CAPITAL ONE FINANCIAL CORP
Form 424B2
July 15, 2011
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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-159085

CALCULATION OF REGISTRATION FEE

Title of each class of securities offered	Maximum aggregate offering price	Amount of registration fee
Floating Rate Senior Notes Due 2014	$ 250,000,000	$ 29,025(1)
2.125% Senior Notes Due 2014	$ 750,000,000	$ 87,075(1)
3.150% Senior Notes Due 2016	$ 750,000,000	$ 87,075(1)
4.750% Senior Notes Due 2021	$ 1,250,000,000	$ 145,125(1)

(1) The filing fee of $348,300 is calculated in accordance with Rule 457(r) of the Securities Act of 1933.

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PROSPECTUS SUPPLEMENT

(To prospectus dated May 8, 2009)

Capital One Financial Corporation

$250,000,000 Floating Rate Senior Notes Due 2014

$750,000,000 2.125% Senior Notes Due 2014

$750,000,000 3.150% Senior Notes Due 2016

$1,250,000,000 4.750% Senior Notes Due 2021

We will pay interest on the floating rate senior notes due 2014, which we refer to as the floating rate notes in this prospectus supplement, at a rate equal to the then applicable U.S. dollar LIBOR rate plus 1.15% quarterly on October 15, January 15, April 15 and July 15 of each year. We will make the first interest payment on October 15, 2011. The floating rate notes will mature on July 15, 2014. The rate of interest on the floating rate notes will reset quarterly, as described herein.

We will pay interest on each of the 2.125% senior notes due 2014, the 3.150% senior notes due 2016 and the 4.750% senior notes due 2021, which we refer to collectively as the fixed rate notes in this prospectus supplement, semi-annually on January 15 and July 15 of each year. We will make the first interest payment on the fixed rate notes on January 15, 2012. The 2.125% notes will mature on July 15, 2014. The 3.150% notes will mature on July 15, 2016. The 4.750% notes will mature on July 15, 2021. We refer to the fixed rate notes and the floating rate notes together as the notes in this prospectus supplement.

The notes are being offered to finance in part our pending acquisition of ING Direct. If we do not consummate the ING Direct acquisition on or prior to June 30, 2012, or if the purchase and sale agreement governing the ING Direct acquisition is terminated at any time prior to that date, we will be required to redeem all of the notes offered hereby at a redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest from the date of initial issuance, or the most recent date to which interest has been paid or provided for, as the case may be, excluding the special mandatory redemption date.

The notes will be our unsecured obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness that may be outstanding from time to time. We will issue the notes in minimum denominations of $2,000 and integral multiples of $1,000. There is no sinking fund for the notes. The notes will not be listed on any securities exchange.

Investing in the notes involves risks. See Risk Factors beginning on page S-8 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes are not savings accounts, deposits or other obligations of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality.

	Price to Public	Underwriting Commissions	Proceeds to Capital One
Per Floating Rate Note	100%(1)	0.25%	99.75%
Floating Rate Senior Notes Total	$ 250,000,000(1)	$ 625,000	$ 249,375,000
Per 2.125% Note	99.945%(1)	0.25%	99.695%
2.125% Senior Notes Total	$ 749,587,500(1)	$ 1,875,000	$ 747,712,500
Per 3.150% Note	99.749%(1)	0.35%	99.399%

3.150% Senior Notes Total	$ 748,117,500[1]	$ 2,625,000	$ 745,492,500
Per 4.750% Note	99.537%[1]	0.45%	99.087%
4.750% Senior Notes Total	$ 1,244,212,500[1]	$ 5,625,000	$ 1,238,587,500
Total	$ 2,991,917,500	$ 10,750,000	$ 2,981,167,500

(1) Your purchase price will also include interest accrued, if any, on the notes since July 19, 2011.

Delivery of the notes in book-entry form only will be made through the facilities of The Depository Trust Company and its participants, including Euroclear System and Clearstream Banking, S.A., on or about July 19, 2011.

Joint Bookrunners

Barclays Capital **Citi** **Morgan Stanley**

Credit Suisse **Goldman, Sachs & Co.** **RBS** **Wells Fargo Securities**

Co-Managers

Ramirez & Co., Inc. **Sandler O Neill + Partners, L.P.** **Siebert Capital Markets** **The Williams Capital Group, L.P.**

The date of this prospectus supplement is July 14, 2011

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Prospectus Supplement

Prospectus

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell the notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, and the documents incorporated by reference herein and therein, is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

We provide information to you about the notes in two separate documents: (1) this prospectus supplement, which describes the specific terms of the notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference therein and (2) the accompanying prospectus, which provides general information about securities we may offer from time to time, including securities other than the notes that are being offered by this prospectus supplement. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement.

It is important for you to read and consider all of the information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You also should read and consider the information in the documents we have referred you to in Where You Can Find More Information on page S-38 of this prospectus supplement and page 2 of the accompanying prospectus.

We include cross-references in this prospectus supplement and the accompanying prospectus to captions in these materials where you can find additional related discussions. The table of contents in this prospectus supplement provides the pages on which these captions are located.

Unless the context requires otherwise, references to Capital One, we, our or us in this prospectus supplement refer to Capital One Financial Corporation, a Delaware corporation.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement and the documents incorporated by reference in this prospectus supplement contain forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements include information relating to our future earnings per share, growth in loans outstanding, product mix, segment growth, revenue margin, funding costs, operations costs, employment growth, marketing expense, delinquencies and charge-offs, statements about the projected impact, benefits, risks and timing of the acquisition by Capital One of ING Direct (as defined below), which we refer to as the ING Direct acquisition in this prospectus supplement, financial and operating results, our plans, objectives, expectations and intentions and other statements that are not historical facts. Forward-looking statements also include statements using words such as expect, anticipate, hope, intend, plan, believe, estimate, will or similar expressions. We have based these forwa statements on our current plans, estimates and projections, and you should not unduly rely on them.

Numerous factors could cause our actual results to differ materially from those described in forward-looking statements, including, among other things:

- general economic and business conditions in the U.S., the U.K., Canada, or our local markets, including conditions affecting employment levels, interest rates, consumer income and confidence, spending and savings that may affect consumer bankruptcies, defaults, charge-offs, and deposit activity;
- an increase or decrease in credit losses (including increases due to a worsening of general economic conditions in the credit environment);
- financial, legal, regulatory, tax or accounting changes or actions, including the impact of the Dodd-Frank Act and the regulations promulgated thereunder;
- the possibility that regulatory and other approvals and conditions to the ING Direct acquisition are not received or satisfied on a timely basis or at all;
- the possibility that modifications to the terms of the ING Direct acquisition may be required in order to obtain or satisfy such approvals or conditions;
- changes in the anticipated timing for closing the ING Direct acquisition;
- difficulties and delays in integrating Capital One s and ING Direct s businesses or fully realizing projected cost savings and other projected benefits of the ING Direct acquisition;
- business disruption during the pendency of or following the ING Direct acquisition;
- the inability to sustain revenue and earnings growth;
- diversion of management time on acquisition-related issues;

reputational risks and the reaction of customers and counterparties to our acquisitions;

changes in asset quality and credit risk as a result of the ING Direct acquisition;

developments, changes or actions relating to any litigation matter involving us;

increases or decreases in interest rates;

our ability to access the capital markets at attractive rates and terms to capitalize and fund our operations and future growth;

the success of our marketing efforts in attracting and retaining customers;

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- increases or decreases in our aggregate loan balances or the number of customers and the growth rate and composition thereof, including increases or decreases resulting from factors such as shifting product mix, amount of actual marketing expenses we incur and attrition of loan balances;
- the level of future repurchase or indemnification requests we may receive, the actual future performance of mortgage loans relating to such requests, the success rates of claimants against us, any developments in litigation and the actual recoveries we may make on any collateral relating to claims against us;
- the amount and rate of deposit growth;
- changes in the reputation of or expectations regarding the financial services industry or us with respect to practices, products or financial condition;
- any significant disruption in our operations or technology platform;
- our ability to maintain a compliance infrastructure suitable for our size and complexity;
- our ability to control costs;
- the amount of, and rate of growth in, our expenses as our business develops or changes or as it expands into new market areas;
- our ability to execute on our 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;
- our ability to recruit and retain experienced personnel to assist in the management and operations of new products and services;
- changes in the labor and employment markets;
- the risk that cost savings and any other synergies from any of our acquisitions may not be fully realized or may take longer to realize than expected;
- fraud or misconduct by our customers, employees or business partners; and
- competition from providers of products and services that compete with our businesses.

You should carefully consider the factors referred to above in evaluating these forward-looking statements.

When considering these forward-looking statements, you should keep in mind the risks, uncertainties, and other cautionary statements made in this prospectus supplement, the accompanying prospectus and in the documents incorporated by reference. See the factors set forth under the caption Risk Factors below and in any other documents incorporated or deemed to be incorporated by reference herein, including our Annual Report on Form 10-K for the year ended December 31, 2010 and our Current Report on Form 8-K filed on July 13, 2011, for additional information that you should consider carefully in evaluating these forward-looking statements.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions, including the risk factors referred to above. Our future performance and actual results may differ materially from those expressed in forward-looking statements. Many of the factors that will determine these results and values are beyond our ability to control or predict. Forward-looking statements speak only as of the date that they are made, and except as required by law we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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SUMMARY

The following summary should be read together with the information contained in other parts of this prospectus supplement and the accompanying prospectus. This summary highlights selected information from this prospectus supplement and the accompanying prospectus to help you understand the offering of the notes. You should read this prospectus supplement and the accompanying prospectus, including the documents we incorporate by reference, carefully to understand fully the terms of the notes as well as other considerations that are important to you in making a decision to invest in the notes. You should pay special attention to the Risk Factors beginning on page S-8 of this prospectus supplement, and the Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2010 and our Current Report on Form 8-K filed on July 13, 2011, to determine whether an investment in the notes is appropriate for you. This prospectus supplement includes forward-looking statements that involve risks and uncertainties.

Capital One

We are a diversified banking corporation whose principal subsidiaries, Capital One, N.A., and Capital One Bank (USA), N.A., offer a broad spectrum of financial products and services to consumers, small businesses and commercial clients. For more information on Capital One, see the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. Our principal executive office is located at 1680 Capital One Drive, McLean, Virginia 22102 (telephone number (703) 720-1000).

Recent Developments

During the past several years, we have explored opportunities to acquire financial services companies and financial assets and enter into strategic partnerships as part of our growth strategy. For example, in June 2011, we announced the ING Direct acquisition as described below. In addition, we acquired the credit card loan portfolios of, and entered into credit card partnership agreements with, Kohl s Corp., Sony Corporation and Hudson s Bay Company during the past two years, and we acquired Chevy Chase Bank in February 2009. We continue to evaluate and anticipate engaging in additional strategic partnerships and selected acquisitions of financial institutions and other financial assets, including credit card and other loan portfolios. We may issue common stock or debt in connection with future acquisitions, including in public offerings, to fund such acquisitions.

Acquisition of ING Direct

On June 16, 2011, we entered into a purchase and sale agreement with ING Groep N.V., ING Bank N.V., ING Direct N.V., ING Direct Bancorp, collectively, the Sellers, under which we will acquire substantially all of the Sellers ING Direct business in the United States in exchange for $6.2 billion in cash and approximately 55.9 million shares of our common stock, subject to certain adjustments described in the purchase and sale agreement, valued at $2.9 billion based on a share price of $52.55, the 10-day average of our common stock closing prices for the period ended July 8, 2011. We will effect the transaction through (i) the acquisition of the equity interests of ING Bank, fsb, (ii) the acquisition of the equity interests of each of WS Realty, LLC and ING Direct Community Development LLC and (iii) the acquisition of certain assets and the assumption of certain liabilities of ING Direct Bancorp. References in this prospectus supplement to ING Direct or the ING Direct business are intended to refer to the businesses and assets purchased pursuant to the purchase and sale agreement.

We expect to use the net proceeds of this offering, along with cash sourced from current liquidity and the proceeds from the Common Stock Offering (as defined below), to fund the $6.2 billion in cash consideration payable in connection with the ING Direct acquisition. Our board of directors and the boards of directors of the Sellers have unanimously approved the ING Direct acquisition, which is expected to close in late 2011 or early 2012.

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At the closing of the ING Direct acquisition, we and one or more of the Sellers will enter into a shareholders agreement, pursuant to which the Sellers will have the right to designate one nominee to serve on our Board of Directors until the earlier of (i) the one year anniversary of the closing or (ii) the sale by the Sellers of more than 33% of the shares of our common stock issued to them at closing. In addition, the shareholders agreement contains a customary lock-up on the Sellers shares, which restricts the Sellers from transferring any shares of our common stock issued to them at closing until the later of 90 days following the closing and 180 days following the date of this prospectus supplement. The ING Direct acquisition is subject to customary closing conditions, including certain customary regulatory approvals, including banking approvals in both the United States and The Netherlands. In certain circumstances set forth in the purchase and sale agreement, if the ING Direct acquisition is not consummated or the agreement is terminated, we may be obligated to pay the Sellers a termination fee of $270 million. This offering is not conditioned on the closing of the ING Direct acquisition, and we cannot assure you that the ING Direct acquisition will be completed.

Common Stock Offering

On July 14, 2011, we entered into forward sale agreements with each of Barclays Capital Inc. and Morgan Stanley & Co. LLC or their respective affiliates, which we refer to as the forward purchasers. The forward purchasers are, at our request, borrowing from third parties and selling 40,000,000 shares of our common stock (par value $0.01 per share) in a public offering (the Common Stock Offering) through certain underwriters. We will not initially receive any proceeds from the sale of the borrowed shares of our common stock. We will settle the forward sale agreements on a date or dates specified by us within approximately seven months of July 14, 2011. We generally will settle the forward sale agreements entirely by the physical delivery of shares of common stock for a cash purchase price unless, subject to certain conditions, we elect cash or net share settlement for all or a portion of our obligations under the forward sale agreements. If we settle the forward sale agreements entirely by the physical delivery of shares of our common stock based on the initial forward sale price of $48.50, we expect to receive net proceeds, after underwriting discounts and commissions, of approximately $1,940,000,000. We also have granted the underwriters a 30-day option to purchase up to 6,000,000 shares of our common stock from us, which, if exercised in full, will result in net proceeds, after underwriting discounts and commissions, of approximately $291,000,000. The shares purchased pursuant to such option will not be subject to the forward sale agreements.

Preliminary Unaudited Pro Forma Condensed Combined Financial Information

This prospectus supplement contains certain preliminary unaudited pro forma condensed combined financial information intended to present how the combined financial statements of Capital One and ING Direct may have appeared had the businesses actually been combined at the beginning of the periods presented. Such information is provided for illustrative purposes only and is derived from, and should be read in conjunction with, the historical consolidated financial statements and related notes of Capital One and ING Bank, fsb, each of which are incorporated into this document by reference. See Preliminary Unaudited Pro Forma Condensed Combined Financial Information.

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The Offering

Issuer:	Capital One Financial Corporation
Securities Offered:	$250,000,000 aggregate principal amount of floating rate senior notes due 2014.
	$750,000,000 aggregate principal amount of 2.125% senior notes due 2014.
	$750,000,000 aggregate principal amount of 3.150% senior notes due 2016.
	$1,250,000,000 aggregate principal amount of 4.750% senior notes due 2021.
Maturity Date:	The floating rate notes will mature on July 15, 2014.
	The 2.125% notes will mature on July 15, 2014.
	The 3.150% notes will mature on July 15, 2016.
	The 4.750% notes will mature on July 15, 2021.
Interest Payment Dates:	The floating rate notes will bear interest from the original issuance date at a rate equal to the then applicable U.S. dollar LIBOR rate plus 1.15%. The rate of interest on the floating rate notes will be reset quarterly. We will pay interest on the floating rate notes quarterly in arrears each January 15, April 15, July 15 and October 15. We will make the first interest payment on October 15, 2011.
	The 2.125% notes will bear interest at the rate of 2.125% per year from the original issuance date. The 3.150% notes will bear interest at the rate of 3.150% per year from the original issuance date. The 4.750% notes will bear interest at the rate of 4.750% per year from the original issuance date. We will pay interest on each series of fixed rate notes semi-annually in arrears each January 15 and July 15. We will make the first interest payment on January 15, 2012.
Use of Proceeds:	We expect to use the net proceeds of this offering, along with cash sourced from current liquidity and the proceeds from the Common Stock Offering, to fund the $6.2 billion in cash consideration payable in connection with the ING Direct acquisition. This offering is not conditioned on the closing of the ING Direct acquisition and we cannot assure you that the ING Direct acquisition will be completed.

Ranking:	The notes are our direct, unsecured and unsubordinated obligations and rank equal in priority with all of our existing and future unsecured and unsubordinated indebtedness and senior in right of payment to all of our existing and future subordinated indebtedness.

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Special Mandatory Redemption:	If we do not consummate the ING Direct acquisition on or prior to June 30, 2012, or if the purchase and sale agreement governing the ING Direct acquisition is terminated at any time prior to such date, we must redeem all of the notes at a redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest from the date of initial issuance, or the most recent date to which interest has been paid or provided for, as the case may be, to but excluding the special mandatory redemption date. See Risk Factors If we do not complete the ING Direct acquisition within the timeframes set out in the notes, we will be required to redeem the notes, and as a result, you may not obtain your expected return on the notes and Description of the Notes Special Mandatory Redemption.
Listing:	The notes will not be listed on any securities exchange.

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RISK FACTORS

Investing in the notes involves risks, including the risks described below that are specific to the notes and those that could affect us and our business. You should not purchase notes unless you understand these investment risks. Please be aware that other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict such risks or estimate the extent to which they may affect our financial performance. Before purchasing any notes, you should consider carefully the risks and the other information in this prospectus supplement and the accompanying prospectus and carefully read the risks described in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, including those set forth under the caption Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2010.

Risks relating to ING Direct

ING Direct, as a company that conducts banking operations and provides financial products, is subject to operating and other risks, including as discussed in risk factors that were prepared by ING Bank, fsb, included in our Current Report on Form 8-K filed on July 13, 2011, and incorporated by reference into this prospectus supplement. You should consider these risks before purchasing our common stock. Following the completion of the ING Direct acquisition, we expect that the financial performance and results of operations of ING Bank, fsb, and the combined company will continue to be subject to the risks and uncertainties described in this prospectus supplement and in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, including those set forth under the caption Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2010.

Risks relating to the proposed ING Direct acquisition and other acquisitions

We may grow through future acquisitions, which could adversely affect our results of operations or result in dilution of our common stockholders.

During the past several years, we have explored opportunities to acquire financial services companies and financial assets and enter into strategic partnerships as part of our growth strategy. For example, as described under Summary Recent Developments, we announced the ING Direct acquisition in June 2011. In addition, we acquired the credit card loan portfolios of, and entered into credit card partnership agreements with, Kohl s Corp., Sony Corporation and Hudson s Bay Company during the past two years, and we acquired Chevy Chase Bank in February 2009. We continue to evaluate and anticipate engaging in additional strategic partnerships and selected acquisitions of financial institutions and other financial assets, including credit card and other loan portfolios.

Any acquisitions we undertake will entail certain risks, which may materially and adversely affect our results of operations. These risks include the risk that we may incorrectly assess the asset quality and value of the particular assets or institutions we acquire and we may be unable to profitably deploy any assets we acquire in an acquisition. Our acquisitions also may involve our entry into new businesses and new geographic or other markets which present risks resulting from our relative inexperience in these new areas or these new businesses. These new businesses change the overall character of our consolidated portfolio of businesses and could react differently to economic and other external factors. We face the risk that we will not be successful in these new businesses or in these new markets. We also cannot assure you that we will identify or acquire suitable financial assets or institutions to supplement our organic growth through acquisitions or strategic partnerships.

Any future acquisitions may be subject to regulatory approval, which will require review of our resulting financial condition, our ability to manage our resulting size, competitive considerations and our service to the community. We cannot assure you that we will receive regulatory approval.

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We may issue common stock or debt in connection with future acquisitions, including in public offerings to fund such acquisitions or to provide adequate capital for the additional assets acquired. Issuances of our common stock, whether as consideration for such acquisitions or to raise necessary funds or capital, may have a dilutive effect on earnings per share and our common stockholders equity.

It may be difficult to integrate businesses we acquire, including ING Direct, and we may fail to realize all of the anticipated benefits of the ING Direct acquisition and any strategic partnerships, mergers or acquisitions.

If we experience greater than anticipated costs to integrate acquired businesses into our existing operations or are not able to achieve the anticipated benefits of the ING Direct acquisition or other strategic partnerships, mergers or acquisitions, including cost savings and other synergies, our business could be negatively affected. In addition, it is possible that the ongoing integration processes could result in the loss of key employees, errors or delays in systems implementation, the disruption of our ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits of the merger or acquisition. Integration efforts also may divert management attention and resources. These integration matters may have an adverse effect on us during any transition period.

We have made certain assumptions relating to the ING Direct acquisition which may prove to be materially inaccurate.

We have made certain assumptions relating to the ING Direct acquisition, which assumptions may be inaccurate, including as the result of the failure to realize the expected benefits of the ING Direct acquisition, higher than expected transaction and integration costs and unknown liabilities as well as general economic and business conditions that adversely affect the combined company following the ING Direct acquisition. These assumptions relate to numerous matters, including:

- projections of ING Direct s future net income and our earnings per share;
- our ability to issue equity and debt to complete the ING Direct acquisition;
- our expected capital structure and capital ratios after the ING Direct acquisition;
- projections as to the amount of future loan losses in ING Direct s portfolios;
- the amount of goodwill and intangibles that will result from the ING Direct acquisition;
- certain other purchase accounting adjustments that we expect will be recorded in our financial statements in connection with the ING Direct acquisition;
- cost, deposit, cross-selling and balance sheet synergies;
- acquisition costs, including restructuring charges and transaction costs;
- our ability to maintain, develop and deepen relationships with customers of ING Direct;
- our ability to grow ING Direct s customer deposits and manage ING Direct s mortgage portfolio; and

other financial and strategic risks of the ING Direct acquisition.

This offering is not conditioned upon the closing of the ING Direct acquisition, and we cannot assure you that the ING Direct acquisition will be completed.

In June 2011, we signed a purchase and sale agreement under which we would acquire ING Direct in a stock and cash transaction. We expect the ING Direct acquisition to close by late 2011 or early 2012, subject to customary closing conditions, including certain governmental clearances and approvals, including banking approvals in both the U.S. and The Netherlands. This offering is not conditioned on the closing of the ING Direct acquisition, and we cannot assure you that the ING Direct acquisition will be completed.

In order to complete the ING Direct acquisition, we and ING Direct must obtain certain governmental approvals, and if such approvals are not granted or are granted with conditions that become applicable to the parties, the completion of the ING Direct acquisition may be jeopardized or the anticipated benefits of the ING Direct acquisition could be reduced.

The purchase and sale agreement for the ING Direct acquisition is subject to a number of conditions which must be fulfilled in order to complete the ING Direct acquisition, including receipt of banking approvals in both the U.S. and The Netherlands and certain other governmental clearances and approvals. We cannot assure you as to whether or when these approvals will be obtained. In addition, the governmental authorities from which these approvals are required have broad discretion in administering the governing regulations. As a condition to approval of the ING Direct acquisition, these governmental authorities may impose requirements, limitations or costs or require divestitures or place restrictions on the conduct of our or ING Direct s business after the completion of the ING Direct acquisition. If such approvals are not granted or are granted with conditions that become applicable to the parties, the completion of the ING Direct acquisition may be jeopardized or the anticipated benefits of the ING Direct acquisition could be reduced.

Failure to complete the ING Direct acquisition in certain circumstances could require us to pay a termination fee.

If the purchase and sale agreement is terminated under certain circumstances, we would be obligated to pay a $270 million termination fee to ING Groep. Payment of the termination fee could materially adversely affect our results of operations or financial condition.

Risks relating to the offering

The notes are our obligations and not obligations of our subsidiaries and will be effectively subordinated to the claims of our subsidiaries creditors.

The notes are exclusively our obligations and not those of our subsidiaries. We are a holding company and, accordingly, substantially all of our operations are conducted through our subsidiaries. As a result, our cash flow and our ability to service our debt, including the notes, depend upon the earnings of our subsidiaries. In addition, we depend on the distribution of earnings, loans or other payments by our subsidiaries to us.

Our subsidiaries are separate and distinct legal entities. Our subsidiaries have no obligation to pay any amounts due on the notes or to provide us with funds to pay our obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us would be subject to regulatory or contractual restrictions. Payments to us by our subsidiaries also will be contingent upon those subsidiaries earnings and business considerations.

Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and, therefore, the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of those subsidiaries creditors, including senior and subordinated debtholders and general trade creditors. In the event of any such distribution of assets of our bank subsidiaries, the claims of depositors and other general or subordinated creditors would be entitled to priority over the claims of holders of the notes. In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of those subsidiaries and any indebtedness of those subsidiaries senior to that held by us.

If we do not complete the ING Direct acquisition within the timeframes set out in the notes, we will be required to redeem the notes, and as a result, you may not obtain your expected return on the notes.

Our ability to consummate the ING Direct acquisition is subject to various closing conditions, many of which are beyond our control, and we may not be able to consummate the ING Direct acquisition prior to

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June 30, 2012, the timeframe specified under Description of the Notes Special Mandatory Redemption. If we are not able to consummate the ING Direct acquisition on or prior to June 30, 2012, or if the purchase and sale agreement is terminated at any time on or prior to that date, we will be required to redeem all of the notes at a redemption price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest from the date of initial issuance to, but excluding, the special mandatory redemption date. However, there is no escrow account or security interest for the benefit of the noteholders, and it is possible that we will not have sufficient financial resources available to satisfy our obligations to redeem the notes. In addition, even if we are able to redeem the notes pursuant to the special mandatory redemption provisions, you may not obtain your expected return on such notes and may not be able to reinvest the proceeds from a special mandatory redemption in an investment that results in a comparable return. You will have no rights under the special mandatory redemption provisions as long as the ING Direct acquisition closes, nor will you have any right to require us to repurchase your notes if, between the closing of the notes offering and the closing of the ING Direct acquisition, we experience any changes in our business or financial condition, or if the terms of the acquisition or the financing thereof change.

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RATIO OF EARNINGS TO COMBINED FIXED CHARGES

The following table sets forth our consolidated ratio of earnings to combined fixed charges for the periods indicated:

	Six Months Ended June 30,