



Stock Selection Guide[®]

The most widely used aid to good investment judgment

Company CAPITAL ONE FINANCIAL Date 06/30/06

Prepared by MG Data taken from NAIC Data

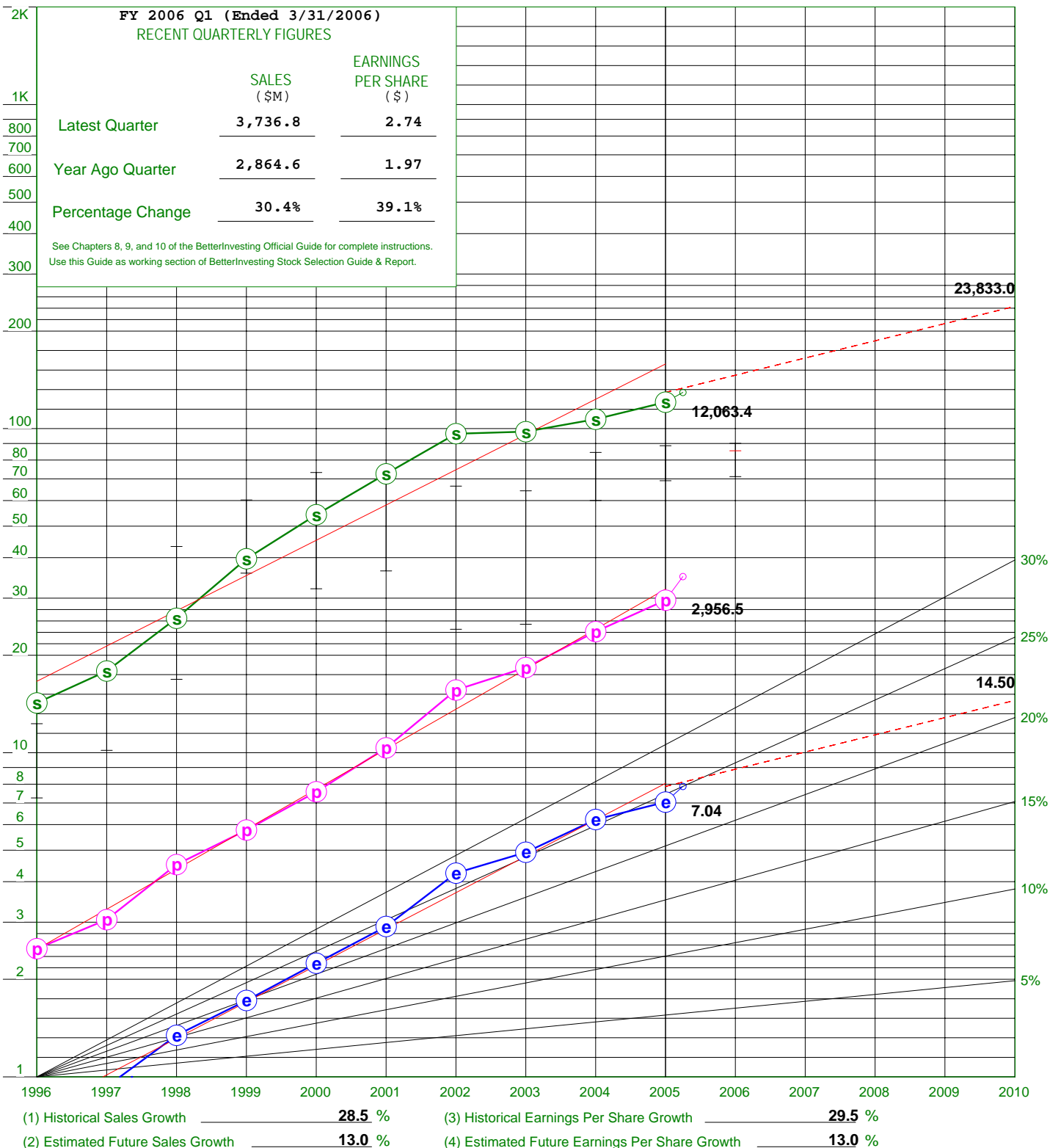
Where traded NYSE Major product/service Consumer Fi

CAPITALIZATION --- Outstanding Amounts Reference

Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	303.0	8.0	42.2
Debt (\$M)	22,270.8	% to Tot.Cap.	61.0 % Potential Dil. None

1 VISUAL ANALYSIS of Sales, Earnings and Price

COF



2 EVALUATING MANAGEMENT

Company **CAPITAL ONE FINANCIAL**

(COF)

06/30/06

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	17.5	17.1	17.4	14.5	14.0	14.3	16.2	18.7	22.1	24.5	19.2	UP	
B % Earned on Equity (E/S ÷ Book Value)	20.6	20.5	20.8	22.4	22.5	19.0	20.8	19.1	18.3	15.0	18.4		DOWN

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

PRESENT PRICE 85.450 HIGH THIS YEAR 90.040 LOW THIS YEAR 71.150

Year	PRICE		C Earnings Per Share	D Price Earnings Ratio		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100	
	HIGH	LOW		HIGH A ÷ C	LOW B ÷ C				
1 2001	72.6	36.4	2.91	24.9	12.5	0.106	3.6	0.3	
2 2002	66.5	24.1	4.25	15.6	5.7	0.107	2.5	0.4	
3 2003	64.3	24.9	4.93	13.0	5.1	0.107	2.2	0.4	
4 2004	84.5	60.0	6.22	13.6	9.6	0.107	1.7	0.2	
5 2005	88.6	69.1	7.04	12.6	9.8	0.107	1.5	0.2	
6 TOTAL		214.5		54.8	30.2		11.5		
7 AVERAGE		42.9		13.7	7.6		2.3		
8 AVERAGE PRICE EARNINGS RATIO	10.6			9	CURRENT PRICE EARNINGS RATIO		10.9		

4 Proj. P/E [9.61] Based on Next 4 qtr. EPS [8.89] Current P/E Based on Last 4 qtr. EPS [7.87] EVALUATING RISK and REWARD over the next 5 years PEG=74

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E ~~13.7~~ 13.0 X Estimate High Earnings/Share 14.50 = Forecast High Price \$ 188.5
(3D7 as adj.) (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~7.6~~ 10.0 X Estimated Low Earnings/Share 7.04 7.87 = \$ 78.7
(3E7 as adj.)

(b) Avg. Low Price of Last 5 Years = 42.9
(3B7)

(c) Recent Severe Market Low Price = 60.0

(d) Price Dividend Will Support $\frac{\text{Present Divd.}}{\text{High Yield (H)}} = \frac{0.107}{0.004} = 24.1$

Selected Estimate Low Price = \$ 60.0
(4B1)

C ZONING

188.5 High Forecast Price Minus 60.0 Low Forecast Price Equals 128.5 Range. 1/3 of Range = 32.1
(4A1) (4B1) (C) (4CD)

(4C2) Lower 1/3 = (4B1) 60.0 to 92.1 (Buy) Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 = 92.1 to 156.4 (Maybe)

(4C4) Upper 1/3 = 156.4 to 188.5 (4A1) (Sell)

Present Market Price of 85.450 is in the Buy Range
(4C5)

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 188.5 Minus Present Price 85.450 = 103.1 = 4.1 To 1
Present Price 85.450 Minus Low Price (4B1) 60.0 = 25.4 (4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 188.5 = (2.206) X 100 = (220.6) - 100 = 120.6 % Appreciation
Present Market Price 85.450 (4E)

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Relative Value: 102.8% Proj. Relative Value: 90.6%

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

A Present Full Year's Dividend \$ 0.107
Present Price of Stock \$ 85.450 = 0.001 X 100 = 0.1 Present Yield or % Returned on Purchase Price
(5A)

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years 11.36 X Avg. % Payout (3G7) 2.3 = 26.1 = 0.3 %
Present Price \$ 85.450 (5B)

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) <u>120.6</u>		P.A.R.	Tot. Ret.
$\frac{5}{120.6}$	<u>24.1</u> %	Average Yield	<u>0.2</u> %
Average Yield (5B) -----	<u>0.3</u> %	Annual Appreciation	<u>14.3</u> %
Average Total Annual Return Over the Next 5 Years (5C)	<u>24.4</u> %	% Compd Ann Rate of Ret	<u>17.3</u> %

CAPITAL ONE FINL NYSE-COF

RECENT PRICE **84.14** P/E RATIO **11.3** (Trailing: 11.7 Median: 15.0) RELATIVE P/E RATIO **0.60** DIV'D YLD **0.1%** VALUE LINE

TIMELINESS **3** Lowered 1/16/04
 SAFETY **3** Raised 2/25/05
 TECHNICAL **3** Lowered 5/12/06
 BETA 1.60 (1.00 = Market)

High: 9.9 12.3 18.1 43.3 60.3 73.3 72.6 66.5 64.3
 Low: 5.1 7.3 10.2 16.9 35.8 32.1 36.4 24.0 24.9

LEGENDS
 — 11.5 x Earnings p sh
 ... Relative Price Strength
 3-for-1 split 6/99
 Options: Yes
 Shaded area indicates recession

2009-11 PROJECTIONS

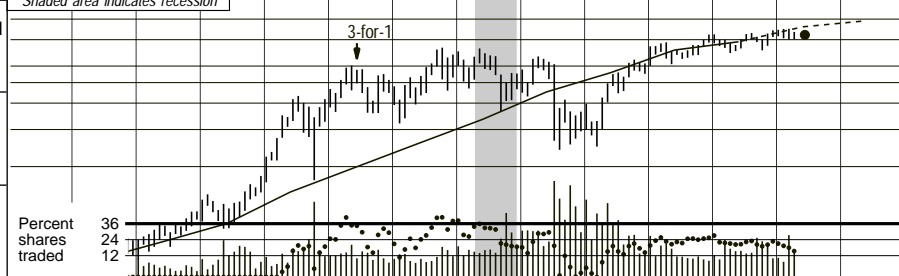
	Price	Gain	Ann'l Total Return
High	165	(+95%)	18%
Low	110	(+30%)	7%

Insider Decisions

	J	A	S	O	N	D	J	F	M
to Buy	0	1	0	0	0	0	0	0	0
to Sell	4	4	0	0	3	3	1	2	3
Options	3	4	0	0	2	4	1	3	2

Institutional Decisions

	202005	302005	402005
to Buy	282	273	229
to Sell	211	230	341
Hld's(000)	221814	231878	248706



Target Price Range	2009	2010	2011
% TOT. RETURN 4/06			
THIS STOCK	22.4	28.2	
VL ARITH. INDEX	108.0	95.8	
1 yr.	39.2	74.9	
3 yr.			
5 yr.			

Capital One Financial Corp. is one of the oldest continually operating bank card issuers in the United States, having commenced business in 1953. It operated for many years as the credit card division of Signet Bank. The initial public offering of 21,375,000 shares was made in November, 1994 through J.P. Morgan, Goldman Sachs, and Smith Barney. In February, 1995, Signet Bank spun off its 125,430,450 shares to its stockholders. All data adjusted for splits.

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Dividend	.77	.93	1.32	1.72	2.24	2.91	3.93	4.85	6.21	6.80	8.00	8.55
P/E Ratio	.11	.11	.11	.11	.11	.11	.11	.11	.11	.11	.11	.11
Book Value	3.72	4.56	6.45	7.69	9.94	15.33	20.44	25.75	33.94	46.98	52.75	60.30
Market Cap	198.98	196.11	196.98	197.05	197.37	216.78	226.20	235.04	247.18	300.76	308.00	315.00
EPS	12.9	14.3	24.0	27.2	22.9	19.7	11.5	9.8	11.6	11.5		
ROE	.81	.82	1.25	1.55	1.49	1.01	.63	.56	.61	.61		
ROA	1.1%	.8%	.3%	.2%	.2%	.2%	.2%	.2%	.2%	.1%		
Assets	4225.4	7078.3	9419.4	13336	18889	28184	37382	46284	53747	88701	95000	100000
Loans	365.5	383.1	694.8	1052.6	1588.9	1663.4	2719.1	2785.1	3003.0	3680.2	4700	5400
Net Interest Inc	167.2	262.8		382.9	718.2	989.8	2149.3	1517.5	1220.9	1491.1	1700	2050
Noninterest Inc	763.4	1069.1	1488.3	2362.4	3034.4	4419.9	5466.8	5415.9	5900.2	6358.1	7500	8200
Noninterest Exp	713.2	884.0	1472.1	2455.0	3150.7	4058.0	4585.6	4856.7	5322.2	5718.3	6650	7400
Net Profit	155.3	189.4	275.2	363.1	469.5	642.0	899.6	1135.8	1543.5	1809.1	2500	2700
Income Tax Rate	37.5%	38.0%	38.0%	37.1%	37.8%	38.0%	38.0%	37.8%	34.6%	36.1%	35.0%	35.0%
Return on Total Assets	2.40%	2.68%	2.92%	2.72%	2.49%	2.28%	2.41%	2.45%	2.87%	2.04%	2.65%	2.70%
Long-Term Debt	3994.2	3632.8	3739.4	4180.5	4050.6	5335.2	5565.6	7016.0	6874.8	6744.0	5500	5200
Shr. Equity	740.4	893.3	1368.3	1515.6	1962.5	3323.5	4623.2	6051.8	8388.2	14129	16250	19000
Shr. Eq. to Total Assets	11.4%	12.6%	14.5%	11.4%	10.4%	11.8%	12.4%	13.1%	15.6%	15.9%	17.0%	19.0%
Receivables to Assets	65.3%	66.1%	62.9%	72.3%	77.2%	71.2%	69.9%	67.5%	68.3%	65.5%	64.0%	64.0%
Return on Shr. Equity	21.0%	21.2%	20.1%	24.0%	23.9%	19.3%	19.5%	18.8%	18.4%	12.8%	15.5%	14.0%
Retained to Com Eq	18.2%	18.9%	20.0%	22.6%	22.9%	18.6%	19.0%	18.4%	18.1%	12.6%	15.0%	14.0%
All Div'ds to Net Prof	13%	11%	7%	6%	4%	3%	3%	2%	2%	2%	1%	1%

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Earnings per sh ^A 12.00
 Div'ds Decl'd per sh ^B .15
 Book Value per sh 75.70
 Common Shs Outst'g ^C 350.00
 Avg Ann'l P/E Ratio 11.5
 Relative P/E Ratio .75
 Avg Ann'l Div'd Yield .2%

Total Assets (\$mill) ^D 120000
 Net Loans (\$mill) ^D 80000
 Net Interest Inc (\$mill) ^D 8000
 Loan Loss Prov'n (\$mill) ^D 2500
 Noninterest Inc (\$mill) ^D 10000
 Noninterest Exp (\$mill) ^D 9000
 Net Profit (\$mill) 4200
 Income Tax Rate 35.0%
 Return on Total Assets 3.50%
 Long-Term Debt (\$mill) 4000
 Shr. Equity (\$mill) 26500
 Shr. Eq. to Total Assets ^D 22.0%
 Receivables to Assets ^D 66.5%
 Return on Shr. Equity 16.0%
 Retained to Com Eq 15.5%
 All Div'ds to Net Prof 1%

CAPITAL STRUCTURE as of 3/31/06

LT Debt \$5726.1 mill. (40% of Cap'l)
 No Defined Benefit Pension Plan
 Pfd Stock None
 Common Stock 303,000,000 shs.

MARKET CAP: \$25.5 billion (Large Cap)

FINANCIAL POSITION (\$MILL.)	2004	2005	3/31/06
Cash Assets	327.5	2022.2	1434.8
Fin. Receivables	36710.6	58057.7	56443.7
Securities (for sale)	9300.5	14350.2	14659.2
Other	7408.7	14271.3	16735.4
Total Assets	53747.3	88701.4	89273.1
Deposits	25636.8	43092.1	43303.1
Long-Term Debt	6874.8	6744.0	5726.1
Other	12847.5	24736.4	25074.6
Total Liab.	45359.1	74572.5	74103.8

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05
of change (per sh)			
Loans	30.0%	25.5%	12.0%
Earnings	26.5%	27.5%	12.5%
Dividends	11.0%	1.0%	5.0%
Book Value	29.5%	34.5%	13.5%
Total Assets	28.0%	27.5%	14.0%

Cal-endar	NET LOANS (\$mill) ^D			
	Mar.31	Jun.30	Sep.30	Dec.31
2003	27841	28937	30125	31255
2004	32389	33872	35460	36711
2005	36519	37205	37405	58058
2006	56444	58000	59500	61000
2007	60500	62000	63000	64000

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	1.35	1.22	1.17	1.11	4.85
2004	1.84	1.65	1.95	.77	6.21
2005	1.99	2.03	1.81	.97	6.80
2006	2.40	2.15	1.95	1.50	8.00
2007	2.50	2.30	2.20	1.55	8.55

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.027	.027	.027	.027	.11
2003	.027	.027	.027	.027	.11
2004	.027	.027	.027	.027	.11
2005	.027	.027	.027	.027	.11
2006	.027	.027			

BUSINESS: Capital One Financial Corporation is one of the largest providers of MasterCard and Visa credit cards in the United States and offers other consumer lending and deposit services. The company offers its credit card products through Capital One Bank. Acquired: Hibernia Bank 11/05, Onyx Acceptance Corp. 1/05. As of 12/05, Capital One Financial had about \$105 billion in managed

loans outstanding. Has roughly 21,000 employees. Officers and directors own, 3.9% of common; Dodge & Cox, 7.5%; Wellington Management, 5.0% (4/06 proxy). Chairman, President, and Chief Executive Officer: Richard D. Fairbank. Incorporated: Delaware. Address: 2980 Fairview Park Drive, Falls Church, Virginia 22042. Telephone: 703-205-1000. Internet: www.capitalone.com.

Capital One has been active on the acquisition front. After completing the purchase of Hibernia bank at the end of 2005, the company recently signed a definitive agreement to acquire North Fork Bank (NFB) for \$14.6 billion. According to the deal, each North Fork stockholder will receive \$11.25 in cash and .2216 of Capital One stock for each share of NFB. To fund the stock portion of this transaction, COF plans to issue over 104 million shares of common stock; then, to offset most of the dilution, will repurchase over \$3 billion in stock over the next few years. We estimate the nonrecurring integration costs will come in around \$600 million.

begin adding to net income thereafter. However, since this deal still awaits shareholder and regulatory approval, it is not included in our estimates. Even so, **We have increased our 2006 share-net estimate by \$0.25.** The improved outlook mostly stems from the company's Auto Finance segment. In the March period, revenues at this division increased by almost 35%, to \$349 million, compared to the year-ago period. For the remainder of 2006, we look for revenues at this segment to advance by almost 40%, since COF continues to expand its existing dealer relationships and utilizes its full credit spectrum to attract more potential borrowers.

We view this purchase as a long-term positive. The addition of NFB will enable the company to expand its offerings to include home equity and mortgage products, and diversify its loan portfolio. Furthermore, NFB adds almost \$90 billion in assets and 352 branches in the New York metropolitan area. This deal is scheduled to close by the end of 2006, and we believe that, due to the dilution, Capital One's share net will decrease by \$0.50 and \$0.20 in 2007 and 2008, respectively, but should

These shares may interest patient investors. Strong Auto Finance revenues should be a growth driver out to the 2009-2011 period. The transition to traditional banking also contributes to above-average capital appreciation potential here, and dividend-paying capabilities may pick up. In addition, the acquisition of NFB should begin to add to net income by decade's end, which will further enhance our earnings estimates.

(A) Fully diluted egs. through '96, diluted thereafter. Excludes extra. gain/loss: '94, (16c); '04, (9c); '06 1Q, 46c. Next earnings report due mid-July.
 (B) Dividends historically paid mid-Feb., May, Aug., and Nov. ■ Div'd reinvestment plan available.
 (C) In millions, adjusted for split.
 (D) Reported on a managed basis.

Trailing 4 quarters

PERT Worksheet-A Graph

Company CAPITAL ONE FINANCIAL (COF)

