants as interns, with former Year Up interns now working as full-time associates.

In partnership with local public schools and organizations, our Capital One Coders program helps middle school students develop a greater interest in science, technology, engineering and mathematics (STEM) during a critical period in their education. Through the 10-week program, Capital One associate volunteers teach students in schools across the country about problem solving, teamwork, and the basic principles of software development and coding.

Other workforce development programs supported by FutureEdge include Per Scholas (technology access and education for underserved communities), Future Founders (entrepreneurship skills for high school students) and Dress for Success (economic independence for women).

Through FutureEdge, we: (i) provide low-interest, Community Development loans to Community Development Finance Institutions to help capitalize small business loan funds; (ii) have invested in Kiva, a micro-lender; and (iii) provide matching funds in support of small businesses. In addition, our FutureEdge grants support financial knowledge and skills programs such as Junior Achievement Finance Park and Debt Boot Camp.

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SECTION I - CORPORATE GOVERNANCE AT CAPITAL ONE

Community Advisory Council. We formed a Community Advisory Council which engages our senior leadership with civic leaders, community representatives and consumer advocates to provide a variety of perspectives and an informed dialogue that may lead to changes in our products, policies and practices.

Affordable Housing. We provide a comprehensive approach to affordable housing which is a central part of our focus on building healthy, thriving communities. We created a Blueprints to Buildings Fund in 2015 that provides grant support to affordable housing developers, have worked with the Greater Washington Urban League to create a homebuyer s club to prepare prospective homebuyers for home ownership through grants, savings accounts, meeting space and classes, and we manage a $5.2 billion loan and investment portfolio focused on affordable rental housing. In addition, we provide capital to finance affordable housing developments built by nonprofits, local agencies, and specialty developers and bring financial expertise to bear on developments with multiple public and private funding sources. This allows us to address critical community needs through customization and innovation.

Awards. In 2018, our community engagement efforts earned us the following recognition and awards, including:

Fortune *Best 50 Workplaces for Giving Back*

Carolinas-Virginia Minority Supplier Development Council *Impact for Minority Businesses*

Profiles in Diversity Journal *15th Annual Innovations in Diversity* for the Supplier Diversity Catapult Program

Our Environmental Footprint

Our environmental efforts are rooted in our sense of accountability for our actions, both to our stakeholders and society as a whole. We are committed to continuously improving the environmental sustainability of our business, to reducing the impact of our operations, and to using resources and materials thoughtfully. We continue to engage our associates, customers, suppliers, and other stakeholders in our environmental efforts.

Annually purchase 100% renewable energy

Carbon neutral for Scope 1, 2 and business travel greenhouse gas emissions

55% of waste from corporate campuses was diverted from the landfill

Highlights of our environmental sustainability efforts include the following:

Sustainable Finance. Between 2015 and 2018, we invested more than $7 billion in environmentally responsible projects through our renewable energy, multi-family green financing and not-for-profit banking businesses.

Supporting Renewable Energy. Capital One met its ongoing annual commitment to 100% renewable energy by purchasing 317,000 MWh of Renewable Energy Credits (RECs) in 2018. Additionally, we installed an on-site solar array at our 1717 Innovation Center in Richmond, Virginia. We believe that renewable energy is a critical tool in the fight against climate change and in 2018 Capital One joined other leading global companies and became a member of RE100, a global initiative of businesses committed to 100% renewable electricity.

Reducing Greenhouse Gas (GHG) Emissions. We recently set new goals for reducing greenhouse gas emissions. We are carbon neutral for Scope 1, Scope 2 and business travel emissions, and we committed to a 25% reduction in Scope 3 emissions by 2025 from a 2018 baseline. Scope 1 GHG emissions are direct emissions from sources that are owned or controlled by Capital One; Scope 2 GHG emissions are indirect emissions from energy purchased by Capital One; and Scope 3 emissions are from sources that are not owned or directly controlled by Capital One but are related to our activities such as our supply chain, associate commute and business travel. We inventory and verify our GHG emissions each year through a reputable third party and report them annually to CDP.

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SECTION I - CORPORATE GOVERNANCE AT CAPITAL ONE

Our Offices. We pursue U.S. Green Building Council s Leadership in Energy and Environmental Design (LEED) Silver (or higher) certification for all new office construction and comprehensive renovations. More than 50% of our office portfolio is LEED or Green Globe certified, including our new McLean 2 building, located in Tysons, Virginia, that has a variety of eco-friendly features including rainwater capture; green roof vegetation; electric-vehicle charging ports; native plant landscaping; automated shade and lighting controls for daylight harvesting; and access to public transportation and bike racks.

Reducing Waste and Conserving Water. Capital One has committed to reducing landfill waste 50% by 2025 at our four primary campus locations. At those locations, we have removed individual trash cans and implemented centralized waste bins that include composting and recycling. In 2018, we composted 1,137 tons of organic waste, recycled 714 tons of secure shred paper, and recycled 740 tons of plastics, non-confidential paper and aluminum. We also donate food that otherwise might go to waste to local hunger relief organizations (more than 16 tons of food was donated in 2018). We have implemented several measures to conserve water at our facilities, including establishing Environmental Protection Agency (EPA) WaterSense products as standard plumbing fixtures, using native landscaping strategies, and using surface runoff water to irrigate vegetation at our headquarters campus.

Paper Policy. We instituted a corporate paper policy in 2009 to increase the percentage of environmentally preferred paper in our supply chain. Our current goal is that 95% of the paper purchased for Capital One operations is certified by the Forest Stewardship Council (FSC) or contains 30% post-consumer waste (PCW) recycled content.

How to Contact Us

Our Directors	Investor Relations
Communicate with our directors, including our Lead Independent Director, Committee Chairs or independent directors as a group	**Reach out to our Investor Relations team at any time**
	Email:
Mail correspondence to:	**Investor.relations@capitalone.com**

Board of Directors / Lead Independent Director

c/o Corporate Secretary s Office

Capital One Financial Corporation

1600 Capital One Drive

McLean, Virginia 22102

The Corporate Secretary will review all communications sent to the Board, the Lead Independent Director, committee chairs, or individual directors and forwards all substantive communications to the appropriate parties. Communications to the Board, the independent directors or any individual director that relate to Capital One s accounting, internal accounting controls or auditing matters are referred to the Chair of the Audit Committee and Capital One s Chief Audit Officer. Other communications are referred to the Lead Independent Director. Please continue to share your thoughts or concerns with us. We value your input and your investment.

Section II - Director Compensation

Director Compensation Objectives

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

Attract and retain talented directors with the skills and capabilities to perpetuate Capital One s success

Fairly compensate directors for the work required in a company of Capital One s size and scope

Recognize the individual roles and responsibilities of the directors

Align directors interests with the long-term interests of Capital One stockholders

Management directors do not receive compensation for their service on the Board. In 2018, Mr. Fairbank was Capital One s only management director.

Director Compensation Procedures

The Committee annually reviews the compensation program for Capital One s non-management directors. Frederic W. Cook & Co., Inc. (FW Cook) provides competitive compensation data and director compensation program recommendations to the Committee for review to assist in determining its recommendation. The competitive compensation data includes information regarding the compensation (cash, equity and other benefits) of the non-management directors within Capital One s peer comparator group. The Committee considers this information and FW Cook s recommendations, and finalizes a proposed director compensation structure for review and approval by the full Board, typically in the second quarter of each year. See the discussion under Compensation Committee Consultant on page 36 for further information on the role and responsibilities of FW Cook and Market Data on page 76 for further information on the selection of the Company s peer comparator group.

Based on their review of competitive market data and guidance from FW Cook in the second quarter of 2018, the Committee determined that the Company s director compensation program meets the objectives listed above.

Director Compensation Structure

On May 2, 2018, the Board approved a compensation program for Capital One s non-management directors for the period from May 3, 2018 through Capital One s 2019 Annual Stockholder Meeting that is similar to the program for the preceding year. The compensation program consists of an annual cash retainer of $90,000 for service on the Board. In addition, directors receive annual cash retainers for committee service and for service as committee chairs and Lead Independent Director. Under the most recently approved director compensation program, the retainers, unchanged from the previous year, are as follows:

- Lead Independent Director Retainer: $50,000
- Chair of the Risk Committee: $60,000
- Chair of the Audit Committee: $45,000
- Chair of the Compensation Committee or Governance and Nominating Committee: $35,000
- Member of the Risk Committee (other than the chair): $30,000
- Member of the Audit Committee, Compensation Committee or Governance and Nominating Committee (other than the chair): $15,000
- Member of the Capital One, National Association Trust Committee: $10,000

In addition, each non-management director serving on May 2, 2018 received on such date an award of 1,907 restricted stock units of Capital One common stock (RSUs) under the 2004 Stock Incentive Plan with a grant

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SECTION II - DIRECTOR COMPENSATION

date fair value of $170,066 valued at $89.18 per share. The RSUs were valued based on the fair market value of a share of Capital One common stock on the date of grant and vest one year from the date of grant with the delivery of the underlying shares deferred until the director s service with the Board ends.

Compensation of Directors

Directors of Capital One received the following compensation in 2018:

Director Name	Fees Earned or Paid in Cash (1)	Stock Awards (2)	Option Awards	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (3)	Total
Richard D. Fairbank (4)	$	$	$	$	$	$
Aparna Chennapragada (5)	$90,000	$212,627	$	$	$	$302,627
Ann Fritz Hackett	$220,000	$170,066	$	$	$15,000	$405,066
Lewis Hay, III	$120,000	$170,066	$	$	$10,000	$300,066

Peter Thomas Killalea	$135,000	$170,066	$	$	$10,000	$315,066
Benjamin P. Jenkins, III	$150,000	$170,066	$	$	$15,000	$335,066
Eli Leenaars [(6)]	$	$	$	$	$	$
Pierre E. Leroy	$120,000	$170,066	$	$	$15,000	$305,066
François Locoh-Donou [(7)]	$	$	$	$	$	$
Peter E. Raskind	$165,000	$170,066	$	$	$15,000	$350,066
Mayo A. Shattuck III	$150,000	$170,066	$	$	$15,000	$335,066
Bradford H. Warner	$165,000	$170,066	$	$	$15,000	$350,066

Catherine G. West	$135,000	$170,066	$	$	$15,000	$320,066

(1) Represents cash payments made during 2018, which include half of the payments made under the compensation program for the period from May 3, 2018 through Capital One s 2019 Annual Stockholder Meeting and half of the payments made under the compensation program for the period from May 4, 2017 through Capital One s 2018 Annual Stockholder Meeting.

(2) Represents the grant date fair value of RSUs granted during 2018, calculated in accordance with FASB ASC Topic 718.

(3) Amounts shown represent contributions made by Capital One during 2018, on behalf of certain non-management directors serving on May 3, 2018, to charitable organization(s) of their choice. See Other Benefits beginning on page 47 for more information.

(4) Management directors do not receive compensation for their service on the Board. In 2018, Mr. Fairbank was Capital One s only management director.

(5) Ms. Chennapragada was appointed to the Board on March 1, 2018 and elected by our stockholders at the 2018 Annual Shareholder meeting. The Board approved a pro-rated compensation package for Ms. Chennapragada from March 1, 2018 until our 2018 Annual Meeting, consisting of a $22,500 cash retainer and a grant of 441 RSUs with a grant date fair value of $42,561, valued at $96.51 per share. The RSUs vest one year from the date of grant and delivery of the underlying shares is deferred until Ms. Chennapragada s service with the Board ends. Ms. Chennapragada did not serve on any Board committees prior to the 2018 Annual Stockholder Meeting.

(6) Mr. Leenaars was appointed to the Board and to serve on the Audit Committee and Risk Committees of the Board, effective January 1, 2019 and did not receive any compensation in 2018. For 2019, Mr. Leenaars will receive compensation for his services on the Board in accordance with the standard compensatory arrangement described above, including an increase of $25,000 to the annual cash retainer in recognition of the additional time and effort that will be required for Mr. Leenaars to travel internationally to attend Board and committee meetings, pro-rated for service until the Annual Stockholder Meeting in May 2019.

(7) Mr. Locoh-Donou was appointed to the Board, effective March 1, 2019 and did not receive any compensation in 2018. For 2019, Mr. Locoh-Donou will receive compensation for his service on the Board in accordance with the standard compensatory arrangement described above, pro-rated for service until the Annual Stockholder Meeting in May 2019.

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SECTION II - DIRECTOR COMPENSATION

The following table shows the number of RSUs outstanding and the total number of stock options outstanding for each non-management director as of December 31, 2018:

Director Name	Number of Outstanding RSUs	Number of Outstanding Stock Options [1]
Aparna Chennapragada	2,348	
Ann Fritz Hackett	44,268	
Lewis Hay, III	44,268	24,300
Peter Thomas Killalea	7,058	
Benjamin P. Jenkins, III	14,515	
Eli Leenaars [2]		
Pierre E. Leroy	43,268	
François Locoh-Donou [3]		
Peter E. Raskind	18,099	10,425

Mayo A. Shattuck III	44,268	22,155
Bradford H. Warner	37,492	24,300
Catherine G. West	14,515	

(1) Prior to 2013, directors were offered the opportunity to elect to forgo their cash retainers for a grant of non-qualified stock options under the 2004 Stock Incentive Plan. The outstanding options expire 10 years from the date of grant. In 2013, the Compensation Committee determined to no longer include stock options as part of the director compensation program. Upon termination from Board service (other than by removal for cause), a director will have the remainder of the full option term to exercise any vested stock options.

(2) On January 1, 2019, Mr. Leenaars received a pro-rated RSU grant of 937 RSUs in connection with his appointment to the Board effective January 1, 2019. Mr. Leenaars did not have any RSUs outstanding as of December 31, 2018.

(3) On March 1, 2019, Mr. Locoh-Donou received a pro-rated RSU grant of 505 RSUs in connection with his appointment to the Board effective March 1, 2019. Mr. Locoh-Donou did not have any RSUs outstanding as of December 31, 2018.

Other Benefits

Under the Capital One Financial Corporation Non-Employee Directors Deferred Compensation Plan, non-management directors may voluntarily defer all or a portion of their cash compensation and receive deferred income benefits. Participants in the plan can direct their individual deferrals among seventeen investments available through the plan. Participating directors receive their deferred income benefits in cash when they cease serving as directors, upon certain other distribution events specified in the plan, or at such earlier time as authorized by the Compensation Committee. Upon a change of control, Capital One will pay to each director within 30 days of the change of control a lump sum cash payment equal to such director s account balance as of the date of the change of control.

Capital One offers non-management directors the opportunity to direct a contribution of up to $10,000 annually from Capital One to charitable organization(s) of their choice. Nine of the ten non-management directors serving on May 3, 2018 elected to make such a charitable contribution in 2018. In addition, all directors serving on May 3, 2018 were eligible, and seven directors elected, to participate in a Capital One broad-based charitable contribution program, which is available to Capital One associates, under which Capital One made a contribution of $5,000 to a charitable organization of their choice.

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

Stock Ownership Requirements

Capital One requires non-management directors to retain all shares underlying RSUs granted to them by Capital One until their service with the Board ends. The Board may grant an exception for any case where this requirement would impose a financial hardship on a director. In 2018, no directors were granted an exception to this requirement for any outstanding awards of RSUs.

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Section III - Compensation Discussion and Analysis

Key Topics Covered in our Compensation Discussion and Analysis

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SECTION III - COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

Capital One s executive compensation program is designed to attract, retain, motivate and reward leaders who can foster strong business results and promote the long-term success of the Company. The Compensation Committee of the Board of Directors (the Committee) is responsible for, among other matters, developing, approving, monitoring and managing the compensation of all of our executive officers, including the named executive officers defined below. Final decisions regarding the compensation of our executive officers, including our Chief Executive Officer (CEO), are made by the Committee and the other independent members of our Board of Directors (the Independent Directors). This Compensation Discussion and Analysis will review the compensation of the following executive officers named in the Summary Compensation Table for 2018:

Named Executive Officer	Position
Richard D. Fairbank	Chairman, Chief Executive Officer and President
R. Scott Blackley	Chief Financial Officer
Frank G. LaPrade, III	Chief Enterprise Services Officer and Chief of Staff to the CEO
John G. Finneran, Jr. [1]	Senior Advisor to the CEO and Corporate Secretary
Sanjiv Yajnik	President, Financial Services

(1) Mr. Finneran served as General Counsel and Corporate Secretary until his appointment as Chief Risk Officer and Corporate Secretary from February 1, 2018 to August 1, 2018. Mr. Finneran began serving as Senior Advisor to the CEO on August 1, 2018, and continues to serve as Corporate Secretary.

Except as otherwise indicated, as used throughout this proxy statement, named executive officers or NEOs means the CEO and the four executive officers listed above, collectively.

2018 Company Performance and Compensation Highlights

In 2018, we continued to build an enduringly great franchise, unveiled new products and broadened our brand with marketing and advertising campaigns that drove awareness and customer growth. Our digital and technology transformation is accelerating. We delivered value to our customers and empowered them with great digital experiences. We are growing new customer relationships, deepening engagement with new and existing customers and strengthening our position to succeed in a rapidly changing marketplace and creating long-term shareholder value. We extended billions of dollars of credit to consumers, small business owners, and commercial clients while maintaining our focus on risk and resilience. We attracted amazing talent and our people practices continue to garner recognition.

Each year the Committee and the Independent Directors review and evaluate the Company s qualitative and quantitative performance and make determinations regarding the compensation of our named executive officers based on Capital One s pay-for-performance philosophy. The Committee s top priority is to implement a compensation program that aligns the interests of our named executive officers with the interests of our stockholders. The Committee also seeks to directly link the compensation of the NEOs with the Company s performance, and the executives contributions to that performance over appropriate time horizons, while supporting safety and soundness and appropriately balancing risk. The Committee and the Independent Directors have the flexibility to adjust compensation decisions from year to year to take into account Company and individual performance, as well as evolving market practices.

Company Performance Highlights

In 2018, Capital One delivered strong financial and operating results and continued to invest in growth and transformation. We delivered record revenues and profits while investing in attractive long-term growth opportunities. We believe our investments will result in a company with the scale, brand, capabilities, talent, and values to succeed as the digital revolution transforms our society and our industry.

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SECTION III - COMPENSATION DISCUSSION AND ANALYSIS

The tables below show our reported year-over-year performance across key financial metrics (dollar amounts in billions other than per share amounts)[1]:

Diluted Earnings Per Share (EPS[2])

Average Loans Held for Investment

Revenue

Efficiency Ratio [2]

ROTCE [3]

Tangible Book Value / Common Share

The Committee and the Independent Directors considered the Company s performance on both a quantitative and qualitative basis and specifically recognized the following when awarding compensation for the 2018 performance year to our named executive officers[1]:

Record Diluted EPS[2] of $11.82, or $10.88, net of adjustments, a 40.6% increase from 2017, outpacing all companies in our peer comparator group, driven by strong credit performance and operating results in all of our major lines of business (see   Market Data   beginning on page 76 for a description of our peer comparator group). Record net income of $5.7 billion, driven by record net income in our Domestic Card business.

Revenue Growth of 3.1% compared to 2017, fueled by balanced performance across our major business lines, including record purchase volume growth in our Domestic Card business of 15.4% over 2017.

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Return on Average Tangible Common Equity[3] of 18.6%, an increase of 55.0% from 2017 (as adjusted for the impacts of the Tax Act), which is above our peer comparator group s median of 17.1%.

Tangible Book Value per share growth (including the effect of common dividends) of 17.5%, the second-highest of our peer comparator group. Tangible Book Value per share grew from $60.28 to $69.20, with quarterly common dividends totaling $1.60 per common share, driven by strong profitability and capital management.

Efficiency Ratio[2] of 53.1%, net of adjustments, an increase from 51.0% in 2017 as we continued to invest in consumer growth opportunities, our technology transformation and a strong control environment.

Total Shareholder Return (TSR) of -22.8%, 11.2%, and 8.4% over one-, three-, and five-year periods as compared to the TSR of the KBW Bank Index of -17.7%, 25.4%, and 37.8% over the same time periods.

Continued Balance Sheet Strength with a Common Equity Tier 1 ratio[4] of 11.2%, reflecting strong capital levels when compared to regulatory minimums, and the completion of our authorized $1.2 billion in common share repurchases.

Execution Against Strategic Corporate Imperatives. We continued to make significant but disciplined investments to transform and reimagine our infrastructure, data, digital tools, and talent. We broadened our brand, enhanced our customer experience and strengthened our risk and control environment.

Risk Management and Control Environment. We continued to strengthen our risk and control environment and build risk identification and management capabilities, particularly in the areas of cybersecurity, credit monitoring and capital planning.

Credit Risk Management. Net charge-off rate of 2.52%, a decrease from 2.67% in 2017. Our charge-off rate in our Domestic Card business was 4.74% compared to 4.99% in 2017.

Walmart Partnership. We entered into a partnership to be the exclusive issuer of co-branded and private label credit cards for Walmart. In January 2019, we announced the purchase of approximately $9 billion of existing Walmart co-branded and private label card loans at an attractive price and terms.

The Committee believes that the actions taken by the named executive officers throughout 2018 contributed greatly to the Company s strong results and have positioned the Company to deliver resilient, sustainable financial performance over the long term.

(1) The Committee considers these metrics to be key financial performance measures in its assessment of the Company s performance, including certain non-GAAP measures. While certain of our non-GAAP measures are widely used by investors, analysts and bank regulatory agencies to assess the capital position of financial services companies, they may not be comparable to similarly titled measures reported by other companies. See Appendix A for our definition and reconciliation of these non-GAAP measures to the applicable amounts measured in accordance with GAAP.

(2) The Diluted EPS and efficiency ratios are presented on both a GAAP and non-GAAP basis. The non-GAAP measures consist of our adjusted results that the Committee believes are indicative of the Company s performance and help investors and users of our financial information understand the effect of adjusting items on our selected reported results and provide alternate measurements of our performance. See Appendix A for our reconciliation of the non-GAAP measures to the applicable amounts measured in accordance with GAAP.

(3) The ROTCE presented for 2017 is adjusted to exclude the $1.77 billion impact of the Tax Cuts and Jobs Act of 2017 (Tax Act). The adjusted amount is a non-GAAP measure that the Committee believes is indicative of the Company s performance and helps investors and users of our financial information understand the effect of the Tax Act on our selected reported results and provide alternate measurements of our performance. See Appendix A for our definition and reconciliation of these non-GAAP measures to the applicable amounts measured in accordance with GAAP.

(4) Calculated under the Basel Pillar III Standardized Approach, as of December 31 of each year.

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SECTION III - COMPENSATION DISCUSSION AND ANALYSIS

Compensation Highlights

We believe that our NEO compensation programs balance risk and financial results, reward NEOs for their achievements, promote our overall compensation objectives and encourage appropriate but not excessive risk-taking. Our compensation programs are structured to encourage our executives to deliver strong results over the short term while making decisions that create sustained value for our stockholders over the long term.

No CEO Cash Salary. Our CEO does not receive a cash salary and 100% of his compensation is at-risk based on his and the Company s performance.

Payout of 60% of CEO Compensation Determined by Formula. 60% of our CEO s compensation for 2018 was granted in the form of performance shares that provide for a vesting of shares based entirely on the Company s performance on an absolute basis and relative to the Company s peers over a three year period.

76% of CEO Pay is Equity-Based Compensation. 76% of our CEO s total compensation and 55% of all other named executive officer compensation for 2018 was equity or equity-based to align with stockholder interests.

All CEO Compensation Deferred for 3 Years. All of our CEO s compensation is deferred for at least three years.

Awards Based on Company and Individual Performance. All named executive officers receive incentive awards based on Company and/or individual performance.

CEO 2018 Compensation

NEO (other than CEO) 2018 Compensation

All Equity and Equity Based Awards Contain Performance and Recovery Provisions. All equity awards contain performance and recovery provisions that are designed to further enhance alignment between pay and performance and to balance risk. See Additional Performance Conditions and Recovery Provisions beginning on page 71 for more information about these provisions.

2018 Compensation Decisions

The Committee and the Independent Directors approved the following awards attributable to the 2018 performance year for our named executive officers:

2018 CEO Performance Year Compensation. Mr. Fairbank s total compensation for performance year 2018 was $17.5 million, which consisted of:

- **Performance Shares** granted in February 2018 under which he may receive from 0% to 150% of a target number of 100,268 shares of the Company s common stock based on the Company s performance over a three-year period beginning January 1, 2018; and

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SECTION III - COMPENSATION DISCUSSION AND ANALYSIS

Year-End Incentive Award totaling $7 million granted in January 2019 in recognition of the Company s record financial performance in 2018 and consisting of a deferred cash bonus of $4.2 million and a grant of 34,744 cash-settled restricted stock units (RSUs) valued at $2.8 million. The deferred cash bonus is mandatorily deferred for three years into the Company s Voluntary Non-Qualified Deferred Compensation Plan and will pay out in the first calendar quarter of 2022. The award of RSUs will vest in full on February 15, 2022, and settle in cash based on the Company s average stock price over the fifteen trading days preceding the vesting date.

		Year-End Incentive		Long-Term Incentives		
			Cash-Settled	Stock-Settled		
Name	Cash Salary	Deferred Cash Bonus	RSUs	RSUs	Performance Shares	Total
Richard D. Fairbank	$	$ 4,200,000	$ 2,800,019	$	$ 10,500,065	$ 17,500,084

2018 NEO Performance Year Compensation. The compensation for named executive officers (other than the CEO) for 2018 performance is set forth below. The compensation received by these named executive officers consisted of: (i) cash salary and (ii) a year-end incentive granted in January 2019 in recognition of the Company s and each executive s performance in 2018. The year-end incentive consisted of a cash incentive and long-term incentives comprised of stock-settled RSUs and performance shares. The performance shares provide an opportunity for the executive to receive from 0% to 150% of a target number of shares of the Company s common stock based on the Company s performance over a three year period beginning January 1, 2019.

			Long-Term Incentives		
Name	Cash Salary	Cash Incentive	Stock-Settled RSUs	Performance Shares	Total
R. Scott Blackley	$ 1,000,000	$ 1,500,000	$ 1,250,031	$ 1,500,022	$ 5,250,053

Frank G. LaPrade, III	$ 1,043,000	$ 1,564,800	$ 1,302,737	$ 1,563,285	$ 5,473,822
John G. Finneran, Jr.	$ 1,082,000	$ 1,623,600	$ 1,352,300	$ 1,622,760	$ 5,680,660
Sanjiv Yajnik	$ 1,025,000	$ 1,537,200	$ 1,407,504	$ 1,689,005	$ 5,658,709

The information above is presented to show how the Committee and the Independent Directors viewed compensation awarded for 2018 and is not intended as a substitute for the Summary Compensation Table, which is required by the Securities and Exchange Commission (SEC). See 2018 Summary Compensation Table beginning on page 81 for a description of how the information above differs from the Summary Compensation Table.

Consideration of 2018 Say on Pay Vote

The Committee and the Board value the input of our stockholders and strive to foster a constructive dialogue with stockholders on matters of executive compensation and corporate governance. At our 2018 Annual Stockholder Meeting, more than 85% of the votes cast were in favor of our non-binding advisory vote on executive compensation (2018 Say on Pay Vote). Though the Committee recognized the 2018 Say on Pay Vote reflected support for the Company s executive compensation programs, the Committee remains committed to ongoing stockholder engagement. In 2018, we continued to strengthen our outreach to stockholders to maintain strong lines of communication with our stockholders and shared stockholders perspectives with the Committee and the Board. From this outreach, the Committee and the Board gained valuable insight into our investors views about the Company, including our executive compensation programs. As a result of the feedback received from investors during 2018, the Committee made the following enhancements to our executive compensation programs and disclosure:

Increased Alignment of CEO Pay and Performance. Beginning in 2019, the Committee and the Independent Directors increased the alignment of CEO compensation with Company performance and stockholder interests by increasing the percentage of the CEO s total target compensation tied to a year-end evaluation of CEO and Company performance from 40% to 90%. The Committee and the

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Independent Directors believe that this structure further aligns Mr. Fairbank s compensation with that of the Company s peers and provides a greater opportunity for the Committee and the Independent Directors to assess the Company and the CEO s performance after the completion of the performance year. In addition, this structure enhances the Committee and the Independent Directors ability to incorporate feedback from stockholders received during the year to ensure that the CEO s performance year compensation appropriately reflects the Company s compensation philosophy and principles and business results. See 2019 CEO Compensation Program beginning on page 65 for more information.

New Performance Share Award Metrics. Beginning in 2018, the performance shares awarded to the NEOs vest based on two metrics: Common Dividends + Growth of Tangible Book Value per Share (D+TBV) and Adjusted ROTCE, each as defined under Performance Share Award Metrics on page 59. The Committee and the Independent Directors believe that these two performance metrics, in combination, provide a balanced and rigorous measurement of Company performance by balancing the creation of long-term stockholder value and the returns generated on stockholders investment in the Company.

Simplified NEO Compensation Program. In 2018, the Committee and the Independent Directors modified the compensation program applicable to our NEOs, other than our CEO, to reduce the number of compensation vehicles, eliminating stock options and cash-settled RSUs, and more closely aligning the program vehicles and structure to the programs used by the Company s peers. See 2018 NEO Compensation Program beginning on page 66 for more information.

The Committee continues to actively engage with our stockholders with respect to executive compensation matters and has considered stockholder feedback in approving year-end incentive awards for 2018 and structuring and approving the 2019 compensation programs for the NEOs. For additional changes made to the 2019 compensation program, see 2019 CEO Compensation Program beginning on page 65.

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Our Compensation Principles and Objectives

Highlights of Our 2018 Compensation Programs

What We Do	What We Don t Do
We provide the majority of NEO compensation as **long-term, equity or equity-based compensation**	û We do not pay a **cash salary** to our CEO
We provide our CEO with compensation consisting **entirely** of **equity or equity-based awards** and **deferred payouts**	û We **do not guarantee** incentive awards
We grant our NEOs **performance-based** cash incentive and equity-based awards	û We do not permit our NEOs to place their Company securities in a **margin** account or to **pledge** their Company securities as collateral for a loan
We apply **risk balancing** so as not to jeopardize the safety and soundness of Capital One	û We **do not** provide compensation or awards to our NEOs on terms and conditions that are **more favorable** than compensation and awards granted to other executive officers

We apply **performance thresholds** to NEO grants to determine the amount of equity delivered at vesting	û We do not permit our NEOs to engage in **short sales, hedging transactions,** or **speculative trading** in derivatives of our securities
We reduce performance share award values at vesting if the Company does not achieve **positive Adjusted ROTCE (for awards granted beginning in 2018)**	û We **do not reprice** stock options
We have **clawback** provisions in our equity award agreements to promote accountability	û Generally, we do not utilize **employment agreements**, and none of our current NEOs have employment agreements
We require both a change of control event and a termination before we accelerate the vesting of equity and equity-based awards (**double trigger**)	û We do not provide **excise tax gross-up** payments
We have an **independent** compensation consultant advising the Committee	
We use a mix of **pre-established relative and absolute performance** metrics in our incentive awards	

All of the terms and features described above, including the performance-based vesting and clawback provisions, apply to awards granted to all executive officers and not just the NEOs.

Compensation Program Objectives

Capital One s executive compensation program has four primary objectives.

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

Capital One emphasizes pay-for-performance at all organizational levels. Typically, as an executive s level of responsibility increases, so does the proportion of the executive s pay that is subject to performance criteria. Therefore, the named executive officers have the highest proportion of their pay directly linked to Company and individual performance, as compared to other associates. Awards made to the named executive officers in January 2019 for the 2018 performance year were based on Company and individual performance, and on demonstrating specific leadership competencies assessed through a comprehensive performance management process that included an individual assessment specifically designed to evaluate the degree to which the executive balanced risks inherent to his or her role. The Chief Risk Officer compiled these risk assessments and the Chief Human Resources Officer reviewed the assessments for the NEOs. Separately, the Chief Auditor compiled and reviewed the risk assessment for the Chief Risk Officer. The Committee considered the assessments in making its determinations regarding individual performance and compensation levels.

SECTION III - COMPENSATION DISCUSSION AND ANALYSIS

Reward performance over multiple time horizons

Our compensation programs are structured to encourage our executives to deliver strong results over the short term while making decisions that create sustained value for our stockholders over the long term. For 2018, approximately 76% of the CEO s total compensation was equity-based and at-risk to the performance of the Company s stock price, and 100% of his compensation was deferred for a three-year period. In addition, approximately 55% of total compensation for NEOs other than the CEO was provided through equity-based vehicles which were at-risk to the performance of the Company s stock price and subject to vesting over multiple time horizons. The use of deferred, equity-based compensation vehicles with multi-year vesting terms advances our goal of aligning the ultimate value realized by the named executive officers with the performance of the Company s stock over time because the value of these compensation vehicles increases and decreases based on the performance of the Company s stock price in both current and future periods.

Attract, retain and motivate top executive talent

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

Align our executives interests with those of our stockholders

The Committee and the Independent Directors are committed to designing incentive compensation programs that reward individual and Company performance and that are aligned with the creation of stockholder value over the long term. Because named executive officer compensation is primarily delivered through deferred, equity-based vehicles that vest over multiple time horizons, the named executive officers have a significant stake in the success of the Company. The Committee and the Independent Directors also have the flexibility to adjust compensation decisions from year to year to take into account the Company s performance and evolving market practices. In addition, we have established specific stock ownership policies that the named executive officers must meet and stock retention provisions applicable to certain equity awards.

Use of Discretion

The Committee believes that exercising discretion is an important element in reaching balanced compensation decisions that are consistent with our strategy and reward both current year performance and sustained long-term value creation, and supplements other aspects of Capital One s pay-for-performance philosophy. By applying discretion, the Committee seeks to mitigate the risks associated with a rigid and strictly formulaic compensation program, which could unintentionally create incentives for our executives to focus only on certain performance metrics, encourage imprudent risk taking, and not provide the best results for stockholders. In addition, the use of discretion allows the Committee to respond to changes in economic conditions, our operating environment, and other significant factors that may affect the long-term performance of Capital One or our lines of business. The use of discretion also allows the Committee to adjust compensation based on factors that would not be appropriately reflected by a strictly formulaic approach, such as risk management, championing company values, and the discrepancies between absolute and relative performance levels or recognition of individual performance levels. There are certain performance conditions for which the Committee would not exercise discretion, for example where the minimum performance metric is not met in the award of performance shares or if the performance-based vesting requirements applicable to certain other stock-settled awards are not met.

Chief Executive Officer Compensation

2018 CEO Compensation Program

The Committee annually reviews and approves the form, timing and amount of compensation for the CEO and makes recommendations regarding the CEO compensation structure to the Independent Directors for final

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approval. The Committee believes that the CEO s compensation should be entirely at-risk based on his and the Company s performance. The Committee considers the Company s and the CEO s historical performance and seeks to effectively align the CEO s interests with the interests of our stockholders over time, support safety and soundness and appropriately balance risk.

When determining the structure and total target compensation opportunity for Mr. Fairbank s 2018 compensation program, as well as the value for each component awarded, the Committee and the Independent Directors considered the Company s performance during 2017 and Mr. Fairbank s contribution to that performance. In addition, the Committee and the Independent Directors considered the Company s performance in 2017 relative to the performance of peer comparator companies in 2017, the structure and amount of compensation awarded to the chief executive officers of the peer comparator companies and the structure and amount of Mr. Fairbank s compensation awards in prior years. The Committee and the Independent Directors also considered the Company s risk profile and the time horizon over which the deferred, equity-based awards will vest, as well as the fact that the ultimate value of Mr. Fairbank s deferred, equity-based awards will depend on the Company and Mr. Fairbank s performance over time as well as the value of Capital One s common stock at the time the awards vest.

After considering these factors, in February 2018, the Committee and the Independent Directors determined that a total target compensation amount of $17.5 million was appropriate for Mr. Fairbank s 2018 compensation program and that the program would continue to consist of performance shares granted at the beginning of the performance year and designed to provide Mr. Fairbank with an incentive to focus on long-term performance; and a year-end incentive award opportunity based on the Committee s evaluation of the Company s performance during the performance year. In addition, all of the CEO s compensation is subject to a three-year deferred vesting or payout schedule. In this manner, the CEO s compensation continues to be completely at-risk and aligned with the Company s performance over multiple time horizons.

The table below summarizes the CEO compensation program that the Committee and the Independent Directors approved for the 2018 performance year.

Compensation Element	Timing of Award Determination	Basis for Award	Vesting Schedule	Performance and Recovery Provisions
Base Salary	Not applicable	Not applicable	Not applicable	Not applicable
Performance Shares	February 2018			

		Incentive for future Company performance	Vest at the end of the 3-year performance period based on achievement of performance factors	Performance share reduction Misconduct clawback Financial restatement clawback
Year-End Incentive Opportunity	January 2019	Reward for 2018 CEO and Company performance	Delivered as combination of cash-settled RSUs and deferred cash; payout after 3 years	Performance-based vesting provisions (RSUs only) Misconduct clawback

See Additional Performance Conditions and Recovery Provisions beginning on page 71 for more details regarding the performance and recovery provisions applicable to each of the elements of compensation that the Committee approved for the 2018 performance year for the named executive officers.

2018 CEO Compensation Components

The CEO s compensation for the 2018 performance year was composed of performance shares and an opportunity for a year-end incentive award that may be delivered in the form of an equity-based award, deferred cash, or both. Mr. Fairbank does not receive a cash base salary. All of the CEO s compensation is subject to a three-year deferred vesting or payout schedule. The charts below represent (i) the components of CEO compensation as an approximate percentage of the CEO s 2018 total target compensation, and (ii) the pay mix of the CEO s actual compensation for the 2018 performance year, including the year-end incentive opportunity which consisted of 60% deferred cash and 40% cash-settled RSUs.

2018 CEO Target Compensation

2018 CEO Actual Pay Mix

Performance Share Award

The Committee and the Independent Directors believe the performance shares strengthen the alignment between the compensation of our NEOs and the Company s performance by linking the ultimate payout to pre-established absolute and relative performance goals, with the value of the payout ranging from 0% to 150%. The ultimate value of the performance shares upon vesting is determined by the Company s performance through its stock price.

In February 2018, Mr. Fairbank was granted an award of performance shares under which he may receive from 0% to 150% of a target number of 100,268 shares of the Company s common stock based on the Company s performance over the three-year period from January 1, 2018 through December 31, 2020. The performance shares had a grant date fair value of $10.5 million. See page 59 for additional information regarding the 2018 performance share award to Mr. Fairbank.

Performance Share Award Metrics

Performance Share Awards Granted in 2018 and Beyond. Each year, the Committee and the Independent Directors evaluate the structure and amount of the equity awards provided to our NEOs, including the Company performance metrics applicable to such awards. In 2018, in order to further align our NEOs interests with those of our stockholders, as well as based on market practices, peer comparator information and in response to stockholder feedback, the Committee and the Independent Directors determined that performance share awards granted to the CEO and the other NEOs beginning in 2018 will be based on the following two metrics:

Common Dividends + Growth of Tangible Book Value per Share (D+TBV)	D+TBV rewards strong operational results, balanced stewardship of capital, and long-term stockholder value creation by measuring the value distributed to stockholders (common dividends per share) and the growth of company value created for common stockholders (tangible book value per share). D+TBV is calculated as the three-year average of the ratios, expressed as a percentage, of (a) the Company s tangible book value per share at the end of each year within the performance period, plus total common dividends per share paid during such year, to (b) the Company s tangible book value per share at the beginning of each corresponding year within the performance period.
Adjusted Return on Tangible Common Equity (Adjusted ROTCE)	Adjusted ROTCE rewards balanced capital management and stewardship while capturing current and historical business performance and profitability as compared to the size of our stockholders investment in the Company. ROTCE is broadly used in banking as a key performance indicator and component in peer executive compensation programs. Adjusted ROTCE is calculated as the ratio, expressed as a percentage, of (a) the Company s net income available to common stockholders, excluding, on a tax-adjusted basis, the impact of impairment, amortization and re-measurement of intangible assets, to (b) the Company s average tangible common equity.

The Committee and the Independent Directors believe that these two performance metrics, in combination, provide a rigorous measurement of Company performance by balancing the creation of long-term stockholder value and the returns generated on stockholders investment in the Company. Beginning with performance year 2018, the performance share awards represent 60% of CEO total target compensation and an anticipated range of between approximately 30% and 55% of total target compensation for the other NEOs.

To appropriately incentivize long-term value creation in line with the Company s strategic goals, two-thirds of each performance share award will vest based on D+TBV, and one-third of each performance share award will vest based on Adjusted ROTCE. The Company s performance on each metric will be assessed over the three-year period relative to the KBW Bank Index, excluding three non-traditional banks that do not focus on lending to consumers and businesses (the KBW Index). The Committee believes that the KBW Index is an appropriate index against which to assess the Company s performance because it reflects institutions of a comparable size, risk profile and business mix to the Company. After the end of the three-year performance period, the Committee will certify the Company s performance and issue the corresponding number of shares of the Company s common stock, if any, in accordance with the relative performance hurdles illustrated below. The metrics will be calculated as indicated above, with the Committee excluding from such calculations the initial effects of changes in tax laws, accounting principles or regulations, or other laws or provisions affecting the reported results if the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the 2004 Stock Incentive Plan or necessary or appropriate to comply with applicable laws, rules or regulations.

Performance Share Awards Granted Prior to 2018. For performance share awards granted prior to 2018, the Company s performance will be assessed on the basis of Adjusted ROA (as defined on page 73) relative to a comparator group consisting of companies in the KBW Index. The Committee selected relative Adjusted ROA as

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the metric to underlie performance share awards granted prior to 2018 in order to achieve a balance of incentivizing and rewarding management to pursue business strategies that reward stockholders over the long term, while discouraging excessive risk-taking or balance sheet leverage in pursuit of those goals.

Performance Share Award Formula

For all performance share awards, the ultimate number of performance shares earned at vesting is determined by a formula based on relative performance and absolute performance (in the form of a performance share reduction) measures, with the value of the payout ranging from 0% to 150%. In addition, the value of the performance shares upon vesting is determined by the Company s stock price performance.

Relative Performance Measure. Each year, the Committee and the Independent Directors assess the Company s performance on the basis of the performance share award metric relative to the KBW Index comparator group. In 2017, the Committee and the Independent Directors revised the performance measures applicable to performance shares granted beginning in 2017, in part in response to stockholder feedback, to require a more rigorous set of relative Company performance hurdles related to the potential payouts made in connection with the awards. Under the revised performance hurdles, the Company s positive Adjusted ROTCE and D+TBV or Adjusted ROA, as applicable, must be at least at the 25th percentile of peers for any performance shares to vest, target payout will be achieved at the 55th percentile of peers, and the maximum payout can only be achieved if the Company performs at the 80th percentile of peers. If the Company s positive Adjusted ROTCE and D+TBV or Adjusted ROA, as applicable, is under the 25th percentile, none of the shares will vest and no payout will be made with respect to the award. The graph below represents these performance hurdles. After the end of the three-year performance period, the Committee will certify the Company s performance and issue the corresponding number of shares of the Company s common stock, if any, in accordance with the graph below. Payouts will range between the values shown below for performance that falls between the points labeled in the graph.

Absolute Performance Measure - Performance Share Reduction. All performance share awards are subject to a performance share reduction. For performance shares granted beginning in 2018, the performance share reduction will be based on the Company s Adjusted ROTCE, replacing Adjusted ROA, on an absolute basis. Under the performance share reduction feature, the number of shares issued at settlement will be reduced if the Company s Adjusted ROTCE for one or more fiscal years completed during the performance period is not positive, no matter how well the Company performs compared to the peer group. In each year that the Company does not achieve positive Adjusted ROTCE, the executive will forfeit 50% of that year s worth of performance shares. If the Company s Adjusted ROTCE is not positive in each of the three fiscal years in the performance

period, the executive will forfeit the entire award of performance shares. See Performance Share Reduction on page 73 and Financial Restatement Clawbacks on page 74 for more information. The table below shows potential performance share reduction amounts based on the Company s Adjusted ROTCE performance.

Number of Years During Performance Period Adjusted ROTCE is Not Positive	Reduction in Number of Units Vesting and Shares Awarded
Zero	No reduction
One	One-sixth reduction
Two	One-third reduction
Three	Entire award forfeited

For performance share awards granted prior to 2018, under the applicable performance share reduction feature, the number of shares issued at settlement will be reduced if the Company s Adjusted ROA for one or more fiscal years completed during the three-year performance period is not positive, no matter how well the Company performs compared to the peer group. Similar to above, in any year that the Company does not achieve positive Adjusted ROA, the executive will forfeit 50% of that year s worth of performance shares. If the Company s Adjusted ROA is not positive in each of the three fiscal years in the performance period, the executive will forfeit the entire award of performance shares.

Year-End Incentive Opportunity

A portion of Mr. Fairbank s 2018 compensation consisted of an opportunity for a year-end incentive with a target value of $7.0 million based on the Committee s evaluation of the Company s performance during 2018 and Mr. Fairbank s contributions to that performance. The Committee and the Independent Directors may determine to award 0% to 150% of the year-end incentive target value. For purposes of the year-end incentive, the Committee and the Independent Directors assess the Company s performance based on the following four categories of quantitative and qualitative performance factors: financial and operating performance, governance and risk management, strategic performance and winning with our customers and associates (the Performance Factors). The Committee believes that these factors appropriately reflect and balance near term performance and long-term success for the Company s customers, associates, and stockholders.

The year-end incentive may be awarded in the form of deferred cash, an equity-based award, or both as determined by the Committee and the Independent Directors at the time the award is granted. Both the equity-based award and the deferred cash bonus have a three-year cliff vesting and are subject to clawback provisions. The performance-based vesting provisions applicable to the equity-based award and the clawback provisions applicable to both awards are described in more detail under Additional Performance Conditions and Recovery Provisions beginning on page 71.

2018 CEO Year-End Incentive Determination

In January 2019, the Committee and the Independent Directors approved year-end incentive awards for Mr. Fairbank totaling $7.0 million for 2018 based on their assessment of the Company s and Mr. Fairbank s performance with respect to the Performance Factors. Between performance year 2016 and performance year 2018, Mr. Fairbank s year-end incentive award has ranged from $4.5 million to $7.0 million, varying based on his and the Company s performance. For performance year 2018, the Committee and the Independent Directors determined to award Mr. Fairbank s year-end incentive award using two vehicles:

Restricted Stock Units. An award of 34,744 RSUs, which had a total grant date value of approximately $2.8 million, which will vest in full on February 15, 2022, settle in cash based on the Company s average stock price over the 15 trading days preceding the vesting date, and is subject to performance-based vesting provisions.

Deferred Cash Bonus. A $4.2 million deferred cash bonus which is mandatorily deferred for three years into the Company s Voluntary Non-Qualified Deferred Compensation Plan and will pay out in the first calendar quarter of 2022.

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Including the year-end incentive opportunity, Mr. Fairbank s total compensation for the 2018 performance year consisted of 76% equity-based awards and 24% deferred cash.

In determining the 2018 year-end incentive awards, the Committee and the Independent Directors rewarded Mr. Fairbank s stewardship in delivering resilient growth, strong financial performance across all major lines of business and driving strategies that advanced the Company s achievement of its long-term goals while accelerating the Company s ability to deliver strong, sustainable financial performance and enduring value to stockholders over the long term. In 2018, Capital One achieved record net income and industry-leading purchase volume growth in our Credit Card business, strong deposit growth and ending loans in our Consumer Bank business, and strong credit performance in our Commercial banking business. In addition, under Mr. Fairbank s visionary leadership, the Company continued to make transformational investments in talent, capabilities, and technology to create value today and over the long term. We continued to strengthen our risk and control environment, build risk identification and management capabilities, particularly in the areas of cybersecurity, credit monitoring, and capital planning, and are committed to effective, proactive, and sustainable operation of these capabilities.

In an environment where the valuations and returns for consumer lending-focused companies have underperformed traditional banks, management has continued its investments in growth and transformation while also focusing on strong credit risk management and long-term resilience. Although these investments and choices may dampen near-term returns, the Committee and the Independent Directors believe that management continues to appropriately balance the inherent trade-offs between financial resilience, investing for the future, and delivering attractive returns over the short, medium, and long term. The Committee and Independent Directors recognize that the Company s one-, three-, and five-year TSR for 2018 lags the peer comparator group, but believe the Company s strategic investments will result in strong stockholder returns over time through continued growth, improved efficiency, strong profitability, and significant capital distribution.

In January 2019, the Committee assessed the Company s quantitative and qualitative performance. In particular, the Committee considered:

Performance Factor	2018 Performance[1]	
	2018	2017
Earnings and Earnings Per Share		

Revenue	**Revenue**	$28.1 billion	$27.2 billion
Expense Management	**Pre-Provision Earnings**	$13.2 billion	$13.0 billion
ROA and ROTCE	**Diluted EPS[(2)]**	$10.88	$7.74
Capital Management	**ROA**	1.7%	0.6%
Total Shareholder Return	**ROTCE[(3)]**	18.6%	12.0%

Net Income of $5.7 billion, the highest in the Company s history

Record growth of Diluted EPS[(2)] of $10.88, net of adjustments, a 40.6% increase from 2017, significantly outpacing all the Company s peer comparator group

Strong revenue, new accounts, and purchase volume growth in the Credit Card business, including $3.2 billion of net income

Strong credit performance in our Commercial Banking business

Efficiency ratio[(2)] of 53.1%, net of adjustments, for 2018, compared to 51.0% in 2017

Tangible Book Value/Share growth (including the effect of common dividends) of 17.5% to $69.20

Paid a quarterly common stock dividend of $1.60/share

One-, three-, and five- year TSR of -22.8%, 11.2%, and 8.4% for 2018 as compared to the TSR of the KBW Index of -17.7%, 25.4%, and 37.8% over the same time periods

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(1) The Committee considers these metrics to be key financial performance measures in its assessment of the Company s performance, including certain non-GAAP measures. While certain of our non-GAAP measures are widely used by investors, analysts and bank regulatory agencies to assess the capital position of financial services companies, they may not be comparable to similarly titled measures reported by other companies. See Appendix A for our definition and reconciliation of these non-GAAP measures to the applicable amounts measured in accordance with GAAP.

(2) The Diluted EPS and efficiency ratios are presented on both a GAAP and non-GAAP basis. The non-GAAP measures consist of our adjusted results that our Committee believes are indicative of the Company s performance and help investors and users of our financial information understand the effect of adjusting items on our selected reported results and provide alternate measurements of our performance. See Appendix A for our reconciliation of the non-GAAP measures to the applicable amounts measured in accordance with GAAP.

(3) The ROTCE presented for 2017 is adjusted to exclude the $1.77 billion impact of the Tax Act. The adjusted amount is a non-GAAP measure that the Committee believes is indicative of the Company s performance and helps investors and users of our financial information understand the effect of the Tax Act on our selected reported results and provide alternate measurements of our performance. See Appendix A for our definition and reconciliation of these non-GAAP measures to the applicable amounts measured in accordance with GAAP.

	Performance Factor	2018 Performance
	Credit performance and underwriting quality	Net charge-off rate of 2.52% compared to 2.67% in 2017 and net charge-off rate of 4.74% for Domestic Card compared to 4.99% in 2017
	Risk management and compliance	Strong credit performance, with provision for credit losses of $5.9 billion for 2018, a significant improvement compared to $7.6 billion in 2017
	Balance sheet strength	

	Common equity Tier 1 capital ratio[1] of 11.2% as of December 31, 2018 compared to 10.3% in 2017
Board and executive governance	Continued focus on horizontal and vertical profitability and resilience, and accelerated investments in, and attention to, credit monitoring and forecasting and capital planning processes
	Open and active Board governance model, including access to management, embrace of effective challenge, and proactive stockholder outreach
	Continued to build risk management and operational risk capabilities across all three lines of defense and achieved continued progress enhancing the soundness and sustainability of the Company s compliance and risk management programs, including well-managed market and liquidity risk programs
	Active board refreshment, adding two new independent Board members with experience and expertise in banking, technology, and risk management
	Increased environmental sustainability of our operations, including consumer marketing and management of real estate footprint

(1) Calculated under the Basel Pillar III Standardized Approach, as of December 31 of each year.

Performance Factor	2018 Performance
Progress toward achievement of long-term strategy	Balanced investments in market opportunities and long-term capabilities, including talent, infrastructure, risk management, and process reinvention

Execution against corporate imperatives	Significant progress on building modern technology capabilities that are significantly improving operations
Disciplined investments in infrastructure, technology and growth initiatives	Accelerated focus on cloud capabilities, modern software engineering and delivery, and enhanced cybersecurity capabilities
CEO leadership and performance of executive team	Continued building a national bank franchise through harmonizing product offerings and expansion of Capital One Cafés
	Expanded specialization capabilities in our Commercial Banking business and solidified our position as one of the leading auto lenders in the United States
	Prudently increased investments to support customers financial needs while also making disciplined choices to reduce or eliminate non-strategic or uncompetitive products and services
	Partnership to be the exclusive issuer of co-branded and private label credit cards for Walmart and purchase of approximately $9 billion of existing Walmart co-branded and private label card loans at an attractive price and terms

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Performance Factor	2018 Performance
Recruitment and development of world class talent	Continued focus on attracting top talent and welcomed over 9,000 new associates, 1,000 of which were college graduates entering their first job, and maintained a high bar for talent and diversity
Associate engagement and retention	Recorded high associate engagement and morale scores, and voluntary attrition remained low
Customer advocacy	Strong Net Promoter Scores across all of our consumer lending and retail banking businesses, with U.S. Card net promoter scores reaching a record-high
Brand	Our flagship Mobile Banking application earned J.D. Power award for Highest in Overall U.S. Banking App Satisfaction for the second year in a row
Corporate reputation and community engagement	Broadened and diversified the executive management team with talents and experiences that support our growth, investments, risk profile, and culture
Live our values and champion our culture	Achieved Outstanding ratings on exams related to the Community Reinvestment Act, and we remain committed to lending to, investing in, and serving LMI communities across the United States

Our associates volunteered more than 422,000 hours, working with thousands of organizations across the nation

Broadened the Capital One brand, including in banking and technology

Donated more than $44 million to non-profit organizations to help build economic opportunity in the communities where our associates and customers work and live

The Committee also took into account peer comparator group CEO compensation levels and structure, including:

Mr. Fairbank does not receive a cash salary;

100% of his compensation is deferred for at least 3 years;

The tenures of each of the peer companies CEOs;

The varying degrees of success those CEOs have had in leading their respective companies; and

Mr. Fairbank s visionary leadership and strategic role as the founder of Capital One.

The Committee believes that the actions taken by Mr. Fairbank and the other named executive officers throughout the year drove the Company s 2018 results and have advanced the Company toward creating enduring value, sustainable financial performance and the achievement of the Company s strategic goals over the long term.

CEO Compensation by Performance Year

Below is a table showing Mr. Fairbank s compensation awards as they are attributable to the performance years indicated. For the years shown in the table, Mr. Fairbank s total target compensation was $17.5 million. Mr. Fairbank s total compensation for performance year 2018 was $17.5 million. See Year-End Incentive Opportunity beginning on page 61 for additional information regarding the year-end incentive granted to Mr. Fairbank for performance year 2018.

Performance Year	Cash Salary	Year-End Incentive		Long-Term Incentive			Total
		Deferred Cash	Cash-	Stock-Settled	Performance	Option Awards[1]	

		Bonus	Settled RSUs	RSUs	Shares		
2018	$	$4,200,000	$2,800,019	$	$10,500,065	$	$17,500,084
2017	$	$3,727,500	$2,485,006	$	$8,750,041	$1,750,018	$16,712,565
2016	$	$2,677,500	$1,785,080	$1,750,026	$8,750,002	$1,750,003	$16,712,611

(1) In 2018, the Committee and the Independent Directors increased the percentage of the CEOs total target compensation comprised of performance shares from 50% to 60 and eliminated stock options from the program.

The table above is presented to show how the Committee views Mr. Fairbank s compensation and to which year the compensation awards relate. This table differs substantially from the Summary Compensation Table beginning on page 81 and is therefore not a substitute for the information required in that table. There are two principal differences between the Summary Compensation Table and the table above:

- The table above reports equity-based awards as compensation for the performance year for which they were awarded, even if the award was granted in one year based on performance for the prior year. As a result, the cash-settled RSU award granted to Mr. Fairbank in January 2019 for the 2018 performance year, for example, is shown in the table above as 2018 compensation. The Summary Compensation Table reports equity-based awards in the year in which they were granted.

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

Additional Pay Elements

As part of the CEO compensation program, the Committee and the Independent Directors also approved certain other programs intended to support Mr. Fairbank s productivity, well-being and security. These programs provide some level of personal benefit and are not generally available to all associates. For 2018, these programs included the following:

- Executive term life insurance with a benefit level of $5 million

- The ability to participate in a comprehensive voluntary annual health screening

- Maintenance for Mr. Fairbank s home office

- Personal security detail that also provides transportation service for Mr. Fairbank

- The monitoring and maintenance of an electronic home security system

The Committee has determined that the nature and value of these programs are comparable to those offered to similarly situated executives at our peers. Additional details on these programs can be found in the Named Executive Officer Compensation section beginning on page 81.

2019 CEO Compensation Program

Each year, the Committee and the Independent Directors review the CEO compensation program in light of Company performance data, peer comparator group performance data, historical pay information, data on specific market practices and trends, stockholder feedback, and other relevant points of information. The Committee and the Independent Directors continue to believe that the CEO compensation program aligns Mr. Fairbank s compensation with the Company s performance over the appropriate time horizons and supports the Company s executive compensation goals and principles. In January 2019, the Committee and the Independent Directors reviewed the compensation structure utilized in 2018 for Mr. Fairbank and determined that, for 2019, the CEO compensation program would continue to consist of an equity or equity-based award granted at the beginning of the year plus an opportunity for a year-end incentive award based on CEO and Company performance for 2019. In this manner, the CEO s compensation will continue to be completely at-risk based on the Company s and Mr. Fairbank s performance, and all CEO compensation continues to be subject to a three-year deferred vesting or payout. The Committee and the Independent Directors also determined that for Mr. Fairbank s 2019 compensation program, a total target compensation amount of $17.5 million, the same total target compensation for 2018, was appropriate.

In connection with the review of the CEO compensation program and in response to feedback received from stockholders, the Committee and the Independent Directors modified the structure of the CEO compensation program to increase the percentage of the CEO s total target compensation granted following the completion of the performance year from 40% to 90%. Beginning with the 2019 performance year, the CEO s total target compensation will consist of two components: (i) 10% in the form of RSUs granted at the beginning of the

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performance year; and (ii) 90% in the form of an opportunity for a year-end incentive award, consisting primarily of performance shares, to be granted in early 2020 and based on the Company s performance in 2019.

The Committee and the Independent Directors believe that this structure increases the alignment of CEO compensation with Company performance and stockholder interests by directly linking a greater portion of the CEO s compensation to the Company s performance. In addition, the revised structure provides a greater opportunity for the Committee and the Independent Directors to assess the Company and the CEO s performance after the completion of the performance year and incorporate feedback from stockholders received during the year to ensure that the CEO s performance year compensation appropriately reflects the Company s compensation philosophy and principles.

2019 CEO Compensation Decisions

Based on the revised CEO compensation program, in January 2019 the Committee and the Independent Directors granted to Mr. Fairbank 21,715 RSUs, which had a total grant date value of approximately $1.75 million which will vest in full on February 15, 2022, settle in cash based on the Company s average stock price over the 15 trading days preceding the vesting date, and is subject to performance-based vesting provisions. Mr. Fairbank does not receive a cash base salary.

The Committee also determined that Mr. Fairbank will have an opportunity to receive an incentive award in early 2020. Any such award (i) will consist primarily of a performance share award under which he may receive from 0% to 150% of a target number of shares of the Company s common stock based on the Company s performance over the three year period from January 1, 2020 through December 31, 2022; and (ii) may also consist of deferred cash, an equity-based award, or both. The Committee and the Independent Directors believe that a year-end incentive consisting primarily of performance shares, which provide for vesting and ultimate payout of the award based on pre-established absolute and relative Company performance goals over a three year period, provide a direct link between the Company s performance and the compensation received by Mr. Fairbank for the three year period. Any deferred cash or equity-based award will pay out or vest after a three-year deferral period. The Committee and the Independent Directors will have absolute discretion to determine whether to make the year-end incentive award, the form of the award and the value of the award relative to the target amount of $15.75 million. The Committee and the Independent Directors will base these determinations on the Committee s evaluation of the Company s performance in 2019 relative to the same factors described earlier under Year-End Incentive Opportunity related to financial and operating performance, governance and risk management, strategic performance and winning with our customers and associates and Mr. Fairbank s contribution to that performance. The Company expects that any such award will be subject to performance share reduction, performance-based vesting and clawback provisions similar to the provisions applicable to the performance shares and year-end incentive opportunity awards granted to the CEO for the 2018 performance year.

NEO Compensation

In this section, NEO Compensation, the term NEO refers to the named executive officers other than the CEO. The table below summarizes the NEO compensation program that the Committee and the Independent Directors approved for the 2018 performance year.

2018 NEO Compensation Program

The Committee annually reviews and approves the form, timing, and amount of compensation for all of our executive officers, including those who are ultimately reported as NEOs, and makes recommendations to the Independent Directors for final approval. The Committee takes into account each NEO s historical performance, individual roles and responsibilities, and contributions expected from each NEO in the future as well as the recommendations of the CEO, including his assessment of each NEO s performance. In February 2018, the Committee and the Independent Directors approved the 2018 compensation program, which is designed to be consistent with the Company s pay-for-performance philosophy.

Based on market practices and trends, a review of peer comparator information, and in response to stockholder feedback, the Committee determined to refine the NEO compensation program in 2018 to eliminate three of the

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six compensation elements previously used by the Company to compensate NEOs: stock options, cash-settled RSU awards, and cash-settled RSU salary. This change simplified the NEO compensation program, increased the proportion of NEO total target compensation that is performance-based from 65% to 80% and more greatly aligned the program elements and structure with the programs used by the Company s peers. Beginning with the 2018 performance year, NEO total target compensation is composed of 20% base salary, 25% cash incentive opportunity, and 55% long-term incentive opportunity, which will consist of performance shares and stock-settled RSUs as determined by the Committee. The Committee believes that this pay mix balances stockholder interests while effectively rewarding and motivating key talent.

For the 2018 performance year, the NEOs received a mix of approximately 45% cash and 55% equity-based compensation as follows: cash salary, determined at the beginning of the performance year; and a cash incentive and long-term incentive awards, determined following the end of the performance year based on the Committee s evaluation of Company and individual performance during the past year. The long-term incentive awards granted for the 2018 performance year consisted of performance shares (approximately 30% of total target compensation) and stock-settled RSUs (generally 25% of total target compensation). All of the equity awards vest over a three-year period. The terms of the performance share awards are substantially similar to the terms of the performance share awards granted to our CEO in 2018, as described earlier under Performance Share Award Metrics beginning on page 59.

Compensation Element	Timing of Award Determination	Basis for Award	Vesting Schedule	Performance and Recovery Provisions
Base Salary	February 2018	Overall experience, skills, performance, and knowledge	Paid in cash throughout the performance year	Not applicable
Cash Incentive	January 2019	Reward for 2018 Company	Paid in cash in February 2019	Not applicable

performance

Performance Shares	January 2019	Reward for 2018 Individual Performance and Incentive for Long-Term Performance	Vest at the end of the 3-year performance period based on achievement of performance factors	Performance share reduction Misconduct clawback Financial restatement clawback
Stock-Settled RSUs			3-year ratable vesting	Performance-based vesting provisions Misconduct clawback

See Additional Performance Conditions and Recovery Provisions beginning on page 71 for more details regarding the performance and recovery provisions applicable to each element of compensation that the Committee approved for the 2018 performance year for the named executive officers.

Based on the above framework, the Committee and the Independent Directors determined the 2018 total target compensation for each NEO by considering the following factors:

- Each NEO s performance relative to the Company s strategic objectives
- Capital One s financial performance
- The NEO s appropriate management of risk
- The role and qualifications of each NEO (for example, the NEO s scope of responsibility, experience and tenure and the demonstration of competencies consistent with the Company s values and the ability to deliver strong, sustainable business results)

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Appropriate internal pay differentials and the desire to foster teamwork and collaboration

Historical pay levels

Available role-specific market compensation data from peer comparator companies

Available information on the structure of compensation packages for senior executives at peer comparator companies

Market trends in executive compensation (for example, current rates of pay and the prevalence and types of incentive vehicles)

The overall structure of the compensation program

2018 NEO Compensation Components

The total target compensation of the NEOs for the 2018 performance year was composed of base salary awarded at the beginning of the performance year and a year-end incentive opportunity that, if granted, may consist of equity awards in the form of performance shares and/or RSUs, and a cash incentive. The chart below shows the 2018 components of NEO compensation as an approximate percentage of NEO total target compensation:

Base Salaries

For the 2018 performance year, the Committee decreased the percentage of total target compensation paid to the NEOs in the form of a base salary from 35% to 20% and chose to defer a larger portion of each NEO s compensation until the end of the year. In February 2018, the Committee and the Independent Directors approved 2018 cash base salaries for the NEOs, ranging from $1 million to $1.1 million. Individual details for each NEO are provided in the table below showing compensation by performance year.

Year-End Incentive Awards

A portion of the NEO s 2018 compensation consisted of an opportunity for a year-end incentive award based on Company and individual performance in 2018. This award, if granted, may consist of long-term incentive awards in the form of performance shares and/or RSUs, and a cash incentive award. In January 2019, the Committee and the Independent Directors determined to award each NEO performance shares, a cash incentive award and RSUs as recognition of Company and individual performance in 2018.

Cash Incentive Awards

The cash incentive awards provided to the NEOs are based on the Committee s evaluation of the Company s performance during 2018. In February 2018, the Committee and the Independent Directors established a target value for the cash incentive for each NEO consisting of approximately 25% of the NEO s total target compensation. The Committee and the Independent Directors may determine to award 0% to 150% of the cash incentive target value based on Company performance. For purposes of the cash incentive awards, the Committee and the Independent Directors assess the Company s performance based on the following four categories of quantitative and qualitative performance factors: financial and operating performance, governance and risk management, strategic performance and winning with our customers and associates (the Performance Factors). The Committee believes that these factors appropriately reflect and balance near term performance and long-term success for the Company s customers, associates, and stockholders. See 2018 CEO Compensation Program beginning on page 56 for details regarding the Performance Factors.

In January 2019, the Committee and the Independent Directors approved cash incentive awards for the NEOs ranging from $1.5 million to $1.6 million, representing a payout at 120% of the target award values established by the Committee in February 2018 based on actual Company performance in 2018. Individual details for each NEO are provided in the table below showing compensation by performance year. The assessment of Company performance for the NEOs is consistent with the assessment performed in connection with the CEO year-end incentive award. The Committee and the Independent Directors determined that these awards were appropriate in light of the Company s performance as described under Year-End Incentive Opportunity beginning on page 61 in connection with the determinations by the Committee and the Independent Directors relating to the CEO s year-end incentive awards.

Long-Term Incentive Awards

Long-Term incentive awards are equity awards designed to emphasize elements that are of particular importance to Capital One given the Company s unique goals and continually evolving business strategies and objectives. In determining the actual amounts to be awarded to each NEO, the Committee considered each NEO s contribution to the Company s performance for 2018, as well as the individual performance of each NEO. The Committee also received input from the CEO on his assessment of each NEO s individual performance and his recommendations for compensation of the NEOs. The CEO also assessed the degree to which the NEO balanced risks inherent in the NEO s role. These assessments included the use of both quantitative and qualitative risk measures and were compiled by the Chief Risk Officer and reviewed by the Chief Human Resources Officer, and separately the Chief Audit Officer compiled and reviewed the assessment for the Chief Risk Officer, before such assessments were presented to the Committee and the Independent Directors for their consideration.

In January 2019, the Committee and the Independent Directors granted long-term incentive awards, consisting of stock-settled RSUs and performance share awards, to the NEOs as recognition for individual NEO performance in 2018 and to drive further long-term performance. At Capital One, long-term incentive awards are linked to performance in two ways:

- The size of the award is based on each NEO s individual performance assessment for the year just completed

- The ultimate value of the award is dependent on Capital One s performance over time

The terms of the performance share awards are substantially similar to the terms of the performance share awards granted to our CEO in 2018, as described earlier under Performance Share Award Metrics beginning on page 59. The NEO stock-settled RSUs vest ratably in one-third increments starting on the first anniversary of the grant date and are subject to performance-based vesting and clawback provisions as discussed below under Additional Performance Conditions and Recovery Provisions beginning on page 71.

2018 NEO Year-End Incentive Compensation Decisions

Mr. Blackley, the Company s Chief Financial Officer, was awarded a cash incentive of $1,500,000, 15,511 stock-settled RSUs, and a target amount of 18,613 performance shares with a total grant date fair value for both awards of $2,750,053. The Committee and the Independent Directors determined to grant these awards based upon Mr. Blackley s strategic leadership of the Company s finance organization, his efforts to leverage technology to drive significant improvements in the Company s financial reporting, and his management of disclosure and

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related controls. The Committee and the Independent Directors also considered Mr. Blackley s collaborative partnership, deep financial acumen and market orientation, and his focus on driving the Company s financial discipline by balancing financial performance and strategic investment decisions.

Mr. LaPrade, the Company s Chief Enterprise Services Officer and Chief of Staff to the CEO, was awarded a cash incentive of $1,564,800, 16,165 stock-settled RSUs, and a target amount of 19,398 performance shares with a total grant date fair value for both awards of $2,866,022. The Committee and the Independent Directors determined to grant these awards based upon Mr. LaPrade s pivotal role in driving the modernization of the Company s infrastructure and capabilities to grow the Company s brand and elevate customer experience. In addition, the Committee and the Independent Directors also considered Mr. LaPrade s inspirational leadership, excellence in managing risk and strategic problem solving, and his focus on recruiting and retaining strong talent.

Mr. Finneran, the Company s General Counsel through January 31, 2018 and Chief Risk Officer from February 1, 2018 to August 1, 2018 when he was appointed as Senior Advisor to the CEO and Corporate Secretary, was awarded a cash incentive of $1,623,600, 16,780 stock-settled RSUs, and a target amount of 20,136 performance shares with a total grant date fair value for both of $2,975,060. The Committee and the Independent Directors determined to grant these awards based upon Mr. Finneran s seamless and successful assumption of the Chief Risk Officer role during 2018 and his valuable guidance and oversight on legal, risk, and strategic governance matters. In addition, the Committee and the Independent Directors also considered Mr. Finneran s thought leadership in driving improvements in risk management, as well as his sound judgment and integrative advice.

Mr. Yajnik, the Company s President, Financial Services, was awarded a cash incentive of $1,537,200, 17,465 stock-settled RSUs, and a target amount of 20,958 performance shares with a total grant date fair value for both awards of $3,096,509. The Committee and the Independent Directors determined to grant these awards based upon the strong performance of the Auto business in 2018, including disciplined lending and profitability, as well as Mr. Yajnik s execution of the long-term strategy for financial services. The Committee and the Independent Directors also considered Mr. Yajnik s motivational leadership and continued focus on driving technological innovation and transformational change in financial services to enhance the customer and partner experience.

NEO Compensation by Performance Year

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

		Base Salary		Year-End Incentive	Long-Term Incentives				
Name	**Performance Year**	**Cash Salary**	**RSU Salary**	**Cash Incentive (1)**	**Cash-Settled**	**Stock-Settled**	**Performance Shares**	**Option Awards (1)**	**Total**

						RSUs [1]	RSUs			
R. Scott Blackley	2018	$1,000,000	$	$1,500,000	$	$1,250,031	$1,500,022	$	$5,250,053
	2017	$900,000	$686,784	$	$637,850	$1,169,408	$1,169,408	$	$4,563,450
	2016	$630,000	$410,039	$	$574,075	$1,462,513	$487,562	$	$3,564,189
Frank G. LaPrade, III	2018	$1,043,000	$	$1,564,800	$	$1,302,737	$1,563,285	$	$5,473,822
	2017	$1,013,000	$760,051	$	$760,058	$1,264,075	$1,264,075	$	$5,061,259
	2016	$983,000	$737,037	$	$737,085	$1,350,876	$810,560	$600,370	$5,218,928
John G. Finneran, Jr.	2018	$1,082,000	$	$1,623,600	$	$1,352,300	$1,622,760	$	$5,680,660
	2017	$1,051,000	$788,025	$	$788,018	$1,312,560	$1,312,560	$	$5,252,163
	2016	$1,020,000	$765,015	$	$765,059	$1,274,551	$764,713	$509,804	$5,099,142
Sanjiv Yajnik	2018	$1,025,000	$	$1,537,200	$	$1,407,504	$1,689,005	$	$5,658,709
	2017	$995,000	$746,064	$	$746,025	$1,366,282	$1,366,282	$	$5,219,653
	2016	$966,000	$724,037	$	$724,047	$1,206,083	$723,616	$482,401	$4,826,184

(1) In 2018, the Committee and the Independent Directors eliminated stock options and cash-settled RSUs from the NEO compensation program and introduced the cash incentive.

This table is presented to show how the Committee views compensation actions and to which year the compensation awards relate, but it differs substantially from the Summary Compensation Table beginning on

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page 81 required to be included in this proxy statement and is therefore not a substitute for the information required in that table. There are two principal differences between the Summary Compensation Table and the above table:

- The table above reports equity-based awards as compensation for the performance year for which they were awarded, even if the award was granted in one year based on performance for the prior year. As a result, the stock-settled RSUs and performance share awards granted in January 2019 for the 2018 performance year, for example, are shown in the above table as 2018 compensation. The Summary Compensation Table reports equity-based awards in the year in which they were granted.

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

Additional Pay Elements

The Committee provides certain other programs intended to support the NEOs productivity, well-being and security. These programs provide some level of personal benefit and are not generally available to all associates. For 2018, these programs included the following:

- Executive term life insurance with a benefit level of $5 million

- The ability to participate in a comprehensive voluntary annual health screening

- An automobile lease or the use of transportation services

- The monitoring and maintenance of an electronic home security system

The Committee has determined that the nature and value of these programs are comparable to those offered to similarly situated executives at our peers. Additional details on these programs can be found in the Named Executive Officer Compensation section beginning on page 81.

2019 NEO Compensation Program

Each year, the Committee reviews the NEO compensation program in light of Company performance data, peer comparator group performance data, historical pay information, data on specific market practices and trends, stockholder feedback, and other relevant points of information. The program consists of multiple compensation vehicles that directly link the NEOs compensation with the Company s performance over multiple time horizons, align the NEOs interests with the interests of the Company s stockholders, support safety and soundness and encourage appropriate risk-taking. In January 2019, the Committee and the Independent Directors approved the 2019 compensation program for our NEOs which is substantially similar to the 2018 program.

Additional Performance Conditions and Recovery Provisions

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

- Performance-based vesting provisions
- Performance share reduction
- Misconduct clawback provisions
- Financial restatement clawbacks

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

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SECTION III - COMPENSATION DISCUSSION AND ANALYSIS

Performance-Based Vesting Provisions

Performance Based Vesting Provisions	We include performance-based vesting provisions as part of each stock option, if any, and stock-settled RSU award to named executive officers and each cash-settled RSU award to the CEO. These provisions will reduce the total value delivered to the executive at vesting if the Company does not meet certain performance thresholds during the three-year vesting period. The total value can be reduced to zero if the performance threshold is not met in any of the three years in the performance period.

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