
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): August 20, 2007

CAPITAL ONE FINANCIAL CORPORATION

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

1-13300
(Commission File Number)

54-1719854
(IRS Employer
Identification Number)

1680 Capital One Drive,
McLean, Virginia
(Address of Principal Executive Offices)

22102
(Zip Code)

Registrant's telephone number, including area code: (703) 720-1000

Not Applicable
(Former Name or Former Address, If Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.05 Costs Associated with Exit or Disposal Activities.

Capital One Financial Corporation (“Capital One” or the “Company”) today announced via press release that it will cease residential mortgage origination operations of its wholesale mortgage banking unit, GreenPoint Mortgage, effective immediately. Current conditions in the secondary mortgage markets create significant near-term profitability challenges, given the company’s “originate and sell” business model. Further, recent and continuing developments in the mortgage markets reduce the long-term outlook for profitability in the business, as the company expects markets for prime non-conforming mortgage products are likely to remain challenged for the foreseeable future. GreenPoint will cease making new loan commitments immediately; however, it will continue to meet its contractual obligations to customers for loan commitments that are in the pipeline with rates locked. A copy of the Company’s press release is attached to this report.

The Company estimated that the total after-tax charges associated with this closure will be approximately \$860 million or \$2.15 per share, the vast majority of which is expected to be incurred in 2007. Approximately \$650 million of these expenses result from the non-cash write-down of goodwill associated with the acquisition of GreenPoint Mortgage as part of the North Fork Bancorporation in December 2006. The remaining \$210 million of after-tax charges includes approximately \$100 million in after-tax restructuring charges associated with severance benefits and facilities closure, and approximately \$110 million after-tax valuation adjustment related to ongoing operations in the third quarter.

Item 8.01. Other Events.**(a) Cautionary Factors.**

The attached press release and information provided pursuant to Items 2.05 contain forward-looking statements, which involve a number of risks and uncertainties. The Company cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information as a result of various factors including, but not limited to, the following:

- the success, timeliness and financial impact of the decision to discontinue certain mortgage operations, including financial charges and costs;
- the success, timeliness and financial impact of our restructuring initiative, including costs, cost savings and other benefits;
- continued intense competition from numerous providers of products and services which compete with the Company’s businesses;
- changes in interest rates;
- the success of the Company’s marketing efforts;
- an increase or decrease in credit losses (including increases due to a worsening of general economic conditions);
- the ability of the Company to continue to securitize its credit cards and consumer loans and to otherwise access the capital markets at attractive rates and terms to capitalize and fund its operations and future growth;
- financial, legal, regulatory, accounting changes or actions that may affect investment in, or the overall performance of, a product or business;
- general economic conditions affecting consumer income, spending and savings which may affect consumer bankruptcies and defaults, charge-offs, and deposit activity;
- with respect to financial and other products, changes in the Company’s aggregate loan balances and/or number of customers and the growth rate and composition thereof, including changes resulting from factors such as shifting product mix, amount of actual marketing expenses made by the Company and attrition of loan balances;
- the amount of deposit growth;
- general economic and secondary market conditions in the mortgage industry;
- changes in the reputation of the credit card industry and/or the Company with respect to practices or products;
- any significant disruption in our operations or technology platform;
- the Company’s ability to maintain a compliance infrastructure suitable for its size and complexity;
- the amount of, and rate of growth in, the Company’s expenses as the Company’s business develops or changes or as it expands into new market areas;
- the ability of the Company to build the operational and organizational infrastructure necessary to engage in new businesses;
- the Company’s ability to execute on its strategic and operational plans;

- any significant disruption of, or loss of public confidence in, the United States Mail service affecting our response rates and consumer payments;
- the ability of the Company to recruit and retain experienced personnel to assist in the management and operations of new products and services;
- the risk that North Fork Bank will not be integrated successfully;
- the risk that the cost savings and any other synergies from the North Fork Bank acquisition may not be fully realized or may take longer to realize than expected;
- disruption from the acquisitions making it more difficult to maintain relationships with customers, employees or suppliers; and
- other risk factors listed from time to time in the Company's SEC reports including, but not limited to, the Annual Report on Form 10-K for the year ended December 31, 2006 and the Quarterly Reports on Form 10-Q for the quarters ended March 31, 2007 and June 30, 2007.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	Press Release issued by the Company, dated August 20, 2007.

SIGNATURES

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

Date: August 20, 2007

CAPITAL ONE FINANCIAL CORPORATION

By: /s/ John G. Finneran, Jr.
John G. Finneran, Jr.
General Counsel & Corporate Secretary

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	Press Release issued by the Company, dated August 20, 2007. (This exhibit shall not be deemed to be "filed" with this Form 8-K.)

News Release



1680 Capital One Drive, McLean, VA 22102-3491

FOR IMMEDIATE RELEASE: August 20, 2007

Contacts: Investor Relations

Jeff Norris
(703) 720-2455

Media Relations

Tatiana Stead
(703) 720-2352

Capital One Closes Wholesale Mortgage Unit

Revises 2007 EPS guidance down by \$2.15 per share;

expects 2007 EPS of approximately \$5.00 per share

McLean, Va., (August 20, 2007) - Capital One Financial Corporation (NYSE: COF) today announced that it will cease residential mortgage origination operations at its wholesale mortgage banking unit, GreenPoint Mortgage, effective immediately. Current conditions in the secondary mortgage markets create significant near-term profitability challenges, given the company's "originate and sell" business model. Further, recent and continuing developments in the mortgage markets reduce the long-term outlook for profitability in the business, as the company expects markets for prime, non-conforming mortgage products are likely to remain challenged for the foreseeable future. GreenPoint Mortgage will cease making new loan commitments immediately, however, it will continue to meet its contractual obligations to customers for loan commitments that are in the pipeline with rates locked.

The company estimated that the total after-tax charge associated with this closure will be approximately \$860 million, or \$2.15 per share, the vast majority of which is expected to be incurred in 2007. Approximately \$650 million of these expenses result from the non-cash write-down of goodwill associated with the acquisition of GreenPoint Mortgage as part of the North Fork Bancorporation in December 2006. The remaining \$210 million of after-tax charges includes approximately \$100 million in after-tax restructuring charges associated with severance benefits and facilities closure, and approximately \$110 million after-tax valuation adjustments related to ongoing operations in the third quarter.

As a result of the expected charges, the company is revising 2007 earnings guidance down by \$2.15 per share (diluted). The company now expects 2007 earnings of approximately \$5.00 per share (diluted). Without the charges related to the mortgage banking business, the company would have maintained its existing earnings guidance. Capital One's other businesses remain on a solid trajectory, with revenue growth and credit performance in line with expectations.

-more-

“The reductions in demand and pricing in the secondary mortgage markets make it difficult to operate our wholesale mortgage banking business profitably,” said Gary Perlin, Capital One’s Chief Financial Officer. “Beyond that, Capital One’s other businesses are supported by ample liquidity and funding including deep access to deposits, a “stockpile” of subordinated credit card funding in place that allows approximately \$9 billion of AAA credit card funding going forward, and a \$25 billion portfolio of highly liquid securities.”

GreenPoint Mortgage became a subsidiary of Capital One in December 2006, as part of the company’s acquisition of North Fork Bancorporation. GreenPoint’s focus had long been the prime non-conforming and near-prime markets, especially the Alt-A mortgage sector.

Capital One Home Loans, based in Overland Park, KS, and Capital One N.A., including its 750 local retail bank branch locations in New York, New Jersey, Connecticut, Texas, and Louisiana, are not directly affected by this decision. Capital One intends to continue to originate and sell mortgage loans through Home Loans and its bank branches where it has direct interactions with customers, rather than brokers, which provides greater control of the underwriting and origination process.

Capital One will retain a \$12.5 billion mortgage portfolio, the vast majority of which was held-for- investment (HFI) by Hibernia and North Fork Banks at the time of their acquisition by Capital One in 2005 and 2006. These loans continue to demonstrate solid credit performance and generally consist of first liens with relatively low loan-to-value ratios. The portfolio also includes approximately \$680 million of second lien mortgages originated by GreenPoint Mortgage in late 2006 and early 2007. In addition to the HFI portfolio, Capital One will retain exposure to GreenPoint Mortgage’s held-for-sale (HFS) mortgage portfolio with \$2.6 billion outstandings, the majority of which is committed for sale under forward flow agreements. The company also will retain exposure to future repurchases of past GreenPoint production to meet representation and warranty claims. With the addition of the estimated \$110 million after-tax valuation adjustments referenced above, Capital One believes that it has adequately reflected the risk associated with these remaining exposures.

As part of this decision, the company will close GreenPoint’s California-based headquarters along with 31 locations across 19 states. The change will result in the elimination of approximately 1,900 positions with the vast majority of these positions being eliminated by the end of the year.

Impacted associates will receive career transition services including one-on-one counseling and career seminars. All full-time associates will be eligible for severance packages and will receive outplacement and retraining assistance.

“Despite the difficult impact of this decision on GreenPoint and its associates, Capital One remains a strong, diversified institution as we continue to focus on our core banking and lending businesses,” said Capital One’s Chairman and CEO Richard D. Fairbank.

Forward-looking statements

The company cautions that its current expectations in this release and in its Form 8-K dated August 20, 2007 regarding its ongoing costs and financial risks, the accounting charges and overall benefits associated with the decision to discontinue certain mortgage operations, and the company’s plans, objectives, expectations, intentions, and guidance on 2007 financial performance are forward-looking statements and actual results could differ materially from current expectations due to a number of factors, including: the success, timeliness and financial impact of the decision to discontinue certain mortgage operations, including financial charges and costs; continued intense competition from numerous providers of products and services that compete with Capital One’s businesses; changes in our aggregate accounts and balances, and the growth rate and composition thereof; the success of the company’s marketing efforts; general economic conditions affecting interest rates and consumer income, spending, and savings which may affect consumer bankruptcies, defaults, charge-offs and deposit activity; economic conditions in the mortgage industry and in the secondary mortgage markets specifically; and the company’s ability to execute on its strategic and operational plans.

About Capital One

Headquartered in McLean, Virginia, Capital One Financial Corporation (www.capitalone.com) is a financial holding company, with 725 locations in New York, New Jersey, Connecticut, Texas and Louisiana. Its principal subsidiaries, Capital One Bank, Capital One Auto Finance, Inc., and Capital One, N.A., offer a broad spectrum of financial products and services to consumers, small businesses and commercial clients. Capital One’s subsidiaries collectively had \$85.7 billion in deposits and \$144.2 billion in managed loans outstanding as of June 30, 2007. Capital One, a Fortune 500 company, trades on the New York Stock Exchange under the symbol “COF” and is included in the S&P 100 index.

###