

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934.
For the fiscal year ended December 31, 2000.

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED).

For the transition period from _____ to _____

Commission File No. 1-13300
CAPITAL ONE FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation or Organization)
2980 Fairview Park Drive, Suite 1300
Falls Church, Virginia
(Address of Principal Executive Offices)

54-1719854
(I.R.S. Employer
Identification No.)

22042-4525
(Zip Code)

Registrant's telephone number, including area code: (703) 205-1000
Securities registered pursuant to section 12(b) of the act:

Title of Each Class

Common Stock, \$.01 Par Value
Preferred Stock Purchase Rights*

Name of Each Exchange on
Which Registered

New York Stock Exchange
New York Stock Exchange

* Attached to each share of Common Stock is a Right to acquire 1/100th of a share of the Registrant's Cumulative Participating Preferred Stock, par value \$.01 per share, which Rights are not presently exercisable.

Securities Registered Pursuant to Section 12(g) of the Act:
None

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of the voting stock held by non-affiliates of the registrant as of the close of business on February 28, 2001.

Common Stock, \$.01 Par Value: \$11,511,485,965*

. In determining this figure, the registrant assumed that the executive officers of the registrant and the registrant's directors are affiliates of the registrant. Such assumption shall not be deemed to be conclusive for any other purpose.

The number of shares outstanding of the registrant's common stock as of the close of business on February 28, 2001.

Common Stock, \$.01 Par Value: 207,214,626 shares

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of the Annual Report to stockholders for the year ended December 31, 2000 are incorporated by reference into Parts I, II and IV.
2. Portions of the Proxy Statement for the annual meeting of stockholders to be held on April 26, 2001 are incorporated by reference into Part III.

CAPITAL ONE FINANCIAL CORPORATION
2000 ANNUAL REPORT ON FORM 10-K

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PART I

Item 1. Business.

Overview

Capital One Financial Corporation (the "Corporation"), is a holding company, incorporated in Delaware on July 21, 1994, whose subsidiaries provide a variety of products and services to consumers using its proprietary information-based strategy ("IBS"). The Corporation's principal subsidiary, Capital One Bank (the "Bank"), a limited-purpose Virginia state chartered credit card bank, offers credit card products. The Bank originally conducted its operations as a division of Signet Bank, a wholly-owned subsidiary of Signet Banking Corporation ("Signet").^{/1/} Capital One, F.S.B. (the "Savings Bank"), a federally chartered savings bank, offers consumer lending and deposit products. Capital One Services, Inc., another subsidiary of the Corporation, provides various operating, administrative and other services to the Corporation and its subsidiaries. Unless indicated otherwise, the terms "Company", "we", "us", and "our" refer to the Corporation and its consolidated subsidiaries and for periods prior to our separation from Signet Bank, Signet Bank's credit card division.

We began operations in 1953 as part of Signet Bank, the same year as the formation of what is now MasterCard International, and we are one of the oldest continually operating bank card issuers in the United States. The Bank separated from Signet on November 24, 1994 and became a subsidiary of the Corporation. As of December 31, 2000, we had 33.8 million customers and \$29.5 billion in managed consumer loans outstanding. We are among the ten largest issuers of Visa and MasterCard credit cards in the United States based on managed credit card loans outstanding as of December 31, 2000. The success of our IBS, which we initiated in 1988, in addition to credit card industry dynamics, has led to our growth in managed credit card loans and accounts.

In June 1996, we established the Savings Bank to expand our product offerings and our relationship with our cardholders. The Savings Bank currently takes deposits and offers a variety of credit card and installment loan products. Through the Savings Bank, we expect to offer multiple financial products and services to existing cardholders and other households applying IBS and existing information technology systems.

We offer credit card products outside of the United States through Capital One Bank (Europe) plc, an indirect subsidiary of the Bank organized and located in the United Kingdom (the "UK Bank"), through a branch of the Bank in Canada, and through our involvement in a joint venture with a South African financial institution. We currently have foreign operations primarily in the United Kingdom and Canada, with additional operations in South Africa and France. We may also, from time to time, consider establishing our business in additional foreign jurisdictions as opportunities arise. We also offer various non-card consumer lending products, including automobile financing and installment loan products, through our subsidiaries both in the United States and elsewhere.

We use IBS to differentiate among customers based on credit risk, usage and other characteristics and to match customer characteristics with appropriate product offerings. IBS involves developing sophisticated models, information systems, well-trained personnel and a flexible culture to create credit card or other products and services that address the demands of changing consumer and competitive markets. By actively testing a wide variety of product and service features, marketing channels and other aspects of offerings, we design customized solicitations that are targeted at various credit customer segments, thereby enhancing customer response levels and maximizing returns on investment within given underwriting parameters.

We build on information derived from our initial sources with continued integrated testing and model development to improve the quality, performance and profitability of our solicitation and account management initiatives. We apply IBS to all areas of our business, including solicitations, account management, credit line management, pricing strategies, usage stimulation, collections, recoveries, and account and balance retention.

^{/1/} Signet Bank and Signet Banking Corporation were acquired by First Union National Bank and First Union Corporation, respectively, as of November 30, 1997.

Our common stock is listed on the New York Stock Exchange under the symbol COF. Our principal executive office is located at 2980 Fairview Park Drive, Suite 1300, Falls Church, Virginia 22042-4525 (telephone number (703) 205-1000).

Business Description

Our business consists of both lending and non-lending activities. Our lending activities consist primarily of credit card products but also include other consumer lending activities, such as unsecured installment lending and automobile financing. Our non-lending business activities consist primarily of our retail deposit-taking business and various non-lending new business initiatives.

Lending Activities

We offer a wide variety of credit card products throughout the United States, and internationally primarily in the United Kingdom and Canada. Applying IBS, we customize our products to appeal to different consumer preferences and needs by combining different product features, including annual percentage rates, fees and credit limits, rewards programs and other special features. We constantly test new products to develop packages that appeal to different and changing consumer preferences. Our customized products include both products targeted at a range of consumer credit risk profiles, such as low rate cards and secured cards, as well as products aimed at special consumer interests, such as affinity, co-brand and student cards. Our pricing strategies are risk-based; lower risk customers may likely be offered products with more favorable pricing and we expect these products to yield lower delinquencies and credit losses. On products offered to many higher risk customers, however, we may experience higher delinquencies and losses, and we price these products accordingly. In general, however, IBS allows us to provide appropriate products to individual consumers with a wide range of credit histories.

Additionally, we have been applying our IBS to other financial and non-financial products and services. Our automobile finance subsidiary, Capital One Auto Finance, Inc./2/, a Texas corporation which we acquired in 1998 ("Capital One Auto Finance"), offers loans, secured by automobiles, through dealer networks throughout the United States/2/. Capital One Auto Finance is our platform to apply IBS to the automobile loan market, and as of December 31, 2000, loans outstanding at Capital One Auto Finance have tripled since its acquisition in 1998.

We have also expanded our existing operations outside of the United States, and are currently operating primarily in the United Kingdom and Canada, with additional operations in South Africa and France. We have experienced continuing growth in the number of accounts and loan balances in our international lending business, with most of our growth coming from our business in the United Kingdom. In 2000, to support the continued growth of our United Kingdom business and any future business in Europe, we established the UK Bank, which has authority to conduct full-service operations.

Our internet services provide significant support for our lending business and include account decisioning, real-time account numbering and account servicing. In the fourth quarter of 2000, we surpassed our previously stated goal of originating one million accounts and servicing two million accounts online by the end of 2000.

Non-Lending Activities

Our non-lending business consists primarily of our retail deposit-taking business, which is also supported in part by our internet services. In 2000, we launched CapitalOnePlace.com where we offer consumers a variety of products

/2/ Capital One Auto Finance, Inc. was formerly known as Summit Acceptance Corporation. We changed its name to Capital One Auto Finance, Inc. on November 7, 2000.

available for purchase online, some of which are offered in partnership with other companies. We also engage in various other non-lending new business initiatives, which we currently believe are not material to our operations or financial condition.

Geographic Diversity

Loan portfolio concentration within a specific geographic region or demographic portion of the population may be regarded as positive or negative based upon the current and expected credit characteristics and performance of the portfolio. Our consumer loan portfolio is geographically diverse. See Note 0 to Consolidated Financial Statements on page 62 of the Company's Annual Report to its stockholders for the year ended December 31, 2000 (the "Annual Report"), which is incorporated herein by reference.

Operations

Marketing

IBS is the cornerstone of our marketing strategy, and since its introduction in 1988 we have steadily increased our marketing efforts. We generate accounts primarily through direct mail and telemarketing solicitations, although we are increasing our efforts to solicit accounts through the internet, newspaper, magazine, partnership arrangements, radio and television advertising and location and event marketing. In 2000 we originated more than 1 million accounts and serviced more than 2 million accounts online. Many of our solicitations are targeted at potential customers that have been prescreened for creditworthiness. We track and periodically review the results of our various solicitation campaigns. In developing our targeting strategies, we respect the privacy of our customers (and potential customers) by using customer information only in accordance with our privacy policies and applicable laws.

We are also developing a brand marketing, or "brand awareness", strategy with the intent of differentiating ourselves from other credit card issuers and building a branded franchise to support our IBS and mass customization strategies.

Risk Management

We employ a comprehensive risk management process that integrates all aspects of an account's life cycle, from origination to closure. We have a credit policy group that makes marketing and credit policy decisions. This credit policy group consists of senior management representatives from the credit operations, risk management, marketing and analysis, and legal units. This group originates credit policy from the viewpoints of both profitability and credit risk, taking into consideration a multitude of factors, including prescreening criteria, proprietary model development and usage, as well as reviews of test programs and test results.

An important element of our risk management process is our use of IBS to identify and target potential consumers. We attempt to continuously monitor and improve the effectiveness of our information systems and processes such that senior management possesses the tools to manage portfolio risk and respond to changing market conditions and challenges.

Credit Operations

Senior management actively manages our credit extension process which is designed to bring consistency in credit practices and operating efficiencies. Our scoring technology and verification procedures are highly automated with limited judgmental review. Our credit evaluation process is based on proprietary models using, among other things, credit scores developed by nationally recognized scoring firms which may be tailored to individual programs.

We validate, monitor and maintain these models as part of IBS. Our modeling also provides us with a tool to objectively measure our application stage credit policy decisions and account policies relating to credit lines, pricing and collections.

Our prescreened account solicitation process uses information from credit reporting agencies to identify consumers who are likely to be approved for a credit card account. We vary the underwriting criteria used to prescreen potential applicants from time to time in accordance with our established policies and procedures relating to the operation of our consumer revolving lending business. We may change such policies from time to time. In order to establish the amount of the customer's credit line, we analyze, and in some cases verify, the information on returned applications. We usually offer each customer whose credit request meets all of the applicable underwriting criteria a line of credit equal to or in excess of a minimum level we have established for each product offering. We also may review manually applications that are rejected by our credit scoring system because of inconsistencies in application information, inquiries from rejected applicants or for other reasons. Our credit analysts then have the ability to override decisions made by the system upon the receipt of additional information from an applicant or otherwise.

For non-pre-screened solicitations, we generate names of prospective customers from a variety of sources, including third party list vendors and our internal sources, and then edit the list using internal and external sources to ensure quality and accuracy. We approve or decline prospective customers who respond to a solicitation based on information from both their application and a credit report from one or more credit reporting agencies.

Account Management

We have found that active account management is necessary in order to respond to the changing economic environment and cardholder risk, usage and payment patterns. We calculate new credit scores for each account multiple times each year and new behavioral scores for open accounts each month. We use this information in account management strategies relating to credit lines, pricing, usage stimulation, retention and collection. For creditworthy and profitable accounts, such periodic review may result in more favorable pricing, higher credit lines, product upgrades or other enhancements which, based on testing, are likely to increase account usage or the overall profitability of an account. Conversely, for delinquent or other accounts with significant credit risk, periodic review may result in an account being reassigned to a higher risk category and hence not being eligible for credit line increases or, in certain circumstances, having pricing adjusted upward or the credit line reduced.

The IBS approach is also used to develop our retention strategies. We have developed integrated systems which evaluate account profitability and risk, test various strategies for cost and effectiveness in retaining cardholders and assist service representatives in negotiating potential pricing alternatives. Some of our products, including the introductory interest rate product and the balance transfer product, have a repricing feature after an initial period. We have developed methodologies for retaining these accounts and the balances in these accounts after the expiration of the introductory period.

Collection Procedures

We have used IBS to customize our collections strategies and determine the timing of collection activity based on models designed to predict delinquencies and charge-offs. We generally consider an account delinquent if we have not received a minimum payment by the accountholder's payment due date. We currently refer delinquent accounts for contact by phone between seven and 60 days after contractual delinquency, depending on the accountholder's risk profile. We design our policies and procedures to encourage accountholders to pay delinquent amounts; for example, once a delinquent account has re-established a payment pattern with three consecutive minimum monthly payments, it can be re-aged as current. Federal guidelines restrict how frequently an account can be re-aged, renewed or extended. We reserve the right to suspend charging privileges at any time after an account attains delinquent status. We may also, at our discretion, enter into arrangements with delinquent accountholders to extend or otherwise change payment schedules.

We charge-off as uncollectible an account (net of collateral, if any) at 180 days past-due, except with respect to certain installment loans and auto loans, which we charge-off as uncollectible at 120 days past-due. In connection with a secured credit card account, except as set forth below, we apply funds deposited as collateral to payment on the account shortly before the account is charged off as uncollectible. In connection with auto loans, for which we retain a security interest in the automobile which is the subject of the loan, we charge-off up to 40% of the value of the loan on the charge-off date, with additional amounts potentially charged off at a later date following our sale of the collateral and recovery of the proceeds from such sale. With respect to bankrupt customers, we charge-off the account within 30 days after we receive the bankruptcy petition and, with respect to secured credit card accounts, we apply funds deposited as collateral in satisfaction of the account only after the bankruptcy automatic stay is lifted. We charge-off accounts of deceased customers within 60 days of receiving proper notice if no estate exists against which a proof of claim can be filed, no other party remits payments, and no other responsible party is available. Transactions suspected of being fraudulent are charged off to non-interest expense after a 60-day investigation period. We may change our credit evaluation, servicing and charge-off policies and collection practices over time in accordance with our business judgment, applicable law and guidelines established by applicable regulatory authorities.

Technology/Systems

A key part of our strategic focus is the development of flexible, high-volume computer and operational systems capable of handling our growth and changes in marketing and account management strategies. Management believes that the continued development and integration of these systems is important to our efforts to reduce our operating costs and maintain a competitive advantage.

We have developed proprietary integrated information systems which allow our employees to manage the large volumes of data collected through the IBS process and to use such data in our account solicitations, application processing, account management and retention strategies. We use this information to predict consumer behavior and then match prospects to lending products with various terms and fees. These systems also allow our customer service representatives to access account specific information when responding to customer inquiries.

Funding

Our primary methods of funding include loan securitizations, issuing certificates of deposit, senior notes and other borrowings, and fed funds purchased from financial institutions. For a discussion of our funding program, see pages 25 and 34 of the Annual Report under the respective headings "Management's Discussion and Analysis of Financial Condition and Results of Operations--Managed Consumer Loan Portfolio" and "--Funding," which are incorporated herein by reference.

Competition

As a marketer of credit card products, we face intense competition in all aspects of our business from numerous bank and non-bank providers of financial services. Many of these companies are substantially larger and have more resources than we do. We compete with international, national, regional and local issuers of Visa and MasterCard credit cards. In addition, American Express, Discover Card, Diner's Club and, to a certain extent, smart cards and debit cards, represent additional competition in the general purpose credit card market. In general, customers are attracted to credit card issuers largely on the basis of price, credit limit and other product features and customer loyalty is often limited. We believe that IBS allows us to more effectively compete in both our current and new markets. There can be no assurance, however, that our ability to market services successfully or to obtain adequate yield on our loans will not be impacted by the nature of the competition that now exists or may later develop.

In addition, we face competition in seeking public funding from banks, savings banks, money market funds and a wide variety of other entities that

take deposits and/or sell debt securities, some of which are publicly traded. Many of these companies are substantially larger, have more capital and other resources and have better financial ratings than we do. Accordingly, there can be no assurance that competition from these other borrowers will not increase our cost of funds.

Employees

As of December 31, 2000, we employed 19,247 employees, to whom we refer as "associates." A central part of our philosophy is to attract and maintain a highly capable staff. We view current associate relations to be satisfactory. None of our associates is covered under a collective bargaining agreement.

Supervision and Regulation

General

The Bank is a banking corporation chartered under Virginia law and a member of the Federal Reserve System, the deposits of which are insured by the Bank Insurance Fund of the Federal Deposit Insurance Corporation (the "FDIC"). In addition to regulatory requirements imposed as a result of the Bank's international operations (discussed below), the Bank is subject to comprehensive regulation and periodic examination by the Bureau of Financial Institutions of the Virginia State Corporation Commission (the "Bureau of Financial Institutions"), the Federal Reserve Board (the "Federal Reserve"), the Federal Reserve Bank of Richmond and the FDIC. The Bank is not a "bank" under the Bank Holding Company Act of 1956, as amended (the "BHCA"), because it (i) engages only in credit card operations, (ii) does not accept demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties or others, (iii) does not accept any savings or time deposits of less than \$100,000, other than as permitted as collateral for extensions of credit, (iv) maintains only one office that accepts deposits and (v) does not engage in the business of making commercial loans. Due to the Bank's status as a limited purpose credit card bank, our non-credit card operations must be conducted in our other operating subsidiaries.

The Savings Bank is a federal savings bank chartered by the Office of Thrift Supervision (the "OTS") and is a member of the Federal Home Loan Bank System. Its deposits are insured by the Savings Association Insurance Fund of the FDIC. The Savings Bank is subject to comprehensive regulation and periodic examination by the OTS and the FDIC.

The Corporation is not a bank holding company under the BHCA as a result of its ownership of the Bank because the Bank is not a "bank" as defined under the BHCA. If the Bank failed to meet the credit card bank exemption criteria described above, its status as an insured depository institution would make the Corporation subject to the provisions of the BHCA, including certain restrictions as to the types of business activities in which a bank holding company and its affiliates may engage. Becoming a bank holding company under the BHCA would affect the Corporation's ability to engage in certain non-banking businesses. In addition, for purposes of the BHCA, if the Bank failed to qualify for the credit card bank exemption, any entity that acquired direct or indirect control of the Bank and also engaged in activities not permitted for bank holding companies could be required either to discontinue the impermissible activities or to divest itself of control of the Bank.

As a result of the Corporation's ownership of the Savings Bank, the Corporation is a unitary savings and loan holding company subject to regulation by the OTS and the provisions of the Savings and Loan Holding Company Act. As a unitary savings and loan holding company, the Corporation generally is not restricted under existing laws as to the types of business activities in which it may engage so long as the Savings Bank continues to meet the qualified thrift lender test (the "QTL Test"). If the Corporation ceased to be a unitary savings and loan holding company as a result of its acquisition of an additional savings institution, as a result of the failure of the Savings Bank to meet the QTL Test, or as a result of a change in control of the Savings Bank, the types of activities that the Corporation and its non-savings association subsidiaries would be able to engage in would generally be limited to those eligible for bank holding companies.

Under the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 (the "Act"), bank holding companies may engage in an expanded range of activities, including the securities and insurance businesses. To do so, a bank holding company may voluntarily elect to become a "financial holding company." While these changes are significant in their impact upon the traditional banking, securities and insurance industries, the impact upon us is less significant in light of the fact that we are regulated as a unitary thrift holding company and not as a bank holding company or a financial holding company. As a result, we may engage in both the full range of activities authorized for bank or financial holding companies, as well as additional non-banking activities typically impermissible for such entities. In addition, the Act permits a limited-purpose credit card bank such as the Bank to establish one or more foreign banking subsidiaries that are not subject to the business-line limitations credit card banks face domestically. Therefore, such foreign banking subsidiaries could engage in non-credit card lending and could accept retail deposits overseas.

While the Act does not impact the permissible range of our activities, it does impose some limitations on the future activities of unitary thrift holding companies. Existing unitary thrift holding companies such as the Corporation are "grandfathered" with full powers to continue and expand their current activities. Grandfathered unitary thrift holding companies, however, may not be acquired by nonfinancial companies and maintain their grandfathered powers. In addition, if a grandfathered unitary thrift holding company is acquired by a financial company without such grandfather rights, it may lose its ability to engage in certain non-banking activities otherwise ineligible for bank holding companies or financial holding companies.

The Corporation is also registered as a financial institution holding company under Virginia law and as such is subject to periodic examination by Virginia's Bureau of Financial Institutions.

Dividends and Transfers of Funds

Dividends to the Corporation from its direct and indirect subsidiaries represent a major source of funds for the Corporation to pay dividends on its stock, make payments on its debt securities and meet its other obligations. There are various federal and Virginia law limitations on the extent to which the Bank and the Savings Bank can finance or otherwise supply funds to the Corporation through dividends, loans or otherwise. These limitations include minimum regulatory capital requirements, Federal Reserve, OTS and Virginia law requirements concerning the payment of dividends out of net profits or surplus, Sections 23A and 23B of the Federal Reserve Act governing transactions between an insured depository institution and its affiliates and general federal and Virginia regulatory oversight to prevent unsafe or unsound practices. In general, federal banking laws prohibit an insured depository institution, such as the Bank and the Savings Bank, from making dividend distributions if such distributions are not paid out of available earnings or would cause the institution to fail to meet applicable capital adequacy standards. In addition, the Savings Bank is required to give the OTS at least 30 days' advance notice of any proposed dividend. Under OTS regulations, other limitations apply to the Savings Bank's ability to pay dividends, the magnitude of which depends upon the extent to which the Savings Bank meets its regulatory capital requirements. In addition, under Virginia law, the Bureau of Financial Institutions may limit the payment of dividends by the Bank if the Bureau of Financial Institutions determines that such a limitation would be in the public interest and necessary for the Bank's safety and soundness.

Capital Adequacy

The Bank and the Savings Bank are currently subject to capital adequacy guidelines adopted by the Federal Reserve and the OTS, respectively. For a further discussion of the capital adequacy guidelines, see page 36 of the Annual Report under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations--Capital Adequacy" and Note J to Consolidated Financial Statements on pages 58-59, which are incorporated herein by reference.

In January 2001, the Basle Committee on Banking Supervision issued for public comment a proposal to revise significantly the current international

capital adequacy accord. The purpose of the revisions is to ensure that banking organizations maintain prudent levels of capital, to make regulatory capital standards more reflective of banking risks, and to provide incentives for organizations to enhance their risk management capabilities. While many of these changes address the activities of internationally active banks, some elements of the proposal, including a revised basic or standardized risk-based capital framework, could affect all U.S. banking organizations. The proposal embodies a "three-pillars" approach for assessing a banking organization's capital adequacy. These pillars are: a more risk-sensitive minimum regulatory capital requirement; effective supervisory oversight; and strengthened market discipline through enhanced public disclosure. If ultimately adopted, this proposal may require some banks to increase their current capital levels.

FDICIA

Among other things, the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") requires federal bank regulatory authorities to take "prompt corrective action" ("PCA") in respect of insured depository institutions that do not meet minimum capital requirements. FDICIA establishes five capital ratio levels: well-capitalized, adequately-capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. The capital categories are determined solely for the purposes of applying FDICIA's PCA provisions, as discussed below, and such capital categories may not constitute an accurate representation of the overall financial condition or prospects of the Bank or the Savings Bank. As of December 31, 2000, each of the Bank and the Savings Bank met the requirements for a "well-capitalized" institution. A "well-capitalized" classification should not necessarily be viewed as describing the condition or future prospects of a depository institution, including the Bank and the Savings Bank.

Under FDICIA's PCA system, an insured depository institution in the "undercapitalized category" must submit a capital restoration plan guaranteed by its parent company. The liability of the parent company under any such guarantee is limited to the lesser of 5.00% of the insured depository institution's assets at the time it became undercapitalized, or the amount needed to comply with the plan. An insured depository institution in the undercapitalized category also is subject to limitations in numerous areas including, but not limited to, asset growth, acquisitions, branching, new business lines, acceptance of brokered deposits and borrowings from the Federal Reserve. Progressively more burdensome restrictions are applied to insured depository institutions in the undercapitalized category that fail to submit or implement a capital plan and to insured depository institutions that are in the significantly undercapitalized or critically undercapitalized categories. In addition, an insured depository institution's primary federal banking agency is authorized to downgrade the institution's capital category to the next lower category upon a determination that the institution is in an unsafe or unsound condition or is engaged in an unsafe or unsound practice. An unsafe or unsound practice can include receipt by the institution of a less than satisfactory rating on its most recent examination with respect to its capital, asset quality, management, earnings or liquidity.

"Critically undercapitalized" insured depository institutions (which are defined to include institutions that still have a positive net worth) may not, beginning 60 days after becoming critically undercapitalized, make any payment of principal or interest on their subordinated debt (subject to certain limited exceptions). Thus, in the event an institution became critically undercapitalized, it would generally be prohibited from making payments on its subordinated debt securities. In addition, critically undercapitalized institutions are subject to appointment of a receiver or conservator.

FDICIA also requires the FDIC to implement a system of risk-based premiums for deposit insurance pursuant to which the premiums paid by a depository institution will be based on the probability that the FDIC will incur a loss in respect of such institution. The FDIC has since adopted a system that imposes insurance premiums based upon a matrix that takes into account an institution's capital level and supervisory rating.

The Bank and the Savings Bank may accept brokered deposits as part of their funding. Under FDICIA, only "well-capitalized" and "adequately-capitalized" institutions may accept brokered deposits. Adequately-capitalized institutions, however, must first obtain a waiver from the FDIC before accepting brokered deposits, and such deposits may not pay rates that significantly exceed the

rates paid on deposits of similar maturity from the institution's normal market area or the national rate on deposits of comparable maturity, as determined by the FDIC, for deposits from outside the institution's normal market area.

Liability for Commonly-Controlled Institutions

Under the "cross-guarantee" provision of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), insured depository institutions such as the Bank and the Savings Bank may be liable to the FDIC in respect of any loss or reasonably anticipated loss incurred by the FDIC resulting from the default of, or FDIC assistance to, any commonly controlled insured depository institution. The Bank and the Savings Bank are commonly controlled within the meaning of the FIRREA cross-guarantee provision.

Investment Limitation and Qualified Thrift Lender Test

Federally-chartered savings banks such as the Savings Bank are subject to certain investment limitations. For example, federal savings banks are not permitted to make consumer loans (i.e., certain open-end or closed-end loans for personal, family or household purposes, excluding credit card loans) in excess of 35% of the savings bank's assets. Federal savings banks are also required to meet the QTL Test, which generally requires a savings bank to maintain at least 65% "portfolio assets" (total assets less (i) specified liquid assets up to 20% of total assets, (ii) intangibles, including goodwill and (iii) property used to conduct business) in certain "qualified thrift investments" (residential mortgages and related investments, including certain mortgage backed and mortgage related investments, small business related securities, certain state and federal housing investments, education loans and credit card loans) on a monthly basis in nine out of every 12 months. Failure to qualify under the QTL Test could subject the Savings Bank to substantial restrictions on its activities, including the activity restrictions that apply generally to bank holding companies and their affiliates and potential loss of grandfathered rights under the Act. As of December 31, 2000, 78.22% of the Savings Bank's portfolio assets were held in qualified thrift investments, and the Savings Bank was in compliance with the QTL Test.

Subprime Lending Guidelines

On January 31, 2001, the federal banking agencies, including the Federal Reserve and the OTS, issued "Expanded Guidance for Subprime Lending Programs" (the "Guidelines"). The Guidelines, while not constituting a formal regulation, provide guidance to the federal bank examiners regarding the adequacy of capital and loan loss reserves held by insured depository institutions engaged in subprime lending. The Guidelines adopt a broad definition of "subprime" loans which likely covers more than one-third of all consumers in the United States. Because our business strategy is to provide credit card products and other consumer loans to a wide range of consumers, a portion of our loan assets may be viewed by the examiners as "subprime". Thus, under the Guidelines, bank examiners could require the Bank or the Savings Bank to hold additional capital (up to one and one-half to three times the minimally required level of capital, as set forth in the Guidelines), or additional loan loss reserves, against such assets. As described above, at December 31, 2000 the Bank and the Savings Bank each met the requirements for a "well-capitalized" institution, and management believes that each institution is holding an appropriate amount of capital or loan loss reserves against higher risk assets. Management also believes we have general risk management practices in place that are appropriate in light of our business strategy. Significantly increased capital or loan loss reserve requirements, if imposed, however, could have a material impact on the Corporation's consolidated financial statements.

Regulation of Lending Activities

The activities of the Bank and the Savings Bank as consumer lenders also are subject to regulation under various federal laws, including the Truth-in-Lending Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act,

the Community Reinvestment Act and the Soldiers' and Sailors' Civil Relief Act, as well as under various state laws. Regulators are authorized to impose penalties for violations of these statutes and, in certain cases, to order the Bank and the Savings Bank to pay restitution to injured borrowers. Borrowers may also bring actions for certain violations. Federal bankruptcy and state debtor relief and collection laws also affect the ability of the Bank and the Savings Bank to collect outstanding balances owed by borrowers who seek relief under these statutes.

OTS Holding Company Proposal

On October 27, 2000, the OTS issued a notice of proposed rulemaking which would require savings and loan holding companies to provide the agency with prior notice of any significant transactions or activities proposed to be conducted by the holding company or any of its non-thrift subsidiaries. Significant transactions or activities include mergers, acquisitions or significant debt issuances. Because the proposed rule contains a prior notice requirement, the OTS theoretically could exercise the ability to approve or disapprove of any proposed transaction, thus potentially delaying or preventing the Corporation from entering into or consummating a significant transaction in the future. In response to public comments the OTS received with respect to the proposed rule, the OTS recently stated its intention to significantly revise the proposal to address substantial concerns raised. As such, the proposed rule has not been formally adopted. The nature of any potential impact of this proposed rule, however, is uncertain and cannot be predicted.

Legislation

Legislation has been introduced requiring additional credit card disclosures and that could place additional restrictions on the practices of credit card issuers. Additional proposals have sought to change existing federal bankruptcy laws and to expand the privacy protections afforded to customers of financial institutions. It is unclear at this time whether and in what form any such legislation will be adopted or, if adopted, what its impact on the Bank, the Savings Bank or the Corporation would be. Congress may in the future consider other legislation that would materially affect the banking or credit card industries.

Privacy

The Act requires a financial institution to disclose its privacy policy to customers and consumers, and requires that such customers and consumers be given a choice (through an opt-out notice) to forbid the sharing of their nonpublic personal information with nonaffiliated third persons. We have a written privacy policy posted on our web site, which we will deliver to all of our customers by June 1, 2001, in compliance with the Act. Pursuant to that policy, we protect the security of information about our customers, educate our employees about the importance of protecting customer privacy, and allow our customers to remove their names from the solicitation lists we use and share with others. We require business partners with whom we share such information to abide by the redisclosure and reuse provisions of the Act. We have developed and are in the process of implementing programs to fulfill on the expressed requests of customers and consumers to opt out of information sharing subject to the Act. As our regulators establish further guidelines for addressing customer privacy issues, we may need to amend our privacy policy and adapt our internal procedures.

In addition to adopting federal requirements regarding privacy, the Act also permits individual states to enact stricter laws relating to the use of customer information. Many states are expected to consider such proposals which may impose additional requirements or restrictions on us.

Investment in the Corporation, the Bank and the Savings Bank

Certain acquisitions of capital stock may be subject to regulatory approval or notice under federal or Virginia law. Investors are responsible for insuring that they do not, directly or indirectly, acquire shares of capital stock of

the Corporation in excess of the amount which can be acquired without regulatory approval.

The Bank and the Savings Bank are each "insured depository institutions" within the meaning of the Change in Bank Control Act. Consequently, federal law and regulations prohibit any person or company from acquiring control of the Company without, in most cases, prior written approval of the Federal Reserve or the OTS, as applicable. Control is conclusively presumed if, among other things, a person or company acquires more than 25% of any class of voting stock of the Corporation. A rebuttable presumption of control arises if a person or company acquires more than 10% of any class of voting stock and is subject to any of a number of specified "control factors" as set forth in the applicable regulations.

Although the Bank is not a "bank" within the meaning of Virginia's reciprocal interstate banking legislation (Chapter 15 of Title 6.1 of the Code of Virginia), it is a "bank" within the meaning of Chapter 13 of Title 6.1 of the Code of Virginia governing the acquisition of interests in Virginia financial institutions (the "Financial Institution Holding Company Act"). The Financial Institution Holding Company Act prohibits any person or entity from acquiring, or making any public offer to acquire, control of a Virginia financial institution or its holding company without making application to, and receiving prior approval from, the Bureau of Financial Institutions.

Interstate Taxation

Several states have passed legislation which attempts to tax the income from interstate financial activities, including credit cards, derived from accounts held by local state residents. Based on the volume of its business in these states and the nature of the legislation passed to date, we currently believe that this development will not materially affect our financial condition. The states may also consider legislation to tax income derived from transactions conducted through the Internet. We currently solicit accounts and take account information via the Internet. It is unclear at this time, however, whether and in what form any such legislation will be adopted or, if adopted, what its impact on us would be.

International Regulation

We also face regulation in certain foreign jurisdictions where we currently, and may in the future, operate. Those regulations may be similar to or substantially different from the regulatory requirements we face in the United States.

In the United Kingdom, we operate through the UK Bank, which was established in 2000. The UK Bank is regulated by the Financial Services Authority and the Office of Fair Trading (the "OFT"). The UK Bank is an "authorized deposit taker" under the Banking Act-1987 and thus is able to take consumer deposits in the UK. The UK Bank has also been granted full license by the OFT to issue consumer credit under the Consumer Credit Act-1974. The FSA requires the UK Bank to maintain certain capital ratios at all times. In addition, the UK Bank is limited by the UK Companies Act-1985 in its distribution of dividends to the Bank in that such dividends may only be paid out of the UK Bank's "distributable profits."

In Canada, we operate principally through a recently established branch of the Bank (the "Canadian Branch"). Under U.S. law, a foreign branch of the Bank may engage only in activities permissible for the Bank in the United States. Thus, the Canadian Branch is engaged solely in the issuance of credit cards. Our installment loan business in Canada is conducted through a separately incorporated finance company subsidiary of the Corporation.

The Canadian Branch is considered a federally regulated financial institution ("FRFI") under the Canadian Bank Act. FRFIs are authorized and supervised on an ongoing basis by the Canadian Office of the Superintendent of Financial Institutions ("OSFI"). The supervisory framework has been developed to allow OSFI to focus its efforts on evaluating an institution's material risks and the quality of its risk management practices. These goals are achieved through OSFI's evaluation of a FRFI's risk profile, financial condition, risk management processes and compliance with applicable laws and regulations. Areas of review and evaluation include capital adequacy, large exposure limits, liquidity, loan loss provisioning, management and outsourcing.

In France, we operate through a branch of the UK Bank which was established under the European Union's passport authority. This branch issues credit cards and installment loans.

Risk Factors

This Annual Report on Form 10-K contains forward-looking statements. We also may make written or oral forward-looking statements in our periodic reports to the Securities and Exchange Commission on Forms 10-Q and 8-K, in our annual report to shareholders, in our proxy statements, in our offering circulars and prospectuses, in press releases and other written materials and in oral statements made by our officers, directors or employees to third parties. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include information relating to growth in earnings per share, return on equity, growth in managed loans outstanding and customer accounts, net interest margins, funding costs, operations costs and employment growth, marketing expense, delinquencies and charge-offs. Forward-looking statements also include statements using words such as "expect," "anticipate," "intend," "plan," "believe," "estimate" or similar expressions. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them.

Although we have tried to discuss key factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial performance.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions, including the risks discussed below. Our future performance and actual results may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results and values are beyond our ability to control or predict. This section highlights specific risks that could affect us and our business.

We Face Intense Competition in all of our Markets

We face intense competition from many other providers of credit cards and other financial products and services. In particular, we compete with international, national, regional and local bank card issuers, with other general purpose credit or charge card issuers, and to a certain extent, issuers of smart cards and debit cards. In addition, the Act, which permits greater affiliations between banks, securities firms and insurance companies, may increase competition in the financial services industry, including in the credit card business. Increased competition has resulted in, and may continue to cause, a decrease in credit card response rates and reduced productivity of marketing dollars invested in certain lines of business. Other credit card companies may compete with us for customers by offering lower interest rates and fees. Because customers generally choose credit card issuers based on price (mostly interest rates and fees), credit limit and other product features, customer loyalty is limited. We may lose entire accounts, or may lose account balances, to competing card issuers.

In the past, we have faced intense competition primarily in the market for our low introductory rate credit cards. Recently, however, the competition with our other credit card products, such as our low fixed-rate cards, secured cards and other customized cards, has also become more intense. The cost to acquire new accounts varies along business lines and is expected to rise as we move beyond the domestic card market. We expect that competition will continue to grow more intense with respect to all of our products, including our products offered internationally.

Our Accounts and Loan Balances Will Fluctuate

Our accounts and loan balances and the rate at which they grow are affected by a number of factors, including how we allocate our marketing investment among different products and the rate at which customers transfer their accounts and loan balances to competing card issuers. Accounts and loan balances are also affected by general economic conditions, which may increase or decrease the amount of spending by customers, their ability to repay their loans, and other factors beyond our control.

Because we designed our IBS to take advantage of market opportunities, we cannot forecast how much we will spend for marketing, how we will spend such funds, or on which products. Likewise, our account and loan balance growth is affected by many factors, including the ones mentioned above. Our results, therefore, will vary as marketing investments, accounts and loan balances fluctuate.

It is Difficult to Sustain and Manage Growth

Our growth strategy is threefold. First, we seek to continue to grow our domestic credit card business. Second, we desire to grow our lending business internationally, in the United Kingdom, Canada and beyond. Third, we hope to identify and pursue new business opportunities, both financial and non-financial. Our management believes that, through IBS, we can achieve these objectives. However, there are a number of factors that can affect our ability to do so, including:

- . our ability to retain existing customers and to attract new customers;
- . the growth of existing and new account balances;
- . the delinquency and charge-off levels of accounts;
- . the availability of funding on favorable terms;
- . the amount of funds available for marketing to solicit new customers;
- . general economic and other factors;
- . the legal and regulatory environment;
- . a favorable interest rate environment;
- . our ability to build or acquire the necessary operational and organizational infrastructure;
- . our ability to manage expenses as we expand; and
- . our ability to recruit experienced management and operations personnel.

Our expansion internationally is affected by additional factors, including limited access to information, differences in cultural attitudes toward credit, new regulatory and legislative environments and differences from the historical experience of portfolio performance in the United States and other countries.

Difficulties or delays in the development, production, testing and marketing of new products or services will affect the success of such products or services and can cause losses associated with the costs to develop unsuccessful products and services. Such difficulties could include:

- . failure to implement new product or service programs on time;
- . failure of customers to accept these products or services;

- . operational difficulties or delays;
- . losses arising from the testing of new products or services; and
- . legal and other difficulties.

In addition, any new products and services we offer may not achieve the same financial results as we have achieved in the past from our credit card business.

We May Experience Limited Availability of Financing and Variation in our Funding Costs

One of our major sources of funding is the securitization of consumer loans. Securitization transactions involve the sale of beneficial interests in consumer loan balances. Our ability to use securitization funding depends on how difficult and expensive such funding is. Until now, we have completed securitization transactions on terms that we believe are acceptable. However, securitization transactions can be affected by many factors. Economic, legal, regulatory, accounting and tax changes can make securitization funding more difficult, more expensive or unavailable on any terms both domestically and internationally, where the securitization of consumer loans may be on terms more or less favorable than in the United States. For example, securitizations that meet the criteria for sale treatment under generally accepted accounting principles may not always be an attractive source of funding for us, and we may have to seek other more expensive funding sources in the future.

In general, the amount, type and cost of our financing, including financing from other financial institutions, the capital markets and deposits, affects our financial results. A number of factors could make such financing more difficult, more expensive or unavailable including, but not limited to, changes within our organization, changes in the activities of our business partners, changes affecting our investments, interest rate fluctuations and regulatory changes. In addition, we compete for funding with other banks, savings banks and similar companies. Some of these institutions are publicly traded. Many of these institutions are substantially larger, have more capital and other resources and have better financial ratings than we do. Competition from these other borrowers may increase our cost of funds. Events that disrupt capital markets and other factors beyond our control could also make our funding sources more expensive or unavailable.

We May Experience Increased Delinquencies and Credit Losses

Like other consumer lenders, we face the risk that accounts will become uncollectible because accountholders may not repay their loans. Consumers who miss payments on their loans often fail to repay them, and consumers who file for protection under the bankruptcy laws generally do not repay their loans. Therefore, the rate of missed payments, or "delinquencies," on our portfolio of loans, and the rate at which consumers may be expected to file for bankruptcy, can be used to predict the future rate at which we charge-off our consumer loans. A high charge-off rate would hurt our financial performance, the performance of our securitizations and our cost of funds.

Widespread increases in past-due payments and nonpayment are most likely to occur if the country or a regional area encounters an economic downturn, such as a recession, but they could also occur for other reasons. For example, fraud can cause losses. In addition, the age and rate of growth, or "seasoning," of a consumer loan portfolio also increases the rate of nonpayment and past-due payments. If we make fewer loans than we have in the past, the proportion of new loans in our portfolio will decrease and the delinquency rate and charge-off rate may increase. Therefore, the seasoning of accounts may require higher loan loss provisions and reserves. This would reduce our earnings unless offset by other changes.

In addition, we market many of our products to underserved markets, which may have less experience with credit risk and performance. These markets, in some cases, also have higher delinquency and charge-off rates. Although we believe that IBS can help us effectively price these products in relation to

their risk, we may not set high enough fees and rates for these accounts to offset the higher delinquency and loss rates we may experience.

We Face Risk From Economic Downturns and Social Factors

Delinquencies and credit losses in the credit card industry generally increase during periods of an economic downturn or recession. Likewise, consumer demand may decline during an economic downturn or recession. Accordingly, an economic downturn or recession (either local or national) can hurt our financial performance as accountholders default on their loans or carry lower balances. As we increasingly market our cards internationally, an economic downturn or recession outside the United States also could hurt our financial performance. A variety of social factors also may cause changes in credit card use, payment patterns and the rate of defaults by accountholders. Social factors include changes in consumer confidence levels, the public's perception of the use of credit cards and changing attitudes about incurring debt and the stigma of personal bankruptcy. We believe that we can manage these risks through our underwriting criteria and product design. Nevertheless, underwriting criteria and design may not be enough to protect our growth and profitability during a sustained period of economic downturn or recession or a material shift in social attitudes.

We Face Risk of Interest Rate Fluctuations

Like other financial institutions, we borrow money from institutions and depositors in order to lend money to customers. We earn interest on the consumer loans we make, and pay interest on the deposits and borrowings we use to fund those loans. The difference between these two interest rates affects the value of our assets and liabilities. If the rate of interest we pay on our borrowings increases more than the rate of interest we earn on our loans, our earnings could fall. Our earnings could also be hurt if the rates on our consumer loans fall more quickly than those on our borrowings.

We manage the risk of interest rate fluctuations through various financial instruments and techniques, such as asset/liability matching, interest rate swaps and similar financial instruments, hedging and other techniques. The goal is to maintain an interest rate neutral or "matched" position, where interest rates on loans and borrowings go up or down by the same amount and at the same time. We cannot, however, always achieve this position at a reasonable cost. Furthermore, if these techniques become unavailable or impractical, our earnings could be hurt.

We also manage these risks partly by changing the interest rates we charge on our customer accounts. The success of repricing accounts to match an increase or decrease in our borrowing rates depends on the overall product mix of such accounts, the actual amount of accounts repriced, the rate at which we are originating new accounts and our ability to retain accounts (and the related loan balances) after repricing. For example, if we increase the interest rate we charge on our consumer loan accounts and the accountholders close their accounts as a result, we won't be able to match our increased borrowing costs as quickly if at all.

Regulation and Legislation Can Change

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

The laws governing bankruptcy and debtor relief, in the U.S. or in foreign jurisdictions in which we conduct business, also could change, making it more

expensive or more difficult for us to collect from our customers. Congress currently is considering legislation that would change the existing federal bankruptcy laws. One intended purpose of this legislation is to increase the collectibility of unsecured debt, however it is not clear whether or in what form Congress may adopt this legislation and we cannot predict how this legislation may affect us.

In addition, banking regulators possess broad discretion to issue or revise regulations, or to issue guidance, which may significantly impact the Corporation, the Bank or the Savings Bank. As noted above, the OTS is currently considering a proposal to impose prior notice requirements on savings and loan holding companies. The banking agencies have also recently issued examiner guidelines governing subprime lending activities which may require financial institutions engaged in such lending to carry higher levels of capital and/or loan loss reserves. The Corporation cannot predict whether a proposed rule will ultimately be adopted, or if adopted, what form the final rule will take. Furthermore, the Corporation cannot predict whether and how any guidelines issued by the agencies will be applied to the Bank or the Savings Bank. As such, the Corporation cannot predict how any rule or guideline may affect the Corporation, the Bank or the Savings Bank.

In addition, the existing laws and rules, both in the U.S and in the foreign jurisdictions in which we conduct operations, are complex. If we fail to comply with them we might not be able to collect our loans in full, or we might be required to pay damages or penalties to our customers. For these reasons, new or changes in existing laws or rules could hurt our profits.

Our Expenses and Other Costs Will Fluctuate

Our expenses and other costs, such as human resources and marketing expenses, directly affect our earnings results. Many factors can influence the amount of our expenses, as well as how quickly they grow. As our business develops, changes or expands, additional expenses can arise from asset purchases, structural reorganization or a reevaluation of business strategies. Other factors that can affect expenses include legal and administrative cases and proceedings, which can be expensive to pursue or defend. In addition, accounting policies that change can significantly affect how we calculate expenses and earnings.

Statistical Information

The statistical information required by Item 1 can be found in our Annual Report, and is incorporated herein by reference, as follows:

Guide 3 Disclosure	Page In The Company's Annual Report To Its Stockholders For The Year Ended December 31, 2000
I. Distribution of Assets, Liabilities and Stockholders' Equity;	
Interest Rates and Interest Differential.....	26-31
II. Investment Portfolio.....	51
III. Loan Portfolio.....	25-26; 31-34; 37; 48; 52; 62-63
IV. Summary of Loan Loss Experience.....	33-34
V. Deposits.....	29; 34-36
VI. Return on Equity and Assets.....	23
VII. Other Borrowings.....	34-36

Item 2. Properties

We lease our principal executive office at 2980 Fairview Park Drive, Suite 1300, Falls Church, Virginia, consisting of approximately 43,400 square feet. The lease commenced January 1, 1995 and we have exercised an option to extend the lease until February 28, 2005.

We own administrative offices and credit card facilities in Richmond, Virginia, consisting of approximately 470,000 square feet, from which we conduct our credit, collections, customer service and other operations. We also lease additional facilities consisting of an aggregate of approximately 3,946,000 square feet (excluding the principal executive office) from which credit, collections, customer service and other operations are conducted, in Virginia, Florida, Texas, Idaho, Washington, Massachusetts, the United Kingdom, France and Canada. We also own a facility in Tampa, Florida, consisting of approximately 118,624 square feet and another facility in Nottingham, Great Britain, consisting of approximately 267,000 square feet. We expect to lease or purchase additional facilities in Virginia, Florida, Washington and the United Kingdom consisting of an aggregate of approximately 617,500 square feet in 2001. We purchased approximately 29.2 acres of land in McLean, Virginia on December 5, 2000 and plan to consolidate our Northern Virginia operations into a single campus. We recently commenced construction of the first phase of the Northern Virginia campus. We also recently purchased approximately 316 acres of land in Goochland County, Virginia for the construction of an office campus to consolidate certain of our operations in the Richmond area.

Item 3. Legal Proceedings

The information required by Item 3 is included in the Annual Report on pages 64-65 under the heading "Notes to Consolidated Financial Statements--Note K--Commitments and Contingencies."

Item 4. Submission of Matters To a Vote of Security Holders

During the fourth quarter of our fiscal year ending December 31, 2000, no matters were submitted to a vote of our stockholders.

PART II

Item 5. Market For Company's Common Stock And Related Stockholder Matters.

The information required by Item 5 is included under "Supervision and Regulation--Dividends and Transfers of Funds" herein and in the Annual Report on pages 34-37 under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations--Funding" and "--Capital Adequacy," on page 41 under the heading "Selected Quarterly Financial Data" and on pages 58-59 in Note J to Consolidated Financial Statements, and is incorporated herein by reference and filed as part of Exhibit 13.

Item 6. Selected Financial Data.

The information required by Item 6 is included in the Annual Report on page 23 under the heading "Selected Financial and Operating Data," and is incorporated herein by reference and filed as part of Exhibit 13.

Item 7. Management's Discussion And Analysis Of Financial Condition And Results Of Operations.

The information required by Item 7 is included in the Annual Report on pages 24-40 under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations," and is incorporated herein by reference and filed as part of Exhibit 13.

Item 7A. Quantitative And Qualitative Disclosures About Market Risk.

The information required by Item 7A is included in the Annual Report on pages 37-38 under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations--Interest Rate Sensitivity," and is incorporated herein by reference and filed as part of Exhibit 13.

Item 8. Financial Statements And Supplementary Data.

The information required by Item 8 is included in the Annual Report on page 43 under the heading "Report of Independent Auditors," on pages 44-64 under the headings "Consolidated Balance Sheets," "Consolidated Statements of Income," "Consolidated Statements of Changes in Stockholders' Equity," "Consolidated Statements of Cash Flows" and "Notes to Consolidated Financial Statements" and on page 41 under the heading "Selected Quarterly Financial Data," and is incorporated herein by reference and filed as part of Exhibit 13.

Item 9. Changes In And Disagreements With Accountants On Accounting And Financial Disclosure.

Not applicable.

PART III

Item 10. Directors And Executive Officers Of The Company.

The information required by Item 10 is included in the Corporation's 2001 Proxy Statement (the "Proxy Statement") on pages 6-8 under the heading "Information About Our Directors and Executive Officers and is incorporated herein by reference. The Proxy Statement was filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days of the end of the Corporation's 2000 fiscal year.

Item 11. Executive Compensation.

The information required by Item 11 is included in the Proxy Statement on pages 9-10 under the heading "Information About Our Directors and Executive Officers--Compensation of the Board," on pages 11-16 under the heading "Compensation of Executive Officers" and on pages 18-21 under the heading "Report of the Compensation Committee on Executive Compensation," and is incorporated herein by reference.

Item 12. Security Ownership Of Certain Beneficial Owners And Management.

The information required by Item 12 is included in the Proxy Statement on page 4 under the heading "Information About Capital One's Common Stock Ownership," and is incorporated herein by reference.

Item 13. Certain Relationships And Related Transactions

The information required by Item 13 is included in the Proxy Statement on page 10 under the heading "Information About Our Directors and Executive Officers--Related Party Transactions," and on page 12 in Footnote (11) to the Summary Compensation Table, and is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules And Reports On Form 8-K

(a) (1) The following consolidated financial statements of Capital One Financial Corporation, included in the Annual Report, are incorporated herein by reference in Item 8:

Report of Independent Auditors, Ernst & Young LLP

Consolidated Balance Sheets--As of December 31, 2000 and 1999

Consolidated Statements of Income--Years ended December 31, 2000, 1999 and 1998

Consolidated Statements of Changes in Stockholders' Equity--Years ended December 31, 2000, 1999 and 1998

Consolidated Statements of Cash Flows--Years ended December 31, 2000, 1999 and 1998

Notes to Consolidated Financial Statements

Selected Quarterly Financial Data--As of and for the years ended December 31, 2000 and 1999

(2) All schedules are omitted since the required information is either not applicable, not deemed material, or is shown in the respective financial statements or in notes thereto.

(3) Exhibits:

A list of the exhibits to this Form 10-K is set forth on the Exhibit Index immediately preceding such exhibits and is incorporated herein by reference.

(b) Reports on Form 8-K

The Company filed on October 12, 2000 a Current Report on Form 8-K dated October 11, 2000, Commission File No. 1-13300, enclosing its press release dated October 11, 2000.

The Company filed on October 24, 2000 a Current Report on Form 8-K dated October 23, 2000, Commission File No. 1-13300, enclosing its press release dated October 23, 2000.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Capital One Financial Corporation

By: /s/ David M. Willey
 David M. Willey
 Executive Vice President and Chief
 Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Company and in the capacities indicated on the ____ day of March, 2001.

Signature -----	Title -----	Date -----
/s/ Richard D. Fairbank Richard D. Fairbank	Director, Chairman and Chief Executive Officer (Principal Executive Officer)	March 27, 2001
/s/ Nigel W. Morris Nigel W. Morris	Director, President and Chief Operating Officer	March 27, 2001
/s/ David M. Willey David M. Willey	Executive Vice President and Chief Financial Officer (Principal Accounting and Financial Officer)	March 27, 2001
/s/ W. Ronald Dietz W. Ronald Dietz	Director	March 27, 2001
/s/ James A. Flick, Jr. James A. Flick, Jr.	Director	March 27, 2001
/s/ Patrick W. Gross Patrick W. Gross	Director	March 27, 2001
/s/ James V. Kimsey	Director	March 27, 2001

James V. Kimsey

/s/ Stanley I. Westreich

Director

March 27, 2001

Stanley I. Westreich

EXHIBIT INDEX

CAPITAL ONE FINANCIAL CORPORATION

ANNUAL REPORT ON FORM 10-K

DATED DECEMBER 31, 2000

Commission File No. 1-13300

The following exhibits are incorporated by reference or filed herewith. References to (i) the "1994 Form 10-K" are to the Corporation's Annual Report on Form 10-K for the year ended December 31, 1994; (ii) the "1995 Form 10-K" are to the Corporation's Annual Report on Form 10-K for the year ended December 31, 1995; (iii) the "1996 Form 10-K" are to the Corporation's Annual Report on Form 10-K for the year ended December 31, 1996; (iv) the "1997 Form 10-K" are to the Corporation's Annual Report on Form 10-K for the year ended December 31, 1997; (v) the "1998 Form 10-K" are to the Corporation's Annual Report on Form 10-K for the year ended December 31, 1998; and (vi) the "1999 Form 10-K/A" are to the Corporation's Annual Report on Form 10-K, as amended, for the year ended December 31, 1999.

Exhibit

- - - - -

Number

Description

- - - - -

- | Exhibit
- - - - -
Number | Description
----- |
|--------------------------------|--|
| 3.1.1 | Restated Certificate of Incorporation of Capital One Financial Corporation (incorporated by reference to Exhibit 3.1 of the 1994 Form 10-K). |
| 3.1.2 | Certificate of Amendment to Restated Certificate of Incorporation of Capital One Financial Corporation (incorporated by reference to Exhibit 3.1.2 of the Corporation's Report on Form 8-K, filed January 16, 2001). |
| 3.2 | Amended and Restated Bylaws of Capital One Financial Corporation (as amended November 18, 1999) (incorporated by reference to Exhibit 3.2 of the 1999 10-K/A). |
| 4.1 | Specimen certificate representing the Common Stock (incorporated by reference to Exhibit 4.1 of the 1997 Form 10-K). |
| 4.2.1 | Rights Agreement dated as of November 16, 1995 between Capital One Financial Corporation and Mellon Bank, N.A. (incorporated by reference to Exhibit 4.1 of the Corporation's Report on Form 8-K, filed November 16, 1995). |
| 4.2.2 | Amendment to Rights Agreement dated as of April 29, 1999 between Capital One Financial Corporation and First Chicago Trust Company of New York, as successor to Mellon Bank, N.A. (incorporated by reference to Exhibit 4.2.2 of the 1999 10-K/A). |
| 4.3 | Amended and Restated Issuing and Paying Agency Agreement dated as of April 30, 1996 between Capital One Bank and Chemical Bank (including exhibits A-1, A-2, A-3 and A-4 thereto) (incorporated by reference to Exhibit 4.1 of the Corporation's quarterly report on Form 10-Q for the period ending June 30, 1996). |
| 4.4.1 | Distribution Agreement dated June 6, 2000 among Capital One Bank, J.P. Morgan Securities, Inc. and the agents named therein (incorporated by reference to the Corporation's quarterly report on Form 10-Q for the period ending June 30, 2000). |
| 4.4.2 | Copy of 6.875% Notes, due 2006, of Capital One Bank. |
| 4.4.3 | Copy of Floating Rate Notes, due 2003, of Capital One Bank. |
| 4.4.4 | Copy of 8 1/4% Fixed Rate Notes, due 2003, of Capital One Bank. |

Exhibit

Number	Description
4.5.1	Senior Indenture and Form T-1 dated as of November 1, 1996 among Capital One Financial Corporation and Harris Trust and Savings Bank (incorporated by reference to Exhibit 4.1 of the Corporation's Report on Form 8-K, filed November 13, 1996).
4.5.2	Copy of 7.25% Notes, Due 2003, of Capital One Financial Corporation (incorporated by reference to Exhibit 4.5.2 of the 1996 Form 10-K, of Capital One Financial Corporation).
4.6.1	Declaration of Trust, dated as of January 28, 1997, between Capital One Bank and The First National Bank of Chicago, as trustee (including the Certificate of Trust executed by First Chicago Delaware Inc., as Delaware trustee) (incorporated by reference to Exhibit 4.6.1 of the 1996 Form 10-K).
4.6.2	Copies of Certificates Evidencing Capital Securities (incorporated by reference to Exhibit 4.6.2 of the 1996 Form 10-K).
4.6.3	Amended and Restated Declaration of Trust, dated as of January 31, 1997, by and among Capital One Bank, The First National Bank of Chicago and First Chicago Delaware Inc. (incorporated by reference to Exhibit 4.6.3 of the 1996 Form 10-K).
4.7	Indenture, dated as of January 31, 1997, between Capital One Bank and The First National Bank of Chicago (incorporated by reference to Exhibit 4.7 of the 1996 Form 10-K).
4.8	Copy of 7 1/8% Notes, due 2008, of Capital One Financial Corporation (incorporated by reference to Exhibit 4.8 of the 1998 Form 10-K).
4.9	Issue and Paying Agency Agreement dated as of October 24, 1997 between Capital One Bank, Morgan Guaranty Trust Company of New York, London Office, and the Paying Agents named therein (incorporated by reference to Exhibit 4.9 of the 1998 Form 10-K).
4.10	Copy of 7% Notes due 2006 (incorporated by reference to Exhibit 4.10 of the 1999 Form 10-K/A).
10.1.1	Amended and Restated Distribution Agreement dated April 30, 1996 among Capital One Bank and the agents named therein (incorporated by reference to Exhibit 10.1 of the Corporation's quarterly Report on Form 10-Q for period ending June 30, 1996).
10.1.2	Amendment to Amended and Restated Distribution Agreement dated April 21, 1998 among Capital One Bank and the agents named therein (incorporated by reference to Exhibit 10.1.1 of the 1998 Form 10-K).
10.1.3	Second Amendment to Amended and Restated Distribution Agreement dated April 30, 1999 among Capital One Bank and the agents named therein (incorporated by reference to Exhibit 10.1.3 of the 1999 10-K/A).

Exhibit

Number	Description
10.2.1	Lease Agreement, dated as of December 5, 2000, among First Union Development Corporation, as Lessor, and Capital One F.S.B. and Capital One Bank, jointly and severally, as Lessees.
10.2.2	Participation Agreement, dated as of December 5, 2000, among Capital One F.S.B. and Capital One Bank as construction agents and lessees, Capital One Financial Corporation as guarantor, First Union Development Corporation as Lessor, the various financing parties named therein, and First Union National Bank as Agent.
10.2.3	Guaranty, dated as of December 5, 2000, from Capital One Financial Corporation in favor of First Union Development Corporation and the various other parties to the Participation Agreement, dated as of December 5, 2000.
10.3*	Form of Change of Control Employment Agreement dated as of January 25, 2000 between Capital One Financial Corporation and each of Richard D. Fairbank, Nigel W. Morris and John G. Finneran Jr. (incorporated by reference to Exhibit 10.3 of the 1999 10-K/A).
10.4*	Capital One Financial Corporation 1999 Non-Employee Directors Stock Incentive Plan (incorporated by reference to Exhibit 4 of the Corporation's Registration Statement on Form S-8, Commission File No. 333-78635, filed May 17, 1999).
10.5.1	Revolving Credit Facility Agreement dated as of August 10, 2000 by and between Capital One Inc., as borrower, Capital One Financial Corporation, as guarantor, and Bank of Montreal, as lender (terminated as of February 1, 2001) (incorporated by reference to Exhibit 10.1 of the Corporation's quarterly report on Form 10-Q for the period ending September 30, 2000).
10.5.2	Revolving Credit Facility Agreement dated as of August 10, 2000 by and between Capital One Inc., as borrower, Capital One Financial Corporation, as guarantor, and Bank One Canada, as lender (terminated as of February 1, 2001) (incorporated by reference to Exhibit 10.2 of the Corporation's quarterly report on Form 10-Q for the period ending September 30, 2000).
10.5.3	Revolving Credit Facility Agreement dated as of August 10, 2000 by and between Capital One Financial Corporation, as borrower, and Citibank, N.A., as lender (terminated as of March 15, 2001) (incorporated by reference to Exhibit 10.3 of the Corporation's quarterly report on Form 10-Q for the period ending September 30, 2000).
10.5.4	Revolving Credit Facility Agreement dated as of August 10, 2000 by and between Capital One Financial Corporation, as borrower, and First Union National Bank, as lender (terminated as of March 15, 2001) (incorporated by reference to Exhibit 10.4 of the Corporation's quarterly report on Form 10-Q for the period ending September 30, 2000).
10.6*	Capital One Financial Corporation 1999 Stock Incentive Plan (incorporated by reference to the Corporation's Registration Statement on Form S-8, Commission File No. 333-78609, filed May 17, 1999).
10.7*	Capital One Financial Corporation 1994 Stock Incentive Plan, as amended.
10.8	Multicurrency Revolving Credit Facility Agreement dated as of August 11, 2000 by and between Capital One Bank, as borrower, Capital One Financial Corporation, as guarantor, and Chase Manhattan PLC, as lender (incorporated by reference to Exhibit 10.5 of the Corporation's quarterly report on Form 10-Q for the period ending September 30, 2000).
10.9	Intentionally left blank.
10.10	Amended and Restated Change of Control Employment Agreement dated as of January 25, 2000 between Capital One Financial Corporation and certain of its senior executives (incorporated by reference to Exhibit 10.10.2 of the 1999 Form 10-K/A).
10.11*	Capital One Financial Corporation Excess Savings Plan, as amended (incorporated by reference to Exhibit 10.20 of the 1995 Form 10-K).
10.12*	Capital One Financial Corporation Excess Benefit Cash Balance Plan, as amended (incorporated by Reference to Exhibit 10.21 of the 1995 Form 10-K).

Exhibit ----- Number -----	Description -----
10.13*	Capital One Financial Corporation 1994 Deferred Compensation Plan, as amended (incorporated by Reference to Exhibit 10.22 of the 1995 Form 10-K).
10.14*	1995 Non-Employee Directors Stock Incentive Plan (incorporated by reference to the Corporation's Registration Statement on Form S-8, Commission File No. 33-91790, filed May 1, 1995).
10.15	Services Agreement dated as of April 1, 1999 by and between D'Arcy Masius Benton & Bowles USA, Inc. and Capital One Financial Corporation (incorporated by reference to Exhibit 10.15 of the 1999 Form 10-K/A).
10.16	Consulting Agreement dated as of April 5, 1995, by and between Capital One Financial Corporation and American Management Systems, Inc. (incorporated by reference to Exhibit 10.33 of the 1995 Form 10-K).
10.17.1	Amended and Restated Lease Agreement dated as of October 14, 1998 between First Security Bank of Utah, N.A., as owner trustee for the COB Real Estate Trust 1995-1, as lessor and Capital One Realty, Inc., as lessee (incorporated by reference to Exhibit 10.17.1 of the 1998 Form 10-K).
10.17.2	Guaranty dated as of October 14, 1998 from Capital One Bank in favor of First Security Bank, N.A., as owner trustee for the COB Real Estate Trust 1995-1, First Union National Bank, as indenture trustee, Lawyers Title Realty Services, Inc., as deed of trust trustee, and the Note Purchasers, Registered Owners and LC Issuer referred to therein (incorporated by reference to Exhibit 10.17.2 of the 1998 Form 10-K).
10.17.3	Amendment to Lease Documents dated as of October 1, 1999 between First Security Bank of Utah, N.A., and Val T. Orton, as owner trustees for COB Real Estate Trust 1995-1, as lessor and Capital One Bank and Capital One Realty, Inc., as lessees (incorporated by reference to Exhibit 10.17.3 of the 1999 Form 10-K/A).
10.17.4	Amendment to Guaranty dated as of April 1, 1999 between Capital One Bank and First Security Bank, N.A., as owner trustee for the COB Real Estate Trust 1995-1, First Union National Bank, as indenture trustee, Lawyers Title Realty Services, Inc., as deed of trust trustee, and the Note Purchasers, Registered Owners and LC Issuer referred to therein (incorporated by reference to Exhibit 10.17.4 of the 1999 Form 10-K/A).
10.18.1	Second Amended and Restated Credit Agreement dated as of May 25, 1999 by and among Capital One Financial Corporation, Capital One Bank and Capital One, F.S.B, as original borrowers, and The Chase Manhattan Bank, as administrative agent and lender and the other lenders named therein (incorporated by reference to Exhibit 10.18.1 of the 1999 Form 10-K/A).

Exhibit

Number	Description
10.18.2	Amendment to Second Amended and Restated Credit Agreement dated as of December 21, 1999 among Capital One Financial Corporation, Capital One Bank and Capital One, F.S.B., as original borrowers, and The Chase Manhattan Bank, as administrative agent (incorporated by reference to Exhibit 10.18.2 of the 1999 Form 10-K/A).
10.19.1	Revolving Credit Facility Agreement dated as of August 29, 1997 by and among Capital One Finance Company and Capital One Inc., as original borrowers, Capital One Financial Corporation, as original guarantor, and the agents and lenders named therein (incorporated by reference to Exhibit 10.19 of the 1997 Form 10-K).
10.19.2	Amendment to Revolving Credit Facility agreement dated as of December 21, 1999 between Capital One Finance Company and Capital One Inc., as original borrowers, Capital One Financial Corporation, as original guarantor, and the agents and lenders named therein (incorporated by reference to Exhibit 10.19.2 of the 1999 Form 10-K/A).
10.20	Form of Intellectual Property Protection Agreement dated as of April 29, 1999 by and among Capital One Financial Corporation and certain of its senior executives (incorporated by reference to Exhibit 10.20 of the 1999 Form 10-K/A).
10.21	Credit Agreement (Capital One Realty, Inc.) dated as of September 3, 1999 between First Security Bank, N.A. as owner trustee for Capital One Realty Trust 1998-1, as borrower, the lenders party thereto, and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 10.21 of the 1999 Form 10-K/A).
10.22	Lease Agreement (Capital One Realty, Inc.) dated as of September 3, 1999 between First Security Bank, N.A. as owner trustee for Capital One Realty Trust 1998-1, as lessor, and Capital One Realty, Inc. as lessee (incorporated by reference to Exhibit 10.22 of the 1999 Form 10-K/A).
10.23	Participation Agreement (Capital One Realty, Inc.) dated as of September 3, 1999 among Capital One Realty, Inc., as construction agent and lessee, Capital One Bank, as guarantor, First Security Bank, N.A. as owner trustee under the Capital One Realty Trust 1998-1, and the holders and lenders named therein, and Bank of America, N.A., as Agent (incorporated by reference to Exhibit 10.23 of the 1999 Form 10-K/A).
10.24	Credit Agreement (Capital One Services, Inc.) dated as of September 3, 1999 between First Security Bank, N.A. as owner trustee for Capital One Realty Trust 1998-1 as borrower, the lenders party thereto, and Bank of America N.A. as administrative agent (incorporated by reference to Exhibit 10.24 of the 1999 Form 10-K/A).
10.25	Lease Agreement (Capital One Services, Inc.) dated as of September 3, 1999 between First Security Bank, N. A. as owner trustee for Capital One Realty Trust 1998-1, as lessor, and Capital One Services, Inc. as lessee (incorporated by reference to Exhibit 10.25 of the 1999 Form 10-K/A).

Exhibit

Number

Description

- | | |
|-------|---|
| 10.26 | Participation Agreement (Capital One Services, Inc.) dated as of September 3, 1999 among Capital One Services, Inc. as construction agent as lessee, Capital One Financial Corporation, as guarantor, First Security Bank, N.A., as owner trustee under the Capital One Realty Trust 1998-1, the holders and lenders named therein, and Bank of America, N.A., as agent (incorporated by reference to Exhibit 10.26 of the 1999 Form 10-K/A)... |
| 13 | The portions of Capital One Financial Corporation's 2000 Annual Report to Stockholders that are incorporated by reference herein. |
| 21 | Subsidiaries of the Company. |
| 23 | Consent of Ernst & Young LLP. |

* Indicates a management contract or compensation plan or arrangement required to be filed as an exhibit to this Annual Report on Form 10-K.

REGISTERED GLOBAL SENIOR NOTE

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (THE "DEPOSITORY") TO CAPITAL ONE BANK (THE "BANK") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED UPON REGISTRATION OF TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS NOTE IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS NOTE IS A GLOBAL SECURITY AND, UNLESS AND UNTIL THIS NOTE IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, IT MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY THE NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY.

SENIOR NOTE: THIS NOTE IS A DIRECT, UNCONDITIONAL, UNSECURED AND UNSUBORDINATED GENERAL OBLIGATION OF CAPITAL ONE BANK (THE "BANK"). THE OBLIGATIONS EVIDENCED BY THIS NOTE RANK PARI PASSU WITH ALL OTHER UNSECURED AND UNSUBORDINATED OBLIGATIONS OF THE BANK, EXCEPT OBLIGATIONS, INCLUDING ITS DOMESTIC (U.S.) DEPOSITS, THAT ARE SUBJECT TO ANY PRIORITIES OR PREFERENCES UNDER APPLICABLE LAW. THIS NOTE DOES NOT EVIDENCE A DEPOSIT AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC") OR ANY OTHER INSURER.

THIS NOTE IS ISSUABLE ONLY IN MINIMUM DENOMINATIONS OF US\$100,000 AND INTEGRAL MULTIPLES OF US\$1,000 IN EXCESS THEREOF. EACH OWNER OF A BENEFICIAL INTEREST IN THIS NOTE IS REQUIRED TO HOLD A BENEFICIAL INTEREST OF US\$100,000 PRINCIPAL AMOUNT OR ANY INTEGRAL MULTIPLE OF US\$1,000 IN EXCESS THEREOF OF THIS NOTE AT ALL TIMES.

No. R-

REGISTERED

CUSIP No.: 14040EER9

ISIN No.: US14040EER99

Common Code: 12446128

CAPITAL ONE BANK
GLOBAL BANK NOTE
(Registered Global Note)

ORIGINAL ISSUE DATE: February 6, 2001 PRINCIPAL AMOUNT: \$1,250,000,000

SPECIFIED CURRENCY:

MATURITY DATE: February 1, 2006 U.S. dollar

FIXED RATE NOTE Other:

FLOATING RATE NOTE

CAPITAL ONE BANK, a bank organized under the laws of the Commonwealth of Virginia (the "Bank"), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal amount specified above as adjusted in accordance with Schedule 1 hereto, on the Maturity Date specified above (except to the extent redeemed or repaid prior to the Maturity Date) and to pay interest thereon (i) in accordance with the provisions set forth on the reverse hereof under the caption "Fixed Rate Interest Provisions," if this Note is designated as a "Fixed Rate Note" above, or (ii) in accordance with the provisions set forth on the reverse hereof under the caption "Floating Rate Interest Provisions," if this Note is designated as a "Floating Rate Note" above, in each case as such provisions may be modified or supplemented by the terms and provisions set forth in the Pricing Supplement attached hereto (the "Pricing Supplement"), and (to the extent that the payment of such interest shall be legally enforceable) to pay interest at the Default Rate per annum specified in the Pricing Supplement on any overdue principal and premium, if any, and on any overdue installment or interest. If no Default Rate is specified in the Pricing Supplement then the Default Rate shall be the Interest Rate specified in the Pricing Supplement. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Note (or any predecessor Note) is registered at the close of business on the fifteenth calendar day (whether or not a Business Day (as defined on the reverse hereof)) next preceding the applicable Interest Payment Date (unless otherwise specified in the Pricing Supplement) (each, a "Regular Record Date"); provided, however, that interest payable at Maturity (as defined on the reverse hereof) will be payable to the person to whom principal shall be payable. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the holder as of the close of business on such Regular Record Date, and shall instead be payable to the person in whose name this Note (or any predecessor Note) is registered at the close of business on a special record date for the payment of such defaulted interest (the "Special Record Date") to be fixed by the Registrar (as defined below), notice whereof shall be given by the Registrar to the holder of this Note not less than 15 calendar days prior to such Special Record Date.

This Note is one of a duly authorized issue of the Bank's notes due from 30 days to 30 years or more from date of issue (the "Notes"). The Notes are issued in accordance with the Global Agency Agreement, dated as of June 6, 2000 (the "Global Agency Agreement"), among the Bank and The Chase Manhattan Bank as paying agent (the "Domestic Paying Agent") and as registrar (the "Registrar"), The Chase Manhattan Bank, London Branch, as paying agent (the "London Paying Agent") and as issuing agent (the "London Issuing Agent") and Chase Manhattan Bank

Luxembourg S.A. as transfer agent (the "Transfer Agent"), as paying agent (the "Luxembourg Paying Agent", together with the Domestic Paying Agent and the London Paying Agent, the "Paying Agents", and individually, a "Paying Agent") and Kredietbank S.A. Luxembourgise as listing agent (the "Listing Agent"). The terms Domestic Paying Agent, Registrar, London Paying Agent, London Issuing Agent, Luxembourg Paying Agent, Transfer Agent and Listing Agent shall include any additional or successor agents appointed in such capacities by the Bank.

The Bank shall cause to be kept at the office of the Registrar designated below a register (the register maintained in such office or any other office or agency of the Registrar, herein referred to as the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Bank shall provide for the registration of Notes issued in registered form and of transfers of such Notes. The Bank has initially appointed The Chase Manhattan Bank, acting through its principal office at 450 West 33rd Street, 15th Floor, New York, New York 10001, as "Registrar" for the purpose of registering Notes issued in registered form and transfers of such Notes. The Bank reserves the right to rescind such designation at any time, and to transfer such function to another bank or financial institution.

The transfer of this Note is registrable in the Note Register, upon surrender of the Note for registration of transfer at the office or agency of the Registrar or any transfer agent maintained for that purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Registrar (or such transfer agent) duly executed by, the holder hereof or its attorney duly authorized in writing.

Payment of principal of, and premium, if any, and interest on, this Note due at Maturity will be made in immediately available funds upon presentation and surrender of this Note at the office of a Paying Agent maintained for that purpose; provided, that this Note is presented to such Paying Agent in time for such Paying Agent to make such payment in accordance with its normal procedures. Payments of interest on this Note (other than at Maturity) will be made by wire transfer to such account as has been appropriately designated to a Paying Agent by the person entitled to such payments.

Reference is made to the further provisions of this Note set forth on the reverse hereof and in the Pricing Supplement, which further provisions shall for all purposes have the same effect as if set forth at this place. In the event of any conflict between the provisions contained herein or on the reverse hereof and the provisions contained in the Pricing Supplement attached hereto, the latter shall control. References herein to "this Note," "hereof," "herein" and comparable terms shall include the Pricing Supplement attached hereto.

Unless the certificate of authentication hereon has been executed by the Registrar, by manual signature of an authorized signatory, this Note shall not be valid or obligatory for any purpose.

This Note shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to the conflicts of law principles thereof.

IN WITNESS WHEREOF, the Bank has caused this Note to be duly executed.

CAPITAL ONE BANK

By: _____
Name:
Title:

Dated:

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes referred to in the within-mentioned Global Agency Agreement.

THE CHASE MANHATTAN BANK,
as Registrar

By: _____
Name:
Title:

PRICING SUPPLEMENT DATED FEBRUARY 1, 2001
(to be read in conjunction with the Offering Circular dated June 6, 2000)

Capital One Bank
(a Bank Organized Pursuant to the Laws of Virginia)

Global Bank Notes

Fixed Rate Notes due February 1, 2006

This Pricing Supplement should be read in conjunction with the Offering Circular, dated June 6, 2000 (the "Offering Circular"), relating to the U.S.\$5,000,000,000 Global Bank Note Program of Capital One Bank. Unless otherwise defined herein, terms used herein shall have the meanings ascribed to them in the Offering Circular.

DESCRIPTION OF THE NOTES

1. Specified Currency and Principal Amount: US \$1,250,000,000
2. Senior or Subordinated: Senior
3. Original Issue Date: February 6, 2001
4. Stated Maturity Date: February 1, 2006
5. Issue Price: 99.640%
6. (a) Authorized Denomination(s): \$100,000 and integral multiples of \$1,000 in excess thereof
(b) Redenomination (Yes/No): No [If yes, give details]
7. Form of Note (Registered or Bearer): Registered
8. (a) Series Number: 3
(b) If forming part of an existing Series (Yes/No): No [If yes, give details]
9. Interest Period:
 One Month
 Three Months
 Six Months
 Twelve Months
 Other (Specify Number of Months):
10. Interest Payment Date(s): February 1 and August 1, commencing on August 1, 2001

- 11. Record Dates (for Registered Notes with Maturities Greater than One Year): the January 17 and the July 17 preceding each Interest Payment Date
- 12. Exchange Rate Agent (Registered Notes and Dual Currency Notes):
- 13. Default Rate (if other than Interest Rate): % per annum

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE
FIXED RATE NOTES

- 14. Interest Rate: 6.875% per annum
- 15. Day Count Convention:
 - 30/360 for the period from February 6, 2001 to February 1, 2006
 - Actual/360 for the period from _____ to _____
 - Actual/Actual for the period from _____ to _____
 - Other (specify convention and applicable period):

FLOATING RATE NOTES

- 16. Interest Rate Determination:
 - ISDA Rate
 - Reference Rate Determination
- 17. Calculation Agent, if not The Chase Manhattan Bank:
- 18. Maximum Interest Rate: % per annum
- 19. Minimum Interest Rate: % per annum
- 20. Day Count Convention:
 - 30/360 for the period from _____ to _____
 - Actual/360 for the period from _____ to _____
 - Actual/Actual for the period from _____ to _____
 - Other (specify convention and applicable period):
- 21. Business Day Convention:
 - Floating Rate Convention
 - Following Business Day Convention
 - Modified Following Business Day Convention
 - Preceding Business Day Convention
 - Other (specify):

ISDA RATE

- 22. Margin: [+/-] % per annum
- 23. Floating Rate Option:

24. Designated Maturity:
 25. Reset Date:
 REFERENCE RATE DETERMINATION
 26. Initial Interest Rate:
 27. Index Maturity:
 28. Interest Rate Basis or Bases:
 If CMT Rate: Specified CMT Telerate Page:
 Specified CMT Maturity Index:
 If EURIBOR:
 If LIBOR: LIBOR Telerate
 LIBOR Reuters
 29. Index Currency:
 30. Spread: [+/-] %
 31. Spread Multiplier:
 32. Initial Interest Reset Date:
 33. Interest Determination Period:
 34. Interest Reset Dates:
 35. Interest Calculation:
 Regular Floating Rate Note
 Floating Rate/Fixed Rate Note
 Fixed Rate Commencement Date:
 Fixed Interest Rate: % per annum
 Inverse Floating Rate Note:
 Fixed Interest Rate: % per annum
 PROVISIONS REGARDING REDEMPTION/REPAYMENT
 36. Initial Redemption Date:
 37. Initial Redemption Percentage:
 38. Annual Redemption Percentage Reduction:
 39. Holder's Optional Repayment Date(s):
 DISCOUNT NOTES (INCLUDING ZERO COUPON NOTES)
 40. Discount Note (Yes/No):
 If Yes: Total Amount of OID:
 Yield to Maturity:
 Initial Accrual Period: %

Issue Price:

INDEXED NOTES

- 41. Index: [give details]
- 42. Formula:
- 43. Agent, if any, responsible for calculating the principal and/or interest payable:
- 44. Provisions where calculation by reference to Index and/or Formula is impossible or impracticable:

DUAL CURRENCY NOTES

- 45. Dual Currency Notes (Yes/No):
If Yes: Face Amount:
Face Amount Currency:
Optional Payment Currency:
Option Election Dates: [give details]
- 46. Designated Exchange Rate:
- 47. Option Value Calculation Agent:
- 48. Agent, if any, responsible for calculating the principal and/or interest payable:

INSTALLMENT NOTES

- 49. Additional provisions relating to Installment Notes:

PARTLY PAID NOTES

- 50. Additional provisions relating to Partly Paid Notes:

GENERAL PROVISIONS

- 51. Additional or different Paying Agents:
- 52. Additional or different Registrars:
- 53. Additional or different London Issuing Agents:
- 54. Additional or different Transfer Agents:
- 55. "Business Day" definition (if other than as defined in the Offering Circular):
- 56. Cost, if any, to be borne by Noteholders in connection with exchanges for Definitive Bearer Notes:
- 57. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (Yes/No) and dates on which such Talons mature:

[If yes, give details]
- 58. Additional selling restrictions: [give details]
- 59. CUSIP: 14040EER9
ISIN: US14040EER99
Common Code: 12446128

- Other (specify):
60. Details of additional/alternative clearance system approved by the Bank:
61. Notes to be listed (Yes/No): Yes
If Yes, securities exchange(s): Luxembourg
62. Syndicated Issue (Yes/No): Yes
If Yes, names of managers and details of relevant stabilizing manager, if any: Barclays Capital Inc. and Credit Suisse First Boston Corporation
63. Clearance System(s):
 DTC only
 Euroclear and Clearstream, Luxembourg only
 DTC, and Euroclear and Clearstream, Luxembourg through DTC
 DTC, Euroclear and Clearstream, Luxembourg
 Other:
64. Name(s) of relevant Distribution Agent(s): Barclays Capital Inc., Credit Suisse First Boston Corporation, ABN AMRO Incorporated, Banc of America Securities LLC, Deutsche Banc Alex. Brown Inc. and Salomon Smith Barney Inc.
65. Other terms or special conditions:
66. Tax considerations:
67. Discount or Commission per Note: .350%
68. Selling Concession per Note: .200%
69. Reallowance per Note: .125%

[Reverse of Note]

The Notes are issuable only in denominations of US\$100,000 and integral multiples of US\$1,000 in excess thereof (or equivalent denominations in other currencies, subject to any other statutory or regulatory minimums). This Note, and any Note issued in exchange or substitution herefor or in place hereof, or upon registration of transfer, exchange or partial redemption or repayment of this Note, may be issued only in an Authorized Denomination specified in the Pricing Supplement (or, if this Note is in definitive form, specified on the face hereof).

Unless otherwise provided herein (or, if this Note is in global form, in the Pricing Supplement), the principal of, and premium, if any, and interest on, this Note are payable in the Specified Currency indicated on the face hereof (or, if such Specified Currency is not at the time of such payment legal tender for the payment of public and private debts, in such other coin or currency of the country which issued such Specified Currency as at the time of such payment is legal tender for the payment of debts). If this Note is a DTC Global Note and the Specified Currency indicated on the face hereof is other than U.S. dollars, any such amounts paid by the Bank will be converted by The Chase Manhattan Bank, as Exchange Rate Agent, or such other agent as may be specified in the Pricing Supplement (or, if this Note is in definitive form, specified on the face hereof), which for these purposes shall act as currency exchange agent (the "Exchange Rate Agent"), into U.S. dollars for payment to the holder of this Note.

If this Note is a DTC Global Note and the Specified Currency indicated on the face hereof is other than the U.S. dollar, any U.S. dollar amount to be received by the holder of this Note will be based on the Exchange Rate Agent's bid quotation as of 11:00 a.m., London time, on the second day on which banks are open for business in London, New York City and Glen Allen, Virginia, preceding the applicable payment date, for the purchase of U.S. dollars with the Specified Currency for settlement on such payment date of the aggregate amount of the Specified Currency payable to all holders of Notes denominated other than in the U.S. dollar scheduled to receive U.S. dollar payments. If such bid quotation is not available, the Exchange Rate Agent will obtain a bid quotation from a leading foreign exchange bank in London or New York City selected by the Exchange Rate Agent for such purchase. If no such bids are available, payment of the aggregate amount due to the holder of this Note on the payment date will be made in the Specified Currency, subject to the other provisions of this Note relating to payment in such Specified Currency. All currency exchange costs will be borne by the holder of this Note by deductions from such payments. All determinations referred to above made by the Exchange Rate Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding upon the holder of this Note.

If this Note is a DTC Global Note and the Specified Currency indicated on the face hereof is other than the U.S. dollar, the holder of this Note may elect to receive payment of principal (and premium, if any) and interest on this Note in the Specified Currency indicated on the face hereof by submitting a written notice to the Paying Agents prior to 5:00 pm, New York City time, on the fifth Business Day following the applicable Record Date in the case of interest and the tenth calendar day prior to the payment date for the payment of principal. Such notice, which may be mailed or hand delivered or sent by cable, telex or facsimile transmission, shall contain (i) the

holder's election to receive all or a portion of such payment in the Specified Currency on the relevant Interest Payment Date or Maturity, as the case may be, and (ii) wire transfer instructions to an account denominated in the Specified Currency with respect to any payment to be made in the Specified Currency. Any such election made with respect to this Note by the holder will remain in effect with respect to any further payments of principal of, and premium, if any, and interest on this Note payable to the holder of this Note unless such election is revoked on or prior to the fifth Business Day following the applicable Record Date in the case of interest and the tenth calendar day prior to the payment date for the payment of principal.

If (i) this Note is a DTC Global Note and the holder of this Note shall have duly made an election to receive all or a portion of a payment of principal of, and premium, if any, or interest on this Note in the Specified Currency indicated on the face hereof, or (ii) if this Note is not a DTC Global Note, in the case of (i) or (ii) in the event the Specified Currency indicated on the face hereof has been replaced by another currency (a "Replacement Currency"), any amount due pursuant to this Note may be repaid, at the option of the Bank, in the Replacement Currency or in U.S. dollars, at a rate of exchange which takes into account the conversion, at the rate prevailing on the most recent date on which official conversion rates were quoted or set by the national government or other authority responsible for issuing the Replacement Currency, from the Specified Currency to the Replacement Currency and, if necessary, the conversion of the Replacement Currency into U.S. dollars at the rate prevailing on the date of such conversion.

If the Specified Currency indicated on the face hereof is other than the U.S. dollar and (i) this Note is a DTC Global Note and the holder of this Note shall have duly made an election to receive all or a portion of a payment of principal of, and premium, if any, or interest on this Note in the Specified Currency indicated on the face hereof, or (ii) if this Note is not a DTC Global Note, in the case of (i) or (ii) if such Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond the control of the Bank, the Bank will be entitled to satisfy its obligations to the holder of this Note by making such payments of principal of (and premium, if any) or interest on this Note in U.S. dollars until, in the sole discretion of the Bank, the Specified Currency is again available. In such circumstances, the U.S. dollar amount to be received by the holder of this Note will be made on the basis of the most recently available bid quotation from a leading foreign exchange bank in London or New York City selected by the Exchange Rate Agent, for the purchase of U.S. dollars with the Specified Currency for settlement on such payment date of the aggregate amount of the Specified Currency payable to all holders of Notes denominated other than in the U.S. dollar scheduled to receive U.S. dollar payments. Any payment made under such circumstances in U.S. dollars, where the payment is required to be made in the Specified Currency, will not constitute an "Event of Default" with respect to this Note.

The Chase Manhattan Bank shall initially act as domestic paying agent (the "Domestic Paying Agent") and the Bank has initially appointed The Chase Manhattan Bank, London Branch, acting through its specified office in London as London paying agent (the "London Paying Agent") and Chase Manhattan Bank Luxembourg S.A. as Luxembourg paying agent (the "Luxembourg Paying Agent" and together with the Domestic Paying Agent and the London Paying Agent, the "Paying Agents," and each individually, a "Paying Agent," and such terms shall include any additional or successor paying agents appointed pursuant to the Global Agency Agreement (as defined on the face hereof)) in respect of the Notes. If this Note is in registered form, this Note

may be presented or surrendered for payment, and notices, designations or requests in respect of payments with respect to this Note may be served, at the office or agency of any Paying Agent maintained for that purpose. The Bank may at any time rescind any designation of a Paying Agent, appoint any additional or successor Paying Agents or approve a change in the office through which a Paying Agent acts.

Subject to any fiscal or other laws and regulations applicable thereto in the place of payment, payments on registered Notes to be made in a Specified Currency other than the U.S. dollar and payments on bearer Notes will be made by a check in the Specified Currency drawn on or by wire transfer to an account in the Specified Currency (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with a bank (which, in the case of a payment in Yen to a non-resident of Japan, shall be an authorized foreign exchange bank) in the Principal Financial Center of the country of the Specified Currency, provided, however, that a check may not be delivered to an address in, and an amount may not be transferred to an account located in, the United States of America or its possessions by any office or agency of the Bank or any Paying Agent.

Fixed Rate Interest Provisions

If this Note is designated as a "Fixed Rate Note" on the face hereof, the Bank will pay interest on each Interest Payment Date specified in the Pricing Supplement (or, if this Note is in definitive form, specified on the face hereof) and on the Maturity Date or any Redemption Date (as defined below) or Holder's Optional Repayment Date (as defined below) (each such Maturity Date, Redemption Date and Holder's Optional Repayment Date and the date on which the principal or an installment of principal is due and payable by declaration of acceleration as provided herein being hereinafter referred to as a "Maturity" with respect to the principal repayable on such date), commencing on the first Interest Payment Date next succeeding the Original Issue Date specified on the face hereof (or if the Original Issue Date is between a Record Date and the Interest Payment Date immediately following such Record Date, on the Second Interest Payment Date following the Original Issue Date), at the Interest Rate per annum specified in the Pricing Supplement (or, if this Note is in definitive form, specified on the face hereof), until the principal hereof is paid or duly made available for payment.

Payments of interest hereon will include interest accrued from and including the most recent Interest Payment Date to which interest on this Note (or any predecessor Note) has been paid or duly provided for (or, if no interest has been paid or duly provided for, from and including the Original Issue Date) to but excluding the relevant Interest Payment Date or Maturity, as the case may be. Unless otherwise specified in the Pricing Supplement (or, if this note is in definitive form, on the face hereof), if the Maturity Date specified on the face hereof falls more than one year from the Original Issue Date, interest payments for this Note shall be computed and paid on the basis of a 360-day year of twelve 30-day months. Unless otherwise specified in the Pricing Supplement (or, if this Note is in definitive form, on the face hereof) if the Maturity Date specified on the face hereof falls one year or less from the Original Issue Date, interest payments for this Note shall be computed and paid on the basis of the actual number of days in the year divided by 360.

Unless otherwise provided herein, if any Interest Payment Date or the Maturity of this Note falls on a day which is not a Business Day, the related payment of principal of, or premium, if any, or interest on, this Note shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payments were due, and no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date or the Maturity, as the case may be.

Floating Rate Interest Provisions

If this Note is designated as a "Floating Rate Note" on the face hereof, the Bank will pay interest on each Interest Payment Date specified in the Pricing Supplement (or, if this Note is in definitive form specified on the face hereof) and at Maturity, commencing on the first Interest Payment Date next succeeding the Original Issue Date specified on the face hereof (or, if the Original Issue Date is between a Record Date and the Interest Payment Date immediately following such Record Date, on the second Interest Payment Date following the Original Issue Date), at a rate per annum determined in accordance with the provisions hereof (and, if this Note is in global form, in accordance with the Pricing Supplement), until the principal hereof is paid or duly made available for payment.

Payments of interest hereon will include interest accrued from and including the most recent Interest Payment Date to which interest on this Note (or any predecessor Note) has been paid or duly provided for (or, if no interest has been paid or duly provided for, from and including the Original Issue Date) to but excluding the relevant Interest Payment Date or Maturity, as the case may be (each such period, an "Interest Period").

Unless otherwise specified herein (or, if this Note is in global form, in the Pricing Supplement), if any Interest Payment Date (or other date which is subject to adjustment in accordance with a Business Day Convention specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement)) in respect of this Note (other than an Interest Payment Date at Maturity) would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) is:

- (1) the "Floating Rate Convention," such Interest Payment Date (or other date) shall be postponed to the next succeeding day which is a Business Day unless it would thereby fall into the next succeeding calendar month, in which event (A) such Interest Payment Date (or other date) shall be brought forward to the next preceding Business Day and (B) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Payment Period on the face hereof after the preceding applicable Interest Payment Date (or other date) occurred; or
- (2) the "Following Business Day Convention," such Interest Payment Date (or other date) shall be postponed to the next succeeding day which is a Business Day; or
- (3) the "Modified Following Business Day Convention," such Interest Payment Date (or other date) shall be postponed to the next succeeding day that is a Business Day unless it would thereby fall into the next succeeding calendar month, in

which event such Interest Payment Date (or other date) shall be brought forward to the next preceding Business Day; or

- (4) the "Preceding Business Day Convention," such Interest Payment Date (or other date) shall be brought forward to the next preceding Business Day.

If the Maturity of this Note falls on a day that is not a Business Day, the related payment of principal of (and premium, if any) and interest on, this Note will be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue on the amount so payable for the period from and after such Maturity.

If "ISDA Rate" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) in connection with the determination of the rate of interest on this Note, the rate of interest on this Note for each Interest Period will be the relevant ISDA Rate (as defined below) plus or minus the Margin, if any, specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement). Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), "ISDA Rate" means, with respect to any Interest Period, the rate equal to the Floating Rate that would be determined by the Calculation Agent or other person specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) pursuant to an interest rate swap transaction if the Calculation Agent or that other person were acting as calculation agent for that swap transaction in accordance with the terms of an agreement in the form of the Interest Rate and Currency Exchange Agreement published by the International Swaps and Derivatives Association, Inc. (the "ISDA Agreement") and evidenced by a Confirmation (as defined in the ISDA Agreement) incorporating the ISDA Definitions (as defined below) and under which:

- (A) the Floating Rate Option is as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement);
- (B) the Designated Maturity is the period specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), and
- (C) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate for a currency or on the Euro-zone inter-bank offered rate ("EURIBOR") for a currency, the first day of that Interest Period or (ii) in any other case, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement).

As used in this paragraph, "Floating Rate," "Calculation Agent," "Floating Rate Option," "Designated Maturity," and "Reset Date" have the meanings ascribed to those terms in the ISDA Definitions.

If "Reference Rate Determination" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) in connection with the determination of the rate of interest on this Note, this Note will bear interest at a rate per annum equal to the Initial Interest Rate specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) until the Initial Interest Reset Date specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) and thereafter at a rate per annum determined as follows:

1. If this Note is designated as a "Regular Floating Rate Note" on the face hereof (or, if this Note is in global form, in the Pricing Supplement) or if no designation is made for Interest Calculation on the face hereof (or, if this Note is in global form, in the Pricing Supplement), then, except as described below (or, if this Note is in global form, in the Pricing Supplement), this Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof (or, if this Note is in global form, in the Pricing Supplement). Commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Reset Date specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement); provided, however, that the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date will be the Initial Interest Rate.

2. If this Note is designated as a "Floating Rate/Fixed Rate Note" on the face hereof (or, if this Note is in global form, in the Pricing Supplement), then, except as described below (or, if this Note is in global form, in the Pricing Supplement), this Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof (or, if this Note is in global form, in the Pricing Supplement). Commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Reset Date specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement); provided, however, that (i) the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate and (ii) the interest rate in effect commencing on, and including, the Fixed Rate Commencement Date specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) to the Maturity Date shall be the Fixed Interest Rate, if such a rate is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), or if no such Fixed Interest Rate is so specified, the interest rate in effect hereon on the Business Day immediately preceding the Fixed Rate Commencement Date.

3. If this Note is designated as an "Inverse Floating Rate Note" on the face hereof (or, if this Note is in global form, in the Pricing Supplement), then, except as described below (or, if this Note is in global form, in the Pricing Supplement), this Note shall bear interest equal to the Fixed Interest Rate indicated on the face hereof (or, if this Note is in global form, in the Pricing Supplement) minus the rate determined by reference to the applicable Interest Rate Basis or Bases specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof (or, if this Note is in global form, in the Pricing Supplement); provided, however, that, unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the interest rate hereon will not be less than zero percent. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Rate Reset Date specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement); provided, however, that the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate.

Except as provided above, if "Reference Rate Determination" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) in connection with the determination of the rate of interest on this Note, the interest rate in effect on each day shall be (a) if such day is an Interest Reset Date, the interest rate determined as of the Interest Reset Determination Date (as defined below) immediately preceding such Interest Reset Date or (b) if such day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the next preceding Interest Reset Date. Each Interest Rate Basis shall be the rate determined in accordance with the applicable provision below. If any Interest Reset Date (which term includes the term Initial Interest Reset Date unless the context otherwise requires) would otherwise be a day that is not a Business Day, such Interest Reset Date shall be adjusted in accordance with the Business Day Convention specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement).

Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the "Interest Determination Date" with respect to the CD Rate, the CMT Rate, the Commercial Paper Rate, the Federal Funds Rate, the J.J. Kenny Rate, and the Prime Rate will be the second Business Day preceding each Interest Reset Date; the "Interest Determination Date" with respect to the Eleventh District Cost of Funds Rate will be the last working day of the month immediately preceding each Interest Reset Date on which the Federal Home Loan Bank of San Francisco (the "FHLB of San Francisco") publishes the Index (as defined below); the "Interest Determination Date" with respect to EURIBOR will be the second day on which the TARGET system is open immediately preceding each Interest Reset Date; the "Interest Determination Date" with respect to LIBOR shall be the second London Banking Day (as defined below) preceding each Interest Reset Date; the "Interest Determination Date" with respect to the Treasury Rate will be the day in the week in which the related Interest Reset Date falls on which day Treasury Bills (as defined below) are normally auctioned (Treasury Bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday); provided, however, that if an auction is held on the Friday of the week preceding the related Interest Reset Date, the related Interest Determination Date shall be such preceding Friday; and provided, further, that if an auction shall fall on any Interest Reset Date, then the Interest Reset Date shall instead be the first Business Day following such auction. If the interest rate of this Note is determined with reference to two or more Interest Rate Bases as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the Interest Determination Date pertaining to this Note will be the latest Business Day which is at least two Business Days prior to such Interest Reset Date on which each Interest Rate Basis is determinable. Each Interest Rate Basis shall be determined on such date, and the applicable interest rate shall take effect on the Interest Reset Date.

Determination of CD Rate. If an Interest Rate Basis for this Note is the CD Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the CD Rate shall be determined as of the applicable Interest Determination Date (a "CD Rate Interest Determination Date") as the rate on such date for negotiable United States dollar certificates of deposit having the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) as published in H.15(519) (as defined below) under the heading "CDs (Secondary Market)". In the event that such rate is not so published prior to 3:00 p.m., New York City time, on the Calculation Date pertaining to such CD Rate Interest Determination Date,

the CD Rate will be the rate on such CD Rate Interest Determination Date for certificates of deposit having the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) as published in H.15 Daily Update (as defined below), or another recognized electronic source used for the purpose of displaying that rate, under the heading "CDs (secondary market)". If such rate is published neither in H.15(519) nor in H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on such Calculation Date, the CD Rate for such CD Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the secondary market offered rates as of 10:00 a.m., New York City time, on such CD Rate Interest Determination Date, of three leading nonbank dealers of negotiable United States dollar certificates of deposit in The City of New York selected by the Calculation Agent for negotiable United States dollar certificates of deposit of major United States money market banks for negotiable certificates of deposit with a remaining maturity closest to the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) in an amount that is representative for a single transaction in that market at that time; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the CD Rate determined on such CD Rate Interest Determination Date will be the CD Rate in effect on such date.

"H.15(519)" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System.

"H.15 Daily Update" means the daily update of H.15(519), available through the world-wide-web site of the Board of Governors of the Federal Reserve System at <http://www.bog.frb.fed.us/releases/h15/update>, or any successor site or publication.

Determination of CMT Rate. If an Interest Rate Basis for this Note is the CMT Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the CMT Rate shall be determined by the Calculation Agent as of the applicable Interest Determination Date (a "CMT Rate Interest Determination Date") in accordance with the following provisions:

(i) If "CMT Telerate Page 7051" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the CMT Rate on the CMT Rate Interest Determination Date shall be a percentage equal to the yield for United States Treasury securities at "constant maturity" having the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) as set forth in H.15(519) under the caption "Treasury Constant Maturities," as such yield is displayed on Telerate, Inc. (or any successor service) on page 7051 (or any other page as may replace such page on such service) ("Telerate Page 7051") for such CMT Rate Interest Determination Date. If such rate does not appear on Telerate Page 7051, the CMT Rate on such CMT Rate Interest Determination Date shall be a percentage equal to the yield for United States Treasury securities at "constant maturity" having the Index Maturity and for such CMT Rate Interest Determination Date as set forth in H.15(519) under the caption "Treasury Constant Maturities". If such rate does not appear in H.15(519), the CMT Rate on such CMT Rate Interest Determination Date shall be the rate for the period of the Index Maturity as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15(519). If the Board of

Governors of the Federal Reserve System or the United States Department of the Treasury does not publish a yield on United States Treasury securities at "constant maturity" having the Index Maturity for such CMT Rate Interest Determination Date, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 p.m., New York City time, on such CMT Rate Interest Determination Date of three leading primary United States government securities dealers in The City of New York (each, a "Reference Dealer") selected by the Calculation Agent (from five such Reference Dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity equal to the Index Maturity, a remaining term to maturity no more than 1 year shorter than the Index Maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated. If fewer than three prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 p.m., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent (from five such Reference Dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity greater than the Index Maturity, a remaining term to maturity closest to the Index Maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of such quotations shall be eliminated; provided, however, that if fewer than three such prices are provided as requested, the CMT Rate determined as of such CMT Rate Interest Determination Date shall be the CMT Rate in effect on such CMT Rate Interest Determination Date. If two such United States Treasury securities with an original maturity greater than the Index Maturity have remaining terms to maturity equally close to the Index Maturity, the quotes for the Treasury security with the shorter original term to maturity will be used.

(ii) If "CMT Telerate Page 7052" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the CMT Rate on the CMT Rate Interest Determination Date shall be a percentage equal to the one-week or one-month, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), average yield for United States Treasury securities at "constant maturity" having the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) as set forth in H.15(519) opposite the caption "Treasury Constant Maturities," as such yield is displayed on Telerate, Inc. (or any successor service) on page 7052 (or any other page as may replace such page on such service) ("Telerate Page 7052") for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls. If such rate does not appear on the Telerate Page 7052, the CMT Rate on such CMT Rate Interest Determination Date shall be a percentage equal to the one-week or one-month, as specified on

the face hereof (or, if this Note is in global form, in the Pricing Supplement), average yield for United States Treasury securities at "constant maturity" having the Index Maturity and for the week or month, as applicable, preceding such CMT Rate Interest Determination Date as set forth in H.15(519) opposite the caption "Treasury Constant Maturities". If such rate does not appear in H.15(519), the CMT Rate on such CMT Rate Interest Determination Date shall be the one-week or one-month, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), average yield for United States Treasury securities at "constant maturity" having the Index Maturity as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls. If the Federal Reserve Bank of New York does not publish a one-week or one-month, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), average yield on United States Treasury securities at "constant maturity" having the Index Maturity for the applicable week or month, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 p.m., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent (from five such Reference Dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity equal to the Index Maturity, a remaining term to maturity of no more than 1 year shorter than the Index Maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated. If fewer than three prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 p.m., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent (from five such Reference Dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity longer than the Index Maturity, a remaining term to maturity closest to the Index Maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated; provided, however, that if fewer than three such prices are provided as requested, the CMT Rate determined as of such CMT Rate Interest Determination Date shall be the CMT Rate in effect on such CMT Rate Interest Determination Date. If two United States Treasury securities with an original maturity greater than the Index Maturity have remaining terms to maturity equally close to the Index Maturity, the quotes for the Treasury security with the shorter original term to maturity will be used.

Determination of Commercial Paper Rate. If an Interest Rate Basis for this Note is the Commercial Paper Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the Commercial Paper Rate shall be determined as of the applicable

Interest Determination Date (a "Commercial Paper Rate Interest Determination Date") as the Money Market Yield (as defined below) on such date of the rate for commercial paper having the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) as published in H.15(519) under the caption "Commercial Paper-Nonfinancial" or, if not so published by 3:00 p.m., New York City time, on the related Calculation Date, the Money Market Yield of the rate on such Commercial Paper Rate Interest Determination Date for commercial paper having the Index Maturity as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Commercial Paper-Nonfinancial." If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on such Calculation Date, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date will be calculated by the Calculation Agent and shall be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 a.m., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of United States dollar commercial paper in The City of New York selected by the Calculation Agent for commercial paper having the Index Maturity placed for industrial issuers whose bond rating is "Aa," or the equivalent, from a nationally recognized statistical rating organization; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined as of such Commercial Paper Rate Interest Determination Date will be the Commercial Paper Rate in effect on such Commercial Paper Rate Interest Determination Date.

"Money Market Yield" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the applicable Interest Reset Period.

Determination of Eleventh District Cost of Funds Rate. If an Interest Rate Basis for this Note is the Eleventh District Cost of Funds Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the Eleventh District Cost of Funds Rate shall be determined as of the applicable Interest Determination Date (an "Eleventh District Cost of Funds Rate Interest Determination Date"), as the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which such Eleventh District Cost of Funds Rate Interest Determination Date falls, as set forth under the caption "11th District" on Telerate Page 7058 (as defined below) as of 11:00 a.m., San Francisco time, on such Eleventh District Cost of Funds Rate Interest Determination Date. If such rate does not appear on Telerate Page 7058 on the related Eleventh District Cost of Funds Rate Interest Determination Date, the Eleventh District Cost of Funds Rate for such Eleventh District Cost of Funds Rate Interest Determination Date shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the "Index") by the FHLB of San Francisco as such cost of funds for the calendar month immediately preceding the date of such announcement. If the FHLB of San Francisco fails to

announce such rate for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date, then the Eleventh District Cost of Funds Rate determined as of such Eleventh District Cost of Funds Rate Interest Determination Date shall be the Eleventh District Cost of Funds Rate in effect on such Eleventh District Cost of Funds Rate Interest Determination Date.

"Telerate Page 7058" means the display designated as page "7058" on the Bridge Telerate Service (or such other page as may replace the 7058 page on that service for the purpose of displaying the monthly weighted average costs of funds paid by member institutions of the Eleventh Federal Home Loan Bank District).

Determination of EURIBOR. If an Interest Rate Basis for this Note is EURIBOR, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), EURIBOR shall be determined as of the applicable Interest Determination Date (a "EURIBOR Interest Determination Date"), in accordance with the following provisions:

(i) With respect to any EURIBOR Interest Determination Date, EURIBOR will be:

(a) the rate for deposits in euro as sponsored, calculated and published jointly by the European Banking Federation and ACI--The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, having the Index Maturity specified on the face hereof (or if this Note is in global form, in the Pricing Supplement), commencing on the applicable Interest Reset Date, as that rate appears on Telerate, Inc., or any successor service, on page 248 (or any other page as may replace such page on such service) ("Telerate Page 248") as of 11:00 a.m., Brussels time, on the applicable EURIBOR Interest Determination Date.

(b) if the rate referred to in clause (a) above does not appear on Telerate Page 248, or is not so published by 11:00 a.m., Brussels time, on the applicable EURIBOR Interest Determination Date, the rate calculated by the Calculation Agent as the arithmetic mean of at least two quotations obtained by the Calculation Agent after requesting the principal Euro-zone (as defined hereinafter) offices of four major banks in the Euro-zone interbank market, in the European interbank market, to provide the Calculation Agent with its offered quotation for deposits in euro for the period of the Index Maturity designated on the face hereof (or if this Note is in global form, in the Pricing Supplement), commencing on the applicable Interest Reset Date, to prime banks in the Euro-zone interbank market at approximately 11:00 a.m., Brussels time, on the applicable EURIBOR Interest Determination Date and in a principal amount not less than the equivalent of U.S.\$1,000,000 in euro that is representative for a single transaction in euro in such market at such time.

(c) if fewer than two quotations referred to in clause (b) above are provided, EURIBOR for such EURIBOR Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., Brussels time, on such EURIBOR Interest Determination Date by four major banks in the Eurozone for loans in euro to leading European banks, having the Index Maturity designated on the face hereof (or if this Note is in global form, in the Pricing

Supplement), commencing on the applicable Interest Reset Date and in principal amount not less than the equivalent of U.S.\$1,000,000 in euro that is representative for a single transaction in euro in such market at such time.

(d) if the banks so selected by the Calculation Agent are not quoting as mentioned in clause (c) above, EURIBOR determined as of such EURIBOR Interest Determination Date shall be EURIBOR in effect on such EURIBOR Interest Determination Date.

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the treaty establishing the European Community, as amended by the treaty on European Union.

Determination of Federal Funds Rate. If an Interest Rate Basis for this Note is the Federal Funds Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the Federal Funds Rate shall be determined as of the applicable Interest Determination Date (a "Federal Funds Rate Interest Determination Date") as the rate on such date for United States dollar federal funds as published in H.15(519) under the heading "Federal Funds (Effective)", as such rate is displayed on Bridge Telerate, Inc. (or any successor service) on page 120 (or any other page as may replace such page on such service) ("Telerate Page 120"), or, if such rate does not appear on Telerate Page 120 or is not so published by 3:00 p.m., New York City time, on the Calculation Date, the rate on such Federal Funds Rate Interest Determination Date for United States dollar federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Federal Funds (Effective)." If such rate does not appear on Telerate Page 120 or is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of United States dollar federal funds transactions in The City of New York selected by the Calculation Agent, prior to 9:00 a.m., New York City time, on such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

Determination of J.J. Kenny Rate. If an Interest Rate Basis for this Note is the J.J. Kenny Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the J.J. Kenny Rate shall be determined as of the applicable Interest Determination Date (a "J.J. Kenny Interest Determination Date") as the rate in the high grade weekly index (the "Weekly Index") on such date made available by Kenny Information Systems ("Kenny") to the Calculation Agent. The Weekly Index Maturity is, and shall be, based upon 30-day yield evaluations at par of bonds, the interest of which is exempt from Federal income taxation under the Internal Revenue Code of 1986, as amended (the "Code"), of not less than five high grade component issuers selected by Kenny which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed

from time to time by Kenny in its discretion. The bonds on which the Weekly Index is based shall not include any bonds on which the interest is subject to a minimum tax or similar tax under the Code, unless all tax-exempt bonds are subject to such tax. In the event Kenny ceases to make available such Weekly Index, a successor indexing agent will be selected by the Calculation Agent, such index to reflect the prevailing rate for bonds rated in the highest short-term rating category by Moody's Investors Service, Inc. and Standard & Poor's Ratings Group in respect of issuers most closely resembling the high grade component issuers selected by Kenny for its Weekly Index, the interest on which is (i) variable on a weekly basis, (ii) exempt from Federal income taxation under the Code, and (iii) not subject to a minimum tax or similar tax under the Code, unless all tax-exempt bonds are subject to such tax. If such successor indexing agent is not available, the rate for any J.J. Kenny Interest Determination Date shall be 67% of the rate determined if the Treasury Rate option had been originally selected.

Determination of LIBOR. If an Interest Rate Basis for this Note is LIBOR, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), LIBOR shall be determined by the Calculation Agent as of the applicable Interest Determination Date (a "LIBOR Interest Determination Date"), in accordance with the following provisions:

(i) if "LIBOR Telerate" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) or if neither "LIBOR Reuters" nor "LIBOR Telerate" is specified on the face hereof as the method for calculating LIBOR, LIBOR will be the rate for deposits in the Designated LIBOR Currency having the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), commencing on such Interest Reset Date, that appears on the Designated LIBOR Page (as defined hereinafter) as of 11:00 a.m., London time, on such LIBOR Interest Determination Date; or (b) if "LIBOR Reuters" is specified on the face hereof, the arithmetic mean of the offered rates (unless the Designated LIBOR Page by its terms provides only for a single rate, in which case such single rate shall be used) for deposits in the Designated LIBOR Currency having the Index Maturity, commencing on the applicable Interest Reset Date, that appear (or, if only a single rate is required as aforesaid, appears) on the Designated LIBOR Page (as defined hereinafter) as of 11:00 a.m., London time, on such LIBOR Interest Determination Date. If fewer than two such offered rates so appear, or if no such rate so appears, as applicable, LIBOR on such LIBOR Interest Determination Date shall be determined in accordance with the provisions described in clause (ii) below.

(ii) With respect to a LIBOR Interest Determination Date on which fewer than two offered rates appear, or no rate appears, as the case may be, on the Designated LIBOR Page as specified in clause (i) above, the Calculation Agent shall request the principal London offices of each of four major reference banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in the Designated LIBOR Currency for the period of the Index Maturity, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., in the applicable Principal

Financial Center, on such LIBOR Interest Determination Date by three major banks in such Principal Financial Center (as defined hereafter) selected by the Calculation Agent for loans in the Designated LIBOR Currency to leading European banks, having the Index Maturity and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined as of such LIBOR Interest Determination Date shall be LIBOR in effect on such LIBOR Interest Determination Date.

"Designated LIBOR Currency" means the currency specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) as to which LIBOR shall be calculated or, if no such currency is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), United States dollars.

"Designated LIBOR Page" means (a) if "LIBOR Reuters" is specified on the face hereof, the display on the Reuter Monitor Money Rates Service (or any successor service) on the page specified on the face hereof (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the Designated LIBOR Currency, or (b) if "LIBOR Telerate" is specified on the face hereof or neither "LIBOR Reuters" nor "LIBOR Telerate" is specified on the face hereof as the method for calculating LIBOR, the display on Bridge Telerate, Inc. (or any successor service) on the page specified on the face hereof (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the Designated LIBOR Currency.

"Principal Financial Center" means the capital city of the country to which the Designated LIBOR Currency relates except that with respect to United States dollars, Australian dollars, Canadian dollars, Deutsche marks, Dutch guilders, Italian lire, Portuguese escudos, South African rand and Swiss francs, the "Principal Financial Center" shall be The City of New York, Sydney, Toronto, Frankfurt, Amsterdam, Milan, London (solely in the case of the Designated LIBOR Currency), Johannesburg and Zurich, respectively.

"London Banking Day" means any day (other than a Saturday or Sunday) on which dealings in deposits in the Index Currency are transacted in the London interbank market.

Determination of Prime Rate. If an Interest Rate Basis for this Note is the Prime Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the Prime Rate shall be determined as of the applicable Interest Determination Date (a "Prime Rate Interest Determination Date") as the rate on such date as such rate is published in H.15(519) under the caption "Bank Prime Loan" or, if not published by 3:00 p.m., New York City time, on the related Calculation Date, the rate on such Prime Rate Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Bank Prime Loan." If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen US PRIME 1 Page (as defined hereinafter) as such bank's prime rate or base lending rate as of 11:00 a.m., New York City time, on such Prime Rate Interest Determination Date. If fewer than

four such rates so appear on the Reuters Screen US PRIME 1 Page for such Prime Rate Interest Determination Date, then the Prime Rate shall be the arithmetic mean of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date by three major banks in The City of New York selected by the Calculation Agent; provided, however, that if the banks or trust companies so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date.

"Reuters Screen US PRIME 1 Page" means the display on the Reuter Monitor Money Rates Service (or any successor service) on the "US PRIME 1" page (or such other page as may replace the US PRIME 1 page on such service) for the purpose of displaying prime rates or base lending rates of major United States banks.

Determination of Treasury Rate. If an Interest Rate Basis for this Note is the Treasury Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the Treasury Rate shall be determined as of the applicable Interest Determination Date (a "Treasury Rate Interest Determination Date") as the rate from the auction held on such Treasury Rate Interest Determination Date (the "Auction") of direct obligations of the United States ("Treasury Bills") having the Index Maturity specified on the face hereof under the caption "INVESTMENT RATE" on the display on Telerate, Inc. (or any successor service) on page 56 (or any other page as may replace such page on such service) ("Telerate Page 56") or page 57 (or any other page as may replace such page on such service) ("Telerate Page 57") or, if not so published by 3:00 p.m., New York City time, on the related Calculation Date, the Bond Equivalent Yield (as defined hereinafter) of the rate for such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S. Government Securities/Treasury Bills/Auction High." If such rate is not so published in H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the related Calculation Date, the Treasury Rate on such Treasury Rate Interest Determination Date shall be Bond Equivalent Yield of the auction rate of such Treasury Bills as announced by the United States Department of the Treasury. In the event that such auction rate is not so announced by the United States Department of the Treasury on such Calculation Date, or if no such Auction is held, then the Treasury Rate on such Treasury Rate Interest Determination Date shall be the Bond Equivalent Yield of the rate on such Treasury Rate Interest Determination Date of Treasury Bills having the Index Maturity as published in H.15(519) under the caption "U.S. Government Securities/Treasury Bills/Secondary Market" or, if not yet published by 3:00 p.m., New York City time, on the related Calculation Date, the rate on such Treasury Rate Interest Determination Date of such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S. Government Securities/Treasury Bills/Secondary Market." If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the related Calculation Date, then the Treasury Rate on such Treasury Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 p.m., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary United States government securities dealers selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index

Maturity; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

"Bond Equivalent Yield" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis and expressed as a decimal, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the applicable Interest Reset Period.

Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), accrued interest hereon shall be an amount calculated by multiplying the face amount hereof by an accrued interest factor. Such accrued interest factor shall be computed by adding the interest factor calculated for each day in the period for which accrued interest is being calculated. Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the interest factor for each such day shall be computed and paid on the basis of a 360-day year of twelve 30-day months if the Day Count Convention specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) is "30/360" for the period specified thereunder, or by dividing the applicable per annum interest rate by 360 if the Day Count Convention specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) is "Actual/360" for the period specified thereunder, or by dividing the applicable per annum interest rate by the actual number of days in the year if the Day Count Convention specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) is "Actual/Actual" for the period specified thereunder. If no Day Count Convention is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the interest factor for each day in the relevant Interest Period shall be computed, if an Interest Rate Basis specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) is the CMT Rate, EURIBOR, or Treasury Rate or if the Specified Currency indicated on the face hereof (or, if this Note is in global form, in the Pricing Supplement) is Sterling, as if "Actual/Actual" had been specified thereon and, in all other cases, as if "Actual/360" had been specified thereon. Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), if interest on this Note is to be calculated with reference to two or more Interest Rate Bases as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the interest factor will be calculated in each period in the same manner as if only one of the applicable Interest Rate Bases applied.

Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), if "Reference Rate Determination" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) in connection with the determination of the rate of interest on this Note, the "Calculation Date," if applicable, pertaining to any Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest

Determination Date or, if such day is not a Business Day, the next succeeding Business Day and (ii) the Business Day immediately preceding the applicable Interest Payment Date or Maturity Date, as the case may be. All calculations in respect of determining the interest rate applicable to this Note (other than any calculations made by the Exchange Rate Agent) shall be made by the Calculation Agent specified on the face hereof (or, if this Note is in global form, the Pricing Supplement) or such successor thereto as is duly appointed by the Bank. The determination of any interest rate by the Calculation Agent shall, in the absence of manifest error, be conclusive for all purposes and binding upon the holder hereof.

All percentages resulting from any calculation on this Note would be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (e.g., 9.876545% (or 0.09876545) would be rounded to 9.87655% (or 0.0987655%) and 9.876544% (or 0.09876544) would be rounded to 9.87654% (or 0.0987654)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent or, if the Specified Currency is other than dollars, to the nearest unit (with one-half cent or unit being rounded upward).

At the request of the holder hereof, the Calculation Agent shall provide to the holder hereof the interest rate hereon then in effect and, if determined, the interest rate which shall become effective for the next Interest Period.

Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement). In addition to any Maximum Interest Rate applicable hereto pursuant to the above provisions, the interest rate on this Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application.

Redemption at the Option of the Bank

Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), this Note will not be subject to any sinking fund. This Note may be redeemed by the Bank either in whole or in part on and after the Initial Redemption Date, if any, specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement). If no Initial Redemption Date is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), this Note may not be redeemed prior to the Maturity Date except as provided below in the event that any Additional Amounts (as defined below) are required to be paid by the Bank with respect to this Note. On and after the Initial Redemption Date, if any, this Note may be redeemed in increments of US\$1,000 (or, if the Specified Currency indicated on the face hereof is other than the United States dollar, in such Authorized Denominations specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement)) at the option of the Bank at the applicable Redemption Price (as defined below) together with unpaid interest accrued hereon at the applicable rate borne by this Note to the date of redemption (each such date, a "Redemption Date"), on written notice given by or on behalf of the Bank not more than 60 nor less than 30 calendar days prior to the Redemption Date (unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement)); provided, however, that, in the event of redemption of this Note in part only, the unredeemed portion

thereof shall be an Authorized Denomination specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement). In the event of redemption of this Note in part only, a new Note for the unredeemed portion hereof shall be issued in the name of the holder hereof upon the surrender of this Note, or, where applicable, an appropriate notation will be made on the schedule attached hereto for such notations.

The "Redemption Price" shall initially be the Initial Redemption Percentage specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) of the principal amount of this Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) by the Annual Redemption Percentage Reduction, if any, specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), of the principal amount to be redeemed until the Redemption Price is 100% of such principal amount.

Repayment at the Option of the Holder

This Note may be subject to repayment at the option of the holder hereof in accordance with the terms hereof on any Holder's Optional Repayment Date(s), if any, specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement). If no Holder's Optional Repayment Date is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), this Note will not be repayable at the option of the holder hereof prior to the Maturity Date. On any Holder's Optional Repayment Date, this Note will be repayable in whole or in part in increments of US\$1,000 (or, if the Specified Currency indicated on the face hereof is other than the U.S. dollar, in such Authorized Denominations specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement)) at the option of the holder hereof at the repayment price equal to 100% of the principal amount to be repaid, together with accrued and unpaid interest hereon payable to the date of repayment; provided, however, that, in the event of repayment of this Note in part only, the unrepaid portion hereof shall be an Authorized Denomination specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement). For this Note to be repaid in whole or in part at the option of the holder hereof on a Holder's Optional Repayment Date, this Note must be delivered, with the form entitled "Option to Elect Repayment" attached hereto duly completed, to the Domestic Paying Agent or the London Paying Agent (as appropriate in accordance with such attached form) at the address set forth on such form or at such other address which the Bank shall from time to time notify the holders of the Notes not more than 60 nor less than 30 days prior to such Holder's Optional Repayment Date. In the event of repayment of this Note in part only, a new Note for the unrepaid portion hereof shall be issued in the name of the holder hereof upon the surrender hereof, or, where applicable, an appropriate notation will be made on the schedule attached hereto for such notations. Exercise of such repayment option by the holder hereof shall be irrevocable.

Additional Amounts

All payments of principal (and premium, if any) and interest with respect to this Note will be made without withholding or deduction at source for, or on account of, any present or future taxes, fees, duties, assessments or governmental charges of whatever nature imposed or levied by the United States or any political subdivision or taxing authority thereof or therein, unless such

withholding or deduction is required by (i) the laws (or any regulations or rulings promulgated thereunder) of the United States or any political subdivision or taxing authority thereof or therein or (ii) an official position regarding the application, administration, interpretation or enforcement of any such laws, regulations or rulings including, without limitation, a holding by a court of competent jurisdiction or by a taxing authority in the United States or any political subdivision thereof). If a withholding or deduction at source is required, the Bank will (subject to certain limitations and exceptions set forth below) pay to the holder hereof on behalf of an owner of a beneficial interest herein (an "Owner") who is a United States Alien (as defined below) such additional amounts ("Additional Amounts") as may be necessary so that every net payment of principal (and premium, if any) or interest made to the holder hereof on behalf of such Owner, after such withholding or deduction, will not be less than the amount provided for in this Note with respect to such Owner's interest; provided, however, that the Bank shall not be required to make any payment of Additional Amounts for or on account of:

(a) any tax, fee, duty, assessment or other governmental charge which would not have been imposed but for (i) the existence of any present or former connection between such Owner (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such Owner, if such Owner is an estate, trust, partnership or corporation) and the United States, including, without limitation, such Owner (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been a citizen or resident thereof or being or having been present or engaged in trade or business therein or having had a permanent establishment therein, or (ii) the presentation of this Note for payment on a date more than 15 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(b) any estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment or other governmental charge;

(c) any tax, fee, duty, assessment or other governmental charge imposed by reason of such Owner's past or present status as a personal holding company, foreign personal holding company, passive foreign investment company or controlled foreign corporation with respect to the United States or as a corporation which accumulates earnings to avoid United States federal income tax;

(d) any tax, fee, duty, assessment or other governmental charge which is payable otherwise than by withholding from payments of principal or interest with respect to this Note;

(e) any tax, fee, duty, assessment or other governmental charge imposed on interest received by anyone who owns (actually or constructively) 10% or more of the total combined voting power of all classes of stock of the Bank;

(f) any tax, fee, duty, assessment or other governmental charge required to be withheld by any Paying Agent from any payment of principal (and premium, if any) or interest with respect to this Note, if such payment can be made without such withholding by any other Paying Agent with respect to this Note;

(g) any tax, fee, duty, assessment or other governmental charge which would not have been imposed but for the failure to comply with certification, information or other reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder hereof or of such Owner, if such compliance is required by statute or by regulation of the United States Treasury Department as a precondition to relief or exemption from such tax, assessment or other governmental charge; or

(h) any combination of items (a), (b), (c), (d), (e), (f) and (g);

nor shall Additional Amounts be paid to any holder of this Note on behalf of any Owner who is a fiduciary or partnership or other than the sole Owner to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or Owner would not have been entitled to payment of the Additional Amounts had such beneficiary, settlor, member or Owner been the sole Owner of this Note.

As used herein, the term "United States Alien" means any corporation, individual, fiduciary or partnership that for United States federal income tax purposes is a foreign corporation, nonresident alien individual, nonresident alien fiduciary of a foreign estate or trust, or foreign partnership one or more members of which is a foreign corporation, nonresident alien individual or nonresident alien fiduciary of a foreign estate or trust.

If this Note is in bearer form and the Bank shall determine, based upon a written opinion of independent counsel selected by the Bank, that any payment made outside the United States by the Bank or any of its Paying Agents of the full amount of the next scheduled payment of either principal (and premium, if any) or interest due with respect to this Note would, under any present or future laws or regulations of the United States affecting taxation or otherwise, be subject to any certification, information or other reporting requirements of any kind, the effect of which requirements is the disclosure to the Bank, any of its Paying Agents or any governmental authority of the nationality, residence or identity (as distinguished from status as a United States Alien) of any Owner of this Note who is a United States Alien (other than such requirements which (i) would not be applicable to a payment made to a custodian, nominee or other agent of the Owner, or which can be satisfied by such a custodian, nominee or other agent certifying to the effect that such Owner is a United States Alien; provided, however, in each case that payment by such custodian, nominee or agent to such Owner is not otherwise subject to any requirements referred to in this sentence, (ii) are applicable only to payment by a custodian, nominee or other agent of the Owner to or on behalf of such Owner, or (iii) would not be applicable to a payment made by any other paying agent of the Bank), the Bank shall redeem this Note as a whole but not in part at a redemption price equal to the principal amount hereof (or, if this is an Original Issue Discount Note, the Amortized Face Amount (as defined herein) hereof determined as of the date of redemption), together, if appropriate, with accrued interest to, but excluding, the date fixed for redemption, such redemption to take place on such date not later than one year after notice of such determination has been given as described herein. If the Bank becomes aware of an event that might give rise to such certification, information or other reporting requirements, the Bank shall, as soon as practicable, solicit advice of independent counsel selected by the Bank to establish whether such certification, information or other reporting requirements will apply and, if such requirements will, in the written opinion of such counsel, apply, the Bank shall give

prompt notice of such determination (a "Tax Notice") stating in such notice the effective date of such certification, information or other reporting requirements and, if applicable, the date by which the redemption shall take place. Notwithstanding the foregoing, the Bank shall not redeem this Note if the Bank, based upon the written opinion of independent counsel selected by the Bank, shall subsequently determine not less than 30 days prior to the date fixed for redemption that subsequent payments would not be subject to any such requirements, in which case the Bank shall give prompt notice of such determination and any earlier redemption notice shall thereby be revoked and of no further effect.

Notwithstanding the foregoing, if and so long as the certification information or other reporting requirements referred to in the preceding paragraph would be fully satisfied by payment of a withholding, backup withholding tax or similar charge, the Bank may elect prior to giving the Tax Notice to have the provisions described in this paragraph apply in lieu of the provisions described in the preceding paragraph, in which case the Tax Notice shall state the effective date of such certification, information or reporting requirements and that the Bank has elected to pay Additional Amounts rather than redeem this Note. In such event, the Bank will also pay as Additional Amounts such sums as may be necessary so that every net payment made following the effective date of such certification, information or reporting requirements outside the United States by the Bank or any of its Paying Agents of principal (and premium, if any) or interest due with respect to this Note to the bearer hereof who certifies to the effect that the beneficial owners of this Note are United States Aliens (provided that such certification shall not have the effect of communicating to the Bank or any of its Paying Agents or any governmental authority the nationality, residence or identity of such beneficial owners) after deduction or withholding for or on account of such withholding, backup withholding tax or similar charge (other than a withholding, backup withholding tax or similar charge which (i) is imposed as a result of certification, information or other reporting requirements referred to in the second parenthetical clause of the first sentence of the preceding paragraph or (ii) is imposed as a result of the fact that the Bank or any of its Paying Agents has actual knowledge that the bearer hereof or any beneficial owner of this Note is not a United States Alien but is within the category of persons, corporations or other entities described in clause (a)(i) of the third preceding paragraph, or (iii) is imposed as a result of presentation of this Note for payment more than 15 days after the date on which such payment becomes due and payable or on which payment thereof is duly provided for, whichever occurs later), will not be less than the amount provided for in this Note to be then due and payable. In the event the Bank elects to pay such Additional Amounts, the Bank will have the right, at its sole option, at any time, to redeem this Note, as a whole but not in part, at a redemption price equal to the principal amount hereof (or, if this is an Original Issue Discount Note, the Amortized Face Amount hereof determined as of the date of redemption), together, if appropriate, with accrued interest to the date fixed for redemption including any Additional Amounts required to be paid under this paragraph. If the Bank has made the determination described in the preceding paragraph with respect to certification, information or other reporting requirements applicable to interest only and subsequently makes a determination in the manner and of the nature referred to in such preceding paragraph with respect to such requirements applicable to principal, the Bank will redeem this Note in the manner and on the terms described in the preceding paragraph (except as provided below), unless the Bank elects to have the provisions of this paragraph apply rather than the provisions of the immediately preceding paragraph. If in such circumstances this Note is to be redeemed, the Bank will be obligated to pay Additional Amounts with respect to interest, if any, accrued to the date of redemption. If the

Bank has made the determination described in the preceding paragraph and subsequently makes a determination in the manner and of the nature referred to in such preceding paragraph that the level of withholding applicable to principal or interest has been increased, the Bank will redeem this Note in the manner and on the terms described in the preceding paragraph (except as provided below), unless the Bank elects to have the provisions of this paragraph apply rather than the provisions of the immediately preceding paragraph. If in such circumstances this Note is to be redeemed, the Bank will be obligated to pay Additional Amounts with respect to the original level of withholding on principal and interest, if any, accrued to the date of redemption.

Whenever in this Note there is mentioned, in any context, the payment of the principal of (or premium, if any) or interest on, or in respect of, this Note, such mention shall be deemed to include mention of the payment of Additional Amounts provided for herein to the extent that, in such context, Additional Amounts are, were or would be payable in respect hereof pursuant to the provisions of this Note and express mention of the payment of Additional Amounts (if applicable) in any provisions hereof shall not be construed as including Additional Amounts in those provisions hereof where such express mention is not made.

Except as specifically provided herein (or, if this Note is in global form, in the Pricing Supplement) (i) neither the Bank nor any Paying Agent shall be required to make, any payment with respect to any tax, fee, duty, assessment or other governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein; (ii) a Paying Agent on behalf of the Bank shall have the right, but not the duty, to withhold from any amounts otherwise payable to a holder of this Note such amount as is necessary for the payment of any such taxes, fees, duties, assessments or other governmental charges; and (iii) if such an amount is withheld, the amount payable to the holder of this Note shall be the amount otherwise payable reduced by the amount so withheld.

The Bank may redeem this Note in whole but not in part at any time at a redemption price equal to the principal amount hereof (or, if this is an Original Issue Discount Note, the Amortized Face Amount hereof determined as of the date of redemption), together with accrued interest to but excluding the date fixed for redemption, if the Bank shall determine, based upon a written opinion of independent counsel selected by the Bank, that as a result of any change in or amendment to the laws (or any regulations or rulings promulgated hereunder) of the United States or of any political subdivision or taxing authority thereof or therein affecting taxation, or any change in application or official interpretation of any such laws, regulations or rulings, which amendment or change is effective on or after the Original Issue Date, the Bank would be required to pay Additional Amounts on the occasion of the next payment due with respect to such Note.

Notice of intention to redeem this Note, in whole but not in part, pursuant to the immediately preceding paragraph will be given (i) if this Note is in registered form, to the registered holder of this Note at least once not less than 30 days nor more than 60 days prior to the date fixed for redemption or (ii) if this Note is in bearer form, by publication in accordance with applicable law, provided that no such notice of redemption shall be given earlier than 90 days prior to the effective date of such change or amendment and that at the time notice of such redemption is given, such obligation to pay such Additional Amounts remains in effect and cannot be avoided by the Bank's taking reasonable measures available to it. From and after any redemption date, if

monies for the redemption of this Note shall have been made available for redemption on such redemption date, this Note shall cease to bear interest (and, if this Note is a definitive bearer Note, any interest coupons appertaining hereto (whether or not attached) maturing after the redemption date shall become void and no payment shall be made in respect thereof), and the only right of the holder of this Note shall be to receive payment of the principal amount hereof (or, if this is an Original Issue Discount Note, the Amortized Face Amount hereof) and all unpaid interest accrued to such redemption date.

Events of Default, Acceleration of Maturity

In respect of this Note, the occurrence of any of the following events shall constitute an "Event of Default" with respect to this Note:

(i) default in the payment of any interest (including any Additional Amounts) with respect to this Note when due, which continues for 30 days;

(ii) default, in the payment of any principal of, or premium, if any, on, this Note when due;

(iii) whatever the reason for such and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body, the entry by a court having jurisdiction in the premises of:

(a) a decree or order for relief in respect of the Bank in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law; or

(b) a decree or order appointing a conservator, receiver, liquidator, assignee, trustee, sequestrator or any other similar official of the Bank, or of substantially all of the property of the Bank, or ordering the winding up or liquidation of the affairs of the Bank, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(iv) the commencement by the Bank of a voluntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or the commencement of any bankruptcy or insolvency case or proceeding, or the filing by the Bank of a petition or answer or consent seeking reorganization or relief under any applicable United States federal or state law, or the consent by the Bank to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Bank or of substantially all of the property of the Bank, or the making by the Bank of an assignment for the benefit of creditors, or the taking of corporate action by the Bank in furtherance of any such action.

If an Event of Default shall occur and be continuing, the holder of this Note may declare the principal amount of, and accrued interest and premium, if any, on, this Note due and payable

immediately by written notice to the Bank. Upon such declaration and notice, such principal amount (and premium, if any) and accrued interest shall become immediately due and payable. Any Event of Default with respect to this Note may be waived by the holder thereof.

This Note contains no limitation on the amount of senior debt, deposits or other obligations that rank senior to this Note that may be hereafter incurred or assumed by the Bank.

Miscellaneous

Notwithstanding anything to the contrary contained herein, if this Note is identified as a Discount Note on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the amount payable to the holder of this Note in the event of redemption, repayment or acceleration of Maturity will be equal to (i) the Amortized Face Amount (as defined below) as of the date of such event, plus (ii) with respect to any redemption of this Note (other than as provided above in the event that Additional Amounts are required to be paid by the Bank with respect to this Note), the Initial Redemption Percentage specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) (as adjusted by the Annual Redemption Percentage Reduction specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), if any) minus 100% multiplied by the Issue Price specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), net of any portion of such Issue Price which has been paid prior to the date of redemption, or the portion of the Issue Price (or the net amount) proportionate to the portion of the unpaid principal amount to be redeemed, plus (iii) any accrued interest to the date of such event the payment of which would constitute qualified stated interest payments within the meaning of U.S. Treasury Regulation 1.1273-1 (c) under the Code. The "Amortized Face Amount" shall mean an amount equal to (i) the Issue Price plus (ii) the aggregate portions of the original issue discount (the excess of the amounts considered as part of the "stated redemption price at maturity" of this Note within the meaning of Section 1273(a)(2) of the Code, whether denominated as principal or interest, over the Issue Price) which shall theretofore have accrued pursuant to Section 1272 of the Code (without regard to Section 1272(a)(7) of the Code) from the date of issue of this Note to the date of determination, minus (iii) any amount considered as part of the "stated redemption price at maturity" of this Note which has been paid from the date of issue to the date of determination.

As used herein, "Business Day" means, unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), a day which is both (i) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in The City of New York, Glen Allen, Virginia, and London; and (ii) either (a) if this is a Note denominated in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial center of the country of the relevant Specified Currency (if other than the City of New York or London) or (b) if this is a Note denominated in euro, a day (other than a Saturday or a Sunday) on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open. As used herein, "London Business Day" means any day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London.

Any action by the holder of this Note shall bind all future holders of this Note, and of any Note issued in exchange or substitution hereof or in place hereof, in respect of anything done or permitted by the Bank or by the Paying Agents in pursuance of such action.

In case any Note shall at any time become mutilated, defaced, destroyed, lost or stolen, and such Note or evidence of the loss, theft or destruction thereof satisfactory to the Bank and the Registrar or London Issuing Agent, as the case may be, and such other documents or proof as may be required by the Bank and the Registrar or London Issuing Agent, as the case may be, shall be delivered to the Registrar or London Issuing Agent, as the case may be, the Registrar or London Issuing Agent, as the case may be, shall issue a new Note of like tenor and principal amount, having a serial number not contemporaneously outstanding, in exchange and substitution for the mutilated or defaced Note or in lieu of the Note destroyed, lost or stolen but, in the case of any destroyed, lost or stolen Note, only upon receipt of evidence satisfactory to the Bank and the Registrar or London Issuing Agent, as the case may be, that such Note was destroyed, stolen or lost, and, if required, upon receipt of indemnity satisfactory to the Bank and the Registrar or London Issuing Agent, as the case may be. Upon the issuance of any substituted Note, the Bank may require the payment of a sum sufficient to cover all expenses and reasonable charges connected with the preparation and delivery of a new Note. If any Note which has matured or has been redeemed or repaid or is about to mature or to be redeemed or repaid shall become mutilated, defaced, destroyed, lost or stolen, the Bank may, instead of issuing a substitute Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated or defaced Note) upon compliance by the holder with the provisions of this paragraph.

No recourse shall be had for the payment of principal of (and premium, if any) or interest on, this Note for any claim based hereon, or otherwise in respect hereof, against any shareholder, employee, agent, officer or director, as such, past, present or future, of the Bank or of any successor organization, either directly or through the Bank or any successor organization, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

The Notes are issued in accordance with the Global Agency Agreement. The Notes, and any receipts or interest coupons appertaining thereto, may be amended by the Bank, and the Global Agency Agreement may be amended by the parties thereto, (i) for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained therein, (ii) to make any further modifications of the terms of the Global Agency Agreement necessary or desirable to allow for the issuance of any additional Notes (which modifications shall not be materially adverse to holders of outstanding Notes) or (iii) in any manner which the Bank (and, in the case of the Global Agency Agreement, the parties thereto) may deem necessary or desirable and which shall not materially adversely affect the interests of the holders of the Notes, or any receipts, talons or interest coupons appertaining thereto, to all of which each holder of Notes, receipts, talons or interest coupons shall, by acceptance thereof, be deemed to have consented; provided, however, that no such modification or amendment may, without the consent of the holder of each outstanding Note affected thereby, (1) change the Maturity Date with respect to any Note or reduce or cancel the amount payable at Maturity; (2) reduce the amount payable or modify the payment date for any interest with respect to any Note or vary the method

of calculating the rate of interest with respect to any Note; (3) reduce any Minimum Interest Rate and/or Maximum Interest Rate with respect to any Note; (4) modify the currency in which payments under any Note and/or any receipts, coupons or talons appertaining thereto are to be made; (5) change the obligation of the Bank to pay Additional Amounts with respect to Notes, receipts, talons or coupons; or (6) reduce the percentage in principal amount of outstanding Notes the consent of the holders of which is necessary to modify the provisions of the Notes or to waive any future compliance or past default. Any instrument given by or on behalf of any holder of a Note in connection with any consent to any such modification, amendment or waiver shall be irrevocable once given and shall be conclusive and binding on all subsequent holders of such Note. Any modifications, amendments or waivers to this Agreement or the provisions of the Notes, receipts, talons or coupons shall be conclusive and binding on all holders of Notes, receipts, talons or coupons, whether or not notation of such modifications, amendments or waivers is made upon the Notes, receipts, talons or coupons. It will not be necessary for the consent of the holders of Notes to approve the particular form of any proposed amendment, but it shall be sufficient if such consent shall approve the substance thereof.

No provision of this Note shall alter or impair the obligation of the Bank, which is absolute and unconditional, to pay principal of (and premium, if any) and interest on, and any Additional Amounts with respect to, this Note in the Specified Currency indicated on the face hereof (or, as provided herein, in the equivalent in U.S. dollars) at the times, places and rate herein prescribed.

No service charge shall be made to a holder of this Note for any transfer or exchange of this Note, but the Bank may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

If this Note is in registered form, prior to due presentment of this Note for registration of transfer, the Bank, Domestic Paying Agent, Registrar, London Paying Agent, Luxembourg Paying Agent, Transfer Agent and Listing Agent (collectively, together with any successors thereto, the "Agents") or any agent of the Bank or the Agents may treat the holder in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Bank, the Agents nor any such agent shall be affected by notice to the contrary except as required by applicable law.

All notices to the Bank under this Note shall be in writing and addressed to the Bank at Capital One Bank, 8000 Jones Branch Road, McLean, Virginia 22102, USA, Attention: Treasurer; telephone: (703) 8751000; and facsimile: (703) 875-1099 or to such other address of the Bank as the Bank may notify the holders of the Notes.

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably request(s) and instruct(s) the Bank to repay this Note (or portion hereof specified below) pursuant to its terms at a price equal to 100% of the principal amount hereof to be repaid, together with accrued and unpaid interest hereon, payable to the date of repayment, to the undersigned, at _____

(Please print or typewrite name and address of the undersigned.)

For this Note to be repaid, the undersigned must give to the London Paying Agent, if this Note is in bearer form, at 9 Thomas More Street, London, E1W 1YT or, if this Note is in registered form, to the Domestic Paying Agent at The Chase Manhattan Bank, 450 West 33rd Street, New York, New York 10001-2697, United States of America, or to the London Paying Agent at its address, as the case may be, or at such other place or places of which the Bank shall from time to time notify the holders of the Notes not more than 60 days nor less than 30 days prior to the date of repayment, this Note (and, if this Note is in definitive bearer form, all interest coupons appertaining hereto maturing after the repayment date) with this "Option to Elect Repayment" form duly completed.

If less than the entire principal amount of this Note is to be repaid, specify the portion hereof (which shall be increments of US\$1,000, or equivalent denominations in other currencies) which the holder elects to have repaid and specify the denomination or denominations (which shall be an Authorized Denomination specified on the face of the within Note) of the Notes to be issued to the holder for the portion of this Note not being repaid (in the absence of any such specification, one such Note will be issued for the portion not being repaid):

US\$ _____

Signature
NOTICE: The signature on this "Option to Elect Repayment" form must correspond with the name as written upon the face of the within Note in every particular, without alteration or enlargement or any change whatsoever.

Dated: _____

Signature Guarantee NOTICE: The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations, and credit unions with membership in an approved signature guarantee medallion program), pursuant to Rule 17Ad-15 under the Securities Exchange Act of 1934.

REGISTERED GLOBAL SENIOR NOTE

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (THE "DEPOSITARY") TO CAPITAL ONE BANK (THE "BANK") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED UPON REGISTRATION OF TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS NOTE IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS NOTE IS A GLOBAL SECURITY AND, UNLESS AND UNTIL THIS NOTE IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, IT MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY THE NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

SENIOR NOTE: THIS NOTE IS A DIRECT, UNCONDITIONAL, UNSECURED AND UNSUBORDINATED GENERAL OBLIGATION OF CAPITAL ONE BANK (THE "BANK"). THE OBLIGATIONS EVIDENCED BY THIS NOTE RANK PARI PASSU WITH ALL OTHER UNSECURED AND UNSUBORDINATED OBLIGATIONS OF THE BANK, EXCEPT OBLIGATIONS, INCLUDING ITS DOMESTIC (U.S.) DEPOSITS, THAT ARE SUBJECT TO ANY PRIORITIES OR PREFERENCES UNDER APPLICABLE LAW. THIS NOTE DOES NOT EVIDENCE A DEPOSIT AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC") OR ANY OTHER INSURER.

THIS NOTE IS ISSUABLE ONLY IN MINIMUM DENOMINATIONS OF US\$100,000 AND INTEGRAL MULTIPLES OF US\$1,000 IN EXCESS THEREOF. EACH OWNER OF A BENEFICIAL INTEREST IN THIS NOTE IS REQUIRED TO HOLD A BENEFICIAL INTEREST OF US\$100,000 PRINCIPAL AMOUNT OR ANY INTEGRAL MULTIPLE OF US\$1,000 IN EXCESS THEREOF OF THIS NOTE AT ALL TIMES.

No. R- REGISTERED

CUSIP No.: 14040NAB8

ISIN No.: US14040NAB82

Common Code: 011317499

CAPITAL ONE BANK
GLOBAL BANK NOTE
(Registered Global Note)

ORIGINAL ISSUE DATE: PRINCIPAL AMOUNT: \$200,000,000
June 22, 2000 SPECIFIED CURRENCY:
MATURITY DATE: | | U.S. dollar
June 23, 2003 | | Other:
| | FIXED RATE NOTE
| | FLOATING RATE NOTE

CAPITAL ONE BANK, a bank organized under the laws of the Commonwealth of Virginia (the "Bank"), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal amount specified above as adjusted in accordance with Schedule 1 hereto, on the Maturity Date specified above (except to the extent redeemed or repaid prior to the Maturity Date) and to pay interest thereon (i) in accordance with the provisions set forth on the reverse hereof under the caption "Fixed Rate Interest Provisions," if this Note is designated as a "Fixed Rate Note" above, or (ii) in accordance with the provisions set forth on the reverse hereof under the caption "Floating Rate Interest Provisions," if this Note is designated as a "Floating Rate Note" above, in each case as such provisions may be modified or supplemented by the terms and provisions set forth in the Pricing Supplement attached hereto (the "Pricing Supplement"), and (to the extent that the payment of such interest shall be legally enforceable) to pay interest at the Default Rate per annum specified in the Pricing Supplement on any overdue principal and premium, if any, and on any overdue installment or interest. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Note (or any predecessor Note) is registered at the close of business on the fifteenth calendar day (whether or not a Business Day (as defined on the reverse hereof)) next preceding the applicable Interest Payment Date (unless otherwise specified in the Pricing Supplement) (each, a "Regular Record Date"); provided, however, that interest payable at Maturity (as defined on the reverse hereof) will be payable to the person to whom principal shall be payable. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the holder as of the close of business on such Regular Record Date, and shall instead be payable to the person in whose name this Note (or any predecessor Note) is registered at the close of business on a special record date for the payment of such defaulted interest (the "Special Record Date") to be fixed by the Registrar (as defined below), notice whereof shall be given by the Registrar to the holder of this Note not less than 15 calendar days prior to such Special Record Date.

This Note is one of a duly authorized issue of the Bank's notes due from 30 days to 30 years or more from date of issue (the "Notes"). The Notes are issued in accordance with the Global Agency Agreement, dated as of June 6, 2000 (the "Global Agency Agreement"), among the Bank and The Chase Manhattan Bank as paying agent (the "Domestic Paying Agent") and as registrar (the "Registrar"), The Chase Manhattan Bank, London Branch, as paying agent (the "London Paying Agent") and as issuing agent (the "London Issuing Agent") and Chase Manhattan Bank Luxembourg S.A. as transfer agent (the "Transfer Agent"), as paying agent (the "Luxembourg Paying Agent", together with the Domestic Paying Agent and the London Paying

Agent, the "Paying Agents", and individually, a "Paying Agent") and Kredietbank S.A. Luxembourgaise as listing agent (the "Listing Agent"). The terms Domestic Paying Agent, Registrar, London Paying Agent, London Issuing Agent, Luxembourg Paying Agent, Transfer Agent and Listing Agent shall include any additional or successor agents appointed in such capacities by the Bank.

The Bank shall cause to be kept at the office of the Registrar designated below a register (the register maintained in such office or any other office or agency of the Registrar, herein referred to as the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Bank shall provide for the registration of Notes issued in registered form and of transfers of such Notes. The Bank has initially appointed The Chase Manhattan Bank, acting through its principal office at 450 West 33rd Street, 15th Floor, New York, New York 10001, as "Registrar" for the purpose of registering Notes issued in registered form and transfers of such Notes. The Bank reserves the right to rescind such designation at any time, and to transfer such function to another bank or financial institution.

The transfer of this Note is registrable in the Note Register, upon surrender of the Note for registration of transfer at the office or agency of the Registrar or any transfer agent maintained for that purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Registrar (or such transfer agent) duly executed by, the holder hereof or its attorney duly authorized in writing.

Payment of principal of, and premium, if any, and interest on, this Note due at Maturity will be made in immediately available funds upon presentation and surrender of this Note at the office of a Paying Agent maintained for that purpose; provided, that this Note is presented to such Paying Agent in time for such Paying Agent to make such payment in accordance with its normal procedures. Payments of interest on this Note (other than at Maturity) will be made by wire transfer to such account as has been appropriately designated to a Paying Agent by the person entitled to such payments.

Reference is made to the further provisions of this Note set forth on the reverse hereof and in the Pricing Supplement, which further provisions shall for all purposes have the same effect as if set forth at this place. In the event of any conflict between the provisions contained herein or on the reverse hereof and the provisions contained in the Pricing Supplement attached hereto, the latter shall control. References herein to "this Note," "hereof," "herein" and comparable terms shall include the Pricing Supplement attached hereto.

Unless the certificate of authentication hereon has been executed by the Registrar, by manual signature of an authorized signatory, this Note shall not be valid or obligatory for any purpose.

This Note shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to the conflicts of law principles thereof.

IN WITNESS WHEREOF, the Bank has caused this Note to be duly executed.

CAPITAL ONE BANK

By: _____
Name:
Title:

Dated:

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes referred to in the within-mentioned Global Agency Agreement.

THE CHASE MANHATTAN BANK,
as Registrar

By: _____
Name:
Title:

PRICING SUPPLEMENT DATED JUNE 15, 2000
(to be read in conjunction with the Offering Circular Supplement dated June 15, 2000 and the Offering Circular dated June 6, 2000)

Capital One Bank
(a Bank Organized Pursuant to the Laws of Virginia)

Global Bank Notes

Floating Rate Notes due 2003

This Pricing Supplement should be read in conjunction with the Offering Circular Supplement dated June 15, 2000 and the Offering Circular, dated June 6, 2000 (together, the "Offering Circular"), relating to the U.S.\$5,000,000,000 Global Bank Note Program of Capital One Bank. Unless otherwise defined herein, terms used herein shall have the meanings ascribed to them in the Offering Circular.

[Include whichever of the following apply]

DESCRIPTION OF THE NOTES

1. Specified Currency and Principal Amount: US \$200,000,000
2. Senior or Subordinated: Senior
3. Original Issue Date: June 22, 2000
4. Stated Maturity Date: June 23, 2003
5. Issue Price: 100%
6. (a) Authorized Denomination(s): \$100,000 and integral multiples of \$1,000 in excess thereof
(b) Redenomination (Yes/No): No [If yes, give details]
7. Form of Note (Registered or Bearer): Registered
8. (a) Series Number: 1
(b) If forming part of an existing Series (Yes/No): No [If yes, give details]
9. Interest Period:
 One Month
 Three Months
 Six Months
 Twelve Months
 Other (Specify Number of Months):
10. Interest Payment Date(s): March 23, June 23, September 23 and December 23

11. Record Dates (for Registered Notes with Maturities Greater than One Year): Fifteen calendar days prior to each Interest Payment Date.

12. Exchange Rate Agent (Registered Notes and Dual Currency Notes):

13. Default Rate (if other than Interest Rate): % per annum

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

FIXED RATE NOTES

14. Interest Rate: % per annum

15. Day Count Convention:

30/360 for the period from _____ to _____

Actual/360 for the period from _____ to _____

Actual/Actual for the period from _____ to _____

Other (specify convention and applicable period):

FLOATING RATE NOTES

16. Interest Rate Determination:

ISDA Rate

Reference Rate Determination

17. Calculation Agent, if not The Chase Manhattan Bank:

18. Maximum Interest Rate: % per annum

19. Minimum Interest Rate: % per annum

20. Day Count Convention:

30/360 for the period from _____ to _____

Actual/360 for the period from June 22, 2000 to June 23, 2003

Actual/Actual for the period from _____ to _____

Other (specify convention and applicable period):

21. Business Day Convention:

Floating Rate Convention

Following Business Day Convention

Modified Following Business Day Convention

Preceding Business Day Convention

Other (specify):

ISDA RATE

22. Margin: [+/-] % per annum

23. Floating Rate Option:

24. Designated Maturity:
 25. Reset Date:
 REFERENCE RATE DETERMINATION
 26. Initial Interest Rate: 3-month LIBOR + 95 basis points; to be
 set 2 London Business Days prior to the Original Issue Date
 27. Index Maturity: 3 months
 28. Interest Rate Basis or Bases:
 If CMT Rate: Specified CMT Telerate Page:
 Specified CMT Maturity Index:
 If EURIBOR:
 If LIBOR: LIBOR Telerate
 LIBOR Reuters
 29. Index Currency: U.S. Dollars
 30. Spread: + .95%
 31. Spread Multiplier:
 32. Initial Interest Determination Date: June 20, 2000
 33. Interest Reset Period: Quarterly from and including each
 Interest Payment Date (or the Original Issue Date in the case
 of the Initial Interest Reset Period) to but excluding the
 next Interest Payment Date or the Stated Maturity Date, as the
 case may be.
 34. Interest Reset Dates: Quarterly, on the first day of each
 Interest Reset Period.
 35. Interest Calculation:
 Regular Floating Rate Note
 Floating Rate/Fixed Rate Note
 Fixed Rate Commencement Date:
 Fixed Interest Rate: % per annum
 Inverse Floating Rate Note:
 Fixed Interest Rate: % per annum
 PROVISIONS REGARDING REDEMPTION/REPAYMENT
 36. Initial Redemption Date:
 37. Initial Redemption Percentage:
 38. Annual Redemption Percentage Reduction:
 39. Holder's Optional Repayment Date(s):
 DISCOUNT NOTES (INCLUDING ZERO COUPON NOTES)
 40. Discount Note (Yes/No):

If Yes: Total Amount of OID:
Yield to Maturity:
Initial Accrual Period: %
Issue Price:

INDEXED NOTES

- 41. Index: [give details]
- 42. Formula:
- 43. Agent, if any, responsible for calculating the principal and/or interest payable:
- 44. Provisions where calculation by reference to Index and/or Formula is impossible or impracticable:

DUAL CURRENCY NOTES

- 45. Dual Currency Notes (Yes/No):
If Yes: Face Amount:
Face Amount Currency:
Optional Payment Currency:
Option Election Dates: [give details]
- 46. Designated Exchange Rate:
- 47. Option Value Calculation Agent:
- 48. Agent, if any, responsible for calculating the principal and/or interest payable:

INSTALLMENT NOTES

- 49. Additional provisions relating to Installment Notes:

PARTLY PAID NOTES

- 50. Additional provisions relating to Partly Paid Notes:

GENERAL PROVISIONS

- 51. Additional or different Paying Agents:
- 52. Additional or different Registrars:
- 53. Additional or different London Issuing Agents:
- 54. Additional or different Transfer Agents:
- 55. "Business Day" definition (if other than as defined in the Offering Circular):
- 56. Cost, if any, to be borne by Noteholders in connection with exchanges for Definitive Bearer Notes:

- 57. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (Yes/No) and dates on which such Talons mature:

[If yes, give details]

- 58. Additional selling restrictions: [give details]

59. CUSIP: 14040NAB8
ISIN: US14040NAB82
Common Code: 011317499
Other (specify):

60. Details of additional/alternative clearance system approved by the Bank:

61. Notes to be listed (Yes/No): Yes

If Yes, securities exchange(s): Luxembourg

62. Syndicated Issue (Yes/No): Yes
If Yes, names of managers and details of relevant stabilizing manager, if any: J.P Morgan Securities Inc. and Salomon Smith Barney Inc.

63. Clearance System(s):
 DTC only
 Euroclear and Clearstream, Luxembourg only
 DTC, and Euroclear and Clearstream, Luxembourg through DTC
 DTC, Euroclear and Clearstream, Luxembourg
 Other:

64. Name(s) of relevant Distribution Agent(s): J.P. Morgan Securities Inc., Salomon Smith Barney Inc., Barclays Capital Inc., Chase Securities Inc., Credit Suisse First Boston Corporation, Deutsche Bank Securities Inc., Donaldson, Lufkin & Jenrette Securities Corporation and Morgan Stanley & Co. Incorporated

65. Other terms or special conditions:

66. Tax considerations:
Discount or Commission per Note: .250%
Selling Concession per Note: .150%
Reallowance per Note: .100

[Reverse of Note]

The Notes are issuable only in denominations of US\$100,000 and integral multiples of US\$1,000 in excess thereof (or equivalent denominations in other currencies, subject to any other statutory or regulatory minimums). This Note, and any Note issued in exchange or substitution herefor or in place hereof, or upon registration of transfer, exchange or partial redemption or repayment of this Note, may be issued only in an Authorized Denomination specified in the Pricing Supplement (or, if this Note is in definitive form, specified on the face hereof).

Unless otherwise provided herein (or, if this Note is in global form, in the Pricing Supplement), the principal of, and premium, if any, and interest on, this Note are payable in the Specified Currency indicated on the face hereof (or, if such Specified Currency is not at the time of such payment legal tender for the payment of public and private debts, in such other coin or currency of the country which issued such Specified Currency as at the time of such payment is legal tender for the payment of debts). If this Note is a DTC Global Note and the Specified Currency indicated on the face hereof is other than U.S. dollars, any such amounts paid by the Bank will be converted by The Chase Manhattan Bank, as Exchange Rate Agent, or such other agent as may be specified in the Pricing Supplement (or, if this Note is in definitive form, specified on the face hereof), which for these purposes shall act as currency exchange agent (the "Exchange Rate Agent"), into U.S. dollars for payment to the holder of this Note.

If this Note is a DTC Global Note and the Specified Currency indicated on the face hereof is other than the U.S. dollar, any U.S. dollar amount to be received by the holder of this Note will be based on the Exchange Rate Agent's bid quotation as of 11:00 a.m., London time, on the second day on which banks are open for business in London, New York City and Glen Allen, Virginia, preceding the applicable payment date, for the purchase of U.S. dollars with the Specified Currency for settlement on such payment date of the aggregate amount of the Specified Currency payable to all holders of Notes denominated other than in the U.S. dollar scheduled to receive U.S. dollar payments. If such bid quotation is not available, the Exchange Rate Agent will obtain a bid quotation from a leading foreign exchange bank in London or New York City selected by the Exchange Rate Agent for such purchase. If no such bids are available, payment of the aggregate amount due to the holder of this Note on the payment date will be made in the Specified Currency, subject to the other provisions of this Note relating to payment in such Specified Currency. All currency exchange costs will be borne by the holder of this Note by deductions from such payments. All determinations referred to above made by the Exchange Rate Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding upon the holder of this Note.

If this Note is a DTC Global Note and the Specified Currency indicated on the face hereof is other than the U.S. dollar, the holder of this Note may elect to receive payment of principal (and premium, if any) and interest on this Note in the Specified Currency indicated on the face hereof by submitting a written notice to the Paying Agents prior to 5:00 pm, New York City time, on the fifth Business Day following the applicable Record Date in the case of interest and the tenth calendar day prior to the payment date for the payment of principal. Such notice, which may be mailed or hand delivered or sent by cable, telex or facsimile transmission, shall contain (i) the

holder's election to receive all or a portion of such payment in the Specified Currency on the relevant Interest Payment Date or Maturity, as the case may be, and (ii) wire transfer instructions to an account denominated in the Specified Currency with respect to any payment to be made in the Specified Currency. Any such election made with respect to this Note by the holder will remain in effect with respect to any further payments of principal of, and premium, if any, and interest on this Note payable to the holder of this Note unless such election is revoked on or prior to the fifth Business Day following the applicable Record Date in the case of interest and the tenth calendar day prior to the payment date for the payment of principal.

If (i) this Note is a DTC Global Note and the holder of this Note shall have duly made an election to receive all or a portion of a payment of principal of, and premium, if any, or interest on this Note in the Specified Currency indicated on the face hereof, or (ii) if this Note is not a DTC Global Note, in the case of (i) or (ii) in the event the Specified Currency indicated on the face hereof has been replaced by another currency (a "Replacement Currency"), any amount due pursuant to this Note may be repaid, at the option of the Bank, in the Replacement Currency or in U.S. dollars, at a rate of exchange which takes into account the conversion, at the rate prevailing on the most recent date on which official conversion rates were quoted or set by the national government or other authority responsible for issuing the Replacement Currency, from the Specified Currency to the Replacement Currency and, if necessary, the conversion of the Replacement Currency into U.S. dollars at the rate prevailing on the date of such conversion.

If the Specified Currency indicated on the face hereof is other than the U.S. dollar and (i) this Note is a DTC Global Note and the holder of this Note shall have duly made an election to receive all or a portion of a payment of principal of, and premium, if any, or interest on this Note in the Specified Currency indicated on the face hereof, or (ii) if this Note is not a DTC Global Note, in the case of (i) or (ii) if such Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond the control of the Bank, the Bank will be entitled to satisfy its obligations to the holder of this Note by making such payments of principal of (and premium, if any) or interest on this Note in U.S. dollars until, in the sole discretion of the Bank, the Specified Currency is again available. In such circumstances, the U.S. dollar amount to be received by the holder of this Note will be made on the basis of the most recently available bid quotation from a leading foreign exchange bank in London or New York City selected by the Exchange Rate Agent, for the purchase of U.S. dollars with the Specified Currency for settlement on such payment date of the aggregate amount of the Specified Currency payable to all holders of Notes denominated other than in the U.S. dollar scheduled to receive U.S. dollar payments. Any payment made under such circumstances in U.S. dollars, where the payment is required to be made in the Specified Currency, will not constitute an "Event of Default" with respect to this Note.

The Chase Manhattan Bank shall initially act as domestic paying agent (the "Domestic Paying Agent") and the Bank has initially appointed The Chase Manhattan Bank, London Branch, acting through its specified office in London as London paying agent (the "London Paying Agent") and Chase Manhattan Bank Luxembourg S.A. as Luxembourg paying agent (the "Luxembourg Paying Agent" and together with the Domestic Paying Agent and the London Paying Agent, the "Paying Agents," and each individually, a "Paying Agent," and such terms shall include any additional or successor paying agents appointed pursuant to the Global Agency Agreement (as defined on the face hereof)) in respect of the Notes. If this Note is in registered form, this Note

may be presented or surrendered for payment, and notices, designations or requests in respect of payments with respect to this Note may be served, at the office or agency of any Paying Agent maintained for that purpose. The Bank may at any time rescind any designation of a Paying Agent, appoint any additional or successor Paying Agents or approve a change in the office through which a Paying Agent acts.

Subject to any fiscal or other laws and regulations applicable thereto in the place of payment, payments on registered Notes to be made in a Specified Currency other than the U.S. dollar and payments on bearer Notes will be made by a check in the Specified Currency drawn on or by wire transfer to an account in the Specified Currency (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with a bank (which, in the case of a payment in Yen to a non-resident of Japan, shall be an authorized foreign exchange bank) in the Principal Financial Center of the country of the Specified Currency, provided, however, that a check may not be delivered to an address in, and an amount may not be transferred to an account located in, the United States of America or its possessions by any office or agency of the Bank or any Paying Agent.

Fixed Rate Interest Provisions

If this Note is designated as a "Fixed Rate Note" on the face hereof, the Bank will pay interest on each Interest Payment Date specified in the Pricing Supplement (or, if this Note is in definitive form, specified on the face hereof) and on the Maturity Date or any Redemption Date (as defined below) or Holder's Optional Repayment Date (as defined below) (each such Maturity Date, Redemption Date and Holder's Optional Repayment Date and the date on which the principal or an installment of principal is due and payable by declaration of acceleration as provided herein being hereinafter referred to as a "Maturity" with respect to the principal repayable on such date), commencing on the first Interest Payment Date next succeeding the Original Issue Date specified on the face hereof (or if the Original Issue Date is between a Record Date and the Interest Payment Date immediately following such Record Date, on the Second Interest Payment Date following the Original Issue Date), at the Interest Rate per annum specified in the Pricing Supplement (or, if this Note is in definitive form, specified on the face hereof), until the principal hereof is paid or duly made available for payment.

Payments of interest hereon will include interest accrued from and including the most recent Interest Payment Date to which interest on this Note (or any predecessor Note) has been paid or duly provided for (or, if no interest has been paid or duly provided for, from and including the Original Issue Date) to but excluding the relevant Interest Payment Date or Maturity, as the case may be. Unless otherwise specified in the Pricing Supplement (or, if this note is in definitive form, on the face hereof), if the Maturity Date specified on the face hereof falls more than one year from the Original Issue Date, interest payments for this Note shall be computed and paid on the basis of a 360-day year of twelve 30-day months. Unless otherwise specified in the Pricing Supplement (or, if this Note is in definitive form, on the face hereof) if the Maturity Date specified on the face hereof falls one year or less from the Original Issue Date, interest payments for this Note shall be computed and paid on the basis of the actual number of days in the year divided by 360.

Unless otherwise provided herein, if any Interest Payment Date or the Maturity of this Note falls on a day which is not a Business Day, the related payment of principal of, or premium, if any, or interest on, this Note shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payments were due, and no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date or the Maturity, as the case may be.

Floating Rate Interest Provisions

If this Note is designated as a "Floating Rate Note" on the face hereof, the Bank will pay interest on each Interest Payment Date specified in the Pricing Supplement (or, if this Note is in definitive form specified on the face hereof) and at Maturity, commencing on the first Interest Payment Date next succeeding the Original Issue Date specified on the face hereof (or, if the Original Issue Date is between a Record Date and the Interest Payment Date immediately following such Record Date, on the second Interest Payment Date following the Original Issue Date), at a rate per annum determined in accordance with the provisions hereof (and, if this Note is in global form, in accordance with the Pricing Supplement), until the principal hereof is paid or duly made available for payment.

Payments of interest hereon will include interest accrued from and including the most recent Interest Payment Date to which interest on this Note (or any predecessor Note) has been paid or duly provided for (or, if no interest has been paid or duly provided for, from and including the Original Issue Date) to but excluding the relevant Interest Payment Date or Maturity, as the case may be (each such period, an "Interest Period").

Unless otherwise specified herein (or, if this Note is in global form, in the Pricing Supplement), if any Interest Payment Date (or other date which is subject to adjustment in accordance with a Business Day Convention specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement)) in respect of this Note (other than an Interest Payment Date at Maturity) would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) is:

- (1) the "Floating Rate Convention," such Interest Payment Date (or other date) shall be postponed to the next succeeding day which is a Business Day unless it would thereby fall into the next succeeding calendar month, in which event (A) such Interest Payment Date (or other date) shall be brought forward to the next preceding Business Day and (B) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Payment Period on the face hereof after the preceding applicable Interest Payment Date (or other date) occurred; or
- (2) the "Following Business Day Convention," such Interest Payment Date (or other date) shall be postponed to the next succeeding day which is a Business Day; or
- (3) the "Modified Following Business Day Convention," such Interest Payment Date (or other date) shall be postponed to the next succeeding day that is a Business Day unless it would thereby fall into the next succeeding calendar month, in

which event such Interest Payment Date (or other date) shall be brought forward to the next preceding Business Day; or

- (4) the "Preceding Business Day Convention," such Interest Payment Date (or other date) shall be brought forward to the next preceding Business Day.

If the Maturity of this Note falls on a day that is not a Business Day, the related payment of principal of (and premium, if any) and interest on, this Note will be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue on the amount so payable for the period from and after such Maturity.

If "ISDA Rate" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) in connection with the determination of the rate of interest on this Note, the rate of interest on this Note for each Interest Period will be the relevant ISDA Rate (as defined below) plus or minus the Margin, if any, specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement). Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), "ISDA Rate" means, with respect to any Interest Period, the rate equal to the Floating Rate that would be determined by the Calculation Agent or other person specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) pursuant to an interest rate swap transaction if the Calculation Agent or that other person were acting as calculation agent for that swap transaction in accordance with the terms of an agreement in the form of the Interest Rate and Currency Exchange Agreement published by the International Swaps and Derivatives Association, Inc. (the "ISDA Agreement") and evidenced by a Confirmation (as defined in the ISDA Agreement) incorporating the ISDA Definitions (as defined below) and under which:

- (A) the Floating Rate Option is as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement);
- (B) the Designated Maturity is the period specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), and
- (C) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate for a currency or on the Euro-zone inter-bank offered rate ("EURIBOR") for a currency, the first day of that Interest Period or (ii) in any other case, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement).

As used in this paragraph, "Floating Rate," "Calculation Agent," "Floating Rate Option," "Designated Maturity," and "Reset Date" have the meanings ascribed to those terms in the ISDA Definitions.

If "Reference Rate Determination" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) in connection with the determination of the rate of interest on this Note, this Note will bear interest at a rate per annum equal to the Initial Interest Rate specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) until the Initial Interest Reset Date specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) and thereafter at a rate per annum determined as follows:

1. If this Note is designated as a "Regular Floating Rate Note" on the face hereof (or, if this Note is in global form, in the Pricing Supplement) or if no designation is made for Interest Calculation on the face hereof (or, if this Note is in global form, in the Pricing Supplement), then, except as described below (or, if this Note is in global form, in the Pricing Supplement), this Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof (or, if this Note is in global form, in the Pricing Supplement). Commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Reset Date specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement); provided, however, that the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date will be the Initial Interest Rate.

2. If this Note is designated as a "Floating Rate/Fixed Rate Note" on the face hereof (or, if this Note is in global form, in the Pricing Supplement), then, except as described below (or, if this Note is in global form, in the Pricing Supplement), this Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof (or, if this Note is in global form, in the Pricing Supplement). Commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Reset Date specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement); provided, however, that (i) the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate and (ii) the interest rate in effect commencing on, and including, the Fixed Rate Commencement Date specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) to the Maturity Date shall be the Fixed Interest Rate, if such a rate is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), or if no such Fixed Interest Rate is so specified, the interest rate in effect hereon on the Business Day immediately preceding the Fixed Rate Commencement Date.

3. If this Note is designated as an "Inverse Floating Rate Note" on the face hereof (or, if this Note is in global form, in the Pricing Supplement), then, except as described below (or, if this Note is in global form, in the Pricing Supplement), this Note shall bear interest equal to the Fixed Interest Rate indicated on the face hereof (or, if this Note is in global form, in the Pricing Supplement) minus the rate determined by reference to the applicable Interest Rate Basis or Bases specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof (or, if this Note is in global form, in the Pricing Supplement); provided, however, that, unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the interest rate hereon will not be less than zero percent. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Rate Reset Date specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement); provided, however, that the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate.

Except as provided above, if "Reference Rate Determination" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) in connection with the determination of the rate of interest on this Note, the interest rate in effect on each day shall be (a) if such day is an Interest Reset Date, the interest rate determined as of the Interest Reset Determination Date (as defined below) immediately preceding such Interest Reset Date or (b) if such day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the next preceding Interest Reset Date. Each Interest Rate Basis shall be the rate determined in accordance with the applicable provision below. If any Interest Reset Date (which term includes the term Initial Interest Reset Date unless the context otherwise requires) would otherwise be a day that is not a Business Day, such Interest Reset Date shall be adjusted in accordance with the Business Day Convention specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement).

Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the "Interest Determination Date" with respect to the CD Rate, the CMT Rate, the Commercial Paper Rate, the Federal Funds Rate, the J.J. Kenny Rate, and the Prime Rate will be the second Business Day preceding each Interest Reset Date; the "Interest Determination Date" with respect to the Eleventh District Cost of Funds Rate will be the last working day of the month immediately preceding each Interest Reset Date on which the Federal Home Loan Bank of San Francisco (the "FHLB of San Francisco") publishes the Index (as defined below); the "Interest Determination Date" with respect to EURIBOR will be the second day on which the TARGET system is open immediately preceding each Interest Reset Date; the "Interest Determination Date" with respect to LIBOR shall be the second London Banking Day (as defined below) preceding each Interest Reset Date; the "Interest Determination Date" with respect to the Treasury Rate will be the day in the week in which the related Interest Reset Date falls on which day Treasury Bills (as defined below) are normally auctioned (Treasury Bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday); provided, however, that if an auction is held on the Friday of the week preceding the related Interest Reset Date, the related Interest Determination Date shall be such preceding Friday; and provided, further, that if an auction shall fall on any Interest Reset Date, then the Interest Reset Date shall instead be the first Business Day following such auction. If the interest rate of this Note is determined with reference to two or more Interest Rate Bases as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the Interest Determination Date pertaining to this Note will be the latest Business Day which is at least two Business Days prior to such Interest Reset Date on which each Interest Rate Basis is determinable. Each Interest Rate Basis shall be determined on such date, and the applicable interest rate shall take effect on the Interest Reset Date.

Determination of CD Rate. If an Interest Rate Basis for this Note is the CD Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the CD Rate shall be determined as of the applicable Interest Determination Date (a "CD Rate Interest Determination Date") as the rate on such date for negotiable United States dollar certificates of deposit having the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) as published in H.15(519) (as defined below) under the heading "CDs (Secondary Market)". In the event that such rate is not so published prior to 3:00 p.m., New York City time, on the Calculation Date pertaining to such CD Rate Interest Determination Date,

the CD Rate will be the rate on such CD Rate Interest Determination Date for certificates of deposit having the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) as published in H.15 Daily Update (as defined below), or another recognized electronic source used for the purpose of displaying that rate, under the heading "CDs (secondary market)". If such rate is published neither in H.15(519) nor in H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on such Calculation Date, the CD Rate for such CD Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the secondary market offered rates as of 10:00 a.m., New York City time, on such CD Rate Interest Determination Date, of three leading nonbank dealers of negotiable United States dollar certificates of deposit in The City of New York selected by the Calculation Agent for negotiable United States dollar certificates of deposit of major United States money market banks for negotiable certificates of deposit with a remaining maturity closest to the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) in an amount that is representative for a single transaction in that market at that time; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the CD Rate determined on such CD Rate Interest Determination Date will be the CD Rate in effect on such date.

"H.15(519)" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System.

"H.15 Daily Update" means the daily update of H.15(519), available through the world-wide-web site of the Board of Governors of the Federal Reserve System at <http://www.bog.frb.fed.us/releases/h15/update>, or any successor site or publication.

Determination of CMT Rate. If an Interest Rate Basis for this Note is the CMT Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the CMT Rate shall be determined by the Calculation Agent as of the applicable Interest Determination Date (a "CMT Rate Interest Determination Date") in accordance with the following provisions:

(i) If "CMT Telerate Page 7051" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the CMT Rate on the CMT Rate Interest Determination Date shall be a percentage equal to the yield for United States Treasury securities at "constant maturity" having the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) as set forth in H.15(519) under the caption "Treasury Constant Maturities," as such yield is displayed on Telerate, Inc. (or any successor service) on page 7051 (or any other page as may replace such page on such service) ("Telerate Page 7051") for such CMT Rate Interest Determination Date. If such rate does not appear on Telerate Page 7051, the CMT Rate on such CMT Rate Interest Determination Date shall be a percentage equal to the yield for United States Treasury securities at "constant maturity" having the Index Maturity and for such CMT Rate Interest Determination Date as set forth in H.15(519) under the caption "Treasury Constant Maturities". If such rate does not appear in H.15(519), the CMT Rate on such CMT Rate Interest Determination Date shall be the rate for the period of the Index Maturity as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15(519). If the Board of

Governors of the Federal Reserve System or the United States Department of the Treasury does not publish a yield on United States Treasury securities at "constant maturity" having the Index Maturity for such CMT Rate Interest Determination Date, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 p.m., New York City time, on such CMT Rate Interest Determination Date of three leading primary United States government securities dealers in The City of New York (each, a "Reference Dealer") selected by the Calculation Agent (from five such Reference Dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity equal to the Index Maturity, a remaining term to maturity no more than 1 year shorter than the Index Maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated. If fewer than three prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 p.m., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent (from five such Reference Dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity greater than the Index Maturity, a remaining term to maturity closest to the Index Maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of such quotations shall be eliminated; provided, however, that if fewer than three such prices are provided as requested, the CMT Rate determined as of such CMT Rate Interest Determination Date shall be the CMT Rate in effect on such CMT Rate Interest Determination Date. If two such United States Treasury securities with an original maturity greater than the Index Maturity have remaining terms to maturity equally close to the Index Maturity, the quotes for the Treasury security with the shorter original term to maturity will be used.

(ii) If "CMT Telerate Page 7052" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the CMT Rate on the CMT Rate Interest Determination Date shall be a percentage equal to the one-week or one-month, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), average yield for United States Treasury securities at "constant maturity" having the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) as set forth in H.15(519) opposite the caption "Treasury Constant Maturities," as such yield is displayed on Telerate, Inc. (or any successor service) on page 7052 (or any other page as may replace such page on such service) ("Telerate Page 7052") for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls. If such rate does not appear on the Telerate Page 7052, the CMT Rate on such CMT Rate Interest Determination Date shall be a percentage equal to the one-week or one-month, as specified on

the face hereof (or, if this Note is in global form, in the Pricing Supplement), average yield for United States Treasury securities at "constant maturity" having the Index Maturity and for the week or month, as applicable, preceding such CMT Rate Interest Determination Date as set forth in H.15(519) opposite the caption "Treasury Constant Maturities". If such rate does not appear in H.15(519), the CMT Rate on such CMT Rate Interest Determination Date shall be the one-week or one-month, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), average yield for United States Treasury securities at "constant maturity" having the Index Maturity as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls. If the Federal Reserve Bank of New York does not publish a one-week or one-month, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), average yield on United States Treasury securities at "constant maturity" having the Index Maturity for the applicable week or month, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 p.m., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent (from five such Reference Dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity equal to the Index Maturity, a remaining term to maturity of no more than 1 year shorter than the Index Maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated. If fewer than three prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 p.m., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent (from five such Reference Dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity longer than the Index Maturity, a remaining term to maturity closest to the Index Maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated; provided, however, that if fewer than three such prices are provided as requested, the CMT Rate determined as of such CMT Rate Interest Determination Date shall be the CMT Rate in effect on such CMT Rate Interest Determination Date. If two United States Treasury securities with an original maturity greater than the Index Maturity have remaining terms to maturity equally close to the Index Maturity, the quotes for the Treasury security with the shorter original term to maturity will be used.

Determination of Commercial Paper Rate. If an Interest Rate Basis for this Note is the Commercial Paper Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the Commercial Paper Rate shall be determined as of the applicable

Interest Determination Date (a "Commercial Paper Rate Interest Determination Date") as the Money Market Yield (as defined below) on such date of the rate for commercial paper having the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) as published in H.15(519) under the caption "Commercial Paper-Nonfinancial" or, if not so published by 3:00 p.m., New York City time, on the related Calculation Date, the Money Market Yield of the rate on such Commercial Paper Rate Interest Determination Date for commercial paper having the Index Maturity as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Commercial Paper-Nonfinancial." If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on such Calculation Date, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date will be calculated by the Calculation Agent and shall be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 a.m., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of United States dollar commercial paper in The City of New York selected by the Calculation Agent for commercial paper having the Index Maturity placed for industrial issuers whose bond rating is "Aa," or the equivalent, from a nationally recognized statistical rating organization; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined as of such Commercial Paper Rate Interest Determination Date will be the Commercial Paper Rate in effect on such Commercial Paper Rate Interest Determination Date.

"Money Market Yield" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360 \times 100}{360 - (D \times M)}$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the applicable Interest Reset Period.

Determination of Eleventh District Cost of Funds Rate. If an Interest Rate Basis for this Note is the Eleventh District Cost of Funds Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the Eleventh District Cost of Funds Rate shall be determined as of the applicable Interest Determination Date (an "Eleventh District Cost of Funds Rate Interest Determination Date"), as the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which such Eleventh District Cost of Funds Rate Interest Determination Date falls, as set forth under the caption "11th District" on Telerate Page 7058 (as defined below) as of 11:00 a.m., San Francisco time, on such Eleventh District Cost of Funds Rate Interest Determination Date. If such rate does not appear on Telerate Page 7058 on the related Eleventh District Cost of Funds Rate Interest Determination Date, the Eleventh District Cost of Funds Rate for such Eleventh District Cost of Funds Rate Interest Determination Date shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the "Index") by the FHLB of San Francisco as such cost of funds for the calendar month immediately preceding the date of such announcement. If the FHLB of San Francisco fails

to announce such rate for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date, then the Eleventh District Cost of Funds Rate determined as of such Eleventh District Cost of Funds Rate Interest Determination Date shall be the Eleventh District Cost of Funds Rate in effect on such Eleventh District Cost of Funds Rate Interest Determination Date.

"Telerate Page 7058" means the display designated as page "7058" on the Bridge Telerate Service (or such other page as may replace the 7058 page on that service for the purpose of displaying the monthly weighted average costs of funds paid by member institutions of the Eleventh Federal Home Loan Bank District).

Determination of EURIBOR. If an Interest Rate Basis for this Note is EURIBOR, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), EURIBOR shall be determined as of the applicable Interest Determination Date (a "EURIBOR Interest Determination Date"), in accordance with the following provisions:

(i) With respect to any EURIBOR Interest Determination Date, EURIBOR will be:

(a) the rate for deposits in euro as sponsored, calculated and published jointly by the European Banking Federation and ACI--The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, having the Index Maturity specified on the face hereof (or if this Note is in global form, in the Pricing Supplement), commencing on the applicable Interest Reset Date, as that rate appears on Telerate, Inc., or any successor service, on page 248 (or any other page as may replace such page on such service) ("Telerate Page 248") as of 11:00 a.m., Brussels time, on the applicable EURIBOR Interest Determination Date.

(b) if the rate referred to in clause (a) above does not appear on Telerate Page 248, or is not so published by 11:00 a.m., Brussels time, on the applicable EURIBOR Interest Determination Date, the rate calculated by the Calculation Agent as the arithmetic mean of at least two quotations obtained by the Calculation Agent after requesting the principal Euro-zone (as defined hereinafter) offices of four major banks in the Euro-zone interbank market, in the European interbank market, to provide the Calculation Agent with its offered quotation for deposits in euro for the period of the Index Maturity designated on the face hereof (or if this Note is in global form, in the Pricing Supplement), commencing on the applicable Interest Reset Date, to prime banks in the Euro-zone interbank market at approximately 11:00 a.m., Brussels time, on the applicable EURIBOR Interest Determination Date and in a principal amount not less than the equivalent of U.S.\$1,000,000 in euro that is representative for a single transaction in euro in such market at such time.

(c) if fewer than two quotations referred to in clause (b) above are provided, EURIBOR for such EURIBOR Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., Brussels time, on such EURIBOR Interest Determination Date by four major banks in the Eurozone for loans in euro to leading European banks, having the Index Maturity designated on the face hereof (or if this Note is in global form, in the Pricing

Supplement), commencing on the applicable Interest Reset Date and in principal amount not less than the equivalent of U.S.\$1,000,000 in euro that is representative for a single transaction in euro in such market at such time.

(d) if the banks so selected by the Calculation Agent are not quoting as mentioned in clause (c) above, EURIBOR determined as of such EURIBOR Interest Determination Date shall be EURIBOR in effect on such EURIBOR Interest Determination Date.

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the treaty establishing the European Community, as amended by the treaty on European Union.

Determination of Federal Funds Rate. If an Interest Rate Basis for this Note is the Federal Funds Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the Federal Funds Rate shall be determined as of the applicable Interest Determination Date (a "Federal Funds Rate Interest Determination Date") as the rate on such date for United States dollar federal funds as published in H.15(519) under the heading "Federal Funds (Effective)", as such rate is displayed on Bridge Telerate, Inc. (or any successor service) on page 120 (or any other page as may replace such page on such service) ("Telerate Page 120"), or, if such rate does not appear on Telerate Page 120 or is not so published by 3:00 p.m., New York City time, on the Calculation Date, the rate on such Federal Funds Rate Interest Determination Date for United States dollar federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Federal Funds (Effective)." If such rate does not appear on Telerate Page 120 or is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of United States dollar federal funds transactions in The City of New York selected by the Calculation Agent, prior to 9:00 a.m., New York City time, on such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

Determination of J.J. Kenny Rate. If an Interest Rate Basis for this Note is the J.J. Kenny Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the J.J. Kenny Rate shall be determined as of the applicable Interest Determination Date (a "J.J. Kenny Interest Determination Date") as the rate in the high grade weekly index (the "Weekly Index") on such date made available by Kenny Information Systems ("Kenny") to the Calculation Agent. The Weekly Index Maturity is, and shall be, based upon 30-day yield evaluations at par of bonds, the interest of which is exempt from Federal income taxation under the Internal Revenue Code of 1986, as amended (the "Code"), of not less than five high grade component issuers selected by Kenny which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed

from time to time by Kenny in its discretion. The bonds on which the Weekly Index is based shall not include any bonds on which the interest is subject to a minimum tax or similar tax under the Code, unless all tax-exempt bonds are subject to such tax. In the event Kenny ceases to make available such Weekly Index, a successor indexing agent will be selected by the Calculation Agent, such index to reflect the prevailing rate for bonds rated in the highest short-term rating category by Moody's Investors Service, Inc. and Standard & Poor's Ratings Group in respect of issuers most closely resembling the high grade component issuers selected by Kenny for its Weekly Index, the interest on which is (i) variable on a weekly basis, (ii) exempt from Federal income taxation under the Code, and (iii) not subject to a minimum tax or similar tax under the Code, unless all tax-exempt bonds are subject to such tax. If such successor indexing agent is not available, the rate for any J.J. Kenny Interest Determination Date shall be 67% of the rate determined if the Treasury Rate option had been originally selected.

Determination of LIBOR. If an Interest Rate Basis for this Note is LIBOR, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), LIBOR shall be determined by the Calculation Agent as of the applicable Interest Determination Date (a "LIBOR Interest Determination Date"), in accordance with the following provisions:

(i) if "LIBOR Telerate" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) or if neither "LIBOR Reuters" nor "LIBOR Telerate" is specified on the face hereof as the method for calculating LIBOR, LIBOR will be the rate for deposits in the Designated LIBOR Currency having the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), commencing on such Interest Reset Date, that appears on the Designated LIBOR Page (as defined hereinafter) as of 11:00 a.m., London time, on such LIBOR Interest Determination Date; or (b) if "LIBOR Reuters" is specified on the face hereof, the arithmetic mean of the offered rates (unless the Designated LIBOR Page by its terms provides only for a single rate, in which case such single rate shall be used) for deposits in the Designated LIBOR Currency having the Index Maturity, commencing on the applicable Interest Reset Date, that appear (or, if only a single rate is required as aforesaid, appears) on the Designated LIBOR Page (as defined hereinafter) as of 11:00 a.m., London time, on such LIBOR Interest Determination Date. If fewer than two such offered rates so appear, or if no such rate so appears, as applicable, LIBOR on such LIBOR Interest Determination Date shall be determined in accordance with the provisions described in clause (ii) below.

(ii) With respect to a LIBOR Interest Determination Date on which fewer than two offered rates appear, or no rate appears, as the case may be, on the Designated LIBOR Page as specified in clause (i) above, the Calculation Agent shall request the principal London offices of each of four major reference banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in the Designated LIBOR Currency for the period of the Index Maturity, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., in the applicable Principal

Financial Center, on such LIBOR Interest Determination Date by three major banks in such Principal Financial Center (as defined hereafter) selected by the Calculation Agent for loans in the Designated LIBOR Currency to leading European banks, having the Index Maturity and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined as of such LIBOR Interest Determination Date shall be LIBOR in effect on such LIBOR Interest Determination Date.

"Designated LIBOR Currency" means the currency specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) as to which LIBOR shall be calculated or, if no such currency is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), United States dollars.

"Designated LIBOR Page" means (a) if "LIBOR Reuters" is specified on the face hereof, the display on the Reuter Monitor Money Rates Service (or any successor service) on the page specified on the face hereof (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the Designated LIBOR Currency, or (b) if "LIBOR Telerate" is specified on the face hereof or neither "LIBOR Reuters" nor "LIBOR Telerate" is specified on the face hereof as the method for calculating LIBOR, the display on Bridge Telerate, Inc. (or any successor service) on the page specified on the face hereof (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the Designated LIBOR Currency.

"Principal Financial Center" means the capital city of the country to which the Designated LIBOR Currency relates except that with respect to United States dollars, Australian dollars, Canadian dollars, Deutsche marks, Dutch guilders, Italian lire, Portuguese escudos, South African rand and Swiss francs, the "Principal Financial Center" shall be The City of New York, Sydney, Toronto, Frankfurt, Amsterdam, Milan, London (solely in the case of the Designated LIBOR Currency), Johannesburg and Zurich, respectively.

"London Banking Day" means any day (other than a Saturday or Sunday) on which dealings in deposits in the Index Currency are transacted in the London interbank market.

Determination of Prime Rate. If an Interest Rate Basis for this Note is the Prime Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the Prime Rate shall be determined as of the applicable Interest Determination Date (a "Prime Rate Interest Determination Date") as the rate on such date as such rate is published in H.15(519) under the caption "Bank Prime Loan" or, if not published by 3:00 p.m., New York City time, on the related Calculation Date, the rate on such Prime Rate Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Bank Prime Loan." If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen US PRIME 1 Page (as defined hereinafter) as such bank's prime rate or base lending rate as of 11:00 a.m., New York City time, on such Prime Rate Interest Determination Date. If fewer than

four such rates so appear on the Reuters Screen US PRIME 1 Page for such Prime Rate Interest Determination Date, then the Prime Rate shall be the arithmetic mean of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date by three major banks in The City of New York selected by the Calculation Agent; provided, however, that if the banks or trust companies so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date.

"Reuters Screen US PRIME 1 Page" means the display on the Reuter Monitor Money Rates Service (or any successor service) on the "US PRIME 1" page (or such other page as may replace the US PRIME 1 page on such service) for the purpose of displaying prime rates or base lending rates of major United States banks.

Determination of Treasury Rate. If an Interest Rate Basis for this Note is the Treasury Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the Treasury Rate shall be determined as of the applicable Interest Determination Date (a "Treasury Rate Interest Determination Date") as the rate from the auction held on such Treasury Rate Interest Determination Date (the "Auction") of direct obligations of the United States ("Treasury Bills") having the Index Maturity specified on the face hereof under the caption "INVESTMENT RATE" on the display on Telerate, Inc. (or any successor service) on page 56 (or any other page as may replace such page on such service) ("Telerate Page 56") or page 57 (or any other page as may replace such page on such service) ("Telerate Page 57") or, if not so published by 3:00 p.m., New York City time, on the related Calculation Date, the Bond Equivalent Yield (as defined hereinafter) of the rate for such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S. Government Securities/Treasury Bills/Auction High." If such rate is not so published in H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the related Calculation Date, the Treasury Rate on such Treasury Rate Interest Determination Date shall be Bond Equivalent Yield of the auction rate of such Treasury Bills as announced by the United States Department of the Treasury. In the event that such auction rate is not so announced by the United States Department of the Treasury on such Calculation Date, or if no such Auction is held, then the Treasury Rate on such Treasury Rate Interest Determination Date shall be the Bond Equivalent Yield of the rate on such Treasury Rate Interest Determination Date of Treasury Bills having the Index Maturity as published in H.15(519) under the caption "U.S. Government Securities/Treasury Bills/Secondary Market" or, if not yet published by 3:00 p.m., New York City time, on the related Calculation Date, the rate on such Treasury Rate Interest Determination Date of such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S. Government Securities/Treasury Bills/Secondary Market." If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the related Calculation Date, then the Treasury Rate on such Treasury Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 p.m., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary United States government securities dealers selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index

Maturity; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

"Bond Equivalent Yield" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis and expressed as a decimal, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the applicable Interest Reset Period.

Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), accrued interest hereon shall be an amount calculated by multiplying the face amount hereof by an accrued interest factor. Such accrued interest factor shall be computed by adding the interest factor calculated for each day in the period for which accrued interest is being calculated. Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the interest factor for each such day shall be computed and paid on the basis of a 360-day year of twelve 30-day months if the Day Count Convention specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) is "30/360" for the period specified thereunder, or by dividing the applicable per annum interest rate by 360 if the Day Count Convention specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) is "Actual/360" for the period specified thereunder, or by dividing the applicable per annum interest rate by the actual number of days in the year if the Day Count Convention specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) is "Actual/Actual" for the period specified thereunder. If no Day Count Convention is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the interest factor for each day in the relevant Interest Period shall be computed, if an Interest Rate Basis specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) is the CMT Rate, EURIBOR, or Treasury Rate or if the Specified Currency indicated on the face hereof (or, if this Note is in global form, in the Pricing Supplement) is Sterling, as if "Actual/Actual" had been specified thereon and, in all other cases, as if "Actual/360" had been specified thereon. Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), if interest on this Note is to be calculated with reference to two or more Interest Rate Bases as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the interest factor will be calculated in each period in the same manner as if only one of the applicable Interest Rate Bases applied.

Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), if "Reference Rate Determination" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) in connection with the determination of the rate of interest on this Note, the "Calculation Date," if applicable, pertaining to any Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest

Determination Date or, if such day is not a Business Day, the next succeeding Business Day and (ii) the Business Day immediately preceding the applicable Interest Payment Date or Maturity Date, as the case may be. All calculations in respect of determining the interest rate applicable to this Note (other than any calculations made by the Exchange Rate Agent) shall be made by the Calculation Agent specified on the face hereof (or, if this Note is in global form, the Pricing Supplement) or such successor thereto as is duly appointed by the Bank. The determination of any interest rate by the Calculation Agent shall, in the absence of manifest error, be conclusive for all purposes and binding upon the holder hereof.

All percentages resulting from any calculation on this Note would be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (e.g., 9.876545% (or 0.09876545) would be rounded to 9.87655% (or 0.0987655%) and 9.876544% (or 0.09876544) would be rounded to 9.87654% (or 0.0987654)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent or, if the Specified Currency is other than dollars, to the nearest unit (with one-half cent or unit being rounded upward).

At the request of the holder hereof, the Calculation Agent shall provide to the holder hereof the interest rate hereon then in effect and, if determined, the interest rate which shall become effective for the next Interest Period.

Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement). In addition to any Maximum Interest Rate applicable hereto pursuant to the above provisions, the interest rate on this Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application.

Redemption at the Option of the Bank

Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), this Note will not be subject to any sinking fund. This Note may be redeemed by the Bank either in whole or in part on and after the Initial Redemption Date, if any, specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement). If no Initial Redemption Date is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), this Note may not be redeemed prior to the Maturity Date except as provided below in the event that any Additional Amounts (as defined below) are required to be paid by the Bank with respect to this Note. On and after the Initial Redemption Date, if any, this Note may be redeemed in increments of US\$1,000 (or, if the Specified Currency indicated on the face hereof is other than the United States dollar, in such Authorized Denominations specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement)) at the option of the Bank at the applicable Redemption Price (as defined below) together with unpaid interest accrued hereon at the applicable rate borne by this Note to the date of redemption (each such date, a "Redemption Date"), on written notice given by or on behalf of the Bank not more than 60 nor less than 30 calendar days prior to the Redemption Date (unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement)); provided, however, that, in the event of redemption of this Note in part only, the unredeemed portion

thereof shall be an Authorized Denomination specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement). In the event of redemption of this Note in part only, a new Note for the unredeemed portion hereof shall be issued in the name of the holder hereof upon the surrender of this Note, or, where applicable, an appropriate notation will be made on the schedule attached hereto for such notations.

The "Redemption Price" shall initially be the Initial Redemption Percentage specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) of the principal amount of this Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) by the Annual Redemption Percentage Reduction, if any, specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), of the principal amount to be redeemed until the Redemption Price is 100% of such principal amount.

Repayment at the Option of the Holder

This Note may be subject to repayment at the option of the holder hereof in accordance with the terms hereof on any Holder's Optional Repayment Date(s), if any, specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement). If no Holder's Optional Repayment Date is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), this Note will not be repayable at the option of the holder hereof prior to the Maturity Date. On any Holder's Optional Repayment Date, this Note will be repayable in whole or in part in increments of US\$1,000 (or, if the Specified Currency indicated on the face hereof is other than the U.S. dollar, in such Authorized Denominations specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement)) at the option of the holder hereof at the repayment price equal to 100% of the principal amount to be repaid, together with accrued and unpaid interest hereon payable to the date of repayment; provided, however, that, in the event of repayment of this Note in part only, the unrepaid portion hereof shall be an Authorized Denomination specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement). For this Note to be repaid in whole or in part at the option of the holder hereof on a Holder's Optional Repayment Date, this Note must be delivered, with the form entitled "Option to Elect Repayment" attached hereto duly completed, to the Domestic Paying Agent or the London Paying Agent (as appropriate in accordance with such attached form) at the address set forth on such form or at such other address which the Bank shall from time to time notify the holders of the Notes not more than 60 nor less than 30 days prior to such Holder's Optional Repayment Date. In the event of repayment of this Note in part only, a new Note for the unrepaid portion hereof shall be issued in the name of the holder hereof upon the surrender hereof, or, where applicable, an appropriate notation will be made on the schedule attached hereto for such notations. Exercise of such repayment option by the holder hereof shall be irrevocable.

Additional Amounts

All payments of principal (and premium, if any) and interest with respect to this Note will be made without withholding or deduction at source for, or on account of, any present or future taxes, fees, duties, assessments or governmental charges of whatever nature imposed or levied by the United States or any political subdivision or taxing authority thereof or therein, unless such

withholding or deduction is required by (i) the laws (or any regulations or rulings promulgated thereunder) of the United States or any political subdivision or taxing authority thereof or therein or (ii) an official position regarding the application, administration, interpretation or enforcement of any such laws, regulations or rulings including, without limitation, a holding by a court of competent jurisdiction or by a taxing authority in the United States or any political subdivision thereof). If a withholding or deduction at source is required, the Bank will (subject to certain limitations and exceptions set forth below) pay to the holder hereof on behalf of an owner of a beneficial interest herein (an "Owner") who is a United States Alien (as defined below) such additional amounts ("Additional Amounts") as may be necessary so that every net payment of principal (and premium, if any) or interest made to the holder hereof on behalf of such Owner, after such withholding or deduction, will not be less than the amount provided for in this Note with respect to such Owner's interest; provided, however, that the Bank shall not be required to make any payment of Additional Amounts for or on account of:

(a) any tax, fee, duty, assessment or other governmental charge which would not have been imposed but for (i) the existence of any present or former connection between such Owner (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such Owner, if such Owner is an estate, trust, partnership or corporation) and the United States, including, without limitation, such Owner (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been a citizen or resident thereof or being or having been present or engaged in trade or business therein or having had a permanent establishment therein, or (ii) the presentation of this Note for payment on a date more than 15 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(b) any estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment or other governmental charge;

(c) any tax, fee, duty, assessment or other governmental charge imposed by reason of such Owner's past or present status as a personal holding company, foreign personal holding company, passive foreign investment company or controlled foreign corporation with respect to the United States or as a corporation which accumulates earnings to avoid United States federal income tax;

(d) any tax, fee, duty, assessment or other governmental charge which is payable otherwise than by withholding from payments of principal or interest with respect to this Note;

(e) any tax, fee, duty, assessment or other governmental charge imposed on interest received by anyone who owns (actually or constructively) 10% or more of the total combined voting power of all classes of stock of the Bank;

(f) any tax, fee, duty, assessment or other governmental charge required to be withheld by any Paying Agent from any payment of principal (and premium, if any) or interest with respect to this Note, if such payment can be made without such withholding by any other Paying Agent with respect to this Note;

(g) any tax, fee, duty, assessment or other governmental charge which would not have been imposed but for the failure to comply with certification, information or other reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder hereof or of such Owner, if such compliance is required by statute or by regulation of the United States Treasury Department as a precondition to relief or exemption from such tax, assessment or other governmental charge; or

(h) any combination of items (a), (b), (c), (d), (e), (f) and (g);

nor shall Additional Amounts be paid to any holder of this Note on behalf of any Owner who is a fiduciary or partnership or other than the sole Owner to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or Owner would not have been entitled to payment of the Additional Amounts had such beneficiary, settlor, member or Owner been the sole Owner of this Note.

As used herein, the term "United States Alien" means any corporation, individual, fiduciary or partnership that for United States federal income tax purposes is a foreign corporation, nonresident alien individual, nonresident alien fiduciary of a foreign estate or trust, or foreign partnership one or more members of which is a foreign corporation, nonresident alien individual or nonresident alien fiduciary of a foreign estate or trust.

If this Note is in bearer form and the Bank shall determine, based upon a written opinion of independent counsel selected by the Bank, that any payment made outside the United States by the Bank or any of its Paying Agents of the full amount of the next scheduled payment of either principal (and premium, if any) or interest due with respect to this Note would, under any present or future laws or regulations of the United States affecting taxation or otherwise, be subject to any certification, information or other reporting requirements of any kind, the effect of which requirements is the disclosure to the Bank, any of its Paying Agents or any governmental authority of the nationality, residence or identity (as distinguished from status as a United States Alien) of any Owner of this Note who is a United States Alien (other than such requirements which (i) would not be applicable to a payment made to a custodian, nominee or other agent of the Owner, or which can be satisfied by such a custodian, nominee or other agent certifying to the effect that such Owner is a United States Alien; provided, however, in each case that payment by such custodian, nominee or agent to such Owner is not otherwise subject to any requirements referred to in this sentence, (ii) are applicable only to payment by a custodian, nominee or other agent of the Owner to or on behalf of such Owner, or (iii) would not be applicable to a payment made by any other paying agent of the Bank), the Bank shall redeem this Note as a whole but not in part at a redemption price equal to the principal amount hereof (or, if this is an Original Issue Discount Note, the Amortized Face Amount (as defined herein) hereof determined as of the date of redemption), together, if appropriate, with accrued interest to, but excluding, the date fixed for redemption, such redemption to take place on such date not later than one year after notice of such determination has been given as described herein. If the Bank becomes aware of an event that might give rise to such certification, information or other reporting requirements, the Bank shall, as soon as practicable, solicit advice of independent counsel selected by the Bank to establish whether such certification, information or other reporting requirements will apply and, if such requirements will, in the written opinion of such counsel, apply, the Bank shall give

prompt notice of such determination (a "Tax Notice") stating in such notice the effective date of such certification, information or other reporting requirements and, if applicable, the date by which the redemption shall take place. Notwithstanding the foregoing, the Bank shall not redeem this Note if the Bank, based upon the written opinion of independent counsel selected by the Bank, shall subsequently determine not less than 30 days prior to the date fixed for redemption that subsequent payments would not be subject to any such requirements, in which case the Bank shall give prompt notice of such determination and any earlier redemption notice shall thereby be revoked and of no further effect.

Notwithstanding the foregoing, if and so long as the certification information or other reporting requirements referred to in the preceding paragraph would be fully satisfied by payment of a withholding, backup withholding tax or similar charge, the Bank may elect prior to giving the Tax Notice to have the provisions described in this paragraph apply in lieu of the provisions described in the preceding paragraph, in which case the Tax Notice shall state the effective date of such certification, information or reporting requirements and that the Bank has elected to pay Additional Amounts rather than redeem this Note. In such event, the Bank will also pay as Additional Amounts such sums as may be necessary so that every net payment made following the effective date of such certification, information or reporting requirements outside the United States by the Bank or any of its Paying Agents of principal (and premium, if any) or interest due with respect to this Note to the bearer hereof who certifies to the effect that the beneficial owners of this Note are United States Aliens (provided that such certification shall not have the effect of communicating to the Bank or any of its Paying Agents or any governmental authority the nationality, residence or identity of such beneficial owners) after deduction or withholding for or on account of such withholding, backup withholding tax or similar charge (other than a withholding, backup withholding tax or similar charge which (i) is imposed as a result of certification, information or other reporting requirements referred to in the second parenthetical clause of the first sentence of the preceding paragraph or (ii) is imposed as a result of the fact that the Bank or any of its Paying Agents has actual knowledge that the bearer hereof or any beneficial owner of this Note is not a United States Alien but is within the category of persons, corporations or other entities described in clause (a)(i) of the third preceding paragraph, or (iii) is imposed as a result of presentation of this Note for payment more than 15 days after the date on which such payment becomes due and payable or on which payment thereof is duly provided for, whichever occurs later), will not be less than the amount provided for in this Note to be then due and payable. In the event the Bank elects to pay such Additional Amounts, the Bank will have the right, at its sole option, at any time, to redeem this Note, as a whole but not in part, at a redemption price equal to the principal amount hereof (or, if this is an Original Issue Discount Note, the Amortized Face Amount hereof determined as of the date of redemption), together, if appropriate, with accrued interest to the date fixed for redemption including any Additional Amounts required to be paid under this paragraph. If the Bank has made the determination described in the preceding paragraph with respect to certification, information or other reporting requirements applicable to interest only and subsequently makes a determination in the manner and of the nature referred to in such preceding paragraph with respect to such requirements applicable to principal, the Bank will redeem this Note in the manner and on the terms described in the preceding paragraph (except as provided below), unless the Bank elects to have the provisions of this paragraph apply rather than the provisions of the immediately preceding paragraph. If in such circumstances this Note is to be redeemed, the Bank will be obligated to pay Additional Amounts with respect to interest, if any, accrued to the date of redemption. If the

Bank has made the determination described in the preceding paragraph and subsequently makes a determination in the manner and of the nature referred to in such preceding paragraph that the level of withholding applicable to principal or interest has been increased, the Bank will redeem this Note in the manner and on the terms described in the preceding paragraph (except as provided below), unless the Bank elects to have the provisions of this paragraph apply rather than the provisions of the immediately preceding paragraph. If in such circumstances this Note is to be redeemed, the Bank will be obligated to pay Additional Amounts with respect to the original level of withholding on principal and interest, if any, accrued to the date of redemption.

Whenever in this Note there is mentioned, in any context, the payment of the principal of (or premium, if any) or interest on, or in respect of, this Note, such mention shall be deemed to include mention of the payment of Additional Amounts provided for herein to the extent that, in such context, Additional Amounts are, were or would be payable in respect hereof pursuant to the provisions of this Note and express mention of the payment of Additional Amounts (if applicable) in any provisions hereof shall not be construed as including Additional Amounts in those provisions hereof where such express mention is not made.

Except as specifically provided herein (or, if this Note is in global form, in the Pricing Supplement) (i) neither the Bank nor any Paying Agent shall be required to make, any payment with respect to any tax, fee, duty, assessment or other governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein; (ii) a Paying Agent on behalf of the Bank shall have the right, but not the duty, to withhold from any amounts otherwise payable to a holder of this Note such amount as is necessary for the payment of any such taxes, fees, duties, assessments or other governmental charges; and (iii) if such an amount is withheld, the amount payable to the holder of this Note shall be the amount otherwise payable reduced by the amount so withheld.

The Bank may redeem this Note in whole but not in part at any time at a redemption price equal to the principal amount hereof (or, if this is an Original Issue Discount Note, the Amortized Face Amount hereof determined as of the date of redemption), together with accrued interest to but excluding the date fixed for redemption, if the Bank shall determine, based upon a written opinion of independent counsel selected by the Bank, that as a result of any change in or amendment to the laws (or any regulations or rulings promulgated hereunder) of the United States or of any political subdivision or taxing authority thereof or therein affecting taxation, or any change in application or official interpretation of any such laws, regulations or rulings, which amendment or change is effective on or after the Original Issue Date, the Bank would be required to pay Additional Amounts on the occasion of the next payment due with respect to such Note.

Notice of intention to redeem this Note, in whole but not in part, pursuant to the immediately preceding paragraph will be given (i) if this Note is in registered form, to the registered holder of this Note at least once not less than 30 days nor more than 60 days prior to the date fixed for redemption or (ii) if this Note is in bearer form, by publication in accordance with applicable law, provided that no such notice of redemption shall be given earlier than 90 days prior to the effective date of such change or amendment and that at the time notice of such redemption is given, such obligation to pay such Additional Amounts remains in effect and cannot be avoided by the Bank's taking reasonable measures available to it. From and after any redemption date, if

monies for the redemption of this Note shall have been made available for redemption on such redemption date, this Note shall cease to bear interest (and, if this Note is a definitive bearer Note, any interest coupons appertaining hereto (whether or not attached) maturing after the redemption date shall become void and no payment shall be made in respect thereof), and the only right of the holder of this Note shall be to receive payment of the principal amount hereof (or, if this is an Original Issue Discount Note, the Amortized Face Amount hereof) and all unpaid interest accrued to such redemption date.

Events of Default, Acceleration of Maturity

In respect of this Note, the occurrence of any of the following events shall constitute an "Event of Default" with respect to this Note:

(i) default in the payment of any interest (including any Additional Amounts) with respect to this Note when due, which continues for 30 days;

(ii) default, in the payment of any principal of, or premium, if any, on, this Note when due;

(iii) whatever the reason for such and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body, the entry by a court having jurisdiction in the premises of:

(a) a decree or order for relief in respect of the Bank in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law; or

(b) a decree or order appointing a conservator, receiver, liquidator, assignee, trustee, sequestrator or any other similar official of the Bank, or of substantially all of the property of the Bank, or ordering the winding up or liquidation of the affairs of the Bank, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(iv) the commencement by the Bank of a voluntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or the commencement of any bankruptcy or insolvency case or proceeding, or the filing by the Bank of a petition or answer or consent seeking reorganization or relief under any applicable United States federal or state law, or the consent by the Bank to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Bank or of substantially all of the property of the Bank, or the making by the Bank of an assignment for the benefit of creditors, or the taking of corporate action by the Bank in furtherance of any such action.

If an Event of Default shall occur and be continuing, the holder of this Note may declare the principal amount of, and accrued interest and premium, if any, on, this Note due and payable

immediately by written notice to the Bank. Upon such declaration and notice, such principal amount (and premium, if any) and accrued interest shall become immediately due and payable. Any Event of Default with respect to this Note may be waived by the holder thereof.

This Note contains no limitation on the amount of senior debt, deposits or other obligations that rank senior to this Note that may be hereafter incurred or assumed by the Bank.

Miscellaneous

Notwithstanding anything to the contrary contained herein, if this Note is identified as a Discount Note on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the amount payable to the holder of this Note in the event of redemption, repayment or acceleration of Maturity will be equal to (i) the Amortized Face Amount (as defined below) as of the date of such event, plus (ii) with respect to any redemption of this Note (other than as provided above in the event that Additional Amounts are required to be paid by the Bank with respect to this Note), the Initial Redemption Percentage specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) (as adjusted by the Annual Redemption Percentage Reduction specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), if any) minus 100% multiplied by the Issue Price specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), net of any portion of such Issue Price which has been paid prior to the date of redemption, or the portion of the Issue Price (or the net amount) proportionate to the portion of the unpaid principal amount to be redeemed, plus (iii) any accrued interest to the date of such event the payment of which would constitute qualified stated interest payments within the meaning of U.S. Treasury Regulation 1.1273-1 (c) under the Code. The "Amortized Face Amount" shall mean an amount equal to (i) the Issue Price plus (ii) the aggregate portions of the original issue discount (the excess of the amounts considered as part of the "stated redemption price at maturity" of this Note within the meaning of Section 1273(a)(2) of the Code, whether denominated as principal or interest, over the Issue Price) which shall theretofore have accrued pursuant to Section 1272 of the Code (without regard to Section 1272(a)(7) of the Code) from the date of issue of this Note to the date of determination, minus (iii) any amount considered as part of the "stated redemption price at maturity" of this Note which has been paid from the date of issue to the date of determination.

As used herein, "Business Day" means, unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), a day which is both (i) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in The City of New York, Glen Allen, Virginia, and London; and (ii) either (a) if this is a Note denominated in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial center of the country of the relevant Specified Currency (if other than the City of New York or London) or (b) if this is a Note denominated in euro, a day (other than a Saturday or a Sunday) on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open. As used herein, "London Business Day" means any day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London.

Any action by the holder of this Note shall bind all future holders of this Note, and of any Note issued in exchange or substitution hereof or in place hereof, in respect of anything done or permitted by the Bank or by the Paying Agents in pursuance of such action.

In case any Note shall at any time become mutilated, defaced, destroyed, lost or stolen, and such Note or evidence of the loss, theft or destruction thereof satisfactory to the Bank and the Registrar or London Issuing Agent, as the case may be, and such other documents or proof as may be required by the Bank and the Registrar or London Issuing Agent, as the case may be, shall be delivered to the Registrar or London Issuing Agent, as the case may be, the Registrar or London Issuing Agent, as the case may be, shall issue a new Note of like tenor and principal amount, having a serial number not contemporaneously outstanding, in exchange and substitution for the mutilated or defaced Note or in lieu of the Note destroyed, lost or stolen but, in the case of any destroyed, lost or stolen Note, only upon receipt of evidence satisfactory to the Bank and the Registrar or London Issuing Agent, as the case may be, that such Note was destroyed, stolen or lost, and, if required, upon receipt of indemnity satisfactory to the Bank and the Registrar or London Issuing Agent, as the case may be. Upon the issuance of any substituted Note, the Bank may require the payment of a sum sufficient to cover all expenses and reasonable charges connected with the preparation and delivery of a new Note. If any Note which has matured or has been redeemed or repaid or is about to mature or to be redeemed or repaid shall become mutilated, defaced, destroyed, lost or stolen, the Bank may, instead of issuing a substitute Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated or defaced Note) upon compliance by the holder with the provisions of this paragraph.

No recourse shall be had for the payment of principal of (and premium, if any) or interest on, this Note for any claim based hereon, or otherwise in respect hereof, against any shareholder, employee, agent, officer or director, as such, past, present or future, of the Bank or of any successor organization, either directly or through the Bank or any successor organization, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

The Notes are issued in accordance with the Global Agency Agreement. The Notes, and any receipts or interest coupons appertaining thereto, may be amended by the Bank, and the Global Agency Agreement may be amended by the parties thereto, (i) for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained therein, (ii) to make any further modifications of the terms of the Global Agency Agreement necessary or desirable to allow for the issuance of any additional Notes (which modifications shall not be materially adverse to holders of outstanding Notes) or (iii) in any manner which the Bank (and, in the case of the Global Agency Agreement, the parties thereto) may deem necessary or desirable and which shall not materially adversely affect the interests of the holders of the Notes, or any receipts, talons or interest coupons appertaining thereto, to all of which each holder of Notes, receipts, talons or interest coupons shall, by acceptance thereof, be deemed to have consented; provided, however, that no such modification or amendment may, without the consent of the holder of each outstanding Note affected thereby, (1) change the Maturity Date with respect to any Note or reduce or cancel the amount payable at Maturity; (2) reduce the amount payable or modify the payment date for any interest with respect to any Note or vary the method

of calculating the rate of interest with respect to any Note; (3) reduce any Minimum Interest Rate and/or Maximum Interest Rate with respect to any Note; (4) modify the currency in which payments under any Note and/or any receipts, coupons or talons appertaining thereto are to be made; (5) change the obligation of the Bank to pay Additional Amounts with respect to Notes, receipts, talons or coupons; or (6) reduce the percentage in principal amount of outstanding Notes the consent of the holders of which is necessary to modify the provisions of the Notes or to waive any future compliance or past default. Any instrument given by or on behalf of any holder of a Note in connection with any consent to any such modification, amendment or waiver shall be irrevocable once given and shall be conclusive and binding on all subsequent holders of such Note. Any modifications, amendments or waivers to this Agreement or the provisions of the Notes, receipts, talons or coupons shall be conclusive and binding on all holders of Notes, receipts, talons or coupons, whether or not notation of such modifications, amendments or waivers is made upon the Notes, receipts, talons or coupons. It will not be necessary for the consent of the holders of Notes to approve the particular form of any proposed amendment, but it shall be sufficient if such consent shall approve the substance thereof.

No provision of this Note shall alter or impair the obligation of the Bank, which is absolute and unconditional, to pay principal of (and premium, if any) and interest on, and any Additional Amounts with respect to, this Note in the Specified Currency indicated on the face hereof (or, as provided herein, in the equivalent in U.S. dollars) at the times, places and rate herein prescribed.

No service charge shall be made to a holder of this Note for any transfer or exchange of this Note, but the Bank may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

If this Note is in registered form, prior to due presentment of this Note for registration of transfer, the Bank, Domestic Paying Agent, Registrar, London Paying Agent, Luxembourg Paying Agent, Transfer Agent and Listing Agent (collectively, together with any successors thereto, the "Agents") or any agent of the Bank or the Agents may treat the holder in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Bank, the Agents nor any such agent shall be affected by notice to the contrary except as required by applicable law.

All notices to the Bank under this Note shall be in writing and addressed to the Bank at Capital One Bank, 8000 Jones Branch Road, McLean, Virginia 22102, USA, Attention: Treasurer; telephone: (703) 8751000; and facsimile: (703) 875-1099 or to such other address of the Bank as the Bank may notify the holders of the Notes.

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably request(s) and instruct(s) the Bank to repay this Note (or portion hereof specified below) pursuant to its terms at a price equal to 100% of the principal amount hereof to be repaid, together with accrued and unpaid interest hereon, payable to the date of repayment, to the undersigned, at _____

(Please print or typewrite name and address of the undersigned.)

For this Note to be repaid, the undersigned must give to the London Paying Agent, if this Note is in bearer form, at 9 Thomas More Street, London, E1W 1YT or, if this Note is in registered form, to the Domestic Paying Agent at The Chase Manhattan Bank, 450 West 33rd Street, New York, New York 10001-2697, United States of America, or to the London Paying Agent at its address, as the case may be, or at such other place or places of which the Bank shall from time to time notify the holders of the Notes not more than 60 days nor less than 30 days prior to the date of repayment, this Note (and, if this Note is in definitive bearer form, all interest coupons appertaining hereto maturing after the repayment date) with this "Option to Elect Repayment" form duly completed.

If less than the entire principal amount of this Note is to be repaid, specify the portion hereof (which shall be increments of US\$1,000, or equivalent denominations in other currencies) which the holder elects to have repaid and specify the denomination or denominations (which shall be an Authorized Denomination specified on the face of the within Note) of the Notes to be issued to the holder for the portion of this Note not being repaid (in the absence of any such specification, one such Note will be issued for the portion not being repaid):

US\$ _____

Dated: _____

Signature

NOTICE: The signature on this "Option to Elect Repayment" form must correspond with the name as written upon the face of the within Note in every particular, without alteration or enlargement or any change whatsoever.

Signature Guarantee

NOTICE: The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations, and credit unions with membership in an approved signature guarantee medallion program), pursuant to Rule 17Ad-15 under the Securities Exchange Act of 1934.

REGISTERED GLOBAL SENIOR NOTE

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (THE "DEPOSITORY") TO CAPITAL ONE BANK (THE "BANK") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED UPON REGISTRATION OF TRANSFER OF, OR IN EXCHANGE FOR, OR IN LIEU OF, THIS NOTE IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS NOTE IS A GLOBAL SECURITY AND, UNLESS AND UNTIL THIS NOTE IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, IT MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY THE NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY.

SENIOR NOTE: THIS NOTE IS A DIRECT, UNCONDITIONAL, UNSECURED AND UNSUBORDINATED GENERAL OBLIGATION OF CAPITAL ONE BANK (THE "BANK"). THE OBLIGATIONS EVIDENCED BY THIS NOTE RANK PARI PASSU WITH ALL OTHER UNSECURED AND UNSUBORDINATED OBLIGATIONS OF THE BANK, EXCEPT OBLIGATIONS, INCLUDING ITS DOMESTIC (U.S.) DEPOSITS, THAT ARE SUBJECT TO ANY PRIORITIES OR PREFERENCES UNDER APPLICABLE LAW. THIS NOTE DOES NOT EVIDENCE A DEPOSIT AND IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC") OR ANY OTHER INSURER.

THIS NOTE IS ISSUABLE ONLY IN MINIMUM DENOMINATIONS OF US\$100,000 AND INTEGRAL MULTIPLES OF US\$1,000 IN EXCESS THEREOF. EACH OWNER OF A BENEFICIAL INTEREST IN THIS NOTE IS REQUIRED TO HOLD A BENEFICIAL INTEREST OF US\$100,000 PRINCIPAL AMOUNT OR ANY INTEGRAL MULTIPLE OF US\$1,000 IN EXCESS THEREOF OF THIS NOTE AT ALL TIMES.

No. R- REGISTERED

CUSIP No.: 14040NAC6

ISIN No.: US14040NAC65

Common Code: 011315445

CAPITAL ONE BANK
GLOBAL BANK NOTE
(Registered Global Note)

ORIGINAL ISSUE DATE: June 22, 2000 PRINCIPAL AMOUNT:\$800,000,000

SPECIFIED CURRENCY:

MATURITY DATE: June 15, 2005 U.S. dollar

FIXED RATE NOTE Other:

FLOATING RATE NOTE

CAPITAL ONE BANK, a bank organized under the laws of the Commonwealth of Virginia (the "Bank"), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal amount specified above as adjusted in accordance with Schedule 1 hereto, on the Maturity Date specified above (except to the extent redeemed or repaid prior to the Maturity Date) and to pay interest thereon (i) in accordance with the provisions set forth on the reverse hereof under the caption "Fixed Rate Interest Provisions," if this Note is designated as a "Fixed Rate Note" above, or (ii) in accordance with the provisions set forth on the reverse hereof under the caption "Floating Rate Interest Provisions," if this Note is designated as a "Floating Rate Note" above, in each case as such provisions may be modified or supplemented by the terms and provisions set forth in the Pricing Supplement attached hereto (the "Pricing Supplement"), and (to the extent that the payment of such interest shall be legally enforceable) to pay interest at the Default Rate per annum specified in the Pricing Supplement on any overdue principal and premium, if any, and on any overdue installment or interest. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Note (or any predecessor Note) is registered at the close of business on the fifteenth calendar day (whether or not a Business Day (as defined on the reverse hereof)) next preceding the applicable Interest Payment Date (unless otherwise specified in the Pricing Supplement) (each, a "Regular Record Date"); provided, however, that interest payable at Maturity (as defined on the reverse hereof) will be payable to the person to whom principal shall be payable. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the holder as of the close of business on such Regular Record Date, and shall instead be payable to the person in whose name this Note (or any predecessor Note) is registered at the close of business on a special record date for the payment of such defaulted interest (the "Special Record Date") to be fixed by the Registrar (as defined below), notice whereof shall be given by the Registrar to the holder of this Note not less than 15 calendar days prior to such Special Record Date.

This Note is one of a duly authorized issue of the Bank's notes due from 30 days to 30 years or more from date of issue (the "Notes"). The Notes are issued in accordance with the Global Agency Agreement, dated as of June 6, 2000 (the "Global Agency Agreement"), among the Bank and The Chase Manhattan Bank as paying agent (the "Domestic Paying Agent") and as registrar (the "Registrar"), The Chase Manhattan Bank, London Branch, as paying agent (the "London Paying Agent") and as issuing agent (the "London Issuing Agent") and Chase Manhattan Bank Luxembourg S.A. as transfer agent (the "Transfer Agent"), as paying agent (the "Luxembourg

Paying Agent", together with the Domestic Paying Agent and the London Paying Agent, the "Paying Agents", and individually, a "Paying Agent") and Kredietbank S.A. Luxembourgeoise as listing agent (the "Listing Agent"). The terms Domestic Paying Agent, Registrar, London Paying Agent, London Issuing Agent, Luxembourg Paying Agent, Transfer Agent and Listing Agent shall include any additional or successor agents appointed in such capacities by the Bank.

The Bank shall cause to be kept at the office of the Registrar designated below a register (the register maintained in such office or any other office or agency of the Registrar, herein referred to as the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Bank shall provide for the registration of Notes issued in registered form and of transfers of such Notes. The Bank has initially appointed The Chase Manhattan Bank, acting through its principal office at 450 West 33rd Street, 15th Floor, New York, New York 10001, as "Registrar" for the purpose of registering Notes issued in registered form and transfers of such Notes. The Bank reserves the right to rescind such designation at any time, and to transfer such function to another bank or financial institution.

The transfer of this Note is registrable in the Note Register, upon surrender of the Note for registration of transfer at the office or agency of the Registrar or any transfer agent maintained for that purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Registrar (or such transfer agent) duly executed by, the holder hereof or its attorney duly authorized in writing.

Payment of principal of, and premium, if any, and interest on, this Note due at Maturity will be made in immediately available funds upon presentation and surrender of this Note at the office of a Paying Agent maintained for that purpose; provided, that this Note is presented to such Paying Agent in time for such Paying Agent to make such payment in accordance with its normal procedures. Payments of interest on this Note (other than at Maturity) will be made by wire transfer to such account as has been appropriately designated to a Paying Agent by the person entitled to such payments.

Reference is made to the further provisions of this Note set forth on the reverse hereof and in the Pricing Supplement, which further provisions shall for all purposes have the same effect as if set forth at this place. In the event of any conflict between the provisions contained herein or on the reverse hereof and the provisions contained in the Pricing Supplement attached hereto, the latter shall control. References herein to "this Note," "hereof," "herein" and comparable terms shall include the Pricing Supplement attached hereto.

Unless the certificate of authentication hereon has been executed by the Registrar, by manual signature of an authorized signatory, this Note shall not be valid or obligatory for any purpose.

This Note shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to the conflicts of law principles thereof.

IN WITNESS WHEREOF, the Bank has caused this Note to be duly executed.

CAPITAL ONE BANK

By: _____
Name:
Title:

Dated:

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes referred to in the within-mentioned Global Agency Agreement.

THE CHASE MANHATTAN BANK,
as Registrar

By: _____
Name:
Title:

PRICING SUPPLEMENT DATED JUNE 15, 2000
(to be read in conjunction with the Offering Circular Supplement dated June 15, 2000 and the Offering Circular dated June 6, 2000)

Capital One Bank
(a Bank Organized Pursuant to the Laws of Virginia)

Global Bank Notes

Fixed Rate Notes due 2005

This Pricing Supplement should be read in conjunction with the Offering Circular Supplement dated June 15, 2000 and the Offering Circular, dated June 6, 2000 (together, the "Offering Circular"), relating to the U.S.\$5,000,000,000 Global Bank Note Program of Capital One Bank. Unless otherwise defined herein, terms used herein shall have the meanings ascribed to them in the Offering Circular.

[Include whichever of the following apply]

DESCRIPTION OF THE NOTES

1. Specified Currency and Principal Amount: US \$800,000,000
2. Senior or Subordinated: Senior
3. Original Issue Date: June 22, 2000
4. Stated Maturity Date: June 15, 2005
5. Issue Price: 99.622%
6. (a) Authorized Denomination(s): \$100,000 and integral multiples of \$1,000 in excess thereof
(b) Redenomination (Yes/No): No [If yes, give details]
7. Form of Note (Registered or Bearer): Registered
8. (a) Series Number: 2
(b) If forming part of an existing Series (Yes/No): [If yes, give details]
9. Interest Period:
 One Month
 Three Months
 Six Months
 Twelve Months
 Other (Specify Number of Months):
10. Interest Payment Date(s): June 15 and December 15

- 11. Record Dates (for Registered Notes with Maturities Greater than One Year): the June 1 and the December 1 preceding each Interest Payment Date
- 12. Exchange Rate Agent (Registered Notes and Dual Currency Notes):
- 13. Default Rate (if other than Interest Rate): % per annum

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE
FIXED RATE NOTES

- 14. Interest Rate: 8 1/4% per annum
- 15. Day Count Convention:
 - 30/360 for the period from June 22, 2000 to June 15, 2005
 - Actual/360 for the period from _____ to _____
 - Actual/Actual for the period from _____ to _____
 - Other (specify convention and applicable period):

FLOATING RATE NOTES

- 16. Interest Rate Determination:
 - ISDA Rate
 - Reference Rate Determination
- 17. Calculation Agent, if not The Chase Manhattan Bank:
- 18. Maximum Interest Rate: % per annum
- 19. Minimum Interest Rate: % per annum
- 20. Day Count Convention:
 - 30/360 for the period from _____ to _____
 - Actual/360 for the period from _____ to _____
 - Actual/Actual for the period from _____ to _____
 - Other (specify convention and applicable period):
- 21. Business Day Convention:
 - Floating Rate Convention
 - Following Business Day Convention
 - Modified Following Business Day Convention
 - Preceding Business Day Convention
 - Other (specify):

ISDA RATE

- 22. Margin: [+/-] % per annum
- 23. Floating Rate Option:

24. Designated Maturity:
25. Reset Date:
REFERENCE RATE DETERMINATION
26. Initial Interest Rate:
27. Index Maturity:
28. Interest Rate Basis or Bases:
If CMT Rate: Specified CMT Telerate Page:
Specified CMT Maturity Index:
If EURIBOR:
If LIBOR: LIBOR Telerate
 LIBOR Reuters
29. Index Currency:
30. Spread: [+/-] %
31. Spread Multiplier:
32. Initial Interest Reset Date:
33. Interest Determination Period:
34. Interest Reset Dates:
35. Interest Calculation:
 Regular Floating Rate Note
 Floating Rate/Fixed Rate Note
Fixed Rate Commencement Date:
Fixed Interest Rate: % per annum
 Inverse Floating Rate Note:
Fixed Interest Rate: % per annum
PROVISIONS REGARDING REDEMPTION/REPAYMENT
36. Initial Redemption Date:
37. Initial Redemption Percentage:
38. Annual Redemption Percentage Reduction:
39. Holder's Optional Repayment Date(s):
DISCOUNT NOTES (INCLUDING ZERO COUPON NOTES)
40. Discount Note (Yes/No):
If Yes: Total Amount of OID:
Yield to Maturity:
Initial Accrual Period: %

Issue Price:

INDEXED NOTES

- 41. Index: [give details]
- 42. Formula:
- 43. Agent, if any, responsible for calculating the principal and/or interest payable:
- 44. Provisions where calculation by reference to Index and/or Formula is impossible or impracticable:

DUAL CURRENCY NOTES

- 45. Dual Currency Notes (Yes/No):
If Yes: Face Amount:
Face Amount Currency:
Optional Payment Currency:
Option Election Dates: [give details]
- 46. Designated Exchange Rate:
- 47. Option Value Calculation Agent:
- 48. Agent, if any, responsible for calculating the principal and/or interest payable:

INSTALLMENT NOTES

- 49. Additional provisions relating to Installment Notes:

PARTLY PAID NOTES

- 50. Additional provisions relating to Partly Paid Notes:

GENERAL PROVISIONS

- 51. Additional or different Paying Agents:
- 52. Additional or different Registrars:
- 53. Additional or different London Issuing Agents:
- 54. Additional or different Transfer Agents:
- 55. "Business Day" definition (if other than as defined in the Offering Circular):
- 56. Cost, if any, to be borne by Noteholders in connection with exchanges for Definitive Bearer Notes:
- 57. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (Yes/No) and dates on which such Talons mature:

[If yes, give details]
- 58. Additional selling restrictions: [give details]
- 59. CUSIP: 14040NAC6
ISIN: US14040NAC65
Common Code: 011315445

- Other (specify):
60. Details of additional/alternative clearance system approved by the Bank:
61. Notes to be listed (Yes/No): Yes
If Yes, securities exchange(s): Luxembourg
62. Syndicated Issue (Yes/No): Yes
If Yes, names of managers and details of relevant stabilizing manager, if any: J.P. Morgan Securities Inc. and Salomon Smith Barney Inc.
63. Clearance System(s):
 DTC only
 Euroclear and Clearstream, Luxembourg only
 DTC, and Euroclear and Clearstream, Luxembourg through DTC
 DTC, Euroclear and Clearstream, Luxembourg
 Other:
64. Name(s) of relevant Distribution Agent(s): J.P. Morgan Securities Inc., Salomon Smith Barney Inc., Barclays Capital Inc., Chase Securities Inc., Credit Suisse First Boston Corporation, Deutsche Bank Securities Inc., Donaldson, Lufkin & Jenrette Securities Corporation and Morgan Stanley & Co. Incorporated
65. Other terms or special conditions:
66. Tax considerations:
67. Discount or Commission per Note: .350%
68. Selling Concession per Note: .200%
69. Reallowance per Note: .150%

[Reverse of Note]

The Notes are issuable only in denominations of US\$100,000 and integral multiples of US\$1,000 in excess thereof (or equivalent denominations in other currencies, subject to any other statutory or regulatory minimums). This Note, and any Note issued in exchange or substitution herefor or in place hereof, or upon registration of transfer, exchange or partial redemption or repayment of this Note, may be issued only in an Authorized Denomination specified in the Pricing Supplement (or, if this Note is in definitive form, specified on the face hereof).

Unless otherwise provided herein (or, if this Note is in global form, in the Pricing Supplement), the principal of, and premium, if any, and interest on, this Note are payable in the Specified Currency indicated on the face hereof (or, if such Specified Currency is not at the time of such payment legal tender for the payment of public and private debts, in such other coin or currency of the country which issued such Specified Currency as at the time of such payment is legal tender for the payment of debts). If this Note is a DTC Global Note and the Specified Currency indicated on the face hereof is other than U.S. dollars, any such amounts paid by the Bank will be converted by The Chase Manhattan Bank, as Exchange Rate Agent, or such other agent as may be specified in the Pricing Supplement (or, if this Note is in definitive form, specified on the face hereof), which for these purposes shall act as currency exchange agent (the "Exchange Rate Agent"), into U.S. dollars for payment to the holder of this Note.

If this Note is a DTC Global Note and the Specified Currency indicated on the face hereof is other than the U.S. dollar, any U.S. dollar amount to be received by the holder of this Note will be based on the Exchange Rate Agent's bid quotation as of 11:00 a.m., London time, on the second day on which banks are open for business in London, New York City and Glen Allen, Virginia, preceding the applicable payment date, for the purchase of U.S. dollars with the Specified Currency for settlement on such payment date of the aggregate amount of the Specified Currency payable to all holders of Notes denominated other than in the U.S. dollar scheduled to receive U.S. dollar payments. If such bid quotation is not available, the Exchange Rate Agent will obtain a bid quotation from a leading foreign exchange bank in London or New York City selected by the Exchange Rate Agent for such purchase. If no such bids are available, payment of the aggregate amount due to the holder of this Note on the payment date will be made in the Specified Currency, subject to the other provisions of this Note relating to payment in such Specified Currency. All currency exchange costs will be borne by the holder of this Note by deductions from such payments. All determinations referred to above made by the Exchange Rate Agent shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding upon the holder of this Note.

If this Note is a DTC Global Note and the Specified Currency indicated on the face hereof is other than the U.S. dollar, the holder of this Note may elect to receive payment of principal (and premium, if any) and interest on this Note in the Specified Currency indicated on the face hereof by submitting a written notice to the Paying Agents prior to 5:00 pm, New York City time, on the fifth Business Day following the applicable Record Date in the case of interest and the tenth calendar day prior to the payment date for the payment of principal. Such notice, which may be mailed or hand delivered or sent by cable, telex or facsimile transmission, shall contain (i) the

holder's election to receive all or a portion of such payment in the Specified Currency on the relevant Interest Payment Date or Maturity, as the case may be, and (ii) wire transfer instructions to an account denominated in the Specified Currency with respect to any payment to be made in the Specified Currency. Any such election made with respect to this Note by the holder will remain in effect with respect to any further payments of principal of, and premium, if any, and interest on this Note payable to the holder of this Note unless such election is revoked on or prior to the fifth Business Day following the applicable Record Date in the case of interest and the tenth calendar day prior to the payment date for the payment of principal.

If (i) this Note is a DTC Global Note and the holder of this Note shall have duly made an election to receive all or a portion of a payment of principal of, and premium, if any, or interest on this Note in the Specified Currency indicated on the face hereof, or (ii) if this Note is not a DTC Global Note, in the case of (i) or (ii) in the event the Specified Currency indicated on the face hereof has been replaced by another currency (a "Replacement Currency"), any amount due pursuant to this Note may be repaid, at the option of the Bank, in the Replacement Currency or in U.S. dollars, at a rate of exchange which takes into account the conversion, at the rate prevailing on the most recent date on which official conversion rates were quoted or set by the national government or other authority responsible for issuing the Replacement Currency, from the Specified Currency to the Replacement Currency and, if necessary, the conversion of the Replacement Currency into U.S. dollars at the rate prevailing on the date of such conversion.

If the Specified Currency indicated on the face hereof is other than the U.S. dollar and (i) this Note is a DTC Global Note and the holder of this Note shall have duly made an election to receive all or a portion of a payment of principal of, and premium, if any, or interest on this Note in the Specified Currency indicated on the face hereof, or (ii) if this Note is not a DTC Global Note, in the case of (i) or (ii) if such Specified Currency is not available due to the imposition of exchange controls or other circumstances beyond the control of the Bank, the Bank will be entitled to satisfy its obligations to the holder of this Note by making such payments of principal of (and premium, if any) or interest on this Note in U.S. dollars until, in the sole discretion of the Bank, the Specified Currency is again available. In such circumstances, the U.S. dollar amount to be received by the holder of this Note will be made on the basis of the most recently available bid quotation from a leading foreign exchange bank in London or New York City selected by the Exchange Rate Agent, for the purchase of U.S. dollars with the Specified Currency for settlement on such payment date of the aggregate amount of the Specified Currency payable to all holders of Notes denominated other than in the U.S. dollar scheduled to receive U.S. dollar payments. Any payment made under such circumstances in U.S. dollars, where the payment is required to be made in the Specified Currency, will not constitute an "Event of Default" with respect to this Note.

The Chase Manhattan Bank shall initially act as domestic paying agent (the "Domestic Paying Agent") and the Bank has initially appointed The Chase Manhattan Bank, London Branch, acting through its specified office in London as London paying agent (the "London Paying Agent") and Chase Manhattan Bank Luxembourg S.A. as Luxembourg paying agent (the "Luxembourg Paying Agent" and together with the Domestic Paying Agent and the London Paying Agent, the "Paying Agents," and each individually, a "Paying Agent," and such terms shall include any additional or successor paying agents appointed pursuant to the Global Agency Agreement (as defined on the face hereof)) in respect of the Notes. If this Note is in registered form, this Note

may be presented or surrendered for payment, and notices, designations or requests in respect of payments with respect to this Note may be served, at the office or agency of any Paying Agent maintained for that purpose. The Bank may at any time rescind any designation of a Paying Agent, appoint any additional or successor Paying Agents or approve a change in the office through which a Paying Agent acts.

Subject to any fiscal or other laws and regulations applicable thereto in the place of payment, payments on registered Notes to be made in a Specified Currency other than the U.S. dollar and payments on bearer Notes will be made by a check in the Specified Currency drawn on or by wire transfer to an account in the Specified Currency (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with a bank (which, in the case of a payment in Yen to a non-resident of Japan, shall be an authorized foreign exchange bank) in the Principal Financial Center of the country of the Specified Currency, provided, however, that a check may not be delivered to an address in, and an amount may not be transferred to an account located in, the United States of America or its possessions by any office or agency of the Bank or any Paying Agent.

Fixed Rate Interest Provisions

If this Note is designated as a "Fixed Rate Note" on the face hereof, the Bank will pay interest on each Interest Payment Date specified in the Pricing Supplement (or, if this Note is in definitive form, specified on the face hereof) and on the Maturity Date or any Redemption Date (as defined below) or Holder's Optional Repayment Date (as defined below) (each such Maturity Date, Redemption Date and Holder's Optional Repayment Date and the date on which the principal or an installment of principal is due and payable by declaration of acceleration as provided herein being hereinafter referred to as a "Maturity" with respect to the principal repayable on such date), commencing on the first Interest Payment Date next succeeding the Original Issue Date specified on the face hereof (or if the Original Issue Date is between a Record Date and the Interest Payment Date immediately following such Record Date, on the Second Interest Payment Date following the Original Issue Date), at the Interest Rate per annum specified in the Pricing Supplement (or, if this Note is in definitive form, specified on the face hereof), until the principal hereof is paid or duly made available for payment.

Payments of interest hereon will include interest accrued from and including the most recent Interest Payment Date to which interest on this Note (or any predecessor Note) has been paid or duly provided for (or, if no interest has been paid or duly provided for, from and including the Original Issue Date) to but excluding the relevant Interest Payment Date or Maturity, as the case may be. Unless otherwise specified in the Pricing Supplement (or, if this note is in definitive form, on the face hereof), if the Maturity Date specified on the face hereof falls more than one year from the Original Issue Date, interest payments for this Note shall be computed and paid on the basis of a 360-day year of twelve 30-day months. Unless otherwise specified in the Pricing Supplement (or, if this Note is in definitive form, on the face hereof) if the Maturity Date specified on the face hereof falls one year or less from the Original Issue Date, interest payments for this Note shall be computed and paid on the basis of the actual number of days in the year divided by 360.

Unless otherwise provided herein, if any Interest Payment Date or the Maturity of this Note falls on a day which is not a Business Day, the related payment of principal of, or premium, if any, or interest on, this Note shall be made on the next succeeding Business Day with the same force and effect as if made on the date such payments were due, and no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date or the Maturity, as the case may be.

Floating Rate Interest Provisions

If this Note is designated as a "Floating Rate Note" on the face hereof, the Bank will pay interest on each Interest Payment Date specified in the Pricing Supplement (or, if this Note is in definitive form specified on the face hereof) and at Maturity, commencing on the first Interest Payment Date next succeeding the Original Issue Date specified on the face hereof (or, if the Original Issue Date is between a Record Date and the Interest Payment Date immediately following such Record Date, on the second Interest Payment Date following the Original Issue Date), at a rate per annum determined in accordance with the provisions hereof (and, if this Note is in global form, in accordance with the Pricing Supplement), until the principal hereof is paid or duly made available for payment.

Payments of interest hereon will include interest accrued from and including the most recent Interest Payment Date to which interest on this Note (or any predecessor Note) has been paid or duly provided for (or, if no interest has been paid or duly provided for, from and including the Original Issue Date) to but excluding the relevant Interest Payment Date or Maturity, as the case may be (each such period, an "Interest Period").

Unless otherwise specified herein (or, if this Note is in global form, in the Pricing Supplement), if any Interest Payment Date (or other date which is subject to adjustment in accordance with a Business Day Convention specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement)) in respect of this Note (other than an Interest Payment Date at Maturity) would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) is:

- (1) the "Floating Rate Convention," such Interest Payment Date (or other date) shall be postponed to the next succeeding day which is a Business Day unless it would thereby fall into the next succeeding calendar month, in which event (A) such Interest Payment Date (or other date) shall be brought forward to the next preceding Business Day and (B) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Payment Period on the face hereof after the preceding applicable Interest Payment Date (or other date) occurred; or
- (2) the "Following Business Day Convention," such Interest Payment Date (or other date) shall be postponed to the next succeeding day which is a Business Day; or
- (3) the "Modified Following Business Day Convention," such Interest Payment Date (or other date) shall be postponed to the next succeeding day that is a Business Day unless it would thereby fall into the next succeeding calendar month, in

which event such Interest Payment Date (or other date) shall be brought forward to the next preceding Business Day; or

- (4) the "Preceding Business Day Convention," such Interest Payment Date (or other date) shall be brought forward to the next preceding Business Day.

If the Maturity of this Note falls on a day that is not a Business Day, the related payment of principal of (and premium, if any) and interest on, this Note will be made on the next succeeding Business Day with the same force and effect as if made on the date such payment was due, and no interest shall accrue on the amount so payable for the period from and after such Maturity.

If "ISDA Rate" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) in connection with the determination of the rate of interest on this Note, the rate of interest on this Note for each Interest Period will be the relevant ISDA Rate (as defined below) plus or minus the Margin, if any, specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement). Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), "ISDA Rate" means, with respect to any Interest Period, the rate equal to the Floating Rate that would be determined by the Calculation Agent or other person specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) pursuant to an interest rate swap transaction if the Calculation Agent or that other person were acting as calculation agent for that swap transaction in accordance with the terms of an agreement in the form of the Interest Rate and Currency Exchange Agreement published by the International Swaps and Derivatives Association, Inc. (the "ISDA Agreement") and evidenced by a Confirmation (as defined in the ISDA Agreement) incorporating the ISDA Definitions (as defined below) and under which:

- (A) the Floating Rate Option is as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement);
- (B) the Designated Maturity is the period specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), and
- (C) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate for a currency or on the Euro-zone inter-bank offered rate ("EURIBOR") for a currency, the first day of that Interest Period or (ii) in any other case, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement).

As used in this paragraph, "Floating Rate," "Calculation Agent," "Floating Rate Option," "Designated Maturity," and "Reset Date" have the meanings ascribed to those terms in the ISDA Definitions.

If "Reference Rate Determination" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) in connection with the determination of the rate of interest on this Note, this Note will bear interest at a rate per annum equal to the Initial Interest Rate specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) until the Initial Interest Reset Date specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) and thereafter at a rate per annum determined as follows:

1. If this Note is designated as a "Regular Floating Rate Note" on the face hereof (or, if this Note is in global form, in the Pricing Supplement) or if no designation is made for Interest Calculation on the face hereof (or, if this Note is in global form, in the Pricing Supplement), then, except as described below (or, if this Note is in global form, in the Pricing Supplement), this Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof (or, if this Note is in global form, in the Pricing Supplement). Commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Reset Date specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement); provided, however, that the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date will be the Initial Interest Rate.

2. If this Note is designated as a "Floating Rate/Fixed Rate Note" on the face hereof (or, if this Note is in global form, in the Pricing Supplement), then, except as described below (or, if this Note is in global form, in the Pricing Supplement), this Note shall bear interest at the rate determined by reference to the applicable Interest Rate Basis or Bases specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof (or, if this Note is in global form, in the Pricing Supplement). Commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Reset Date specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement); provided, however, that (i) the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate and (ii) the interest rate in effect commencing on, and including, the Fixed Rate Commencement Date specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) to the Maturity Date shall be the Fixed Interest Rate, if such a rate is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), or if no such Fixed Interest Rate is so specified, the interest rate in effect hereon on the Business Day immediately preceding the Fixed Rate Commencement Date.

3. If this Note is designated as an "Inverse Floating Rate Note" on the face hereof (or, if this Note is in global form, in the Pricing Supplement), then, except as described below (or, if this Note is in global form, in the Pricing Supplement), this Note shall bear interest equal to the Fixed Interest Rate indicated on the face hereof (or, if this Note is in global form, in the Pricing Supplement) minus the rate determined by reference to the applicable Interest Rate Basis or Bases specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) (i) plus or minus the applicable Spread, if any, and/or (ii) multiplied by the applicable Spread Multiplier, if any, specified and applied in the manner described on the face hereof (or, if this Note is in global form, in the Pricing Supplement); provided, however, that, unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the interest rate hereon will not be less than zero percent. Commencing on the Initial Interest Reset Date, the rate at which interest on this Note is payable shall be reset as of each Interest Rate Reset Date specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement); provided, however, that the interest rate in effect for the period from the Original Issue Date to the Initial Interest Reset Date shall be the Initial Interest Rate.

Except as provided above, if "Reference Rate Determination" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) in connection with the determination of the rate of interest on this Note, the interest rate in effect on each day shall be (a) if such day is an Interest Reset Date, the interest rate determined as of the Interest Reset Determination Date (as defined below) immediately preceding such Interest Reset Date or (b) if such day is not an Interest Reset Date, the interest rate determined as of the Interest Determination Date immediately preceding the next preceding Interest Reset Date. Each Interest Rate Basis shall be the rate determined in accordance with the applicable provision below. If any Interest Reset Date (which term includes the term Initial Interest Reset Date unless the context otherwise requires) would otherwise be a day that is not a Business Day, such Interest Reset Date shall be adjusted in accordance with the Business Day Convention specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement).

Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the "Interest Determination Date" with respect to the CD Rate, the CMT Rate, the Commercial Paper Rate, the Federal Funds Rate, the J.J. Kenny Rate, and the Prime Rate will be the second Business Day preceding each Interest Reset Date; the "Interest Determination Date" with respect to the Eleventh District Cost of Funds Rate will be the last working day of the month immediately preceding each Interest Reset Date on which the Federal Home Loan Bank of San Francisco (the "FHLB of San Francisco") publishes the Index (as defined below); the "Interest Determination Date" with respect to EURIBOR will be the second day on which the TARGET system is open immediately preceding each Interest Reset Date; the "Interest Determination Date" with respect to LIBOR shall be the second London Banking Day (as defined below) preceding each Interest Reset Date; the "Interest Determination Date" with respect to the Treasury Rate will be the day in the week in which the related Interest Reset Date falls on which day Treasury Bills (as defined below) are normally auctioned (Treasury Bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that such auction may be held on the preceding Friday); provided, however, that if an auction is held on the Friday of the week preceding the related Interest Reset Date, the related Interest Determination Date shall be such preceding Friday; and provided, further, that if an auction shall fall on any Interest Reset Date, then the Interest Reset Date shall instead be the first Business Day following such auction. If the interest rate of this Note is determined with reference to two or more Interest Rate Bases as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the Interest Determination Date pertaining to this Note will be the latest Business Day which is at least two Business Days prior to such Interest Reset Date on which each Interest Rate Basis is determinable. Each Interest Rate Basis shall be determined on such date, and the applicable interest rate shall take effect on the Interest Reset Date.

Determination of CD Rate. If an Interest Rate Basis for this Note is the CD Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the CD Rate shall be determined as of the applicable Interest Determination Date (a "CD Rate Interest Determination Date") as the rate on such date for negotiable United States dollar certificates of deposit having the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) as published in H.15(519) (as defined below) under the heading "CDs (Secondary Market)". In the event that such rate is not so published prior to 3:00 p.m., New York City time, on the Calculation Date pertaining to such CD Rate Interest Determination Date,

the CD Rate will be the rate on such CD Rate Interest Determination Date for certificates of deposit having the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) as published in H.15 Daily Update (as defined below), or another recognized electronic source used for the purpose of displaying that rate, under the heading "CDs (secondary market)". If such rate is published neither in H.15(519) nor in H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on such Calculation Date, the CD Rate for such CD Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the secondary market offered rates as of 10:00 a.m., New York City time, on such CD Rate Interest Determination Date, of three leading nonbank dealers of negotiable United States dollar certificates of deposit in The City of New York selected by the Calculation Agent for negotiable United States dollar certificates of deposit of major United States money market banks for negotiable certificates of deposit with a remaining maturity closest to the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) in an amount that is representative for a single transaction in that market at that time; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the CD Rate determined on such CD Rate Interest Determination Date will be the CD Rate in effect on such date.

"H.15(519)" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System.

"H.15 Daily Update" means the daily update of H.15(519), available through the world-wide-web site of the Board of Governors of the Federal Reserve System at <http://www.bog.frb.fed.us/releases/h15/update>, or any successor site or publication.

Determination of CMT Rate. If an Interest Rate Basis for this Note is the CMT Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the CMT Rate shall be determined by the Calculation Agent as of the applicable Interest Determination Date (a "CMT Rate Interest Determination Date") in accordance with the following provisions:

(i) If "CMT Telerate Page 7051" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the CMT Rate on the CMT Rate Interest Determination Date shall be a percentage equal to the yield for United States Treasury securities at "constant maturity" having the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) as set forth in H.15(519) under the caption "Treasury Constant Maturities," as such yield is displayed on Telerate, Inc. (or any successor service) on page 7051 (or any other page as may replace such page on such service) ("Telerate Page 7051") for such CMT Rate Interest Determination Date. If such rate does not appear on Telerate Page 7051, the CMT Rate on such CMT Rate Interest Determination Date shall be a percentage equal to the yield for United States Treasury securities at "constant maturity" having the Index Maturity and for such CMT Rate Interest Determination Date as set forth in H.15(519) under the caption "Treasury Constant Maturities". If such rate does not appear in H.15(519), the CMT Rate on such CMT Rate Interest Determination Date shall be the rate for the period of the Index Maturity as may then be published by either the Board of

Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15(519). If the Board of Governors of the Federal Reserve System or the United States Department of the Treasury does not publish a yield on United States Treasury securities at "constant maturity" having the Index Maturity for such CMT Rate Interest Determination Date, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 p.m., New York City time, on such CMT Rate Interest Determination Date of three leading primary United States government securities dealers in The City of New York (each, a "Reference Dealer") selected by the Calculation Agent (from five such Reference Dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity equal to the Index Maturity, a remaining term to maturity no more than 1 year shorter than the Index Maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated. If fewer than three prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 p.m., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent (from five such Reference Dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity greater than the Index Maturity, a remaining term to maturity closest to the Index Maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of such quotations shall be eliminated; provided, however, that if fewer than three such prices are provided as requested, the CMT Rate determined as of such CMT Rate Interest Determination Date shall be the CMT Rate in effect on such CMT Rate Interest Determination Date. If two such United States Treasury securities with an original maturity greater than the Index Maturity have remaining terms to maturity equally close to the Index Maturity, the quotes for the Treasury security with the shorter original term to maturity will be used.

(ii) If "CMT Telerate Page 7052" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the CMT Rate on the CMT Rate Interest Determination Date shall be a percentage equal to the one-week or one-month, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), average yield for United States Treasury securities at "constant maturity" having the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) as set forth in H.15(519) opposite the caption "Treasury Constant Maturities," as such yield is displayed on Telerate, Inc. (or any successor service) on page 7052 (or any other page as may replace such page on such service) ("Telerate Page 7052") for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls. If such rate does not appear on the Telerate Page 7052, the CMT Rate on such CMT Rate Interest Determination Date shall be a percentage equal to the one-week or one-month, as specified on

the face hereof (or, if this Note is in global form, in the Pricing Supplement), average yield for United States Treasury securities at "constant maturity" having the Index Maturity and for the week or month, as applicable, preceding such CMT Rate Interest Determination Date as set forth in H.15(519) opposite the caption "Treasury Constant Maturities". If such rate does not appear in H.15(519), the CMT Rate on such CMT Rate Interest Determination Date shall be the one-week or one-month, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), average yield for United States Treasury securities at "constant maturity" having the Index Maturity as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls. If the Federal Reserve Bank of New York does not publish a one-week or one-month, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), average yield on United States Treasury securities at "constant maturity" having the Index Maturity for the applicable week or month, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 p.m., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent (from five such Reference Dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity equal to the Index Maturity, a remaining term to maturity of no more than 1 year shorter than the Index Maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated. If fewer than three prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 p.m., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent (from five such Reference Dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity longer than the Index Maturity, a remaining term to maturity closest to the Index Maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor lowest of such quotations shall be eliminated; provided, however, that if fewer than three such prices are provided as requested, the CMT Rate determined as of such CMT Rate Interest Determination Date shall be the CMT Rate in effect on such CMT Rate Interest Determination Date. If two United States Treasury securities with an original maturity greater than the Index Maturity have remaining terms to maturity equally close to the Index Maturity, the quotes for the Treasury security with the shorter original term to maturity will be used.

Determination of Commercial Paper Rate. If an Interest Rate Basis for this Note is the Commercial Paper Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the Commercial Paper Rate shall be determined as of the applicable

Interest Determination Date (a "Commercial Paper Rate Interest Determination Date") as the Money Market Yield (as defined below) on such date of the rate for commercial paper having the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) as published in H.15(519) under the caption "Commercial Paper-Nonfinancial" or, if not so published by 3:00 p.m., New York City time, on the related Calculation Date, the Money Market Yield of the rate on such Commercial Paper Rate Interest Determination Date for commercial paper having the Index Maturity as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Commercial Paper-Nonfinancial." If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on such Calculation Date, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date will be calculated by the Calculation Agent and shall be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 a.m., New York City time, on such Commercial Paper Rate Interest Determination Date of three leading dealers of United States dollar commercial paper in The City of New York selected by the Calculation Agent for commercial paper having the Index Maturity placed for industrial issuers whose bond rating is "Aa," or the equivalent, from a nationally recognized statistical rating organization; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate determined as of such Commercial Paper Rate Interest Determination Date will be the Commercial Paper Rate in effect on such Commercial Paper Rate Interest Determination Date.

"Money Market Yield" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where "D" refers to the applicable per annum rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and "M" refers to the actual number of days in the applicable Interest Reset Period.

Determination of Eleventh District Cost of Funds Rate. If an Interest Rate Basis for this Note is the Eleventh District Cost of Funds Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the Eleventh District Cost of Funds Rate shall be determined as of the applicable Interest Determination Date (an "Eleventh District Cost of Funds Rate Interest Determination Date"), as the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which such Eleventh District Cost of Funds Rate Interest Determination Date falls, as set forth under the caption "11th District" on Telerate Page 7058 (as defined below) as of 11:00 a.m., San Francisco time, on such Eleventh District Cost of Funds Rate Interest Determination Date. If such rate does not appear on Telerate Page 7058 on the related Eleventh District Cost of Funds Rate Interest Determination Date, the Eleventh District Cost of Funds Rate for such Eleventh District Cost of Funds Rate Interest Determination Date shall be the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the "Index") by the FHLB of San Francisco as such cost of funds for the calendar month immediately preceding the date of such announcement. If the FHLB of San Francisco fails to

announce such rate for the calendar month immediately preceding such Eleventh District Cost of Funds Rate Interest Determination Date, then the Eleventh District Cost of Funds Rate determined as of such Eleventh District Cost of Funds Rate Interest Determination Date shall be the Eleventh District Cost of Funds Rate in effect on such Eleventh District Cost of Funds Rate Interest Determination Date.

"Telerate Page 7058" means the display designated as page "7058" on the Bridge Telerate Service (or such other page as may replace the 7058 page on that service for the purpose of displaying the monthly weighted average costs of funds paid by member institutions of the Eleventh Federal Home Loan Bank District).

Determination of EURIBOR. If an Interest Rate Basis for this Note is EURIBOR, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), EURIBOR shall be determined as of the applicable Interest Determination Date (a "EURIBOR Interest Determination Date"), in accordance with the following provisions:

(i) With respect to any EURIBOR Interest Determination Date, EURIBOR will be:

(a) the rate for deposits in euro as sponsored, calculated and published jointly by the European Banking Federation and ACI--The Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing those rates, having the Index Maturity specified on the face hereof (or if this Note is in global form, in the Pricing Supplement), commencing on the applicable Interest Reset Date, as that rate appears on Telerate, Inc., or any successor service, on page 248 (or any other page as may replace such page on such service) ("Telerate Page 248") as of 11:00 a.m., Brussels time, on the applicable EURIBOR Interest Determination Date.

(b) if the rate referred to in clause (a) above does not appear on Telerate Page 248, or is not so published by 11:00 a.m., Brussels time, on the applicable EURIBOR Interest Determination Date, the rate calculated by the Calculation Agent as the arithmetic mean of at least two quotations obtained by the Calculation Agent after requesting the principal Euro-zone (as defined hereinafter) offices of four major banks in the Euro-zone interbank market, in the European interbank market, to provide the Calculation Agent with its offered quotation for deposits in euro for the period of the Index Maturity designated on the face hereof (or if this Note is in global form, in the Pricing Supplement), commencing on the applicable Interest Reset Date, to prime banks in the Euro-zone interbank market at approximately 11:00 a.m., Brussels time, on the applicable EURIBOR Interest Determination Date and in a principal amount not less than the equivalent of U.S.\$1,000,000 in euro that is representative for a single transaction in euro in such market at such time.

(c) if fewer than two quotations referred to in clause (b) above are provided, EURIBOR for such EURIBOR Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., Brussels time, on such EURIBOR Interest Determination Date by four major banks in the Eurozone for loans in euro to leading European banks, having the Index Maturity designated on the face hereof (or if this Note is in global form, in the Pricing

Supplement), commencing on the applicable Interest Reset Date and in principal amount not less than the equivalent of U.S.\$1,000,000 in euro that is representative for a single transaction in euro in such market at such time.

(d) if the banks so selected by the Calculation Agent are not quoting as mentioned in clause (c) above, EURIBOR determined as of such EURIBOR Interest Determination Date shall be EURIBOR in effect on such EURIBOR Interest Determination Date.

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the treaty establishing the European Community, as amended by the treaty on European Union.

Determination of Federal Funds Rate. If an Interest Rate Basis for this Note is the Federal Funds Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the Federal Funds Rate shall be determined as of the applicable Interest Determination Date (a "Federal Funds Rate Interest Determination Date") as the rate on such date for United States dollar federal funds as published in H.15(519) under the heading "Federal Funds (Effective)", as such rate is displayed on Bridge Telerate, Inc. (or any successor service) on page 120 (or any other page as may replace such page on such service) ("Telerate Page 120"), or, if such rate does not appear on Telerate Page 120 or is not so published by 3:00 p.m., New York City time, on the Calculation Date, the rate on such Federal Funds Rate Interest Determination Date for United States dollar federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Federal Funds (Effective)." If such rate does not appear on Telerate Page 120 or is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the related Calculation Date, then the Federal Funds Rate on such Federal Funds Rate Interest Determination Date shall be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of United States dollar federal funds transactions in The City of New York selected by the Calculation Agent, prior to 9:00 a.m., New York City time, on such Federal Funds Rate Interest Determination Date; provided, however, that if the brokers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Federal Funds Rate determined as of such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on such Federal Funds Rate Interest Determination Date.

Determination of J.J. Kenny Rate. If an Interest Rate Basis for this Note is the J.J. Kenny Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the J.J. Kenny Rate shall be determined as of the applicable Interest Determination Date (a "J.J. Kenny Interest Determination Date") as the rate in the high grade weekly index (the "Weekly Index") on such date made available by Kenny Information Systems ("Kenny") to the Calculation Agent. The Weekly Index Maturity is, and shall be, based upon 30-day yield evaluations at par of bonds, the interest of which is exempt from Federal income taxation under the Internal Revenue Code of 1986, as amended (the "Code"), of not less than five high grade component issuers selected by Kenny which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed

from time to time by Kenny in its discretion. The bonds on which the Weekly Index is based shall not include any bonds on which the interest is subject to a minimum tax or similar tax under the Code, unless all tax-exempt bonds are subject to such tax. In the event Kenny ceases to make available such Weekly Index, a successor indexing agent will be selected by the Calculation Agent, such index to reflect the prevailing rate for bonds rated in the highest short-term rating category by Moody's Investors Service, Inc. and Standard & Poor's Ratings Group in respect of issuers most closely resembling the high grade component issuers selected by Kenny for its Weekly Index, the interest on which is (i) variable on a weekly basis, (ii) exempt from Federal income taxation under the Code, and (iii) not subject to a minimum tax or similar tax under the Code, unless all tax-exempt bonds are subject to such tax. If such successor indexing agent is not available, the rate for any J.J. Kenny Interest Determination Date shall be 67% of the rate determined if the Treasury Rate option had been originally selected.

Determination of LIBOR. If an Interest Rate Basis for this Note is LIBOR, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), LIBOR shall be determined by the Calculation Agent as of the applicable Interest Determination Date (a "LIBOR Interest Determination Date"), in accordance with the following provisions:

(i) if "LIBOR Telerate" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) or if neither "LIBOR Reuters" nor "LIBOR Telerate" is specified on the face hereof as the method for calculating LIBOR, LIBOR will be the rate for deposits in the Designated LIBOR Currency having the Index Maturity specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), commencing on such Interest Reset Date, that appears on the Designated LIBOR Page (as defined hereinafter) as of 11:00 a.m., London time, on such LIBOR Interest Determination Date; or (b) if "LIBOR Reuters" is specified on the face hereof, the arithmetic mean of the offered rates (unless the Designated LIBOR Page by its terms provides only for a single rate, in which case such single rate shall be used) for deposits in the Designated LIBOR Currency having the Index Maturity, commencing on the applicable Interest Reset Date, that appear (or, if only a single rate is required as aforesaid, appears) on the Designated LIBOR Page (as defined hereinafter) as of 11:00 a.m., London time, on such LIBOR Interest Determination Date. If fewer than two such offered rates so appear, or if no such rate so appears, as applicable, LIBOR on such LIBOR Interest Determination Date shall be determined in accordance with the provisions described in clause (ii) below.

(ii) With respect to a LIBOR Interest Determination Date on which fewer than two offered rates appear, or no rate appears, as the case may be, on the Designated LIBOR Page as specified in clause (i) above, the Calculation Agent shall request the principal London offices of each of four major reference banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in the Designated LIBOR Currency for the period of the Index Maturity, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on such LIBOR Interest Determination Date and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, then LIBOR on such LIBOR Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., in the applicable Principal

Financial Center, on such LIBOR Interest Determination Date by three major banks in such Principal Financial Center (as defined hereafter) selected by the Calculation Agent for loans in the Designated LIBOR Currency to leading European banks, having the Index Maturity and in a principal amount that is representative for a single transaction in the Designated LIBOR Currency in such market at such time; provided, however, that if the banks so selected by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR determined as of such LIBOR Interest Determination Date shall be LIBOR in effect on such LIBOR Interest Determination Date.

"Designated LIBOR Currency" means the currency specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) as to which LIBOR shall be calculated or, if no such currency is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), United States dollars.

"Designated LIBOR Page" means (a) if "LIBOR Reuters" is specified on the face hereof, the display on the Reuter Monitor Money Rates Service (or any successor service) on the page specified on the face hereof (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the Designated LIBOR Currency, or (b) if "LIBOR Telerate" is specified on the face hereof or neither "LIBOR Reuters" nor "LIBOR Telerate" is specified on the face hereof as the method for calculating LIBOR, the display on Bridge Telerate, Inc. (or any successor service) on the page specified on the face hereof (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the Designated LIBOR Currency.

"Principal Financial Center" means the capital city of the country to which the Designated LIBOR Currency relates except that with respect to United States dollars, Australian dollars, Canadian dollars, Deutsche marks, Dutch guilders, Italian lire, Portuguese escudos, South African rand and Swiss francs, the "Principal Financial Center" shall be The City of New York, Sydney, Toronto, Frankfurt, Amsterdam, Milan, London (solely in the case of the Designated LIBOR Currency), Johannesburg and Zurich, respectively.

"London Banking Day" means any day (other than a Saturday or Sunday) on which dealings in deposits in the Index Currency are transacted in the London interbank market.

Determination of Prime Rate. If an Interest Rate Basis for this Note is the Prime Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the Prime Rate shall be determined as of the applicable Interest Determination Date (a "Prime Rate Interest Determination Date") as the rate on such date as such rate is published in H.15(519) under the caption "Bank Prime Loan" or, if not published by 3:00 p.m., New York City time, on the related Calculation Date, the rate on such Prime Rate Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Bank Prime Loan." If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the related Calculation Date, then the Prime Rate shall be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen US PRIME 1 Page (as defined hereinafter) as such bank's prime rate or base lending rate as of 11:00 a.m., New York City time, on such Prime Rate Interest Determination Date. If fewer than

four such rates so appear on the Reuters Screen US PRIME 1 Page for such Prime Rate Interest Determination Date, then the Prime Rate shall be the arithmetic mean of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on such Prime Rate Interest Determination Date by three major banks in The City of New York selected by the Calculation Agent; provided, however, that if the banks or trust companies so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Prime Rate determined as of such Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date.

"Reuters Screen US PRIME 1 Page" means the display on the Reuter Monitor Money Rates Service (or any successor service) on the "US PRIME 1" page (or such other page as may replace the US PRIME 1 page on such service) for the purpose of displaying prime rates or base lending rates of major United States banks.

Determination of Treasury Rate. If an Interest Rate Basis for this Note is the Treasury Rate, as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the Treasury Rate shall be determined as of the applicable Interest Determination Date (a "Treasury Rate Interest Determination Date") as the rate from the auction held on such Treasury Rate Interest Determination Date (the "Auction") of direct obligations of the United States ("Treasury Bills") having the Index Maturity specified on the face hereof under the caption "INVESTMENT RATE" on the display on Telerate, Inc. (or any successor service) on page 56 (or any other page as may replace such page on such service) ("Telerate Page 56") or page 57 (or any other page as may replace such page on such service) ("Telerate Page 57") or, if not so published by 3:00 p.m., New York City time, on the related Calculation Date, the Bond Equivalent Yield (as defined hereinafter) of the rate for such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S. Government Securities/Treasury Bills/Auction High." If such rate is not so published in H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the related Calculation Date, the Treasury Rate on such Treasury Rate Interest Determination Date shall be Bond Equivalent Yield of the auction rate of such Treasury Bills as announced by the United States Department of the Treasury. In the event that such auction rate is not so announced by the United States Department of the Treasury on such Calculation Date, or if no such Auction is held, then the Treasury Rate on such Treasury Rate Interest Determination Date shall be the Bond Equivalent Yield of the rate on such Treasury Rate Interest Determination Date of Treasury Bills having the Index Maturity as published in H.15(519) under the caption "U.S. Government Securities/Treasury Bills/Secondary Market" or, if not yet published by 3:00 p.m., New York City time, on the related Calculation Date, the rate on such Treasury Rate Interest Determination Date of such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "U.S. Government Securities/Treasury Bills/Secondary Market." If such rate is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the related Calculation Date, then the Treasury Rate on such Treasury Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 p.m., New York City time, on such Treasury Rate Interest Determination Date, of three leading primary United States government securities dealers selected by the Calculation Agent, for the issue of Treasury Bills with a remaining maturity closest to the Index

Maturity; provided, however, that if the dealers so selected by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

"Bond Equivalent Yield" means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N \times 100}{360 - (D \times M)}$$

where "D" refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis and expressed as a decimal, "N" refers to 365 or 366, as the case may be, and "M" refers to the actual number of days in the applicable Interest Reset Period.

Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), accrued interest hereon shall be an amount calculated by multiplying the face amount hereof by an accrued interest factor. Such accrued interest factor shall be computed by adding the interest factor calculated for each day in the period for which accrued interest is being calculated. Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the interest factor for each such day shall be computed and paid on the basis of a 360-day year of twelve 30-day months if the Day Count Convention specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) is "30/360" for the period specified thereunder, or by dividing the applicable per annum interest rate by 360 if the Day Count Convention specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) is "Actual/360" for the period specified thereunder, or by dividing the applicable per annum interest rate by the actual number of days in the year if the Day Count Convention specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) is "Actual/Actual" for the period specified thereunder. If no Day Count Convention is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the interest factor for each day in the relevant Interest Period shall be computed, if an Interest Rate Basis specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) is the CMT Rate, EURIBOR, or Treasury Rate or if the Specified Currency indicated on the face hereof (or, if this Note is in global form, in the Pricing Supplement) is Sterling, as if "Actual/Actual" had been specified thereon and, in all other cases, as if "Actual/360" had been specified thereon. Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), if interest on this Note is to be calculated with reference to two or more Interest Rate Bases as specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the interest factor will be calculated in each period in the same manner as if only one of the applicable Interest Rate Bases applied.

Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), if "Reference Rate Determination" is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) in connection with the determination of the rate of interest on this Note, the "Calculation Date," if applicable, pertaining to any Interest Determination Date will be the earlier of (i) the tenth calendar day after such Interest

Determination Date or, if such day is not a Business Day, the next succeeding Business Day and (ii) the Business Day immediately preceding the applicable Interest Payment Date or Maturity Date, as the case may be. All calculations in respect of determining the interest rate applicable to this Note (other than any calculations made by the Exchange Rate Agent) shall be made by the Calculation Agent specified on the face hereof (or, if this Note is in global form, the Pricing Supplement) or such successor thereto as is duly appointed by the Bank. The determination of any interest rate by the Calculation Agent shall, in the absence of manifest error, be conclusive for all purposes and binding upon the holder hereof.

All percentages resulting from any calculation on this Note would be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (e.g., 9.876545% (or 0.09876545) would be rounded to 9.87655% (or 0.0987655%) and 9.876544% (or 0.09876544) would be rounded to 9.87654% (or 0.0987654)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent or, if the Specified Currency is other than dollars, to the nearest unit (with one-half cent or unit being rounded upward).

At the request of the holder hereof, the Calculation Agent shall provide to the holder hereof the interest rate hereon then in effect and, if determined, the interest rate which shall become effective for the next Interest Period.

Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement). In addition to any Maximum Interest Rate applicable hereto pursuant to the above provisions, the interest rate on this Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application.

Redemption at the Option of the Bank

Unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), this Note will not be subject to any sinking fund. This Note may be redeemed by the Bank either in whole or in part on and after the Initial Redemption Date, if any, specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement). If no Initial Redemption Date is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), this Note may not be redeemed prior to the Maturity Date except as provided below in the event that any Additional Amounts (as defined below) are required to be paid by the Bank with respect to this Note. On and after the Initial Redemption Date, if any, this Note may be redeemed in increments of US\$1,000 (or, if the Specified Currency indicated on the face hereof is other than the United States dollar, in such Authorized Denominations specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement)) at the option of the Bank at the applicable Redemption Price (as defined below) together with unpaid interest accrued hereon at the applicable rate borne by this Note to the date of redemption (each such date, a "Redemption Date"), on written notice given by or on behalf of the Bank not more than 60 nor less than 30 calendar days prior to the Redemption Date (unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement)); provided, however, that, in the event of redemption of this Note in part only, the unredeemed portion

thereof shall be an Authorized Denomination specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement). In the event of redemption of this Note in part only, a new Note for the unredeemed portion hereof shall be issued in the name of the holder hereof upon the surrender of this Note, or, where applicable, an appropriate notation will be made on the schedule attached hereto for such notations.

The "Redemption Price" shall initially be the Initial Redemption Percentage specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) of the principal amount of this Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) by the Annual Redemption Percentage Reduction, if any, specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), of the principal amount to be redeemed until the Redemption Price is 100% of such principal amount.

Repayment at the Option of the Holder

This Note may be subject to repayment at the option of the holder hereof in accordance with the terms hereof on any Holder's Optional Repayment Date(s), if any, specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement). If no Holder's Optional Repayment Date is specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), this Note will not be repayable at the option of the holder hereof prior to the Maturity Date. On any Holder's Optional Repayment Date, this Note will be repayable in whole or in part in increments of US\$1,000 (or, if the Specified Currency indicated on the face hereof is other than the U.S. dollar, in such Authorized Denominations specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement)) at the option of the holder hereof at the repayment price equal to 100% of the principal amount to be repaid, together with accrued and unpaid interest hereon payable to the date of repayment; provided, however, that, in the event of repayment of this Note in part only, the unrepaid portion hereof shall be an Authorized Denomination specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement). For this Note to be repaid in whole or in part at the option of the holder hereof on a Holder's Optional Repayment Date, this Note must be delivered, with the form entitled "Option to Elect Repayment" attached hereto duly completed, to the Domestic Paying Agent or the London Paying Agent (as appropriate in accordance with such attached form) at the address set forth on such form or at such other address which the Bank shall from time to time notify the holders of the Notes not more than 60 nor less than 30 days prior to such Holder's Optional Repayment Date. In the event of repayment of this Note in part only, a new Note for the unrepaid portion hereof shall be issued in the name of the holder hereof upon the surrender hereof, or, where applicable, an appropriate notation will be made on the schedule attached hereto for such notations. Exercise of such repayment option by the holder hereof shall be irrevocable.

Additional Amounts

All payments of principal (and premium, if any) and interest with respect to this Note will be made without withholding or deduction at source for, or on account of, any present or future taxes, fees, duties, assessments or governmental charges of whatever nature imposed or levied by the United States or any political subdivision or taxing authority thereof or therein, unless such

withholding or deduction is required by (i) the laws (or any regulations or rulings promulgated thereunder) of the United States or any political subdivision or taxing authority thereof or therein or (ii) an official position regarding the application, administration, interpretation or enforcement of any such laws, regulations or rulings including, without limitation, a holding by a court of competent jurisdiction or by a taxing authority in the United States or any political subdivision thereof). If a withholding or deduction at source is required, the Bank will (subject to certain limitations and exceptions set forth below) pay to the holder hereof on behalf of an owner of a beneficial interest herein (an "Owner") who is a United States Alien (as defined below) such additional amounts ("Additional Amounts") as may be necessary so that every net payment of principal (and premium, if any) or interest made to the holder hereof on behalf of such Owner, after such withholding or deduction, will not be less than the amount provided for in this Note with respect to such Owner's interest; provided, however, that the Bank shall not be required to make any payment of Additional Amounts for or on account of:

(a) any tax, fee, duty, assessment or other governmental charge which would not have been imposed but for (i) the existence of any present or former connection between such Owner (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such Owner, if such Owner is an estate, trust, partnership or corporation) and the United States, including, without limitation, such Owner (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been a citizen or resident thereof or being or having been present or engaged in trade or business therein or having had a permanent establishment therein, or (ii) the presentation of this Note for payment on a date more than 15 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(b) any estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment or other governmental charge;

(c) any tax, fee, duty, assessment or other governmental charge imposed by reason of such Owner's past or present status as a personal holding company, foreign personal holding company, passive foreign investment company or controlled foreign corporation with respect to the United States or as a corporation which accumulates earnings to avoid United States federal income tax;

(d) any tax, fee, duty, assessment or other governmental charge which is payable otherwise than by withholding from payments of principal or interest with respect to this Note;

(e) any tax, fee, duty, assessment or other governmental charge imposed on interest received by anyone who owns (actually or constructively) 10% or more of the total combined voting power of all classes of stock of the Bank;

(f) any tax, fee, duty, assessment or other governmental charge required to be withheld by any Paying Agent from any payment of principal (and premium, if any) or interest with respect to this Note, if such payment can be made without such withholding by any other Paying Agent with respect to this Note;

(g) any tax, fee, duty, assessment or other governmental charge which would not have been imposed but for the failure to comply with certification, information or other reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder hereof or of such Owner, if such compliance is required by statute or by regulation of the United States Treasury Department as a precondition to relief or exemption from such tax, assessment or other governmental charge; or

(h) any combination of items (a), (b), (c), (d), (e), (f) and (g);

nor shall Additional Amounts be paid to any holder of this Note on behalf of any Owner who is a fiduciary or partnership or other than the sole Owner to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or Owner would not have been entitled to payment of the Additional Amounts had such beneficiary, settlor, member or Owner been the sole Owner of this Note.

As used herein, the term "United States Alien" means any corporation, individual, fiduciary or partnership that for United States federal income tax purposes is a foreign corporation, nonresident alien individual, nonresident alien fiduciary of a foreign estate or trust, or foreign partnership one or more members of which is a foreign corporation, nonresident alien individual or nonresident alien fiduciary of a foreign estate or trust.

If this Note is in bearer form and the Bank shall determine, based upon a written opinion of independent counsel selected by the Bank, that any payment made outside the United States by the Bank or any of its Paying Agents of the full amount of the next scheduled payment of either principal (and premium, if any) or interest due with respect to this Note would, under any present or future laws or regulations of the United States affecting taxation or otherwise, be subject to any certification, information or other reporting requirements of any kind, the effect of which requirements is the disclosure to the Bank, any of its Paying Agents or any governmental authority of the nationality, residence or identity (as distinguished from status as a United States Alien) of any Owner of this Note who is a United States Alien (other than such requirements which (i) would not be applicable to a payment made to a custodian, nominee or other agent of the Owner, or which can be satisfied by such a custodian, nominee or other agent certifying to the effect that such Owner is a United States Alien; provided, however, in each case that payment by such custodian, nominee or agent to such Owner is not otherwise subject to any requirements referred to in this sentence, (ii) are applicable only to payment by a custodian, nominee or other agent of the Owner to or on behalf of such Owner, or (iii) would not be applicable to a payment made by any other paying agent of the Bank), the Bank shall redeem this Note as a whole but not in part at a redemption price equal to the principal amount hereof (or, if this is an Original Issue Discount Note, the Amortized Face Amount (as defined herein) hereof determined as of the date of redemption), together, if appropriate, with accrued interest to, but excluding, the date fixed for redemption, such redemption to take place on such date not later than one year after notice of such determination has been given as described herein. If the Bank becomes aware of an event that might give rise to such certification, information or other reporting requirements, the Bank shall, as soon as practicable, solicit advice of independent counsel selected by the Bank to establish whether such certification, information or other reporting requirements will apply and, if such requirements will, in the written opinion of such counsel, apply, the Bank shall give

prompt notice of such determination (a "Tax Notice") stating in such notice the effective date of such certification, information or other reporting requirements and, if applicable, the date by which the redemption shall take place. Notwithstanding the foregoing, the Bank shall not redeem this Note if the Bank, based upon the written opinion of independent counsel selected by the Bank, shall subsequently determine not less than 30 days prior to the date fixed for redemption that subsequent payments would not be subject to any such requirements, in which case the Bank shall give prompt notice of such determination and any earlier redemption notice shall thereby be revoked and of no further effect.

Notwithstanding the foregoing, if and so long as the certification information or other reporting requirements referred to in the preceding paragraph would be fully satisfied by payment of a withholding, backup withholding tax or similar charge, the Bank may elect prior to giving the Tax Notice to have the provisions described in this paragraph apply in lieu of the provisions described in the preceding paragraph, in which case the Tax Notice shall state the effective date of such certification, information or reporting requirements and that the Bank has elected to pay Additional Amounts rather than redeem this Note. In such event, the Bank will also pay as Additional Amounts such sums as may be necessary so that every net payment made following the effective date of such certification, information or reporting requirements outside the United States by the Bank or any of its Paying Agents of principal (and premium, if any) or interest due with respect to this Note to the bearer hereof who certifies to the effect that the beneficial owners of this Note are United States Aliens (provided that such certification shall not have the effect of communicating to the Bank or any of its Paying Agents or any governmental authority the nationality, residence or identity of such beneficial owners) after deduction or withholding for or on account of such withholding, backup withholding tax or similar charge (other than a withholding, backup withholding tax or similar charge which (i) is imposed as a result of certification, information or other reporting requirements referred to in the second parenthetical clause of the first sentence of the preceding paragraph or (ii) is imposed as a result of the fact that the Bank or any of its Paying Agents has actual knowledge that the bearer hereof or any beneficial owner of this Note is not a United States Alien but is within the category of persons, corporations or other entities described in clause (a)(i) of the third preceding paragraph, or (iii) is imposed as a result of presentation of this Note for payment more than 15 days after the date on which such payment becomes due and payable or on which payment thereof is duly provided for, whichever occurs later), will not be less than the amount provided for in this Note to be then due and payable. In the event the Bank elects to pay such Additional Amounts, the Bank will have the right, at its sole option, at any time, to redeem this Note, as a whole but not in part, at a redemption price equal to the principal amount hereof (or, if this is an Original Issue Discount Note, the Amortized Face Amount hereof determined as of the date of redemption), together, if appropriate, with accrued interest to the date fixed for redemption including any Additional Amounts required to be paid under this paragraph. If the Bank has made the determination described in the preceding paragraph with respect to certification, information or other reporting requirements applicable to interest only and subsequently makes a determination in the manner and of the nature referred to in such preceding paragraph with respect to such requirements applicable to principal, the Bank will redeem this Note in the manner and on the terms described in the preceding paragraph (except as provided below), unless the Bank elects to have the provisions of this paragraph apply rather than the provisions of the immediately preceding paragraph. If in such circumstances this Note is to be redeemed, the Bank will be obligated to pay Additional Amounts with respect to interest, if any, accrued to the date of redemption. If the

Bank has made the determination described in the preceding paragraph and subsequently makes a determination in the manner and of the nature referred to in such preceding paragraph that the level of withholding applicable to principal or interest has been increased, the Bank will redeem this Note in the manner and on the terms described in the preceding paragraph (except as provided below), unless the Bank elects to have the provisions of this paragraph apply rather than the provisions of the immediately preceding paragraph. If in such circumstances this Note is to be redeemed, the Bank will be obligated to pay Additional Amounts with respect to the original level of withholding on principal and interest, if any, accrued to the date of redemption.

Whenever in this Note there is mentioned, in any context, the payment of the principal of (or premium, if any) or interest on, or in respect of, this Note, such mention shall be deemed to include mention of the payment of Additional Amounts provided for herein to the extent that, in such context, Additional Amounts are, were or would be payable in respect hereof pursuant to the provisions of this Note and express mention of the payment of Additional Amounts (if applicable) in any provisions hereof shall not be construed as including Additional Amounts in those provisions hereof where such express mention is not made.

Except as specifically provided herein (or, if this Note is in global form, in the Pricing Supplement) (i) neither the Bank nor any Paying Agent shall be required to make, any payment with respect to any tax, fee, duty, assessment or other governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein; (ii) a Paying Agent on behalf of the Bank shall have the right, but not the duty, to withhold from any amounts otherwise payable to a holder of this Note such amount as is necessary for the payment of any such taxes, fees, duties, assessments or other governmental charges; and (iii) if such an amount is withheld, the amount payable to the holder of this Note shall be the amount otherwise payable reduced by the amount so withheld.

The Bank may redeem this Note in whole but not in part at any time at a redemption price equal to the principal amount hereof (or, if this is an Original Issue Discount Note, the Amortized Face Amount hereof determined as of the date of redemption), together with accrued interest to but excluding the date fixed for redemption, if the Bank shall determine, based upon a written opinion of independent counsel selected by the Bank, that as a result of any change in or amendment to the laws (or any regulations or rulings promulgated hereunder) of the United States or of any political subdivision or taxing authority thereof or therein affecting taxation, or any change in application or official interpretation of any such laws, regulations or rulings, which amendment or change is effective on or after the Original Issue Date, the Bank would be required to pay Additional Amounts on the occasion of the next payment due with respect to such Note.

Notice of intention to redeem this Note, in whole but not in part, pursuant to the immediately preceding paragraph will be given (i) if this Note is in registered form, to the registered holder of this Note at least once not less than 30 days nor more than 60 days prior to the date fixed for redemption or (ii) if this Note is in bearer form, by publication in accordance with applicable law, provided that no such notice of redemption shall be given earlier than 90 days prior to the effective date of such change or amendment and that at the time notice of such redemption is given, such obligation to pay such Additional Amounts remains in effect and cannot be avoided by the Bank's taking reasonable measures available to it. From and after any redemption date, if

monies for the redemption of this Note shall have been made available for redemption on such redemption date, this Note shall cease to bear interest (and, if this Note is a definitive bearer Note, any interest coupons appertaining hereto (whether or not attached) maturing after the redemption date shall become void and no payment shall be made in respect thereof), and the only right of the holder of this Note shall be to receive payment of the principal amount hereof (or, if this is an Original Issue Discount Note, the Amortized Face Amount hereof) and all unpaid interest accrued to such redemption date.

Events of Default, Acceleration of Maturity

In respect of this Note, the occurrence of any of the following events shall constitute an "Event of Default" with respect to this Note:

(i) default in the payment of any interest (including any Additional Amounts) with respect to this Note when due, which continues for 30 days;

(ii) default, in the payment of any principal of, or premium, if any, on, this Note when due;

(iii) whatever the reason for such and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body, the entry by a court having jurisdiction in the premises of:

(a) a decree or order for relief in respect of the Bank in an involuntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law; or

(b) a decree or order appointing a conservator, receiver, liquidator, assignee, trustee, sequestrator or any other similar official of the Bank, or of substantially all of the property of the Bank, or ordering the winding up or liquidation of the affairs of the Bank, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(iv) the commencement by the Bank of a voluntary case or proceeding under any applicable United States federal or state bankruptcy, insolvency, reorganization or other similar law or the commencement of any bankruptcy or insolvency case or proceeding, or the filing by the Bank of a petition or answer or consent seeking reorganization or relief under any applicable United States federal or state law, or the consent by the Bank to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Bank or of substantially all of the property of the Bank, or the making by the Bank of an assignment for the benefit of creditors, or the taking of corporate action by the Bank in furtherance of any such action.

If an Event of Default shall occur and be continuing, the holder of this Note may declare the principal amount of, and accrued interest and premium, if any, on, this Note due and payable

immediately by written notice to the Bank. Upon such declaration and notice, such principal amount (and premium, if any) and accrued interest shall become immediately due and payable. Any Event of Default with respect to this Note may be waived by the holder thereof.

This Note contains no limitation on the amount of senior debt, deposits or other obligations that rank senior to this Note that may be hereafter incurred or assumed by the Bank.

Miscellaneous

Notwithstanding anything to the contrary contained herein, if this Note is identified as a Discount Note on the face hereof (or, if this Note is in global form, in the Pricing Supplement), the amount payable to the holder of this Note in the event of redemption, repayment or acceleration of Maturity will be equal to (i) the Amortized Face Amount (as defined below) as of the date of such event, plus (ii) with respect to any redemption of this Note (other than as provided above in the event that Additional Amounts are required to be paid by the Bank with respect to this Note), the Initial Redemption Percentage specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement) (as adjusted by the Annual Redemption Percentage Reduction specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), if any) minus 100% multiplied by the Issue Price specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), net of any portion of such Issue Price which has been paid prior to the date of redemption, or the portion of the Issue Price (or the net amount) proportionate to the portion of the unpaid principal amount to be redeemed, plus (iii) any accrued interest to the date of such event the payment of which would constitute qualified stated interest payments within the meaning of U.S. Treasury Regulation 1.1273-1 (c) under the Code. The "Amortized Face Amount" shall mean an amount equal to (i) the Issue Price plus (ii) the aggregate portions of the original issue discount (the excess of the amounts considered as part of the "stated redemption price at maturity" of this Note within the meaning of Section 1273(a)(2) of the Code, whether denominated as principal or interest, over the Issue Price) which shall theretofore have accrued pursuant to Section 1272 of the Code (without regard to Section 1272(a)(7) of the Code) from the date of issue of this Note to the date of determination, minus (iii) any amount considered as part of the "stated redemption price at maturity" of this Note which has been paid from the date of issue to the date of determination.

As used herein, "Business Day" means, unless otherwise specified on the face hereof (or, if this Note is in global form, in the Pricing Supplement), a day which is both (i) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in The City of New York, Glen Allen, Virginia, and London; and (ii) either (a) if this is a Note denominated in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial center of the country of the relevant Specified Currency (if other than the City of New York or London) or (b) if this is a Note denominated in euro, a day (other than a Saturday or a Sunday) on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open. As used herein, "London Business Day" means any day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London.

Any action by the holder of this Note shall bind all future holders of this Note, and of any Note issued in exchange or substitution hereof or in place hereof, in respect of anything done or permitted by the Bank or by the Paying Agents in pursuance of such action.

In case any Note shall at any time become mutilated, defaced, destroyed, lost or stolen, and such Note or evidence of the loss, theft or destruction thereof satisfactory to the Bank and the Registrar or London Issuing Agent, as the case may be, and such other documents or proof as may be required by the Bank and the Registrar or London Issuing Agent, as the case may be, shall be delivered to the Registrar or London Issuing Agent, as the case may be, the Registrar or London Issuing Agent, as the case may be, shall issue a new Note of like tenor and principal amount, having a serial number not contemporaneously outstanding, in exchange and substitution for the mutilated or defaced Note or in lieu of the Note destroyed, lost or stolen but, in the case of any destroyed, lost or stolen Note, only upon receipt of evidence satisfactory to the Bank and the Registrar or London Issuing Agent, as the case may be, that such Note was destroyed, stolen or lost, and, if required, upon receipt of indemnity satisfactory to the Bank and the Registrar or London Issuing Agent, as the case may be. Upon the issuance of any substituted Note, the Bank may require the payment of a sum sufficient to cover all expenses and reasonable charges connected with the preparation and delivery of a new Note. If any Note which has matured or has been redeemed or repaid or is about to mature or to be redeemed or repaid shall become mutilated, defaced, destroyed, lost or stolen, the Bank may, instead of issuing a substitute Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated or defaced Note) upon compliance by the holder with the provisions of this paragraph.

No recourse shall be had for the payment of principal of (and premium, if any) or interest on, this Note for any claim based hereon, or otherwise in respect hereof, against any shareholder, employee, agent, officer or director, as such, past, present or future, of the Bank or of any successor organization, either directly or through the Bank or any successor organization, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

The Notes are issued in accordance with the Global Agency Agreement. The Notes, and any receipts or interest coupons appertaining thereto, may be amended by the Bank, and the Global Agency Agreement may be amended by the parties thereto, (i) for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained therein, (ii) to make any further modifications of the terms of the Global Agency Agreement necessary or desirable to allow for the issuance of any additional Notes (which modifications shall not be materially adverse to holders of outstanding Notes) or (iii) in any manner which the Bank (and, in the case of the Global Agency Agreement, the parties thereto) may deem necessary or desirable and which shall not materially adversely affect the interests of the holders of the Notes, or any receipts, talons or interest coupons appertaining thereto, to all of which each holder of Notes, receipts, talons or interest coupons shall, by acceptance thereof, be deemed to have consented; provided, however, that no such modification or amendment may, without the consent of the holder of each outstanding Note affected thereby, (1) change the Maturity Date with respect to any Note or reduce or cancel the amount payable at Maturity; (2) reduce the amount payable or modify the payment date for any interest with respect to any Note or vary the method

of calculating the rate of interest with respect to any Note; (3) reduce any Minimum Interest Rate and/or Maximum Interest Rate with respect to any Note; (4) modify the currency in which payments under any Note and/or any receipts, coupons or talons appertaining thereto are to be made; (5) change the obligation of the Bank to pay Additional Amounts with respect to Notes, receipts, talons or coupons; or (6) reduce the percentage in principal amount of outstanding Notes the consent of the holders of which is necessary to modify the provisions of the Notes or to waive any future compliance or past default. Any instrument given by or on behalf of any holder of a Note in connection with any consent to any such modification, amendment or waiver shall be irrevocable once given and shall be conclusive and binding on all subsequent holders of such Note. Any modifications, amendments or waivers to this Agreement or the provisions of the Notes, receipts, talons or coupons shall be conclusive and binding on all holders of Notes, receipts, talons or coupons, whether or not notation of such modifications, amendments or waivers is made upon the Notes, receipts, talons or coupons. It will not be necessary for the consent of the holders of Notes to approve the particular form of any proposed amendment, but it shall be sufficient if such consent shall approve the substance thereof.

No provision of this Note shall alter or impair the obligation of the Bank, which is absolute and unconditional, to pay principal of (and premium, if any) and interest on, and any Additional Amounts with respect to, this Note in the Specified Currency indicated on the face hereof (or, as provided herein, in the equivalent in U.S. dollars) at the times, places and rate herein prescribed.

No service charge shall be made to a holder of this Note for any transfer or exchange of this Note, but the Bank may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

If this Note is in registered form, prior to due presentment of this Note for registration of transfer, the Bank, Domestic Paying Agent, Registrar, London Paying Agent, Luxembourg Paying Agent, Transfer Agent and Listing Agent (collectively, together with any successors thereto, the "Agents") or any agent of the Bank or the Agents may treat the holder in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Bank, the Agents nor any such agent shall be affected by notice to the contrary except as required by applicable law.

All notices to the Bank under this Note shall be in writing and addressed to the Bank at Capital One Bank, 8000 Jones Branch Road, McLean, Virginia 22102, USA, Attention: Treasurer; telephone: (703) 8751000; and facsimile: (703) 875-1099 or to such other address of the Bank as the Bank may notify the holders of the Notes.

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably request(s) and instruct(s) the Bank to repay this Note (or portion hereof specified below) pursuant to its terms at a price equal to 100% of the principal amount hereof to be repaid, together with accrued and unpaid interest hereon, payable to the date of repayment, to the undersigned, at _____

(Please print or typewrite name and address of the undersigned.)

For this Note to be repaid, the undersigned must give to the London Paying Agent, if this Note is in bearer form, at 9 Thomas More Street, London, E1W 1YT or, if this Note is in registered form, to the Domestic Paying Agent at The Chase Manhattan Bank, 450 West 33rd Street, New York, New York 10001-2697, United States of America, or to the London Paying Agent at its address, as the case may be, or at such other place or places of which the Bank shall from time to time notify the holders of the Notes not more than 60 days nor less than 30 days prior to the date of repayment, this Note (and, if this Note is in definitive bearer form, all interest coupons appertaining hereto maturing after the repayment date) with this "Option to Elect Repayment" form duly completed.

If less than the entire principal amount of this Note is to be repaid, specify the portion hereof (which shall be increments of US\$1,000, or equivalent denominations in other currencies) which the holder elects to have repaid and specify the denomination or denominations (which shall be an Authorized Denomination specified on the face of the within Note) of the Notes to be issued to the holder for the portion of this Note not being repaid (in the absence of any such specification, one such Note will be issued for the portion not being repaid):

US\$ _____

Dated: _____

Signature

NOTICE: The signature on this "Option to Elect Repayment" form must correspond with the name as written upon the face of the within Note in every particular, without alteration or enlargement or any change whatsoever.

Signature Guarantee

NOTICE: The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations, and credit unions with membership in an approved signature guarantee medallion program), pursuant to Rule 17Ad-15 under the Securities Exchange Act of 1934.

LEASE AGREEMENT

Dated as of December 5, 2000

among

FIRST UNION DEVELOPMENT CORPORATION,
as Lessor

and

CAPITAL ONE F.S.B. and
CAPITAL ONE BANK,
jointly and severally as Lessee

This Lease Agreement is subject to a security interest in favor of First Union National Bank, as the agent for the Primary Financing Parties and respecting the Security Documents, as the agent for the Secured Parties (the "Agent") under a

Security Agreement dated as of December 5, 2000, between First Union Development Corporation, as the Borrower and the Agent, as amended, modified, extended, supplemented and/or restated from time to time in accordance with the applicable provisions thereof. This Lease Agreement has been executed in several counterparts. To the extent, if any, that this Lease Agreement constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Lease Agreement may be created through the transfer or possession of any counterpart other than the original counterpart containing the receipt therefor executed by the Agent on the signature page hereof.

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LEASE AGREEMENT

THIS LEASE AGREEMENT dated as of December 5, 2000 (as amended, modified, extended, supplemented and/or restated from time to time, this "Lease") is among

FIRST UNION DEVELOPMENT CORPORATION, a North Carolina corporation, as lessor
(the "Lessor"), CAPITAL ONE, F.S.B., a federal savings bank ("FSB") and CAPITAL

ONE BANK, a Virginia banking corporation ("COB") jointly and severally, as

lessee (collectively, FSB and COB may be hereinafter referred to as the
"Lessee").

W I T N E S S E T H:

A. WHEREAS, subject to the terms and conditions of the Participation Agreement and the Agency Agreement, Lessor will (i) ground lease one or more parcels of real property, some of which will (or may) have existing Improvements thereon, from Lessee or an Affiliate and (ii) fund the acquisition, installation, testing, use, development, construction, operation, maintenance, repair, refurbishment and restoration of the Property by the Construction Agent; and

B. WHEREAS, the Interim Term shall commence with respect to the Property on the Closing Date and the Basic Term shall commence with respect to the Property upon the Rent Commencement Date; and

C. WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, the Property.

NOW, THEREFORE, in consideration of the foregoing, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

1.1 Definitions.

For purposes of this Lease, capitalized terms used in this Lease and not otherwise defined herein shall have the meanings assigned to them in Appendix A to that certain Participation Agreement dated as of December 5, 2000

(as amended, modified, extended, supplemented and/or restated from time to time in accordance with the applicable provisions thereof, the "Participation Agreement") among Lessee, Capital One Financial Corporation, as the Guarantor,

Lessor, the various financial institutions and other institutional investors which are parties thereto from time to time as Tranche A Note Purchasers, the various banks and other lending institutions which are parties thereto from time to time as Tranche B Lenders, First Union National Bank, as agent for the Primary Financing Parties and, respecting the Security Documents, as the agent for the Secured Parties, and First Union National Bank, as the Escrow

Agent. Unless otherwise indicated, references in this Lease to articles, sections, paragraphs, clauses, appendices, schedules and exhibits are to the same contained in this Lease.

1.2 Interpretation.

The rules of usage set forth in Appendix A to the Participation Agreement shall apply to this Lease.

ARTICLE II

2.1 Property.

Subject to the terms and conditions hereinafter set forth and contained in the Lease Supplement relating to the Property, Lessor hereby leases to Lessee and Lessee hereby leases from Lessor, the Property.

2.2 Lease Term.

The interim term of this Lease with respect to the Property (the "Interim Term") shall begin upon the Closing Date (the "Commencement Date") and shall end on the Rent Commencement Date, unless the Interim Term is earlier terminated. The basic term of this Lease with respect to the Property (the "Basic Term") shall begin upon the Rent Commencement Date and shall end on the tenth anniversary of the Closing Date, unless the Basic Term is earlier terminated.

Not less than one hundred eighty (180) days and no more than two hundred forty (240) days prior to the end of the Basic Term, Lessee may give Lessor and the Agent written notice of Lessee's desire to extend the Basic Term. Lessor, each Primary Financing Party and the Agent shall each make a determination, in the absolute and sole discretion of each such party, not later than one hundred twenty-five (125) days prior to the then current Expiration Date whether or not such party will agree to extend the Expiration Date as requested; provided, however, that failure by any such party to respond

(not later than one hundred twenty-five (125) days prior to the then current Expiration Date) to Lessee's request shall be deemed to constitute a refusal by such party to the extension of the Expiration Date. In response to Lessee's request for an extension of the Expiration Date, if (a) Lessor, each Primary Financing Party and the Agent shall agree in writing to the requested extension, then the Term shall be extended and shall expire on the agreed upon date or (b) Lessor, any Primary Financing Party or the Agent shall refuse (or be deemed to have refused) to agree to the requested extension, then the Basic Term shall not be extended and shall expire on the then current Expiration Date; provided,

however, if any Primary Financing Party shall refuse (or be deemed to have

refused) to agree to the requested extension, Lessee shall have the right to cause such Primary Financing Party to be replaced with another Person in accordance with Section 5.14 of the Participation Agreement.

2.3 Title.

The Property is leased to Lessee without any representation or warranty, express or implied, by Lessor and subject to the rights of parties in possession (if any), the existing state of title (including without limitation the Permitted Liens) and all applicable Legal Requirements. Lessee shall in no event have any recourse against Lessor for any defect in Lessor's title to the Property or any interest of Lessee therein other than for Lessor Liens.

2.4 Lease Supplement.

On or prior to the Commencement Date, Lessee and Lessor shall each execute and deliver a Lease Supplement for the Property effective as of such Commencement Date in substantially the form of EXHIBIT A hereto; provided, on or -----
prior to the Rent Commencement Date, Lessee and Lessor shall, upon the reasonable request of either party, execute and deliver an amended and restated Lease Supplement for the Property effective as of such Rent Commencement Date.

ARTICLE III

3.1 Rent.

(a) Lessee shall pay Basic Rent in arrears on each Scheduled Interest Payment Date; provided, however, Lessee shall have no obligation -----
to pay Basic Rent with respect to the Property until the Rent Commencement Date; provided, further, any amount of Basic Rent payable on the Scheduled -----
Interest Payment Date occurring on July 1, 2010 shall be paid on June 30, 2010.

(b) Basic Rent shall be due and payable in lawful money of the United States and shall be paid by wire transfer of immediately available funds on the due date therefor to such account at such bank as Lessor shall from time to time direct.

(c) Lessee's inability or failure to take possession of all or any portion of any Property when delivered by Lessor, whether or not attributable to any act or omission of Lessor, the Construction Agent, Lessee or any other Person or for any other reason whatsoever, shall not delay or otherwise affect Lessee's obligation to pay Rent for such Property in accordance with the terms of this Lease.

(d) Lessee shall make all payments of Rent payable to Lessor prior to 12:00 Noon, Charlotte, North Carolina time, on the applicable date for payment of such amount.

3.2 Payment of Basic Rent.

Basic Rent shall be paid absolutely net to Lessor or its designee, so that this Lease shall yield to Lessor the full amount thereof, without setoff, deduction or reduction.

3.3 Supplemental Rent.

Lessee shall pay to the Person entitled thereto any and all Supplemental Rent when and as the same shall become due and payable. All such payments of Supplemental Rent payable to any Financing Party shall be in the full amount thereof, without setoff, deduction or reduction. Lessee shall pay to the appropriate Person, as Supplemental Rent due and owing to such Person, among other things, on demand, (a) any and all payment obligations (except for amounts payable as Basic Rent, including without limitation principal or interest (but not including any payments of the Lessor under Section 5.15 of the Participation Agreement) due and owing under any Notes, amounts specifically excluded from indemnification by the Lessee pursuant to Sections 11.1 and 11.2 of the Participation Agreement and amounts due and owing or otherwise payable or incurred as a result of or in connection with any sale of an assignment or participation interest by any Tranche B Lender or Tranche A Note Purchaser and payment obligations of one Financing Party to another Financing Party) owing from time to time under the Operative Agreements by any Person to the Agent, the Lessor, the Escrow Agent, any Primary Financing Party, or any other Person (provided, unless such obligation is expressly stated as an obligation of the Lessee, the Lessee shall only be responsible for such obligation to the extent it is reasonable for a lessee to bear responsibility for such obligation in a transaction of the type evidenced by the Operative Agreements), (b) interest at the applicable Overdue Rate on any portion of any installment of Basic Rent not paid when due for the period for which the same shall be overdue and on any portion of any payment of Supplemental Rent payable to any Financing Party not paid when due for the period from the due date until the same shall be paid and (c) amounts referenced as Supplemental Rent obligations pursuant to Section 8.3 of the Participation Agreement. It shall be an additional Supplemental Rent obligation of Lessee to pay to the appropriate Person all rent and other amounts when such become due and owing from time to time under the Ground Lease and without the necessity of any notice from Lessor with regard thereto. The expiration or other termination of Lessee's obligations to pay Basic Rent hereunder shall not limit or modify the obligations of Lessee with respect to Supplemental Rent. Unless expressly provided otherwise in this Lease, in the event of any failure on the part of Lessee to pay and discharge any Supplemental Rent as and when due, Lessee shall also promptly pay and discharge any fine, penalty, interest or cost which may be assessed or added for nonpayment or late payment of such Supplemental Rent, all of which shall also constitute Supplemental Rent.

3.4 Performance on a Non-Business Day.

If any Basic Rent is required hereunder on a day that is not a Business Day, then such Basic Rent shall be due on the corresponding Scheduled Interest Payment Date. If any Supplemental Rent is required hereunder on a day that is not a Business Day, then such Supplemental Rent shall be due on the next succeeding Business Day.

3.5 Rent Payment Provisions.

Lessee shall make payment of all Basic Rent and Supplemental Rent when due regardless of whether any of the Operative Agreements pursuant to which same is calculated and is owing shall have been rejected, avoided or disavowed in any bankruptcy or insolvency

proceeding involving any of the parties to any of the Operative Agreements. Such Operative Agreements, including without limitation provisions relating to the payment of Supplemental Rent with the proceeds of Advances pursuant to Section 8.3(d) of the Participation Agreement, and their related definitions are incorporated herein by reference and shall survive any termination, amendment or rejection of any such Operative Agreements.

ARTICLE IV

4.1 Taxes; Utility Charges.

Subject to the terms of Article XIII relating to permitted contests, Lessee shall pay or cause to be paid all Impositions with respect to the Property and/or the use, occupancy, operation, repair, access, maintenance or operation thereof and all charges for electricity, power, gas, oil, water, telephone, sanitary sewer service and all other rents, utilities and operating expenses of any kind or type used in or on any Property during the Term. Upon Lessor's reasonable request, Lessee shall provide from time to time Lessor with evidence of all such payments referenced in the foregoing sentence. Lessee shall be entitled to receive any credit or refund with respect to any Imposition or utility charge paid by Lessee. Unless a Lease Event of Default shall have occurred and be continuing, the amount of any credit or refund received by Lessor on account of any Imposition or utility charge paid by Lessee, net of the costs and expenses incurred by Lessor in obtaining such credit or refund, shall be promptly paid over to Lessee. All charges for utilities imposed with respect to the Property for a period during which this Lease expires or terminates shall be adjusted and prorated on a daily basis between Lessor and Lessee, and each party shall pay or reimburse the other for such party's pro rata share thereof.

ARTICLE V

5.1 Quiet Enjoyment.

Subject to the rights of Lessor contained in Sections 17.2, 17.3 and 20.3 and the other terms of this Lease and the other Operative Agreements and so long as no Lease Event of Default shall have occurred and be continuing, Lessee shall peaceably and quietly have, hold and enjoy the Property for the Term, free of any claim or other action by Lessor or anyone rightfully claiming by, through or under Lessor (other than Lessee) with respect to any matters arising from and after the Commencement Date.

ARTICLE VI

6.1 Net Lease.

This Lease shall constitute a net lease, and the obligations of Lessee hereunder are absolute and unconditional. Lessee shall pay all operating expenses arising out of the use,

operation and/or occupancy of the Property. Any present or future law to the contrary notwithstanding, this Lease shall not terminate, nor shall Lessee be entitled to any abatement, suspension, deferment, reduction, setoff, counterclaim, or defense with respect to the Rent, nor shall the obligations of Lessee hereunder be affected (except as expressly permitted and by performance of the obligations in connection therewith) for any reason whatsoever, including without limitation by reason of: (a) any damage to or destruction of the Property or any part thereof; (b) any taking of the Property or any part thereof or interest therein by Condemnation or otherwise; (c) any prohibition, limitation, restriction or prevention of Lessee's use, occupancy or enjoyment of the Property or any part thereof, or any interference with such use, occupancy or enjoyment by any Person or for any other reason; (d) any title defect, Lien or any matter affecting title to the Property; (e) any eviction by paramount title or otherwise; (f) any default by Lessor hereunder; (g) any action for bankruptcy, insolvency, reorganization, liquidation, receivership, dissolution or other proceeding relating to or affecting the Agent, any Primary Financing Party, Lessor, Lessee, any other Credit Party or any Governmental Authority; (h) the impossibility or illegality of performance by Lessor, Lessee (or any other Credit Party) or a combination of the foregoing; (i) any action of any Governmental Authority or any other Person; (j) Lessee's acquisition of ownership of all or part of the Property; (k) breach of any warranty or representation with respect to the Property or any Operative Agreement; (l) any defect in the condition, quality or fitness for use of the Property or any part thereof; or (m) any other cause or circumstance whether similar or dissimilar to the foregoing and whether or not Lessee (or any other Credit Party) shall have notice or knowledge of any of the foregoing. The parties intend that the obligations of Lessee hereunder shall be covenants, agreements and obligations that are separate and independent from any obligations of Lessor hereunder and shall continue unaffected unless such covenants, agreements and obligations shall have been modified or terminated in accordance with an express provision of this Lease. Lessor and Lessee acknowledge and agree that the provisions of this Section 6.1 have been specifically reviewed and subject to negotiation. Lessee's agreements in this paragraph shall not affect any claim, action or right Lessee may have against the Lessor, the Agent or any Primary Financing Party that may be brought by separate proceeding.

6.2 No Termination or Abatement.

Lessee shall remain obligated under this Lease in accordance with its terms and shall not take any action to terminate, rescind or avoid this Lease, notwithstanding any action for bankruptcy, insolvency, reorganization, liquidation, dissolution, or other proceeding affecting any Person or any Governmental Authority, or any action with respect to this Lease or any Operative Agreement which may be taken by any trustee, receiver or liquidator of any Person or any Governmental Authority or by any court with respect to any Person, or any Governmental Authority. Lessee hereby waives all right (a) to terminate or surrender this Lease (except as permitted under the terms of the Operative Agreements) or (b) to avail itself of any abatement, suspension, deferment, reduction, setoff, counterclaim or defense with respect to any Rent. Lessee shall remain obligated under this Lease in accordance with its terms and Lessee hereby waives any and all rights now or hereafter conferred by statute or otherwise to modify or to avoid strict compliance with its obligations under this Lease. Notwithstanding any such statute or otherwise, Lessee shall be bound by all of the terms and conditions contained in this Lease. Lessee's agreements in this paragraph shall not affect any claim, action or right Lessee may have

against the Lessor, the Agent or any Primary Financing Party that may be brought by separate proceeding.

ARTICLE VII

7.1 Ownership of the Properties.

(a) Lessor and Lessee intend that (i) for financial accounting purposes with respect to Lessee (A) this Lease will be treated as an "operating lease" pursuant to Statement of Financial Accounting Standards No. 13, as amended, (B) Lessor will be the owner and lessor of the Property and (C) Lessee will be the lessee of the Property, but (ii) for federal and all state and local income tax purposes, bankruptcy, receivership, UCC, commercial law, real estate law and all other purposes (A) this Lease will be treated as a financing arrangement and (B) Lessee will be treated as the owner of the Property and will be entitled to all tax benefits ordinarily available to owners of property similar to the Property for such tax purposes. Notwithstanding the foregoing, neither party hereto has made, or shall be deemed to have made, any representation or warranty as to the availability of any of the foregoing treatments under applicable accounting rules, tax, bankruptcy, regulatory, commercial or real estate law or under any other set of rules. Lessee shall claim the cost recovery deductions associated with the Property, and Lessor shall not, to the extent not prohibited by Law, take on its tax return a position inconsistent with Lessee's claim of such deductions.

(b) In order to secure the obligations of Lessee now existing or hereafter arising under any and all Operative Agreements, pursuant hereto and to the Lease Supplement, Lessee hereby conveys, grants, assigns, transfers, hypothecates, mortgages and sets over to Lessor, for the benefit of the Secured Parties, a first priority security interest (but subject only to the security interest in the assets granted by Lessor in favor of the Agent in accordance with the Security Agreement) in and lien on all right, title and interest of Lessee (now owned or hereafter acquired) in and to the Property, to the extent such is personal property and irrevocably grants and conveys a lien, deed of trust or mortgage, as applicable, on all right, title and interest of Lessee (now owned or hereafter acquired) in and to the Property to the extent such is real property. Lessor and Lessee further intend and agree that, for the purpose of securing the obligations of Lessee and/or the Construction Agent now existing or hereafter arising under the Operative Agreements, this Lease as supplemented by the Lease Supplement shall be a security agreement and financing statement within the meaning of Article 9 of the Uniform Commercial Code respecting the Lessee's interest in the Property and all proceeds (including without limitation insurance proceeds thereof) to the extent such is personal property and an irrevocable grant and conveyance of a lien, deed of trust or mortgage, as applicable, on the Lessee's interest in the Property and all proceeds (including without limitation insurance proceeds thereof) to the extent such is real property and constitutes a grant by Lessee to Lessor of a security interest, lien, deed of trust or mortgage, as applicable, in all of Lessee's right, title and interest in and to the Property and all proceeds (including without limitation insurance proceeds thereof) of the conversion,

voluntary or involuntary, of the foregoing into cash, investments, securities or other property, whether in the form of cash, investments, securities or other property, and an assignment of all rents, profits and income produced by the Property. Lessee and Lessor further intend and agree that notifications to Persons holding such proceeds, and acknowledgments, receipts or confirmations from financial intermediaries, bankers or agents (as applicable) of Lessee, when given, shall be deemed to have been given for the purpose of perfecting the foregoing lien, security interest, mortgage lien or deed of trust, as applicable, under applicable law. Subject to Section 8.12 of the Participation Agreement, Lessee shall promptly take such actions as necessary (including without limitation the filing of Uniform Commercial Code Financing Statements, Uniform Commercial Code Fixture Filings and memoranda (or short forms) of this Lease and the Lease Supplement) to ensure that the lien, security interest, mortgage lien or deed of trust, as applicable, in the Property and the other items referenced above will be deemed to be a perfected lien, security interest, mortgage lien or deed of trust, as applicable, of first priority (subject to all liens and security interests granted to the Agent and/or the Primary Financing Parties under the Security Documents (other than this Lease)) under applicable law and will be maintained as such throughout the Term.

ARTICLE VIII

8.1 Condition of the Property.

LESSEE ACKNOWLEDGES AND AGREES THAT IT IS LEASING THE PROPERTY "AS-IS WHERE-IS" WITHOUT REPRESENTATION, WARRANTY OR COVENANT (EXPRESS OR IMPLIED) BY LESSOR (EXCEPT THAT LESSOR SHALL KEEP THE PROPERTY FREE AND CLEAR OF LESSOR LIENS) AND IN EACH CASE SUBJECT TO (A) THE EXISTING STATE OF TITLE, (B) THE RIGHTS OF ANY PARTIES IN POSSESSION THEREOF (IF ANY), (C) ANY STATE OF FACTS REGARDING ITS PHYSICAL CONDITION OR WHICH AN ACCURATE SURVEY MIGHT SHOW, (D) ALL APPLICABLE LEGAL REQUIREMENTS AND (E) VIOLATIONS OF LEGAL REQUIREMENTS WHICH MAY EXIST ON THE DATE HEREOF AND/OR THE DATE OF THE APPLICABLE LEASE SUPPLEMENT. NEITHER LESSOR NOR THE AGENT NOR ANY PRIMARY FINANCING PARTY HAS MADE OR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION, WARRANTY OR COVENANT (EXPRESS OR IMPLIED) (EXCEPT THAT LESSOR SHALL KEEP THE PROPERTY FREE AND CLEAR OF LESSOR LIENS) OR SHALL BE DEEMED TO HAVE ANY LIABILITY WHATSOEVER AS TO THE TITLE, VALUE, HABITABILITY, USE, CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS FOR USE OF THE PROPERTY (OR ANY PART THEREOF), OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY (OR ANY PART THEREOF), AND NEITHER LESSOR NOR THE AGENT NOR ANY PRIMARY FINANCING PARTY SHALL BE LIABLE FOR ANY LATENT, HIDDEN, OR PATENT DEFECT THEREON OR THE FAILURE OF THE PROPERTY, OR ANY PART THEREOF, TO COMPLY WITH ANY LEGAL REQUIREMENT. LESSEE HAS OR PRIOR TO THE COMMENCEMENT DATE WILL

HAVE BEEN AFFORDED FULL OPPORTUNITY TO INSPECT THE PROPERTY AND THE IMPROVEMENTS THEREON (IF ANY), IS OR WILL BE (INSOFAR AS LESSOR, THE AGENT AND EACH PRIMARY FINANCING PARTY ARE CONCERNED) SATISFIED WITH THE RESULTS OF ITS INSPECTIONS AND IS ENTERING INTO THIS LEASE SOLELY ON THE BASIS OF THE RESULTS OF ITS OWN INSPECTIONS, AND ALL RISKS INCIDENT TO THE MATTERS DESCRIBED IN THE PRECEDING SENTENCE, AS BETWEEN LESSOR, THE AGENT AND THE PRIMARY FINANCING PARTIES, ON THE ONE HAND, AND LESSEE, ON THE OTHER HAND, ARE TO BE BORNE BY LESSEE.

8.2 Possession and Use of the Property.

(a) At all times during the Term with respect to the Property, such Property shall be a Permitted Facility and shall be used by Lessee in the ordinary course of its business; provided, however, that nothing herein

or in any other Operative Agreement shall be construed to require Lessee to operate the Property. Subject to the terms of Article XIII relating to permitted contests, Lessee shall pay, or cause to be paid during the Term, all charges and costs required in connection with the use of the Property as contemplated by this Lease. Lessee shall not commit or permit any waste of the Property or any part thereof.

(b) The address stated in Section 6.2(i) of the Participation Agreement is the principal place of business and chief executive office of Lessee (as such terms are used in Section 9-103(3) of the Uniform Commercial Code of any applicable jurisdiction), and Lessee will provide Lessor with prior written notice of any change of location of its principal place of business or chief executive office. Regarding the Property, the Lease Supplement shall correctly identify the initial location of the related Equipment (if any) and Improvements (if any) and contain an accurate legal description for the related parcel of Land or a description of the Ground Lease. The Equipment and Improvements respecting the Property will be located only at the location identified in the Lease Supplement.

(c) Lessee will not attach or incorporate any item of Equipment to or in any other item of equipment or personal property or to or in any real property in a manner that could give rise to the assertion of any Lien on such item of Equipment by reason of such attachment or the assertion of a claim that such item of Equipment has become a fixture and is subject to a Lien in favor of a third party that is prior to the Liens thereon created by the Operative Agreements.

(d) On or prior to the Rent Commencement Date for the Property, Lessor and Lessee shall execute a Lease Supplement (or, pursuant to Section 2.4, an amended and restated Lease Supplement) in regard to such Property which shall contain an Equipment Schedule that has a general description of the Equipment which shall comprise the Property, a schedule that has a general description of the Improvements which shall comprise the Property and a legal description of the Land subject to the Ground Lease upon which such Improvements will be constructed, all of which shall be leased or

subleased hereunder as of the Rent Commencement Date. The Property shall be deemed to be ground subleased from Lessor to Lessee as of the Commencement Date, and such ground sublease shall be in effect until this Lease is terminated or expires, in each case in accordance with the terms and provisions hereof. Lessee shall satisfy and perform all obligations imposed on Lessor under the Ground Lease. As of the Rent Commencement Date, such Equipment, Improvements, Land, ground subleasehold interest, all additional Equipment and all additional Improvements which are financed under the Operative Agreements after the Closing Date and the remainder of such Property shall be deemed to have been accepted by Lessee for all purposes of this Lease and to be subject to this Lease.

(e) At all times during the Term with respect to the Property, Lessee will comply with all obligations under and (to the extent no Lease Event of Default exists and provided that any such exercise of rights and remedies hereinafter referred to will not impair the value, utility or remaining useful life of such Property) shall be permitted to exercise all rights and remedies under, all operation and easement agreements and related or similar agreements applicable to such Property.

8.3 Integrated Property.

On the Rent Commencement Date for the Property, Lessee shall, at its sole cost and expense, cause the Property, together with any Appurtenant Rights, to constitute (and for the duration of the Term shall continue to constitute) all of the equipment, facilities, rights, other personal property and other real property necessary or appropriate to operate, utilize, maintain and control the Property in a commercially reasonable manner.

ARTICLE IX

9.1 Compliance With Legal Requirements, Insurance Requirements and

Manufacturer's Specifications and Standards.

Subject to the terms of Article XIII relating to permitted contests, Lessee, at its sole cost and expense, shall (a) comply with all applicable Legal Requirements (including without limitation all Environmental Laws) and all Insurance Requirements relating to the Property (unless the failure to comply with such Insurance Requirements will not result in a denial of coverage under any insurance policy required to be maintained hereunder or under any other Operative Agreement), (b) procure, maintain and comply with all licenses, permits, orders, approvals, consents and other authorizations required for the acquisition, installation, testing, use, development, construction, operation, maintenance, repair, refurbishment and restoration of the Property, and (c) comply with all manufacturer's specifications and standards, including without limitation the acquisition, installation, testing, use, development, construction, operation, maintenance, repair, refurbishment and restoration of the Property, whether or not compliance therewith shall require structural or extraordinary changes in the Property or interfere with the use and enjoyment of the Property unless the failure to comply with Legal Requirements (including without limitation all Environmental Laws) pursuant to subparagraph (a) or unless the

failure to procure, maintain and comply with such items identified in subparagraphs (b) and (c), individually or in the aggregate, shall not and could not reasonably be expected to have a Material Adverse Effect. Lessor agrees to take such actions as may be reasonably requested by Lessee in connection with the compliance by Lessee of its obligations under this Section 9.1.

ARTICLE X

10.1 Maintenance and Repair; Return.

(a) Lessee, at its sole cost and expense, shall maintain the Property in the repair and condition as existed as of the Completion Date (ordinary wear and tear excepted) and make all necessary repairs thereto and replacements thereof, of every kind and nature whatsoever, whether interior or exterior, ordinary or extraordinary, structural or nonstructural or foreseen or unforeseen, in each case as required by Section 9.1 and on a basis consistent with the operation and maintenance of Lessee's properties or equipment comparable in type and function to the Property, such that the Property is capable of being utilized within a reasonable time and in compliance with standard industry practice subject, however, to the provisions of Article XV with respect to Casualty and Condemnation and ordinary wear and tear.

(b) Lessee shall not use or locate any component of the Property outside of the Approved State therefor. Lessee shall not move or relocate any component of the Property beyond the boundaries of the Land (comprising part of such Property) described in the applicable Lease Supplement, except for the removal of Equipment and other personal property for repair or replacement, and except for Improvements (if any) constructed in connection with or on Land subject to Appurtenant Rights.

(c) If any component of the Property becomes worn out, lost, destroyed, damaged beyond repair or otherwise permanently rendered unfit for use, Lessee, at its own expense, will within a reasonable time replace such component with a replacement component which is free and clear of all Liens (other than Permitted Liens and Lessor Liens) and has a value, utility and useful life at least equal to the component replaced (assuming the component replaced had been maintained and repaired in accordance with the requirements of this Lease). All components which are added to the Property shall immediately become the property of (and title thereto shall vest in) Lessor and shall be deemed incorporated in the Property and subject to the terms of this Lease as if originally leased hereunder.

(d) Upon reasonable advance notice and during regular business hours, Lessor and its agents shall have the right to inspect the Property and all maintenance records with respect thereto, but shall not, in the absence of a continuing Lease Event of Default, materially disrupt the business of Lessee. In connection with any such inspection initiated upon the occurrence of, and thereafter during any continuance of, a Lease Event of Default, costs and expenses in connection with any such inspection shall be borne by Lessee.

(e) Lessee shall cause to be delivered to Lessor (at Lessee's sole expense) one (1) or more additional Appraisals (or reappraisals or updates of prior Appraisals of the Property) as Lessor may request if and to the extent any of Lessor, the Agent or any Primary Financing Party is required pursuant to any applicable Legal Requirement to obtain such Appraisals (or reappraisals or updates of prior Appraisals) and upon the occurrence of any Lease Event of Default.

(f) Lessor shall under no circumstances be required to build any improvements or install any equipment on the Property, make any repairs, replacements, alterations or renewals of any nature or description to the Property, make any expenditure whatsoever in connection with this Lease or maintain the Property in any way. Lessor shall not be required to maintain, repair or rebuild all or any part of the Property, and Lessee waives the right to (i) require Lessor to maintain, repair, or rebuild all or any part of the Property, or (ii) make repairs at the expense of Lessor pursuant to any Legal Requirement, Insurance Requirement, contract, agreement, covenant, condition or restriction at any time in effect.

(g) Lessee shall, upon the expiration or earlier termination of this Lease with respect to the Property, if Lessee shall not have exercised its Purchase Option with respect to such Property and purchased such Property, surrender such Property (i) to Lessor pursuant to the exercise of the applicable remedies upon the occurrence and continuance of a Lease Event of Default or (ii) pursuant to the second paragraph of Section 22.1(a) hereof, to Lessor or the third party purchaser, as the case may be, subject to Lessee's obligations under this Lease (including without limitation the obligations of Lessee at the time of such surrender under Sections 9.1, 10.1(a) through (f), 10.2, 11.1, 12.1, 22.1 and 23.1).

10.2 Environmental Inspection.

If Lessee has not given notice of exercise of its Purchase Option on the Expiration Date pursuant to Section 20.1 or for whatever reason Lessee does not elect (for itself or its designee) to purchase the Property in accordance with the terms of this Lease, then not more than one hundred eighty (180) days nor less than sixty (60) days prior to the Expiration Date, Lessee at its expense shall cause to be delivered to Lessor a Phase I environmental site assessment recently prepared (no more than thirty (30) days prior to the date of delivery) by an independent recognized professional reasonably acceptable to Lessor, and in form, scope and content reasonably satisfactory to Lessor.

ARTICLE XI

11.1 Modifications.

(a) Lessee at its sole cost and expense, at any time and from time to time without the consent of Lessor may make modifications, alterations, renovations,

improvements and additions to the Property or any part thereof and substitutions and replacements therefor (collectively, "Modifications"),

and Lessee shall make any and all Modifications required to be made pursuant to all Legal Requirements, Insurance Requirements and manufacturer's specifications and standards; provided, that: (i) no

Modification shall materially impair the value, utility or useful life of the Property from that which existed immediately prior to such Modification (assuming the Property is being maintained and repaired in accordance with the requirements of this Lease); (ii) each Modification shall be done expeditiously and in a good and workmanlike manner; (iii) no Modification shall adversely affect the structural integrity of the Property; (iv) to the extent required by Section 14.2(a), Lessee shall maintain builders' risk insurance at all times when a Modification is in progress; (v) subject to the terms of Article XIII relating to permitted contests, Lessee shall pay all costs and expenses and discharge any Liens arising with respect to any Modification; (vi) each Modification shall comply with the requirements of this Lease (including without limitation Sections 8.2 and 10.1); and (vii) no Improvement shall be demolished or otherwise rendered unfit for use unless Lessee shall finance the proposed replacement Modification outside of this lease facility; provided, further, Lessee shall not make

any Modification (unless required by any Legal Requirement) to the extent any such Modification, individually or in the aggregate, shall or could reasonably be expected to have a Material Adverse Effect. All Modifications required pursuant to Legal Requirements, Insurance Requirements and/or manufacturer's specifications and standards and all other Modifications that are not severable from the Property without material damage or other material loss of value shall immediately and without further action upon their incorporation into the Property (1) become property of Lessor, (2) be subject to this Lease and (3) be titled in the name of Lessor. Title to all other Modifications shall vest with Lessee; provided, if Lessee fails

to remove any such Modification prior to the Expiration Date or earlier termination of this Lease, title to such Modifications shall revert to Lessor (unless Lessee or its designee shall have purchased the Property on the Expiration Date or earlier termination of this Lease). Lessee, at its sole cost and expense, shall repair any damage to the Property relating to the removal of any Modification titled to Lessee. Lessee shall not remove or attempt to remove any Modification titled to Lessor from the Property, except as set forth in Section 10.1. Lessee, at its own cost and expense, will pay for the repairs of any damage to the Property caused by the removal or attempted removal of any Modification. Nothing herein or in any other Operative Agreement shall prevent Lessee from removing any Lessee Equipment from the Property.

(b) The construction process provided for in the Agency Agreement is acknowledged by Lessor to be consistent with and in compliance with the terms and provisions of this Article XI.

ARTICLE XII

12.1 Warranty of Title; Waiver of Landlord's Lien.

(a) Lessee hereby acknowledges and shall cause title in the Property (including without limitation all Equipment (but exclusive of any Lessee Equipment), all Improvements, all replacement components to the Property and all Modifications) immediately and without further action to vest in and become the property of Lessor and to be subject to the terms of this Lease (provided, Lessor's interest in the Land and the Improvements

existing on the Land as of the Closing Date is acknowledged to be a leasehold interest pursuant to the Ground Lease) from and after the date hereof or such date of incorporation into the Property. Lessee agrees that, subject to the terms of Article XIII relating to permitted contests, Lessee shall not directly or indirectly create or allow to remain, and shall promptly discharge at its sole cost and expense, any Lien, defect, attachment, levy, title retention agreement or claim upon the Property, any component thereof or any Modifications or any Lien, attachment, levy or claim with respect to the Rent or with respect to any amounts held by Lessor, the Agent or any Primary Financing Party pursuant to any Operative Agreement, other than Permitted Liens and Lessor Liens. Lessee shall promptly notify Lessor in the event it receives actual knowledge that a Lien other than a Permitted Lien or Lessor Lien has occurred with respect to the Property, the Rent or any other such amounts, and Lessee represents and warrants to, and covenants with, Lessor that the Liens in favor of Lessor and/or the Agent created by the Operative Agreements are (and until the Financing Parties under the Operative Agreements have been paid in full shall remain) first priority Liens subject only to Permitted Liens and Lessor Liens. At all times subsequent to the Commencement Date respecting the Property, Lessee shall (subject to Section 8.12 of the Participation Agreement) (i) cause a valid, perfected, first priority Lien on the Property to be in place in favor of the Agent (for the benefit of the Secured Parties) and (ii) file, or cause to be filed, all necessary documents under the applicable real property law and Article 9 of the Uniform Commercial Code to perfect such title and Liens.

(b) Subject to Section 11.1(b), nothing contained in this Lease shall be construed as constituting the consent or request of Lessor or Agent, expressed or implied, to or for the performance by any contractor, mechanic, laborer, materialman, supplier or vendor of any labor or services or for the furnishing of any materials for any construction, alteration, addition, repair or demolition of or to any Property or any part thereof. NOTICE IS HEREBY GIVEN THAT NEITHER LESSOR NOR THE AGENT IS AND NEITHER SHALL BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO LESSEE, OR TO ANYONE HOLDING THE PROPERTY OR ANY PART THEREOF THROUGH OR UNDER LESSEE, AND THAT NO MECHANIC'S OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES OR MATERIALS SHALL ATTACH TO OR AFFECT THE INTEREST OF LESSOR OR THE AGENT IN AND TO THE PROPERTY.

(c) All of the Lessee Equipment shall be and remain the personal property of Lessee and shall be removable by Lessee any time prior to the expiration or earlier

termination of the Term. Lessor expressly waives its statutory or common law landlord's liens (as same may be enacted or may exist from time to time) and any and all rights granted under any present or future laws to levy or distraint for rent (whether in arrears or in advance) against the aforesaid Lessee Equipment on the Property and further agrees to execute any reasonable instruments evidencing such waiver, at any time or times hereafter upon Lessee's request.

ARTICLE XIII

13.1 Permitted Contests Other Than in Respect of Indemnities.

Except to the extent otherwise provided for in Section 11 of the Participation Agreement, Lessee, on its own or on Lessor's behalf but at Lessee's sole cost and expense, may contest, by appropriate administrative or judicial proceedings conducted in good faith and with due diligence, the amount, validity or application, in whole or in part, of any Legal Requirement, Imposition or utility charge payable pursuant to Section 4.1 or 13.2 or any Lien, attachment, levy, encumbrance, encroachment, any other charges and costs payable pursuant to Section 8.2, any Insurance Requirement, or any operation or easement agreement and Lessor agrees not to pay, settle or otherwise compromise any such item, provided, that (a) the commencement and continuation of such

proceedings shall suspend the collection of any such contested amount from, and suspend the enforcement thereof against, the Property, the Lessor, the Agent and each Primary Financing Party; (b) there shall not be imposed a Lien (other than Permitted Liens and Lessor Liens) on the Property that would subject any part of the Property or any Rent to a material risk of being sold, forfeited, lost or deferred or a material reduction in value; (c) at no time during the permitted contest shall there be a risk of the imposition of criminal liability or material civil liability (unless Lessee has expressly agreed to indemnify Lessor, the Agent and each other Financing Party for any such civil liability, and Lessor shall have determined in its sole discretion that the Lessee will be able to so indemnify Lessor, the Agent and each other Financing Party) on Lessor, the Agent or any Primary Financing Party for failure to comply therewith; and (d) in the event that, at any time, there shall be a material risk of extending the application of such item beyond the end of the Term, then Lessee shall deliver to Lessor, the Agent and each other Financing Party an Officer's Certificate certifying as to the matters set forth in clauses (a), (b) and (c) of this Section 13.1. Lessor shall execute and deliver to Lessee such authorizations and other documents as may reasonably be required in connection with any such contest and, if reasonably requested by Lessee, shall join as a party therein; provided, that all reasonable costs and expenses actually

incurred by Lessor shall be payable by Lessee.

13.2 Impositions, Utility Charges, Other Matters; Compliance with

Legal Requirements.

Except with respect to Impositions, Legal Requirements, utility charges and such other matters referenced in Section 13.1 which are the subject of ongoing proceedings contesting the same in a manner consistent with the requirements of Section 13.1, Lessee shall cause (a) all Impositions, utility charges, Insurance Requirements and such other matters to be timely paid,

settled or compromised, as appropriate, with respect to the Property and (b) the Property to comply with all applicable Legal Requirements and Insurance Requirements.

ARTICLE XIV

14.1 Public Liability and Workers' Compensation Insurance.

During the Term for the Property, Lessee shall procure and carry, at Lessee's sole cost and expense, commercial general liability and umbrella liability insurance for claims for injuries or death sustained by persons or damage to property while on the Property or respecting the Equipment and such other public liability coverages as are then customarily carried by similarly situated companies conducting business similar to that conducted by Lessee. Such insurance shall be on terms and in amounts that are no less favorable than insurance maintained by Lessee with respect to similar properties and equipment that they own and are then carried by similarly situated companies conducting business similar to that conducted by Lessee, and in no event shall have a minimum combined single limit per occurrence coverage (i) for commercial general liability of less than \$1 million combined single limit and (ii) for umbrella liability of less than \$25 million. The policies shall name Lessee as the insured and shall be endorsed to name Lessor, the Agent and each Primary Financing Party as additional insureds. The policies shall also specifically provide that such policies shall be considered primary insurance which shall apply to any loss or claim arising in connection with the Property before any contribution by any insurance which Lessor, the Agent or any Primary Financing Party may have in force. In the operation of the Property, Lessee shall comply with applicable workers' compensation laws and protect Lessor, the Agent and each Primary Financing Party against any liability under such laws.

14.2 Permanent Hazard and Other Insurance.

(a) During the Term for the Property, Lessee shall keep the Property insured against all risk of physical loss or damage by fire and other risks and shall maintain builders' risk insurance during construction of any Improvements or Modifications in each case in amounts no less than the Property Cost of the Property from time to time and on terms that (i) are no less favorable than insurance covering other similar properties owned by Lessee and (ii) are then carried by similarly situated companies conducting business similar to that conducted by Lessee. The policies shall name Lessee as the insured and shall be endorsed to name Lessor and the Agent (on behalf of the Secured Parties) as additional insureds and loss payees, as their interests may appear; provided, so long as no Lease Event

of Default exists, any loss payable under the insurance policies required by this Section for losses up to \$1,000,000 will be paid to Lessee.

(b) If, during the Term with respect to the Property the area in which the Property is located is designated a "flood-prone" area pursuant to the Flood Disaster Protection Act of 1973, or any amendments or supplements thereto or is in a zone designated A or V, then Lessee shall comply with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973. In addition, Lessee will fully

comply with the requirements of the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, as each may be amended from time to time, and with any other Legal Requirement, concerning flood insurance to the extent that it applies to the Property. During the Term, Lessee shall, in the operation and use of the Property, maintain workers' compensation insurance consistent with that carried by similarly situated companies conducting business similar to that conducted by Lessee and containing minimum liability limits of no less than \$100,000.

14.3 Coverage.

(a) As of the date of this Lease and annually thereafter during the Term, Lessee shall furnish the Agent (on behalf of Lessor, each Primary Financing Party and the other beneficiaries of such insurance coverage) with certificates prepared by the insurers or insurance broker of Lessee showing the insurance required under Sections 14.1 and 14.2 to be in effect, naming (to the extent of their respective interests) Lessor, the Agent and each Primary Financing Party as additional insureds and loss payees and evidencing the other requirements of this Article XIV. All such insurance shall be at the cost and expense of Lessee and provided by nationally recognized, financially sound insurance companies having an A+ or better rating by A.M. Best's Key Rating Guide. Lessee shall cause such certificates to include a provision for thirty (30) days' advance written notice by the insurer to the Agent (on behalf of Lessor, each Primary Financing Party and the other beneficiaries of such insurance coverage) in the event of cancellation or material alteration of such insurance. If a Lease Event of Default has occurred and is continuing and the Agent (on behalf of Lessor, each Primary Financing Party and the other beneficiaries of such insurance coverage) so requests, Lessee shall deliver to the Agent (on behalf of Lessor, each Primary Financing Party and the other beneficiaries of such insurance coverage) copies of all insurance policies required by Sections 14.1 and 14.2.

(b) Lessee agrees that the insurance policy or policies required by Sections 14.1, 14.2(a) and 14.2(b) shall include an appropriate clause pursuant to which any such policy shall provide that it will not be invalidated should Lessee or any Contractor, as the case may be, have waived any or all rights of recovery against any party for losses covered by such policy or due to any breach of warranty, fraud, action, inaction or misrepresentation by Lessee or any Person acting on behalf of Lessee. Lessee hereby waives any and all such rights against Lessor, the Agent and each Primary Financing Party to the extent of payments made to any such Person under any such policy.

(c) Neither Lessor nor Lessee shall carry separate insurance concurrent in kind or form or contributing in the event of loss with any insurance required under this Article XIV, except that Lessor may carry separate liability insurance at Lessor's sole cost so long as (i) Lessee's insurance is designated as primary and in no event excess or contributory to any insurance Lessor may have in force which would apply to a loss covered under Lessee's policy and (ii) each such insurance policy will not cause Lessee's

insurance required under this Article XIV to be subject to a coinsurance exception of any kind.

(d) Lessee shall pay as they become due all premiums for the insurance required by Section 14.1 and Section 14.2, shall renew or replace each policy prior to the expiration date thereof or otherwise maintain the coverage required by such Sections without any lapse in coverage.

14.4 Self-Insurance.

Lessee shall have the option to self-insure against all risks and requirements for insurance required pursuant to Operative Agreements by means of deductibles and co-payment amounts reasonably acceptable to the Majority Secured Parties.

ARTICLE XV

15.1 Casualty and Condemnation.

(a) Subject to the provisions of the Agency Agreement and this Article XV and Article XVI (in the event Lessee delivers, or is obligated to deliver or is deemed to have delivered, a Termination Notice), and prior to the occurrence and continuation of a Lease Default or a Lease Event of Default, Lessee shall be entitled to receive (and Lessor hereby irrevocably assigns to Lessee all of Lessor's right, title and interest in) any condemnation proceeds, award, compensation or insurance proceeds under Sections 14.2(a) or 14.2(b) hereof to which Lessee or Lessor may become entitled by reason of their respective interests in the Property (i) if all or a portion of the Property is damaged or destroyed in whole or in part by a Casualty or (ii) if the use, access, occupancy, easement rights or title to the Property or any part thereof is the subject of a Condemnation; provided, however, if a Lease Default or a Lease Event of Default shall

have occurred and be continuing or if such condemnation proceeds, award, compensation or insurance proceeds shall exceed \$1,000,000, then such condemnation proceeds, award, compensation or insurance proceeds shall be paid directly to Lessor or, if received by Lessee, shall be held in trust for Lessor, and shall be paid over by Lessee to Lessor and held in accordance with the terms of this paragraph (a). All such amounts held by Lessor hereunder on account of any condemnation proceeds, award, compensation or insurance proceeds either paid directly to Lessor or turned over to Lessor shall be held as security for the performance of Lessee's obligations hereunder and under the other Operative Agreements and when all such obligations of Lessee with respect to such matters (and all other obligations of Lessee which should have been satisfied pursuant to the Operative Agreements as of such date) have been satisfied or expressly waived, all amounts so held by Lessor shall be paid over to Lessee.

(b) Lessee may appear in any proceeding or action to negotiate, prosecute, adjust or appeal any claim for any condemnation proceeds, award, compensation or insurance payment on account of any such Casualty or Condemnation and shall pay all

expenses thereof. At Lessee's reasonable request, Lessor and the Agent shall participate in any such proceeding, action, negotiation, prosecution or adjustment; provided, that all reasonable costs and expenses actually

incurred by Lessor or the Agent in connection therewith shall be payable by the Lessee. Lessor and Lessee agree that this Lease shall control the rights of Lessor and Lessee in and to any such condemnation proceeds, award, compensation or insurance payment.

(c) If Lessee shall receive notice of a Casualty or a Condemnation of the Property or any interest therein where damage to the Property is estimated to equal or exceed ten percent (10%) of the Property Cost of the Property, Lessee shall give notice thereof to Lessor promptly after Lessee's receipt of such notice. In the event such a Casualty or Condemnation occurs (regardless of whether Lessee gives notice thereof) during any period in which a Lease Event of Default has occurred and is continuing, then Lessee shall be deemed to have delivered a Termination Notice to Lessor and the provisions of Sections 16.1 and 16.2 shall apply.

(d) In the event of a Casualty or a Condemnation (regardless of whether notice thereof must be given pursuant to paragraph (c)), this Lease shall terminate with respect to the Property in accordance with Section 16.1 if Lessee, within thirty (30) days after such occurrence, delivers to Lessor a notice to such effect.

(e) If pursuant to this Section 15.1 Lessee does not deliver a notice to terminate this Lease pursuant to clause (d) above or is not required to deliver a notice to terminate this Lease pursuant to clause (c) above, then this Lease shall continue in full force and effect following a Casualty or Condemnation with respect to the Property, Lessee shall, at its sole cost and expense (subject to reimbursement in accordance with Section 15.1(a)) promptly and diligently repair any damage to the Property caused by such Casualty or Condemnation in conformity with the requirements of Sections 10.1 and 11.1, using the as-built Plans and Specifications or manufacturer's specifications for the applicable Improvements, Equipment or other components of the Property (as modified to give effect to any subsequent Modifications, any Condemnation affecting the Property and all applicable Legal Requirements), so as to restore the Property to the same or a greater fair market value, and such that, in all material respects, the Property shall after such repair or restoration have the same or greater useful life and utility as existed immediately prior to such Casualty or Condemnation (assuming all maintenance and repair standards have been satisfied). In such event, title to the Property shall remain with Lessor.

(f) In no event shall a Casualty or Condemnation affect Lessee's obligations to pay Rent pursuant to Article III.

(g) Notwithstanding anything to the contrary set forth in Section 15.1(a) or Section 15.1(e), if during the Basic Term with respect to the Property a Casualty occurs with respect to the Property or Lessee receives notice of a Condemnation with respect to the Property, and following such Casualty or Condemnation, the Property cannot in Lessee's reasonable judgment be restored, repaired or replaced on or before the day one

hundred eighty (180) days prior to the Expiration Date to the same or a greater fair market value, and such that, in all material respects, the Property shall after such repair or restoration have the same or greater useful life and utility as existed immediately prior to such Casualty or Condemnation (assuming all maintenance and repair standards have been satisfied) or on or before such day the Property is not in fact so restored, repaired or replaced, then Lessee shall be required to exercise its Purchase Option for the Property on the next Payment Date (notwithstanding the limits on such exercise contained in Section 20.2) and pay Lessor the Termination Value for the Property. After the payment by Lessee of the Termination Value for the Property, any Excess Proceeds shall be paid to the Lessee.

15.2 Environmental Matters.

Promptly upon Lessee's actual knowledge of the presence of Hazardous Substances in any portion of the Property in concentrations and conditions that constitute an Environmental Violation and which, in the reasonable opinion of Lessee, the cost to undertake any legally required response, clean up, remedial or other action will or might result in a cost to Lessee of more than \$100,000, Lessee shall notify Lessor in writing of such condition. In the event of any such Environmental Violation (regardless of whether notice thereof must be given), Lessee shall, not later than thirty (30) days after Lessee has actual knowledge of such Environmental Violation, either deliver to Lessor a Termination Notice with respect to the Property pursuant to Section 16.1, if applicable, or, at Lessee's sole cost and expense, promptly during such thirty (30) day period deliver to Lessor notice of intention to remediate, and thereafter promptly and diligently undertake and complete any response, clean up, remedial or other action (including without limitation the pursuit by Lessee of appropriate action against any off-site or third party source for contamination) necessary to remove, cleanup or remediate such Environmental Violation in compliance with all Environmental Laws. Any such undertaking shall be timely completed in accordance with prudent industry standards. If Lessee does not deliver a Termination Notice with respect to the Property pursuant to Section 16.1, Lessee shall, upon completion of remedial action by Lessee, cause to be prepared by a reputable environmental consultant reasonably acceptable to Agent a report describing the Environmental Violation and the actions taken by Lessee (or its agents) in response to such Environmental Violation, and a statement by the consultant that the Environmental Violation has been remedied in compliance with applicable Environmental Law. Not less than sixty (60) days and not more than one hundred eighty (180) days prior to any time that Lessee elects to remarket the Property pursuant to the Sale Option pursuant to Section 20.1 hereof or pursuant to any other provision of any Operative Agreement, Lessee at its expense shall cause to be delivered to Agent a Phase I environmental site assessment (or an update of a prior Phase I environmental site assessment) respecting the Property recently prepared (no more than thirty (30) days prior to the date of delivery) by an independent recognized professional acceptable to Agent in its reasonable discretion and in form, scope and content satisfactory to Agent in its reasonable discretion. Subject to Section 5.4(b) of the Agency Agreement, but notwithstanding any other provision of any Operative Agreement, if Lessee fails to comply with the foregoing obligation regarding the Phase I environmental site assessment, Lessee shall be obligated to purchase the Property for its Termination Value and shall not be permitted to exercise (and Lessor shall have no obligation to

honor any such exercise) any rights under any Operative Agreement regarding a sale of the Property to a Person other than Lessee or any Affiliate or other designee of Lessee.

15.3 Notice of Environmental Matters.

Promptly, but in any event within ten (10) days from the date Lessee has actual knowledge thereof, Lessee shall provide to Lessor written notice of any pending or threatened claim, action or proceeding involving any Environmental Law or any Release on or in connection with the Property. All such notices shall describe in reasonable detail the nature of the claim, action or proceeding and Lessee's proposed response thereto. In addition, Lessee shall provide to Lessor, within ten (10) days of receipt, copies of all material written communications with any Governmental Authority relating to any Environmental Law in connection with the Property. Lessee shall also promptly provide such detailed reports of any such material environmental claims as may reasonably be requested by Lessor.

ARTICLE XVI

16.1 Termination Upon Certain Events.

If Lessee has delivered, or is deemed to have delivered, written notice of a termination of this Lease with respect to the Property to Lessor in the form described in Section 16.2(a) (a "Termination Notice") pursuant to the provisions of this Lease, then following the applicable Casualty, Condemnation or Environmental Violation, this Lease shall terminate with respect to the Property upon the payment in full of the Termination Value for the Property in accordance with the terms of the Operative Agreements on the applicable Termination Date.

16.2 Procedures.

Subject to Section 5.4(b) of the Agency Agreement:

(a) A Termination Notice shall contain: (i) notice of termination of this Lease with respect to the Property on a Payment Date not more than sixty (60) days after Lessor's receipt of such Termination Notice (the "Termination Date"); and (ii) a binding and irrevocable

agreement of Lessee to pay the Termination Value for the Property and purchase the Property on such Termination Date.

(b) On each Termination Date, Lessee shall pay to Lessor the Termination Value for the Property, and Lessor shall convey the Property or the remaining portion thereof, if any, to Lessee (or Lessee's designee), all in accordance with Section 20.2.

ARTICLE XVII

17.1 Lease Events of Default.

If any one (1) or more of the following events (each a "Lease
Event of Default") shall occur and be continuing:

(a) Lessee shall fail to make payment of (i) any Basic Rent (except as set forth in clause (ii)) within three (3) Business Days after the same has become due and payable or (ii) any Termination Value, on the date any such payment is due and payable, or any payment of Basic Rent or Supplemental Rent due on the due date of any such payment of Termination Value, or any amount due on the Expiration Date;

(b) (i) Lessee shall fail to make payment of any Supplemental Rent (other than Supplemental Rent referred to in Section 17.1(a)(ii)) or the Construction Agent shall fail to make any payment of any amount under any Operative Agreement which has become due and payable, in either case, within three (3) Business Days after receipt of written notice that such payment is due or (ii) the Guarantor shall fail to make any payment of any amount under any Operative Agreement which has become due and payable;

(c) Lessee shall fail to maintain insurance as required by Article XIV of this Lease;

(d) (i) The Lessee shall default in the performance of any of its obligations under Section 8.3(o) of the Participation Agreement or FSB shall default in the performance of any of its obligations under Sections 8.3A.1(h), 8.3B.1, 8.3B.2, 8.3B.3 or 8.3B.4 of the Participation Agreement or COB shall default in the performance of any of its obligations under Sections 8.3C.1(h), 8.3D.1, 8.3D.2, 8.3D.3 or 8.3D.4 of the Participation Agreement; or (ii) Lessee shall fail to observe or perform any term, covenant, obligation or condition of Lessee under this Lease or any other Operative Agreement to which Lessee is a party other than those set forth in Sections 17.1(a), (b), (c) or (d)(i) hereof, or any other Credit Party shall fail to observe or perform any term, covenant, obligation or condition of such Credit Party under any Operative Agreement other than those set forth in Section 17.1(b) hereof and such failure shall continue for thirty (30) days after the Lessee or such Credit Party, as the case may be, either has received written notice thereof or a Responsible Officer shall have the actual knowledge thereof; provided, that in the case of this

clause (ii), if such failure is not capable of remedy by the payment of money or otherwise within such thirty (30) day period but may be remedied with further diligence and if the Lessee or such Credit Party has and continues to pursue diligently such remedy, then the Lessee or such Credit Party shall be granted additional time to pursue such remedy for such period as the Agent may determine in its reasonable discretion; provided,

further, in no event shall such additional period exceed ninety (90) days;

or (iii) any representation or warranty or statement of fact made by Lessee or any other Credit Party set forth in this Lease or in any other Operative Agreement or in any document entered into in connection herewith or therewith or in any

document, certificate or financial or other statement delivered in connection herewith or therewith shall be false or inaccurate in any way when made and, in the case of any representation or warranty of any Credit Party after the Closing Date relating solely to the Property, remains false or inaccurate and the matter giving rise to such misrepresentation or breach of warranty or misstatement of fact shall continue for thirty (30) days after the earlier of actual knowledge of a Responsible Officer of a Credit Party or written notice thereof from Lessor to the Lessee or such Credit Party; provided, if such matter giving rise to such

misrepresentation or breach of warranty or misstatement of fact is not capable of remedy within such thirty (30) day period but may be remedied with further diligence and if Lessee or such Credit Party has and continues to pursue diligently such remedy, then Lessee or such Credit Party shall be granted additional time to pursue such remedy for such period as the Agent may determine in its reasonable discretion; provided, further, in no event

shall such additional period exceed ninety (90) days;

(e) An Agency Agreement Event of Default shall have occurred and be continuing and shall not have been expressly waived;

(f) Any Credit Party or any Subsidiary of any Credit Party shall default (beyond applicable periods of grace and/or notice and cure) in the payment when due of any principal of or interest on any Indebtedness having an outstanding principal amount of at least \$50,000,000; or any other event or condition (other than a voluntary prepayment of such Indebtedness) shall occur which enables or permits the holder of any such Indebtedness or any Person acting on such holder's behalf to accelerate the maturity thereof;

(g) The liquidation or dissolution of any Credit Party, or the suspension of the business of any Credit Party, or the filing by any Credit Party of a voluntary petition or an answer seeking reorganization, arrangement, receivership, readjustment of its debts, insolvency, liquidation, dissolution, winding-up or for any other relief under the Bankruptcy Code or under any other insolvency act or law, state or federal, now or hereafter existing, or any other action of any Credit Party indicating its consent to, approval of or acquiescence in, any such petition or proceeding; the application by any Credit Party for, or the appointment by consent or acquiescence of any Credit Party, or the taking of possession by, a conservator, a custodian, an examiner, a liquidator, of a receiver, a trustee or a custodian of any Credit Party for all or a substantial part of its property; the making by any Credit Party of any general assignment for the benefit of creditors; the inability of any Credit Party or the admission by any Credit Party in writing of its inability to pay its debts as they mature or any Credit Party is generally not paying its debts and other financial obligations as they become due and payable; or any Credit Party taking any corporate action to authorize any of the foregoing;

(h) The filing of an involuntary petition against any Credit Party in bankruptcy or seeking reorganization, arrangement, readjustment of its debts, insolvency, liquidation, dissolution, winding-up or for any other relief under the Bankruptcy Code, or under any other insolvency act or law, state or federal, now or hereafter existing; or the involuntary appointment of, or the taking of possession by, a conservator, a custodian, an

examiner, a liquidator, a receiver, a trustee or a custodian of any Credit Party for all or a substantial part of its property; or the issuance of a warrant of attachment, execution or similar process against any substantial part of the property of any Credit Party, and the continuance of any of such events for sixty (60) days undismitted or undischarged;

(i) [Reserved];

(j) The entering of any order in any proceedings against any Credit Party or any Subsidiary of any Credit Party decreeing the dissolution, divestiture or split-up of any Credit Party or any Subsidiary of any Credit Party, and such order remains in effect for more than sixty (60) days;

(k) [Reserved];

(l) [Reserved];

(m) A final judgment or judgments for the payment of money shall be rendered by a court or courts against any Credit Party or any Subsidiary of any Credit Party in excess of \$50,000,000 in the aggregate, and (i) the same shall not be discharged (or provision shall not be made for such discharge), or a stay of execution thereof shall not be procured, within thirty (30) days from the date of entry thereof, or (ii) any Credit Party or any such Subsidiary shall not, within said period of thirty (30) days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal, or (iii) such judgment or judgments shall not be discharged (or provisions shall not be made for such discharge) within thirty (30) days after a decision has been reached with respect to such appeal and the related stay has been lifted;

(n) Any Credit Party or any member of the Controlled Group shall fail to pay when due an amount or amounts aggregating in excess of \$2,000,000 which it shall have become liable to pay to the PBGC or shall fail to pay within thirty (30) days after becoming due an amount or amounts aggregating in excess of \$2,000,000 which it shall have become liable to pay to a Pension Plan under Title IV of ERISA; or notice of intent to terminate a Pension Plan or Pension Plans having aggregate Unfunded Liabilities in excess of \$2,000,000 shall be filed under Title IV of ERISA by any Credit Party or any member of the Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any such Pension Plan or Pension Plans or a proceeding shall be instituted by a fiduciary of any such Pension Plan or Pension Plans against any Credit Party or any member of the Controlled Group to enforce Section 515 or 4219(c)(5) of ERISA; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any such Pension Plan or Pension Plans must be terminated;

(o) [Reserved];

(p) Any Operative Agreement (other than the Guaranty) or the security interest and Lien granted under this Lease (except in accordance with its terms), in whole or in part, terminates, ceases to be effective or ceases to be the legal, valid and binding enforceable obligation of any Credit Party, as the case may be, on account of, or as a result of, directly or indirectly, any act or omission of Lessee or any other Credit Party, or Lessee or any other Credit Party, directly or indirectly, contests in any manner in any court the effectiveness, validity, binding nature or enforceability thereof; or the security interest and Lien securing Lessee's obligations under the Operative Agreements, in whole or in part, ceases to be a perfected first priority security interest and Lien (subject only to Permitted Liens and Lessor Liens); or

(q) Except as to any Credit Party which is released in connection with the Operative Agreements, the Guaranty or any material provision thereof shall cease to be in full force and effect, or the Guarantor or any Person acting by or on behalf of the Guarantor shall deny or disaffirm the Guarantor's obligations under the Guaranty; or

(r) Any Insured Subsidiary shall cease accepting deposits or making commercial loans on the instruction of any Bank Regulatory Authority with authority to give such instruction other than pursuant to an instruction generally applicable to banks organized under the jurisdiction of organization of such Insured Subsidiary; or

(s) Any Insured Subsidiary shall cease to be an insured bank under the FDIA and all rules and regulations promulgated thereunder; or

(t) Any Insured Subsidiary shall be required (whether or not the time allowed by the appropriate Bank Regulatory Authority for the submission of such plan has been established or elapsed) to submit a capital restoration plan of the type referred to in 12 U.S.C. (S)1831o(b)(2)(C), as amended, re-enacted or redesignated from time to time; or

(u) COFC shall Guarantee in writing the capital of any Insured Subsidiary as part of or in connection with any agreement or arrangement with any Bank Regulatory Authority;

then, in any such event, Lessor may, in addition to the other rights and remedies provided for in this Article XVII and in Section 18.1, terminate this Lease by giving Lessee five (5) days written notice of such termination (provided, notwithstanding the foregoing, this Lease shall be deemed to be automatically terminated without the giving of notice upon the occurrence of a Lease Event of Default under Sections 17.1(g), (h) or (j)), and this Lease shall terminate, and all rights of Lessee under this Lease shall cease. Lessee shall, to the fullest extent permitted by law, pay as Supplemental Rent all costs and expenses incurred by or on behalf of Lessor or any other Financing Party, including without limitation reasonable fees and expenses of counsel, as a result of any Lease Event of Default hereunder.

A POWER OF SALE HAS BEEN GRANTED IN THIS LEASE AS SUPPLEMENTED BY THE LEASE SUPPLEMENT. A POWER OF SALE MAY ALLOW LESSOR TO TAKE THE PROPERTY AND SELL THE PROPERTY WITHOUT GOING TO COURT IN A

17.2 Surrender of Possession.

If a Lease Event of Default shall have occurred after the Commencement Date and be continuing, and whether or not this Lease shall have been terminated pursuant to Section 17.1, Lessee shall, upon thirty (30) days written notice, surrender to Lessor possession of the Property. Lessor may enter upon and repossess the Property by such means as are available at law or in equity, and may remove Lessee and all other Persons and any and all personal property and Lessee's equipment and personalty and severable Modifications from the Property. Lessor shall have no liability by reason of any such entry, repossession or removal performed in accordance with applicable law. Upon the written demand of Lessor, Lessee shall return the Property promptly to Lessor, in the manner and condition required by, and otherwise in accordance with the provisions of, Section 22.1(c) hereof.

17.3 Reletting.

If a Lease Event of Default shall have occurred after the Commencement Date and be continuing, and whether or not this Lease shall have been terminated pursuant to Section 17.1, Lessor may, but shall be under no obligation to, relet any or all of the Property, for the account of Lessee or otherwise, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term) and on such conditions (which may include concessions or free rent) and for such purposes as Lessor may determine, and Lessor may collect, receive and retain the rents resulting from such reletting. Lessor shall not be liable to Lessee for any failure to relet the Property or for any failure to collect any rent due upon such reletting.

17.4 Damages.

Neither (a) the termination of this Lease as to the Property pursuant to Section 17.1; (b) the repossession of the Property; nor (c) the failure of Lessor to relet the Property, the reletting of all or any portion thereof, nor the failure of Lessor to collect or receive any rentals due upon any such reletting, shall relieve Lessee of its liabilities and obligations hereunder, all of which shall survive any such termination, repossession or reletting. If any Lease Event of Default shall have occurred after the Commencement Date and be continuing and this Lease is terminated pursuant to Section 17.1, Lessee shall forthwith pay to Lessor all Rent and other sums due and payable hereunder to and including without limitation the date of such termination. In the event this Lease is not terminated pursuant hereto, on the days on which the Basic Rent or Supplemental Rent, as applicable, are payable under this Lease or would have been payable under this Lease and until the end of the Term hereof Lessee shall pay Lessor, as current liquidated damages (it being agreed that it would be impossible accurately to determine actual damages) an amount equal to the Basic Rent and Supplemental Rent that are payable under this Lease or would have been payable by Lessee hereunder if this Lease had not been terminated pursuant to Section 17.1, less the net proceeds, if any, which are actually received by

Lessor with respect to the period in question of any reletting of the Property or any portion thereof; provided, that Lessee's obligation to make payments of

Basic Rent and Supplemental Rent under this Section 17.4 shall continue only so long as Lessor shall not have received the amounts specified in Section 17.6. In calculating the amount of such net proceeds from reletting, there shall be deducted all of Lessor's, the Agent's and any Primary Financing Party's reasonable expenses in connection therewith, including without limitation repossession costs, brokerage or sales commissions, fees and expenses for counsel and any necessary repair or alteration costs and expenses incurred in preparation for such reletting. To the extent Lessor receives any damages pursuant to this Section 17.4, such amounts shall be regarded as amounts paid on account of Rent. Lessee specifically acknowledges and agrees that its obligations under this Section 17.4 shall be absolute and unconditional under any and all circumstances and shall be paid and/or performed, as the case may be, without notice or demand and without any abatement, reduction, diminution, setoff, defense, counterclaim or recoupment whatsoever.

17.5 Power of Sale.

(a) Without limiting any other remedies set forth in this Lease, in the event that a court of competent jurisdiction, when enforcing this Lease following the occurrence and during the continuance of a Lease Event of Default, were to construe the transactions contemplated by this Lease as indebtedness of the Lessee secured by the Property, Lessor and Lessee agree that Lessee has granted, pursuant to Section 7.1(b) hereof and the Lease Supplement, a Lien against the Property WITH POWER OF SALE, and that, upon the occurrence and during the continuance of any Lease Event of Default, Lessor shall have the power and authority, to the extent provided by law, after prior notice and lapse of such time as may be required by law, to foreclose its interest (or cause such interest to be foreclosed) in all or any part of the Property as provided in the Lease Supplement.

(b) Upon the occurrence and during the continuance of a Lease Event of Default, the Lessor, in lieu of or in addition to exercising any power of sale hereinabove given, may proceed by a suit or suits in equity or at law, whether for a foreclosure hereunder, or for the sale of such interest in the Property, against Lessee for the Termination Value or for the appointment of a receiver pending any foreclosure hereunder or the sale of such interest in the Property, or for the enforcement of any other appropriate legal or equitable remedy.

(c) Without limiting any other remedies set forth herein, and notwithstanding anything to the contrary contained herein or any other Operative Agreement, Lessee and the Lessor agree that the Lessor and/or the trustee under the Mortgage Instruments (the "Deed of Trust Trustee") is

authorized and empowered to sell or cause to be sold such interest in the Property and to convey the same to the purchaser thereof, pursuant to the provisions of Virginia law, which does not require that a judicial hearing be held before the sale is conducted. The Lessor and/or the Deed of Trust Trustee may direct the sale of such interest in the Property in one parcel or several parcels and in any order that the Lessor and/or the Deed of Trust Trustee may elect in its sole discretion. Lessee further agrees that the Lessor and/or the Deed of Trust Trustee are authorized and empowered to

retain out of the sale proceeds moneys as are due under the terms hereof, including but not limited to costs and charges of such sale, and reasonable fees and expenses of counsel.

17.6 Final Liquidated Damages.

If a Lease Event of Default shall have occurred and be continuing, whether or not this Lease shall have been terminated pursuant to Section 17.1 and whether or not Lessor shall have collected any current liquidated damages pursuant to Section 17.4, Lessor shall have the right to recover, by demand to Lessee and at Lessor's election, and Lessee shall pay to Lessor, as and for final liquidated damages, but exclusive of the indemnities payable under Section 11 of the Participation Agreement (which, if requested, shall be paid concurrently), and in lieu of all current liquidated damages beyond the date of such demand (it being agreed that it would be impossible accurately to determine actual damages) the Termination Value (including, without limitation, the Make-Whole Amount). Upon payment of the amount specified pursuant to the first sentence of this Section 17.6, Lessee shall be entitled to receive from Lessor, either at Lessee's request or upon Lessor's election, in either case at Lessee's cost, an assignment of Lessor's entire right, title and interest in and to the Property, Improvements, Fixtures, Modifications, Equipment and all components thereof, and all insurance or condemnation proceeds being held by the Lessor in accordance with Article XV, in each case in recordable form and otherwise in conformity with local custom and free and clear of the Lien of this Lease (including without limitation the release of any memoranda of Lease and/or the Lease Supplement recorded in connection therewith) and any Lessor Liens. The Property shall be conveyed to Lessee "AS-IS, WHERE-IS" and in its then present physical condition. If any statute or rule of law shall limit the amount of such final liquidated damages to less than the amount agreed upon, Lessor shall be entitled to the maximum amount allowable under such statute or rule of law; provided, however, Lessee shall not be entitled to

receive an assignment of Lessor's interest in the Property, the Improvements, Fixtures, Modifications, Equipment or the components thereof unless Lessee shall have paid in full the Termination Value. Lessee specifically acknowledges and agrees that its obligations under this Section 17.6 shall be absolute and unconditional under any and all circumstances and shall be paid and/or performed, as the case may be, without notice or demand and without any abatement, reduction, diminution, setoff, defense, counterclaim or recoupment whatsoever.

17.7 Environmental Costs.

If a Lease Event of Default shall have occurred and be continuing, and whether or not this Lease shall have been terminated pursuant to Section 17.1, Lessee shall pay directly to any third party (or at Lessor's election, reimburse Lessor) for the cost of any environmental testing and/or remediation work undertaken respecting the Property, as such testing or work is deemed appropriate in the reasonable judgment of Lessor. Lessee shall pay all amounts referenced in the immediately preceding sentence within five (5) Business Days of Lessee's receipt of any written request by Lessor for such payment. The provisions of this Section 17.7 shall not limit the obligations of Lessee under any Operative Agreement regarding indemnification obligations, environmental testing, remediation and/or work.

17.8 Waiver of Certain Rights.

If this Lease shall be terminated pursuant to Section 17.1, Lessee waives, to the fullest extent permitted by Law, (a) any notice of re-entry or the institution of legal proceedings to obtain re-entry or possession; (b) any right of redemption, re-entry or possession; (c) the benefit of any laws now or hereafter in force exempting property from liability for rent or for debt; and (d) any other rights which might otherwise limit or modify any of Lessor's rights or remedies under this Article XVII.

17.9 Assignment of Rights Under Contracts.

If a Lease Event of Default shall have occurred and be continuing, and whether or not this Lease shall have been terminated pursuant to Section 17.1, Lessee shall upon Lessor's demand immediately assign, transfer and set over to Lessor all of Lessee's right, title and interest in and to each agreement executed by Lessee in connection with the acquisition, installation, testing, use, development, construction, operation, maintenance, repair, refurbishment and restoration of the Property (including without limitation all right, title and interest of Lessee with respect to all warranty, performance, service and indemnity provisions), as and to the extent that the same relate to the acquisition, installation, testing, use, development, construction, operation, maintenance, repair, refurbishment and restoration of the Property or any of them.

17.10 Remedies Cumulative.

The remedies herein provided shall be cumulative and in addition to (and not in limitation of) any other remedies available at law, equity or otherwise, including without limitation any mortgage foreclosure remedies.

17.11 Lessee's Right to Cure by Purchase of the Property.

Notwithstanding anything in this Lease or in any of the other Operative Agreements to the contrary, upon the occurrence and continuance of a Lease Default or Lease Event of Default, Lessee may, but shall not be obligated to, cure any such Lease Default or Lease Event of Default, as the case may be, by purchasing the Property, such purchase to be consummated as provided in Section 19.1 and Section 20.2.

ARTICLE XVIII

18.1 Lessor's Right to Cure Lessee's Lease Defaults.

Lessor, without waiving or releasing any obligation or Lease Event of Default, may (but shall be under no obligation to) remedy any Lease Event of Default for the account and at the sole cost and expense of Lessee, including without limitation the failure by Lessee to maintain the insurance required by Article XIV, and may, to the fullest extent permitted by law, and notwithstanding any right of quiet enjoyment in favor of Lessee, enter upon the Property, and take all such action thereon as may be necessary or appropriate therefor. No such entry shall

be deemed an eviction of any lessee. All reasonable out-of-pocket costs and expenses so incurred (including without limitation fees and expenses of counsel), together with interest thereon at the Overdue Rate from the date on which such sums or expenses are paid by Lessor, shall be paid by Lessee to Lessor on demand.

ARTICLE XIX

19.1 Provisions Relating to Lessee's Exercise of its Purchase Option.

Subject to Section 19.2, in connection with any termination of this Lease with respect to the Property pursuant to the terms of Section 16.2, or in connection with Lessee's exercise of its Purchase Option, upon the date on which this Lease is to terminate with respect to the Property, and upon tender by Lessee of the amounts set forth in Sections 16.2(b) or 20.2, as applicable, Lessor shall execute and deliver to Lessee (or to Lessee's designee) at Lessee's cost and expense an assignment (by limited or special warranty deed or other appropriate instrument) of Lessor's entire interest in such Property, in each case in recordable form and otherwise in conformity with local custom and free and clear of any Lessor Liens but without any other warranties (of title or otherwise) from Lessor and such other documents or instruments as may be reasonably requested by Lessee to effect the conveyance or assignment contemplated by this Section 19.1. The Property shall be conveyed to Lessee "AS-IS, "WHERE-IS" and in then present physical condition.

19.2 No Purchase or Termination With Respect to Less than All of a

Property.

Lessee shall not be entitled to exercise its Purchase Option or the Sale Option separately with respect to a portion of the Property consisting of Land, Equipment, Improvements and/or any interest pursuant to a Ground Lease but shall be required to exercise its Purchase Option or the Sale Option with respect to the entire Property.

ARTICLE XX

20.1 Purchase Option or Sale Option-General Provisions.

Not less than one hundred eighty (180) days and no more than two hundred forty (240) days prior to the Expiration Date or, respecting the Purchase Option only, not less than sixty (60) days and no more than two hundred forty (240) days prior to any Payment Date (such Expiration Date or, respecting the Purchase Option only, any such Payment Date being hereinafter referred to as the "Election Date"), Lessee may give Agent irrevocable written notice (the

"Election Notice") that Lessee is electing (a) to purchase the Property on the

applicable Election Date (the "Purchase Option") or (b) with respect to an

Election Notice given in connection with the Expiration Date only, the option to remarket the Property to a Person other than Lessee or any Affiliate of Lessee and cause a sale of the Property to occur on the applicable Election Date pursuant to the terms of Section 22.1 (the "Sale Option"). If Lessee does not

give an Election Notice indicating the Purchase Option or the Sale Option at least one hundred

eighty (180) days and not more than two hundred forty (240) days prior to the Expiration Date, then Lessee shall be deemed to have elected for the Purchase Option to apply on the Expiration Date. If Lessee shall either (i) elect (or be deemed to have elected) to exercise the Purchase Option or (ii) elect the Sale Option and fail to cause the Property to be sold in accordance with the terms of Section 22.1 on the applicable Election Date, then in either case Lessee shall pay to Lessor on the date on which such purchase or sale is scheduled to occur an amount equal to the Termination Value for the Property (which the parties do not intend to be a "bargain" purchase price) and, upon receipt of such amounts and satisfaction of such obligations, Lessor shall transfer to Lessee (or to Lessee's designee) all of Lessor's right, title and interest in and to the Property in accordance with Section 20.2.

If the Property is the subject of remediation efforts respecting Hazardous Substances at the applicable Election Date which could materially and adversely impact the Fair Market Sales Value of the Property (with materiality determined in Lessor's reasonable discretion), then Lessee shall be obligated to purchase the Property pursuant to Section 20.2.

20.2 Lessee Purchase Option.

Provided, no Lease Default or Lease Event of Default shall have

occurred and be continuing (other than those that will be cured by the payment of the Termination Value for the Property) and provided, that the Election

Notice has been appropriately given specifying the Purchase Option, Lessee shall purchase the Property on the applicable Election Date at a price equal to the Termination Value for the Property (which the parties do not intend to be a "bargain" purchase price).

Subject to Section 19.2, in connection with any termination of this Lease with respect to the Property pursuant to the terms of Section 16.2, or in connection with Lessee's exercise of its Purchase Option, upon the date on which this Lease is to terminate with respect to the Property and upon tender by Lessee of the amounts set forth in Section 16.2(b) or this Section 20.2, as applicable, Lessor shall execute, acknowledge (where required) and deliver to Lessee, at Lessee's cost and expense, each of the following: (a) a termination or assignment (as requested by the Lessee) of the Ground Lease to Lessee (or Lessee's designee) free and clear of the Lien of this Lease, the Liens of the Credit Documents and any other Operative Agreements and any Lessor Liens; (b) a Bill of Sale conveying the Property (to the extent it is personal property) to Lessee (or Lessee's designee) free and clear of the Lien of this Lease, the Liens of the Credit Documents and any other Operative Agreements and any Lessor Liens; (c) any real estate tax affidavit or other document required by law to be executed and filed in order to record the applicable Ground Lease termination; and (d) FIRPTA affidavits and such documents or instruments as may be reasonably requested by Lessee to effect the conveyance and release contemplated by this Section 20.2. All of the foregoing documentation must be in form and substance reasonably satisfactory to Agent and Lessee. The Property, together with any insurance or condemnation proceeds being held by Lessor in accordance with Article XV, shall be conveyed to Lessee (or Lessee's designee) "AS-IS, WHERE-IS" and in then present physical condition.

On the applicable Election Date on which Lessee has elected to exercise its Purchase Option, Lessee shall pay (or cause to be paid) to Lessor or the Agent, as appropriate, the sum of all reasonable costs and expenses incurred by any such party in connection with the election by Lessee to exercise its Purchase Option and all Rent then due and payable or accrued under this Lease and/or any other Operative Agreement.

20.3 Third Party Sale Option.

(a) Provided, that (i) no Lease Default or Lease Event of Default shall have occurred and be continuing and (ii) the Election Notice has been appropriately given specifying the Sale Option, Lessee shall undertake to cause a sale of the Property on the applicable Election Date (all as specified in the Election Notice), in accordance with the provisions of Section 22.1 hereof. Such Election Date on which a sale is required may be hereafter referred to as the "Sale Date".

(b) In the event Lessee exercises the Sale Option then, as soon as practicable and in all events not less than sixty (60) days and not more than one hundred eighty (180) days prior to the Sale Date, Lessee at its expense shall cause to be delivered to Lessor a Phase I environmental site assessment (or an update of a Phase I environmental site assessment previously delivered) for the Property recently prepared (no more than thirty (30) days old prior to the date of delivery) by an independent recognized professional reasonably acceptable to Lessor and in form, scope and content reasonably satisfactory to Lessor. In the event that Lessor shall not have received such environmental site assessment by the date sixty (60) days prior to the Sale Date or in the event that such environmental assessment shall reveal the existence of any material violation of Environmental Laws, other material Environmental Violation or potential material Environmental Violation (with materiality determined in each case by Lessor in its reasonable discretion), then Lessee on the Sale Date shall pay to Lessor an amount equal to the Termination Value for the Property. Upon receipt of such payment, Lessor shall transfer to Lessee all of Lessor's right, title and interest in and to the Property in accordance with Section 19.1.

ARTICLE XXI

21.1 [Intentionally Omitted].

ARTICLE XXII

22.1 Sale Procedure.

(a) During the Marketing Period, Lessee, on behalf of Lessor, shall obtain bids for the cash purchase of the Property in connection with a sale to one (1) or more third party purchasers to be consummated on the Sale Date for the highest price available, shall notify Lessor promptly of the name and address of each prospective purchaser and

the cash price which each prospective purchaser shall have offered to pay for the Property and shall provide Lessor with such additional information about the bids and the bid solicitation procedure as Lessor may reasonably request from time to time. All such prospective purchasers must be Persons other than Lessee or any Affiliate of Lessee. On the Sale Date, Lessee shall pay (or cause to be paid) to Lessor or the Agent, as appropriate, the sum of all reasonable costs and expenses incurred by Lessor and/or the Agent (as the case may be) in connection with such sale of the Property, all Rent then due and payable or accrued under this Lease and/or any other Operative Agreement.

Lessor may reject any and all bids and may solicit and obtain bids by giving Lessee written notice to that effect; provided, however,

that notwithstanding the foregoing, Lessor may not reject the bids submitted by Lessee if such bids, in the aggregate with respect to various portions of the Property, are greater than or equal to the sum of the Limited Recourse Amount for the Property, and represent bona fide offers from one (1) or more third party purchasers. If the highest price which a prospective purchaser or the prospective purchasers shall have offered to pay for the Property on the Sale Date is less than the sum of the Limited Recourse Amount for the Property or if such bids do not represent bona fide offers from one (1) or more third parties or if there are no bids, Lessor may elect to retain the Property by giving Lessee prior written notice of Lessor's election to retain the same, and promptly upon receipt of such notice, Lessee shall surrender, or cause to be surrendered, the Property in accordance with the terms and conditions of Section 10.1. Upon acceptance of any bid, Lessor agrees, at Lessee's request and expense, to execute a contract of sale with respect to such sale, so long as the same is consistent with the terms of this Article 22 and provides by its terms that it is nonrecourse to Lessor, except for the removal of Lessor Liens and as expressly provided in Section 12.9 of the Participation Agreement.

Unless Lessor shall have elected to retain the Property pursuant to the provisions of the preceding paragraph, Lessee shall arrange for Lessor to sell the Property free and clear of the Lien of this Lease and any Lessor Liens attributable to Lessor, without recourse or warranty (of title or otherwise), for cash on the Sale Date to the purchaser or purchasers offering the highest cash sales price, as identified by Lessee or Lessor, as the case may be; provided, however, solely as to Lessor, any

Lessor Lien shall not constitute a Lessor Lien so long as Lessor is diligently and in good faith contesting, at the cost and expense of Lessor such Lessor Lien by appropriate proceedings in which event (with the consent of the Lessee, but without penalty or cost to Lessee) the applicable Sale Date shall be delayed for the period of such contest. To effect such transfer and assignment, Lessor shall execute, acknowledge (where required) and deliver to the appropriate purchaser each of the following: (a) an assignment of the Ground Lease conveying the leasehold interest of Lessor in the Property to the appropriate purchaser free and clear of the Lien of this Lease, the Liens of the Credit Documents and the other Operative Agreements and any Lessor Liens; (b) a Bill of Sale conveying the Property (to the extent it is personal property) titled to Lessor to the appropriate purchaser free and clear of the Lien of this Lease, the Liens of the Credit Documents and the other Operative Agreements and any Lessor Liens; (c) any real estate tax affidavit or other document required by law to be executed and filed in order to record the Ground Lease assignment;

and (d) FIRPTA affidavits and such other documents or instruments to effect the conveyance and release contemplated herein, as appropriate. All of the foregoing documentation must be in form and substance reasonably satisfactory to Lessor and the Agent. Lessee shall surrender the Property so sold or subject to such documents to each purchaser in the condition specified in Section 10.1, or in such other condition as may be agreed between Lessee and such purchaser. Neither Lessor nor Lessee shall take or fail to take any action which would have the effect of unreasonably discouraging bona fide third party bids for the Property. If the Property is neither (i) sold on the Sale Date in accordance with the terms of this Section 22.1, nor (ii) retained by Lessor pursuant to an affirmative election made by Lessor pursuant to the second sentence of the second paragraph of this Section 22.1(a), then (x) Lessee shall be deemed to have elected the Purchase Option and shall be obligated to pay Lessor on the Sale Date an amount equal to the aggregate Termination Value for the Property less any sales proceeds received, and (y) Lessor shall transfer the Property to Lessee in accordance with Section 20.2.

(b) In the event Lessee shall have elected the Sale Option, Lessee hereby unconditionally promises to pay to the Lessor, on the earlier of the Sale Date or the Expiration Date, the Maximum Residual Guarantee Amount. On the Sale Date if (x) Lessor receives the aggregate Termination Value for the Property from one (1) or more third party purchasers and (y) Lessor and such other parties receive all other amounts specified in the last sentence of the first paragraph of Section 22.1(a), then Lessee may retain any excess above Termination Value. If the Property is retained by Lessor pursuant to an affirmative election made by Lessor pursuant to the provisions of Section 22.1(a), then Lessee hereby unconditionally promises to pay to Lessor on the Sale Date all Basic Rent and Supplemental Rent (exclusive of a payment of the Termination Value) and, without duplication, all other amounts then due and owing pursuant to the Operative Agreements and, without duplication, an amount equal to the Maximum Residual Guarantee Amount for the Property so retained. Any payment of the foregoing amounts described in this Section 22.1(b) shall be made, without duplication, together with a payment of all Rent and all other amounts referenced in the last sentence of the first paragraph of Section 22.1(a).

(c) In the event that the Property is either sold to one (1) or more third party purchasers on the Sale Date or retained by Lessor in connection with an affirmative election made by Lessor pursuant to the provisions of Section 22.1(a), then in either case on the applicable Sale Date Lessee shall, to the extent the same are or should be in Lessee's or any other Credit Party's possession or control, provide Lessor or such third party purchaser (unless otherwise agreed by such third party purchaser) with (i) all permits, certificates of occupancy, governmental licenses and authorizations necessary to use, operate, repair, access and maintain the Property for the purpose it is being used by Lessee, and (ii) such manuals, permits, easements, licenses, intellectual property, know-how, rights-of-way and other rights and privileges in the nature of an easement as are reasonably necessary or desirable in connection with the use, operation, repair, access to or maintenance of the Property for its intended purpose or otherwise as Lessor or such third party purchaser(s) shall reasonably request (and a royalty-free license or similar agreement to effectuate the foregoing on terms reasonably agreeable to Lessor or such

third party purchaser(s), as applicable). All assignments, licenses, easements, agreements and other deliveries required by clauses (i) and (ii) of this paragraph (c) shall be in form reasonably satisfactory to Lessor or such third party purchaser(s), as applicable, and shall be fully assignable (including without limitation both primary assignments and assignments given in the nature of security) without payment of any fee, cost or other charge. Lessee shall also execute any documentation requested by Lessor or such third party purchaser(s), as applicable, evidencing the continuation or assignment of the Ground Lease.

22.2 Application of Proceeds of Sale.

Lessor shall apply the proceeds of sale of the Property to a third party pursuant to the Sale Option in the following order of priority:

(a) FIRST, to pay or to reimburse Lessor (and/or the Agent, as

the case may be) for the payment of all reasonable costs and expenses incurred by Lessor (and/or the Agent, as the case may be) in connection with the sale (to the extent Lessee has not satisfied its obligation to pay such costs and expenses);

(b) SECOND, so long as the Credit Agreement or the Note Purchase

Agreement is in effect and any Financing or any other amounts are owing to the Financing Parties under any Operative Agreement, to the Agent to be applied pursuant to intercreditor provisions among Lessor, the Primary Financing Parties and the Agent contained in the Operative Agreements, including, without limitation, Section 8.7 of the Participation Agreement; and

(c) THIRD, to Lessee.

22.3 Indemnity for Excessive Wear.

If the proceeds of the sale described in Section 22.1 with respect to the Property shall be less than the Limited Recourse Amount with respect to the Property, and at the time of such sale it shall have been reasonably determined (pursuant to the Appraisal Procedure) that the Fair Market Sales Value of the Property shall have been impaired by greater than expected wear and tear during the term of the Lease, Lessee shall pay to Lessor within ten (10) days after receipt of Lessor's written statement (i) the amount of such excess wear and tear determined by the Appraisal Procedure or (ii) the amount of the Sale Proceeds Shortfall, whichever amount is less.

22.4 Appraisal Procedure.

For determining the Fair Market Sales Value of the Property or any other amount which may, pursuant to any provision of any Operative Agreement, be determined by an appraisal procedure, Lessor and Lessee shall use the following procedure (the "Appraisal Procedure"). Lessor and Lessee shall

endeavor to reach a mutual agreement as to such amount for a period of ten (10) days from commencement of the Appraisal Procedure under the

applicable Section of the Lease, and if they cannot agree within ten (10) days, then two (2) qualified appraisers, one (1) chosen by Lessee and one (1) chosen by Lessor, shall mutually agree thereupon, but if either party shall fail to choose an appraiser within twenty (20) days after notice from the other party of the selection of its appraiser, then the appraisal by such appointed appraiser shall be binding on Lessee and Lessor. If the two (2) appraisers cannot agree within twenty (20) days after both shall have been appointed, then a third appraiser shall be selected by the two (2) appraisers or, failing agreement as to such third appraiser within thirty (30) days after both shall have been appointed, by the American Arbitration Association. The decisions of the three (3) appraisers shall be given within twenty (20) days of the appointment of the third appraiser and the decision of the appraiser most different from the average of the other two (2) shall be discarded and such average shall be binding on Lessor and Lessee; provided, that if the highest appraisal and the

lowest appraisal are equidistant from the third appraisal, the third appraisal shall be binding on Lessor and Lessee. The fees and expenses of the appraiser appointed by Lessee shall be paid by Lessee; the fees and expenses of the appraiser appointed by Lessor shall be paid by Lessor (such fees and expenses not being indemnified pursuant to Section 11 of the Participation Agreement); and the fees and expenses of the third appraiser shall be divided equally between Lessee and Lessor.

22.5 Certain Obligations Continue.

During the Marketing Period, the obligation of Lessee to pay Rent with respect to the Property (including without limitation the installment of Basic Rent due on the Sale Date) shall continue undiminished until payment in full to Lessor of the Maximum Residual Guarantee Amount, the sale proceeds, if any, remaining after the payment of the Maximum Residual Guarantee Amount, the amount due under Section 22.3, if any, and all other amounts due to Lessor or any other Person with respect to the Property or any Operative Agreement. Lessor shall have the right, but shall be under no duty, to solicit bids, to inquire into the efforts of Lessee to obtain bids or otherwise to take action in connection with any such sale, other than as expressly provided in this Article XXII.

ARTICLE XXIII

23.1 Holding Over.

If Lessee shall for any reason remain in possession of the Property after the expiration or earlier termination of this Lease (unless the Property is conveyed to Lessee), such possession shall be as a tenancy at sufferance during which time Lessee shall continue to pay Supplemental Rent that would be payable by Lessee hereunder were the Lease then in full force and effect with respect to the Property and Lessee shall continue to pay Basic Rent at the lesser of the highest lawful rate and one hundred ten percent (110%) of the last payment of Basic Rent due with respect to the Property prior to such expiration or earlier termination of this Lease. Such Basic Rent shall be payable from time to time upon demand by Lessor and such additional amount of Basic Rent shall be applied by Lessor ratably to the Primary Financing Parties based on their relative amounts of the then outstanding Property Cost for the Property. During any period of tenancy at sufferance, Lessee shall, subject to the second preceding sentence, be

obligated to perform and observe all of the terms, covenants and conditions of this Lease, but shall have no rights hereunder other than the right, to the extent given by law to tenants at sufferance, to continue their occupancy and use of the Property. Nothing contained in this Article XXIII shall constitute the consent, express or implied, of Lessor to the holding over of Lessee after the expiration or earlier termination of this Lease (unless the Property is conveyed to Lessee) and nothing contained herein shall be read or construed as preventing Lessor from maintaining a suit for possession of the Property or exercising any other remedy available to Lessor at law or in equity.

ARTICLE XXIV

24.1 Risk of Loss.

During the Term, unless Lessee shall not be in actual possession of the Property solely by reason of Lessor's exercise of its remedies of dispossession under Article XVII, the risk of loss or decrease in the enjoyment and beneficial use of the Property as a result of the damage or destruction thereof by fire, the elements, casualties, thefts, riots, wars or otherwise is assumed by Lessee, and Lessor shall in no event be answerable or accountable therefor.

ARTICLE XXV

25.1 Assignment.

(a) Lessee may assign to any Subsidiary or Affiliate of Lessee this Lease or any of its rights or obligations hereunder or with respect to the Property in whole or in part without the prior written consent of the Agent, the Tranche A Note Purchasers, the Tranche B Lenders or the Lessor. Except as expressly provided in the immediately preceding sentence, Lessee may not otherwise assign this Lease or any of the rights or obligations of Lessee hereunder or with respect to the Property in whole or in part to any Person without the prior written consent of each of the Agent, the Tranche A Note Purchasers, the Tranche B Lenders and the Lessor.

(b) No assignment by Lessee (referenced in this Section 25.1 or otherwise) or other relinquishment of possession to the Property shall in any way discharge or diminish any of the obligations of Lessee to Lessor hereunder and Lessee shall remain directly and primarily liable under the Operative Agreements as to any rights or obligations assigned by Lessee.

25.2 Subleases.

(a) Promptly, but in any event within ten (10) Business Days, following the execution and delivery of any sublease permitted by this Article XXV, Lessee shall notify Lessor and the Agent of the execution of such sublease and shall provide a copy of such sublease to Lessor and the Agent. As of the date of the Lease Supplement, Lessee shall

lease the Property (or applicable portion thereof) described in such Lease Supplement from Lessor, and any existing tenant respecting the Property (or applicable portion thereof) shall automatically be deemed to be a subtenant of Lessee and not a tenant of Lessor.

(b) Without the prior written consent of the Agent, any Primary Financing Party or the Lessor and subject to the other provisions of this Section 25.2, Lessee may (i) sublet the Property or portion thereof to any Affiliate of Lessee or (ii) sublet up to fifty percent (50%) of the aggregate square footage of the Improvements with respect to the Property to any other Person; provided, all subleasing shall in no way diminish the

fair market value or useful life of the Property.

(c) No sublease (referenced in this Section 25.2 or otherwise) or other relinquishment of possession to the Property shall in any way discharge or diminish any of Lessee's obligations to Lessor hereunder and Lessee shall remain directly and primarily liable under this Lease as to the Property, or portion thereof, so sublet. The term of any such sublease shall not extend beyond the Term. Each sublease shall be expressly subject and subordinate to this Lease.

(d) Lessor hereby agrees to enter into an appropriate non-disturbance agreement respecting any sublease on terms mutually agreeable to the Lessor, the Lessee and such subtenant.

ARTICLE XXVI

26.1 No Waiver.

No failure by Lessor or Lessee to insist upon the strict performance of any term hereof or to exercise any right, power or remedy upon a default hereunder, and no acceptance of full or partial payment of Rent during the continuance of any such default, shall constitute a waiver of any such default or of any such term. To the fullest extent permitted by law, no waiver of any default shall affect or alter this Lease, and this Lease shall continue in full force and effect with respect to any other then existing or subsequent default.

ARTICLE XXVII

27.1 Acceptance of Surrender.

No surrender to Lessor of this Lease or of all or any portion of the Property or of any part of any thereof or of any interest therein shall be valid or effective unless agreed to and accepted in writing by Lessor and no act by Lessor or the Agent or any representative or agent of Lessor or the Agent, other than a written acceptance, shall constitute an acceptance of any such surrender.

27.2 No Merger of Title.

There shall be no merger of this Lease or of the leasehold estate created hereby by reason of the fact that the same Person may acquire, own or hold, directly or indirectly, in whole or in part, (a) this Lease or the leasehold estate created hereby or any interest in this Lease or such leasehold estate, (b) any right, title or interest in the Property, (c) any Notes, or (d) a beneficial interest in Lessor.

ARTICLE XXVIII

28.1 [Reserved].

ARTICLE XXIX

29.1 Notices.

All notices required or permitted to be given under this Lease shall be in writing and delivered as provided in Section 12.2 of the Participation Agreement.

ARTICLE XXX

30.1 Miscellaneous.

Anything contained in this Lease to the contrary notwithstanding, all claims against and liabilities of Lessee or Lessor arising from events commencing prior to the expiration or earlier termination of this Lease shall survive such expiration or earlier termination. If any provision of this Lease shall be held to be unenforceable in any jurisdiction, such unenforceability shall not affect the enforceability of any other provision of this Lease in such jurisdiction or of such provision or of any other provision hereof in any other jurisdiction.

30.2 Amendments and Modifications.

Neither this Lease nor any Lease Supplement may be amended, waived, discharged or terminated except in accordance with the provisions of Section 12.4 of the Participation Agreement.

30.3 Successors and Assigns.

All the terms and provisions of this Lease shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

30.4 Headings and Table of Contents.

The headings and table of contents in this Lease are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

30.5 Counterparts.

This Lease may be executed in any number of counterparts, each of which shall be an original, but all of which shall together constitute one (1) and the same instrument.

30.6 GOVERNING LAW.

THIS LEASE SHALL BE GOVERNED BY AND CONSTRUED, INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE PRINCIPLES THEREOF RELATING TO CONFLICTS OF LAW), EXCEPT TO THE EXTENT THE LAWS OF THE STATE WHERE THE PROPERTY IS LOCATED ARE REQUIRED TO APPLY.

30.7 Calculation of Rent.

All calculation of Rent payable hereunder shall be computed based on the actual number of days elapsed over a year of three hundred sixty (360) days or, to the extent such Rent is based on the Prime Lending Rate, three hundred sixty-five (365) (or three hundred sixty-six (366), as applicable) days.

30.8 Memoranda of Lease and Lease Supplement.

This Lease shall not be recorded; provided, Lessor and Lessee shall, subject to and in accordance with the provisions of Section 8.12 of the Participation Agreement, promptly record a memorandum of this Lease and the applicable Lease Supplement (in substantially the form of EXHIBIT A attached hereto) or a short form lease (in form and substance reasonably satisfactory to Lessor) regarding the Property in the local filing office with respect thereto, in all cases at Lessee's cost and expense, and as required under applicable law to sufficiently evidence this Lease and any such Lease Supplement in the applicable real estate filing records.

30.9 Allocations between the Lenders and Lessor.

Notwithstanding any other term or provision of this Lease to the contrary, the allocations of the proceeds of the Property and any and all other Rent and other amounts received hereunder shall be subject to the inter-creditor provisions among the Primary Financing Parties contained in the Intercreditor Agreement and the other Operative Agreements (or as otherwise agreed among the Primary Financing Parties from time to time).

30.10 Limitations on Recourse.

Notwithstanding anything contained in this Lease to the contrary, Lessee agrees to look solely to Lessor's estate and interest in the Property (and in no circumstance to the Agent, the Primary Financing Parties or otherwise to Lessor) for the collection of any judgment requiring the payment of money by Lessor in the event of liability by Lessor, and no other property or assets of Lessor or any shareholder, owner or partner (direct or indirect) in or of Lessor, or any director, officer, employee, beneficiary, Affiliate of any of the foregoing shall be subject to levy, execution or other enforcement procedure for the satisfaction of the remedies of Lessee under or with respect to this Lease, the relationship of Lessor and Lessee hereunder or Lessee's use of the Property or any other liability of Lessor to Lessee. Nothing in this Section shall be interpreted so as to limit the terms of Sections 6.1 or 6.2 or the provisions of Section 12.9 of the Participation Agreement.

30.11 WAIVERS OF JURY TRIAL.

EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY, TO THE FULLEST EXTENT ALLOWED BY APPLICABLE LAW, WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS LEASE AND FOR ANY COUNTERCLAIM THEREIN.

30.12 Exercise of Lessor Rights.

Lessee hereby acknowledges and agrees that the rights and powers of Lessor under this Lease have been assigned to the Agent pursuant to the terms of the Security Agreement and the other Operative Agreements. Lessor and Lessee hereby acknowledge and agree that (a) the Agent shall, in its discretion, direct and/or act on behalf of Lessor pursuant to the provisions of Sections 8.2(e) and 8.6 of the Participation Agreement, (b) all notices to be given to Lessor shall be given to the Agent and (c) all notices, consents or approvals to be given by Lessor shall be given by the Agent on behalf of Lessor, and Lessee shall be entitled to rely thereon.

30.13 SUBMISSION TO JURISDICTION; VENUE.

THE PROVISIONS OF SECTION 12.7 OF THE PARTICIPATION AGREEMENT RELATING TO SUBMISSION TO JURISDICTION AND VENUE ARE HEREBY INCORPORATED BY REFERENCE HEREIN, MUTATIS MUTANDIS.

30.14 USURY SAVINGS PROVISION.

IT IS THE INTENT OF THE PARTIES HERETO TO CONFORM TO AND CONTRACT IN STRICT COMPLIANCE WITH APPLICABLE USURY LAW FROM TIME TO TIME IN EFFECT. TO THE EXTENT ANY RENT OR PAYMENTS HEREUNDER ARE HEREINAFTER CHARACTERIZED BY ANY COURT OF COMPETENT JURISDICTION

AS THE REPAYMENT OF PRINCIPAL AND INTEREST THEREON, THIS SECTION 30.14 SHALL APPLY. ANY SUCH RENT OR PAYMENTS SO CHARACTERIZED AS INTEREST MAY BE REFERRED TO HEREIN AS "INTEREST." ALL AGREEMENTS AMONG THE PARTIES HERETO ARE HEREBY LIMITED BY THE PROVISIONS OF THIS PARAGRAPH WHICH SHALL OVERRIDE AND CONTROL ALL SUCH AGREEMENTS, WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER WRITTEN OR ORAL. IN NO WAY, NOR IN ANY EVENT OR CONTINGENCY (INCLUDING WITHOUT LIMITATION PREPAYMENT OR ACCELERATION OF THE MATURITY OF ANY OBLIGATION), SHALL ANY INTEREST TAKEN, RESERVED, CONTRACTED FOR, CHARGED, OR RECEIVED UNDER THIS LEASE OR OTHERWISE, EXCEED THE MAXIMUM NONUSURIOUS AMOUNT PERMISSIBLE UNDER APPLICABLE LAW. IF, FROM ANY POSSIBLE CONSTRUCTION OF ANY OF THE OPERATIVE AGREEMENTS OR ANY OTHER DOCUMENT OR AGREEMENT, INTEREST WOULD OTHERWISE BE PAYABLE IN EXCESS OF THE MAXIMUM NONUSURIOUS AMOUNT, ANY SUCH CONSTRUCTION SHALL BE SUBJECT TO THE PROVISIONS OF THIS PARAGRAPH AND SUCH AMOUNTS UNDER SUCH DOCUMENTS OR AGREEMENTS SHALL BE AUTOMATICALLY REDUCED TO THE MAXIMUM NONUSURIOUS AMOUNT PERMITTED UNDER APPLICABLE LAW, WITHOUT THE NECESSITY OF EXECUTION OF ANY AMENDMENT OR NEW DOCUMENT OR AGREEMENT. IF LESSOR SHALL EVER RECEIVE ANYTHING OF VALUE WHICH IS CHARACTERIZED AS INTEREST WITH RESPECT TO THE OBLIGATIONS OWED HEREUNDER OR UNDER APPLICABLE LAW AND WHICH WOULD, APART FROM THIS PROVISION, BE IN EXCESS OF THE MAXIMUM LAWFUL AMOUNT, AN AMOUNT EQUAL TO THE AMOUNT WHICH WOULD HAVE BEEN EXCESSIVE INTEREST SHALL, WITHOUT PENALTY, BE APPLIED TO THE REDUCTION OF THE COMPONENT OF PAYMENTS DEEMED TO BE PRINCIPAL AND NOT TO THE PAYMENT OF INTEREST, OR REFUNDED TO LESSEE OR ANY OTHER PAYOR THEREOF, IF AND TO THE EXTENT SUCH AMOUNT WHICH WOULD HAVE BEEN EXCESSIVE EXCEEDS THE COMPONENT OF PAYMENTS DEEMED TO BE PRINCIPAL. THE RIGHT TO DEMAND PAYMENT OF ANY AMOUNTS EVIDENCED BY ANY OF THE OPERATIVE AGREEMENTS DOES NOT INCLUDE THE RIGHT TO RECEIVE ANY INTEREST WHICH HAS NOT OTHERWISE ACCRUED ON THE DATE OF SUCH DEMAND, AND LESSOR DOES NOT INTEND TO CHARGE OR RECEIVE ANY UNEARNED INTEREST IN THE EVENT OF SUCH DEMAND. ALL INTEREST PAID OR AGREED TO BE PAID TO LESSOR SHALL, TO THE EXTENT PERMITTED BY APPLICABLE LAW, BE AMORTIZED, PRORATED, ALLOCATED, AND SPREAD THROUGHOUT THE FULL STATED TERM (INCLUDING WITHOUT LIMITATION ANY RENEWAL OR EXTENSION) OF THIS LEASE SO THAT THE AMOUNT OF INTEREST ON ACCOUNT OF SUCH PAYMENTS DOES NOT EXCEED THE MAXIMUM NONUSURIOUS AMOUNT PERMITTED BY APPLICABLE LAW.

30.15 Lease Senior.

Anything contained herein or in any of the other Operative Agreements to the contrary notwithstanding, provided no Lease Event of Default shall have occurred and be

continuing, in each case whether or not this Lease (or a memorandum thereof) is recorded, or if it is recorded, whether or not it is recorded prior to the recordation of any of the other Operative Agreements, (i) the rights of Lessee hereunder are prior and senior to any Lien created under or pursuant to any of the Operative Agreements and the rights of the Lessor, the Agent and the Primary Financing Parties hereunder or thereunder, (ii) Lessee's tenancy hereunder shall not be disturbed nor shall this Lease be affected by any Default or Event of Default under any of the Operative Agreements or other Operative Agreements (other than a Lease Event of Default), (iii) in the event of a foreclosure or other enforcement of any such Operative Agreement, or sale in lieu thereof, the purchaser at such foreclosure sale or pursuant to a deed in lieu thereof shall be bound to Lessee for the Term of this Lease and any extensions thereof, (iv) the rights of Lessee hereunder shall expressly survive and this Lease shall in all respects continue in full force and effect, and (v) Lessee shall not be named as a party defendant in any such foreclosure.

[signature pages follow]

IN WITNESS WHEREOF, the parties have caused this Lease to be duly executed and delivered as of the date first above written.

FIRST UNION DEVELOPMENT CORPORATION, as Lessor

By: _____
Name: _____
Title: _____

CAPITAL ONE, F.S.B., as Lessee

By: _____
Name: _____
Title: _____

CAPITAL ONE BANK, as Lessee

By: _____
Name: _____
Title: _____

Receipt of this original counterpart of the foregoing Lease is hereby acknowledged as the date hereof

FIRST UNION NATIONAL BANK, as the Agent

By: _____
Name: _____
Title: _____

Recordation requested by:

Moore & Van Allen, PLLC

After recordation return to:

Moore & Van Allen, PLLC
Bank of America Corporate Center
100 North Tryon Street, Floor 47
Charlotte, NC 28202-4003
Attention: Lea Stromire Johnson, Esq.

Space above this line
for Recorder's use

LEASE SUPPLEMENT NO. 1,
MEMORANDUM OF LEASE AND REMEDIES

dated as of December 5, 2000

among

FIRST UNION DEVELOPMENT CORPORATION,
as the Lessor;

CAPITAL ONE BANK AND CAPITAL ONE, F.S.B.,
collectively, as the Lessee;

JAMES S. MATHEWS
as the Trustee

Recording taxes for this instrument are based on the value of the real
property that is subject to this instrument, which is \$10,225,000.

LEASE SUPPLEMENT NO. 1,
MEMORANDUM OF LEASE AGREEMENT AND REMEDIES

THIS LEASE SUPPLEMENT NO. 1, MEMORANDUM OF LEASE AGREEMENT AND REMEDIES ("Lease Supplement"), dated as of December 5, 2000, is by and among FIRST UNION DEVELOPMENT CORPORATION, a North Carolina corporation, with an address of One First Union Center, 301 South College Street, Charlotte, North Carolina 28288-0166 (as the "Lessor", and the Lessor being referred to as a "Grantor" and a "Grantee" for indexing purposes); CAPITAL ONE BANK, a Virginia banking corporation, and CAPITAL ONE, F.S.B., a federal savings bank, both with an office at c/o Capital One Services, Inc., 8000 Jones Branch Drive, McLean, Virginia 22102 (hereinafter referred to collectively as the "Lessee", the Lessee being referred to as a "Grantee" and a "Grantor" for indexing purposes); and JAMES S. MATHEWS, a resident of the City/County of Norfolk, Virginia, having an address at Vandeventer, Black, Meredith & Martin, 500 World Trade Center, Norfolk, Virginia 23510, as Trustee pursuant to Section 6 hereof (the "Trustee", the Trustee being referred to as a "Grantee" for indexing purposes).

RECITALS

A. The Lessor entered into a Lease Agreement dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "Lease"), pursuant to which the Lessor, as lessor, leases to the Lessee, and the Lessee leases from the Lessor, that certain "Property" more particularly described therein and in supplements thereto.

B. The Lessor has acquired a leasehold interest in the land more particularly described on Schedule 1 hereto (the "Land").

C. The Lessor and the Lessee desire to supplement the Lease to provide for the sublease by the Lessor to the Lessee of (i) the Land, (ii) the Improvements (as hereinafter defined), (iii) the Equipment (as hereinafter defined) and (iv) all Appurtenant Rights (as hereinafter defined). The Land, the Improvements, the Equipment and the Appurtenant Rights are hereinafter referred to collectively as the "Property".

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions: Interpretation.

(a) For purposes of this Lease Supplement, capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in Appendix A to the Participation Agreement dated as of the date hereof (as the

same may be amended, restated, supplemented or otherwise modified from time to time, the "Participation Agreement"), among the Lessee, the Lessor, the Agent, the Tranche A Note Purchasers and the Tranche B Lenders signatory thereto (collectively the "Participants"). A copy of the Participation Agreement is on file at the office of the Lessor.

(b) As used herein, the following terms shall have the meanings set forth below:

"Appurtenant Rights" shall mean (a) all agreements, easements, rights of

way or use, rights of ingress or egress, privileges, appurtenances, tenements, hereditaments and other rights and benefits at any time belonging or pertaining to the Land underlying the Improvements or the Improvements, including without limitation the use of any streets, ways, alleys, vaults or strips of land adjoining, abutting, adjacent or contiguous to the Land and (b) all permits, licenses and rights, whether or not of record, appurtenant to such Land or the Improvements.

"Equipment" shall mean equipment, apparatus and fixtures of every kind and

nature whatsoever purchased or otherwise acquired using the proceeds of Advances by the Construction Agent, the Lessee or the Lessor and all improvements and modifications thereto and replacements thereof, whether or not now owned or hereafter acquired or now or subsequently attached to, contained in or used or usable in any way in connection with any operation of any Improvements, including but without limiting the generality of the foregoing, all equipment described in the Appraisal, including without limitation all heating, electrical and mechanical equipment, lighting fixtures, switchboards, plumbing, ventilation, air conditioning and air-cooling apparatus, refrigerating and incinerating equipment, escalators, elevators, loading and unloading equipment and systems, cleaning systems (including without limitation window cleaning apparatus), sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors, engines, machinery, pipes, pumps, tanks, conduits, appliances, fittings and fixtures of every kind and description, any other personal property described on Schedule 3 to any Requisition, but excluding Lessee Equipment.

"Fixtures" shall mean all fixtures relating to the Improvements, including

without limitation all components thereof, located in or on the Improvements, together with all replacements, modifications, alterations and additions thereto, excluding Lessee Equipment.

"Improvements" shall mean, with respect to the construction, renovations

and/or Modifications on the Land, all buildings, structures, Fixtures, and other improvements of every kind existing at any time and from time to time on or under the Land which is subject to the Ground Lease, together with any and all appurtenances to such buildings, structures or improvements, including without limitation sidewalks, utility pipes, conduits and lines, parking areas and roadways, and including without limitation all Modifications

and other additions to or changes in the Improvements at any time including without limitation (a) any Improvements existing as of the Closing Date as such Improvements may be referenced on the applicable Requisition and (b) any Improvements made subsequent to the Closing Date, excluding in all circumstances Lessee Equipment.

"Lessee Equipment" shall mean all signs, exterior lighting standards,

machinery, apparatus, furniture, furnishings, telephone systems, telecommunication systems, computers, computer terminals, all items relating to data transmission, trash compactors, shelving, snow removal and lawn maintenance equipment and other equipment, movable or demountable partitions, motorized vehicles, trade fixtures and temporary auxiliary structures, tools, supplies, materials, security systems, wiring, fibers, PBX, data connections, video equipment, cafeteria furnishings and equipment, public address system, inventory and other personal property and all renewals and replacements thereof, in each case, now owned or hereafter acquired by the Lessee (without the proceeds of any Advance and which is not attached to the Improvements in such a manner as to become a fixture under applicable law) or any subtenant or permitted assignee of the Lessee (without the proceeds of any Advances and which is not attached to the Improvements in such a manner as to become a fixture under applicable law) and installed or located at or on the Property or necessary for the operations of the Lessee's business.

SECTION 2. The Property. The Property is hereby added by this Lease

Supplement to the Lease, shall constitute the "Property" for all purposes of the Lease and shall be subject to the terms and provisions of the Lease. Upon the execution and delivery of this Lease Supplement, (i) the Lessee will have unconditionally accepted the Property subject to the Lease Supplement and will have a valid and subsisting leasehold interest in such Property, subject only to the Permitted Liens, and (ii) no offset will exist with respect to any Rent or other sums payable under the Lease. The Lessor hereby demises and leases the Property to the Lessee, and the Lessee hereby hires and leases the Property from the Lessor, for the term of the Lease described in Section 3(a), below (the "Lease Term"). Lessor and Lessee acknowledge that a portion of the Property is being leased to various Persons, as set forth in Annex I hereto, and that the existing tenants shall be deemed to be subtenants of Lessee and not tenants of Lessor during the term of the Lease.

SECTION 3. Lease Term; Renewal; Purchase Option, Etc.

(a) The Property is leased for an interim term (the "Interim Term") commencing as of the date of this Lease Supplement (the "Commencement Date") and terminating on the Rent Commencement Date, unless the Interim Term is earlier terminated in accordance with the terms of the Lease. The Property is leased for a basic term (the "Basic Term") commencing on the Rent Commencement Date and shall end on December 5, 2010, unless the Basic Term is earlier terminated in accordance with the terms of the Lease.

(b) The Lease contains certain mandatory and optional purchase rights and options during the Lease Term pursuant to which the Lessee may acquire the Property, all as more fully set forth in the Lease.

(c) The Lessor hereby waives any right to distraint Lessee Equipment and any landlord's lien or similar lien upon Lessee Equipment, whether such lien is created by statute or otherwise. Pursuant to the Lease, the Lessee may remove the Lessee Equipment and any other property to which the Lessee has title, all of which shall remain or be the property of the Lessee.

(d) In addition to those terms referred to herein, the Lease contains numerous other terms, covenants and conditions which affect the Property, and notice is hereby given that reference should be had to the Lease with respect to the details of such terms covenants and conditions.

SECTION 4. Ownership of the Property. The Lessor and the Lessee intend

that (i) for financial accounting purposes with respect to the Lessee (A) the Lease will be treated as an "operating lease" pursuant to Statement of Financial Accounting Standards No. 13, as amended, (B) the Lessor will be treated as the owner and lessor of the Property and (C) the Lessee will be treated as the lessee of the Property, but (ii) for federal and all state and local income tax purposes (A) the transaction contemplated by the Lease and this Lease Supplement is a secured borrowing, (B) the Lessee will be entitled to all tax benefits ordinarily available to owners of property similar to the Property for such tax purposes and (C) all payments of Basic Rent shall be deemed to be interest payments and (iii) in the context of insolvency or bankruptcy proceedings affecting the Lessee, the transaction contemplated by the Lease and this Lease Supplement is a secured borrowing. Notwithstanding the foregoing, neither party hereto has made, or shall be deemed to have made, any representation or warranty as to the availability of any of the foregoing treatments under applicable accounting rules or tax rules. The Lessee shall claim the cost recovery deductions associated with the Property, and the Lessor shall not, to the extent not prohibited by Law, take on its tax return a position inconsistent with the Lessee's claim of such deductions. The parties acknowledge and agree that the characterization of the transaction and the Lessee's obligations as provided in this Section 4 shall not diminish the Lessee's express rights under the Lease and the other Operative Agreements, including, without limitation, the Lessee's right to purchase the Property.

SECTION 5. Grant of Lien and Security Interest; Assignment of Rents. If a

court, when enforcing the Operative Agreements following the occurrence and during the continuance of a Lease Event of Default, were to construe the transactions contemplated by the Lease as indebtedness of the Lessee secured by the Property, then (i) the Lease, as supplemented by this Lease Supplement, shall be treated as the repayment of a loan by the Lessor to the Lessee in the principal amount of the portion of the Property Cost applicable to the Property, (ii) all payments of Rent and the Termination Value shall be treated as payments of principal, interest and other amounts owing with respect to such loan, respectively, (iii) the Lessee shall be treated as entitled to all benefits of ownership of the Property or any part thereof, and (iv) the Lease, as supplemented by this Lease Supplement, shall be treated as a deed of trust and security agreement as set forth below for the benefit of the Lessor, as secured party. To effect the foregoing provisions of this Section 5:

(a) Subject to the terms and conditions of the Lease as supplemented by this Lease Supplement (including, without limitation, the Lessee's rights hereunder and thereunder so long as no Lease Event of Default has occurred and is continuing), the Lessee does hereby grant,

bargain, sell, convey, assign, transfer and set over to the Trustee, WITH POWER OF SALE, to the extent permitted by applicable law: (i) all of the Lessee's right, title and interest in the Property; and (ii) all of the Lessee's right, title and interest in and to all proceeds of the conversion, whether voluntary or involuntary, of any of the above-described property into cash or other liquid claims, including, without limitation, all awards, payments or proceeds, including interest thereon, and the right to receive the same, which may be made as a result of casualty, any exercise of the right of eminent domain or deed in lieu thereof, the alteration of the grade of any street and any injury to or decrease in the value thereof, the foregoing being referred to hereinafter as the "Security Property."

TO HAVE AND TO HOLD the foregoing rights, interests and properties, and all rights, estates, powers and privileges appurtenant thereto, subject however to Permitted Liens, unto the Trustee, its successors and assigns, IN TRUST forever, for the uses and purposes herein expressed, but not otherwise.

(b) Subject to the terms and conditions of the Lease as supplemented by this Lease Supplement (including, without limitation, the Lessee's rights hereunder and thereunder so long as no Lease Event of Default has occurred and is continuing), the Lessee hereby grants to the Lessor a security interest in the Lessee's interest in that portion of the Security Property (the "UCC Property") which is personal property. This Lease Supplement shall also be deemed to be a security agreement and shall support any financing statement showing the Lessor's interest as a secured party with respect to any portion of the UCC Property described in such financing statement. The Lessee agrees, at its sole cost and expense, to execute, deliver and file from time to time such further instruments as may be requested by the Lessor to confirm and perfect the lien of the security interest in the collateral described in this Lease Supplement.

(c) The Lessee hereby irrevocably assigns, conveys, transfers and sets over unto the Lessor (subject, however, to the Lease and the rights of the Lessee thereunder and hereunder) all and every part of the rents, issues and profits that may from time to time become due and payable on account of any and all subleases or other occupancy agreements now existing, or that may hereafter come into existence with respect to the Property or any part thereof, including any guaranties of such subleases or other occupancy agreements. Upon request of the Lessor, the Lessee shall execute and cause to be recorded, at its expense, supplemental or additional assignments of any subleases or other occupancy agreements, of the Property. Upon the occurrence and continuance of a Lease Event of Default and subject to the provisions of subsection 6(c) hereof, the Lessor is hereby fully authorized and empowered in its discretion (in addition to all other powers and rights herein granted), and subject to the Lease and the rights of the Lessee thereunder and hereunder, to apply for and collect and receive all such rents, issues and profits and enforce such guaranty or guaranties, and all money so received under and by virtue of this assignment shall be held and applied as further security for the payment of the loan(s) secured hereby and to assure the performance by the Lessee of its covenants, agreements and obligations under the Lease.

SECTION 6. Remedies.

(a) If a court shall construe the transactions contemplated by the Lease as indebtedness secured by the Property as provided in Section 5, above, upon the occurrence and continuance of a Lease Event of Default:

(i) The Trustee shall have the power and authority, to the extent provided by law, after proper notice and lapse of such time as may be required by law, to sell the Security Property at the time fixed by the Trustee and at the Property or at such other place in the city or county in which the Property is located, all as set forth in said notice of sale. The Security Property may be sold, either as a whole, or in separate lots or parcels and in such order as the Trustee may elect, at auction to the highest bidder for cash in lawful money of the United States payable at the time of sale, all in accordance with the applicable laws of the jurisdiction in which the Property is located, it being acknowledged that A POWER OF SALE HAS BEEN GRANTED IN THIS INSTRUMENT, WHICH, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ALLOWS THE TRUSTEE TO SELL THE SECURITY PROPERTY WITHOUT GOING TO COURT IN A FORECLOSURE ACTION UPON THE OCCURRENCE AND CONTINUANCE OF A LEASE EVENT OF DEFAULT BY THE LESSEE. The Trustee shall advertise the time, place and terms of sale at least one (1) time a week for three (3) consecutive weeks, in a newspaper having general circulation in the county or city where the Property or any portion thereof lies. The power of sale granted above may be exercised at different times as to different portions of the Property, and if for any reason any executory contract of sale shall not be performed, then new contracts may be made with respect to the same portion of the Property (with or without other portions). If the Trustee deems it best for any reason to postpone or continue the sale at any time, or from time to time, he may do so, in which event the Trustee shall advertise the postponed sale in the same manner as the original advertisement of sale provided for above. Full power and authority is hereby expressly granted and conferred upon the Trustee to make, execute and deliver all necessary deeds of conveyance for the purpose of vesting, in the purchaser or purchasers all right, title and interest that the Lessee had in and to the Property, or the portion thereof so sold, and the recital therein shall be received in all courts of law and equity as prima facie evidence of the matters therein stated, and at such sale the Lessor may become a purchaser, and except as otherwise provided in Section 58.1-3340 of the Code of Virginia of 1950, as amended, no purchaser shall be required to see to the proper application of the purchase money. The proceeds of any such sale shall be distributed pursuant to Section 55-59.4 of the Code of Virginia of 1950, as amended. At any sale made pursuant to the terms hereof, the Trustee may require a cash deposit from the successful bidder of not more than ten percent (10%) of the final amount bid by the successful bidder. Unless otherwise specified herein, this paragraph shall be construed under and in accordance with and to incorporate by reference the terms of (S)(S) 55-59 through 55-60 of the Code of Virginia of 1950, as amended, as its provisions are in force and in effect on the date hereof, with the following and further understandings as in such sections provided:

EXEMPTIONS WAIVED.
RENEWAL, EXTENSION OR REINSTATEMENT PERMITTED.
SUBJECT TO ALL UPON DEFAULT.

(ii) Subject to the terms and conditions hereof, of the Lease and the other Operative Agreements, the Lessor, in lieu of exercising any power of sale hereinabove given, may proceed by a suit or suits in equity or at law, for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for the appointment of a receiver pending any foreclosure hereunder or the sale of the Property, or for the enforcement of any other appropriate legal or equitable remedy.

(b) Upon the occurrence and continuance of a Lease Event of Default, the Lessor, in addition to and not in lieu of or in diminution of the rights and remedies provided above, shall have all of the rights and remedies of a secured party under the Uniform Commercial Code of the state in which the Property is located (the "UCC"), which rights and remedies may be exercised without application to any court to the extent permitted by the UCC.

(c) In lieu of the remedies provided for in this Lease Supplement, the Lessee, at its election, may exercise its rights under Section 17.11 of the Lease to the extent provided in Section 17.11 of the Lease and, in that event, the remedies set forth herein shall not be available to the Lessor with respect to such Lease Event of Default.

(d) Notwithstanding anything to contrary contained herein or in any of the other Operative Agreements, the Lessee may cure any Lease Event of Default affecting or relating to the Property by exercising its option to purchase the Property as provided in Article XX of the Lease, and, in the event that the Lessee purchases the affected Property as provided in such Article, the remedies set forth herein shall not be available to the Lessor with respect to such Lease Event of Default.

SECTION 7. Ratification. Except as expressly set forth herein, this

Lease Supplement does not alter, amend, modify or change the Lease or the exhibits thereto. It is the intent of the parties that this Lease Supplement be recorded and give notice of and confirm the Lease and exhibits thereto to the same extent as if all of the provisions of the Lease and exhibits thereto were fully set forth herein. The Lease and exhibits thereto are incorporated by reference in this Lease Supplement and, except as expressly modified hereby, the terms and provisions of the Lease are hereby ratified and confirmed and remain in full force and effect.

SECTION 8. Original Lease Supplement. Notwithstanding anything to the

contrary set forth in the Operative Agreements, the single executed original of this Lease Supplement marked "THIS COUNTERPART IS THE ORIGINAL EXECUTED COUNTERPART" on the signature page thereof and containing the receipt of the Agent therefor on or following the signature page thereof shall be the Original Executed Counterpart of this Lease Supplement (the "Original Executed Counterpart"). To the extent that this Lease Supplement constitutes chattel paper, as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction, no security interest in this Lease Supplement may be created through the transfer or possession of any counterpart other than the Original Executed Counterpart.

SECTION 9. GOVERNING LAW. THE LEASE AND THIS LEASE SUPPLEMENT SHALL BE

GOVERNED BY AND CONSTRUED, INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK

(WITHOUT GIVING EFFECT TO THE PRINCIPLES THEREOF RELATING TO CONFLICTS OF LAW),
EXCEPT TO THE EXTENT THE LAWS OF THE STATE WHERE THE PROPERTY IS LOCATED ARE
REQUIRED TO APPLY.

SECTION 10. Substitution of Trustees. The Trustee hereunder may act

at any time upon designation by the Lessor. If the Lessor, in its sole and
absolute discretion, shall desire for any reason whatsoever to have a substitute
trustee or substitute trustees appointed, then the Lessor is hereby authorized
and empowered to appoint, at any time and from time to time, by an instrument
duly executed and acknowledged and filed for recordation wherever this Lease
Supplement is recorded, a substitute trustee or substitute trustees, in the
place and stead of one or more of those initially named herein or subsequently
appointed by the Lessor, which trustee or trustees shall have all the rights,
powers and authority and be charged with all the duties and responsibilities
that are conferred to charged upon the Trustee initially named herein.

SECTION 11 Maximum Interest Rate. No provision of this Lease

Supplement or any transaction related thereto shall require the payment or
permit the collection of interest or any other amount in excess of the maximum
permitted by applicable law, and the provisions of Section 30.14 of the Lease
shall govern all payments of interest or the collection of any other amounts.

SECTION 12 Merger. If the fee simple title to the Land and the

leasehold interest therein shall be held by the same party, the interest in the
Land and the Improvements granted to the Trustee pursuant to the Lease and this
Lease Supplement shall not terminate or be merged, and the Lease and this Lease
Supplement shall remain in full force and effect.

SECTION 13. Counterparts. This Lease Supplement may be executed in

several counterparts, each of which shall be an original except as provided in
Section 8, above, and all of which together shall constitute but one and the
same instrument.

IN WITNESS WHEREOF, each of the parties hereto has caused this Lease Supplement to be duly executed by an officer thereunto duly authorized as of the date and year first above written.

FIRST UNION DEVELOPMENT CORPORATION, a North Carolina corporation, as the Lessor

By: _____

Title: _____

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

The foregoing instrument was acknowledged before me this day of December, 2000, by _____, as _____ of First Union Development Corporation, a North Carolina corporation, on behalf of the corporation.

My commission expires:

Notary Public

[Notarial Seal]

CAPITAL ONE BANK, a
Virginia banking corporation, as the Lessee

By: _____

Title: _____

COMMONWEALTH OF VIRGINIA

CITY/COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of
December, 2000, by _____ as _____ of Capital One Bank, a Virginia banking
corporation, on behalf of the corporation.

My commission expires:

Notary Public

[Notarial Seal]

CAPITAL ONE, F.S.B., a
federal savings bank, as the Lessee

By: _____

Title: _____

COMMONWEALTH OF VIRGINIA

CITY/COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of
December, 2000, by _____ as _____ of Capital One, F.S.B., a federal savings
bank, on behalf of the federal savings bank.

My commission expires:

Notary Public

[Notarial Seal]

SCHEDULE I

Legal Description of Land

THIS COUNTERPART IS THE ORIGINAL EXECUTED COUNTERPART.

Assignment of the Lease, as supplemented by this Lease Supplement, and receipt of this original counterpart of the foregoing Lease Supplement is hereby acknowledged as of the date hereof.

FIRST UNION NATIONAL BANK, as Agent

By _____
Name:
Title:

PARTICIPATION AGREEMENT

Dated as of December 5, 2000

among

CAPITAL ONE, F.S.B. AND CAPITAL ONE BANK, jointly and severally as the
Construction Agent and as the Lessee,

CAPITAL ONE FINANCIAL CORPORATION,
as the Guarantor,

FIRST UNION DEVELOPMENT CORPORATION,
as the Borrower and as the Lessor,

THE VARIOUS FINANCIAL INSTITUTIONS AND OTHER INSTITUTIONAL INVESTORS
WHICH ARE PARTIES HERETO FROM TIME TO TIME, as the Tranche A Note Purchasers,

THE VARIOUS BANKS AND OTHER LENDING INSTITUTIONS WHICH ARE PARTIES
HERETO FROM TIME TO TIME, as the Tranche B Lenders,

and

FIRST UNION NATIONAL BANK,
as the Agent for the Primary Financing Parties
and, respecting the Security Documents,
as the Agent for the Secured Parties

and

FIRST UNION NATIONAL BANK,
as the Escrow Agent

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PARTICIPATION AGREEMENT

THIS PARTICIPATION AGREEMENT dated as of December 5, 2000 (as amended, modified, extended, supplemented and/or restated from time to time, this "Agreement") is by and among CAPITAL ONE, F.S.B., a federal savings bank

(("FSB"), and CAPITAL ONE BANK, a Virginia banking corporation ("COB")

(collectively, FSB and COB may be referred to herein as the "Lessee" or the

"Construction Agent"); CAPITAL ONE FINANCIAL CORPORATION, a Delaware corporation

("COFC"), as the guarantor (the "Guarantor"); FIRST UNION DEVELOPMENT

CORPORATION, a North Carolina corporation (the "Borrower" or the "Lessor"); the

various financial institutions and other institutional investors which are parties hereto from time to time as holders of the Tranche A Notes (subject to the definition of Tranche A Note Purchasers in Appendix A hereto, individually, a "Tranche A Note Purchaser" and collectively, the "Tranche A Note Purchasers");

the various banks and other lending institutions which are parties hereto from time to time as Tranche B Lenders (subject to the definition of Tranche B Lenders in Appendix A hereto, individually, a "Tranche B Lender" and

collectively, the "Tranche B Lenders") (each Tranche A Note Purchaser and each

Tranche B Lender may be referred to individually as a "Primary Financing Party"

and collectively as the "Primary Financing Parties"); FIRST UNION NATIONAL BANK,

a national banking association, as the agent for the Primary Financing Parties and respecting the Security Documents, as the agent for the Secured Parties (in such capacity, the "Agent"); and FIRST UNION NATIONAL BANK, a national banking

association, as the Escrow Agent (the "Escrow Agent"). Capitalized terms used

but not otherwise defined in this Agreement shall have the meanings set forth in Appendix A hereto.

In consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. THE FINANCING.

Subject to the terms and conditions of this Agreement and the other Operative Agreements and in reliance on the representations and warranties of each of the parties hereto contained herein or made pursuant hereto, the Primary Financing Parties have agreed to make Tranche B Loans to the Lessor or purchase the Tranche A Notes issued by the Lessor from time to time in an aggregate principal amount of up to the aggregate amount of the Primary Financing Parties' Commitments in order for the Lessor to ground lease the Land, and to develop and construct certain Improvements in accordance with the Agency Agreement and the terms and provisions hereof and for the other purposes described herein. The Tranche B Loans shall be made pursuant to the Credit Agreement. The Tranche A Note Purchasers will purchase the Tranche A Notes pursuant to the Note Purchase Agreement. The Tranche A Proceeds received by the Lessor from the sale of the Tranche A Notes (the "Tranche A Proceeds") will be deposited in the Escrow

Account and disbursed to the Lessor pursuant to the terms of the Operative Agreements. The obligations of the Lessor under the Notes shall be secured by the Collateral.

SECTION 2. [RESERVED].

SECTION 3. SUMMARY OF TRANSACTIONS.

3.1. Operative Agreements.

On the Closing Date, each of the respective parties hereto and thereto shall execute and deliver this Agreement, the Lease, the Ground Lease, the Agency Agreement, the Note Purchase Agreement, the Credit Agreement, the Notes, the Security Agreement, the Guaranty, each applicable Mortgage Instrument and such other documents, instruments, certificates and opinions of counsel as agreed to by the parties hereto.

3.2. Property Purchase.

On the Closing Date and subject to the terms and conditions of this Agreement (a) the Agent will disburse a portion of the Tranche A Proceeds from the Escrow Account in accordance with Section 5 of this Agreement, (b) the Tranche B Lenders will each make Tranche B Loans in accordance with Section 5 of this Agreement and the terms and provisions of the Credit Agreement, and (c) the Lessor will ground lease, pursuant to the Ground Lease, the Property, pay other Project Costs, as applicable, and grant the Agent a lien on its leasehold interest in the Property by execution of the required Security Documents.

3.3. Construction of Improvements; Commencement of Basic Rent.

Construction Advances will be made with respect to particular Improvements to be constructed and with respect to ongoing Work regarding the Equipment and construction of particular Improvements, in each case, pursuant to the terms and conditions of this Agreement and the Agency Agreement. The Construction Agent will act as a construction agent on behalf of the Lessor respecting the Work regarding the Equipment, the construction of such Improvements and the expenditures of the Construction Advances related to the foregoing. The Construction Agent shall promptly notify the Lessor upon Completion of any Improvements and the Lessee shall commence to pay Basic Rent as of the Rent Commencement Date.

SECTION 4. THE CLOSING.

4.1. Closing Date.

All documents and instruments required to be delivered on the Closing Date shall be delivered at the offices of Moore & Van Allen, PLLC, Charlotte, North Carolina, or at such other location as may be determined by the Lessor, the Agent and the Lessee.

4.2. Closing Date; Acquisition Advance; Construction Advances.

The Construction Agent shall deliver to the Agent a requisition (a "Requisition"), in the form attached hereto as Exhibit A or in such other form

as is satisfactory to the Agent, in its reasonable discretion, in connection with (a) the Transaction Expenses and other fees, expenses and disbursements payable, pursuant to Section 7.1, by the Lessor, (b) the Acquisition Advance pursuant to Section 5.3 and (c) each Construction Advance pursuant to Section 5.4.

SECTION 5. FUNDING OF ADVANCES; CONDITIONS PRECEDENT; REPORTING REQUIREMENTS ON COMPLETION DATE; THE LESSEE'S DELIVERY OF NOTICES; RESTRICTIONS ON LIENS.

5.1. General.

To the extent funds have been advanced to the Lessor pursuant to this Section 5, the Lessor will use such funds from time to time in accordance with the terms and conditions of this Agreement and the other Operative Agreements for the following purposes (costs expended for the following purposes are herein referred to as the "Project Costs") (i) at the direction of the Construction

Agent to ground lease the Land in accordance with the terms of this Agreement, the Agency Agreement and the other Operative Agreements, (ii) to make Advances to the Construction Agent to permit the acquisition, testing, engineering, installation, development, construction, modification, design, and renovation, as applicable, of the Property (or components thereof) in accordance with the terms of the Agency Agreement and the other Operative Agreements, (iii) to pay interest to the Tranche A Note Purchasers pursuant to the Tranche A Notes, interest to the Tranche B Lenders pursuant to the Tranche B Notes, Transaction Expenses, and reasonable fees, expenses and other disbursements payable under Section 7; provided, however, that Tranche A Non-GAAP Interest Expense and any

other Non-GAAP Expenses shall be included as an amount to be paid in connection with a Requisition and shall be paid on each Scheduled Interest Payment Date, as applicable, during the period prior to the Rent Commencement Date out of the proceeds of the Tranche B Loans made on such date, and (iv) Supplemental Rent constituting Transaction Expenses payable during the Construction Period.

5.2. Procedures for Funding.

(a) Except as expressly provided herein, Advances hereunder shall only be made on the Closing Date and on the first day of each calendar month, unless such day is not a Business Day, in which case on the next occurring Business Day after the first day of such month; provided, on no more than three (3) separate occasions during any

calendar year, the Construction Agent may designate a Business Day other than the first day of the month as the date for an Advance. Not less than (i) three (3) Business Days prior to the Closing Date and (ii) three (3) Business Days prior to the date on which any Acquisition Advance or Construction Advance is to be made, the Construction Agent shall deliver to the Agent, with respect to the Closing Date, the Acquisition Advance and each Construction Advance, a Requisition as described in Section 4.2 hereof (including

without limitation Tranche A Non-GAAP Interest Expense and any other Non-GAAP Expenses), in a form reasonably acceptable to the Agent.

(b) Each Requisition shall: (i) be irrevocable, (ii) request funds in an amount that is not in excess of the total aggregate of the Available Tranche B Lender Commitments plus the balance of funds in the Escrow Account at such time, and (iii) request that the Agent disburse funds to Lessor out of the Escrow Account and that the Tranche B Lenders make Tranche B Loans to the Lessor for the payment of Transaction Expenses, Property Acquisition Costs (in the case of the Acquisition Advance) or other Project Costs (in the case of a Construction Advance) that have previously been incurred or are to be incurred on the date of such Advance to the extent such were not subject to a prior Requisition, in each case as specified in the Requisition.

(c) Subject to the satisfaction of the conditions precedent set forth in Sections 5.3 or 5.4, as applicable, (i) on the Closing Date, the Tranche A Note Purchasers shall purchase the Tranche A Notes, the proceeds from which shall be deposited in the Escrow Account, based on their respective Tranche A Commitments, (ii) on the Closing Date and the date on which each Construction Advance is to be made, as applicable, the Tranche B Lenders shall make Tranche B Loans based on their respective Tranche B Commitments to the Lessor in an aggregate amount, together with the Tranche A Proceeds disbursed by the Agent toward any Requisition, equal to the amount of the Requested Funds specified in any Requisition (up to an aggregate principal amount equal to the aggregate of the Available Tranche B Lender Commitments), and (iii) the total amount of Tranche A Proceeds disbursed by the Agent and Tranche B Loans made by the Tranche B Lenders on such date shall (x) be used by the Lessor to pay Project Costs including Transaction Expenses or (y) be advanced by the Lessor on the date of such Advance to the Construction Agent or the Lessee to pay Project Costs, as applicable. The Requested Funds shall be funded with Tranche A Proceeds and Tranche B Loans, (I) with the Agent disbursing an amount equal to the product of the Requested Funds (less any Non-GAAP Expenses) set forth in such Requisition times seventy-five percent (75%) out of the Escrow Account and (II) with the Tranche B Lenders advancing the sum of (A) an amount equal to the product of the Requested Funds (less any Non-GAAP Expenses) set forth in such Requisition times twenty-five percent (25%) plus (B) the total amount of Non-GAAP Expenses requested pursuant to such Requisition in the form of Tranche B Loans. Notwithstanding that the Operative Agreements state that Advances shall be directed to the Lessor, each Advance shall in fact be directed to the Construction Agent (for the benefit of the Lessor) and applied by the Construction Agent (for the benefit of the Lessor) pursuant to the requirements imposed on the Lessor under the Operative Agreements.

(d) [Reserved].

(e) All Operative Agreements which are to be delivered to the Lessor, the Agent or the Primary Financing Parties shall be delivered to the Agent, on behalf of the Lessor, the Agent or the Primary Financing Parties, and such items (except for Notes, Bills of Sale, the Ground Lease and chattel paper originals, with respect to which in each

case there shall be only one original) shall be delivered with originals sufficient for the Lessor, the Agent and each Primary Financing Party. The Agent shall then deliver such Operative Agreements to the Lessor and each Primary Financing Party. All other items which are to be delivered to the Lessor, the Agent or the Primary Financing Parties shall be delivered to the Agent, on behalf of the Lessor, the Agent or the Primary Financing Parties or directly to such party as required by the Operative Agreements. Except as otherwise noted, copies shall be sufficient for any other deliveries to parties other than the Agent required under Sections 5.3, 5.4 or 5.5. To the extent any such other items delivered to the Agent are requested in writing from time to time by the Lessor or any Primary Financing Party or are required to be delivered by the Agent pursuant to Section 8.6(g), the Agent shall provide a copy of such item to the party requesting it or to the parties entitled thereto, as applicable.

(f) The Agent hereby agrees that it will calculate the amount of Tranche A Non-GAAP Interest Expense during each period referenced in Section 5.2(a), and will provide prompt written notice of such amount to the Construction Agent, for inclusion in the Requisition referenced in Section 5.2(a).

5.3. Conditions Precedent for the Lessee, the Lessor, the Agent and

the Primary Financing Parties Relating to the Closing Date and

the Advance of Funds for the Acquisition of the Property.

The obligations (i) on the Closing Date of the Lessee, the Lessor, the Agent and the Primary Financing Parties to enter into the transactions contemplated by this Agreement, including without limitation the obligation to execute and deliver the applicable Operative Agreements to which each is a party on the Closing Date and, in the case of the Tranche A Note Purchasers, to purchase the Tranche A Notes (the proceeds from which shall be deposited in the Escrow Account), (ii) on the Closing Date of the Agent to disburse Tranche A Proceeds from the Escrow Account to the Lessor and the Tranche B Lenders to make Tranche B Loans in order to pay Transaction Expenses, fees, expenses and other disbursements payable by the Lessor under Section 7.1(a) of this Agreement and (iii) on the Closing Date for the purpose of providing funds to the Lessor necessary to pay the Transaction Expenses, fees, expenses and other disbursements payable by the Lessor under Section 7.1(b) of this Agreement and to ground lease the Property (the "Acquisition Advance"), in each case (with

regard to the foregoing Sections 5.3(i), (ii) and (iii)) are subject to the satisfaction or waiver of the following conditions precedent on or prior to the Closing Date (to the extent such conditions precedent require the delivery of any agreement, certificate, instrument, memorandum, legal or other opinion, appraisal, commitment, title insurance commitment, lien report or any other document of any kind or type, such shall be in form and substance satisfactory to the Agent and the Primary Financing Parties, in their reasonable discretion; notwithstanding the foregoing, the obligations of each party shall not be subject to any conditions contained in this Section 5.3 which are required to be performed by such party):

(a) the correctness in all material respects of the representations and warranties of the parties to this Agreement contained herein, in each of the other

Operative Agreements and each certificate delivered pursuant to any Operative Agreement;

(b) the performance by the parties to this Agreement of their respective agreements contained herein and in the other Operative Agreements to be performed by them on or prior to such date;

(c) the Agent and the Primary Financing Parties shall have received a fully executed counterpart copy of the Requisition, appropriately completed;

(d) [Reserved];

(e) the Construction Agent shall have delivered to the Agent and the Primary Financing Parties a good standing certificate for the Construction Agent in the state where the Property is located, a copy of the Ground Lease, and a copy of the Bill of Sale with respect to the Equipment (if any), respecting such of the foregoing as are being acquired or ground leased on such date with the proceeds of the Loans;

(f) there shall not have occurred and be continuing any Default or Event of Default and no Default or Event of Default will have occurred after giving effect to the Advance requested by the Requisition;

(g) the Construction Agent shall have delivered to the Agent and the Primary Financing Parties separate title insurance commitments for the Tranche A Proceeds and the Tranche B Loans to issue policies respecting the Property, with such endorsements as the Agent and the Primary Financing Parties deem reasonably necessary, in favor of the Lessor and the Agent from a title insurance company reasonably acceptable to the Agent and the Primary Financing Parties, but only with such title exceptions thereto as are reasonably acceptable to the Agent and the Primary Financing Parties;

(h) the Construction Agent shall have delivered to the Agent and the Primary Financing Parties an environmental site assessment respecting the Property prepared by an independent recognized professional reasonably acceptable to the Agent and the Primary Financing Parties and evidencing no pre-existing environmental condition with respect to which there is more than a remote risk of loss;

(i) the Construction Agent shall have delivered to the Agent and the Primary Financing Parties an ALTA survey (with a flood hazard certification) respecting the Property prepared by (i) an independent recognized professional reasonably acceptable to the Agent and the Primary Financing Parties and (ii) in a manner and including such information as is reasonably required by the Agent and the Primary Financing Parties;

(j) the Construction Agent shall have caused to be delivered to the Agent and the Primary Financing Parties a legal opinion in such form as is reasonably acceptable to the Agent and the Primary Financing Parties with respect to local law real property issues respecting the state in which the Property is located addressed to the Lessor, the Agent

and the Primary Financing Parties, from counsel located in the state where the Property is located, prepared by counsel reasonably acceptable to the Agent and the Primary Financing Parties;

(k) the Agent and the Primary Financing Parties shall be satisfied that the ground leasing of the Property and the execution of the Mortgage Instruments and the other Security Documents will not materially and adversely affect the rights of the Lessor, the Agent or the Primary Financing Parties under or with respect to the Operative Agreements;

(l) the Construction Agent shall have delivered to the Agent and the Primary Financing Parties invoices for, or other reasonably satisfactory evidence of, the various Transaction Expenses and other fees, expenses and disbursements referenced in Section 7 of this Agreement, as appropriate;

(m) the Construction Agent shall have caused to be delivered to the Agent Mortgage Instruments (in such form as is reasonably acceptable to the Agent and the Primary Financing Parties, with revisions as necessary to conform to applicable state law), Lessor Financing Statements and Primary Financing Party Financing Statements respecting the Property, all fully executed and in recordable form;

(n) [Reserved];

(o) with respect to the Acquisition Advance, the sum of the Available Tranche B Lender Commitment plus the Tranche A Proceeds in the Escrow Account (after giving effect to the Acquisition Advance) will be sufficient to pay all amounts payable therefrom;

(p) the Construction Agent shall have caused a lease memorandum (or short form lease) to be delivered to the Agent for the Ground Lease and, if reasonably requested by the Agent, a landlord waiver and a mortgagee waiver (in each case, in such form as is reasonably acceptable to the Agent);

(q) counsel (reasonably acceptable to the Agent) for the ground lessor of the Property or counsel to the Construction Agent shall have issued to the Lessor, the Agent and the Primary Financing Parties, its opinion regarding the Ground Lease;

(r) the Construction Agent shall have delivered to the Agent and the Primary Financing Parties a preliminary Construction Budget for the Property;

(s) the Construction Agent shall have provided evidence to the Agent and the Primary Financing Parties of insurance with respect to the Property as provided in the Lease;

(t) the Construction Agent shall have caused an Appraisal regarding the Property to be provided to the Agent and the Primary Financing Parties from an appraiser satisfactory to the Agent and the Primary Financing Parties;

(u) the Construction Agent shall cause (i) Uniform Commercial Code lien searches, tax lien searches and judgment lien searches regarding the Lessor and each Credit Party to be conducted (and copies thereof to be delivered to the Agent and the Primary Financing Parties) in such jurisdictions as determined by the Agent by a nationally recognized search company acceptable to the Agent and (ii) the liens referenced in such lien searches which are objectionable to the Agent to be either removed or otherwise handled in a manner satisfactory to the Agent;

(v) subject to Section 8.12, all taxes, fees and other charges in connection with the execution, delivery, recording, filing and registration of the Operative Agreements and/or documents related thereto shall have been paid or provisions for such payment shall have been made to the satisfaction of the Agent;

(w) in the reasonable opinion of the Agent and the Primary Financing Parties and their respective counsel, the transactions contemplated by the Operative Agreements do not and will not subject the Lessor, the Primary Financing Parties or the Agent to any adverse regulatory prohibitions, constraints, penalties or fines;

(x) each of the Operative Agreements to be entered into on such date shall have been duly authorized, executed and delivered by the parties thereto, and shall be in full force and effect, and the Agent and the Primary Financing Parties shall have received a fully executed copy of each of the Operative Agreements;

(y) [Reserved];

(z) the Agent and the Primary Financing Parties shall have received an Officer's Certificate, dated as of the Closing Date, of each Credit Party in the form attached hereto as EXHIBIT C or in such

other form as is reasonably acceptable to the Agent and the Primary Financing Parties stating that (i) each and every representation and warranty of such Credit Party contained in the Operative Agreements to which it is a party is true and correct on and as of the Closing Date; (ii) no Lease Default or Lease Event of Default has occurred and is continuing under any Operative Agreement; (iii) each Operative Agreement to which such Credit Party is a party is in full force and effect with respect to it except as the same may be limited by applicable bankruptcy, insolvency, fraudulent transfer or conveyance, reorganization, moratorium or other similar laws relating to or affecting creditors' or lessors' rights generally and general principles of equity; and (iv) such Credit Party has duly performed and complied with all covenants, agreements and conditions contained herein or in any Operative Agreement required to be performed or complied with by it on or prior to the Closing Date;

(aa) the Agent and the Primary Financing Parties shall have received (i) a certificate of the Secretary or an Assistant Secretary of each Credit Party, dated as of the

Closing Date, in the form attached hereto as EXHIBIT D or in such other

form as is reasonably acceptable to the Agent and the Primary Financing Parties attaching and certifying as to (1) the resolutions of the Board of Directors of such Credit Party duly authorizing the execution, delivery and performance by such Credit Party of each of the Operative Agreements to which it is or will be a party, (2) the articles of incorporation of such Credit Party certified as of a recent date by the Secretary of State of its state of incorporation and its by-laws and (3) the incumbency and signature of persons authorized to execute and deliver on behalf of such Credit Party the Operative Agreements to which it is or will be a party and (ii) a good standing certificate (or local equivalent) from the respective states where such Credit Party is incorporated and where the principal place of business of such Credit Party is located as to its good standing in each such state;

(bb) there shall not have occurred any material adverse change in the consolidated assets, liabilities, operations, business or condition (financial or otherwise) of the Credit Parties (on a consolidated basis) from that set forth in the most recent audited consolidated financial statements of COFC which have been provided to the Agent;

(cc) the Agent, the Lessee and the Primary Financing Parties shall have received an Officer's Certificate of the Lessor dated as of the Closing Date in the form attached hereto as EXHIBIT E or in such

other form as is reasonably acceptable to the Agent and the Lessee, stating that (i) each and every representation and warranty of the Lessor contained in the Operative Agreements to which it is a party is true and correct on and as of the Closing Date, (ii) each Operative Agreement to which the Lessor is a party is in full force and effect with respect to it, (iii) the Lessor has duly performed and complied with all covenants, agreements and conditions contained herein or in any Operative Agreement required to be performed or complied with by it on or prior to the Closing Date and (iv) no Default or Event of Default attributable solely to Lessor has occurred and is continuing under any Operative Agreement;

(dd) the Agent, the Lessee and the Primary Financing Parties shall have received (i) a certificate of the Secretary or an Assistant Secretary of the Lessor in the form attached hereto as EXHIBIT F or in

such other form as is reasonably acceptable to the Agent and the Lessee, attaching and certifying as to (A) the signing resolutions duly authorizing the execution, delivery and performance by the Lessor of each of the Operative Agreements to which it is or will be a party, (B) its articles of association or other equivalent charter documents and its by-laws, as the case may be, certified as of a recent date by an appropriate officer of the Lessor and (C) the incumbency and signature of persons authorized to execute and deliver on its behalf the Operative Agreements to which it is a party and (ii) a good standing certificate from the appropriate governmental authority in the jurisdiction of the Lessor's organization and in Virginia;

(ee) counsel for the Lessor acceptable to the Agent shall have issued to the Lessee, the Primary Financing Parties and the Agent its opinion in such form as is reasonably acceptable to the Agent, the Primary Financing Parties and the Lessee;

(ff) the Construction Agent shall have caused to be delivered to the Agent and the Primary Financing Parties a legal opinion in such form as is reasonably acceptable to the Agent and the Primary Financing Parties, addressed to the Lessor, the Agent and the Primary Financing Parties, from counsel reasonably acceptable to the Agent;

(gg) The Tranche A Note Purchasers shall have obtained a private placement number for the Tranche A Notes from Standard & Poor's CUSIP Service Bureau;

(hh) no Casualty and no Condemnation shall have occurred and no action shall be pending or threatened by a Governmental Authority to initiate a Condemnation; and

(ii) Lessee, the Guarantor, Lessor and the Tranche A Note Purchasers shall have received a certificate from the Placement Agent, in form and substance satisfactory to them, dated the Closing Date, with respect to offerees of the Tranche A Notes.

5.4. Conditions Precedent for the Lessor, the Agent and the Tranche

B Lenders Relating to the Advance of Funds after the

Acquisition Advance.

The obligations of the Agent to make Construction Advances from the Escrow Account, and the Tranche B Lenders to make Tranche B Loans in connection with all requests for Advances for Project Costs subsequent to the acquisition of the Property (and to pay the Transaction Expenses, fees, expenses and other disbursements payable under Section 7 of this Agreement in connection therewith) are subject to the satisfaction or waiver of the following conditions precedent (to the extent such conditions precedent require the delivery of any agreement, certificate, instrument, memorandum, legal or other opinion, appraisal, commitment, title insurance commitment, lien report or any other document of any kind or type, such shall be in form and substance satisfactory to the Agent, in its reasonable discretion; notwithstanding the foregoing, the obligations of each party shall not be subject to any conditions contained in this Section 5.4 which are required to be performed by such party):

(a) the correctness in all material respects on such date of the representations and warranties of the parties to this Agreement contained herein, in each of the other Operative Agreements and in each certificate delivered pursuant to any Operative Agreement, except to the extent any such representation or warranty relates to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects as of such earlier date;

(b) the performance by the Credit Parties of their respective agreements contained herein and in the other Operative Agreements to be performed by them on or prior to each such date;

(c) the Agent and the Primary Financing Parties shall have received a fully executed counterpart of the Requisition, appropriately completed;

(d) based upon the applicable Construction Budget which shall satisfy the requirements of this Agreement, the sum of the Available Tranche B Lender

Commitments plus the balance of funds in the Escrow Account will be sufficient to complete the Improvements;

(e) there shall not have occurred and be continuing any Lease Default or Lease Event of Default and no Event of Default by Lessor shall have occurred and been continuing for sixty (60) days or more, and no Lease Default or Lease Event of Default or any Event of Default by Lessor will have occurred as a result of and after giving effect to the Construction Advance requested by the applicable Requisition;

(f) the title insurance policies delivered in connection with the requirements of Section 5.3(g) shall provide for (or shall be endorsed to provide for) insurance in an amount at least equal to the maximum total Property Cost indicated by the applicable Construction Budget referred to in subparagraph (d) above (divided between such policy in favor of the Tranche A Note Purchasers and the other policy in favor of the Tranche B Lenders based on the percentages for Advances as set forth in Section 5.2(c)) and there shall be no title change or exception reasonably objectionable to the Agent;

(g) [Reserved];

(h) [Reserved];

(i) the Construction Agent shall have delivered, or caused to be delivered, to the Agent, Bills of Sale or other documents reasonably requested by the Agent in order to perfect the interest of the Lessor, in each case with regard to any Equipment or other components of the Property then being acquired with the proceeds of the Loans; and

(j) subject to Section 8.12, all taxes, fees and other charges in connection with the execution, delivery, recording, filing and registration of the Operative Agreements shall have been paid or provisions for such payment shall have been made to the reasonable satisfaction of the Agent.

5.5. Additional Reporting and Delivery Requirements on Completion

Date.

Within ten (10) days after the Completion Date for the Property, the Construction Agent shall deliver to the Agent and the Primary Financing Parties an Officer's Certificate in the form attached hereto as EXHIBIT I or in such

other form as is reasonably acceptable to the Agent specifying the Completion Date for the Property and the aggregate Property Cost for the Property. The Agent shall have the right to contest the information contained in such Officer's Certificate. Furthermore, on or prior to the Completion Date for the Property, the Construction Agent shall deliver or cause to be delivered to the Agent and the Primary Financing Parties (unless previously delivered to the Agent and the Primary Financing Parties) the following, each of which shall be in form and substance acceptable to the Agent, in its reasonable discretion: (v) a title insurance endorsement regarding the title insurance policy delivered in connection with the requirements of Section 5.3(g), but only to the extent such endorsement is necessary to provide for insurance in an amount at least equal to the maximum total Property Cost (divided between such policy in favor of the Tranche A Note Purchasers and the other policy in favor of

the Tranche B Lenders based on the percentages for Advances as set forth in Section 5.2(c)) and, if endorsed, the endorsement shall not include a title change or exception reasonably objectionable to the Agent; (w) an as-built survey for the Property, (x) insurance certificates respecting such Property as required hereunder and under the Lease and (y) if reasonably requested by the Agent, amendments to the Lessor Financing Statements executed by the appropriate parties. In addition, on the Completion Date, the Construction Agent covenants and agrees that, subject to Section 8.12, the recording fees, documentary stamp taxes or similar amounts required to be paid in connection with the related Mortgage Instruments shall have been paid in an amount required by applicable law, subject, however, to the obligation that such costs be funded from Tranche A Proceeds or Tranche B Loans to the extent required pursuant to Section 7.1.

5.6. The Construction Agent Delivery of Construction Budget

Modifications.

(a) The Construction Agent covenants and agrees to deliver to the Agent each month notification of any modification to the Construction Budget regarding the Property if such modification increases the cost to construct the Property by more than four percent (4.0%) (in the aggregate) over the Construction Budget as of the Closing Date; provided no Construction Budget may be increased unless

(a) the title insurance policies referenced in Section 5.3(g) are also modified or endorsed, if necessary, to provide for insurance in an amount that satisfies the requirements of Section 5.4(f) of this Agreement and (b) after giving effect to any such amendment, the Construction Budget remains in compliance with the requirements of Section 5.4(d) of this Agreement.

(b) In the event any such modification to the Construction Budget regarding the Property increases the cost to construct the Property by such amount as would cause the Available Tranche B Lender Commitments plus the balance of funds remaining in the Escrow Account to be insufficient to complete the Improvements, at the request of the Lessee, the Tranche B Lenders may, but shall not be obligated to, in the Tranche B Lenders' sole and absolute discretion, increase their Tranche B Lender Commitments up to an additional \$5 million without the consent of the Tranche A Noteholders. Any further modification to the Construction Budget regarding the Property as would cause the Available Tranche B Lender Commitments, as increased pursuant to the preceding sentence, plus the balance of funds remaining in the Escrow Account to be insufficient to complete the Improvements, may be funded by additional increases in the Tranche B Lender Commitments at the request of the Lessee, upon such terms as the Tranche B Lenders and the Lessee may agree, in their sole and absolute discretion, with the consent of each of the Tranche A Noteholders.

5.7. Restrictions on Liens.

On the Closing Date, the Construction Agent shall cause the Property ground leased by the Lessor on such date to be free and clear of all Liens except those referenced in Sections 6.2(r)(i) and 6.2(r)(ii), such other Liens that are expressly set forth as title exceptions on the title commitment or policy issued under Section 5.3(g) with respect to the Property, Liens for Taxes that are not yet due and payable and such other Liens that have been expressly approved or

agreed to by the Agent. On the date the Property is either sold to a third party (other than the Lessee or any Affiliate or designee of the Lessee) in accordance with the terms of the Operative Agreements or, pursuant to Section 22.1(a) of the Lease Agreement, retained by the Lessor, the Lessee shall cause the Property to be free and clear of all Liens (other than Lessor Liens, such other Liens that are expressly set forth as title exceptions on the title commitment or policy issued under Section 5.3(g) with respect to the Property, to the extent such title commitment has been approved by the Agent, Liens for Taxes that are not yet due and payable and such other Liens that have been expressly approved or agreed to by the Agent).

5.8. [Reserved].

5.9. [Reserved].

5.10. Payments.

All payments of Rent, and other amounts payable to any Financing Party to be made by the Construction Agent or the Lessee under this Agreement or any other Operative Agreements (excluding Excepted Payments which shall be paid directly to the party to whom such payments are owed) shall be made to the Agent at the office designated by the Agent from time to time by written notice as provided herein in Dollars and in immediately available funds, without setoff, deduction, or counterclaim. Subject to the definition of "Interest Period" in Appendix A attached hereto, whenever any payment under this Agreement or any

other Operative Agreements shall be stated to be due on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time in such case shall be included in the computation of interest and fees payable pursuant to the Operative Agreements, as applicable and as the case may be.

5.11. Extension of Construction Period Termination Date.

The parties hereto agree that, so long as no Lease Default or Lease Event of Default shall have occurred and be continuing, the Construction Agent shall have the right upon thirty (30) days written notice to the Agent, the Lessor and the Primary Financing Parties to extend the Construction Period Termination Date from December 31, 2002 to February 28, 2003. The parties hereto further agree that, so long as no Lease Default or Lease Event of Default shall have occurred and be continuing, the Construction Agent shall have the right upon thirty (30) days written notice to the Agent, the Lessor and the Primary Financing Parties to further extend the Construction Period Termination Date from February 28, 2003 to June 30, 2003; provided, in connection with such an

extension until June 30, 2003, the Construction Agent shall pay a monthly extension fee equal to the product of the Tranche B Commitments times .15% (with proceeds from Construction Advances made in accordance with the provisions of the Operative Agreements) to the Tranche B Lenders on each Scheduled Interest Payment Date for each month or portion of a month during which such extension is in effect.

5.12 Escrow Account.

(a) On the Closing Date, the Borrower shall cause the proceeds from the sale of the Tranche A Notes to be deposited with the Escrow Agent in cash in the Escrow Account, in the name of the Agent, for the benefit of the Borrower, which will be available to pay amounts requested to be paid on the Closing Date and for Construction Advances requested in accordance with Section 4 and Sections 5.3 and 5.4.

(b) Upon receipt by the Agent of a Requisition from the Construction Agent in accordance with Sections 4.2 and 5.2(a) and (b), and upon satisfaction or express waiver of the conditions set forth in Sections 5.3 or 5.4, as applicable, the Agent shall disburse from the Escrow Account Tranche A Proceeds to the Construction Agent (on the Lessor's behalf) in the manner and in amounts as set forth in Section 5.2(c). In the event the Tranche A Proceeds in the Escrow Account from which such disbursements shall be made are invested in more than one type of Cash Equivalents, the Construction Agent shall provide to the Agent (together with the Requisition) written instructions specifying the Cash Equivalents to be liquidated in order to fund the Advance requested in such Requisition. In the absence of such written instructions, the Agent (in its sole discretion) shall fund such Advance with the proceeds from any funds then on deposit in the Escrow Account. The Lessor and the Construction Agent expressly acknowledge and agree to release and hold the Agent harmless from any Claim arising out of the funding of any Advance pursuant to the immediately preceding sentence.

(c) From the Closing Date until the Completion Date (so long as no Lease Event of Default shall have occurred and be continuing), the Agent shall invest any Tranche A Proceeds held in the Escrow Account in cash or Cash Equivalents, as the Construction Agent shall direct by furnishing a written notice; provided, if a Lease Event of Default shall have occurred and be

continuing or in the absence of written instructions from the Construction Agent, all Tranche A Proceeds then on deposit in the Escrow Account shall be invested in Cash Equivalents of the type described in clause (e) of the definition of "Cash Equivalents". Any interest or income earned on amounts invested in Cash Equivalents pursuant to this Section 5.12 shall be added to the balance of funds in the Escrow Account. The Lessor and the Construction Agent acknowledge and agree that neither the Agent nor the Escrow Agent shall be liable or responsible for the loss or diminishment of all or any portion of the Tranche A Proceeds deposited from time to time in the Escrow Account resulting from any cause, except to the extent such loss or diminishment is attributable to the gross negligence or willful misconduct of the Agent or the failure of the Escrow Agent to use ordinary care in the handling of funds.

(d) On the Completion Date respecting the Property (provided no Lease Default or Lease Event of Default shall have occurred and be continuing), the Agent shall (i) disburse to the Construction Agent (on behalf of the Lessor) any Tranche A Proceeds remaining in the Escrow Account to be used by the Construction Agent for the construction or purchase of additional tenant improvements and other personal property to be used in connection with the Property as a Class A office building and related facilities or (ii) upon the request of the Construction Agent, apply such Tranche A Proceeds remaining in the Escrow Account (and any earnings thereon) on such date in partial payment of the Tranche A Notes then outstanding in accordance with Section 8.2(a) of the Note Purchase Agreement.

(e) The Lessor and the Construction Agent hereby acknowledge and agree that the Escrow Account (and the Tranche A Proceeds on deposit therein from time to time) constitutes additional Collateral to secure any and all obligations of the Lessor and the Construction Agent to the Tranche A Note Purchasers and the Lessor and the Construction Agent agree to execute and deliver any agreements, financing statements, instruments or other documents reasonably requested by the Agent to perfect the security interest of the Tranche A Note Purchasers in the Escrow Account (including without limitation the Assignment of Escrow Account and the Control Agreement).

(f) The Escrow Agent acknowledges and agrees to the provisions set forth in this Section 5.12 as such provisions relate to the Escrow Account.

5.13. Partial Funding of Unreimbursed Costs Following an Agency

Agreement Event of Default.

Notwithstanding any provision in any Operative Agreement to the contrary, each Tranche B Lender agrees that, following an Agency Agreement Event of Default and upon the payment by the Construction Agent of all amounts required to be paid by the Construction Agent pursuant to Section 5.4 of the Agency Agreement (if the Construction Agent has not elected to cure such Agency Agreement Event of Default by purchasing the Property pursuant to Section 5.3(c) of the Agency Agreement), such Tranche B Lender will make a Tranche B Loan (up to such Tranche B Lender's Available Tranche B Lender Commitment) to the Construction Agent, on behalf of the Borrower, in an amount equal to 10.1% of the accreted value of any unreimbursed costs actually paid by the Construction Agent in connection with the construction of the Property; provided, however, no

Tranche B Lender shall be required to make such a Tranche B Loan unless the Construction Agent shall have submitted to the Agent a Requisition adequately describing the costs for which the Construction Agent is seeking reimbursement, together with evidence reasonably satisfactory to the Agent that such amounts have in fact been paid by the Construction Agent.

5.14. Lessee's Right to Replace Non-Consenting Primary Financing

Parties.

In the event that the Construction Agent or the Lessee requests the consent of any Tranche A Note Purchaser or any Tranche B Lender to any proposed action, and such Tranche A Note Purchaser or such Tranche B Lender refuses or fails to provide such consent, the Lessee shall have the right, subject to the repayment in full (by means of a purchase from an assignee or otherwise) of all Tranche A Notes or Tranche B Loans, together with all accrued interest through the date of such purchase or assignment, and all other amounts due such Tranche A Note Purchaser or Tranche B Lender (including without limitation any Make-Whole Amount which would have been payable had the Tranche A Notes held by any Tranche A Note Purchaser prior to the assignment contemplated herein been repaid on the date of such assignment), to replace such Tranche A Note Purchaser or such Tranche B Lender by requiring such Tranche A Note Purchaser or such Tranche B Lender to assign, without recourse, representation or warranty its interests, rights (except for rights to be indemnified for actions taken while a party hereunder) and obligations under the Operative Agreements (including, without limitation the Note Purchase

Agreement or the Credit Agreement, as the case may be) in accordance with the procedure set forth in Section 13.2 of the Note Purchase Agreement or Section 2.11(b) of the Credit Agreement, as the case may be.

5.15 Rights of Tranche A Note Purchasers Upon Merger and Change of

Director Control of COB, FSB or COFC or Upon Downgrade of Debt

Rating of COB.

(a) If, as of the Rent Commencement Date under the Lease or any time thereafter, a transaction of merger, consolidation, amalgamation or similar reorganization of, or sale of all, or substantially all, of the assets of COB, FSB or COFC has occurred since the Closing Date and has resulted in (i) (A) if all three Rating Agencies rate COB or FSB, as appropriate, two of the Rating Agencies lowering their then-current Debt Rating of COB or FSB or any successor pursuant to this Section 5.15, (B) if only two Rating Agencies rate COB or FSB, as appropriate, both of the Rating Agencies lowering their then-current Debt Rating of COB or FSB or any successor pursuant to this Section 5.15, (C) if only one Rating Agency rates COB or FSB, as appropriate, such Rating Agency lowering its then-current Debt Rating of COB or FSB or any successor pursuant to this Section 5.15, or (D) if a "private letter" rating for COB or FSB, as appropriate, has been issued pursuant to Section 8.3(ii) of the Participation Agreement, the "private letter" rating for COB or FSB, as appropriate, shall be lowered from the rating in effect immediately prior to such merger, consolidation, amalgamation or sale and (ii) a change in the then-current board of directors of COB, FSB or COFC, as the case may be, such that the directors of such entity immediately prior to such merger event do not constitute a majority of the directors of the surviving entity immediately following such event, then any Tranche A Note Purchaser shall have the right, but not the obligation, within sixty (60) days thereafter to require the Lessor to pay to the Agent (on behalf of such Tranche A Note Purchaser), an amount equal to the principal amount outstanding on the Tranche A Note held by such Tranche A Note Purchaser, together with interest accrued thereon to the date of such payment and all other amounts attributable to such Tranche A Note but without any Make Whole Amount, in full satisfaction of such Tranche A Note. Upon any such payment, any such Tranche A Note shall be deemed to be discharged. If either COB or FSB has outstanding unsecured, unsupported, senior long-term debt obligations and such entity is no longer rated by a Rating Agency, such withdrawal or termination of its rating, other than by reason of such Rating Agency no longer existing, shall be deemed a "lowering" of such entity's Debt Rating.

(b) If, after the Rent Commencement Date under the Lease, (i) if all three Rating Agencies rate COB, two of the Rating Agencies lower their rating of COB's Debt Rating to B+ or the equivalent or lower, (ii) if only two Rating Agencies rate COB, both of the Rating Agencies lower their rating of COB's Debt Rating to B+ or the equivalent or lower, (iii) if only one Rating Agency rates COB, such Rating Agency lowers its rating of COB's Debt Rating to B+ or the equivalent or lower, or (iv) if a "private letter" rating has been issued pursuant to Section 8.3(ii) of the Participation Agreement, the "private letter" rating for COB shall be lowered to B+ or the equivalent or lower, then for so long as such Debt Rating remains below such levels, any Tranche A Note Purchaser shall have the right, but not the obligation, to require the Lessor to pay the Agent on behalf of such Tranche A Note Purchaser an amount equal to all principal amounts outstanding under its Tranche A Notes, together with interest accrued thereon to the date of such prepayment plus the Make-Whole Amount determined on such purchase date

with respect to such principal amount of such Tranche A Notes. Upon such payment, such Tranche A Notes shall be deemed to be discharged. If COB has unsecured, unsupported, senior long-term debt obligations and COB is no longer rated by a Rating Agency, such withdrawal or termination of its rating, other than by reason of such Rating Agency no longer existing, shall be deemed to be a downgrade to B+ or equivalent for the foregoing purposes.

SECTION 6. REPRESENTATIONS AND WARRANTIES.

6.1. Representations and Warranties of the Borrower.

The Borrower represents and warrants to each of the other parties hereto that as of the Closing Date and the date of each Advance (except to the extent any such representation or warranty relates to an earlier date):

(a) It is a corporation duly organized and validly existing and in good standing under the laws of the State of North Carolina, is qualified to do business in Virginia and in each jurisdiction necessary to permit the Borrower to own and lease the Property and perform its obligations under the Operative Agreements and has the power and authority to enter into and perform its obligations under each of the Operative Agreements to which it is or will be a party and each other agreement, instrument and document to be executed and delivered by it on or before such Closing Date in connection with or as contemplated by each such Operative Agreement to which the Borrower is or will be a party, and is a multi-purpose, Wholly-Owned Entity of First Union Corporation;

(b) The execution, delivery and performance of each Operative Agreement to which it is or will be a party has been duly authorized by all necessary action on its part and neither the execution and delivery thereof, nor the consummation of the transactions contemplated thereby, nor compliance by it with any of the terms and provisions thereof (i) does or will require any approval or consent of any trustee or holders of any of its indebtedness or obligations or any other consent or approval that has not previously been obtained, (ii) does or will contravene any Legal Requirement, (iii) does or will contravene or result in any breach of or constitute any default under, or result in the creation of any Lien upon any of its property under, (A) its charter or by-laws, or (B) any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan or credit agreement or other agreement or instrument to which it is a party or by which it or its properties may be bound or affected, which contravention, breach, default or Lien under clause (B) could reasonably be expected to materially and adversely affect its ability to perform its obligations under the Operative Agreements to which it is a party or would question the validity or enforceability of any of the Operative Agreements to which it is or will become a party or (iv) does or will require any Governmental Action by any Governmental Authority;

(c) Each Operative Agreement to which the Borrower is or will be a party have been, or on or before such Closing Date or date of Advance will be, duly executed

and delivered by the Borrower, and each Operative Agreement to which the Borrower is a party constitutes, or upon execution and delivery will constitute, a legal, valid and binding obligation enforceable against the Borrower in accordance with the terms thereof;

(d) There is no action or proceeding pending or, to its knowledge, threatened to which it is or will be a party before any Governmental Authority that, if adversely determined, would materially and adversely affect its ability to perform its obligations under the Operative Agreements to which it is a party or would question the validity or enforceability of any of the Operative Agreements to which it is or will become a party;

(e) The Borrower has not assigned or transferred any of its right, title or interest in or under the Lease, the Agency Agreement or its interest in the Property or any portion thereof, except in accordance with the Operative Agreements;

(f) No Default or Event of Default under the Operative Agreements attributable to it has occurred and is continuing;

(g) Except as otherwise contemplated in the Operative Agreements, the proceeds of the Advances shall not be applied by the Borrower for any purpose other than the purchase and/or lease of the Property, the acquisition, installation and testing of the Equipment, the construction of Improvements and the payment of interest, Transaction Expenses and the fees, expenses and other disbursements referenced in the Operative Agreements, in each case which accrue prior to the Rent Commencement Date with respect to the Property;

(h) Neither the Borrower nor any Person authorized by the Borrower to act on its behalf has offered or sold any interest in the Borrower's Interest or the Notes, or in any similar security relating to the Property, or in any security the offering of which for the purposes of the Securities Act would be deemed to be part of the same offering as the offering of the aforementioned securities to, or solicited any offer to acquire any of the same from, any Person other than, in the case of the Notes, the Agent and seventy-one (71) other institutions, and neither the Borrower nor any Person authorized by the Borrower to act on its behalf will take any action which would subject, as a direct result of such action alone, the issuance or sale of any interest in the Borrower's Interest or the Notes to the provisions of Section 5 of the Securities Act or require the qualification of any Operative Agreement under the Trust Indenture Act of 1939, as amended;

(i) The Borrower's principal place of business, chief executive office and office where the documents, accounts and records relating to the transactions contemplated by this Agreement and each other Operative Agreement are kept are located at One First Union Center, 301 South College Street, Charlotte, Mecklenburg County, North Carolina 28288-0166;

(j) The Borrower is not engaged principally in, and does not have as one (1) of its important activities, the business of extending credit for the purpose of purchasing

or carrying any margin stock (within the meaning of Regulation U), and no part of the proceeds of the Loans will be used by it to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock or for any purpose that violates, or is inconsistent with, the provisions of Regulations T, U, or X;

(k) The Borrower is not an "investment company" or a company controlled by an "investment company" within the meaning of the Investment Company Act;

(l) The Property is free and clear of all Lessor Liens attributable to the Lessor;

(m) [Reserved];

(n) The Borrower's true legal name as registered in the jurisdiction of its organization is First Union Development Corporation and its Federal Employer Identification Number is 56-1610288. The Borrower does not use, or transact any business under, any trade name other than its legal name; and

(o) The Borrower has filed all tax returns and all other material reports that are required under applicable Law to be filed by them and has paid all taxes or other charges of any Governmental Authority due pursuant to such returns or other reports, except for any taxes or other charges that are being diligently contested in good faith by appropriate proceedings and for which adequate reserves have been set aside on the books and records of the Borrower.

6.2. Representations and Warranties of the Lessee.

Lessee represents and warrants to each of the other parties hereto that as of the Closing Date and the date of each Advance (except to the extent that any such representation or warranty relates to an earlier date):

(a) [Reserved];

(b) The execution and delivery by the Lessee of this Agreement and the other applicable Operative Agreements to which the Lessee is a party as of such date and the performance by the Lessee of its obligations under this Agreement and the other applicable Operative Agreements to which the Lessee is a party do not and will not result in, or require, the creation or imposition of any Lien (other than pursuant to the terms of the Operative Agreements) on any asset of the Lessee;

(c) [Reserved];

(d) Except as set forth on EXHIBIT K, there are no actions, ----- suits or proceedings pending or, to Lessee's knowledge, threatened against the Lessee in any court or before any Governmental Authority (nor shall any order, judgment or decree

have been issued or, to the knowledge of the Lessee, proposed to be issued by any Governmental Authority against the Lessee to set aside, restrain, enjoin or prevent the full performance of any Operative Agreement or any transaction contemplated thereby) that (i) concern the Property or Lessee's interest therein, (ii) question the validity or enforceability of any Operative Agreement to which the Lessee is a party or the overall transaction described in the Operative Agreements to which the Lessee is a party or (iii) have or could reasonably be expected to have a Material Adverse Effect (but only as of the Closing Date with respect to a Material Adverse Effect of the type referred to in clause (a) of the definition thereof);

(e) No Governmental Action by any Governmental Authority or other authorization, registration, consent, approval, waiver, notice or other action by, to or of any other Person pursuant to any Legal Requirement or any contract, indenture, instrument or agreement or for any other reason is required to authorize or is required in connection with (i) the execution, delivery or performance by Lessee of any Operative Agreement to which the Lessee is a party, (ii) the legality, validity, binding effect or enforceability against Lessee of any Operative Agreement to which the Lessee is a party, (iii) the acquisition, ownership, construction, completion, occupancy, operation, leasing or subleasing by Lessee of the Property or (iv) the Construction Agent's request for any Advance, in each case, except those which have been obtained and are in full force and effect or where failure to obtain the same could not reasonably be expected to have a Material Adverse Effect;

(f) Upon the execution and delivery of the Lease Supplement to the Lease, (i) the Lessee will have unconditionally accepted the Property subject to the Lease Supplement, and (ii) no offset will exist with respect to any Rent or other sums payable under the Lease;

(g) [Reserved];

(h) All information with respect to Lessee or any of its Affiliates heretofore or contemporaneously herewith furnished in writing by Lessee (or any of its Affiliates) to the Agent, the Lessor or any Primary Financing Party for purposes of or in connection with this Agreement and the transactions contemplated hereby is true and accurate in every material respect on the date as of which such information is dated or certified, and such information, taken as a whole, does not omit to state any material fact necessary to make such information, taken as a whole, not misleading; provided, that no representation is made with respect to competitor, market, forward - looking or any other information provided to the Credit Parties by third parties unrelated to any Credit Party and attributed to such third party;

(i) The principal place of business, chief executive office and office of the Construction Agent and the Lessee where the documents, accounts and records relating to the transactions contemplated by this Agreement and each other Operative Agreement are kept are located at 2980 Fairview Park Drive, Falls Church, VA 22042 or, following the Completion Date, at the address of the Property, and the states of formation and the chief

executive offices of each other Credit Party are located at the places set forth in EXHIBIT L;

(j) The representations and warranties of Lessee set forth in any of the Operative Agreements are true and correct. There exists no Lease Default or Lease Event of Default under any of the Operative Agreements which is continuing and which has not been cured within any cure period expressly granted under the terms of the applicable Operative Agreement or otherwise waived in accordance with the applicable Operative Agreement;

(k) The Property being financed consists of (i) a leasehold interest in unimproved Land or (ii) a leasehold interest in Land and existing Improvements thereon which Improvements are either suitable for occupancy at the time of ground leasing or will be demolished, renovated and/or modified in accordance with the terms of this Agreement;

(l) [Reserved];

(m) [Reserved];

(n) [Reserved];

(o) [Reserved];

(p) [Reserved];

(q) [Reserved];

(r) (i) The Security Documents create, as security for the Obligations (as such term is defined in the Security Agreement), valid and enforceable security interests in, and Liens on, all of the Collateral, in favor of the Agent, for the benefit of the Secured Parties and such security interests and Liens are subject to no other Liens other than Liens that are expressly set forth as title exceptions on the title commitment issued in accordance with Section 5.3(g) with respect to the Property; and

(ii) The Lease Agreement creates, as security for the obligations of the Lessee under the Lease Agreement, valid and enforceable security interests in, and Liens on, the Property leased thereunder, in favor of the Lessor, and such security interests and Liens are subject to no other Liens other than Liens that are expressly set forth as title exceptions on the title commitment issued in accordance with Section 5.3(g) with respect to the Property.

(s) (i) Neither Lessee nor any Subsidiary of Lessee is engaged principally, or as one of its more important activities, in the business of extending

credit for the purposes of buying or carrying Margin Stock (as defined in Regulation U).

(ii) No part of the proceeds of any Advance will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of, or that is inconsistent with, the provisions of the Regulations of the Board including Regulation T, U or X.

(t) Except as otherwise could not reasonably be expected to have a Material Adverse Effect, to Lessee's knowledge, which knowledge is based solely upon its review of that certain Phase I environmental report delivered pursuant to Section 5.3(h):

(i) The Property (including soils, surface waters, groundwaters on, at or under the Property) does not contain and is not otherwise affected by, and to Lessee's knowledge has not previously contained or been affected by, any Hazardous Substance in amounts or concentrations which (A) constitute or constituted a violation of applicable Environmental Laws or (B) could give rise to liability or obligation under applicable Environmental Laws;

(ii) The Property and all operations conducted in connection therewith are in compliance, and have been in compliance, with all applicable Environmental Laws, and there are no Hazardous Substances at, under or about the Property or such operations which could reasonably be expected to interfere with the continued operation of the Property;

(iii) Lessee and all Subsidiaries of Lessee have obtained, are in compliance with, and have made all appropriate filings for issuance or renewal of, all environmental permits with respect to the Property, and all such environmental permits are in full force and effect;

(iv) Neither Lessee nor any Subsidiary thereof has received any notice of violation, alleged violation, noncompliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws, in each case, with respect to the Property, nor does Lessee have knowledge or reason to believe that any such notice will be received or is being threatened;

(v) Hazardous Substances have not been transported or disposed of from the Property in violation of, or in a manner or to a location which could reasonably be expected to give rise to liability under, applicable Environmental Laws, nor have any Hazardous Substances been generated, treated, stored or disposed of at, on or under the Property in violation of, or in a manner which could reasonably be expected to give rise to liability under, any applicable Environmental Laws;

(vi) No judicial proceedings or governmental or administrative action is pending, or threatened, under any applicable Environmental Law with respect

to the Property to which Lessee or any Subsidiary thereof has been or will be named as a party, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any applicable Environmental Law with respect to the Property;

(vii) There has been no release, or threat of release, of Hazardous Substances at or from the Property, in violation of or in amounts or in a manner that could reasonably be expected to give rise to liability under applicable Environmental Laws; and

(viii) Neither Lessee nor any Subsidiary of Lessee (A) has failed to comply with any applicable Environmental Law or to obtain, maintain or comply with any applicable permit, license or other approval required under any applicable Environmental Law or (B) has become subject to any Environmental Law or (C) has become subject to any Environmental Claim.

(u) The issuance, sale and delivery of the Tranche A Notes and the interests in the Operative Agreements under the circumstances contemplated hereby do not require the registration or qualification of such Tranche A Notes or interests under the Securities Act, any state securities laws, or the Trust Indenture Act of 1939. Neither Lessee nor Guarantor nor anyone authorized to act on any Credit Party's behalf has, directly or indirectly, solicited any offers to acquire, offered or sold: (i) any interest in the Tranche A Notes, the Property, the Lease or the Operative Agreements in violation of Section 5 of the Securities Act or any state securities laws, or (ii) any interest in any security or lease the offering of which, for purposes of the Securities Act or any state securities laws, would be deemed to be part of the same offering as the offering of the aforementioned interests. Neither the Credit Parties nor anyone authorized to act on their behalf was involved in (y) offering or soliciting offers for the Tranche A Notes (or any similar securities) or (z) selling Notes (or any similar securities) to any Person other than the Tranche A Note Purchasers and Tranche B Lenders identified and contacted by the Placement Agent and not more than seventy-one (71) other institutional investors.

(v) The Property is located in Fairfax County, Virginia. The Property and any present use and presently anticipated future use thereof by Lessee and its agents, assignees, employees, invitees, lessees, licensees and tenants comply with all Legal Requirements (including zoning and land use laws and Environmental Laws) and Insurance Requirements, except for such instances of non-compliance that could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. No notices, complaints or orders of violation or non-compliance or liability have been issued to a Credit Party or, to the best of its knowledge, threatened by any Person with respect to the Property or the present or intended future use thereof, except for such violations and instances of non-compliance as could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and Lessee and Guarantor are not aware of any circumstances which could give rise to the issuance of any such notices, complaints or orders.

6.3 Additional Representations and Warranties of FSB.

FSB represents and warrants to each of the other parties hereto that as of the Closing Date and the date of each Advance (except to the extent that any such representation or warranty relates to an earlier date):

6.3.1 Organization; Power and Authority.

FSB and each of its Subsidiaries: (a) is a corporation, partnership or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (b) has all requisite corporate or other power, and has all material governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being conducted; and (c) is qualified to do business and is in good standing in Virginia and in all other jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify could (either individually or in the aggregate) have a Material Adverse Effect.

6.3.2 Authorization, etc.

FSB has all necessary corporate power, authority and legal right to execute, deliver and perform its obligations under each of the Operative Agreements to which it is a party and to consummate the transactions contemplated thereby; the execution, delivery and performance by FSB of each of the Operative Agreements to which it is a party and the consummation of the transactions contemplated thereby have been duly authorized by all necessary corporate action on its part (including, without limitation, any required shareholder approvals); and this Agreement and each of the Operative Agreements to which it is a party have been duly and validly executed and delivered by FSB and constitute its legal, valid and binding obligations, enforceable against FSB in accordance with its terms, except as may be limited by (a) bankruptcy, insolvency, receivership, conservatorship, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

6.3.3 [Reserved].

6.3.4 Financial Statements.

FSB has heretofore furnished to the Agent and each of the Primary Financing Parties a consolidated balance sheet of Parent and its Subsidiaries as at December 31, 1999 and the related consolidated statements of income, changes in stockholders' equity and cash flows of Parent and its Subsidiaries for the fiscal year ended on said date, with the opinion thereon of Ernst & Young LLP, and the unaudited consolidated balance sheet of Parent and its Subsidiaries as at September 30, 2000 and the related consolidated statements of income, changes in stockholders' equity and cash flows of Parent and its

Subsidiaries for the nine-month period ended on such date. All such financial statements present fairly, in all material respects, the consolidated financial condition of Parent and its Subsidiaries as at said dates and the consolidated results of their operations and their cash flows for the fiscal year and nine-month period, respectively, ended on said dates (subject, in the case of such financial statements as at September 30, 2000, to normal year-end audit adjustments), all in accordance with GAAP. As of the Closing Date, since December 31, 1999, there has been no material adverse change in the property, business, operations, financial condition, prospects or capitalization of Parent and its Subsidiaries taken as a whole from that set forth in said financial statements as at said date.

6.3.5 Compliance with Laws, Other Instruments, etc.

None of the execution and delivery of this Agreement or the other Operative Agreements to which FSB is a party, the consummation of the transactions herein or therein contemplated or compliance with the terms and provisions hereof or thereof will conflict with or result in a breach of, or require any consent under, the charter or by-laws of FSB, or any applicable law or regulation, or any order, writ, injunction or decree of any court or governmental authority or agency, or any agreement or instrument to which FSB or any of its Subsidiaries is a party or by which any of them or any of their property is bound or to which any of them is subject, or constitute a default under any such agreement or instrument, except for any such conflict, breach or default that, or consent that if not obtained, could not (either individually or in the aggregate) have a Material Adverse Effect and could not subject any Financing Party to liability.

6.3.6 [Reserved].

6.3.7 [Reserved].

6.3.8 [Reserved].

6.3.9 Compliance with ERISA.

(a) Each Plan, and, to the knowledge of FSB, each Multiemployer Plan, is in compliance in all material respects with, and has been administered in all material respects in compliance with, the applicable provisions of ERISA, the Code and the Age Discrimination in Employment Act, as amended, and no event or condition has occurred and is continuing as to which FSB would be under an obligation to furnish a report to the Financing Parties under Section 8.3A.1(f) hereof.

(b) The execution and delivery of this Agreement or other Operative Agreements will not involve any transaction that is subject to the prohibitions of Section 406 of ERISA or in connection with which a tax could be imposed pursuant to Section 4975(c)(1)(A)-(D) of the Code. The representation by FSB in the first sentence of this Section 6.3.9(b) is made in reliance upon and subject to the accuracy of the representations of the Tranche A Note Purchasers in

Section 6.2 of the Note Purchase Agreement as to the sources of the funds used to pay the purchase price of the Tranche A Notes to be purchased by them thereunder.

6.3.10 Offering of the Tranche A Notes, etc.

Neither FSB nor anyone authorized to act on its behalf has offered the Tranche A Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any person other than the Tranche A Note Purchasers and not more than seventy-one (71) other institutional investors (all such other investors being "accredited investors" as defined under Rule 501(a) of the Securities Act). Neither FSB nor anyone authorized to act on its behalf has taken, or will take, any action that would subject the execution and delivery of this Agreement and each of the other Operative Agreements or the issuance or sale of the Tranche A Notes to the registration requirements of Section 5 of the Securities Act.

6.3.11 Status under Certain Statutes.

(a) None of FSB or any of FSB's Subsidiaries is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act.

(b) None of FSB or any of FSB's Subsidiaries is a "holding company", or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

6.3.12 Legal Name; Trade Names.

FSB's true legal name as registered in the jurisdiction of its organization is "Capital One, F.S.B.", its federal employer identification number is 54-1807777. FSB does not use, or transact any business under, any trade name other than its legal name.

6.4 Additional Representations, Warranties and Covenants of COB.

COB represents and warrants to each of the other parties hereto that as of the Closing Date and the date of each Advance (except to the extent that any such representation or warranty relates to an earlier date):

6.4.1 Organization; Power and Authority.

COB and each of its Subsidiaries: (a) is a corporation, partnership or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (b) has all requisite corporate or other power, and has all material governmental licenses, authorizations, consents and approvals necessary to own its assets

and carry on its business as now being conducted; and (c) is qualified to do business and is in good standing in Virginia and in all other jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify could (either individually or in the aggregate) have a Material Adverse Effect. COB is a member in good standing with the Federal Reserve System, and COB's deposit accounts are insured by the Federal Deposit Insurance Corporation, and no proceedings for the termination or revocation of such insurance are pending or, to the knowledge of COB, threatened.

6.4.2 Authorization, etc.

COB has all necessary corporate power, authority and legal right to execute, deliver and perform its obligations under each of the Operative Agreements to which it is a party and to consummate the transactions contemplated thereby; the execution, delivery and performance by COB of each of the Operative Agreements to which it is a party and the consummation of the transactions contemplated thereby have been duly authorized by all necessary corporate action on its part (including, without limitation, any required shareholder approvals); and this Agreement and each of the other Operative Agreements to which it is a party have been duly and validly executed and delivered by COB and constitute its legal, valid and binding obligations, enforceable against COB in accordance with its terms, except as may be limited by (a) bankruptcy, insolvency, receivership, conservatorship, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

6.4.3 [Reserved].

6.4.4 Financial Statements.

COB has heretofore furnished to the Agent and each of the Primary Financing Parties a consolidated balance sheet of Parent and its Subsidiaries as at December 31, 1999 and the related consolidated statements of income, changes in stockholders' equity and cash flows of Parent and its Subsidiaries for the fiscal year ended on said date, with the opinion thereon of Ernst & Young LLP, and the unaudited consolidated balance sheet of Parent and its Subsidiaries as at September 30, 2000 and the related consolidated statements of income, changes in stockholders' equity and cash flows of Parent and its Subsidiaries for the nine-month period ended on such date. All such financial statements present fairly, in all material respects, the consolidated financial condition of Parent and its Subsidiaries as at said dates and the consolidated results of their operations and their cash flows for the fiscal year and nine-month period, respectively, ended on said dates (subject, in the case of such financial statements as at September 30, 2000, to normal year-end audit adjustments), all in accordance with GAAP. As of the Closing Date, since December 31, 1999, there has been no material adverse change in the property, business, operations, financial condition, prospects or capitalization of Parent and its Subsidiaries taken as a whole from that set forth in said financial statements as at said date.

6.4.5 Compliance with Laws, Other Instruments, etc.

None of the execution and delivery of this Agreement and the other Operative Agreements to which COB is a party, the consummation of the transactions herein or therein contemplated or compliance with the terms and provisions hereof or thereof will conflict with or result in a breach of, or require any consent under, the charter or by-laws of COB, or any applicable law or regulation, or any order, writ, injunction or decree of any court or governmental authority or agency, or any agreement or instrument to which COB or any of its Subsidiaries is a party or by which any of them or any of their property is bound or to which any of them is subject, or constitute a default under any such agreement or instrument, except for any such conflict, breach or default that, or consent that if not obtained, could not (either individually or in the aggregate) have a Material Adverse Effect and could not subject any Financing Party to liability.

6.4.6 [Reserved].

6.4.7 [Reserved].

6.4.8 [Reserved].

6.4.9 Compliance with ERISA.

(a) Each Plan, and, to the knowledge of COB, each Multiemployer Plan, is in compliance in all material respects with, and has been administered in all material respects in compliance with, the applicable provisions of ERISA, the Code and the Age Discrimination in Employment Act, as amended, and no event or condition has occurred and is continuing as to which COB would be under an obligation to furnish a report to the Financing Parties under Section 8.3C.1(f) hereof.

(b) The execution and delivery of this Agreement and each of the other Operative Agreements will not involve any transaction that is subject to the prohibitions of Section 406 of ERISA or in connection with which a tax could be imposed pursuant to Section 4975(c)(1)(A)-(D) of the Code. The representation by COB in the first sentence of this Section 6.4.9(b) is made in reliance upon and subject to the accuracy of the representations of the Tranche A Note Purchasers in Section 6.2 of the Note Purchase Agreement as to the sources of the funds used to pay the purchase price of the Tranche A Notes to be purchased by them thereunder.

6.4.10 Offering of the Tranche A Notes, etc.

Neither COB nor anyone authorized to act on its behalf has offered this Agreement or any of the other Operative Agreements or the Tranche A Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or

otherwise approached or negotiated in respect thereof with, any person other than the Tranche A Note Purchasers and not more than seventy-one (71) other institutional investors (all such other investors being "accredited investors" as defined under Rule 501(a) of the Securities Act). Neither COB nor anyone authorized to act on its behalf has taken, or will take, any action that would subject the execution and delivery of this Agreement and each of the other Operative Agreements or the issuance or sale of the Tranche A Notes to the registration requirements of Section 5 of the Securities Act.

6.4.11 Status under Certain Statutes.

(a) None of COB or any of COB's Subsidiaries is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act.

(b) None of COB or any of COB's Subsidiaries is a "holding company", or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

6.4.12 Legal Name; Trade Names.

(a) COB's true legal name as registered in the jurisdiction of its organization is "Capital One Bank", its federal employer identification number is 54-1719855. COB does not use, or transact any business under, any trade name other than its legal name.

SECTION 7. PAYMENT OF CERTAIN EXPENSES.

7.1. Transaction Expenses.

(a) The Lessor agrees on the Closing Date, to pay, or cause to be paid, all Transaction Expenses arising from the Closing Date, including without limitation all reasonable fees, expenses and disbursements of Moore & Van Allen, PLLC, as counsel for the Agent and the Lessor, and Chapman and Cutler, as counsel for the Tranche A Note Purchasers (but excluding the fees, expenses and disbursements of counsel for any individual Tranche A Note Purchaser), the Lessor and the Agent in connection with the transactions contemplated by the Operative Agreements and incurred in connection with such Closing Date, the reasonable out-of-pocket expenses of the Lessor due and payable on such Closing Date, all fees, taxes and expenses for the recording, registration and filing of documents and all other reasonable fees, expenses and disbursements incurred in connection with such Closing Date; provided, however, the Lessor shall be required to pay such

amounts described in this Section 7.1(a) only if (i) such amounts are properly described in a Requisition delivered on or before the Closing Date, and (ii) funds are made available by the Tranche B Lenders and by the Agent (from the Escrow Account) in connection with such Requisition in an amount sufficient to allow such payment. On

the Closing Date after delivery and receipt of the Requisition referenced in Section 4.2(a) hereof and satisfaction of the other conditions precedent for such date, the Tranche B Lenders shall make Tranche B Loans, and the Agent shall advance funds from the Escrow Account, to the Lessor to pay for the Transaction Expenses, fees, expenses and other disbursements referenced in this Section 7.1(a). The Lessee agrees to timely pay all amounts referred to in this Section 7.1(a) to the extent the Lessor is not required to pay such amounts.

(b) Assuming no Lease Default or Lease Event of Default shall have occurred and be continuing and only for the period prior to the Rent Commencement Date, the Lessor agrees on the Closing Date, on the date of any Construction Advance and on the Completion Date to pay, or cause to be paid, all Transaction Expenses including without limitation all reasonable fees, expenses and disbursements of Moore & Van Allen, PLLC, as counsel for the Agent and the Lessor, and Chapman and Cutler, as counsel for the Tranche A Note Purchasers (but excluding the fees, expenses and disbursements of counsel for any individual Tranche A Note Purchaser), in connection with the transactions contemplated by the Operative Agreements and billed in connection with such Advance or such Completion Date, all amounts described in Section 7.1(a) of this Agreement which have not been previously paid, the reasonable out-of-pocket expenses of the Lessor, all fees, expenses and disbursements incurred with respect to the various items referenced in Sections 5.3, 5.4 and/or 5.5 (including without limitation any premiums for title insurance policies and charges for any updates to such policies), all fees, expenses and disbursements incurred with respect to obtaining a rating from the National Association of Insurance Commissioners and all other reasonable fees, expenses and disbursements in connection with such Advance or such Completion Date including without limitation all expenses relating to and all fees, taxes and expenses for the recording, registration and filing of documents and during the Commitment Period, all fees, expenses and costs referenced in Sections 7.3(a), 7.3(b) and 7.3(d); provided, however, the Lessor

shall be required to pay such amounts described in this Section 7.1(b) only if (i) such amounts are properly described in a Requisition delivered on the applicable date and (ii) funds are made available by the Tranche B Lenders and by the Agent (from the Escrow Account), in connection with such Requisition in an amount sufficient to allow such payment. On the Closing Date, on the date of any Construction Advance or the Completion Date, after delivery of the applicable Requisition and satisfaction or express waiver of the other conditions precedent for such date, the Agent shall advance Tranche A Proceeds from the Escrow Account and the Tranche B Lenders shall make Tranche B Loans to the Lessor to pay for the Transaction Expenses, fees, expenses and other disbursements referenced in this Section 7.1(b). The Lessee agrees to timely pay all amounts referred to in this Section 7.1(b) to the extent the Lessor is not required to pay such amounts.

(c) All fees payable pursuant to the Operative Agreements shall be calculated on the basis of a year of three hundred sixty (360) days for the actual days elapsed.

7.2. Brokers' Fees.

The Lessee agrees to pay or cause to be paid any and all brokers' fees, if any, including without limitation any interest and penalties thereon, which are payable in connection with the transactions contemplated by this Agreement and the other Operative Agreements, excluding the fees of any brokers retained by the Agent, any Primary Financing Party, the Lessor or any Affiliate of any of the foregoing.

7.3. Certain Fees and Expenses.

The Lessee agrees to pay or cause to be paid (a) all reasonable out-of-pocket expenses of the Lessor (including without limitation reasonable counsel fees and expenses) incurred in connection with the transactions contemplated hereby and by the other Operative Agreements (b) all reasonable out-of-pocket costs and expenses incurred by the Credit Parties, the Agent, the Primary Financing Parties or the Lessor in entering into any Lease Supplement and any future amendments, modifications, supplements, restatements and/or replacements with respect to any of the Operative Agreements, whether or not such Lease Supplement, amendments, modifications, supplements, restatements and/or replacements are ultimately entered into, or giving or withholding of waivers or consents hereto or thereto, which have been requested by any Credit Party, (c) all reasonable out-of-pocket costs and expenses incurred by the Credit Parties, the Agent, the Primary Financing Parties or the Lessor in connection with any exercise of remedies under any Operative Agreement or any purchase of the Property pursuant to the terms of the Operative Agreements by the Construction Agent, the Lessee or its designee and (d) all reasonable out-of-pocket costs and expenses incurred by the Credit Parties, the Agent, any Primary Financing Party or the Lessor in connection with any transfer or conveyance of the Property to the Lessee or its designee or any third party pursuant to the terms of the Operative Agreements, whether or not such transfer or conveyance is ultimately accomplished, but in all cases excluding the fees, expenses and disbursements of counsel for any individual Tranche A Note Purchaser.

7.4. [Reserved].

7.5. Administrative Fee.

The Lessee shall pay or cause to be paid an administrative fee to the Agent (for its individual account) in the amount of \$60,000.00 per year (or such other amount as may be agreed upon by the Lessee and the Agent from time to time) which shall be paid on the Closing Date and each annual anniversary thereof and such amount shall be deemed to be earned in full by the Agent as of such Closing Date or annual anniversary thereof, as applicable.

SECTION 8. OTHER COVENANTS AND AGREEMENTS.

8.1. Cooperation with the Construction Agent or the Lessee.

The Primary Financing Parties, the Lessor and the Agent shall, at the expense of and to the extent reasonably requested by the Construction Agent or the Lessee (but without assuming additional liabilities on account thereof and only to the extent such is acceptable to the Primary Financing Parties, the Lessor and/or the Agent, as applicable, in their reasonable discretion), cooperate with the Construction Agent or the Lessee in connection with the Construction Agent or the Lessee satisfying its covenant obligations contained in the Operative Agreements including without limitation at any time and from time to time, promptly and duly executing and delivering any and all such further instruments, documents and financing statements (and continuation statements related thereto).

8.2. Covenants of the Lessor.

The Lessor hereby agrees that so long as this Agreement is in effect:

(a) The Lessor will not create or permit to exist at any time, and it will, at its own cost and expense, promptly take such action as may be necessary duly to discharge, or to cause to be discharged, all Lessor Liens on the Property;

(b) [Reserved];

(c) The Lessor shall not (i) commence any case, proceeding or other action under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, arrangement, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (ii) seek appointment of a receiver, trustee, custodian or other similar official for all or any substantial benefit of the creditors of the Lessor; and the Lessor shall not take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in this paragraph;

(d) The Lessor shall give prompt written notice to the Lessee, the Primary Financing Parties and the Agent if the Lessor's principal place of business or chief executive office, or the office where the records concerning the accounts or contract rights relating to the Property are kept, shall cease to be located at One First Union Center, 301 South College Street, Charlotte, Mecklenburg County, North Carolina 28288-0166; and

(e) The Lessor shall take or refrain from taking such actions and grant or refrain from granting such approvals with respect to the Operative Agreements and/or relating to the Property in each case as directed in writing by the Agent or, in connection with Section 8.5 hereof, the Lessee; provided, however, that notwithstanding the

foregoing provisions of this subparagraph (e) the Lessor, the Agent and the Primary Financing Parties each acknowledge, covenant and agree that neither the Lessor nor the

Agent shall act or refrain from acting except in accordance with the provisions of the Intercreditor Agreement; provided, further, that each -----
of the Agent, the Primary Financing Parties and the Lessee acknowledges, covenants and agrees that it will not instruct the Lessor to take any action in violation of the terms of any Operative Agreement.

8.3. Credit Party Covenants, Consent and Acknowledgment.

(a) Each Credit Party acknowledges and agrees that the Borrower, pursuant to the terms and conditions of the Security Agreement and the Mortgage Instruments, shall create Liens respecting the various personal property, fixtures and real property described therein in favor of the Agent. Each Credit Party hereby irrevocably consents to the creation, perfection (subject to the terms of Section 8.12) and maintenance of such Liens. Each Credit Party shall, to the extent reasonably requested by any of the other parties hereto, cooperate with the other parties in connection with their covenants herein or in the other Operative Agreements and shall from time to time duly execute and deliver any and all such future instruments, documents and financing statements (and continuation statements related thereto) as any other party hereto may reasonably request.

(b) The Lessor hereby instructs each Credit Party, and each Credit Party hereby acknowledges and agrees, that until such time as the Notes are paid in full and the Liens evidenced by the Security Agreement and the Mortgage Instruments have been released (i) any and all Rent (excluding Excepted Payments) and any and all other amounts of any kind or type under any of the Operative Agreements due and owing or payable to any Person shall instead be paid directly to the Agent (excluding Excepted Payments) or as the Agent may direct from time to time for allocation and distribution in accordance with the procedures set forth in Section 8.7 hereof, (ii) all rights of the Lessor under the Lease shall be exercised by the Agent and (iii) each Credit Party shall cause all notices, certificates, financial statements, communications and other information which are delivered, or are required to be delivered, to the Lessor, to be delivered to the Agent, as Lessor's agent.

(c) No Credit Party shall consent to any amendment, supplement or other modification of the terms or provisions of any Operative Agreement to which it is a party except in accordance with Section 12.4 of this Agreement.

(d) Each Credit Party hereby covenants and agrees that, except for amounts payable as Basic Rent (including without limitation principal and interest due and owing under the Notes), amounts specifically excluded from indemnification by the Lessee pursuant to Sections 11.1 and 11.2 and amounts due and owing or otherwise payable or incurred as a result of or in connection with any sale of an assignment or participation interest by any Tranche B Lender or Tranche A Note Purchaser, and payment obligations of one Financing Party to another Financing Party, any and all payment obligations owing from time to time under the Operative Agreements by any Person to the Agent, the Lessor, the Escrow Agent, any Primary Financing Party or any other Person shall (without further action) be deemed to be Supplemental Rent obligations payable by the Lessee and guaranteed by the Guarantor (provided, unless such obligation is expressly

stated as an obligation of the Lessee, the Lessee shall only be responsible for such obligation to the extent it is reasonable for a lessee to bear responsibility for such obligation in a transaction of the type evidenced by the Operative Agreements); provided, however,

during the period prior to the Completion Date, the Construction Agent may submit a Requisition for such Supplemental Rent obligations and such Supplemental Rent obligations shall be payable by the Construction Agent with the proceeds of one or more Advances made in accordance with the provisions of the Operative Agreements and upon satisfaction or express waiver of the conditions applicable to such Advance, and such amounts shall be added to the Property Cost respecting the Property; provided, further, in the event the Construction Agent shall fail to

comply with the requirements set forth in the immediately preceding proviso or shall fail to submit a Requisition for such Supplemental Rent obligations, the Construction Agent shall pay such Supplemental Rent obligation to such Person from its own funds. Without limitation, such Supplemental Rent obligations of the Credit Parties shall include any amounts payable by the Lessor pursuant to Section 5.15, administrative fees, breakage costs, indemnities, other reasonable fees and transaction expenses incurred by the parties hereto in connection with the transactions contemplated by the Operative Agreements.

(e) The Lessee hereby covenants and agrees to cause an Appraisal or reappraisal (in form and substance reasonably satisfactory to the Agent and from an appraiser selected by the Agent) to be issued respecting the Property as requested by the Agent from time to time (i) at each and every time as such shall be required to satisfy any regulatory requirements imposed on the Agent, the Lessor and/or any Primary Financing Party and (ii) after the occurrence of a Lease Event of Default.

(f) [Reserved].

(g) At any time the Lessor or the Agent is entitled under the Operative Agreements to possession of the Property or any component thereof, each of the Construction Agent and the Lessee hereby covenants and agrees, at its own cost and expense, to assemble and make the same available to the Agent (on behalf of the Lessor).

(h) The Lessee hereby covenants and agrees that Equipment (exclusive of any Fixtures) respecting the Property shall at no time constitute in excess of ten percent (10%) of the aggregate Advances respecting the Property funded at such time under the Operative Agreements.

(i) [Reserved].

(j) The Lessee hereby covenants and agrees that it shall give prompt notice to the Agent if the Lessee's principal place of business or chief executive office, or the office where the records concerning the accounts or contract rights relating to the Property are kept, shall cease to be located at the locations set forth in Section 6.2(i) or if it shall change its name.

(k) [Reserved].

(l) [Reserved].

(m) The Lessee hereby covenants and agrees that the rights of the Lessee under this Agreement and the Lease shall not impair or in any way diminish the obligations of the Construction Agent and/or the rights of the Lessor under the Agency Agreement.

(n) [Reserved].

(o) Lessee shall promptly notify the Agent and each Primary Financing Party, or cause the Agent and each Primary Financing Party to be promptly notified, upon a Responsible Officer of such Lessee gaining knowledge of the occurrence of any Lease Default or Lease Event of Default which is continuing at such time and describing the same in reasonable detail with a description of the action the Lessee or any Affiliate has taken or proposes to take with respect thereto. In any event, such notice shall be provided to the Agent within five (5) Business Days of when a Responsible Officer of Lessee gains such knowledge.

(p) Until all of the obligations under the Operative Agreements have been finally and indefeasibly paid and satisfied in full and the Commitments terminated, unless consent has been obtained from the Majority Secured Parties and the Lessor, the Lessee will:

(i) preserve and maintain its separate legal existence and, except where failure to do so could reasonably be expected to have a Material Adverse Effect, all rights, franchises, licenses, certifications, accreditations and privileges necessary to the conduct of its business, and qualify and remain qualified as a foreign corporation and authorized to do business in Virginia and each other jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Effect;

(ii) pay and perform all obligations of the Lessee under the Operative Agreements and pay and perform (A) all taxes, assessments and other governmental charges that may be levied or assessed upon it or any of its property, and (B) all other indebtedness, obligations and liabilities in accordance with customary trade practices, which, in the case of (A) or (B), if not paid could reasonably be expected to have a Material Adverse Effect; provided that the Lessee may contest

any item described in this Section 8.3(p)(ii) in good faith so long as adequate reserves are maintained with respect thereto in accordance with GAAP; and

(iii) to the extent failure to do so could reasonably be expected to have a Material Adverse Effect, observe and remain in compliance with all applicable Laws and maintain in full force and effect all Governmental Actions, in each case applicable to the conduct of its business; and, subject to Section 14.4 of the Lease,

not permit the termination of any insurance reimbursement program available to the Property.

(q) [Reserved].

(r) Lessee shall perform any and all obligations of Lessor under, and cause Lessor to otherwise remain in full compliance with, the terms and provisions of the Ground Lease.

(s) Promptly after obtaining any required architectural approvals by any business park or any other applicable entity with oversight responsibility for the applicable Improvements, the Construction Agent shall deliver to the Agent copies of the same.

(t) Except as otherwise contemplated by the Operative Agreements, the Construction Agent shall not use the proceeds of any Advance for any purpose other than the lease of the Property, the acquisition, installation and testing of the Equipment, the construction of Improvements and the payment of interest, Transaction Expenses and the fees, expenses and other disbursements by the Lessee or the Lessor referenced in any Operative Agreement, and other Project Costs, in each case which accrue prior to the Rent Commencement Date with respect to the Property.

(u) The Plans and Specifications for the Property will be prepared prior to the commencement of construction in accordance with all applicable Legal Requirements (including without limitation all applicable Environmental Laws and building, planning, zoning and fire codes), except to the extent the failure to comply therewith, individually or in the aggregate, shall not have and could not reasonably be expected to have a Material Adverse Effect. Upon completion of the Improvements for the Property in accordance with the applicable Plans and Specifications, such Improvements will be within any building restriction lines and will not encroach in any manner onto any adjoining land (except as permitted by express written easements, which have been approved by the Agent).

(v) The Property shall be improved in all material respects in accordance with the applicable Plans and Specifications in a good and workmanlike manner and shall be operational.

(w) The Lessee shall deliver (or cause to be delivered) an annual certificate evidencing the insurance required to be maintained by the Lessee under Article XIV of the Lease on the date such certificate is due thereunder.

(x) The Property shall comply in all material respects with all Insurance Requirements and all standards of Lessee with respect to similar properties owned by Lessee and the other Credit Parties.

(y) The Property shall comply with all Legal Requirements (including without limitation all zoning and land use laws and Environmental Laws), except to the extent that failure to comply therewith, individually or in the aggregate, shall not have and could not reasonably be expected to have a Material Adverse Effect.

(z) All utility services and facilities necessary for the construction and operation of the Improvements and the installation and operation of the Equipment regarding the Property (including without limitation gas, electrical, water and sewage services and facilities) shall be available at the applicable Land or shall be constructed prior to the Completion Date for the Property.

(aa) The acquisition, installation and testing of the Equipment (if any) and construction of the Improvements (if any) shall be performed in a good and workmanlike manner, substantially in accordance with the applicable Plans and Specifications.

(bb) Upon recordation of a memorandum of the Ground Lease and the Mortgage Instruments in the real estate recording office in the applicable Approved State identified by the Construction Agent or the Lessee, (x) the Lien created by the Tranche B Mortgage Instruments in the real property described therein shall be a perfected first priority mortgage Lien on the leasehold estate under the Ground Lease in favor of the Agent, for the benefit of the Tranche B Lenders and (y) the Lien created by the Tranche A Mortgage Instruments in the real property described therein shall be a perfected second priority mortgage Lien (subject to the Lien created by the Tranche B Mortgage Instruments) on the leasehold estate under the Ground Lease in favor of the Agent, for the benefit of the Tranche A Note Purchasers. To the extent that the security interests in the portion of the Collateral comprised of personal property can be perfected by filing in the filing offices in the applicable Approved States or elsewhere identified by the Construction Agent or the Lessee, upon filing of the Primary Financing Party Financing Statements in such filing offices, the security interests created by the Security Agreement shall be perfected first priority security interests in such personal property in favor of the Agent, for the ratable benefit of the Secured Parties.

(cc) Upon recordation of the memorandum of the Lease Agreement and the memorandum of a Ground Lease (or, in either case, a short form lease) in the real estate recording office in the applicable Approved State identified by the Construction Agent or the Lessee, the Lien created by the Lease Agreement in the real property described therein shall be a perfected first priority mortgage Lien on the leasehold estate under the Ground Lease in favor of the Agent, for the benefit of the Secured Parties. To the extent that the security interests in the portion of the Property comprised of personal property can be perfected by the filing in the filing offices in the applicable Approved State or elsewhere identified by the Construction Agent or the Lessee, upon filing of the Lessor Financing Statements in such filing offices, the security interests created by the Lease Agreement shall be perfected first priority security interests in such personal property in favor of the Lessor, which rights pursuant to the Lessor Financing Statements are assigned to the Agent, for the benefit of the Secured Parties.

(dd) Lessee shall not incur or suffer to exist any Lien on the Property other than Permitted Liens and as otherwise permitted under Section 8.5.

(ee) Lessee shall deliver a written notice to Agent and the Lessor promptly upon Lessee's receiving notice or actual knowledge of a Responsible Officer of Lessee of the taking by a Governmental Authority of an action which would constitute a Condemnation, receiving notice of a material violation of any Legal Requirement on or at the Property, including any Environmental Law, under which liability may be imposed upon Lessor, Agent, any Primary Financing Party or Lessee, or receiving notice or actual knowledge of modification of the Property (other than routine construction progress, fire, life-safety and similar inspections) for any violation of Lessor under which criminal liability may be imposed upon Agent, any Primary Financing Party or Lessee.

(ff) Lessee shall not, nor shall it permit anyone authorized to act on its behalf to, take any action which would subject the Property, the Operative Agreements, the issuance or sale of the Notes, or any security or lease the offering of which, for purposes of the Securities Act or any state securities laws, would be deemed to be part of the same offering of the aforementioned items, to the registration requirements of Section 5 of the Securities Act or any state securities laws.

(gg) Not less than two (2) Business Days prior to any prepayment of any Tranche A Note, the Lessee (on behalf of the Lessor) shall deliver to each affected holder of one or more Tranche A Notes a certificate of a Responsible Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

(hh) Without the consent of the Agent, neither COB nor FSB will change its legal name or use, or transact any business under, any trade name other than its legal name.

(ii) The Lessee agrees that in the event neither S&P nor Moody's provides a rating of either of COB or FSB, the Lessee shall cause one of the Rating Agencies to issue and maintain at all times a "private letter" rating for COB or FSB, as the case may be, and to submit to such Rating Agency the materials and information necessary for, and a request for, a new "private letter" rating every six (6) months thereafter and upon the occurrence of any merger or other event described in Section 5.15(a) of the Participation Agreement. The Lessee further agrees to provide each of the Tranche A Note Purchasers a copy of such "private letter" rating and will permit and allow such Tranche A Note Purchasers to discuss such rating with the Rating Agency.

(jj) The Construction Agent shall deliver (i) evidence of builder's risk insurance in compliance with the requirements set forth in Section 2.6(f) of the Agency Agreement and (ii) a certificate of the Insurance Consultant on or before February 1, 2001 and every three (3) year anniversary thereof, certifying as to compliance by the Construction Agent with the requirements of Article XIV of the Lease and otherwise in form and substance reasonably satisfactory to the Agent.

(kk) The Construction Agent shall deliver to the Lessor, the Agent and the Primary Financing Parties the Maximum Guaranty Price Contract in substantially the form approved by the Agent, the Lessor and the Primary Financing Parties on the Closing Date or otherwise in form reasonably acceptable to the Agent, together with a consent to the assignment thereof executed by the Contractor thereunder, no less than five (5) Business Days prior to the scheduled date for the initial Construction Advance for payment of Hard Costs.

(ll) The Lessee will not amend the Repurchase Right (as defined in that certain Real Estate Purchase Agreement dated as of September 27, 2000 (as amended by that certain First Amendment to Real Estate Purchase Agreement dated as of December 4, 2000) between COFC and West*Group Properties LLC, the interest of COFC in which has been assigned to COB pursuant to that certain Assignment and Assumption of Real Estate Purchase Agreement dated as of December 5, 2000 by and between COFC and COB) without the written consent of the Agent.

8.3A Additional Affirmative Covenants of FSB.

FSB covenants that commencing on the Closing Date and thereafter so long as any of the Company Obligations are unpaid:

8.3A.1 Financial and Business Information.

FSB shall deliver or cause to be delivered or otherwise make available through electronic media (provided that FSB shall give prior written notice to the Agent and each Primary Financing Party of such availability) to each of the Agent and the Primary Financing Parties:

(a) (i) as soon as available and in any event within 60 days after the end of each of the first three quarterly fiscal periods of each fiscal year of Parent, consolidated statements of income, changes in stockholders' equity and cash flows of Parent and its Subsidiaries for such period (with respect to statements of income only) and for the period from the beginning of the respective fiscal year to the end of such period, and the related consolidated balance sheet of Parent and its Subsidiaries as at the end of such period, setting forth in each case in comparative form the corresponding consolidated figures for the corresponding periods in the preceding fiscal year (except that, in the case of balance sheets, such comparison shall be to the last day of the prior fiscal year) and (ii) as soon as available and in any event within 120 days after the end of each fiscal year of Parent, consolidated statements of income, changes in stockholders' equity and cash flows of Parent and its Subsidiaries for such fiscal year and the related consolidated and consolidating balance sheets of Parent and its Subsidiaries as at the end of such fiscal year, setting forth in each case in comparative form the corresponding consolidated figures as of the end of and for the preceding fiscal year, and accompanied by an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that said financial

statements present fairly, in all material respects, the consolidated financial condition and results of operations and cash flows of Parent and its Subsidiaries as at the end of, and for, such fiscal year in accordance with GAAP;

(b) as soon as available and in any event within 120 days after the end of each fiscal year of FSB, consolidated statements of income, changes in stockholders' equity and cash flows of FSB and its Subsidiaries for such fiscal year and the related consolidated and consolidating balance sheets of FSB and its Subsidiaries as at the end of such fiscal year, setting forth in each case in comparative form the corresponding consolidated figures as of the end of and for the preceding fiscal year, accompanied by a certificate of a senior financial officer of FSB, which certificate shall state that said financial statements present fairly, in all material respects, the consolidated financial condition and results of operations and cash flows of FSB and its Subsidiaries as at the end of, and for, such fiscal year in accordance with GAAP;

(c) as soon as available and in any event within 60 days after the end of each quarterly fiscal period of each fiscal year of FSB, the "Thrift Financial Report" for FSB and its Insured Subsidiaries, all prepared in accordance with regulatory accounting principles prescribed by the Federal Financial Institutions Examination Counsel;

(d) promptly upon their becoming available, copies of all registration statements (excluding exhibits to such registration statements, and other than registration statements filed on Form S-8 or any successor form) and regular periodic reports filed on Form 10-K, Form 10-Q or Form 8-K (or any successor form), if any, that FSB or any of its Affiliates shall have filed with the SEC or any national securities exchange;

(e) promptly upon the mailing thereof to the shareholders of Parent generally, copies of all financial statements, reports and proxy statements so mailed;

(f) as soon as possible, and in any event within ten days after FSB knows or has reason to believe that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan has occurred or exists, a statement signed by a senior financial officer of FSB setting forth details respecting such event or condition and the action, if any, that FSB or its ERISA Affiliate proposes to take with respect thereto (and a copy of any report or notice required to be filed with or given to the PBGC by FSB or an ERISA Affiliate with respect to such event or condition, except that a copy of any notice required to be filed for an event described in subparagraph (i) below may be provided at a later date (to be no later than the date such notice is filed) if it has not been filed as of the date of the signed statement described above):

(i) any reportable event, as defined in Section 4043(c) of

ERISA and the regulations issued thereunder, with respect to a Plan, as to which the requirement to provide 30 days' notice to the PBGC under Section 4043(a) or Section 4043(b) of ERISA applies, other than a reportable event for which the requirement to provide such notice has been waived by regulation or for which the PBGC has announced in Technical Update 95-3 (or any subsequent administrative guideline) that it will not apply a penalty for failure to provide such notice (provided that a failure to meet

the minimum funding standard of Section 412 of the Code or Section 302 of ERISA, including, without limitation, the failure to make on or before its due date a required installment under Section 412(m) of the Code or Section 302(e) of ERISA, shall be a reportable event regardless of the issuance of any waivers in accordance with Section 412(d) of the Code); and any request for a waiver under Section 412(d) of the Code for any Plan;

(ii) the distribution under Section 4041(c) of ERISA of a notice of intent to terminate any Plan or any action taken by FSB or an ERISA Affiliate to terminate any Plan under Section 4041(c) of ERISA;

(iii) the institution by the PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by FSB or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan;

(iv) the complete or partial withdrawal from a Multiemployer Plan by FSB or any ERISA Affiliate that results in liability under Section 4201 or 4204 of ERISA (including the obligation to satisfy secondary liability as a result of a purchaser default) or the receipt by FSB or any ERISA Affiliate of notice from a Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA;

(v) the institution of a proceeding by a fiduciary of any Multiemployer Plan against FSB or any ERISA Affiliate to enforce Section 515 of ERISA, which proceeding is not dismissed within 30 days; and

(vi) the adoption of an amendment to any Plan that, pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA, would result in the loss of tax-exempt status of the trust of which such Plan is a part if FSB or an ERISA Affiliate fails to timely provide security to such Plan in accordance with the provisions of said Sections;

(g) [Reserved].

(h) promptly (and in no event more than five (5) days) after a Responsible Officer of FSB obtains knowledge thereof, a notice describing any change in its Debt Rating assigned by any Rating Agency has occurred, or a notice that FSB has been placed on any watch list by a Rating Agency;

(i) at the time any set of financial statements is furnished pursuant to paragraph (b) or (c) above, a certificate of a Responsible Officer of FSB (i) to the effect that no Lease Default has occurred and is continuing (or, if any Lease Default has occurred and is continuing, describing the same in reasonable detail and describing the action that FSB or an Affiliate has taken or proposes to take with respect thereto) and (ii) setting forth in reasonable detail (including, without limitation, as to the component parts of relevant definitions of accounting terms included in Section 5 hereof) the computations necessary to determine whether FSB is in compliance with its obligations under Sections 8.3B.1 and 8.3B.2 hereof as of the end of the respective quarterly fiscal period or fiscal year; and

(j) from time to time such other information regarding the financial condition, operations, business or prospects of FSB or any of its Subsidiaries as any Financing Party may reasonably request, including without limitation, such information as is required by Rule 144A to be delivered to a prospective transferee of a Tranche A Note.

8.3A.2 Inspection.

FSB shall permit the representatives of each Financing Party, during normal business hours, to examine, copy and make extracts from its books and records, to inspect any of its properties, and to discuss its business and affairs with its officers, all to the extent reasonably requested by such Financing Party; provided that FSB shall

not be required to provide (i) the names of, or other information that could be used to identify, account holders, (ii) any proprietary strategic insights or statistical models concerning account holders or potential account holders, (iii) information regarding the specific nature or application of any of the information-based strategies employed by FSB and its Subsidiaries in the conduct of their business or (iv) any proprietary plans or other proprietary information relating to the development of the business of FSB and its Subsidiaries.

8.3A.3 Compliance with Law.

Without limiting the requirements of the Lease, FSB will and will cause each of its Subsidiaries to comply with the requirements of all applicable laws, rules, regulations and orders of governmental or regulatory authorities (including, without limitation, ERISA, all Environmental Laws and the FDIA and all rules and regulations promulgated thereunder) if failure to comply with such requirements could (either individually or in the aggregate) have a Material Adverse Effect.

8.3A.4 Insurance.

Without limiting the requirements of the Lease, FSB will and will cause each of its Subsidiaries to, maintain (either in its own name or in the name of an Affiliate) with financially sound and responsible insurance companies, insurance on all their respective properties in at least such amounts and against at least such risks (and with such risk retention) as are usually insured against in the same general area by companies of established repute engaged in the same or a similar business; and will furnish to the Primary Financing Parties, upon request from the Agent, information presented in reasonable detail as to the insurance so carried.

8.3A.5 Maintenance of Properties.

Without limiting the requirements of the Lease, FSB will and will cause each of its Subsidiaries to maintain all of its properties used or useful in its business in good working order and condition ordinary wear and tear excepted, except to the extent that the failure to maintain any such property in good working order and condition would not (either individually or in the aggregate) have a Material Adverse Effect.

8.3A.6 Payment of Taxes and Claims.

FSB will and will cause each of its Subsidiaries to pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained in accordance with GAAP.

8.3A.7 Corporate Existence, etc.

FSB will at all times preserve and maintain its legal existence and all of its rights, privileges, licenses and franchises necessary or desirable in the normal conduct of its business (provided

that nothing in this Section 8.3A.7 shall prohibit any transaction expressly permitted under Section 8.3B.3 hereof).

8.3A.8 Litigation.

FSB will promptly give to each Primary Financing Party notice of all legal or arbitral proceedings, and of all investigations or proceedings by or before any governmental or regulatory authority or agency, and any material development in respect of such legal or other proceedings, against or affecting FSB or any of its Subsidiaries, except investigations or proceedings (a) as to which there is no reasonable possibility of an adverse determination or (b) that, if adversely determined, would not (either individually or in the aggregate) have a Material Adverse Effect.

8.3B Additional Negative Covenants of FSB.

FSB covenants that commencing on the Closing Date and thereafter so long as any of the Company Obligations are unpaid:

8.3B.1 Delinquency Ratio.

FSB will not permit its Delinquency Ratio on the last day of any calendar month to exceed 6.0%.

8.3B.2 Other Financial Conditions.

FSB will not on any date permit

(a) its Tier 1 Capital to Managed Receivables Ratio to be less than 4.0%, provided that such Tier 1 Capital to Managed Receivables Ratio may be less than 4.0% during any period of 90 consecutive days so long as (i) on the last day of the fiscal quarter ending on or immediately prior to the first day of such 90-day period, such Tier 1 Capital to Managed Receivables Ratio was not less than 4.0% and (ii) at no time during such 90-day period is such Tier 1 Capital to Managed Receivables Ratio is less than 3.5%;

(b) its Leverage Ratio to exceed 10.0 to 1;

(c) its Tier 1 Capital to Risk Adjusted Assets Ratio to be less than 6.0%;

(d) its Total Capital to Risk Adjusted Assets Ratio to be less than 10.0%; or

(e) its Tangible Net Worth to be less than \$192,685,600.

(f) its Total Capital to be less than that necessary to be "adequately-capitalized", within the meaning of such term under the Prompt Corrective Action provisions contained in the FDIA (12 U.S.C. (S).1831(o)) (or any successor provision), as amended, re-enacted or redesignated from time to time.

8.3B.3 Merger, Consolidation, etc.

FSB will not: (a) enter into any transaction of merger or consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution); or (b) convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions (a "Transfer"), all or substantially all of its business

or property; provided that FSB may be merged or consolidated with or

into, or Transfer all or substantially all of its business or property to, any Person if (1) the continuing, surviving or transferee corporation assumes all of FSB's obligations hereunder and under

the other Operative Agreements to which it is a party, (2) either: (i) the continuing, surviving or transferee corporation is an Affiliate of FSB or (ii) the continuing, surviving or transferee corporation has a Tangible Net Worth equal to or greater than the Tangible Net Worth of FSB immediately prior to giving effect to such merger, consolidation or Transfer, (3) FSB has delivered to the Agent a legal opinion as to enforceability from counsel reasonably acceptable to the Agent and in form and substance reasonably acceptable to the Agent, and (4) no Lease Default or Lease Event of Default shall have occurred and be continuing after such Transfer.

No such merger, consolidation or Transfer shall have the effect of releasing FSB or any successor corporation that shall theretofore have become such in the manner prescribed in this Section 8.3B.3 from its liability under any of the Operative Agreements. Nothing in this Section 8.3B.3 shall prohibit FSB or any of its Subsidiaries from the sale of credit card loans and other finance receivables pursuant to securitizations.

8.3B.4 Lines of Business.

FSB will not, nor will it permit any of its Subsidiaries to, engage to any extent in any line or lines of business activity other than as permitted by its charter.

8.3C Additional Affirmative Covenants of COB.

COB covenants that commencing on the Closing Date and thereafter so long as any of the Company Obligations are unpaid:

8.3C.1 Financial and Business Information.

COB shall deliver or cause to be delivered or otherwise make available through electronic media (provided that COB shall give prior -----

written notice to the Agent and each Primary Financing Party of such availability) to each of the Agent and the Primary Financing Parties:

(a) (i) as soon as available and in any event within 60 days after the end of each of the first three quarterly fiscal periods of each fiscal year of Parent, consolidated statements of income, changes in stockholders' equity and cash flows of Parent and its Subsidiaries for such period (with respect to statements of income only) and for the period from the beginning of the respective fiscal year to the end of such period, and the related consolidated balance sheet of Parent and its Subsidiaries as at the end of such period, setting forth in each case in comparative form the corresponding consolidated figures for the corresponding periods in the preceding fiscal year (except that, in the case of balance sheets, such comparison shall be to the last day of the prior fiscal year) and (ii) as soon as available and in any event within 120 days after the end of each fiscal year of Parent, consolidated statements of income, changes in stockholders' equity and cash flows of Parent and its Subsidiaries for such fiscal year and the related consolidated and

consolidating balance sheets of Parent and its Subsidiaries as at the end of such fiscal year, setting forth in each case in comparative form the corresponding consolidated figures as of the end of and for the preceding fiscal year, and accompanied by an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that said financial statements present fairly, in all material respects, the consolidated financial condition and results of operations and cash flows of Parent and its Subsidiaries as at the end of, and for, such fiscal year in accordance with GAAP;

(b) as soon as available and in any event within 120 days after the end of each fiscal year of COB, consolidated statements of income, changes in stockholders' equity and cash flows of COB and its Subsidiaries for such fiscal year and the related consolidated and consolidating balance sheets of COB and its Subsidiaries as at the end of such fiscal year, setting forth in each case in comparative form the corresponding consolidated figures as of the end of and for the preceding fiscal year, accompanied by a certificate of a senior financial officer of COB, which certificate shall state that said financial statements present fairly, in all material respects, the consolidated financial condition and results of operations and cash flows of COB and its Subsidiaries as at the end of, and for, such fiscal year in accordance with GAAP;

(c) as soon as available and in any event within 60 days after the end of each quarterly fiscal period of each fiscal year of COB, the "Consolidated Reports of Condition and Income" for COB and its Insured Subsidiaries, all prepared in accordance with regulatory accounting principles prescribed by the Federal Financial Institutions Examination Counsel;

(d) promptly upon their becoming available, copies of all registration statements (excluding exhibits to such registration statements, and other than registration statements filed on Form S-8 or any successor form) and regular periodic reports filed on Form 10-K, Form 10-Q or Form 8-K (or any successor form), if any, that COB or any of its Affiliates shall have filed with the SEC or any national securities exchange;

(e) promptly upon the mailing thereof to the shareholders of Parent generally, copies of all financial statements, reports and proxy statements so mailed;

(f) as soon as possible, and in any event within ten days after COB knows or has reason to believe that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan has occurred or exists, a statement signed by a senior financial officer of COB setting forth details respecting such event or condition and the action, if any, that COB or its ERISA Affiliate proposes to take with respect thereto (and a copy of any report or notice required to be filed with or given to the PBGC by COB or an ERISA Affiliate with respect to such event or condition, except that a copy of any notice required to be filed for an event described in subparagraph (i) below may be provided at a

later date (to be no later than the date such notice is filed) if it has not been filed as of the date of the signed statement described above):

(i) any reportable event, as defined in Section 4043(c) of ERISA and the regulations issued thereunder, with respect to a Plan, as to which the requirement to provide 30 days' notice to the PBGC under Section 4043(a) or Section 4043(b) of ERISA applies, other than a reportable event for which the requirement to provide such notice has been waived by regulation or for which the PBGC has announced in Technical Update 95-3 (or any subsequent administrative guideline) that it will not apply a penalty for failure to provide such notice (provided

that a failure to meet the minimum funding standard of Section 412 of the Code or Section 302 of ERISA, including, without limitation, the failure to make on or before its due date a required installment under Section 412(m) of the Code or Section 302(e) of ERISA, shall be a reportable event regardless of the issuance of any waivers in accordance with Section 412(d) of the Code); and any request for a waiver under Section 412(d) of the Code for any Plan;

(ii) the distribution under Section 4041(c) of ERISA of a notice of intent to terminate any Plan or any action taken by COB or an ERISA Affiliate to terminate any Plan under Section 4041(c) of ERISA;

(iii) the institution by the PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by COB or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan;

(iv) the complete or partial withdrawal from a Multiemployer Plan by COB or any ERISA Affiliate that results in liability under Section 4201 or 4204 of ERISA (including the obligation to satisfy secondary liability as a result of a purchaser default) or the receipt by COB or any ERISA Affiliate of notice from a Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA;

(v) the institution of a proceeding by a fiduciary of any Multiemployer Plan against COB or any ERISA Affiliate to enforce Section 515 of ERISA, which proceeding is not dismissed within 30 days; and

(vi) the adoption of an amendment to any Plan that, pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA, would result in the loss of tax-exempt status of the trust of which such Plan is a part if

COB or an ERISA Affiliate fails to timely provide security to such Plan in accordance with the provisions of said Sections;

(g) [Reserved].

(h) promptly (and in no event more than five (5) days) after a Responsible Officer of COB obtains knowledge thereof, a notice describing any change in its Debt Rating assigned by any Rating Agency has occurred, or a notice that COB has been placed on any watch list by a Rating Agency;

(i) at the time any set of financial statements is furnished pursuant to paragraph (b) or (c) above, a certificate of a Responsible Officer of COB (i) to the effect that no Lease Default has occurred and is continuing (or, if any Lease Default has occurred and is continuing, describing the same in reasonable detail and describing the action that COB or an Affiliate has taken or proposes to take with respect thereto) and (ii) setting forth in reasonable detail the computations necessary to determine whether COB is in compliance with its obligations under Sections 8.3D.1 and 8.3D.2 hereof as of the end of the respective quarterly fiscal period or fiscal year; and

(j) from time to time such other information regarding the financial condition, operations, business or prospects of COB or any of its Subsidiaries as any Financing Party may reasonably request, including without limitation, such information as is required by Rule 144A to be delivered to a prospective transferee of a Tranche A Note.

8.3C.2 Inspection. -----

COB shall permit the representatives of each Financing Party, during normal business hours, to examine, copy and make extracts from its books and records, to inspect any of its properties, and to discuss its business and affairs with its officers, all to the extent reasonably requested by such Financing Party; provided that COB shall

not be required to provide (i) the names of, or other information that could be used to identify, account holders, (ii) any proprietary strategic insights or statistical models concerning account holders or potential account holders, (iii) information regarding the specific nature or application of any of the information-based strategies employed by COB and its Subsidiaries in the conduct of their business or (iv) any proprietary plans or other proprietary information relating to the development of the business of COB and its Subsidiaries.

8.3C.3 Compliance with Law. -----

Without limiting the requirements of the Lease, COB will and will cause each of its Subsidiaries to comply with the requirements of all applicable laws, rules, regulations and orders of governmental or regulatory authorities (including, without limitation, ERISA, all Environmental Laws and the FDIA and all rules and regulations promulgated

thereunder) if failure to comply with such requirements could (either individually or in the aggregate) have a Material Adverse Effect.

8.3C.4 Insurance.

Without limiting the requirements of the Lease, COB will and will cause each of its Subsidiaries to, maintain (either in its own name or in the name of an Affiliate) with financially sound and responsible insurance companies, insurance on all their respective properties in at least such amounts and against at least such risks (and with such risk retention) as are usually insured against in the same general area by companies of established repute engaged in the same or a similar business; and will furnish to the Primary Financing Parties, upon request from the Agent, information presented in reasonable detail as to the insurance so carried.

8.3C.5 Maintenance of Properties.

Without limiting the requirements of the Lease, COB will and will cause each of its Subsidiaries to maintain all of its properties used or useful in its business in good working order and condition ordinary wear and tear excepted, except to the extent that the failure to maintain any such property in good working order and condition would not (either individually or in the aggregate) have a Material Adverse Effect.

8.3C.6 Payment of Taxes and Claims.

COB will and will cause each of its Subsidiaries to pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained in accordance with GAAP.

8.3C.7 Corporate Existence, etc.

COB will at all times preserve and maintain its legal existence and all of its rights, privileges, licenses and franchises necessary or desirable in the normal conduct of its business (provided -----
that nothing in this Section 8.3C.7 shall prohibit any transaction expressly permitted under Section 8.3D.3 hereof).

8.3C.8 Litigation.

COB will promptly give to each Primary Financing Party notice of all legal or arbitral proceedings, and of all investigations or proceedings by or before any governmental or regulatory authority or agency, and any material development in respect of such legal or other proceedings, against or affecting COB or any of its Subsidiaries, except investigations or proceedings (a) as to which there is no reasonable possibility of

an adverse determination or (b) that, if adversely determined, would not (either individually or in the aggregate) have a Material Adverse Effect.

8.3D Additional Negative Covenants of COB.

COB covenants that commencing on the Closing Date and thereafter so long as any of the Company Obligations are unpaid:

8.3D.1 Delinquency Ratio.

COB will not permit its Delinquency Ratio on the last day of any calendar month to exceed 6.0%.

8.3D.2 Other Financial Conditions.

COB will not on any date permit

(a) its Tier 1 Capital to Managed Receivables Ratio to be less than 4.0%, provided that such Tier 1 Capital to Managed Receivables Ratio may be less than 4.0% during any period of 90 consecutive days so long as (i) on the last day of the fiscal quarter ending on or immediately prior to the first day of such 90-day period, such Tier 1 Capital to Managed Receivables Ratio was not less than 4.0% and (ii) at no time during such 90-day period is such Tier 1 Capital to Managed Receivables Ratio is less than 3.5%;

(b) its Leverage Ratio to exceed 10.0 to 1;

(c) its Tier 1 Capital to Risk Adjusted Assets Ratio to be less than 6.0%;

(d) its Total Capital to Risk Adjusted Assets Ratio to be less than 10.0%;

(e) its Tangible Net Worth to be less than \$828,588,000; or

(f) its Total Capital to be less than that necessary to be "well-capitalized", within the meaning of such term under the Prompt Corrective Action provisions contained in the FDIA (12 U.S.C. ss.1831(o)) (or any successor provision), as amended, re-enacted or redesignated from time to time.

8.3D.3 Merger, Consolidation, etc.

COB will not: (a) enter into any transaction of merger or consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution); or (b) convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions (a "Transfer"), all or substantially all of its business

or

property; provided that COB may be merged or consolidated with or

into, or Transfer all or substantially all of its business or property to, any Person if (1) the continuing, surviving or transferee corporation assumes all of COB's obligations hereunder, (2) either: (i) the continuing, surviving or transferee corporation is an Affiliate of COB or (ii) the continuing, surviving or transferee corporation has a Tangible Net Worth equal to or greater than the Tangible Net Worth of COB immediately prior to giving effect to such merger, consolidation or Transfer, (3) COB has delivered to the Agent a legal opinion as to enforceability from counsel reasonably acceptable to the Agent and in form and substance reasonably acceptable to the Agent, and (4) no Lease Default or Lease Event of Default shall have occurred and be continuing after such Transfer.

No such merger, consolidation or Transfer shall have the effect of releasing COB or any successor corporation that shall theretofore have become such in the manner prescribed in this Section 8.3D.3 from its liability under this Agreement or any other Operative Agreement. Nothing in this Section 8.3D.3 shall prohibit COB or any of its Subsidiaries from the sale of credit card loans and other finance receivables pursuant to securitizations.

8.3D.4 Lines of Business.

COB will not, nor will it permit any of its Subsidiaries to, engage to any extent in any line or lines of business activity other than as permitted by its charter and as necessary to conduct the business of a limited purpose credit card bank.

8.4. Sharing of Certain Payments.

Except for Excepted Payments, the parties hereto acknowledge and agree that all payments due and owing by any Credit Party to the Lessor under the Lease or any of the other Operative Agreements shall be made by such Credit Party directly to the Agent as more particularly provided in Section 8.3 hereof. The Lessor, the Agent, the Primary Financing Parties and the Credit Parties acknowledge the terms of Section 8.7 of this Agreement regarding the allocation of payments and other amounts made or received from time to time under the Operative Agreements and agree, that all such payments and amounts are to be allocated as provided in Section 8.7 of this Agreement.

8.5. Grant of Easements, etc.

The Agent, the Primary Financing Parties and the Lessor hereby agree that, so long as no Lease Event of Default shall have occurred and be continuing, and until such time as the Agent gives instructions to the contrary to the Lessor after the occurrence and continuance of such Lease Event of Default, the Lessor shall, without the consent of the Agent or the Primary Financing Parties, from time to time at the request of the Lessee, in connection with the transactions contemplated by the Agency Agreement, the Lease or the other Operative Agreements, (i) grant easements and other rights with respect to the Property, (ii) release existing easements or other rights which are for the benefit of the Property, (iii) execute and deliver to any Person any instrument appropriate to confirm or effect such grants or releases, and (iv)

execute and deliver to any Person such other documents or materials in connection with the acquisition, development, construction, testing, demolition or operation of the Property, including without limitation reciprocal easement agreements, construction contracts, operating agreements, development agreements, plats, replats or subdivision documents; provided, that each of the ----- agreements referred to in this Section 8.5 shall be on commercially reasonable terms so as not to diminish the value of the Property in any material respect or otherwise have a Material Adverse Effect.

8.6. Appointment of the Agent by the Primary Financing Parties and -----
the Lessor.

(a) The Secured Parties acknowledge and agree and direct that the rights and remedies of the beneficiaries of the Lien of the Security Documents shall be exercised by the Agent on behalf of the Secured Parties in accordance with the provisions of the Intercreditor Agreement; provided, in all cases, the Agent shall allocate payments -----

and other amounts received in accordance with Section 8.7. The Agent is further appointed to provide notices under the Operative Agreements on behalf of the Lessor and each Primary Financing Party (as determined by the Agent, in its reasonable discretion), to receive notices under the Operative Agreements on behalf of the Lessor and each Primary Financing Party and (subject to Section 8.5) to take such other action under the Operative Agreements on behalf of the Lessor as the Agent shall determine in its reasonable discretion from time to time. The Agent hereby accepts such appointments. Further, the Agent shall be entitled to take such action on behalf of the Lessor as is delegated to the Agent under any Operative Agreement (whether express or implied) as may be reasonably incidental thereto.

(b) Each Primary Financing Party hereby designates and appoints the Agent as the agent of such Primary Financing Party under this Agreement and the other Operative Agreements, and each such Primary Financing Party authorizes the Agent, in such capacity, to execute the Operative Agreements as agent for and on behalf of such Primary Financing Party, to take such action on behalf of such Primary Financing Party under the provisions of this Agreement and the other Operative Agreements and to exercise such powers and perform such duties as are expressly delegated to the Agent by the terms of this Agreement and other Operative Agreements, together with such other powers as are reasonably incidental thereto. Subject to the terms of the Operative Agreements (including without limitation the Intercreditor Agreement), each of the Primary Financing Parties directs the Agent to exercise such powers, make such decisions and otherwise perform such duties as are delegated to the Agent hereunder or thereunder. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Primary Financing Party, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Operative Agreement or otherwise exist against the Agent.

(c) The Agent may execute any of its duties under this Agreement and the other Operative Agreements by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent

shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(d) Neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Operative Agreement (except for its or such Person's own gross negligence, willful misconduct or its or such Person's failure to use ordinary care in the handling of funds) or (b) responsible in any manner to any of the Primary Financing Parties for any recitals, statements, representations or warranties made by the Borrower or the Lessee or any officer thereof contained in this Agreement or any other Operative Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or any other Operative Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Operative Agreement or for any failure of the Borrower or the Lessee to perform its obligations hereunder or thereunder. The Agent shall not be under any obligation to any Primary Financing Party to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Operative Agreement, or to inspect the properties, books or records of the Borrower or the Lessee.

(e) The Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including without limitation counsel to the Borrower or the Lessee), independent accountants and other experts selected by the Agent. The Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Operative Agreement unless it shall first receive such advice or concurrence of the Majority Secured Parties, the Majority Tranche A Note Purchasers, the Majority Tranche B Lenders or all the Primary Financing Parties, as the case may be, as set forth in the Intercreditor Agreement or any other Operative Agreement or it shall first be indemnified to its satisfaction by the Primary Financing Parties against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Operative Agreements in accordance with the Intercreditor Agreement, and such and any action taken or failure to act pursuant thereto shall be binding upon all the Primary Financing Parties and all future holders of the Notes.

(f) The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Agent has received written notice from a Primary Financing Party, any Credit Party or the Borrower referring

to this Agreement or such other Operative Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Agent receives such a notice, the Agent shall give notice thereof to the Primary Financing Parties and the Lessee. The Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed in accordance with the terms of the Intercreditor Agreement; provided,

that unless and until the Agent shall have received such directions, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Primary Financing Parties; provided, further, the foregoing shall not

limit the rights of the Majority Secured Parties, the Majority Tranche A Note Purchasers, the Majority Tranche B Lenders or all the Primary Financing Parties, as the case may be, as described in this Agreement or the Intercreditor Agreement.

(g) Each Primary Financing Party expressly acknowledges that neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Agent hereinafter taken, including without limitation any review of the affairs of the Borrower or the Lessee, shall be deemed to constitute any representation or warranty by the Agent to any Primary Financing Party. Each Primary Financing Party represents to the Agent that it has, independently and without reliance upon the Agent or any other Primary Financing Party, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and the Lessee and made its own decision to purchase its Tranche A Notes or make its Tranche B Loans hereunder and enter into this Agreement. Each Primary Financing Party also represents that it will, independently and without reliance upon the Agent or any other Primary Financing Party, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Operative Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower and the Lessee. The Agent agrees to provide to the Primary Financing Parties notices, reports and other documents that are customarily provided by the Agent in its capacity as Agent in transactions similar to the transactions contemplated hereby and by the other Operative Agreements. Except for notices, reports and other documents expressly required to be furnished to the Primary Financing Parties by the Agent hereunder, the Agent shall not have any duty or responsibility to provide any Primary Financing Party with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Borrower or the Lessee which may come into the possession of the Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

(h) The Primary Financing Parties agree to indemnify the Agent, in its capacity as such (to the extent not reimbursed by the Borrower or the Lessee or any Credit Party and without limiting any obligation of the Borrower or the Lessee or any Credit Party under and in accordance with the terms of the Operative Agreements to do

so), ratably according to their respective Commitment Percentages in effect on the date on which indemnification is sought under this Section (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Notes shall have been paid in full, ratably in accordance with their Commitment Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including without limitation at any time following the payment of the Notes) be imposed on, incurred by or asserted against any of them in any way relating to or arising out of, the Commitments, this Agreement, any of the other Operative Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by any of them under or in connection with any of the foregoing; provided, that no Primary Financing Party shall be liable

for the payment of any portion of such liabilities, obligations, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the gross negligence or willful misconduct of the Agent, or its failure to use ordinary care in the handling of funds. The agreements in this Section shall survive the payment of the Notes and all other amounts payable hereunder.

(i) The Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower or the Lessee as though the Agent were not the Agent hereunder and under the other Operative Agreements. With respect to its Tranche B Loans made or renewed by it and any Tranche B Note issued to it, the Agent shall have the same rights and powers under this Agreement and the other Operative Agreements as any Tranche B Lender and may exercise the same as though it were not the Agent, and the terms "Tranche B Lender" and "Tranche B Lenders" shall include the Agent in its individual capacity.

(j) (i) The Agent may resign at any time as the Agent upon sixty (60) days' notice to the Primary Financing Parties, the Borrower and, so long as no Lease Event of Default shall have occurred and be continuing, the Lessee. If the Agent shall resign as the Agent under this Agreement, a successor Agent shall be appointed by the Majority Tranche A Note Purchasers and the Majority Tranche B Lenders which successor Agent shall be subject to the approval of, so long as no Lease Event of Default shall have occurred and be continuing, the Lessee, such approval not to be unreasonably withheld or delayed. If no successor Agent is appointed prior to the effective date of the resignation of the resigning Agent, the Agent may appoint, after consulting with the Primary Financing Parties and subject to the approval of, so long as no Lease Event of Default shall have occurred and be continuing, the Lessee, such approval not to be unreasonably withheld or delayed, a successor Agent. Any successor Agent, however appointed, shall be a bank or trust company incorporated and doing business within the United States of America and having a combined capital and surplus of at least \$200,000,000, if there be such an institution willing, able and legally qualified to perform the duties of the Agent hereunder upon reasonable or customary terms. If no successor Agent has accepted appointment as the Agent by the date which is sixty (60) days following a retiring Agent's notice of

resignation, the retiring Agent's notice of resignation shall nevertheless thereupon become effective and the Primary Financing Parties shall perform all of the duties of the Agent until such time, if any, as the Majority Tranche A Note Purchasers and the Majority Tranche B Lenders appoint a successor Agent, as provided for above. Upon the effective date of such resignation, only such successor Agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor agent and the retiring Agent's rights, powers and duties in such capacity shall be terminated. After any retiring Agent resigns hereunder as the Agent, the provisions of this Section 8.6, Section 9.5 of the Credit Agreement and Section 15.1 of the Note Purchase Agreement shall inure to their respective benefit as to any actions taken or omitted to be taken by it while it was the Agent under this Agreement.

(ii) The Agent may be removed (x) by either the Majority Tranche A Note Purchasers or the Tranche B Lenders in the case of fraud, misappropriation of funds or the commission of illegal acts by the Agent or where the Agent has failed to perform its obligations hereunder or under any other Operative Agreement in any material respect, or (y) any time at the request of any Primary Financing Party, but only with the consent of the Majority Tranche A Note Purchasers and the Majority Tranche B Lenders and so long as no Lease Event of Default shall have occurred and be continuing, the Lessee. Any such removal shall be effective upon the acceptance of appointment of a successor Agent in accordance with the provisions of paragraph (i) of this Section 8.6(j); provided,

however, to the extent the Agent being replaced pursuant to

clause (x) of this Section 8.6(j)(ii) is also a Tranche A Note Purchaser or a Tranche B Lender, such Person shall not be permitted to vote in connection with the appointment or approval of a successor Agent pursuant to paragraph (i) of this Section 8.6(j).

(k) Other than the exercise of reasonable care to assure the safe custody of the Collateral while being held by the Agent hereunder or under any other Operative Agreement, the Agent shall have no duty or liability to preserve rights pertaining thereto, it being understood and agreed that the Lessee shall be responsible for preservation of all rights in the Collateral, and the Agent shall be relieved of all responsibility for the Collateral upon surrendering it or tendering the surrender of it to the Lessee. The Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Agent accords its own property, which shall be no less than the treatment employed by a reasonable and prudent agent in the industry, it being understood that the Agent shall not have responsibility for taking any necessary steps to preserve rights against any parties with respect to any of the Collateral.

8.7. Collection and Allocation of Payments and Other Amounts.

(a) Each Credit Party has agreed pursuant to Section 5.10 and otherwise in accordance with the terms of this Agreement to pay to (i) the Agent any and all Rent (excluding Excepted Payments) and any and all other amounts of any kind or type under

any of the Operative Agreements due and owing or payable by the Lessee or any other Credit Party to any party hereto, and (ii) each Person, as appropriate, the Excepted Payments. Promptly after receipt, the Agent shall apply and allocate, in accordance with the terms of this Section 8.7, such amounts received from any Credit Party and all other payments, receipts and other consideration of any kind whatsoever received by the Agent pursuant to the Security Agreement or otherwise received by the Agent, the Lessor or any of the Primary Financing Parties in connection with the Collateral, the Security Documents or any of the other Operative Agreements. Ratable distributions among the Primary Financing Parties under this Section 8.7 shall be made based on the ratio of the amounts outstanding under the Notes to the aggregate Property Cost. Ratable distributions among the Tranche A Note Purchasers under this Section 8.7 shall be made based on the ratio of the amounts outstanding under an individual Tranche A Note Purchaser's Tranche A Note to the aggregate of all amounts outstanding under all of the Tranche A Note Purchasers' Tranche A Notes. Ratable distributions among the Tranche B Lenders under this Section 8.7 shall be made based on the ratio of the individual Tranche B Lender's Commitment for Tranche B Loans to the aggregate of all the Tranche B Lenders' Commitments for Tranche B Loans.

(b) Payments and other amounts received by the Agent or the Lessor from time to time in accordance with the terms of subparagraph (a) shall be applied and allocated as follows (subject in all cases to Section 8.7(c)):

(i) Any such payment or amount identified as or deemed to be Basic Rent shall be applied and allocated by the Agent if no Lease Default or Lease Event of Default is in effect, first, ratably to the Primary Financing Parties for

application and allocation to the payment of interest on the Notes and thereafter the principal of the Notes which is due and payable on such date; second, to any and all other amounts

owing under the Operative Agreements to the Primary Financing Parties; third, any excess shall be paid to the Lessee or such

Person or Persons as the Lessee may designate; provided, that

if a Lease Default or Lease Event of Default is in effect, such amounts shall instead be held by the Agent until the earlier of (I) the first date thereafter on which no Lease Default or Lease Event of Default shall be in effect (in which case such amounts shall be applied pursuant to this subparagraph (i) and (II) the Expiration Date, (or, if earlier, the date of any Acceleration), in which case such amounts shall be applied and allocated in the manner contemplated by Section 8.7(b)(iv).

(ii) If on any date the Agent or the Lessor shall receive any amount in respect of any Casualty, Condemnation or Environmental Violation pursuant to Sections 15.1(a) or 15.1(g) of the Lease (excluding any payments in respect thereof which are payable to the Lessee in accordance with the Lease) and such payment is in an amount less than the Termination Value at such time, the Lessor or the Agent, as the case may be, shall be required to pay such amount received in accordance with Section 8.7(b)(iii) hereof; provided, that

any excess shall be paid to Lessee or its designee in accordance with Section 15.1 of the Lease.

(iii) An amount equal to any payment identified as proceeds of the sale or other disposition (or lease upon the exercise of remedies) of the Property to a third party or any portion thereof, whether pursuant to Article XXII of the Lease or the exercise of remedies under the Security Documents or otherwise or the exercise of foreclosure remedies under the Lease, any payment in respect of excess wear and tear pursuant to Section 22.3 of the Lease (whether such payment relates to a period before or after the Construction Period Termination Date) shall be applied and allocated by the Agent first,

ratably to the payment of the principal and interest of the Tranche B Loans then outstanding, second, to any and all other

amounts owing under the Operative Agreements to the Tranche B Lenders under the Tranche B Loans, third, to the extent such

amount exceeds the maximum amount to be returned pursuant to the foregoing provisions of this paragraph (iii), ratably to the payment of the principal, interest and Make-Whole Amount, if any, on the Tranche A Notes then outstanding, fourth, to

any and all other amounts owing under the Operative Agreements to the Tranche A Note Purchasers under the Tranche A Notes, and fifth, to the extent moneys remain after application and

allocation pursuant to clauses first through fourth above, to

the Lessor for application and allocation as the Lessor shall determine.

(iv) An amount equal to (A) any payment pursuant to Section 22.1(b) of the Lease (or otherwise) of the Maximum Residual Guarantee Amount in respect of the Property, (B) any other amount payable after the occurrence of an Event of Default not covered by Sections 8.7(b)(i) or 8.7(b)(iii) above (including without limitation any amount received in connection with an action for liquidated damages pursuant to Section 17.4 or Section 17.6 of the Lease or a payment of the Maximum Amount or by set off by the Agent) and (C) any other amount payable by the Guarantor pursuant to the Guaranty shall be applied and allocated by the Agent first, ratably, to the

payment of the principal, interest and Make-Whole Amount, if any, on the Tranche A Notes then outstanding, second, to any

and all other amounts owing under the Operative Agreements to the Tranche A Note Purchasers under the Tranche A Notes, third, to the extent such amount exceeds the maximum amount to

be retained pursuant to the foregoing provisions of this paragraph (iv), ratably to the payment of the principal and interest balance of the Tranche B Loans then outstanding, fourth, to the payment of any other amounts owing to the

Tranche B Lenders under the Tranche B Loans, and fifth, to the

extent moneys remain after application and allocation pursuant to clauses first through fourth above, to the Lessor for

application and allocation as the Lessor shall determine.

(v) An amount equal to any such payment identified as Supplemental Rent payable to the Agent, the Lessor or any Primary Financing Party shall be applied and allocated by the Agent to the payment of any amounts then owing to the Agent, the Primary Financing Parties, the Lessor and the other parties to the Operative Agreements (or any of them) (other than any such amounts payable pursuant to the preceding provisions of this Section 8.7(b)) as shall be determined by the Agent in its reasonable discretion; provided, however,

that Supplemental

Rent received after the occurrence and continuance of an Event of Default shall be applied and allocated as set forth in Section 8.7(b)(iv).

(vi) Except as set forth in subparagraph (ii) of this Section 8.7(b), any payment of Termination Value shall be applied and allocated by the Agent if no Lease Default or Lease Event of Default is in effect, first, ratably to the

Primary Financing Parties for application and allocation to the payment of the principal, interest and Make-Whole Amount, if any, on the Notes which is due and payable on such date; second, to any and all other amounts owing under the Operative

Agreements to the Primary Financing Parties; third, any excess

shall be paid to the Lessee or such Person or Persons as the Lessee may designate; provided, that if a Lease Default or

Lease Event of Default is in effect, such amount shall be applied and allocated in the manner contemplated by Section 8.7(b)(iv).

(vii) The Agent in its reasonable judgment shall identify the nature of each payment or amount received by the Agent and apply and allocate each such amount in the manner specified above.

(c) Notwithstanding any provision contained herein or in any other Operative Agreement to the contrary, upon the payment in full of the Loans and all other amounts then due and owing by the Lessor hereunder or under any Operative Agreement and the payment in full of all other amounts then due and owing to the Primary Financing Parties, the Lessor, the Agent and the other Financing Parties pursuant to the Operative Agreements, any moneys remaining with the Agent shall be returned to the Lessee or its designee. Notwithstanding the foregoing, the obligations of the Lessee to pay all amounts due to any Financing Party under the Notes or any other Operative Agreement shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Lessee is rescinded or must be otherwise restored by any Financing Party, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and the Lessee agrees that it will, subject to Section 11.7 of the Participation Agreement, indemnify each Financing Party on demand for all reasonable costs and expenses (including, without limitation, reasonable fees of counsel) incurred by any Financing Party in connection with such rescission or restoration, including without limitation any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

8.8. Release of Properties, etc.

If the Lessee shall at any time purchase the Property pursuant to the Lease, or the Construction Agent shall purchase the Property pursuant to the Agency Agreement, or if the Property shall be sold in accordance with Article XXII of the Lease, then, upon satisfaction by the Borrower of its obligation to prepay the Loans and all other amounts owing to the Primary Financing Parties under the Operative Agreements, the Agent is hereby authorized and directed to release such Property from the Liens created by the Security Documents to the extent of its interest therein. In addition, upon the termination of the Commitments and the payment in full of

the Loans and all other amounts owing by the Borrower and the Lessee hereunder or under any other Operative Agreement, the Agent is hereby authorized and directed to release the Property from the Liens created by the Security Documents to the extent of its interest therein. Upon request of the Borrower following any such release, the Agent shall, at the sole cost and expense of the Lessee, execute and deliver to the Borrower and the Lessee such documents as the Borrower or the Lessee shall reasonably request to evidence such release.

8.9. Limitation of Lessor's Obligations.

(a) The Lessor shall not have any duty or obligation to manage, control, use, make any payment in respect of, register, record, insure, inspect, sell, dispose of or otherwise deal with the Property or any other part of the Borrower's Interest, or to otherwise take or refrain from taking any action under or in connection with any Operative Agreement to which the Lessor is a party, except as expressly provided by the terms of the Operative Agreements or in written instructions from all the Primary Financing Parties and/or the Majority Secured Parties, as applicable, received pursuant to Section 8.6; and no implied duties or obligations shall be read into the Operative Agreements against the Lessor. The Lessor shall have no duty or obligation to supervise or monitor the performance of the Construction Agent by the Agency Agreement, which for all purposes shall be an independent contractor. The Lessor nevertheless agrees that it will promptly take all action as may be necessary to discharge any Lessor Liens on any part of the Property.

(b) The Lessor agrees that it will not manage, control, use, sell, dispose of or otherwise deal with the Property or any other part of the Borrower's Interest except (a) as required by the terms of the Operative Agreements, (b) in accordance with the powers granted to, or the authority conferred upon, it pursuant to the Operative Agreements or (c) in accordance with the express terms hereof and with written instructions from all the Primary Financing Parties and/or the Majority Secured Parties, as applicable, pursuant to Section 8.6.

(c) Except in accordance with written instructions furnished pursuant to an applicable provision of the Operative Agreements (expressly cited in such instructions), and without limitation of the generality of Section 8.9(a), the Lessor shall not have any duty to (i) file, record or deposit any Operative Agreement or any other document, or to maintain any such filing, recording or deposit or to refile, rerecord or redeposit any such document; (ii) obtain insurance on the Property or effect or maintain any such insurance, other than to receive and forward to each Primary Financing Party and the Agent any notices, policies, certificates or binders furnished to the Lessor pursuant to the Lease; (iii) maintain the Property; (iv) pay or discharge any Tax or any Lien owing with respect to or assessed or levied against any part of the Borrower's Interest, except as provided in the last sentence of Section 8.9(a), other than to forward notice of such Tax or Lien received by the Lessor to each Primary Financing Party and the Agent; (v) confirm, verify, investigate or inquire into the failure to receive any reports or financial statements of Lessee or any other Person; (vi) inspect the Property at any time or ascertain or inquire as to the performance or observance of any of the covenants of Lessee or any other Person

under any Operative Agreement with respect to the Property; or (vii) manage, control, use, sell, dispose of or otherwise deal with the Property or any part thereof or any other part of the Borrower's Interest, except as provided in Section 8.9(b) .

(d) The Lessor, in the exercise or administration of its powers pursuant to the Operative Agreements, may, at the expense and, so long as no Lease Default or Lease Event of Default shall have occurred and be continuing, with the consent of Lessee (which amounts may be funded prior to the Construction Period Termination Date in accordance with the Operative Agreements) employ agents, attorneys, accountants, and auditors and enter into agreements with any of them and the Lessor shall not be liable for the default or misconduct of any such agents, attorneys, accountants or auditors if such agents, attorneys, accountants or auditors shall have been selected by it with reasonable care.

8.10. No Representations or Warranties as to the Property or

Operative Agreements.

THE LESSOR MAKES (i) NO REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE TITLE, VALUE, USE, CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS FOR USE OF THE PROPERTY (OR ANY PART THEREOF), OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY (OR ANY PART THEREOF) AND THE LESSOR SHALL NOT BE LIABLE FOR ANY LATENT, HIDDEN, OR PATENT DEFECT THEREIN OR THE FAILURE OF THE PROPERTY, OR ANY PART THEREOF, TO COMPLY WITH ANY LEGAL REQUIREMENT except that the Lessor hereby represents, warrants and covenants to each Primary Financing Party that it will comply with the last sentence of Section 8.9(a), and (ii) no representation or warranty as to the validity or enforceability of any Operative Agreement as against any Person other than the Lessor or as to the correctness of any statement made by a Person other than the Lessor contained in any thereof.

8.11. Reliance; Advice of Counsel.

The Lessor shall not incur any liability to any Person in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper reasonably believed by it to be genuine and believed by it in good faith to be signed by the proper party or parties. The Lessor may accept and rely upon a certified copy of a resolution of the board of directors or other governing body of any corporate party as conclusive evidence that such resolution has been duly adopted by such body and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically prescribed herein, the Lessor may for all purposes of the Operative Agreements rely on an Officer's Certificate of the relevant party, as to such fact or matter, and such certificate shall constitute full protection to the Lessor for any action taken or omitted to be taken by it reasonably in good faith in reliance thereon. In the administration of the Lessor's duties, the Lessor may execute and perform its powers and duties directly or through agents or attorneys and may consult with counsel, accountants and other skilled Persons to be selected and employed

by it, and the Lessor shall not be liable for anything done, suffered or omitted reasonably in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled Persons and not contrary to the Operative Agreements.

8.12. Recordation of the Lease Supplement and/or Memorandum of

Lease.

The Agent, the Primary Financing Parties and the Lessor hereby covenant and agree that, so long as the credit rating of the senior, unsecured long-term indebtedness of Capital One Bank has not fallen below either Baa3 (as rated by Moody's) or BBB- (as rated by S&P) and so long as no Lease Event of Default exists, the Agent shall hold in escrow and shall not record the Lease Supplement and/or Memorandum of Lease executed by the Lessee or the financing statements executed by the Lessee in regard thereto. In the event that either (a) the credit rating of the senior, unsecured long-term indebtedness of Capital One Bank falls below either Baa3 (as rated by Moody's) or BBB- (as rated by S&P) or (b) a Lease Event of Default occurs and is continuing, then (i) the Agent may, in its sole discretion, record the Lease Supplement and/or Memorandum of Lease executed by the Lessee and the financing statements executed by the Lessee in regard thereto, and (ii) the Lessee covenants and agrees to (A) cause to be delivered to the Agent, at the expense of the Lessee, a title insurance policy or policies, which title policy or policies shall be in form and substance reasonably satisfactory to the Agent in its reasonable discretion, (B) cause to be delivered to the Agent, at the expense of the Lessee, a legal opinion (in form and substance reasonably satisfactory to the Agent and from legal counsel reasonably satisfactory to the Agent) and (C) pay all necessary recording fees, documentary stamp taxes and similar amounts required to be paid in connection with the recording of such Lease Supplement and/or Memorandum of Lease and the financing statements executed by the Lessee in regard thereto.

8.13 Amendments to Guarantor Credit Agreement.

The Credit Parties hereby agree to furnish, or cause to be furnished, to the Agent and each of the Tranche A Note Purchasers, promptly upon the effectiveness thereof, notice of any additions, amendments or modifications to the general corporate, financial and negative covenants set forth in the Guarantor Credit Agreement (including, but not limited to the covenants set forth in Section 8 thereof but other than the limitations on Liens covenant set forth in Section 8.06 of the Guarantor Credit Agreement or any covenant relating solely to COFC) to the extent the same are not included in, or are less favorable to COB and/or FSB than, the covenants set forth in Sections 8.3, 8.3A, 8.3B, 8.3C and 8.3D. In such event, each of COB and FSB hereby agrees to make modifications or supplements to the covenants set forth in Sections 8.3, 8.3A, 8.3B, 8.3C and 8.3D in a manner consistent with such addition, amendment, modification or supplement made to such covenants in the Guarantor Credit Agreement. Notwithstanding the foregoing, each of COB and FSB hereby further agree that such changes, additions, modifications or supplements to such covenants shall be deemed effective hereunder upon the effectiveness of such modification or addition to such covenants set forth in the Guarantor Creditor Agreement, without any further action on the part of the Majority Tranche A Note Purchasers, including, without limitation, the entering into of a written amendment or supplement to any Operative Agreement. The parties agree to enter into a written amendment or supplement memorializing any of such changes, additions, modifications or supplements upon the request of any other party.

8.14 Joint and Several Liability of the Lessees and Construction

Agents.

(a) Each of FSB and COB (for purposes of this Section 8.14 and Section 8.15, each of FSB and COB may be referred to as a "Co-Lessee"

or, collectively FSB and COB may be referred to as the "Co-Lessees") is

accepting joint and several liability for the obligations of the Lessee and the Construction Agent hereunder and under the other Operative Agreements (including without limitation the Lease and the Agency Agreement) in consideration of the financial accommodation to be provided by the Financing Parties under the Operative Agreements, for the mutual benefit, directly and indirectly, of each of the Co-Lessees.

(b) Notwithstanding any term or provision in any Operative Agreement to the contrary, each Co-Lessee jointly and severally hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor or co-lessee, joint and several liability with every other Co-Lessee with respect to the payment and performance of all of the obligations of the Lessee or the Construction Agent arising under the Operative Agreements, it being the intention of the parties hereto that all the obligations of the Lessee or the Construction Agent shall be the joint and several obligations of each of the Co-Lessees without preferences or distinction among them.

(c) If and to the extent that any Co-Lessee shall fail to make any payment with respect to any obligations of the Lessee or the Construction Agent hereunder as and when due or to perform any of such obligations in accordance with the terms hereof or under the other Operative Agreements, then in each such event, the other Co-Lessee will make such payment with respect to, or perform, such obligation.

(d) The obligations of each Co-Lessee under the provisions of this Section 8.14 constitute full recourse obligations of such Co-Lessee, enforceable against it to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of any Operative Agreement or any other circumstances whatsoever.

(e) Except as otherwise expressly provided herein, each Co-Lessee hereby waives notice of acceptance of its joint and several liability, notice of occurrence of any Default or Event of Default (except to the extent notice is expressly required to be given to the Lessee pursuant to the terms of any Operative Agreement), or of any demand for any payment of the Lessee or the Construction Agent under any Operative Agreement, notice of any action at any time taken or omitted by any Financing Party under or in respect of any of the obligations of the Lessee or the Construction Agent hereunder, any requirement of diligence and, generally, all demands, notices and other formalities of every kind in connection with any Operative Agreement. Each Co-Lessee hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the obligations of the Lessee or the Construction Agent hereunder or under the other Operative Agreements, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by any Financing Party at any time or times in respect of any default by any Credit Party in the performance or satisfaction of any term,

covenant, condition or provision of any Operative Agreement, any and all other indulgences whatsoever by the Financing Parties in respect of any of the obligations of the Lessee or the Construction Agent hereunder, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of such obligations or the addition, substitution or release, in whole or in part, of any Co-Lessee. Without limiting the generality of the foregoing, each Co-Lessee assents to any other action or delay in acting or any failure to act on the part of the Financing Parties, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with applicable laws or regulations thereunder which might, but for the provisions of this Section 8.14, afford grounds for terminating, discharging or relieving such Co-Lessee, in whole or in part, from any of its obligations under this Section 8.14, it being the intention of each Co-Lessee that, so long as any of the obligations of the Lessee or the Construction Agent hereunder or under the other Operative Agreements remain unsatisfied, the obligations of such Co-Lessee under this Section 8.14 shall not be discharged hereunder except by performance and then only to the extent of such performance. The obligations of each Co-Lessee hereunder shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any reconstruction or similar proceeding with respect to any Co-Lessee or any Financing Party. The Co-Lessees hereby waive the application of Section 502(b)(6) of the Bankruptcy Code or any other analogous provision of any other applicable Law. The joint and several liability of the Co-Lessees hereunder and under the other Operative Agreements shall continue in full force and effect notwithstanding any absorption, merger, amalgamation or any other change whatsoever in the name, membership, constitution or place of formation of any Co-Lessee or any Financing Party.

(f) The provisions of this Section 8.14 are made for the benefit of the Financing Parties and their respective successors and assigns, and may be enforced by any such Person from time to time against any of the Co-Lessees under and in accordance with the terms of the Operative Agreements as often as occasion therefor may arise and without requirement on the part of any Financing Party first to marshal any of its claims or to exercise any of its rights against any of the other Co-Lessees or to exhaust any remedies available to it against any of the other Co-Lessees or to resort to any other source or means of obtaining payment of any of the obligations of the Lessee or the Construction Agent or to elect any other remedy. Without limiting the generality of the foregoing, each Co-Lessee hereby specifically waives the benefits of N.C. Gen. Stat.(S)(S).26-7 through 26-9, inclusive, to the extent applicable. The provisions of this Section 8.14 shall remain in effect until all the obligations of the Lessee or the Construction Agent hereunder and under any of the other Operative Agreements shall have been paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the obligations of the Lessee or the Construction Agent, is rescinded or must otherwise be restored or returned by any Financing Party upon the insolvency, bankruptcy or reorganization of any of the Co-Lessees, or otherwise, the provisions of this Section 8.14 will forthwith be reinstated and in effect as though such payment had not been made.

(g) Notwithstanding any provision to the contrary contained herein or in any other of the Operative Agreements, the obligations of each Co-Lessee hereunder and under the other Operative Agreements shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance under Section 548 of the Bankruptcy Code or any comparable provisions of any applicable Law.

8.15 Appointment of COB as Agent for FSB.

FSB hereby appoints COB, and COB hereby accepts such appointment, to act as its agent for all purposes under this Agreement and the other Operative Agreements. Each of FSB and COB acknowledges and agrees that (a) COB may execute such documents on behalf of all the Co-Lessees as COB deems appropriate in its sole discretion and each Co-Lessee shall be bound by and obligated by all of the terms of any such document executed by COB on its behalf, (b) any notice or other communication delivered by the Agent or any other Financing Party hereunder and under the other Operative Agreements to COB shall be deemed to have been delivered to each of the Co-Lessees and (c) the Agent and each of the other Financing Parties shall accept (and shall be permitted to rely on) any document or agreement executed by COB on behalf of the Co-Lessees (or either of them).

SECTION 9. CREDIT AGREEMENT.

9.1. The Construction Agent's and the Lessee's Credit Agreement and Note Purchase Agreement Rights.

Notwithstanding anything to the contrary contained in the Credit Agreement, the Agent, the Tranche A Note Purchasers, the Tranche B Lenders, the Credit Parties and the Lessor hereby agree that, prior to the occurrence and continuation of any Lease Default under Sections 17.1(a), (b), (g), (h) or (j) of the Lease or Lease Event of Default, the Construction Agent or the Lessee, as the case may be, shall have the following rights:

(a) the right to designate an account to which amounts funded under the Operative Agreements shall be credited pursuant to Section 2.3(a) of the Credit Agreement;

(b) the right to terminate or reduce the Tranche B Commitments pursuant to Section 2.5(a) of the Credit Agreement;

(c) the right to exercise the conversion and continuation options pursuant to Section 2.7 of the Credit Agreement;

(d) the right to receive any notice and any certificate, in each case issued pursuant to Section 2.11(a) of the Credit Agreement;

(e) the right to replace any Tranche B Lender pursuant to Section 2.11(b) of the Credit Agreement;

(f) the right to approve any successor Escrow Agent; and

(g) the right to consent to any assignment by a Tranche B Lender to which the Lessor has the right to consent pursuant to Section 9.8 of the Credit Agreement.

SECTION 10. TRANSFER OF INTEREST.

10.1. Restrictions on Transfer.

(a) Each Tranche B Lender may participate, assign or transfer all or a portion of its interest hereunder and under the other Operative Agreements in accordance with Sections 9.7 and 9.8 of the Credit Agreement; provided, that each Tranche B Lender that

participates, assigns or transfers all or a portion of its interest hereunder and under the other Operative Agreements shall deliver to the Agent and the Lessee a copy of each Assignment and Acceptance (as referenced in Section 9.8 of the Credit Agreement) for purposes of maintaining the Register. The Lessor may, subject to the rights of the Lessee under the Lease and the other Operative Agreements and to the Lien of the applicable Security Documents, but only with the prior written consent of the Agent and, so long as no Lease Default under Sections 17.1(a), (b), (g), (h) or (j) of the Lease or Lease Event of Default shall have occurred and be continuing, the Lessee (which consent may be withheld by the Agent or the Lessee in such party's sole discretion) at Lessor's sole expense, directly or indirectly, assign, convey, appoint an agent with respect to enforcement of, or otherwise transfer any of its right, title or interest in or to the Property, the Lease and the other Operative Agreements (including without limitation any right to indemnification thereunder), or any other document relating to the Property or any interest in the Property as provided in the Lease to any Person with a minimum net worth of at least \$200,000,000.00 and a Debt Rating of a Rating Agency of "A" or higher. The provisions of the immediately preceding sentence shall not apply to the obligations of the Lessor to transfer the Property to the Lessee, its designee or a third party purchaser pursuant to Article XXII of the Lease upon payment for the Property in accordance with the terms and conditions of the Lease. Except as otherwise expressly permitted under the Operative Agreements (including pursuant to Article XXV of the Lease), no Credit Party may assign any of the Operative Agreements or any of their respective rights or obligations thereunder or with respect to the Property in whole or in part to any Person without the prior written consent of the Agent, each Primary Financing Party and the Lessor. Each Tranche A Note Purchaser may participate, assign or transfer all or a portion of its interest hereunder and under the other Operative Agreements only in accordance with the provisions of the Note Purchase Agreement.

(b) Notwithstanding anything to the contrary in Section 10.1(a), no consent shall be required from the Agent, the Lessee or any Primary Financing Party (but Lessor shall provide one hundred eighty (180) days (or such shorter period as required by the

Legal Requirement giving rise to the assignment, conveyance, appointment or transfer contemplated by this Section 10.1(b)) written notice to the Agent and the Lessee) in connection with any assignment, conveyance, appointment or transfer by the Lessor required by any Legal Requirement of all or any of its right, title or interest in or to the Property, the Lease and the other Operative Agreements (including without limitation any right to indemnification thereunder), or any other document relating to the Property or any interest in the Property as provided in the Lease to a special purpose entity or any Person with a minimum net worth of at least \$200,000,000.00 and a Debt Rating of a Rating Agency of "A" or higher; provided, in such case, Lessee shall

have the right to require the Lessor (unless such transfer or conveyance has already occurred, in which case the Lessee shall have the right to require such transferee) to transfer its interest to another Person with a minimum net worth of at least \$200,000,000.00 and a Debt Rating of a Rating Agency of "A" or higher selected by the Lessee, in its reasonable discretion; provided, further, Lessee shall

be responsible for any cost or expense incurred by the Lessor in connection with any assignment, conveyance, appointment or transfer by the Lessor pursuant to this Section 10.1(b).

(c) Subject to Section 11.7, the Lessee agrees to indemnify the Lessor for any loss, claim or increased costs incurred by the Lessor and quantified to Lessee in writing by Lessor in reasonable detail as a result of any change in GAAP that adversely affects the Lessor; provided, however, in the case of such a change in GAAP that

adversely affects the Lessor, as long as no Lease Default under Sections 17.1(a), (b), (g), (h) or (j) of the Lease or Lease Event of Default shall have occurred and be continuing, Lessee shall have the right to require the Lessor to transfer its interest to another Person with a minimum net worth of at least \$200,000,000.00 and a Debt Rating of a Rating Agency of "A" or higher selected by the Lessee, in its reasonable discretion; provided, further, nothing in the preceding

proviso shall limit the obligation of the Lessee to provide the indemnity set forth in this Section 10.1(c).

(d) Upon the occurrence and during the continuance of an Event of Default by the Lessor, Lessee shall have the right to require the Lessor to transfer its interest in the Property and the Operative Agreements to a Person with a minimum net worth of at least \$200,000,000.00 and a Debt Rating of a Rating Agency of "A" or higher selected by the Lessee, in its reasonable discretion.

10.2. Effect of Transfer.

From and after any transfer effected in accordance with this Section 10, the transferor shall be released, to the extent of such transfer, from its liability hereunder and under the other documents to which it is a party in respect of obligations to be performed on or after the date of such transfer; provided, however, that any transferor shall remain liable hereunder and under

such other documents to the extent that the transferee shall not have assumed the obligations of the transferor thereunder. Upon any transfer by the Lessor or a Primary Financing Party as above provided, any such transferee shall assume the obligations of the Lessor or the Primary Financing Party, as the case may be, and shall be deemed the "Lessor" or a "Primary Financing Party", as the case may be, for all purposes of such documents and each reference herein to the

transferor shall thereafter be deemed a reference to such transferee for all purposes, except as provided in the preceding sentence. Notwithstanding any transfer of all or a portion of the transferor's interest as provided in this Section 10, the transferor shall be entitled to all benefits accrued and all rights vested prior to such transfer including without limitation rights to indemnification under any such document.

SECTION 11. INDEMNIFICATION.

11.1. General Indemnity.

Whether or not any of the transactions contemplated hereby shall be consummated, the Indemnity Provider hereby assumes liability for and agrees to defend, indemnify and hold harmless each Indemnified Person on an After Tax Basis from and against any Claims which may be imposed on, incurred by or asserted against an Indemnified Person by any third party, including without limitation Claims arising from the negligence of an Indemnified Person (but not to the extent such Claims arise from the gross negligence or willful misconduct of such Indemnified Person, as determined by a court of competent jurisdiction) in any way relating to or arising or alleged to arise out of the execution, delivery, performance or enforcement of this Agreement, the Lease or any other Operative Agreement or on or with respect to the Property or any component thereof, including without limitation Claims in any way relating to or arising or alleged to arise out of (a) the financing, refinancing, purchase, acceptance, rejection, ownership, design, construction, refurbishment, development, delivery, nondelivery, leasing, subleasing, possession, use, occupancy, operation, maintenance repair, modification, transportation, condition, sale, return, repossession (whether by summary proceedings or otherwise), or any disposition of the Property or any part thereof, including without limitation the acquisition, holding or disposition of any interest in the Property, lease or agreement comprising a portion of any thereof; (b) any latent or other defects in the Property or any portion thereof whether or not discoverable by an Indemnified Person or the Indemnity Provider; (c) a violation of, or penalties arising from any violation of, Environmental Laws, Environmental Claims or other loss of or damage to any property or the environment, including any Claim relating to the Property, the Lease, the Agency Agreement or the Indemnity Provider; (d) the Operative Agreements, or any transaction contemplated thereby; (e) any breach by the Indemnity Provider of any of its representations or warranties under the Operative Agreements to which the Indemnity Provider is a party or failure by the Indemnity Provider to perform or observe any covenant or agreement to be performed by it under any of the Operative Agreements; (f) the transactions contemplated hereby or by any other Operative Agreement, in respect of the application of Parts 4 and 5 of Subtitle B of Title I of ERISA; (g) personal injury, death or property damage, including without limitation Claims based on strict or absolute liability in tort; (h) any Claim for patent, trademark or copyright infringement; and (i) any fees, expenses and/or other assessments by any business park or any other applicable entity with oversight responsibility for the Property; provided, however, that the Indemnity Provider

shall not be required to indemnify any Indemnified Person under this Agreement or any of the other Operative Agreements for any of the following:

- (i) any Claim by the Lessor resulting from Lessor Liens which any Indemnified Person is responsible for discharging under the Operative Agreements; (ii)

any Claim by an Indemnified Person arising from a breach or alleged breach by such Indemnified Person of any agreement entered into in connection with the assignment or participation by such Indemnified Person of any Note or any interest therein; (iii) a Claim by an Indemnified Person arising from the offer, sale or delivery by such Indemnified Person of the Notes or an interest related thereto not attributable to acts or omissions of an Indemnity Provider; (iv) a Claim by an Indemnified Person resulting from a violation of any Legal Requirement by such Indemnified Person, (v) except to the extent indemnified hereunder pursuant to Section 11.4, any claim for economic losses based upon the rate of return on the Notes and (vi) the transfer of the Property by any Indemnified Person other than pursuant to the Lease or the Agency Agreement or in connection with the exercise of rights or remedies under the Operative Agreements.

This Section 11.1 shall be construed as an indemnity only and shall not be construed as a guaranty of residual value of any of the Property (including, without limitation, with respect to payment of the Property Cost), or as a guaranty of the Notes. The parties hereto acknowledge and agree that this Section 11.1 shall not be construed as an indemnity with respect to Impositions or any other taxes and that the Lessee's sole indemnification obligation with respect to Impositions shall be as set forth in Section 11.2.

If a written Claim is made against any Indemnified Person or if any proceeding shall be commenced against such Indemnified Person (including without limitation a written notice of such proceeding), for any Claim, such Indemnified Person shall promptly notify the Indemnity Provider in writing and shall not take action with respect to such Claim without the consent of the Indemnity Provider for thirty (30) days after the receipt of such notice by the Indemnity Provider; provided, however, that in the case of any such Claim, if action shall

be required by law or regulation to be taken prior to the end of such period of thirty (30) days, such Indemnified Person shall endeavor to, in such notice to the Indemnity Provider, inform the Indemnity Provider of such shorter period, and no action shall be taken with respect to such Claim without the consent of the Indemnity Provider before seven (7) days before the end of such shorter period unless the Indemnified Person shall be required by such law or regulation to take action prior to the end of such seven (7) day period; provided, further,

that the failure of such Indemnified Person to give the notices referred to in this sentence shall not diminish the Indemnity Provider's obligation hereunder except to the extent such failure materially and adversely affects the ability of the Indemnity Provider to contest such Claim.

If, within thirty (30) days of receipt of such notice from the Indemnified Person (or such shorter period as the Indemnified Person has notified the Indemnity Provider is required by law or regulation for the Indemnified Person to respond to such Claim), the Indemnity Provider shall request in writing that such Indemnified Person respond to such Claim, the Indemnified Person shall, at the reasonable expense of the Indemnity Provider, in good faith conduct and control such action (including without limitation by pursuit of appeals) (provided, however, that (A) if such Claim, in the Indemnity

Provider's reasonable discretion, can be pursued by the Indemnity Provider on behalf of or in the name of such Indemnified Person, the Indemnified Person, at the Indemnity Provider's request, shall allow the Indemnity Provider to conduct and control the response to such Claim and (B) in the case of any Claim (and notwithstanding the provisions of the foregoing subsection (A)), the Indemnified Person may request in writing that the Indemnity

Provider to conduct and control the response to such Claim (with counsel to be selected by the Indemnity Provider and consented to by such Indemnified Person, such consent not to be unreasonably withheld or delayed; provided, however, that

any Indemnified Person may retain separate counsel at the expense of the Indemnity Provider in the event of a potential conflict of interest between such Indemnified Person and the Indemnity Provider)) by, in the sole discretion of the Person conducting and controlling the response to such Claim (1) resisting payment thereof, (2) not paying the same except under protest, if protest is necessary and proper, (3) if the payment be made, using reasonable efforts to obtain a refund thereof in appropriate administrative and judicial proceedings, or (4) taking such other action as is reasonably requested by the Indemnity Provider from time to time.

The party controlling the response to any Claim shall consult in good faith with the non-controlling party and shall keep the non-controlling party reasonably informed as to the conduct of the response to such Claim; provided,

that all decisions ultimately shall be made in the discretion of the controlling party. The parties agree that an Indemnified Person may at any time decline to take further action with respect to the response to such Claim and may settle such Claim if such Indemnified Person shall waive its rights to any indemnity from the Indemnity Provider that otherwise would be payable in respect of such Claim (and any future Claim, the pursuit of which is precluded by reason of such resolution of such Claim) and shall pay to the Indemnity Provider any amount previously paid or advanced by the Indemnity Provider pursuant to this Section 11.1 by way of indemnification or advance for the payment of an amount regarding such Claim, except reasonable expenses therefrom incurred by such Indemnified Person in connection with the response to such Claim.

Notwithstanding the foregoing provisions of this Section 11.1, an Indemnified Person shall not be required to take any action and the Indemnity Provider shall not be permitted to respond to any Claim in its own name or that of the Indemnified Person unless (A) the Indemnity Provider shall have agreed to pay and shall pay to such Indemnified Person on demand and on an After Tax Basis all reasonable costs, losses and expenses that such Indemnified Person actually incurs in connection with such Claim, including without limitation all reasonable legal, accounting and investigatory fees and disbursements and the Indemnity Provider shall have agreed that the Claim is an indemnifiable Claim hereunder, (B) in the case of a Claim that must be pursued in the name of an Indemnified Person (or an Affiliate thereof), the amount of the potential indemnity (taking into account all similar or logically related Claims that have been or could be raised for which the Indemnity Provider may be liable to pay an indemnity under this Section 11.1) exceeds \$50,000 (or such lesser amount as may be subsequently agreed between the Indemnity Provider and the Indemnified Person), (C) the Indemnified Person shall have reasonably determined that the action to be taken will not result in any material danger of sale, forfeiture or loss of the Property, or any part thereof or interest therein, will not interfere with the payment of Rent, and will not result in risk of criminal liability, (D) if such Claim shall involve the payment of any amount prior to the resolution of such Claim, the Indemnity Provider shall provide to the Indemnified Person an interest-free advance in an amount equal to the amount that the Indemnified Person is required to pay (with no additional net after-tax cost to such Indemnified Person) prior to the date such payment is due, (E) in the case of a Claim that must be pursued in the name of an Indemnified Person (or an Affiliate thereof), the Indemnity Provider shall have provided to such Indemnified Person an opinion of independent counsel

selected by the Indemnity Provider and reasonably satisfactory to the Indemnified Person stating that a reasonable basis exists to contest such Claim (or, in the case of an appeal of an adverse determination, an opinion of such counsel to the effect that a reasonable basis for such appeal exists) and (F) no Lease Event of Default shall have occurred and be continuing. In no event shall an Indemnified Person be required to appeal an adverse judicial determination to the United States Supreme Court. In addition, an Indemnified Person shall not be required to contest any Claim in its name (or that of an Affiliate) if the subject matter thereof shall be of a continuing nature and shall have previously been decided adversely by a court of competent jurisdiction pursuant to the contest provisions of this Section 11.1, unless there shall have been a change in law (or interpretation thereof) and the Indemnified Person shall have received, at the Indemnity Provider's expense, an opinion of independent counsel selected by the Indemnity Provider and reasonably acceptable to the Indemnified Person stating that as a result of such change in law (or interpretation thereof), it is more likely than not that the Indemnified Person will prevail in such contest. In no event shall the Indemnity Provider be permitted to adjust or settle any Claim without the consent of the Indemnified Person to the extent any such adjustment or settlement involves, or is reasonably likely to involve, any performance by or adverse admission by or with respect to the Indemnified Person.

11.2. General Tax Indemnity.

(a) The Indemnity Provider shall pay and assume liability for, and does hereby agree to indemnify, protect and defend the Property and all Indemnified Persons, and hold them harmless against, all Impositions on an After Tax Basis, and all payments pursuant to the Operative Agreements shall be made free and clear of and without deduction for any and all present and future Impositions.

(b) Notwithstanding anything to the contrary in Section 11.2(a) hereof, the following shall be excluded from the indemnity required by Section 11.2(a):

(i) Taxes (other than Taxes that are, or are in the nature of, sales, use, rental, value added, transfer or property taxes) that are imposed on a Indemnified Person (other than the Lessor) by the United States federal government that are based on or measured by the net income (including without limitation taxes based on capital gains and minimum taxes) of such Person; provided, that this clause (i)

shall not be interpreted to limit or expand the Indemnity Provider's obligations with respect to withholdings pursuant to Section 11.2(e) hereof and shall not be interpreted to prevent a payment from being made on an After Tax Basis if such payment is otherwise required to be so made;

(ii) Taxes (other than Taxes that are, or are in the nature of, sales, use, rental, value added, transfer or property taxes) that are imposed on any Indemnified Person (other than the Lessor) by any state or local jurisdiction or taxing authority within any state or local jurisdiction and that are based upon or measured by the net income (including without limitation taxes based on capital gains and minimum taxes) of such Person or are in the nature of franchise taxes; provided that such Taxes shall not be excluded under this

subparagraph (ii) to the

extent such Taxes would have been imposed had the location, possession or use of the Property in, the location or the operation of the Lessee in, or the Lessee's making payments under the Operative Agreements from, the jurisdiction imposing such Taxes been the sole connection between such Indemnified Person and the jurisdiction imposing such Taxes; provided,

further, that this clause (ii) shall not be interpreted to

prevent a payment from being made on an After Tax Basis if such payment is otherwise required to be so made;

(iii) any Tax to the extent it relates to any act, event or omission that occurs after the termination of the Lease and redelivery or sale of the Property in accordance with the terms of the Lease (but not any Tax that relates to such termination, redelivery or sale and/or to any period prior to such termination, redelivery or sale); and

(iv) any Taxes which are imposed on an Indemnified Person as a result of the gross negligence or willful misconduct of such Indemnified Person itself, as determined by a court of competent jurisdiction (as opposed to gross negligence or willful misconduct imputed to such Indemnified Person), but not Taxes imposed as a result of ordinary negligence of such Indemnified Person;

(v) Withholdings (as defined in Section 11.2(e) hereof), provided that Withholdings shall be subject to indemnification as provided in Section 11.2(e) hereof; and

(vi) Taxes to the extent the Indemnity Provider receives a credit or reduction in other Impositions that would not have been realized absent the payment of such Taxes that are indemnified hereunder.

Notwithstanding the foregoing, the exclusions from the definition of "Impositions" set forth in clauses (i), (ii) and (iii) shall not apply (but the other exclusions shall apply) to any Taxes or increase in Taxes imposed on an Indemnified Person net of any decrease in taxes realized by such Indemnified Person, to the extent that such tax increase or decrease would not have occurred if on each date of an Advance the Primary Financing Parties has advanced funds to the Lessee in the form of a loan secured by the Property in an amount equal to the Acquisition and Construction Advances funded on such date of an Advance, with debt service equal to the Basic Rent payable on each Schedule Interest Payment Date and a principal balance at the maturity of such loan in an amount equal to the then outstanding amount of the Notes at the end of the term of the Lease.

(c) (i) Subject to the terms of Section 11.2(f), the Indemnity Provider shall pay or cause to be paid all Impositions directly to the taxing authorities where feasible and otherwise to the Indemnified Person, as appropriate, and the Indemnity Provider shall at its own expense, upon such Indemnified Person's reasonable request, furnish to such Indemnified Person copies of official receipts or other satisfactory proof evidencing such payment.

(ii) In the case of Impositions for which no contest is conducted pursuant to Section 11.2(f) and which the Indemnity Provider pays directly to the taxing authorities, the Indemnity Provider shall pay such Impositions prior to the latest time permitted by the relevant taxing authority for timely payment. In the case of Impositions for which the Indemnity Provider reimburses an Indemnified Person, the Indemnity Provider shall do so within thirty (30) days after receipt by the Indemnity Provider of demand by such Indemnified Person describing in reasonable detail the nature of the Imposition and the basis for the demand (including without limitation the computation of the amount payable), accompanied by receipts or other reasonable evidence of such demand. In the case of Impositions for which a contest is conducted pursuant to Section 11.2(f), the Indemnity Provider shall pay such Impositions or reimburse such Indemnified Person for such Impositions, to the extent not previously paid or reimbursed pursuant to subsection (a), prior to the latest time permitted by the relevant taxing authority for timely payment after conclusion of all contests under Section 11.2(f).

(iii) At the Indemnity Provider's request, the amount of any indemnification payment by the Indemnity Provider pursuant to subsection (a) shall be verified and certified by an independent public accounting firm mutually acceptable to the Indemnity Provider and the Indemnified Person. The fees and expenses of such independent public accounting firm shall be paid by the Indemnity Provider unless such verification shall result in an adjustment in the Indemnity Provider's favor of fifteen percent (15%) or more of the payment as computed by the Indemnified Person, in which case such fee shall be paid by the Indemnified Person.

(d) The Indemnity Provider shall be responsible for preparing and filing any real and personal property or ad valorem tax returns in respect of the Property. In case any other report or tax return shall be required to be made with respect to any obligations of the Indemnity Provider under or arising out of subsection (a) and of which the Indemnity Provider has knowledge or should have knowledge, the Indemnity Provider, at its sole cost and expense, shall notify the relevant Indemnified Person of such requirement and (except if such Indemnified Person notifies the Indemnity Provider that such Indemnified Person intends to prepare and file such report or return) (A) to the extent required or permitted by and consistent with Legal Requirements, make and file in the Indemnity Provider's name such return, statement or report; and (B) in the case of any other such return, statement or report required to be made in the name of such Indemnified Person, advise such Indemnified Person of such fact and prepare such return, statement or report for filing by such Indemnified Person or, where such return, statement or report shall be required to reflect items in addition to any obligations of the Indemnity Provider under or arising out of subsection (a), provide such Indemnified Person at the Indemnity Provider's expense with information sufficient to permit such return, statement or report to be properly made with respect to any obligations of the Indemnity Provider under or arising out of subsection (a) no later than fifteen (15) days prior to the due date thereof. Such Indemnified Person shall, upon the Indemnity Provider's request and at the

Indemnity Provider's expense, provide any data maintained by such Indemnified Person (and not otherwise available to or within the control of the Indemnity Provider) with respect to each Property which the Indemnity Provider may reasonably require to prepare any required tax returns or reports.

(e) As between the Indemnity Provider on one hand, and each Financing Party on the other hand, the Indemnity Provider shall be responsible for, and the Indemnity Provider shall indemnify and hold harmless each Financing Party (without duplication of any indemnification required by subsection (a)) on an After Tax Basis against, any obligation for United States or foreign withholding taxes or similar levies, imposts, charges, fees, deductions or withholdings (collectively, "Withholdings") imposed in respect of the interest

payable on the Notes or with respect to any other payments under the Operative Agreements (all such payments being referred to herein as "Exempt Payments" to be made without deduction, withholding or set off)

(and, if any Financing Party receives a demand for such payment from any taxing authority or a Withholding is otherwise required with respect to any Exempt Payment, the Indemnity Provider shall discharge such demand on behalf of such Financing Party); provided, however, that

the obligation of the Indemnity Provider under this Section 11.2(e) shall not apply to:

(i) Withholdings on any Exempt Payment to any Financing Party which is a non-U.S. Person unless such Financing Party is, on the date hereof (or on the date it becomes a Financing Party hereunder) and on the date of any change in the principal place of business or the lending office of such Financing Party, entitled to submit a Form W-8BEN or Form W-8ECI or successor applicable form, certifying in each case that such party is entitled under Section 1442 of the Code or any other applicable provision thereof or under any applicable tax treaty or convention to receive payments pursuant to the Operative Agreements without deduction or withholding of United States federal income tax and is a foreign Person thereby entitled to an exemption from United States backup withholding taxes (except where the failure of the exemption results from a change in the principal place of business of the Lessee); provided however, if a failure of the

exemption is due to a change in law after the date hereof or in the case of a Financing Party that acquires its interest after the date hereof, a change in law occurring after such date, then the Indemnity Provider shall be liable for withholding resulting therefrom; or

(ii) Any U.S. Taxes imposed solely by reason of the failure by a non-U.S. Person to comply with applicable certification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connections with the United States of America of such non-U.S. Person if such compliance is required by statute or regulation of the United States of America as a precondition to relief or exemption from such U.S. Taxes if the Indemnity Provider has provided such certification, information, documentation or other reporting requirements to the Financing Party and the Financing Party is eligible for such relief or exemption.

For the purposes of this Section 11.2(e), (A) "U.S. Person" shall mean

a citizen, national or resident of the United States of America, a corporation, partnership or other entity created or organized in or under any laws of the United States of America or any State thereof, or any estate or trust that is subject to Federal income taxation regardless of the source of its income, (B) "U.S. Taxes" shall mean any

present or future tax, assessment or other charge or levy imposed by or on behalf of the United States of America or any taxing authority thereof or therein, (C) "Form W-8BEN" shall mean Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Withholding) of the Department of the Treasury of the United States of America and (D) "Form W-8ECI" shall mean Form W-8ECI (Certificate of Foreign Person's Claim for Exemption from Withholding on Income Effectively Connected with the Conduct of a Trade or Business in the United States) of the Department of the Treasury of the United States of America (or in relation to either such Form such successor and related forms as may from time to time be adopted by the relevant taxing authorities of the United States of America to document a claim to which such Form relates). Each of the Forms referred to in the foregoing clauses (C) and (D) shall include such successor and related forms as may from time to time be adopted by the relevant taxing authorities of the United States of America to document a claim to which such Form relates.

If a Financing Party or an Affiliate with whom such Financing Party files a consolidated tax return (or equivalent) subsequently receives the benefit in any country of a tax credit or an allowance resulting from U.S. Taxes with respect to which it has received a payment of an additional amount under this Section 11.2(e), such Financing Party will pay to the Indemnity Provider such part of that benefit as in the opinion of such Financing Party will leave it (after such payment) in a position no more and no less favorable than it would have been in if no additional payment had been required to be paid, provided always that (i) such Financing Party will be the sole judge of

the amount of any such benefit and of the date on which it is received, (ii) such Financing Party will have the absolute discretion as to the order and manner in which it employs or claims tax credits and allowances available to it and (iii) such Financing Party will not be obliged to disclose to the Borrower any information regarding its tax affairs or tax computations. A subsequent loss of such tax credit or allowance with respect to which a payment is made pursuant to this paragraph to an Indemnity Provider shall be treated as an Imposition that is indemnifiable under Section 11.2(a) hereof without regard to the exclusions of Section 11.2(b) (i), (ii) and (iii) hereof.

Each non-U.S. Person that shall become a Financing Party after the date hereof shall, upon the effectiveness of the related transfer or otherwise upon becoming a Financing Party hereunder, be required to provide all of the forms and statements referenced above or other evidences of exemption from Withholdings if the Indemnity Provider has provided such certification, information, documentation or other reporting requirements to the Financing Party and the Financing Party is eligible for such relief or exemption.

(f) If a written Claim is made against any Indemnified Person or if any proceeding shall be commenced against such Indemnified Person (including without

limitation a written notice of such proceeding), for any Impositions, the provisions in Section 11.1 relating to notification and rights to contest shall apply; provided, however, that the Indemnity Provider

shall have the right to conduct and control such contest only if such contest involves a Tax other than a Tax on net income of the Indemnified Person that can be pursued independently from any other proceeding involving a Tax liability of such Indemnified Person.

11.3. Increased Costs, Illegality, etc.

(a) If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation after the Closing Date or (ii) the compliance with any guideline or request hereafter adopted, promulgated or made by any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Financing Party of agreeing to make or making, funding or maintaining Advances, then the Lessee shall from time to time, upon demand by such Financing Party (with a copy of such demand to the Agent but, in the case of any Tranche B Lender, subject to the terms of Section 2.11 of the Credit Agreement), pay to the Agent for the account of such Financing Party additional amounts sufficient to compensate such Financing Party for such increased cost on an After Tax Basis. A certificate as to the amount of such increased cost, submitted to the Lessee and the Agent by such Financing Party, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Financing Party determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law, but in each case promulgated or made after the date hereof) affects or would affect the amount of capital required or expected to be maintained by such Financing Party or any corporation controlling such Financing Party and that the amount of such capital is increased by or based upon the existence of such Financing Party's commitment to make Advances or upon the Advances, then, upon demand by such Financing Party (with a copy of such demand to the Agent but, in the case of any Tranche B Lender, subject to the terms of Section 2.11 of the Credit Agreement), the Lessee shall pay to the Agent for the account of such Financing Party, from time to time as specified by such Financing Party, additional amounts sufficient to compensate such Financing Party or such corporation on an After Tax Basis in the light of such circumstances, to the extent that such Financing Party reasonably determines such increase in capital to be allocable to the existence of such Financing Party's commitment to make such Advances. A certificate as to such amounts submitted to the Lessee and the Agent by such Financing Party shall be conclusive and binding for all purposes, absent manifest error.

(c) [Reserved].

(d) Without affecting its rights under Sections 11.3(a) or 11.3(b) or any other provision of any Operative Agreement, each Financing Party agrees that if there is any increase in any cost to or reduction in any amount receivable by such Financing Party with respect to which the Lessee would be obligated to compensate such Financing Party

pursuant to Sections 11.3(a) or 11.3(b), such Financing Party shall use reasonable efforts to select an alternative office for Advances which would not result in any such increase in any cost to or reduction in any amount receivable by such Financing Party; provided, however, that

no Financing Party shall be obligated to select an alternative office for Advances if such Financing Party determines that (i) as a result of such selection such Financing Party would be in violation of any applicable law, regulation, treaty, or guideline, or would incur additional costs or expenses or (ii) such selection would be inadvisable for regulatory reasons or materially inconsistent with the interests of such Financing Party.

(e) With reference to the obligations of the Lessee set forth in Sections 11.3(a) through 11.3(d), the Lessee shall not have any obligation to pay to any Financing Party amounts owing under such Sections for any period which is more than one (1) year prior to the date upon which the request for payment therefor is delivered to the Lessee.

(f) Notwithstanding any other provision of this Agreement, if any Tranche B Lender shall notify the Agent and the Agent shall notify the Borrower and the Lessee that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Tranche B Lender to perform its obligations hereunder and under the other Operative Agreements to make or maintain Eurodollar Loans then (i) each Eurodollar Loan will automatically, at the earlier of the end of the Interest Period for such Eurodollar Loan or the date required by law, convert into an ABR Loan and (ii) the obligation of such Tranche B Lender to make, convert or continue Eurodollar Loans shall be suspended until the Agent shall notify the Lessee that such Tranche B Lender has determined that the circumstances causing such suspension no longer exist.

11.4. Funding/Contribution Indemnity.

Subject to the provisions of Section 2.11(a) of the Credit Agreement, the Lessee agrees to indemnify each Tranche B Lender and to hold each Tranche B Lender harmless from any loss or reasonable expense which such Tranche B Lender may sustain or incur as a consequence of (a) any default by the Construction Agent in connection with the drawing of funds for any Advance, (b) any default in making any prepayment after a notice thereof has been given in accordance with the provisions of the Operative Agreements or (c) the making of a voluntary or involuntary payment of Eurodollar Loans on a day which is not the last day of an Interest Period with respect thereto. The Lessee agrees to indemnify each Tranche A Note Purchaser and to hold each Tranche A Note Purchaser harmless from any loss or reasonable expense which such Tranche A Note Purchaser may sustain or incur as a consequence of the making of a voluntary or involuntary payment of any Tranche A Note on a day which is not the Maturity Date. Such indemnification shall be (I) respecting Tranche B Loans, in an amount equal to the excess, if any, of (x) the amount of interest which would have accrued on the amount so paid, or not so borrowed, accepted, converted or continued for the period from the date of such payment or of such failure to borrow, accept, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, accept, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable Eurodollar Rate plus the

Applicable Percentage for such Loan for such Interest Period over (y) the amount of interest (as determined by such Financing Party in its reasonable discretion) which would have accrued to such Financing Party on such amount by reemploying such funds in loans of the same type and amount during the period from the date of payment or failure to borrow to the last day of the then applicable Interest Period (or, in the case of a failure to borrow, the Interest Period that would have commenced on the date of such failure) and (II) respecting the Tranche A Notes, the Make-Whole Amount. This covenant shall survive the termination of the Operative Agreements and the payment of all other amounts payable hereunder.

11.5. EXPRESS INDEMNIFICATION FOR ORDINARY NEGLIGENCE, STRICT

LIABILITY, ETC.

WITHOUT LIMITING THE GENERALITY OF THE INDEMNIFICATION PROVISIONS OF ANY AND ALL OF THE OPERATIVE AGREEMENTS AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PERSON PROVIDING INDEMNIFICATION OF ANOTHER PERSON UNDER ANY OPERATIVE AGREEMENT HEREBY FURTHER EXPRESSLY RELEASES EACH BENEFICIARY OF ANY SUCH INDEMNIFICATION FROM ALL CLAIMS FOR LOSS OR DAMAGE, DESCRIBED IN ANY OPERATIVE AGREEMENT, CAUSED BY ANY ACT OR OMISSION ON THE PART OF ANY SUCH BENEFICIARY ATTRIBUTABLE TO THE ORDINARY NEGLIGENCE (WHETHER SOLE OR CONTRIBUTORY) OR STRICT LIABILITY OF ANY SUCH BENEFICIARY, AND INDEMNIFIES, EXONERATES AND HOLDS EACH SUCH BENEFICIARY FREE AND HARMLESS FROM AND AGAINST ANY AND ALL ACTIONS, CAUSES OF ACTION, SUITS, CLAIMS, LOSSES, COSTS, LIABILITIES, DAMAGES AND EXPENSES (INCLUDING WITHOUT LIMITATION REASONABLE ATTORNEY'S FEES AND EXPENSES), DESCRIBED ABOVE, INCURRED BY ANY SUCH BENEFICIARY (IRRESPECTIVE OF WHETHER ANY SUCH BENEFICIARY IS A PARTY TO THE ACTION FOR WHICH INDEMNIFICATION UNDER THIS AGREEMENT OR ANY OTHER OPERATIVE AGREEMENT IS SOUGHT) ATTRIBUTABLE TO THE ORDINARY NEGLIGENCE (WHETHER SOLE OR CONTRIBUTORY) OR STRICT LIABILITY OF ANY SUCH BENEFICIARY.

11.6. Additional Provisions Regarding Environmental Indemnification.

Without limiting the generality of Section 11.1, each and every Indemnified Person shall at all times have the rights and benefits, and the Indemnity Provider shall have the obligations, in each case provided pursuant to the Operative Agreements with respect to environmental matters, violations of any Environmental Law, any Environmental Claim or other loss of or damage to any property or the environment relating to the Property, the Lease, the Agency Agreement or the Indemnity Provider (including without limitation the rights and benefits provided pursuant to Section 11.1(c)).

11.7. Indemnity Prior to Completion Date.

Notwithstanding the provisions of Sections 11.1, 11.2, 11.3, 11.4, 11.5 and 11.6 (other than with respect to matters concerning indemnification for environmental conditions existing on or before the Closing Date) and any other indemnity obligations of the Indemnity Provider under the Operative Agreements, (a) the Lessor shall be the only beneficiary of the provisions set forth in Sections 11.1, 11.2, 11.3, 11.4, 11.5 and 11.6 (again, subject to the immediately preceding parenthetical phrase) and any other indemnity obligations of the Indemnity Provider under the Operative Agreements with respect to any Claim arising thereunder solely for the period prior to the Completion Date related to the Property, and (b) such limited rights of indemnification referenced in Section 11.7(a) (to the extent relating to third-party claims) shall be limited to third-party claims caused by or resulting from the Indemnity Provider's acts or omissions and/or all other Persons acting by, through or under the Indemnity Provider (including, without limitations, contractors, subcontractors and other Persons contracted or controlled by the Construction Agent). After the Completion Date for the Property, each Indemnified Person shall be a beneficiary of the provisions set forth in Sections 11.1 through 11.6.

To the extent the Indemnity Provider is not obligated to indemnify any Indemnified Person with respect to Claims arising under Sections 11.1, 11.2, 11.3, 11.4, 11.5 or 11.6 and any other indemnity obligations of the Indemnity Provider under the Operative Agreements prior to the Completion Date, the Lessor shall provide such indemnities in favor of such Indemnified Person in accordance with the relevant provisions of Sections 11.1, 11.2, 11.3, 11.4, 11.5 or 11.6 and any other indemnity obligations of the Indemnity Provider under the Operative Agreements as the case may be. It is acknowledged and agreed that any amount for which the Lessor becomes obligated to any Indemnified Person pursuant hereto shall become a Claim for which the Lessor is entitled to indemnity from the Indemnity Provider pursuant to the preceding paragraph.

THE INDEMNITY OBLIGATIONS UNDERTAKEN BY THE LESSOR PURSUANT TO THIS SECTION 11.7 ARE IN ALL RESPECTS SUBJECT TO THE LIMITATIONS ON LIABILITY REFERENCED IN SECTION 12.9.

SECTION 12. MISCELLANEOUS.

12.1. Survival of Agreements.

The representations, warranties, covenants, indemnities and agreements of the parties provided for in the Operative Agreements, and the parties' obligations under any and all thereof, shall survive the execution and delivery of this Agreement, the transfer of the Property to the Lessor, the acquisition of the Property (or any of its components), the construction of any Improvements, the Completion of the Property, any disposition of any interest of the Lessor in the Property, the payment of the Notes and any disposition thereof and shall be and continue in effect notwithstanding any investigation made by any party and the fact that any party may waive compliance with any of the other terms, provisions or conditions of any of the Operative Agreements. Except as otherwise expressly set forth herein or in other Operative Agreements,

the indemnities of the parties provided for in the Operative Agreements shall survive the expiration or termination of any thereof with respect to matters occurring prior to such expiration or termination.

12.2. Notices.

All notices required or permitted to be given under any Operative Agreement shall be in writing. Notices may be served by certified or registered mail, postage paid with return receipt requested; by private courier, prepaid; by telex, facsimile, or other telecommunication device capable of transmitting or creating a written record; or personally. Mailed notices shall be deemed delivered five (5) days after mailing, properly addressed. Couriered notices shall be deemed delivered when delivered as addressed, or if the addressee refuses delivery, when presented for delivery notwithstanding such refusal. Telex or telecommunicated notices shall be deemed delivered when receipt is either confirmed by confirming transmission equipment or acknowledged by the addressee or its office. Personal delivery shall be effective when accomplished. Unless a party changes its address by giving notice to the other party as provided herein, notices shall be delivered to the parties at the following addresses:

If to the Construction Agent, the Lessee or any Guarantor, to such entity at the following address:

c/o Capital One Services, Inc.
8000 Jones Branch Drive
McLean, Virginia 22102
Attention: Director of Corporate Funding
Telephone: (703) 875-1000
Telecopy: (703) 875-1099

If to the Borrower or the Lessor, to such entity at the following address:

First Union Development Corporation
c/o First Union Securities, Inc.
One First Union Center
301 South College Street
Charlotte, North Carolina 28288-0166
Attention: Van Jones
Telephone: (704) 383-6787
Telecopy: (704) 383-8108

If to the Agent, to it at the following address:

First Union National Bank
c/o First Union Securities, Inc.
301 South College Street, TW-6
Charlotte, North Carolina 28288-0166
Attention: Van Jones
Telephone: (704) 383-6787
Telecopy: (704) 383-8108

If to the Escrow Agent, to it at the following address:

First Union National Bank
CMG/Corporate Trust Group - VA 3279
800 East Main Street, LM
Richmond, Virginia 23219
Attention: Gregory N. Jordan
Telephone: 804-343-6058
Telecopy: 804-343-6699

If to any Primary Financing Party, to it at the address set forth for such Primary Financing Party in Exhibit A to the Note Purchase Agreement or

in Schedule 2.1 of the Credit Agreement, as applicable.

From time to time any party may designate additional parties and/or another address for notice purposes by notice to each of the other parties hereto. Each notice hereunder shall be effective upon receipt or refusal thereof.

12.3. Counterparts.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one (1) and the same instrument.

12.4. Terminations, Amendments, Waivers, Etc.; Unanimous Vote Matters.

Each Operative Agreement may be terminated, amended, supplemented, waived or modified only by an instrument in writing signed by the Agent (as directed by the Secured Parties in accordance with the terms of the Intercreditor Agreement), the Lessor and each Credit Party (to the extent such Credit Party is a party to such Operative Agreement); provided, to the extent no Lease Default

under Sections 17.1(a), (b), (g), (h) and (j) of the Lease or Lease Event of Default shall have occurred and be continuing, the Agent and the Lessor shall not amend, supplement, waive or modify any provision of any Operative Agreement in such a manner as to adversely affect the rights of any Credit Party without the prior written consent (not to be unreasonably withheld or delayed) of such Credit Party.

12.5. Headings, etc.

The Table of Contents and headings of the various Articles and Sections of this Agreement are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof.

12.6. Parties in Interest.

Except as expressly provided herein, none of the provisions of this Agreement are intended for the benefit of any Person except the parties hereto.

12.7. GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL;

VENUE.

(a) THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE PRINCIPLES THEREOF RELATING TO CONFLICTS OF LAW), EXCEPT TO THE EXTENT THE LAWS OF THE STATE WHERE THE PROPERTY IS LOCATED ARE REQUIRED TO APPLY. Any legal action or proceeding with respect to this Agreement or any other Operative Agreement may be brought in the courts of the State of New York or of the United States for the Southern District of New York, and, by execution and delivery of this Agreement, each of the parties to this Agreement hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the nonexclusive jurisdiction of such courts. Each of the parties to this Agreement further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at the address set out for notices pursuant to Section 12.2, such service to become effective five (5) days after such mailing. Nothing herein shall affect the right of any party to serve process in any other manner permitted by Law or to commence legal proceedings or to otherwise proceed against any party in any other jurisdiction permitted by Law.

(b) EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY, TO THE FULLEST EXTENT ALLOWED BY APPLICABLE LAW, WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO ANY DISPUTE OR THIS AGREEMENT, ANY OTHER OPERATIVE AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

(c) Each of the parties to this Agreement hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement or any other Operative Agreement brought in the courts referred to in subsection (a) above and hereby further irrevocably waives and agrees not to plead or claim in any such court

that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

Subject to the other applicable provisions of the Operative Agreements, the parties shall have the right to proceed in any court of proper jurisdiction or by self-help to exercise or prosecute the following remedies after the occurrence and during the continuance of a Lease Event of Default, as applicable: (i) all rights to foreclose against any real or personal property or other security by exercising a power of sale or under applicable law by judicial foreclosure including a proceeding to confirm the sale; (ii) all rights of self-help including peaceful occupation of real property and collection of rents, set-off and peaceful possession of personal property; (iii) obtaining provisional or ancillary remedies including injunctive relief, sequestration, garnishment, attachment, appointment of receiver and filing an involuntary bankruptcy proceedings; and (iv) when applicable, a judgment by confession of judgment. Any claim or controversy with regard to any party's entitlement to such remedies is a Dispute.

Each party to this Agreement agrees that it shall not have a remedy of punitive or exemplary damages against any other party in any Dispute and hereby waives any right or claim to punitive or exemplary damages it has now or which may arise in the future in connection with any Dispute.

12.8. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

12.9. Liability Limited.

(a) [Reserved].

(b) Anything to the contrary contained in this Agreement, the Credit Agreement, the Notes or in any other Operative Agreement notwithstanding, no Exculpated Person shall be personally liable in any respect for any liability or obligation arising hereunder or in any other Operative Agreement including without limitation the payment of the principal of, or interest on, the Notes, or for monetary damages for the breach of performance of any of the covenants contained in the Credit Agreement, the Notes, this Agreement, the Security Agreement or any of the other Operative Agreements. The Primary Financing Parties and the Agent agree that, in the event any remedies under any Operative Agreement are pursued, neither the Primary Financing Parties nor the Agent shall have any recourse against any Exculpated Person, for any deficiency, loss or Claim for monetary damages or otherwise resulting therefrom and recourse shall be had solely and exclusively against the Borrower's Interest (excluding Excepted Payments) and the Credit Parties (with respect to the Credit Parties' obligations under the Operative Agreements); but nothing contained herein shall be taken to prevent

recourse against or the enforcement of remedies against the Borrower's Interest (excluding Excepted Payments) in respect of any and all liabilities, obligations and undertakings contained herein and/or in any other Operative Agreement. Notwithstanding the provisions of this Section, nothing in any Operative Agreement shall: (i) constitute a waiver, release or discharge of any indebtedness or obligation evidenced by the Notes arising under any Operative Agreement or secured by any Operative Agreement, but the same shall continue until paid or discharged; (ii) relieve any Exculpated Person from liability and responsibility for (but only to the extent of the damages arising by reason of): active waste knowingly committed by any Exculpated Person with respect to the Property, any fraud, gross negligence or willful misconduct on the part of any Exculpated Person; (iii) relieve any Exculpated Person from liability and responsibility for (but only to the extent of the moneys misappropriated, misapplied or not turned over) (A) except for Excepted Payments, misappropriation or misapplication by the Lessor (i.e., application in a manner contrary to any of the Operative Agreements) of any insurance proceeds or condemnation award paid or delivered to the Lessor by any Person other than the Agent, (B) except for Excepted Payments, any deposits or any escrows or amounts owed by the Construction Agent under the Agency Agreement held by the Lessor or (C) except for Excepted Payments, any rent or other income or funds received by the Lessor from any Credit Party that is not turned over to the Agent; or (iv) affect or in any way limit the Agent's rights and remedies under any Operative Agreement with respect to the Rents and rights and powers of the Agent under the Operative Agreements or to obtain a judgment against the Lessee's interest in the Property pursuant to the terms of the Operative Agreements or the Agent's rights and powers to obtain a judgment against the Lessor or any Credit Party (provided, that no deficiency judgment or other money judgment shall be

enforced against any Exculpated Person except to the extent of the Lessor's interest in the Borrower's Interest (excluding Excepted Payments) or to the extent the Lessor may be liable as otherwise contemplated in clauses (ii) and (iii) of this Section 12.9(b)).

12.10. Rights of the Credit Parties.

If at any time all obligations (i) of the Borrower under the Credit Agreement, the Notes, the Security Documents and the other Operative Agreements and (ii) of the Credit Parties under the Operative Agreements have in each case been satisfied or discharged in full, then the Credit Parties shall be entitled to (a) terminate the Lease and guaranty obligations under the Guaranty and (b) receive all amounts then held under the Operative Agreements and all proceeds with respect to the Property. Upon the termination of the Lease and the Guaranty pursuant to the foregoing clause (a), the Lessor shall transfer to the Lessee or its designee all of its right, title and interest free and clear of the Lien of the Lease, the Lien of the Security Documents and all other Operative Agreements and all Lessor Liens in and to the Property and any amounts or proceeds referred to in the foregoing clause (b) shall be paid over to the Lessee or its designee.

12.11. Further Assurances.

The parties hereto shall promptly cause to be taken, executed, acknowledged or delivered, at the sole expense of the Lessee, all such further acts, conveyances, documents and

assurances as the other parties may from time to time reasonably request in order to carry out and effectuate the intent and purposes of this Participation Agreement, the other Operative Agreements and the transactions contemplated hereby and thereby (including without limitation the preparation, execution and filing of any and all Uniform Commercial Code financing statements, filings of Mortgage Instruments and other filings or registrations which the parties hereto may from time to time request to be filed or effected). The Lessee, at its own expense and without need of any prior request from any other party, shall take such action as may be necessary (including without limitation any action specified in the preceding sentence), or (if the Lessor shall so request) as so requested, in order to maintain and protect all security interests provided for hereunder or under any other Operative Agreement. In addition, in connection with the sale or other disposition of the Property or any portion thereof, the Lessee agrees to execute such instruments of conveyance as reasonably required pursuant to the Operative Agreements in connection therewith.

12.12. Calculations under Operative Agreements.

The parties hereto agree that all calculations and numerical determinations to be made under the Operative Agreements by the Lessor shall be made by the Agent and that such calculations and determinations shall be conclusive and binding on the parties hereto in the absence of manifest error, provided that all such calculations affecting the Lessee, or the rights or obligations of the Lessee, shall be promptly provided to the Lessee in writing.

12.13. Confidentiality.

Each Financing Party severally agrees to use reasonable efforts to keep confidential all non-public information pertaining to any Credit Party or any of its Subsidiaries which is provided to it by any Credit Party or any of its Subsidiaries and which an officer of any Credit Party or any of its Subsidiaries has requested in writing be kept confidential, and shall not intentionally disclose such information to any Person except:

(a) to the extent such information is public when received by such Person or becomes public thereafter due to the act or omission of any party other than such Person;

(b) to the extent such information is lawfully and independently obtained from a source other than any Credit Party or any of its Subsidiaries and such information from such source is not, to such Person's knowledge, subject to an obligation of confidentiality or, if such information is subject to an obligation of confidentiality, that disclosure of such information is permitted;

(c) to counsel, auditors or accountants retained by any such Person or any Affiliates of any such Person (if such Affiliates are permitted to receive such information pursuant to clause (f) or (g) below), provided they agree to keep such information confidential as if such Person or Affiliate were party to this Agreement and to financial institution regulators, including examiners of any Financing Party or any Affiliate thereof in the course of examinations of such Persons;

(d) in connection with any litigation or the enforcement or preservation of the rights of any Financing Party under the Operative Agreements;

(e) to the extent, and only to the extent, required by any applicable statute, rule or regulation or court order (including without limitation, by way of subpoena) or pursuant to the request of any regulatory or Governmental Authority having jurisdiction over any such Person (including, but not limited to, the National Association of Insurance Commissioners); provided, however, that such Person shall

endeavor (if not otherwise prohibited by Law) to notify the Lessee prior to any disclosure made pursuant to this clause (e), except that no such Person shall be subject to any liability whatsoever for any failure to so notify the Lessee;

(f) any Financing Party may disclose such information to another Financing Party or to any Affiliate of a Financing Party that is a direct or indirect owner of any Financing Party (provided, in each case that such

Affiliate has agreed to maintain confidentiality as if it were such Financing Party);

(g) any Financing Party may disclose such information to an Affiliate of any Financing Party to the extent required in connection with the transactions contemplated hereby or to the extent such Affiliate is involved in, or provides advice or assistance to such Person with respect to, such transactions (provided, in each case that such Affiliate has

agreed to maintain confidentiality as if it were such Financing Party);

(h) in connection with any proposed or actual assignment or grant of a participation by any of the Primary Financing Parties of interests in the Note Purchase Agreement, the Credit Agreement or any Note to such other financial institution (who shall in turn agree in writing to maintain confidentiality as if it were a Primary Financing Party originally party to this Agreement); or

(i) any Financing Party may disclose the Operative Agreements to any rating agency requesting the same.

Subject to the terms of Sections 12.13(a)-12.13(i), under the terms of any one or more of which circumstances disclosure shall be permitted, each Financing Party severally agrees to use reasonable efforts to keep confidential all non-public information pertaining to the financing structure described in the unrecorded Operative Agreements.

12.14. Financial Reporting/Tax Characterization.

Lessee agrees to obtain advice from its own accountants and tax counsel regarding the financial reporting treatment and the tax characterization of the transactions described in the Operative Agreements. Lessee further agrees that Lessee shall not rely upon any statement of any Financing Party or any of their respective Affiliates and/or Subsidiaries regarding any such financial reporting treatment and/or tax characterization.

12.15. Set-off.

In addition to any rights now or hereafter granted under applicable Law and not by way of limitation of any such rights, after the occurrence of any Lease Event of Default and during the continuance thereof, the Primary Financing Parties, the Lessor and any assignee of a Primary Financing Party or the Lessor in accordance with the applicable provisions of the Operative Agreements are hereby authorized by the Credit Parties at any time or from time to time, without notice to the Credit Parties or to any other Person, any such notice being hereby expressly waived, to set-off and to appropriate and to apply any and all deposits (general or special, time or demand, including without limitation indebtedness evidenced by certificates of deposit, whether matured or unmatured) and any other indebtedness at any time held or owing by the Primary Financing Parties, the Lessor, their respective Affiliates or any assignee or participant of a Primary Financing Party in accordance with the applicable provisions of the Operative Agreements to or for the credit or the account of any Credit Party against and on account of the obligations of any Credit Party under the Operative Agreements irrespective of whether or not (a) the Primary Financing Parties or the Lessor shall have made any demand under any Operative Agreement or (b) the Agent shall have declared any or all of the obligations of any Credit Party under the Operative Agreements to be due and payable and although such obligations shall be contingent or unmatured. Notwithstanding the foregoing, neither the Agent nor any other Financing Party shall exercise, or attempt to exercise, any right of setoff, banker's lien, or the like, against any deposit account or property of any Credit Party held by the Agent or any other Financing Party, without the prior written consent of the Agent (acting upon the direction of the Secured Parties in accordance with the Intercreditor Agreement). The contractual restriction on the exercise of setoff rights provided in the foregoing sentence is solely for the benefit of the Agent and the Financing Parties and may not be enforced by any Credit Party.

12.16. Lease Senior.

Anything contained herein or in any of the other Operative Agreements to the contrary notwithstanding, provided no Lease Event of Default shall have occurred and be continuing, in each case whether or not the Lease (or a memorandum thereof) is recorded, or if it is recorded, whether or not it is recorded prior to the recordation of any of the other Operative Agreements, (i) the rights of Lessee under the Lease are prior and senior to any Lien created under or pursuant to this Agreement or any of the other Operative Agreements and the rights of the Lessor, the Agent and the Primary Financing Parties hereunder or thereunder, (ii) Lessee's tenancy under the Lease shall not be disturbed nor shall the Lease be affected by any Default or Event of Default under this Agreement or any of the other Operative Agreements (other than a Lease Event of Default), (iii) in the event of a foreclosure or other enforcement of any such other Operative Agreement, or sale in lieu thereof, the purchaser at such foreclosure sale or pursuant to a deed in lieu thereof shall be bound to Lessee for the Term of the Lease and any extensions thereof, (iv) the rights of Lessee under the Lease shall expressly survive and the Lease shall in all respects continue in full force and effect, and (v) Lessee shall not be named as a party defendant in any such foreclosure suit, except as may be required by law. In the event and during the continuance of a Lease Event of Default, the Lease and the rights of Lessee and the Lessor thereunder are subordinated to any Lien created under or pursuant to this Agreement or any of the other Operative Agreements.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

CONSTRUCTION AGENTS
AND LESSEES:

CAPITAL ONE BANK

By: _____
Name: _____
Title: _____

CAPITAL ONE, F.S.B.

By: _____
Name: _____
Title: _____

GUARANTOR:

CAPITAL ONE FINANCIAL CORPORATION

By: _____
Name: _____
Title: _____

BORROWER AND LESSOR:

FIRST UNION DEVELOPMENT CORPORATION

By: _____
Name: _____
Title: _____

THE AGENT AND
TRANCHE B LENDERS:

FIRST UNION NATIONAL BANK,
as a Tranche B Lender and as the
Agent

By: _____
Name: _____
Title: _____

ESCROW AGENT:

FIRST UNION NATIONAL BANK,
as the Escrow Agent

By: _____
Name: _____
Title: _____

TRANCHE A NOTE PURCHASERS:

TRANSAMERICA LIFE INSURANCE AND
ANNUITY COMPANY

By: _____
Name: _____
Title: _____

MONUMENTAL LIFE INSURANCE COMPANY

By: _____

Name: _____

Title: _____

THE NORTHWESTERN MUTUAL LIFE
INSURANCE COMPANY

By _____
Name _____
Title _____

NEW YORK LIFE INSURANCE COMPANY

By _____
Name _____
Title _____

NEW YORK LIFE INSURANCE AND
ANNUITY CORPORATION

By: New York Life Investment
Management LLC, its Investment
Manager

By _____
Name _____
Title _____

MINNESOTA LIFE INSURANCE COMPANY

By: Advantus Capital Management,
Inc.

By _____
Name _____
Title _____

FARM BUREAU LIFE INSURANCE COMPANY
OF MICHIGAN

By: Advantus Capital Management,
Inc.

By _____
Name _____
Title _____

AMERICAN FIDELITY ASSURANCE
COMPANY

By: Advantus Capital Management,
Inc.

By _____
Name _____
Title _____

MTL INSURANCE COMPANY

By: Advantus Capital Management,
Inc.

By _____
Name _____
Title _____

INTER-STATE ASSURANCE COMPANY/LIFE
& CAPITAL

By: Advantus Capital Management,
Inc.

By _____
Name _____
Title _____

GREAT WESTERN INSURANCE COMPANY

By: Advantus Capital Management,
Inc.

By _____
Name _____
Title _____

FARM BUREAU MUTUAL INSURANCE
COMPANY OF MICHIGAN

By: Advantus Capital Management,
Inc.

By _____
Name _____
Title _____

FARM BUREAU GENERAL INSURANCE
COMPANY OF MICHIGAN

By: Advantus Capital Management,
Inc.

By _____
Name _____
Title _____

EXHIBIT A

REQUISITION FORM

(Pursuant to Sections 4.2, 5.2, 5.3 and 5.4 of the Participation Agreement)

CAPITAL ONE BANK, a Virginia banking corporation (the "Company"), for itself and as agent for Capital One, F.S.B., a federal savings bank ("FSB"), hereby certifies as true and correct and delivers the following Requisition to FIRST UNION NATIONAL BANK, as the agent for the Primary Financing Parties (hereinafter defined) and respecting the Security Documents, as the agent for the Secured Parties (the "Agent"):

Reference is made herein to that certain Participation Agreement dated as of December 5, 2000 (as amended, modified, extended, supplemented and/or restated from time to time, the "Participation Agreement") among the Company and

FSB, jointly and severally as the Lessee and as the Construction Agent, and Capital One Financial Corporation, as the guarantor (the "Guarantor"), First

Union Development Corporation, as the lessor (the "Lessor"), the various

financial institutions and other institutional investors which are parties thereto from time to time as purchasers of Tranche A Notes (the "Tranche A Note Purchasers"), the various banks and other lending institutions which are parties

thereto from time to time as lenders (the "Tranche B Lenders") (the Tranche A

Note Purchasers and the Tranche B Lenders may be referred to collectively as the "Primary Financing Parties"), the Agent and First Union National Bank, as the

Escrow Agent (the "Escrow Agent"). Capitalized terms used herein but not otherwise defined herein shall have the meanings set forth therefor in the Participation Agreement.

Check one:

___ CLOSING DATE: ___ (three (3) Business Days prior notice required for Advance)

___ CONSTRUCTION ADVANCE DATE: ___ (three (3) Business Days prior notice required for Advance)

- 1. Transaction Expenses and other fees, expenses and disbursements under Sections 7.1(a) or 7.1(b) of the Participation Agreement and any and all other amounts contemplated to be financed under the Participation Agreement including without limitation any Work, broker's fees, taxes, recording fees and the like: See attached Schedule 1.
2. Description of Land (which shall be a legal description of the Land subject to the Ground Lease): See attached Schedule 2
3. Description of Equipment (other than Fixtures): See attached Schedule 3.

4. Aggregate Loans and disbursements from the Escrow Account requested since the Closing Date with respect to the Property, including without limitation all amounts requested under this Requisition:

Amount Drawn Prior to Current Requisition:	\$_____ (a)
Current Draw for Project Costs:	\$_____ (b)
A-Note Interest on Escrow Principal (Fixed):	\$_____ (c)
Calculation of Non-GAAP Expense for Current Period:	
A-Note Interest on Drawn Balance	\$_____ (d)
A-Note Interest on Undrawn Balance	\$_____ (e)
Less Returns on Reinvested Funds	\$_____ (f)
Tranche A Non-GAAP Interest Expense (e-f)	\$_____ (g)
Other Non-GAAP Expenses (itemize)	\$_____ (h)
Total Non-GAAP Expenses (g + h)	\$_____ (i)
B-Loan Interest for Current Period	\$_____ (j)
Calculation of A-Note Request = 75% (b+d+j)	
Calculation of B-Loan Request = 25% (b+d+j) + i	

In connection with this Requisition, the Company hereby requests that the Tranche B Lenders make Loans to the Lessor in the amount of \$_____ and that the Agent disburse Tranche A Proceeds from the Escrow Account in the amount of \$_____. The Company hereby certifies (i) that the foregoing amounts requested do not exceed the total aggregate of the Available Tranche B Lender Commitments plus Tranche A Proceeds currently on deposit in the Escrow Account and (ii) each of the provisions of the Participation Agreement applicable to the Tranche B Loans and disbursements of Tranche A Proceeds from the Escrow Account requested hereunder have been complied with as of the date of this Requisition.

The Company requests the Tranche B Loans be allocated as follows:

\$_____	ABR Loans
\$_____	Eurodollar Loans

5. Each and every representation and warranty of each Credit Party contained in the Operative Agreements to which it is a party is true and correct on and as of the date hereof (except to the extent any such representation or warranty relates to an earlier date, in which case such representation or warranty shall have been true and correct as of such earlier date).

6. No Lease Default or Lease Event of Default has occurred and is continuing under any Operative Agreement, and no Lease Default or Lease Event of Default will occur under

any of the Operative Agreements as a result of, or after giving effect to, the Advance requested hereby on the date of such Advance.

7. Each Operative Agreement to which any Credit Party is a party is in full force and effect with respect to it, except as the same may be limited by applicable bankruptcy, insolvency, fraudulent transfer or conveyance, reorganization, moratorium or other similar laws relating to or affecting creditors' or lessors' rights generally and general principles of equity.
8. Each Credit Party has duly performed and complied with all covenants, agreements and conditions contained in the Participation Agreement or in any Operative Agreement required to be performed or complied with by it on or prior to the date hereof.
9. After giving effect to the Advance requested in this Requisition, the sum of the Available Tranche B Lender Commitments plus the balance of funds in the Escrow Account will be sufficient to complete the Improvements.

The Company has caused this Requisition to be executed by its duly authorized officer as of this ____ day of _____, ____.

CAPITAL ONE BANK

By: _____
Name: _____
Title: _____

Acknowledged as of _____.

FIRST UNION NATIONAL BANK, as Agent

By: _____
Name: _____
Title: _____

Schedule 1

[Schedule of Transaction Expense and other Fees]

Schedule 2

Description of Land
(Legal Description and Street Address)

A-5

Schedule 3

Description of Equipment (other than Fixtures)

A-6

EXHIBIT B

[Reserved]

B-1

EXHIBIT C

[NAME OF CREDIT PARTY]

OFFICER'S CERTIFICATE

(Pursuant to Section 5.3(z) of the Participation Agreement)

_____, a [_____] (the "Company"), DOES HEREBY
CERTIFY as follows:

1. Each and every representation and warranty of each Credit Party contained in the Operative Agreements to which it is a party is true and correct on and as of the date hereof, except to the extent any such representation or warranty relates to an earlier date, in which case such representation or warranty shall have been true and correct as of such earlier date.
2. No Lease Default or Lease Event of Default has occurred and is continuing under any Operative Agreement.
3. Each Operative Agreement to which any Credit Party is a party is in full force and effect with respect to it, except as the same may be limited by applicable bankruptcy, insolvency, fraudulent transfer or conveyance, reorganization, moratorium or other similar laws relating to or affecting creditors' or lessors' rights generally and general principles of equity.
4. Each Credit Party has duly performed and complied with all covenants, agreements and conditions contained in the Participation Agreement (hereinafter defined) or in any Operative Agreement required to be performed or complied with by it on or prior to the date hereof.

Capitalized terms used in this Officer's Certificate and not otherwise defined herein have the respective meanings ascribed thereto in the Participation Agreement dated as of December 5, 2000 among the Capital One Bank and Capital One, F.S.B., jointly and severally as the Lessee and as the Construction Agent, Capital One Financial Corporation, as the Guarantor, First Union Development Corporation, as the Lessor, the various financial institutions and other institutional investors which are parties thereto from time to time, as Tranche A Note Purchasers (the "Tranche A Note Purchasers"), the various

banks and other lending institutions which are parties thereto from time to time, as Tranche B Lenders (the "Tranche B Lenders"), First Union National Bank,

as the agent for the Primary Financing Parties and respecting the Security Documents, as the agent for the Secured Parties (the "Agent") and First Union

National Bank, as the escrow agent (the "Escrow Agent").

IN WITNESS WHEREOF, the Company has caused this Officer's Certificate to be
duly executed and delivered as of this ____ day of _____, _____.

By: _____
Name: _____
Title: _____

C-2

EXHIBIT D

[NAME OF CREDIT PARTY]

SECRETARY'S CERTIFICATE

(Pursuant to Section 5.3(aa) of the Participation Agreement)

[NAME OF CREDIT PARTY], a [_____] corporation (the "Company") DOES

HEREBY CERTIFY as follows:

1. Attached hereto as Schedule 1 is a true, correct and complete

copy of the resolutions of the Board of Directors of the Company duly adopted by the Board of Directors of the Company on _____. Such resolutions have not been amended, modified or rescinded since their date of adoption and remain in full force and effect as of the date hereof.
2. Attached hereto as Schedule 2 is a true, correct and complete

copy of the Articles of Incorporation of the Company on file in the Office of the Secretary of State of _____. Such Articles of Incorporation have not been amended, modified or rescinded since their date of adoption and were in full force and effect on the date of the resolutions referenced in paragraph 1 and remain in full force and effect as of the date hereof.
3. Attached hereto as Schedule 3 is a true, correct and complete

copy of the Bylaws of the Company. Such Bylaws have not been amended, modified or rescinded since their date of adoption and remain in full force and effect as of the date hereof.
4. The persons named below now hold the offices set forth opposite their names, and the signatures opposite their names and titles are their true and correct signatures.

Name	Office	Signature
_____	_____	_____
_____	_____	_____

IN WITNESS WHEREOF, the Company has caused this Secretary's Certificate to be duly executed and delivered as of this ____ day of _____, _____.

[NAME OF CREDIT PARTY]

By: _____
Name: _____
Title: _____

Schedule 1

Board Resolutions

D-3

Schedule 2

Articles of Incorporation

D-4

Schedule 3

Bylaws

D-5

EXHIBIT E

FIRST UNION DEVELOPMENT CORPORATION

OFFICER'S CERTIFICATE

(Pursuant to Section 5.3(cc) of the Participation Agreement)

FIRST UNION DEVELOPMENT CORPORATION, a North Carolina corporation (the "Lessor"), DOES HEREBY CERTIFY as follows:

1. Each and every representation and warranty of the Lessor contained in the Operative Agreements to which it is a party is true and correct on and as of the date hereof.
2. Each Operative Agreement to which the Lessor is a party is in full force and effect with respect to it.
3. The Lessor has duly performed and complied with all covenants, agreements and conditions contained in the Participation Agreement (hereinafter defined) or in any Operative Agreement required to be performed or complied with by it on or prior to the date hereof, other than those conditions which have been expressly waived.
4. No Default or Event of Default attributable solely to the Lessor has occurred and is continuing under any Operative Agreement.

Capitalized terms used in this Officer's Certificate and not otherwise defined herein have the respective meanings ascribed thereto in the Participation Agreement dated as of December 5, 2000 among Capital One Bank and Capital One, F.S.B., jointly and severally as the Lessee and as the Construction Agent, Capital One Financial Corporation, as the guarantor (the "Guarantor"), the

Lessor, the various financial institutions and other institutional investors which are parties thereto from time to time, Tranche A Note Purchasers (the "Tranche A Note Purchasers"), the various banks and other lending institutions

which are parties thereto from time to time, as Tranche B Lenders (the "Tranche B Lenders"), First Union National Bank, as the agent for the Primary Financing Parties and respecting the Security Documents, as the agent for the Secured Parties (the "Agent") and First Union National Bank, as the escrow agent (the

"Escrow Agent").

IN WITNESS WHEREOF, the Lessor has caused this Officer's Certificate to be duly executed and delivered as of this ____ day of _____, _____.

FIRST UNION DEVELOPMENT
CORPORATION

By: _____
Name: _____
Title: _____

EXHIBIT F

FIRST UNION DEVELOPMENT CORPORATION

SECRETARY'S CERTIFICATE

(Pursuant to Section 5.3(dd) of the Participation Agreement)

CERTIFICATE OF [ASSISTANT] SECRETARY

I, _____, duly elected and qualified [Assistant] Secretary of First Union Development Corporation (the "Company"), hereby certify as follows:

1. Attached hereto as Schedule 1 is a true, correct and complete

copy of the resolutions of the Board of Directors of the Company duly adopted by the Board of Directors of the Company on _____. Such resolutions have not been amended, modified or rescinded since their date of adoption and remain in full force and effect as of the date hereof.
2. Attached hereto as Schedule 2 is a true, correct and complete

copy of the Articles of Incorporation of the Company on file in the Office of the Secretary of State of North Carolina. Such Articles of Incorporation have not been amended, modified or rescinded since their date of adoption and were in full force and effect on the date of the resolutions referenced in paragraph 1 and remain in full force and effect as of the date hereof.
3. Attached hereto as Schedule 3 is a true, correct and complete

copy of the Bylaws of the Company. Such Bylaws have not been amended, modified or rescinded since their date of adoption and remain in full force and effect as of the date hereof.
4. The persons named below now hold the offices set forth opposite their names, and the signatures opposite their names and titles are their true and correct signatures.

Name	Office	Signature
_____	_____	_____
_____	_____	_____

IN WITNESS WHEREOF, the Company has caused this _____ Secretary's Certificate to be duly executed and delivered as of this ____ day of _____, _____.

FIRST UNION DEVELOPMENT CORPORATION

By: _____
Name: _____
Title: _____

EXHIBIT G

[Reserved]

G-1

EXHIBIT H

[Reserved]

H-1

EXHIBIT I

OFFICER'S CERTIFICATE

(Pursuant to Section 5.5 of the Participation Agreement)

CAPITAL ONE BANK, a Virginia banking corporation (the "Company"), for
itself and as agent for Capital One, F.S.B., a federal savings bank, DOES HEREBY
CERTIFY as follows:

1. The address for the subject Property is _____.
2. The Completion Date for the construction of Improvements at the Property occurred on _____.
3. The aggregate Property Cost for the Property was \$_____.
4. All representations and warranties of the Company in each Operative Agreement and in each certificate delivered pursuant thereto are true and correct as of the Completion Date, except to the extent any such representation or warranty relates to an earlier date, in which case such representation or warranty shall have been true and correct as of such earlier date.
5. No changes or modifications other than those approved by the Agent were made to the Plans and Specifications as provided to the appraiser for purposes of preparing the Appraisal that, to our knowledge individually or in the aggregate have caused or reasonably could cause the Fair Market Sales Value of the Improvements to be materially less than the Fair Market Sales Value at Completion as set forth in the Appraisal.

Capitalized terms used in this Officer's Certificate and not otherwise defined have the respective meanings ascribed thereto in the Participation Agreement dated as of December 5, 2000 among the Capital One Bank and Capital One, F.S.B., jointly and severally as the Lessee and as the Construction Agent, Capital One Financial Corporation, as the guarantor (the "Guarantor"), First Union

Development Corporation, as the lessor (the "Lessor"), the various financial

institutions and other institutional investors which are parties thereto from
time to time as purchasers of Tranche A Notes (the "Tranche A Note Purchasers"),

the various banks and other lending institutions which are parties thereto from
time to time as lenders (the "Tranche B Lenders") (the Tranche A Note

Purchasers) and the Tranche B Lenders may be referred to as the "Primary

Financing Parties"), First Union National Bank, as the agent for the Primary

Financing Parties and respecting the Security Documents, as the agent for the
Secured Parties and First Union National Bank, as the escrow agent (the "Escrow
Agent").

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF, the Company has caused this Officer's Certificate to be duly executed and delivered as of this ____ day of _____, _____.

By: _____
Name: _____
Title: _____

Schedule I

(Documentation in Support of Aggregate Property Cost)

EXHIBIT J

[Reserved]

J-1

EXHIBIT K

[Description of Material Litigation]
(Pursuant to Section 6.2(d) of the Participation Agreement)

In connection with the transfer of substantially all of Signet Bank's credit card business to the COB in November 1994, COFC and the COB agreed to indemnify Signet Bank (which was acquired by First Union Bank on November 30, 1997) for certain liabilities incurred in litigation arising from that business, which may include liabilities, if any, incurred in the purported class action case described below.

During 1995, COFC and COB became involved in a purported class action suit relating to certain collection practices engaged in by Signet Bank and, subsequently, by COB. The complaint in this case alleges that Signet Bank and/or COB violated a variety of California state statutes and constitutional and common law duties by filing collection lawsuits, obtaining judgements and pursuing garnishment proceedings in the Virginia state courts against defaulted credit card customers who were not residents of Virginia. This case was filed in the Superior Court of California in the County of Alameda, Southern Division, on behalf of a class of California residents. The complaint in this case seeks unspecified statutory damages, compensatory damages, punitive damages, restitution, attorneys' fees and costs, a permanent injunction and other equitable relief.

In early 1997, the California court entered judgement in favor of COB on all of the plaintiffs' claims. The plaintiffs appealed the ruling to the California Court of Appeals First Appellate District Division 4. In early 1999, the Court of Appeals affirmed the trial court's ruling in favor of COB on six counts, but reversed the trial court's ruling on two counts of the plaintiffs' complaint. The California Supreme Court rejected COB's Petition for Review of the remaining two counts and remitted them to the trial court for further proceedings. In August 1999, the trial court denied without prejudice plaintiffs' motion to certify a class on the one remaining common law claim. In November 1999, the United States Supreme Court denied COB's writ of certiorari on the remaining two counts, declining to exercise its discretionary power to review these issues.

Subsequently, COB moved for summary judgement on the two remaining counts and for a ruling that a class cannot be certified in this case. The motion for summary judgement was granted in favor of COB on both counts, but the plaintiffs were granted leave to amend the complaint. Plaintiff has filed an Amended Complaint and COB's Demurrer is pending.

Because no specific measure of damages is demanded in the complaint of the California case and the trial court entered judgement in favor of COB before the parties completed any significant discovery, an informed assessment of the ultimate outcome of this case cannot be made at this time. Management believes, however, that there are meritorious defenses to this lawsuit and intends to defend it vigorously.

COFC and its Subsidiaries are commonly subject to various other pending and threatened legal actions arising from the conduct of its normal business activities. In the opinion of

management, the ultimate aggregate liability, if any, arising out of any pending or threatened action will not have a material adverse effect on the consolidated financial condition of COFC and its Consolidated Subsidiaries. At the present time, however, management is not in a position to determine whether the resolution of pending or threatened litigation will have a material effect on the COFC and its Consolidated Subsidiaries results of operations in any future reporting period.

EXHIBIT L

[States of Incorporation/Formation and Principal Place of Business of the
Guarantor]
(Pursuant to Section 6.2(i) of the Participation Agreement)

Guarantor -----	State of ----- Incorporation/Formation -----	State of Principal ----- Place of Business -----
COFC	Delaware	Virginia

Appendix A
Rules of Usage and Definitions

I. Rules of Usage

The following rules of usage shall apply to this Appendix A and the Operative Agreements (and each appendix, schedule, exhibit and annex to the foregoing) unless otherwise required by the context or unless otherwise defined therein:

(a) Except as otherwise expressly provided, any definitions set forth herein or in any other document shall be equally applicable to the singular and plural forms of the terms defined.

(b) Except as otherwise expressly provided, references in any document to articles, sections, paragraphs, clauses, annexes, appendices, schedules or exhibits are references to articles, sections, paragraphs, clauses, annexes, appendices, schedules or exhibits in or to such document.

(c) The headings, subheadings and table of contents used in any document are solely for convenience of reference and shall not constitute a part of any such document nor shall they affect the meaning, construction or effect of any provision thereof.

(d) References to any Person shall include such Person, its successors, permitted assigns and permitted transferees.

(e) Except as otherwise expressly provided, reference to any agreement means such agreement as amended, modified, extended, supplemented and/or restated from time to time in accordance with the applicable provisions thereof.

(f) Except as otherwise expressly provided, references to any law includes any amendment or modification to such law and any rules or regulations issued thereunder or any law enacted in substitution or replacement therefor.

(g) When used in any document, words such as "hereunder", "hereto", "hereof" and "herein" and other words of like import shall, unless the context clearly indicates to the contrary, refer to the whole of the applicable document and not to any particular article, section, subsection, paragraph or clause thereof.

(h) References to "including" means including without limiting the generality of any description preceding such term and for purposes hereof the rule of ejusdem generis shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned.

(i) References herein to "attorney's fees", "legal fees", "costs of counsel" or other such references shall be deemed to include the allocated cost of in-house counsel.

(j) Each of the parties to the Operative Agreements and their counsel have reviewed and revised, or requested revisions to, the Operative Agreements, and the usual rule of construction that any ambiguities are to be resolved against the drafting party shall be inapplicable in the construction and interpretation of the Operative Agreements and any amendments or exhibits thereto.

(k) Capitalized terms used in any Operative Agreements which are not defined in this Appendix A but are defined in another Operative Agreement shall have the meaning so ascribed to such term in the applicable Operative Agreement.

(l) In computing any period of time for purposes of any Operative Agreement, the mechanics for counting the number of days set forth in Rule 6 of the Federal Rules of Civil Procedure shall be observed.

II. Definitions

"ABR" shall mean, for any day, a rate per annum equal to the greater of (a) the Prime Lending Rate in effect on such day, and (b) the Federal Funds Effective Rate in effect on such day plus one-half of one percent (0.5%). For purposes hereof: "Prime Lending Rate" shall mean the rate announced by the Agent from time to time as its prime lending rate as in effect from time to time. The Prime Lending Rate is a reference rate and is one of several interest rate bases used by the Agent and does not necessarily represent the lowest or most favorable rate offered by the Agent actually charged to any customer. Any Tranche B Lender may make commercial loans or other loans at rates of interest at, above or below the Prime Lending Rate. The Prime Lending Rate shall change automatically and without notice from time to time as and when the prime lending rate of the Agent changes. "Federal Funds Effective Rate" shall mean, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members or the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three (3) Federal funds brokers of recognized standing selected by it. Any change in the ABR due to a change in the Prime Lending Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Lending Rate or the Federal Funds Effective Rate, respectively.

"ABR Loans" shall mean Tranche B Loans the rate of interest applicable to which is based upon the ABR.

"Acceleration" shall have the meaning given to such term in Section 6 of the Credit Agreement and/or Section 11 of the Note Purchase Agreement.

"Accounts" shall have the meaning given to such term in Section 1 of the Security Agreement.

"Acquisition Advance" shall have the meaning given to such term in Section 5.3 of the Participation Agreement.

"Advance" shall mean a Construction Advance or an Acquisition Advance.

"Affiliate" means, with respect to any specified Person, any other Person that directly or indirectly controls, or is under common control with, or is controlled by, the specified Person. As used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise). Notwithstanding the foregoing, no individual shall be an Affiliate of a specified Person solely by reason of his or her being a director, officer or employee of such specified Person or any of its Subsidiaries.

"After Tax Basis" shall mean, with respect to any payment to be received, the amount of such payment increased so that, after deduction of the amount of all taxes required to be paid by the recipient calculated at the then maximum marginal rates generally applicable to Persons of the same type as the recipients with respect to the receipt by the recipient of such amounts (less any tax savings realized as a result of the payment of the indemnified amount), such increased payment (as so reduced) is equal to the payment otherwise required to be made.

"Agency Agreement" shall mean the Agency Agreement, dated as of the Closing Date between the Construction Agent and the Lessor.

"Agency Agreement Default" shall mean any event or condition which, with the lapse of time or the giving of notice, or both, would constitute an Agency Agreement Event of Default.

"Agency Agreement Event of Default" shall have the meaning given to such term in Section 5.1 of the Agency Agreement.

"Agent" shall mean First Union National Bank, as agent for the Primary Financing Parties pursuant to the Credit Agreement and the Note Purchase Agreement, or any successor agent appointed in accordance with the terms of the Credit Agreement and the Note Purchase Agreement and respecting the Security Documents, as agent for the Secured Parties.

"Applicable Percentage" shall mean for Eurodollar Loans, 1.40%.

"Appraisal" shall mean, with respect to the Property, an "as-built" appraisal to be delivered in connection with the Participation Agreement or in accordance with the terms of the Lease, in each case prepared by a reputable appraiser reasonably acceptable to the Agent, which

in the reasonable judgment of counsel to the Agent, complies with all of the provisions of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended, the rules and regulations adopted pursuant thereto, and all other applicable Legal Requirements.

"Appraisal Procedure" shall have the meaning given such term in Section 22.4 of the Lease.

"Approved Bank" shall mean any bank whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof or from Moody's is at least P-1 or the equivalent thereof.

"Approved State" shall mean the Commonwealth of Virginia.

"Appurtenant Rights" shall mean (a) all agreements, easements, rights of way or use, rights of ingress or egress, privileges, appurtenances, tenements, hereditaments and other rights and benefits at any time belonging or pertaining to the Land underlying the Improvements or the Improvements, including without limitation the use of any streets, ways, alleys, vaults or strips of land adjoining, abutting, adjacent or contiguous to the Land and (b) all permits, licenses and rights, whether or not of record, appurtenant to such Land or the Improvements.

"Assignment and Acceptance" shall mean the Assignment and Acceptance in the form attached to the Credit Agreement as Exhibit B.

"Assignment of Escrow Account" shall mean the Assignment of Escrow Account dated on the Closing Date executed by the Lessor and agreed and accepted by the Construction Agent and the Agent.

"Available Tranche B Lender Commitment" shall mean, as to any Tranche B Lender at any time, an amount equal to the excess, if any, of (a) the amount of such Tranche B Lender's Commitment over (b) the aggregate principal amount of all Tranche B Loans made by such Tranche B Lender as of such date (but without giving effect to any repayments or prepayments of any Tranche B Loans under the Credit Agreement).

"Bank Regulatory Authority" shall mean with respect to any Person, the Board, the Comptroller of the Currency, the Federal Deposit Insurance Corporation and all other bank regulatory authorities (including, without limitation, relevant state bank regulatory authorities) having jurisdiction over such person.

"Bankruptcy Code" shall mean Title 11 of the U. S. Code entitled "Bankruptcy," as now or hereafter in effect or any successor thereto.

"Bankruptcy Event" means with respect to Borrower or any Credit Party, any voluntary or involuntary dissolution, winding-up, total or partial liquidation or reorganization, or bankruptcy, insolvency, receivership or other statutory or common law proceedings or arrangements involving the Borrower or such Credit Party or the readjustment of its liabilities or any assignment for the benefit of creditors or any marshalling of its assets or liabilities.

"Basic Documents" shall mean the following: the Participation Agreement, the Agency Agreement, the Credit Agreement, the Note Purchase Agreement, the Notes, the Lease, the Guaranty and the Security Agreement.

"Basic Rent" shall mean an amount equal to the scheduled interest due on the Notes on any Scheduled Interest Payment Date (but not including interest on (a) any Note due prior to the Rent Commencement Date with respect to the Property or (b) any overdue amounts under Section 2.8(b) of the Credit Agreement, Section 7.1(b) of the Note Purchase Agreement or otherwise) payable in accordance with the Lease and the Participation Agreement.

"Basic Term" shall have the meaning given to such term in Section 2.2 of the Lease.

"Benefitted Lender" shall have the meaning specified in Section 9.10(a) of the Credit Agreement.

"Benefitted Note Purchaser" shall have the meaning specified in Section 22.6(a) of the Note Purchase Agreement.

"Bill of Sale" shall mean a Bill of Sale regarding Equipment in form and substance satisfactory to the Agent.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Borrower" shall mean First Union Development Corporation, a North Carolina corporation, and any successor, replacement and/or additional borrower or lessor expressly permitted under the Operative Agreements.

"Borrower's Interest" shall mean the Borrower's rights in, to and under the Property, the Operative Agreements, any other property contributed on behalf of the Lessee and any and all other property or assets from time to time of the Borrower obtained with respect to the Operative Agreements, including, without limitation, Modifications, and all amounts of Rent, insurance proceeds and condemnation awards, indemnity or other payments of any kind received by the Borrower pursuant to the Operative Agreements.

"Borrowing Date" shall mean any Business Day specified in a notice delivered pursuant to Section 2.3 of the Credit Agreement as a date on which the Lessor requests the Tranche B Lenders to make Loans thereunder.

"Budgeted Total Property Cost" shall mean, at any date of determination with respect to the Property during the Construction Period, an amount equal to the aggregate amount which the Construction Agent in good faith expects to be expended in order to achieve Completion with respect to the Property.

"Business Day" shall mean a day other than a Saturday, Sunday or other day on which commercial banks in Virginia, North Carolina or any other states from which the Agent or any Tranche B Lender funds the transactions contemplated by the Operative Agreements are authorized or required by law to close; provided, however, that when used in connection with a Eurodollar Loan, the term

"Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Called Principal" shall mean, with respect to any Tranche A Note, the principal of such Tranche A Note that is to be prepaid or has become or is declared to be immediately due and payable, as the context requires.

"Capitalized Lease" shall mean, as applied to any Person, any lease of property (whether real, personal, tangible, intangible or mixed of such Person) by such Person as the lessee which would be capitalized on a balance sheet of such Person prepared in accordance with GAAP.

"Capital Adequacy Guidelines" means the Capital Adequacy Guidelines for State Member Banks published by the Board (12 C.F.R. Part 208, Appendix A, including related definitions in Section 208.31, in each case as amended, modified and supplemented and in effect from time to time or any replacement thereof).

"Capital Lease Obligations" shall mean, for any Person, all obligations of such Person to pay rent or other amounts under a Capitalized Lease.

"Capital Stock" shall mean any nonredeemable capital stock of any Credit Party or any of its Subsidiaries or of any other applicable Person, whether common or preferred.

"Casualty" shall mean any damage or destruction of all or any portion of the Property as a result of a fire or other casualty.

"Cash Equivalents" shall mean (a) securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof), (b) U.S. dollar denominated time and demand deposits and certificates of deposit of any Approved Bank having capital and surplus in excess of \$500,000,000, in each case with maturities of not more than 270 days from the date of acquisition, (c) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof), or issued or guaranteed by any domestic corporation rated A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody's (d) repurchase agreements with a bank or trust company (including any of the Tranche B Lenders) or recognized securities dealer having capital and surplus in excess of \$500,000,000 for direct obligations issued by or fully guaranteed by the United States of America and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations, and (e) investments, classified in accordance with GAAP as current assets, in money market investment programs registered under the Investment Company Act of 1940, as amended, which are administered by reputable financial institutions having capital of at least \$500,000,000 and the portfolios of which are limited to investments of the character described in the foregoing subdivisions (a) through (c).

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C.(S) 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986.

"Chattel Paper" shall have the meaning given to such term in Section 1 of the Security Agreement.

"Claims" shall mean any and all obligations, liabilities, losses, actions, suits, penalties, claims, demands, costs and expenses (including without limitation reasonable attorney's fees and expenses) of any nature whatsoever.

"Closing" shall have the meaning given to such term in Section 3 of the Note Purchase Agreement.

"Closing Date" shall mean December 5, 2000.

"Code" shall mean the Internal Revenue Code of 1986 together with rules and regulations promulgated thereunder, as amended from time to time, or any successor statute thereto.

"COB" shall mean Capital One Bank, a Virginia banking corporation.

"COFC" shall mean Capital One Financial Corporation, a Delaware corporation.

"Collateral" shall mean all assets of the Lessor, the Construction Agent and the Lessee, now owned or hereafter acquired, upon which a Lien is purported to be created by one or more of the Security Documents.

"Commencement Date" shall have the meaning specified in Section 2.2 of the Lease.

"Commitments" shall mean the Tranche A Commitments of each Tranche A Note Purchaser as set forth in Schedule A to the Note Purchase Agreement, as

such Schedule A may be amended or replaced from time to time, and the Tranche B

Commitments of each Tranche B Lender as set forth in Schedule 2.1 to the Credit Agreement, as such Schedule 2.1 may be amended and replaced from time to time.

"Commitment Percentage" shall mean, as to any Primary Financing Party at any time, the percentage which such Primary Financing Party's Commitment then constitutes of the aggregate Commitments (or, with respect to the Tranche B Lenders, at any time after the Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Primary Financing Party's Financing then outstanding constitutes of the aggregate principal amount of all of the Financing then outstanding).

"Commitment Period" shall mean the period from and including the Closing Date to and including the Construction Period Termination Date, or such earlier date as the Tranche B Commitments shall terminate as provided in the Credit Agreement.

"Company Obligations" shall mean the joint and several obligations of Capital One, F.S.B., a federal savings bank, and Capital One Bank, a Virginia banking corporation, in any and all capacities under and with respect to, and in accordance with, the Operative Agreements, including, without limitation, the obligation to pay Basic Rent, Supplemental Rent, Termination Value and Maximum Residual Guarantee Amount.

"Completion" shall mean, with respect to the Property, such time as the acquisition, installation, testing and final completion (subject to completion of punch list items) of the Improvements on the Property has been achieved in accordance with the Plans and Specifications, the Agency Agreement and/or the Lease, and in compliance with all Legal Requirements and Insurance Requirements and a certificate of occupancy has been issued with respect to the Property by the appropriate governmental entity (except if non-compliance, individually or in the aggregate, shall not have and could not reasonably be expected to have a Material Adverse Effect or if compliance with any of the foregoing is otherwise waived by the Agent upon instruction from the Secured Parties in accordance with the terms of the Intercreditor Agreement).

"Completion Date" shall mean the date on which Completion for the Property has occurred.

"Condemnation" shall mean any taking or sale of the use, access, occupancy, easement rights or title to the Property or any part thereof, wholly or partially (temporarily or permanently), by or on account of any actual or threatened eminent domain proceeding or other taking of action by any Person having the power of eminent domain, including without limitation an action by a Governmental Authority to change the grade of, or widen the streets adjacent to, the Property or alter the pedestrian or vehicular traffic flow to the Property so as to result in a change in access to the Property, or by or on account of an eviction by paramount title or any transfer made in lieu of any such proceeding or action.

"Consolidated Subsidiary" shall mean, as to any Person, any Subsidiary of such Person which under the rules of GAAP consistently applied should have its financial results consolidated with those of such Person for purposes of financial accounting statements.

"Construction Advance" shall mean an advance of funds to pay Project Costs pursuant to Section 5.4 of the Participation Agreement.

"Construction Agent" shall mean Capital One, F.S.B., a federal savings bank, and Capital One Bank, a Virginia banking corporation, jointly and severally as the construction agent under the Agency Agreement.

"Construction Budget" shall mean the cost of acquisition, installation, testing, constructing, equipping and developing the Property and other Project Costs as determined by the Construction Agent in its reasonable, good faith judgment.

"Construction Commencement Date" shall mean, with respect to Improvements, the date on which construction of such Improvements commences pursuant to the Agency Agreement.

"Construction Contract" shall mean any contract entered into between the Construction Agent or the Lessee with a Contractor for the construction of Improvements or any portion thereof on the Property.

"Construction Period" shall mean the period commencing on the Construction Commencement Date for the Property and ending on the Completion Date for the Property.

"Construction Period Property" shall have the meaning given to such term in Section 5.3(b) of the Agency Agreement.

"Construction Period Termination Date" shall mean (a) the earlier of (i) the date that the Tranche B Commitments have been terminated in their entirety in accordance with the terms of Section 2.5(a) of the Credit Agreement, or (ii) December 31, 2002 (subject to extension in accordance with Section 5.11 of the Participation Agreement) or (b) any such later date as shall be agreed to by the Majority Secured Parties.

"Contractor" shall mean each entity with whom the Construction Agent or the Lessee contracts to construct any Improvements or any portion thereof on the Property.

"Control Agreement" shall mean that certain Control Agreement dated as of the Closing Date among the Agent, the Lessor, the Construction Agent and the Escrow Agent.

"Controlled Group" shall mean all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with any Credit Party, are treated as a single employer under Section 414 of the Code.

"Credit Agreement" shall mean the Credit Agreement, dated as of the Closing Date, among the Borrower, the Agent and the Tranche B Lenders, as specified therein.

"Credit Agreement Default" shall mean any event or condition which, with the lapse of time or the giving of notice, or both, would constitute a Credit Agreement Event of Default.

"Credit Agreement Event of Default" shall mean any event or condition defined as an "Event of Default" in Section 6 of the Credit Agreement.

"Credit Documents" shall mean the Participation Agreement, the Credit Agreement, the Note Purchase Agreement, the Notes and the Security Documents.

"Credit Parties" shall mean the Construction Agent, the Lessee and the Guarantor.

"Debt Rating" shall mean, as of any date of determination thereof and with respect to any Person, the ratings most recently published by the Rating Agencies relating to the unsecured, unsupported senior long-term debt obligations of such Person.

"Deed" shall mean a warranty deed regarding the Land and/or Improvements in form and substance satisfactory to the Agent.

"Deed of Trust Trustee" shall have the meaning given to such term in Section 17.5(c) of the Lease.

"Default" shall mean any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

"Delinquency Ratio" shall mean, on any date and with respect to any Person, the ratio of (a) all Past Due Receivables with respect to such Person on such date to (b) the aggregate amount of all Managed Receivables with respect to such Person on such date; provided that with respect to FSB, "Delinquency Ratio"

shall mean the ratio (computed with respect to COB and FSB on a combined basis, but without any intercompany eliminations) of (i) all Past Due Receivables of COB and FSB on such date to (ii) the aggregate amount of all Managed Receivables of COB and FSB on such date.

"Discounted Value" shall mean, with respect to the Called Principal of any Tranche A Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

"Dispute" shall mean any claim or controversy arising out of, or relating to, the Operative Agreements between or among the parties thereto.

"Documents" shall have the meaning given to such term in Section 1 of the Security Agreement.

"Dollars" and "\$" shall mean dollars in lawful currency of the United States of America.

"Domestic Subsidiary" shall mean, with respect to any Person, any Subsidiary of such Person which is incorporated or organized under the laws of any State of the United States or the District of Columbia.

"Election Date" shall have the meaning given to such term in Section 20.1 of the Lease.

"Election Notice" shall have the meaning given to such term in Section 20.1 of the Lease.

"Employee Benefit Plan" or "Plan" shall mean an employee benefit plan (within the meaning of Section 3(3) of ERISA, including without limitation any Multiemployer Plan), or any "plan" as defined in Section 4975(e)(1) of the Code and as interpreted by the Internal Revenue Service and the Department of Labor in rules, regulations, releases or bulletins in effect on the Closing Date.

"Environmental Claims" shall mean any investigation, notice, violation, demand, allegation, action, suit, injunction, judgment, order, consent decree, penalty, fine, lien, proceeding, or claim (whether administrative, judicial, or private in nature) relating to or affecting the Property arising (a) pursuant to, or in connection with, an actual or alleged violation of, any Environmental Law, (b) in connection with any Hazardous Substance, (c) from any abatement, removal, remedial, corrective, or other response action in connection with a Hazardous Substance, Environmental Law, or other order of a Tribunal or (d) from any actual or alleged damage, injury, threat, or harm to health, safety, natural resources, or the environment.

"Environmental Laws" shall mean any Law, permit, consent, approval, license, award, or other authorization or requirement of any Tribunal relating to emissions, discharges, releases, threatened releases of any Hazardous Substance into ambient air, surface water, ground water, publicly owned treatment works, septic system, or land, or otherwise relating to the handling, storage, treatment, generation, use, or disposal of Hazardous Substances, pollution or to the protection of health or the environment, including without limitation CERCLA, the Resource Conservation and Recovery Act, 42 U.S.C. (S) 6901, et seq., and state statutes analogous thereto.

"Environmental Violation" shall mean any activity, occurrence or condition that violates or threatens (if the threat requires remediation under any Environmental Law and is not remediated during any grace period allowed under such Environmental Law) to violate or results in or threatens (if the threat requires remediation under any Environmental Law and is not remediated during any grace period allowed under such Environmental Law) to result in noncompliance with any Environmental Law relating to or affecting the Property.

"Equipment" shall mean equipment, apparatus and fixtures of every kind and nature whatsoever purchased or otherwise acquired using the proceeds of Advances by the Construction Agent, the Lessee or the Lessor and all improvements and modifications thereto and replacements thereof, whether or not now owned or hereafter acquired or now or subsequently attached to, contained in or used or usable in any way in connection with any operation of any Improvements, including but without limiting the generality of the foregoing, all equipment described in the Appraisal including without limitation all heating, electrical, and mechanical equipment, lighting fixtures, switchboards, plumbing, ventilation, air conditioning and air-cooling apparatus, refrigerating, and incinerating equipment, escalators, elevators, loading and unloading equipment and systems, cleaning systems (including without limitation window cleaning apparatus), sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors, engines, machinery, pipes, pumps, tanks, conduits, appliances, fittings and fixtures of every kind and description, and any other personal property described on Schedule 3 to any Requisition, but excluding Lessee Equipment.

"Equipment Schedule" shall mean (a) each Equipment Schedule attached to the applicable Requisition and (b) each Equipment Schedule attached to the applicable Lease Supplement.

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

"ERISA Affiliate" shall mean each entity required to be aggregated with any Credit Party pursuant to the requirements of Section 414(b) or (c) of the Code.

"Escrow Account" shall mean that certain deposit account (including without limitation the deposits and other property in such account) which is held at First Union National Bank as account number 507 2000 148.

"Escrow Agent" shall mean First Union National Bank, CMG/Corporate Trust Department, a national banking association.

"Eurocurrency Reserve Requirements" shall mean for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the maximum rates (expressed as a decimal) of reserve requirements in effect on such day (including without limitation basic, supplemental, marginal and emergency reserves under any regulations of the Board or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed on eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D) maintained by a member bank of the Federal Reserve System.

"Eurodollar Loans" shall mean Tranche B Loans the rate of interest applicable to which is based upon the Eurodollar Rate.

"Eurodollar Rate" shall mean for the Interest Period for each Eurodollar Loan comprising part of the same borrowing or advance (including without limitation conversions, extensions and renewals), a per annum interest rate equal to a fraction (a) expressed as a percentage (rounded upward to the nearest one sixteenth (1/16) of one percent (1%)) (i) with the numerator equal to a per annum interest rate determined by the Agent on the basis of the offered rates for deposits in dollars for a period of time corresponding to such Interest Period (and commencing on the first day of such Interest Period), reported on Telerate page 3750 as of 11:00 a.m. (London time) two (2) Business Days before the first day of such Interest Period and (ii) the denominator equal to 100% minus the Eurocurrency Reserve Requirements. In the event no such offered rates appear on Telerate page 3750, "Eurodollar Rate" shall mean for the Interest Period for each Eurodollar Loan comprising part of the same borrowing or advance (including without limitation conversions, extensions and renewals), a per annum interest rate equal to a fraction (b) expressed as a percentage (rounded upward to the nearest one sixteenth (1/16) of one percent (1%)) (i) with the numerator equal to a per annum interest rate determined by the Agent on the basis of the offered rates for deposits in dollars for a period of time corresponding to such Interest Period (and commencing on the first day of such Interest Period), which appear on the Reuters Screen LIBO Page as of 11:00 a.m. (London time) two (2) Business Days before the first day of such Interest Period (provided that if at least two (2) such offered rates appear on the Reuters Screen LIBO Page, the rate in respect of such Interest Period will be the arithmetic mean of such offered rates) and (ii) the denominator equal to 100% minus the Eurocurrency Reserve Requirements. As used herein, "Reuters Screen LIBO Page" means the display designated as page "LIBO" on the Reuters Monitor Money Rates Service (or such other page as may replace the LIBO page on that service for the purpose of displaying London interbank offered rates of major banks) ("RMMRS"). In the event the RMMRS is not then quoting such offered rates,

"Eurodollar Rate"

shall mean for the Interest Period for each Eurodollar Loan comprising part of the same borrowing or advance (including without limitation conversions, extensions and renewals), a per annum interest rate equal to a fraction (c) expressed as a percentage (rounded upward to the nearest one-sixteenth (1/16) of one percent (1%)) (i) with the numerator equal to the average per annum rate of interest determined by the office of the Agent (each such determination to be conclusive and binding) as of two (2) Business Days prior to the first day of such Interest Period, as the effective rate at which deposits in immediately available funds in U.S. dollars are being, have been, or would be offered or quoted by the Agent to major banks in the applicable interbank market for Eurodollar deposits at any time during the Business Day which is the second Business Day immediately preceding the first day of such Interest Period, for a term comparable to such Interest Period and in the amount of the requested Eurodollar Loan and (ii) the denominator equal to 100% minus the Eurocurrency Reserve Requirements. If no such offers or quotes are generally available for such amount, then the Agent shall be entitled to determine the Eurodollar Rate from another recognized service or interbank quotation, or by estimating in its reasonable judgment the per annum rate (as described above) that would be applicable if such quote or offers were generally available.

"Event of Default" shall mean a Lease Event of Default, an Agency Agreement Event of Default, a Credit Agreement Event of Default or a Note Purchase Agreement Event of Default.

"Event of Loss" shall mean any Casualty, Condemnation or Environmental Violation that causes or results in the delivery of a Termination Notice by the Lessee in accordance with Section 16.1 of the Lease.

"Excepted Payments" shall mean:

(a) all indemnity payments (including without limitation indemnity payments made pursuant to Section 11 of the Participation Agreement), whether made by adjustment to Basic Rent or otherwise, to which any Financing Party or any of its Affiliates, agents, officers, directors or employees is entitled;

(b) any amounts (other than Basic Rent or Termination Value) payable under any Operative Agreement to reimburse any Financing Party or any of its Affiliates (including without limitation the reasonable expenses of a Financing Party incurred in connection with any such payment) for performing or complying with any of the obligations of any Credit Party under and as permitted by any Operative Agreement;

(c) any amount payable to the Lessor or any Primary Financing Party by any transferee permitted under the Operative Agreements of the Lessor or such Primary Financing Party as the purchase price of the Lessor's interest in the Borrower's Interest (which amount shall not include any amounts necessary to pay the principal, interest and Make-Whole Amount on the Notes or any other amount payable to the Agent or the Primary Financing Parties) or such Primary Financing Party's interest in the transactions contemplated by the Operative Agreements (or a portion thereof);

(d) any insurance proceeds (or payments with respect to risks self-insured or policy deductibles) under liability policies other than such proceeds or payments payable to any Financing Party;

(e) any insurance proceeds under policies maintained by the Lessor or any other Financing Party pursuant to or in accordance with the terms of the Operative Agreements;

(f) Transaction Expenses or other amounts, fees, disbursements or expenses paid or payable to or for the benefit of the Lessor or any other Financing Party;

(g) any payments in respect of interest to the extent attributable to payments referred to in clauses (a) through (f) above; and

(h) any rights of the Financing Parties to demand, collect, sue for or otherwise receive and enforce payment of any of the foregoing amounts, provided that such rights shall not include the

right to terminate the Lease.

"Excess Proceeds" shall mean the excess, if any, of the aggregate of all awards, compensation or insurance proceeds payable in connection with a Casualty or Condemnation over the Termination Value paid by the Lessee pursuant to the Lease with respect to such Casualty or Condemnation.

"Exculpated Persons" shall mean the Lessor (except with respect to the representations and warranties and the other obligations of the Lessor pursuant to the Operative Agreements expressly undertaken by it in its capacity as a Primary Financing Party), its officers, directors, shareholders and partners.

"Exempt Payments" shall have the meaning specified in Section 11.2(e) of the Participation Agreement.

"Expiration Date" shall mean the last day of the Term; provided, in no

event shall the Expiration Date be later than the tenth anniversary of the Closing Date, unless a later date has been expressly agreed to in writing by each of the Lessor, the Lessee, the Agent, and the Primary Financing Parties in accordance with the terms and conditions set forth in Section 2.2 of the Lease.

"Fair Market Sales Value" shall mean, with respect to the Property, the amount, which in any event, shall not be less than zero (0), that would be paid in cash in an arms-length transaction between an informed and willing purchaser and an informed and willing seller, neither of whom is under any compulsion to purchase or sell, respectively, the Property. Fair Market Sales Value of the Property shall be determined based on the assumption that, except for purposes of Section 17 of the Lease, the Property is in the condition and state of repair required under Section 10.1 of the Lease and each Credit Party is in compliance with the other requirements of the Operative Agreements.

"FDIA" shall mean the Federal Deposit Insurance Act.

"Federal Funds Effective Rate" shall have the meaning given to such term in the definition of ABR.

"Financing" shall mean the financing extended pursuant to the Credit Agreement or the Note Purchase Agreement and shall include both the Tranche A Proceeds and the Tranche B Loans.

"Financing Parties" shall mean the Lessor, the Agent, the Escrow Agent and the Primary Financing Parties.

"First Priority Liens" shall have the meaning given to such term in Section 3.1 of the Intercreditor Agreement.

"Fixtures" shall mean all fixtures, as defined in accordance with Virginia law, relating to the Improvements, including without limitation all components thereof, located in or on the Improvements, together with all replacements, modifications, alterations and additions thereto, excluding Lessee Equipment.

"Force Majeure Event" shall mean any event beyond the control of the Construction Agent, other than a Casualty or Condemnation, including without limitation strikes, lockouts, adverse soil conditions, acts of God, adverse weather conditions, inability to obtain labor or materials, governmental activities, civil commotion and enemy action; but excluding any event, cause or condition that results from the Construction Agent's financial condition.

"Form W-8BEN" shall have the meaning specified in Section 11.2(e) of the Participation Agreement.

"Form W-8ECI" shall have the meaning specified in Section 11.2(e) of the Participation Agreement.

"FSB" shall mean Capital One, F.S.B., a federal savings bank.

"GAAP" shall mean generally accepted accounting principles, consistently applied, set forth in the opinions and pronouncements of the accounting principles board of the American Institute of Certified Public Accountants, and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, that are applicable to the circumstances as of the date of determination.

"Governmental Action" shall mean all permits, authorizations, registrations, consents, approvals, waivers, exceptions, variances, orders, judgments, written interpretations, decrees, licenses, exemptions, publications, filings, notices to and declarations of or with, or required by, any Governmental Authority, or required by any Legal Requirement, and shall include, without

limitation, all environmental and operating permits and licenses that are required for the full use, occupancy, zoning and operating of the Property.

"Governmental Authority" shall mean any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Ground Lease" shall mean that certain Ground Lease dated as of the Closing Date respecting the Property between COB, as lessor, and Lessor, as lessee.

"Guarantor" shall mean Capital One Financial Corporation, a Delaware corporation, as a guarantor of the Construction Agent and the Lessee under the Guaranty.

"Guarantor Credit Agreement" shall mean that certain Second Amended and Restated Credit Agreement dated as of May 25, 1999 among Capital One Financial Corporation, Capital One Bank and Capital One, F.S.B., as borrowers, The Chase Manhattan Bank, as Administrative Agent and the other financial institutions party thereto, as such may hereafter be amended, modified, supplemented and/or restated (including by a refinancing transaction) from time to time.

"Guaranty" shall mean that certain Guaranty dated as of the Closing Date and executed by COFC in favor of the Financing Parties; provided, however,

that for purposes of Sections 6.3, 6.4, 8.3A, 8.3B, 8.3C and 8.3D of the Participation Agreement (and defined terms used in connection therewith), the term "Guaranty" shall also mean a guarantee, an endorsement, a contingent agreement to purchase or to furnish funds for the payment or maintenance of, or otherwise to be or become contingently liable under or with respect to, the Indebtedness, other obligations, net worth, working capital or earnings of any Person, or a guarantee of the payment of dividends or other distributions upon the stock or equity interests of any Person, or an agreement to purchase, sell or lease (as lessee or lessor) property, products, materials, supplies or services primarily for the purpose of enabling a debtor to make payment of such debtor's obligations or an agreement to assure a creditor against loss, and including, without limitation, causing a bank or other financial institution to issue a letter of credit or other similar instrument for the benefit of another Person, but excluding endorsements for collection or deposit in the ordinary course of business. The terms "Guarantee" and "Guaranteed" used as a verb shall have a correlative meaning.

"Hard Costs" shall mean all costs and expenses payable for supplies, materials, labor and profit with respect to the Improvements under any Construction Contract.

"Hazardous Substance" shall mean any of the following: (a) any petroleum or petroleum product, explosives, radioactive materials, asbestos, formaldehyde, polychlorinated biphenyls, lead and radon gas; (b) any substance, material, product, derivative, compound or mixture, mineral, chemical, waste, gas, medical waste, or pollutant, in each case whether naturally occurring, man-made or the by-product of any process, that is toxic, harmful or hazardous to the environment or human health or safety as determined in accordance with any Environmental Law; or (c) any substance, material, product, derivative, compound or mixture, mineral,

chemical, waste, gas, medical waste or pollutant that would support the assertion of any claim under any Environmental Law, whether or not defined as hazardous as such under any Environmental Law.

"Impositions" shall mean any and all liabilities, losses, expenses, costs, charges and Liens of any kind whatsoever for fees, taxes, levies, imposts, duties, charges, assessments or withholdings of any nature whatsoever ("Taxes") including but not limited to (i) real and personal property taxes,

including without limitation personal property taxes on any property covered by the Lease that is classified by Governmental Authorities as personal property, and real estate or ad valorem taxes in the nature of property taxes; (ii) sales taxes, use taxes and other similar taxes (including rent taxes and intangibles taxes); (iii) excise taxes; (iv) real estate transfer taxes, conveyance taxes, stamp taxes and documentary recording taxes and fees; (v) taxes that are or are in the nature of franchise, income, value added, privilege and doing business taxes, license and registration fees; (vi) assessments on the Property, including without limitation all assessments for public Improvements or benefits, whether or not such improvements are commenced or completed within the Term; and (vii) taxes, Liens, assessments or charges asserted, imposed or assessed by the PBGC or any governmental authority succeeding to or performing functions similar to, the PBGC; and all interest, additions to tax and penalties, which at any time prior to, during or with respect to the Term or in respect of any period for which the Lessee shall be obligated to pay Supplemental Rent, may be levied, assessed or imposed by any Governmental Authority upon or with respect to (a) any Indemnified Person, the Property or any part thereof or interest therein; (b) the leasing, financing, refinancing, purchase, acceptance, rejection, demolition, construction, substitution, subleasing, assignment, control, condition, occupancy, servicing, maintenance, repair, ownership, possession, activity conducted on or in, delivery, insuring, use, rental, lease, operation, improvement, sale, transfer of title, return or other disposition of the Property or any part thereof or interest therein; (c) the Notes, other indebtedness with respect to the Property, or any part thereof or interest therein; (d) the rentals, receipts or earnings arising from the Property or any part thereof or interest therein; (e) the Operative Agreements, the execution, performance or enforcement thereof, or any payment made or accrued pursuant thereto; (f) the income or other proceeds received with respect to the Property or any part thereof or interest therein upon the sale or disposition thereof; (g) any contract (including the Agency Agreement) relating to the construction, acquisition or delivery of the Improvements or any part thereof or interest therein; (h) the issuance of the Notes; (i) the Borrower or the Borrower's Interest; or (j) otherwise in connection with the transactions contemplated by the Operative Agreements.

"Improvements" shall mean, with respect to the construction, renovations and/or Modifications on the Land, all buildings, structures, Fixtures, and other improvements of every kind existing at any time and from time to time on or under the Land which is subject to the Ground Lease, together with any and all appurtenances to such buildings, structures or improvements, including without limitation sidewalks, utility pipes, conduits and lines, parking areas and roadways, and including without limitation all Modifications and other additions to or changes in the Improvements at any time, including without limitation (a) any Improvements existing as of the Closing Date as such Improvements may be referenced on the applicable Requisition and (b) any Improvements made subsequent to the Closing Date, excluding in all circumstances Lessee Equipment.

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

"Indemnified Person" shall mean the Lessor, the Agent, the Placement Agent, the Escrow Agent, the Primary Financing Parties and their respective successors, assigns, directors, trustees, shareholders, partners, officers, employees, agents and Affiliates.

"Indemnity Provider" shall mean the Lessee.

"Initial Construction Advance" shall mean any initial Advance to pay for: (a) Property Costs for construction of any Improvements; and (b) the Property Costs of restoring or repairing the Property in accordance with Section 15.1(e) of the Lease.

"Instruments" shall have the meaning given to such term in Section 1 of the Security Agreement.

"Insurance Consultant" shall mean Marsh USA Inc.

"Insurance Requirements" shall mean all terms and conditions of any insurance policy either required by the Lease to be maintained by the Lessee or required by the Agency Agreement to be maintained by the Construction Agent, and all requirements of the issuer of any such policy and, regarding self insurance, any other requirements of the Lessee or the Construction Agent, as the case may be.

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

"Intangibles" means, as at any date and with respect to any Person, the aggregate amount (to the extent reflected in determining the consolidated stockholders' equity of such Person and its consolidated Subsidiaries) of (a) all write-ups (other than write-ups resulting from foreign currency translations and write-ups of assets of a going concern business made within 12 months after the acquisition of such business) subsequent to September 30, 2000 in the book value of

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

"Intercreditor Agreement" shall mean that certain Intercreditor and Lien Subordination Agreement dated as of the Closing Date among the Lessee, the Guarantor, the Lessor, the Tranche A Note Purchasers, the Tranche B Lenders and the Agent.

"Interest Period" shall mean during the Commitment Period and thereafter as to any Eurodollar Loan (i) with respect to the initial Interest Period, the period beginning on the date of the first Eurodollar Loan and ending one (1) month, two (2) months, three (3) months or six (6) months thereafter, as selected by the Lessee on behalf of the Lessor in its applicable notice given with respect thereto and (ii) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one (1) month, two (2) months, three (3) months or six (6) months thereafter, as selected by the Lessee on behalf of the Lessor by irrevocable notice to the Agent in each case not less than three (3) Business Days prior to the last day of the then current Interest Period with respect thereto; provided,

however, that all of the foregoing provisions relating to Interest Periods are
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subject to the following: (A) if any Interest Period would end on a day which is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day (except that where the next succeeding Business Day falls in the next succeeding calendar month, then on the next preceding Business Day), (B) no Interest Period shall extend beyond the Expiration Date, as the case may be, (C) where an Interest Period begins on a day for which there is no numerically corresponding day in the calendar month in which the Interest Period is to end, such Interest Period shall end on the last Business Day of such calendar month, (D) there shall not be more than four (4) Interest Periods outstanding at any one (1) time.

"Interim Term" shall have the meaning given to such term in Section 2.2 of the Lease.

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

"Investment Company Act" shall mean the Investment Company Act of 1940, as amended, together with the rules and regulations promulgated thereunder.

"Land" shall mean a parcel of real property described on (a) the Requisition issued by the Construction Agent on the Closing Date relating to such parcel and (b) the schedules to each applicable Lease Supplement executed and delivered in accordance with the requirements of Section 2.4 of the Lease.

"Law" shall mean any statute, law, ordinance, regulation, rule, directive, order, writ, injunction or decree of any Tribunal.

"Lease" or "Lease Agreement" shall mean the Lease Agreement dated as of the Closing Date, between the Lessor and the Lessee, together with the Lease Supplement thereto.

"Lease Default" shall mean any event or condition which, with the lapse of time or the giving of notice, or both, would constitute a Lease Event of Default.

"Lease Event of Default" shall have the meaning specified in Section 17.1 of the Lease.

"Lease Supplement" shall mean the Lease Supplement substantially in the form of Exhibit A to the Lease, together with all attachments and schedules thereto.

"Legal Requirements" shall mean all foreign, federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions affecting the Lessor, any Credit Party, the Agent, any Primary Financing Party or the Property, Land, Improvement, Equipment or the taxation, demolition, construction, use or alteration of such Property, Land, Improvements or Equipment, whether now or hereafter enacted and in force, including without limitation any that require repairs, modifications or alterations in or to the Property or in any way limit the use and enjoyment thereof (including without limitation all building, zoning and fire codes and the Americans with Disabilities Act of 1990, 42 U.S.C. ss. 12101 et. seq., and any other similar federal, state or local laws or ordinances and the regulations promulgated thereunder) and any that may relate to environmental requirements (including without limitation all Environmental Laws), and all permits, certificates of occupancy, licenses, authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments which are either of record or known to any Credit Party affecting the Property or the Appurtenant Rights.

"Lessee" shall have the meaning set forth in the Lease.

"Lessee Equipment" shall mean all signs, exterior lighting standards, machinery, apparatus, furniture, furnishings, telephone systems, telecommunication systems, computers, computer terminals, all items relating to data transmission, trash compactors, shelving, snow removal and lawn maintenance equipment and other related equipment, movable or demountable partitions, motorized vehicles, trade fixtures and temporary auxiliary structures, tools, supplies, materials, security systems, wiring, fibers, PBX, data connections, video equipment, cafeteria furnishings and equipment, public address system, inventory and other personal property and all

renewals and replacements thereof, in each case, now owned or hereafter acquired by the Lessee (without the proceeds of any Advance and which is not attached to the Improvements in such a manner as to become a fixture under applicable law) or any subtenant or permitted assignee of the Lessee (without the proceeds of any Advances and which is not attached to the Improvements in such a manner as to become a fixture under applicable law) and installed or located at or on the Property or necessary for the operations of the Lessee's business.

"Lessor" shall mean First Union Development Corporation, a North Carolina corporation, and any successor, replacement and/or additional lessor or lessor expressly permitted under the Operative Agreements.

"Lessor Financing Statements" shall mean UCC financing statements and fixture filings appropriately completed and executed for filing in the applicable jurisdictions in order to protect the Lessor's interest under the Lease to the extent the Lease is a security agreement or a mortgage.

"Lessor Lien" shall mean any Lien, true lease or sublease or disposition of title arising as a result of (a) any claim against the Lessor not resulting from the transactions contemplated by the Operative Agreements, (b) any act or omission of the Lessor which is not required by the Operative Agreements or is in violation of any of the terms of the Operative Agreements, (c) any claim against the Lessor with respect to Taxes or Transaction Expenses against which the Lessee is not required to indemnify the Lessor pursuant to Section 11 of the Participation Agreement or (d) any claim against the Lessor arising out of any transfer by the Lessor of all or any portion of the interest of the Lessor in the Property, the Borrower's Interest or the Operative Agreements other than the transfer of title to or possession of any Property by the Lessor pursuant to and in accordance with the Lease, the Note Purchase Agreement, the Credit Agreement, the Security Agreement or the Participation Agreement or pursuant to the exercise of the remedies set forth in Article XVII of the Lease.

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

"Lien" shall mean any mortgage, pledge, security interest, encumbrance, lien, option or charge of any kind.

"Limited Recourse Amount" shall mean with respect to the Property, an amount equal to the Termination Value with respect to the Property on each Payment Date, less the Maximum Residual Guarantee Amount as of such date with respect to the Property.

"Majority Secured Parties" shall mean at any time, Primary Financing Parties whose Financings outstanding represent at least fifty-one percent (51%) of (a) the aggregate Financings

outstanding or (b) to the extent there are no Financings outstanding, the aggregate of the Primary Financing Party Commitments.

"Majority Tranche A Note Purchasers" shall mean at any time, Tranche A Note Purchasers whose Tranche A Proceeds outstanding represent at least fifty-one percent (51%) of the aggregate Tranche A Proceeds outstanding.

"Majority Tranche B Lenders" shall mean at any time, Tranche B Lenders whose Tranche B Loans outstanding represent at least fifty-one percent (51%) of (a) the aggregate Tranche B Loans outstanding or (b) to the extent there are no Tranche B Loans outstanding, the aggregate of the Tranche B Commitments.

"Make-Whole Amount" shall mean, with respect to any Tranche A Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Tranche A Note over the amount of such Called Principal; provided that the Make-Whole Amount

may in no event be less than zero.

"Managed Receivables" means, on any date, the sum for any Person and its consolidated Subsidiaries (determined on a consolidated basis in accordance with GAAP) of (a) all on-balance sheet credit card loans and other finance receivables plus (b) all on-balance sheet credit card loans and other finance

receivables held for securitization plus (c) all securitized credit card loans

and other finance receivables managed by such Person and its consolidated Subsidiaries, provided that, as the term "Managed Receivables" is used in the

definition of "Tier 1 Capital to Managed Receivables Ratio", clauses (a), (b) and (c) above shall be determined exclusive of securitized non-revolving finance receivables.

"Marketing Notice" shall have the meaning given to such term in Section 3.2(c) of the Intercreditor Agreement.

"Marketing Period" shall mean, if the Lessee has given a Sale Notice in accordance with Section 20.1 of the Lease, the period commencing on the date such Sale Notice is given and ending on the Expiration Date.

"Marketing Price" shall have the meaning given to such term in Section 3.2(c) of the Intercreditor Agreement.

"Material" means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of any Person and its Subsidiaries taken as a whole.

"Material Adverse Effect" shall mean a material adverse effect on (a) the business, condition (financial or otherwise), assets, liabilities or operations of COFC and its Consolidated Subsidiaries taken as a whole, (b) the ability of any Credit Party to perform its respective obligations under any Operative Agreement to which it is a party, (c) the validity or enforceability of any Operative Agreement or the rights and remedies of the Agent, the Primary Financing Parties, or the Lessor thereunder, (d) the validity, priority or enforceability of any Lien on the Property or the Collateral created by any of the Operative Agreements, or (e) the fair

market value, utility or useful life of the Property or the use, or ability of the Lessee to use, the Property for the purpose for which it was intended.

"Material Subsidiary" means any Subsidiary of any Person except a special purpose vehicle.

"Maturity Date" shall mean the Expiration Date.

"Maximum Amount" shall have the meaning given to such term in Section 5.4 of the Agency Agreement.

"Maximum Guaranty Price Contract" shall mean that certain construction contract to be entered into prior to the commencement of construction of the Improvements by and between the Construction Agent and James G. Davis Construction Corporation.

"Maximum Residual Guarantee Amount" shall mean, at any date of determination, an amount equal to the sum of all amounts due and owing to the Tranche A Note Purchasers under the Note Purchase Agreement, the Tranche A Notes and under any other Operative Agreement.

"Modifications" shall have the meaning specified in Section 11.1(a) of the Lease.

"Moody's" shall mean Moody's Investors Service, Inc.

"Mortgage Instruments" shall mean each deed of trust and any other instrument executed by the Lessor and the Lessee (or to the extent the Property is subject to a Ground Lease, the applicable Affiliate of the Lessee) in favor of the Agent (for the benefit of the Primary Financing Parties and the Lessor) and evidencing a Lien on the Property, in form and substance reasonably acceptable to the Agent, including without limitation the Tranche A Mortgage Instrument and the Tranche B Mortgage Instrument.

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

"Multiple Employer Plan" shall mean a plan to which any Credit Party or any ERISA Affiliate and at least one (1) other employer other than an ERISA Affiliate is making or accruing an obligation to make, or has made or accrued an obligation to make, contributions.

"Non-GAAP Expenses" shall mean Tranche A Non-GAAP Interest Expense, up-front structuring fees and any monthly extension fees paid or payable to the Tranche B Lenders, any other non-capitalized expenses relating to the Property determined in accordance with GAAP as such term was defined on the Closing Date, and any other non-capitalized expenses expressly approved by Lessor and each Tranche B Lender (in their sole discretion) from time to time.

"Note Purchase Agreement" shall mean that certain Note Purchase Agreement dated as of the Closing Date among the Tranche A Note Purchasers, the Borrower and the Agent.

"Note Purchase Agreement Default" shall mean any event or condition which, with the lapse of time or the giving of notice, or both, would constitute a Note Purchase Agreement Event of Default.

"Note Purchase Agreement Event of Default" shall have the meaning given to such term in Section 11 of the Note Purchase Agreement.

"Notes" shall mean those notes issued to the Primary Financing Parties pursuant to the Note Purchase Agreement or the Credit Agreement and shall include both the Tranche A Notes and the Tranche B Notes.

"Obligations" shall have the meaning given to such term in Section 1 of the Security Agreement.

"Officer's Certificate" means a certificate of a Senior Financial Officer or of any other officer of any Person whose responsibilities extend to the subject matter of such certificate.

"Operative Agreements" shall mean the following: the Participation Agreement, the Agency Agreement, the Note Purchase Agreement, the Credit Agreement, the Notes, the Lease, the Lease Supplement, the Guaranty, the Security Agreement, the Assignment of Escrow Account, the Control Agreement, the Intercreditor Agreement, the Mortgage Instruments, the other Security Documents and the Ground Lease.

"Original Executed Counterpart" shall have the meaning given to such term in Section 5 of Exhibit A to the Lease.

"Overdue Interest" shall mean any interest payable pursuant to Section 2.8(b) of the Credit Agreement.

"Overdue Rate" shall mean (a) with respect to Basic Rent and Supplemental Rent, and any other amount owed under or with respect to the Credit Agreement, the Note Purchase Agreement, the Notes or the Security Documents, the rate specified in Section 2.8(b) of the Credit Agreement or 7.1(b) of the Note Purchase Agreement, as applicable, and (b) with respect to any other amount, the amount referred to in clause (y) of Section 2.8(b) of the Credit Agreement or clause (y) of Section 7.1(b) of the Note Purchase Agreement, as applicable.

"Parent" means Capital One Financial Corporation, a Delaware corporation.

"Participant" shall have the meaning given to such term in Section 9.7 of the Credit Agreement.

"Participation Agreement" shall mean the Participation Agreement dated as of the Closing Date, among the Lessee, the Guarantor, the Lessor, the Primary Financing Parties, the Agent and the Escrow Agent.

"Past-Due Receivables" means, on any date, the sum (determined with respect to any Person and its Subsidiaries on a consolidated basis in accordance with GAAP) of (a) all Managed Receivables the minimum payments on which are at least 90 days overdue on such date plus (b) all other non-performing assets; provided that Managed Receivables that are credit card loans, whether or not at least 90 days overdue, shall not constitute "Past-Due Receivables" to the extent of any cash balance of the account debtor on such loan on deposit with the creditor (but only to the extent such creditor is entitled under an agreement governing such credit card loan to set-off such cash balances against the obligations of the account debtor under such loan and to the extent such cash balances are not subject to any other set-off or deduction by such creditor or any of its affiliates against a matured obligation owing by such debtor).

"Payment Date" shall mean any Scheduled Interest Payment Date and any date on which interest in connection with a prepayment of principal on the Financing is due under the Credit Agreement, the Note Purchase Agreement or the Notes.

"PBGC" shall mean the Pension Benefit Guaranty Corporation created by Section 4002(a) of ERISA or any successor thereto.

"Pension Plan" shall mean a "pension plan", as such term is defined in section 3(2) of ERISA, which is subject to title IV of ERISA (other than a Multiemployer Plan), and to which any Credit Party or any ERISA Affiliate may have any liability, including without limitation any liability by reason of having been a substantial employer within the meaning of section 4063 of ERISA at any time during the preceding five (5) years, or by reason of being deemed to be a contributing sponsor under section 4069 of ERISA.

"Permitted Facility" shall mean each parcel of real property (together with improvements existing or to be built thereon) selected by the Lessee and acceptable to the Agent.

"Permitted Liens" shall mean, with respect to the Property:

(a) the respective rights and interests of the parties to the Operative Agreements as provided in the Operative Agreements;

(b) the rights of any sublessee or assignee under a sublease or an assignment expressly permitted by the terms of the Lease for no longer than the duration of the Lease;

(c) Liens for Taxes that either are not yet due or are being contested in accordance with the provisions of Section 13.1 of the Lease;

(d) Liens arising by operation of law, materialmen's, mechanics', workmen's, repairmen's, employees', carriers', warehousemen's and other like Liens relating to the construction of the Improvements or in connection with any Modifications or arising in the ordinary course of business for amounts that either are not more than thirty (30) days past due or are being diligently contested in good faith by appropriate proceedings, so

long as such proceedings satisfy the conditions for the continuation of proceedings to contest Taxes set forth in Section 13.1 of the Lease;

(e) Liens of any of the types referred to in clause (d) above that have been bonded for not less than the full amount in dispute (or as to which other security arrangements satisfactory to the Lessor and the Agent have been made), which bonding (or arrangements) shall comply with applicable Legal Requirements, and shall have effectively stayed any execution or enforcement of such Liens;

(f) Liens arising out of judgments or awards with respect to which appeals or other proceedings for review are being prosecuted in good faith and for the payment of which adequate reserves have been provided as required by GAAP or other appropriate provisions have been made, so long as such proceedings have the effect of staying the execution of such judgments or awards and satisfy the conditions for the continuation of proceedings to contest Taxes set forth in Section 13.1 of the Lease;

(g) Liens in favor of municipalities to the extent agreed to by the Lessor and the Agent;

(h) all encumbrances, exceptions, restrictions, easements, rights of way, servitudes, encroachments and irregularities in title, other than Liens which, in the reasonable assessment of the Agent, will have a Material Adverse Effect; and

(i) any other Lien expressly consented to or approved by the Agent.

"Person" shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, governmental authority or any other entity.

"Placement Agent" shall mean First Union Securities, Inc., in its capacity as the Placement Agent under the Note Purchase Agreement.

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

"Plans and Specifications" shall mean, with respect to Improvements, Equipment and other components of the Property, the plans and specifications for such Improvements, Equipment and other components of the Property to be constructed, as such Plans and Specifications may be amended, modified or supplemented from time to time in accordance with the terms of the Operative Agreements.

"Primary Financing Party Commitments" shall mean the Primary Financing Party Commitment of (i) each Tranche A Note Purchaser as set forth on Schedule A to the Note Purchase Agreement, as such Schedule A may be amended and replaced

from time to time and

(ii) each Tranche B Lender as set forth in Schedule 2.1 to the Credit Agreement as such Schedule 2.1 may be amended and replaced from time to time.

"Primary Financing Party Financing Statements" shall mean UCC financing statements and fixture filings appropriately completed and executed for filing in the applicable jurisdiction in order to procure a security interest in favor of the Agent in the Collateral subject to the Security Documents.

"Primary Financing Parties" shall mean the Tranche A Note Purchasers, the Tranche B Lenders and any other banks, financial institutions or other institutional investors which may be from time to time a Tranche A Note Purchaser or a Tranche B Lender to the Participation Agreement and either the Credit Agreement or the Note Purchase Agreement pursuant to the terms thereof.

"Prime Lending Rate" shall have the meaning given to such term in the definition of ABR.

"Project Cost" shall have the meaning given to such term in Section 5.1 of the Participation Agreement.

"Property" shall mean the Permitted Facility that is (or is to be) acquired, ground leased, constructed and/or renovated pursuant to the terms of the Operative Agreements, the leasehold interest in the Land and each item of Equipment and the various improvements, in each case located on such Land.

"Property Acquisition Cost" shall mean the cost to the Lessor to ground lease the Property on the Closing Date.

"Property Cost" shall mean, with respect to the Property at any date of determination, an amount equal to (a) the aggregate principal amount of all Advances made on or prior to such date and advanced to or for the benefit of the Construction Agent pursuant to and for the purposes set forth in Section 5.1(a) of the Participation Agreement with respect to the Property minus (b) the

aggregate amount of prepayments or repayments as the case may be of the Tranche A Notes or the Tranche B Loans allocated to reduce the Property Cost of the Property pursuant to Section 8 of the Note Purchase Agreement or Section 2.6(c) of the Credit Agreement, respectively.

"PTE" shall have the meaning given to such term in Section 6.2(a) of the Note Purchase Agreement.

"Purchase Option" shall have the meaning given to such term in Section 20.1 of the Lease.

"Purchasing Lender" shall have the meaning given to such term in Section 9.8(a) of the Credit Agreement.

"QPAM Exemption" shall mean Prohibited Transaction Class Exemption 84-14 issued by the United States Department of Labor.

"Rating Agencies" shall mean Moody's, S&P and Fitch Investors Service, L.P. or, in each case, any successor nationally recognized statistical rating organization.

"Register" shall have the meaning given to such term in Section 9.9(a) of the Credit Agreement.

"Regulation D" shall mean Regulation D of the Board, as the same may be modified and supplemented and in effect from time to time.

"Regulation T" shall mean Regulation T of the Board, as the same may be modified and supplemented and in effect from time to time.

"Regulation U" shall mean Regulation U of the Board, as the same may be modified and supplemented and in effect from time to time.

"Regulation X" shall mean Regulation X of the Board, as the same may be modified and supplemented and in effect from time to time.

"Reinvestment Yield" shall mean, with respect to the Called Principal of any Tranche A Note, 0.50% over the yield to maturity implied by (a) the yields reported, as of 10:00 A.M. (New York City time) on the third Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page USD" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting on-line intraday trading in U.S. Treasury securities) for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (b) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable, the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield will be determined, if necessary, by (i) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (ii) interpolating linearly between (1) the actively traded U.S. Treasury security with the maturity closest to and greater than the Remaining Average Life and (2) the actively traded U.S. Treasury security with the maturity closest to and less than the Remaining Average Life.

"Related Financing Party" shall have the meaning given to such term in Section 3.12 of the Intercreditor Agreement.

"Release" shall mean any release, pumping, pouring, emptying, injecting, escaping, leaching, dumping, seepage, spill, leak, flow, discharge, disposal or emission of a Hazardous Substance.

"Remaining Average Life" shall mean, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (a) such Called Principal into (b) the sum of the products obtained by multiplying (i) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (ii) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" shall mean, with respect to the Called Principal of any Tranche A Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date; provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Tranche A Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date.

"Rent" shall mean, collectively, the Basic Rent and the Supplemental Rent, in each case payable under the Lease.

"Rent Commencement Date" shall mean the Completion Date.

"Reportable Event" shall have the meaning specified in Section 4043 of ERISA.

"Requested Funds" shall mean any funds requested by the Lessee or the Construction Agent, as applicable, in accordance with Section 5 of the Participation Agreement.

"Requisition" shall have the meaning specified in Section 4.2 of the Participation Agreement.

"Responsible Officer" shall mean the Chairman or Vice Chairman of the Board of Directors, the Chief Executive Officer, the President, any Senior Vice President or Executive Vice President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer or the Director of Corporate Funding.

"Risk Adjusted Assets" means, on any date, the amount, for any Person and its consolidated Subsidiaries (determined on a consolidated basis), of "weighted risk assets", within the meaning given to such term in the Capital Adequacy Guidelines.

"Rule 144A" shall mean Rule 144A of the Securities Act.

"S&P" shall mean Standard and Poor's Rating Group, a division of The McGraw-Hill Companies, Inc.

"Sale Date" shall have the meaning given to such term in Section 20.3(a) of the Lease.

"Sale Notice" shall mean a notice given to the Agent in connection with the election by the Lessee of its Sale Option.

"Sale Option" shall have the meaning given to such term in Section 20.1 of the Lease.

"Sale Proceeds Shortfall" shall mean the amount by which the proceeds of a sale described in Section 22.1 of the Lease are less than the Limited Recourse Amount with respect to the Property if it has been determined that the Fair Market Sales Value of the Property at the expiration of the term of the Lease has been impaired by greater than ordinary wear and tear during the Term of the Lease.

"Scheduled Interest Payment Date" shall mean (a) as to any Eurodollar Loan, the last day of the Interest Period applicable to such Eurodollar Loan (or respecting any Eurodollar Loan having an Interest Period of six (6) months, the three (3) month anniversary of such Interest Period), (b) as to any ABR Loan and any interest payment payable on any Tranche A Note, the first day of each month, unless such day is not a Business Day and in such case on the next occurring Business Day and (c) as to all Financings, the date of any voluntary or involuntary payment, prepayment, return or redemption of any principal amount thereof, and the Maturity Date, as the case may be.

"Second Priority Liens" shall have the meaning given to such term in Section 3.1 of the Intercreditor Agreement.

"Secured Parties" shall have the meaning given to such term in the Security Agreement.

"Securities Act" shall mean the Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

"Security Agreement" shall mean the Security Agreement dated as of the Closing Date between the Borrower and the Agent, for the benefit of the Secured Parties, and accepted and agreed to by the Lessee.

"Security Assets" shall have the meaning given to such term in Section 2 of the Security Agreement.

"Security Documents" shall mean the collective reference to the Security Agreement, the Mortgage Instruments, (to the extent the Lease is construed as a security instrument) the Lease, the UCC Financing Statements and all other security documents hereafter delivered to the Agent granting a Lien on any asset or assets of any Person to secure the obligations and liabilities of the Lessor under the Note Purchase Agreement, the Credit Agreement and/or under any of the other Credit Documents.

"Senior Financial Officer" means the chief financial officer, principal accounting officer, treasurer, assistant treasurer or comptroller of any Credit Party.

"Settlement Date" shall mean, with respect to the Called Principal of any Tranche A Note, the date on which such Called Principal is to be prepaid or has become or is declared to be immediately due and payable, as the context requires.

"Soft Costs" shall mean all costs which are ordinarily and reasonably incurred in relation to the acquisition, development, installation, construction, improvement and testing of the Property other than Hard Costs, including without limitation structuring fees, administrative fees, legal fees, upfront fees, fees and expenses related to appraisals, title examinations, title insurance, document recordation, surveys, environmental site assessments, geotechnical soil investigations and similar costs and professional fees customarily associated with a real estate closing, the fees and expenses of the Lessor payable or reimbursable under the Operative Agreements and costs and expenses incurred pursuant to Sections 7.3(a) and 7.3(b) of the Participation Agreement.

"Source" shall have the meaning given to such term in Section 6.2 of the Note Purchase Agreement.

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

"Supplemental Amounts" shall have the meaning given to such term in Section 9.18 of the Credit Agreement and Section 22.14 of the Note Purchase Agreement, respectively.

"Supplemental Rent" shall mean all amounts, liabilities and obligations (other than Basic Rent) which the Lessee assumes or agrees to pay to the Lessor, the Agent, the Primary Financing Parties or any other Person under the Lease or under any of the other Operative Agreements including without limitation payments of the Termination Value and the Maximum Residual Guarantee Amount and all indemnification amounts, liabilities and obligations.

"Tangible Net Worth" means, on any date and with respect to any Person, the consolidated stockholders' equity of such Person and its consolidated Subsidiaries less Intangibles of such Person and its consolidated Subsidiaries, all determined as of such date on a consolidated basis without duplication in accordance with GAAP.

"Tax Affiliate" means, with respect to any corporate Person, any member of an affiliated group (within the meaning of Section 1504(a) of the Code or any similar provision of state or local law) in which such Person is a member, "former Tax Affiliate" means, with respect to any corporate Person, any other Person that had been but is not currently affiliated (within the

meaning of Section 1504(a) of the Code or any similar provision of state or local law) with such Person, with respect to the period of their affiliation.

"Taxes" shall have the meaning specified in the definition of "Impositions".

"Term" shall mean, collectively, the Interim Term and the Basic Term.

"Termination Date" shall have the meaning specified in Section 16.2(a) of the Lease.

"Termination Event" shall mean (a) with respect to any Pension Plan, the occurrence of a Reportable Event or an event described in Section 4062(e) of ERISA, (b) the withdrawal of any Credit Party or any ERISA Affiliate from a Multiple Employer Plan during a plan year in which it was a substantial employer (as such term is defined in Section 4001(a)(2) of ERISA), or the termination of a Multiple Employer Plan, (c) the distribution of a notice of intent to terminate a Plan or Multiemployer Plan pursuant to Section 4041(a)(2) or 4041A of ERISA, (d) the institution of proceedings to terminate a Plan or Multiemployer Plan by the PBGC under Section 4042 of ERISA, (e) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan or Multiemployer Plan, or (f) the complete or partial withdrawal of any Credit Party or any ERISA Affiliate from a Multiemployer Plan.

"Termination Notice" shall have the meaning specified in Section 16.1 of the Lease.

"Termination Value" shall mean the sum of (a) the outstanding aggregate purchase price paid by the Tranche A Note Purchasers for the Tranche A Notes (minus any amounts then on deposit in the Escrow Account), plus (b) the outstanding aggregate principal amount of Tranche B Loans, plus (c) any accrued and unpaid interest owing to the Tranche A Note Purchasers or the Tranche B Lenders under the Tranche A Notes and the Tranche B Notes, plus (d) with respect to the Tranche B Lenders, any amounts payable pursuant to Section 11.4 of the Participation Agreement, and (other than in the case of an Event of Loss) with respect to the Tranche A Note Purchasers, the Make-Whole Amount, plus (e) to the extent the same is not duplicative of the amounts payable under clauses (a) through (d) above, all other Rent and other amounts then due and payable or accrued under the Agency Agreement, Lease and/or under any other Operative Agreement (including without limitation amounts under Sections 11.1 and 11.2 of the Participation Agreement and all costs and expenses referred to in clause FIRST of Section 22.2 of the Lease).

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"Tier 1 Capital" means, on any date, the amount, for any Person and its consolidated Subsidiaries (determined on a consolidated basis) on such date, of "Tier 1 Capital", within the meaning given to such term in the Capital Adequacy Guidelines.

"Tier 1 Capital to Managed Receivables Ratio" means, on any date, the ratio (expressed as a percentage) of (a) Tier 1 Capital with respect to any Person on such date to (b) Managed Receivables with respect to such Person on such date.

"Tier 1 Capital to Risk Adjusted Assets Ratio" means, on any date, the ratio (expressed as a percentage) of (a) Tier 1 Capital with respect to any Person on such date to (b) Risk Adjusted Assets with respect to such Person on such date.

"Total Assets" means, on any date, the amount, for any Person and its consolidated Subsidiaries (determined on a consolidated basis) on such date of "average total consolidated assets", within the meaning given to such term in the Capital Adequacy Guidelines.

"Total Capital" means, on any date, the amount, for any Person and its consolidated Subsidiaries (determined on a consolidated basis) on such date, of "total capital", within the meaning given to such term in the Capital Adequacy Guidelines.

"Total Capital to Risk Adjusted Assets Ratio" means, on any date, the ratio (expressed as a percentage) of (a) Total Capital with respect to any Person on such date to (b) Risk Adjusted Assets with respect to such Person on such date.

"Tranche A Commitments" shall mean the obligation of the Tranche A Note Purchasers to purchase the Tranche A Notes from the Borrower in an aggregate principal amount not to exceed the aggregate of the amounts set forth opposite each Tranche A Note Purchaser's name on Schedule A to the Note Purchase

Agreement; provided, no Tranche A Note Purchaser shall be obligated to purchase Tranche A Notes in excess of such Tranche A Note Purchaser's share of the Tranche A Commitments as set forth adjacent to such Tranche A Note Purchaser's name on Schedule A to the Note Purchase Agreement.

"Tranche A Mortgage Instruments" means each deed of trust and any other instrument executed by the Borrower and the Lessee in favor of the Agent (for the benefit of the Tranche A Note Purchasers) and evidencing a Lien on the Property, in form and substance reasonably acceptable to the Tranche A Note Purchasers.

"Tranche A Non-GAAP Interest Expense" shall mean, for any Interest Period during the Construction Period, the interest payable pursuant to the Tranche A Notes on that portion of the Tranche A Proceeds then remaining in the Escrow Account minus any income earned from the investment of Tranche A Proceeds in Cash Equivalents pursuant to Section 5.12 of the Participation Agreement.

"Tranche A Note" shall have the meaning given to it in Section 1 of the Note Purchase Agreement.

"Tranche A Note Purchasers" shall mean the several institutional investors from time to time party to the Note Purchase Agreement that commit to purchase or otherwise hold from time to time the Tranche A Notes.

"Tranche A Obligations" means the collective reference to all obligations, now existing or hereafter arising, owing by the Borrower and/or the Credit Parties and/or any of their affiliates to the Tranche A Note Purchasers under or pursuant to the Operative Agreements whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred,

which may arise under, out of, or in connection with the Participation Agreement, the Note Purchase Agreement, the Lease Agreement, the Agency Agreement, the Tranche A Notes or any of the other Operative Agreements, whether on account of principal, advanced amounts, interest, Make-Whole Amount, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all reasonable fees and disbursements of counsel to the Agent or to the Tranche A Note Purchasers) that are required to be paid by the Borrower and/or the Credit Parties pursuant to the terms of the Operative Agreements.

"Tranche A Proceeds" shall mean the proceeds from the sale of the Tranche A Notes to the Tranche A Note Purchasers pursuant to the Tranche A Commitment.

"Tranche B Commitments" shall mean the obligation of the Tranche B Lenders to make the Tranche B Loans to the Lessor in an aggregate principal amount at any one time outstanding not to exceed the aggregate of the amounts set forth opposite each Tranche B Lender's name on Schedule 2.1 to the Credit Agreement, as such amount may be increased or reduced from time to time in accordance with the provisions of the Operative Agreements; provided, no Tranche B Lender shall be obligated to make Tranche B Loans in excess of such Tranche B Lender's share of the Tranche B Commitments as set forth adjacent to such Tranche B Lender's name on Schedule 2.1 to the Credit Agreement.

"Tranche B Lenders" shall mean First Union National Bank and shall include the several banks and other financial institutions from time to time party to the Credit Agreement that commit to make the Tranche B Loans.

"Tranche B Loan" shall mean the loans made pursuant to the Tranche B Commitment.

"Tranche B Mortgage Instruments" means each deed of trust and any other instrument executed by the Borrower and the Lessee in favor of the Agent (for the benefit of the Tranche B Lenders) and evidencing a Lien on the Property, in form and substance reasonably acceptable to the Tranche B Lenders.

"Tranche B Note" shall have the meaning given to it in Section 2.2 of the Credit Agreement.

"Tranche B Obligations" means the collective reference to all obligations, now existing or hereafter arising, owing by the Borrower and/or the Credit Parties and/or any of their affiliates to the Tranche B Lenders under or pursuant to the Operative Agreements whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, which may arise under, out of, or in connection with the Participation Agreement, the Credit Agreement, the Lease Agreement, the Agency Agreement, the Tranche B Notes, or any of the other Operative Agreements, whether on account of principal, advanced amounts, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all reasonable fees and disbursements of counsel to the Agent or to the Tranche B Lenders) that are required to be paid by the Borrower and/or the Credit Parties pursuant to the terms of the Operative Agreements.

"Transaction Expenses" shall mean all Soft Costs and all other costs and expenses incurred in connection with the preparation, execution and delivery of the Operative Agreements and the transactions contemplated by the Operative Agreements including without limitation all costs and expenses described in Section 7 of the Participation Agreement and the following:

(a) the reasonable fees, out-of-pocket expenses and disbursements of Moore & Van Allen, PLLC and Chapman and Cutler, as counsel to the Financing Parties, and of counsel to the Credit Parties in negotiating the terms of the Operative Agreements and the other transaction documents, preparing for the closings under, and rendering opinions in connection with, such transactions and in rendering other services customary for counsel representing parties to transactions of the types involved in the transactions contemplated by the Operative Agreements, but excluding in all cases the fees, expenses and disbursements of counsel to any individual Tranche A Note Purchaser;

(b) the reasonable fees, out-of-pocket expenses and disbursements of accountants for any Credit Party in connection with the transaction contemplated by the Operative Agreements;

(c) any and all other reasonable fees, charges or other amounts payable to the Primary Financing Parties, the Agent, the Escrow Agent, the Lessor or any broker which arises under any of the Operative Agreements;

(d) any other reasonable fees, out-of-pocket expenses, disbursements or costs of any party to the Operative Agreements or any of the other transaction documents; and

(e) any and all Taxes and fees incurred in recording or filing any Operative Agreement or any other transaction document, any deed, declaration, mortgage, security agreement, notice or financing statement with any public office, registry or governmental agency in connection with the transactions contemplated by the Operative Agreements.

"Tribunal" shall mean any state, commonwealth, federal, foreign, territorial, or other court or government body, subdivision agency, department, commission, board, bureau or instrumentality of a governmental body.

"Type" shall mean, as to any Tranche B Loan, whether it is an ABR Loan or a Eurodollar Loan.

"UCC Financing Statements" shall mean collectively the Primary Financing Party Financing Statements and the Lessor Financing Statements.

"Unfunded Liability" shall mean, with respect to any Plan, at any time, the amount (if any) by which (a) the present value of all accrued benefits under such Plan exceeds (b) the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of the Lessee or any member of the Controlled Group to the PBGC or such Plan under Title IV of ERISA.

"Uniform Commercial Code" and "UCC" shall mean the Uniform Commercial Code as in effect in any applicable jurisdiction.

"U.S. Person" shall have the meaning specified in Section 11.2(e) of the Participation Agreement.

"U.S. Taxes" shall have the meaning specified in Section 11.2(e) of the Participation Agreement.

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

"Wholly-Owned Entity" shall mean a Person all of the shares of capital stock or other ownership interest of which are owned by a referent Person and/or one of such referent Person's wholly-owned Subsidiaries or other wholly-owned entities.

"Withdrawal Liability" shall have the meaning given such term under Part I of Subtitle E of Title IV of ERISA.

"Withholdings" shall have the meaning specified in Section 11.2(e) of the Participation Agreement.

"Work" shall mean the furnishing of labor, materials, components, furniture, furnishings, fixtures, appliances, machinery, equipment, tools, power, water, fuel, lubricants, supplies, goods and/or services with respect to the Property.

GUARANTY

GUARANTY dated as of December 5, 2000 (this "Guaranty") from CAPITAL ONE FINANCIAL CORPORATION, a Delaware corporation (the "Guarantor"), in favor of FIRST UNION DEVELOPMENT CORPORATION, a North Carolina corporation (the "Lessor"); the various financial institutions and other institutional investors

 which are parties to the Participation Agreement (as defined below) from time to time as purchasers of Tranche A Notes (subject to the definition of Tranche A Note Purchasers in Appendix A to the Participation Agreement, individually, a

 "Tranche A Note Purchaser" and collectively, the "Tranche A Note Purchasers");

 the various banks and other lending institutions which are parties to the Participation Agreement from time to time as Tranche B Lenders (subject to the definition of Tranche B Lenders in Appendix A to the Participation Agreement,

 individually, a "Tranche B Lender" and collectively, the "Tranche B Lenders")

 (each Tranche A Note Purchaser and each Tranche B Lender may be referred to individually as a "Primary Financing Party" and collectively as the "Primary

 Financing Parties"); FIRST UNION NATIONAL BANK, a national banking association,

 as the agent for the Primary Financing Parties and, respecting the Security Documents, as the agent for the Secured Parties (in such capacity, the "Agent");

 and FIRST UNION NATIONAL BANK, as the escrow agent (the "Escrow Agent"). The

 Lessor, the Primary Financing Parties, the Agent and the Escrow Agent may be referred to herein as the "Financing Parties."

 Reference is made to that certain Participation Agreement dated as of December 5, 2000 (the "Participation Agreement"), among Capital One, F.S.B. and

 Capital One Bank, jointly and severally as the construction agent and the lessee (the "Lessee"), the Guarantor, the Lessor, the Primary Financing Parties, the

 Agent and the Escrow Agent. Capitalized terms used in this Guaranty but not otherwise defined shall have the meanings given to such terms in Appendix A to

 the Participation Agreement. The rules of usage as set forth in Appendix A to

 the Participation Agreement shall apply to this Guaranty.

PRELIMINARY STATEMENT

WHEREAS, Lessee wishes to enter into the transactions contemplated by the Participation Agreement, the Lease and the other Operative Agreements relating to the Property;

WHEREAS, the Guarantor owns all of the outstanding capital stock of Capital One, F.S.B. and Capital One Bank, other than directors' qualifying shares;

WHEREAS, it is a condition precedent to the obligations of the Financing Parties to consummate the transactions contemplated by the Participation Agreement, the Lease and the other Operative Agreements that the Guarantor execute and deliver this Guaranty; and

NOW THEREFORE, in order to induce the Financing Parties to enter into the Operative Agreements, the Guarantor hereby agrees with the Financing Parties as follows:

1. THE GUARANTY.

1.1 Guaranty of Payment and Performance.

Subject to Section 1.7, the Guarantor hereby absolutely, unconditionally and irrevocably guarantees to each Financing Party the prompt payment and performance of the Company Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise, including without limitation, rent or interest accruing following the filing of any bankruptcy or receivership action) or when such is otherwise to be performed; provided, notwithstanding the foregoing, that the obligations of the Guarantor

under this Section 1 shall not constitute a direct guaranty of the indebtedness of the Lessor evidenced by the Notes but rather a guaranty of the Company Obligations arising under the Operative Agreements. This Section 1 is a guaranty of payment and performance and not of collection and is a continuing guaranty and shall apply to all Company Obligations whenever arising. All rights granted to the Financing Parties under this Section 1 shall be subject to the provisions of Section 8.6 of the Participation Agreement.

1.2 Obligations Unconditional.

The Guarantor agrees that the obligations of the Guarantor hereunder are absolute, unconditional and irrevocable, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Operative Agreements, or any other agreement or instrument referred to therein, or any substitution, release or exchange of any other guarantee of or security for any of the Company Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety, guarantor or co-obligor, it being the intent of this Section 1.2 that the obligations of the Guarantor hereunder shall be absolute and unconditional under any and all circumstances. The Guarantor agrees that this Section 1 may be enforced by the Financing Parties without the necessity at any time of resorting to or exhausting any other security or collateral and without the necessity at any time of having recourse to the Notes or any other of the Operative Agreements or any collateral, if any, hereafter securing the Company Obligations or otherwise and the Guarantor hereby waives the right to require the Financing Parties to proceed against the Construction Agent, the Lessee or any other Person (including without limitation a co-guarantor) or to require the Financing Parties to pursue any other remedy or enforce any other right. The Guarantor further agrees that it hereby waives any and all right of subrogation, indemnity, reimbursement or contribution against the Lessee and the Construction Agent or any other co-guarantor of the Company Obligations for amounts paid under this Section 1 until such time as the Financing, accrued but unpaid interest, and all other amounts owing under the Operative Agreements have been paid in full and the Tranche B Commitments are terminated. Without limiting the generality of the waiver provisions of this Section 1, the Guarantor hereby waives any rights to require the Financing Parties to proceed against the Construction Agent, the Lessee, any co-guarantor or any Collateral or to require Lessor, the Agent or any other Financing Party to pursue any other remedy or enforce any other right, including without limitation, any and all rights under N.C. Gen. Stat. (S) 26-7 through 26-9. The Guarantor further agrees that nothing contained herein shall prevent the Financing Parties from suing on any Operative Agreement or foreclosing any security interest in or Lien on any

collateral, if any, securing the Company Obligations or from exercising any other rights available to it under any Operative Agreement, or any other instrument of security, if any, and the exercise of any of the aforesaid rights and the completion of any foreclosure proceedings shall not constitute a discharge of the Guarantor's obligations hereunder; it being the purpose and intent of the Guarantor that its obligations hereunder shall be absolute, independent and unconditional under any and all circumstances; provided that any

amounts due under this Section 1 which are paid to or for the benefit of any Financing Party shall reduce the Company Obligations by a corresponding amount (unless required to be rescinded at a later date). Neither the Guarantor's obligations under this Section 1 nor any remedy for the enforcement thereof shall be impaired, modified, changed or released in any manner whatsoever by an impairment, modification, change, release or limitation of the liability of the Construction Agent, the Lessee or any other Person (including without limitation a co-guarantor) or by reason of the bankruptcy or insolvency of the Construction Agent or the Lessee or any other Person (including without limitation a co-guarantor) or by reason of the disallowance, under Section 502 of the Bankruptcy Code or under any analogous provision of any other applicable Law, of all or any portion of the Company Obligations. The Guarantor hereby waives the application of Section 502(b)(6) of the Bankruptcy Code or any other analogous provision of any other applicable Law. The Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Company Obligations and notice of or proof of reliance by any Financing Party upon this Section 1 or acceptance of this Section 1. The Company Obligations shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this Section 1. All dealings between the Construction Agent, the Lessee, any co-guarantor and the Guarantor, on the one hand, and the Financing Parties, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this Section 1.

1.3 Modifications.

The Guarantor agrees that (a) all or any part of the security now or hereafter held for the Company Obligations, if any, may be exchanged, compromised or surrendered from time to time; (b) no Financing Party shall have any obligation to protect, perfect, secure or insure any such security interests, liens or encumbrances now or hereafter held, if any, for the Company Obligations or the properties subject thereto; (c) the time or place of payment of the Company Obligations may be changed or extended, in whole or in part, to a time certain or otherwise, and may be renewed or accelerated, in whole or in part; (d) the Construction Agent, the Lessee and any other party (including any co-guarantor) liable for payment under the Operative Agreements may be granted indulgences generally; (e) any of the provisions of the Notes or any of the other Operative Agreements may be modified, amended or waived; (f) any party (including any co-guarantor) liable for the payment thereof may be granted indulgences or be released; and (g) any deposit balance for the credit of the Construction Agent, the Lessee or any other party (including any co-guarantor) liable for the payment of the Company Obligations or liable upon any security therefor may be released, in whole or in part, at, before or after the stated, extended or accelerated maturity of the Company Obligations, all without notice to or further assent by the Guarantor, which shall remain bound thereon, notwithstanding any such exchange, compromise, surrender, extension, renewal, acceleration, modification, indulgence or release.

1.4 Waiver of Rights.

The Guarantor expressly waives to the fullest extent permitted by applicable law: (a) notice of acceptance of this Section 1 by any Financing Party and of all extensions of credit or other Advances to the Construction Agent and the Lessee by the Primary Financing Parties pursuant to the terms of the Operative Agreements; (b) presentment and demand for payment or performance of any of the Company Obligations; (c) protest and notice of dishonor or of default with respect to the Company Obligations or with respect to any security therefor; (d) notice of any Financing Party obtaining, amending, substituting for, releasing, waiving or modifying any security interest, lien or encumbrance, if any, hereafter securing the Company Obligations, or any Financing Party's subordinating, compromising, discharging or releasing such security interests, liens or encumbrances, if any; and (e) all other notices to which the Guarantor might otherwise be entitled. Notwithstanding anything to the contrary herein, the Guarantor's payments hereunder shall be due three (3) Business Days after written demand by the Lessor or Agent for such payment (unless the Company Obligations are automatically accelerated pursuant to the applicable provisions of the Operative Agreements in which case the Guarantor's payments shall be automatically due).

1.5 Reinstatement.

The obligations of the Guarantor under this Section 1 shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Company Obligations is rescinded or must be otherwise restored by any Financing Party or any holder of any of the Company Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and the Guarantor agrees that it will indemnify each Financing Party on demand for all reasonable costs and expenses (including, without limitation, reasonable fees of counsel) incurred by any Financing Party in connection with such rescission or restoration, including without limitation any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

1.6 Remedies.

The Guarantor agrees that, as between the Guarantor on the one hand and each Financing Party on the other hand, the Company Obligations may be declared to be forthwith due and payable as provided in the applicable provisions of the Operative Agreements (and shall be deemed to have become automatically due and payable in the circumstances provided therein) notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing such Company Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or such Company Obligations being deemed to have become automatically due and payable), such Company Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by the Guarantor in accordance with the applicable provisions of the Operative Agreements.

1.7 Limitation of Guaranty.

Notwithstanding any provision to the contrary contained herein or in any of the other Operative Agreements, to the extent the obligations of the Guarantor shall be adjudicated to be invalid or unenforceable for any reason (including without limitation because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of the Guarantor hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including without limitation the Bankruptcy Code).

Subject to Section 1.5, upon the satisfaction of the Company Obligations in full, regardless of the source of payment, the Guarantor's obligations hereunder shall be deemed satisfied, discharged and terminated other than indemnifications set forth herein that expressly survive.

1.8 Payment of Amounts to the Agent.

Each Financing Party hereby instructs the Guarantor, and the Guarantor hereby acknowledges and agrees, that until such time as the Financing is paid in full, the Tranche B Commitments are terminated and the Liens evidenced by the Security Agreement and the Mortgage Instruments have been released, any and all Company Obligations, Rent (excluding Excepted Payments which shall be payable to the Lessor or any other Person as appropriate) and any and all other amounts of any kind or type under any of the Operative Agreements due and owing or payable to any Person by any Credit Party shall be paid directly to the Agent (excluding Excepted Payments which shall be payable to Lessor or any other Person as appropriate) or as the Agent may direct from time to time for allocation and distribution in accordance with the procedures set forth in Section 8.7 of the Participation Agreement.

2. REPRESENTATIONS AND WARRANTIES OF THE GUARANTOR.

The Guarantor represents and warrants to the Financing Parties that:

2.1. Organization; Power and Authority.

Guarantor and each of its Subsidiaries: (a) is a corporation, partnership or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (b) has all requisite corporate or other power, and has all material governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being conducted; and (c) is qualified to do business and is in good standing in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify could (either individually or in the aggregate) have a Material Adverse Effect.

2.2. Authorization, etc.

Guarantor has all necessary corporate power, authority and legal right to execute, deliver and perform its obligations under each of the Operative Agreements to which it is a party and to consummate the transactions contemplated thereby; the execution, delivery and performance by Guarantor of each of the Operative Agreements to which it is a party and the consummation of the transactions contemplated thereby have been duly authorized by all necessary corporate action on its part (including, without limitation, any required shareholder approvals); and this Guaranty and each of the other Operative Agreements to which it is a party have been duly and validly executed and delivered by Guarantor and constitute its legal, valid and binding obligations, enforceable against Guarantor in accordance with its terms, except as may be limited by (a) bankruptcy, insolvency, receivership, conservatorship, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

2.3. Compliance with Laws, Other Instruments, etc.

None of the execution and delivery of this Guaranty and the other Operative Agreements to which Guarantor is a party, the consummation of the transactions herein or therein contemplated or compliance with the terms and provisions hereof or thereof will conflict with or result in a breach of, or require any consent under, the charter or by-laws of Guarantor, or any applicable law or regulation, or any order, writ, injunction or decree of any court or governmental authority or agency, or any agreement or instrument to which Guarantor or any of its Subsidiaries is a party or by which any of them or any of their property is bound or to which any of them is subject, or constitute a default under any such agreement or instrument, except for any such conflict, breach or default that, or consent that if not obtained, could not (either individually or in the aggregate) have a Material Adverse Effect and could not subject any Financing Party to liability.

2.4. Governmental Authorizations, etc.

No authorizations, approvals or consents of, and no filings or registrations with, any governmental or regulatory authority or agency, or any securities exchange, are necessary for the execution, delivery or performance by Guarantor of this Guaranty or any of the other Operative Agreements to which Guarantor is a party or for the consummation of any the transactions contemplated hereby or thereby or for the legality, validity or enforceability hereof or thereof.

2.5 Taxes.

Guarantor and its Subsidiaries are members of an affiliated group of corporations filing consolidated returns for Federal income tax purposes, of which Guarantor is the "common parent" (within the meaning of Section 1504 of the Code) of such group. Guarantor and its Subsidiaries have filed all Federal income tax returns and all other material tax returns that are required to be filed by them and have paid all taxes due pursuant to such returns or pursuant to any assessment received by Guarantor or any of its Subsidiaries. The charges, accruals and

reserves on the books of Guarantor and its Subsidiaries in respect of taxes and other governmental charges are, in the opinion of Guarantor, adequate and are in accordance and in conformity with GAAP. Neither Guarantor nor any member of the affiliated group has given or been requested to give a waiver of the statute of limitations relating to the payment of any Federal, state, local and foreign taxes or other impositions.

2.6 Litigation.

Except as set forth on EXHIBIT K to the Participation Agreement, there are

no actions, suits or proceedings pending or, to the Guarantor's knowledge, threatened against the Guarantor in any court or before any Governmental Authority (nor shall any order, judgment or decree have been issued or, to the knowledge of the Guarantor, proposed to be issued by any Governmental Authority against the Guarantor to set aside, restrain, enjoin or prevent the full performance of any Operative Agreement or any transaction contemplated thereby) that (i) concern the Property or the Guarantor's interest therein, (ii) question the validity or enforceability of any Operative Agreement to which the Guarantor is a party or the overall transaction described in the Operative Agreements to which the Guarantor is a party or (iii) have or could reasonably be expected to have a Material Adverse Effect (but only as of the Closing Date with respect to a Material Adverse Effect of the type referred to in clause (a) of the definition thereof).

3. DEFINITIONS, ETC.

3.1. Accounting Terms.

All accounting terms not specifically defined herein shall have the meanings given to them in accordance with GAAP.

3.2. Headings and References.

Section and other headings are for reference only, and shall not affect the interpretation or meaning of any provision of this Guaranty. Unless otherwise provided, references to Sections, Schedules, and Exhibits shall be deemed references to Sections, Schedules and Exhibits of this Guaranty.

4. MISCELLANEOUS.

4.1. Expenses, Etc.

The Guarantor shall pay, or cause to be paid, upon demand, any Financing Party's reasonable attorneys' and collection fees and all other costs and expenses which may be incurred by any Financing Party in any suit or other effort to enforce the Company Obligations, this Guaranty or both, by legal proceedings or through any bankruptcy court, or otherwise. If the Guarantor fails to pay any amount hereunder when due, the Guarantor shall pay interest, on demand, on such amount at the Overdue Rate accrued from the date of such demand to the date on which all such amounts due have been paid in full.

4.2. Severability.

The Financing Parties are relying and are entitled to rely upon each and all of the provisions of this Guaranty; and accordingly, if any provision or provisions of this Guaranty should be held to be invalid, inapplicable, illegal, unenforceable or ineffective, then all other provisions shall continue in full force and effect and this Guaranty shall be construed as if such invalid, inapplicable, illegal, unenforceable or ineffective provision has never been contained herein.

4.3. Notices.

All notifications, notices, demands, requests and other communications herein provided for or made pursuant hereto shall be in writing and delivered in accordance with Section 12.2 of the Participation Agreement.

4.4. Successors and Assigns.

Wherever the term "Lessor" or the term "Lessee" is used herein, those terms shall mean, in addition to the parties described above, any assignees or successors of either permitted by the Lease if, and to the extent, such assignee or successor has properly been assigned, or succeeded to the rights and obligations of the party in question. This Guaranty shall be binding upon the Guarantor and its permitted successors and assigns and shall inure to the benefit of the Financing Parties and their respective successors and assigns.

4.5. Amendments; No Waiver.

No provision of this Guaranty can be changed, waived, discharged or terminated except by an instrument in writing signed by the Guarantor, and consented to in writing by the Majority Tranche A Note Purchasers, expressly referring to the provision of this Guaranty to which such instrument relates. No such waiver effected in accordance with this Section 4.5 shall extend to, affect or impair any right with respect to the Company Obligations which is not expressly dealt with therein. No course of dealing or delay or omission on the part of any Financing Party exercising any right shall operate as a waiver thereof or otherwise be prejudicial thereto.

4.6. Governing Law.

THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED, INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE PRINCIPLES THEREOF RELATING TO CONFLICTS OF LAW), EXCEPT TO THE EXTENT THE LAWS OF THE STATE WHERE THE PROPERTY IS LOCATED ARE REQUIRED TO APPLY.

4.7. Submission to Jurisdiction; Venue.

THE PROVISIONS OF SECTION 12.7 OF THE PARTICIPATION AGREEMENT RELATING TO
SUBMISSION TO JURISDICTION AND VENUE ARE HEREBY INCORPORATED BY REFERENCE
HEREIN, MUTATIS MUTANDIS.

4.8. Effectiveness.

All representations, warranties and covenants in this Guaranty shall become
effective at the time of the delivery hereof on the Closing Date.

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IN WITNESS WHEREOF, this Guaranty has been duly executed as of the date first above written.

CAPITAL ONE FINANCIAL CORPORATION

By _____
Title:

CAPITAL ONE FINANCIAL CORPORATION

1994 STOCK INCENTIVE PLAN

(As Amended January 18, 2001)

1. Purpose. The purpose of the Capital One Financial Corporation 1994 Stock Incentive Plan (the "Plan") is to further the long term stability and financial success of Capital One Financial Corporation (the "Company") by attracting and retaining key employees of the Company through the use of stock incentives. It is believed that ownership of Company Stock will stimulate the efforts of those employees of the Company upon whose judgment and interest the Company is and will be largely dependent for the successful conduct of its business. It is also believed that Awards granted to such employees under this Plan will strengthen their desire to remain with the Company and will further the identification of those employees' interests with those of the Company's shareholders. The Plan was adopted by the Board of Directors and approved by the Company's sole shareholder on October 28, 1994.

The Plan is intended to satisfy the requirements of Securities and Exchange Commission Rule 16b-3 ("Rule 16b-3").

2. Definitions. As used in the Plan, the following terms have the meanings indicated:

(a) "Award" means, collectively, the award of an Option, Stock Appreciation Right, Restricted Stock or Incentive Stock under the Plan.

(b) "Board" means the board of directors of the Company.

(c) "Change of Control" means:

(i) The acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% (or, if such shares are purchased from the Company, 40%) or more of either (A) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Company Voting Securities"), provided,

however, that any acquisition by (x) the Company or any of its

subsidiaries, or any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries or (y) any corporation with respect to which, immediately following such acquisition, more than 60% of, respectively, the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Company Voting Securities immediately prior to such acquisition in substantially the same proportion as their ownership, immediately prior to such acquisition, of the

Company Common Stock and Company Voting Securities, as the case may be, shall not constitute a Change of Control; or

(ii) Individuals who constitute the Board as of September 1, 1995 (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any individual becoming a director subsequent to September 1, 1995 whose appointment to fill a vacancy or to fill a new Board position or whose nomination for election by the Company's shareholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the Directors of the Company (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(iii) Approval by the shareholders of the Company of a reorganization, merger or consolidation (a "Business Combination"), in each case, with respect to which all or substantially all of the individuals and entities who were the respective beneficial owners of the Outstanding Company Common Stock and Company Voting Securities immediately prior to such Business Combination do not in the aggregate, immediately following such Business Combination, beneficially own, directly or indirectly, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors,

as the case may be, of the corporation resulting from such Business Combination in substantially the same proportion as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and Company Voting Securities, as the case may be; or

(iv) (A) a complete liquidation or dissolution of the Company or (B) sale or other disposition of all or substantially all of the assets of the Company other than to a corporation with respect to which, immediately following such sale or disposition, more than 60% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, in the aggregate by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Company Voting Securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the Outstanding Company Common Stock and Company Voting Securities, as the case may be, immediately prior to such sale or disposition.

(v) Neither the sale of Company common stock in an initial public offering, nor the distribution of Company common stock by Capital One Financial Corporation's parent corporation to its shareholders in a transaction to which Section 355 of the Internal Revenue Code applies, nor any restructuring of the

Company or its Board of Directors in contemplation of or as the result of either of such events, shall constitute a Change of Control.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Company" means Capital One Financial Corporation, a Delaware corporation.

(f) "Company Stock" means Common Stock of the Company. If the par value of the Company Stock is changed, or in the event of a change in the capital structure of the Company (as provided in Section 15), the shares resulting from such a change shall be deemed to be Company Stock within the meaning of the Plan.

(g) "Date of Grant" means the date on which an Award is granted by the Committee or such later date specified by the Committee as the date as of which the Award is to be effective.

(h) "Disability" or "Disabled" means, as to an Incentive Stock Option, a Disability within the meaning of Code section 22(e)(3). As to all other Awards, the Committee shall determine whether a Disability exists and such determination shall be conclusive.

(i) "Distribution" means the distribution of the Company's common stock to shareholders of the Company's parent corporation in a transaction to which Code Section 355 applies.

(j) "Distribution Date" means the date on which the Distribution occurs.

(k) "Fair Market Value" means, on the date shares of the Company Stock are offered in an initial public offering, the offering price, and on any given date thereafter,

the average of the high and low price on such date as reported on The New York Stock Exchange-Composite Transactions Tape. In the absence of any such sale, fair market value means the average of the highest bid and lowest asked prices of a share of Company Stock on such date as reported by such source. In the absence of such average or if shares of Company Stock are no longer traded on The New York Stock Exchange, the fair market value shall be determined by the Committee using any reasonable method in good faith.

(l) "Incentive Stock" means Company Stock awarded when performance goals are achieved pursuant to an incentive plan as provided in Section 9.

(m) "Incentive Stock Option" means an Option intended to meet the requirements of, and qualify for favorable Federal income tax treatment under, Code section 422.

(n) "Insider" means a person subject to Section 16(b) of the Securities Exchange Act of 1934.

(o) "Nonstatutory Stock Option" means an Option, which does not meet the requirements of Code section 422, or even if meeting the requirements of Code section 422, is not intended to be an Incentive Stock Option and is so designated.

(p) "Option" means a right to purchase Company Stock granted under the Plan, at a price determined in accordance with the Plan.

(q) "Parent" means, with respect to any corporation, a "parent corporation" of that corporation within the meaning of Code section 424(e).

(r) "Participant" means any employee who receives an Award under the Plan.

(s) "Reload Feature" means a feature of an Option described in an employee's stock option agreement that provides for the automatic grant of a Reload Option in accordance with the provisions described in Section 10(d).

(t) "Reload Option" means an Option granted to an employee equal to the number of shares of already owned Company Stock delivered by the employee to exercise an Option described in Section 10(d).

(u) "Restricted Stock" means Company Stock awarded upon the terms and subject to the restrictions set forth in Section 8.

(v) "Restricted Stock Award" means an award of Restricted Stock granted under the Plan.

(w) "Rule 16b-3" means Rule 16b-3 of the Securities Exchange Act of 1934. A reference in the Plan to Rule 16b-3 shall include a reference to any corresponding rule (or number redesignation) of any amendments to Rule 16b-3 enacted after the effective date of the Plan's adoption.

(x) "Stock Appreciation Right" means a right granted under the Plan to receive from the Company amounts in cash or shares of Company Stock upon the surrender of an Option.

(y) "Stock Option Committee" or "Committee" means the committee appointed by the Board as described under Section 16.

(z) "Subsidiary" means, with respect to any corporation, a "subsidiary corporation" of that corporation within the meaning of Code section 424(f).

(aa) "10% Shareholder" means a person who owns, directly or indirectly, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company. Indirect ownership of stock shall be determined in accordance with Code section 424(d).

3. General. The following types of Awards may be granted under the Plan: Options, Stock Appreciation Rights, Restricted Stock or Incentive Stock. Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options.

4. Stock. Subject to Section 15 of the Plan, there shall be reserved for issuance under the Plan an aggregate of 52,112,640 shares of Company Stock, of which 41,612,640 shares (the "Existing Reserve") may be used for the grant of any Award and 10,500,000 shares (the "New Reserve") may be used for the grant of any Award except Incentive Stock Options, which shall be authorized, but unissued shares. Shares granted under the Plan that expire or otherwise terminate unexercised and shares forfeited pursuant to restrictions on Restricted Stock or Incentive Stock may again be subjected to an Award under the Plan. The Committee is expressly authorized to make an Award to a Participant conditioned upon the surrender for cancellation of an existing Award. For purposes of determining the number of shares that are available for Awards under the Plan, such number shall include the number of shares surrendered by an optionee or retained by the Company in payment of federal and state income tax withholding liabilities upon exercise of a Nonstatutory Stock Option or a Stock Appreciation Right.

5. Eligibility.

(a) Any employee of the Company (or Parent or Subsidiary of the Company) who, in the judgment of the Committee has contributed or can be expected to contribute to the

profits or growth of the Company (or Parent or Subsidiary) shall be eligible to receive Awards under the Plan. Directors of the Company who are employees and are not members of the Committee are eligible to participate in the Plan. The Committee shall have the power and complete discretion, as provided in Section 16, to select eligible employees to receive Awards and to determine for each employee the terms and conditions, the nature of the award and the number of shares to be allocated to each employee as part of each Award.

(b) The grant of an Award shall not obligate the Company or any Parent or Subsidiary of the Company to pay an employee any particular amount of remuneration, to continue the employment of the employee after the grant or to make further grants to the employee at any time thereafter.

6. Stock Options.

(a) Whenever the Committee deems it appropriate to grant Options, notice shall be given to the eligible employee stating the number of shares for which Options are granted, the Option price per share, whether the Options are Incentive Stock Options or Nonstatutory Stock Options, the extent to which Stock Appreciation Rights are granted (as provided in Section 7), and the conditions to which the grant and exercise of the Options are subject. This notice shall constitute the stock option agreement between the Company and the eligible employee.

(b) The exercise price of shares of Company Stock covered by an Option shall be not less than 100% of the Fair Market Value of such shares on the Date of Grant. If the employee is a 10% Shareholder and the Option is an Incentive Stock Option, the exercise price shall be not less than 110% of the Fair Market Value of such shares on the Date of Grant.

(c) Options may be exercised in whole or in part at such times as may be specified by the Committee in the employee's stock option agreement; provided that the exercise provisions for Incentive Stock Options shall in all events not be more liberal than the following provisions:

(i) No Incentive Stock Option may be exercised after the first to occur of (x) ten years (or, in the case of an Incentive Stock Option granted to a 10% Shareholder, five years) from the Date of Grant, (y) three months from the employee's retirement or termination of employment with the Company and its Parent and Subsidiary corporations for reasons other than Disability or death, or (z) one year from the employee's termination of employment on account of Disability or death.

(ii) Except as otherwise provided in this paragraph, no Incentive Stock Option may be exercised unless the employee is employed by the Company or a Parent or Subsidiary of the Company at the time of the exercise (or was so employed not more than three months before the time of the exercise) and has been employed by the Company or a Parent or Subsidiary of the Company at all times since the Date of Grant. If an employee's employment is terminated other than by reason of his Disability or death at a time when the employee holds an Incentive Stock Option that is exercisable (in whole or in part), the employee may exercise any or all of the exercisable portion of the Incentive Stock Option (to the extent exercisable on the date of termination) within three months after the employee's termination of employment. If an employee's employment is

terminated by reason of his Disability at a time when the employee holds an Incentive Stock Option that is exercisable (in whole or in part), the employee may exercise any or all of the exercisable portion of the Incentive Stock Option (to the extent exercisable on the date of Disability) within one year after the employee's termination of employment. If an employee's employment is terminated by reason of his death at a time when the employee holds an Incentive Stock Option that is exercisable (in whole or in part), the Incentive Stock Option may be exercised (to the extent exercisable on the date of death) within one year after the employee's death by the person to whom the employee's rights under the Incentive Stock Option shall have passed by will or by the laws of descent and distribution.

(iii) An Incentive Stock Option by its terms, shall be exercisable in any calendar year only to the extent that the aggregate Fair Market Value (determined at the Date of Grant) of the Company Stock with respect to which incentive stock options are exercisable for the first time during the calendar year does not exceed \$100,000 (the "Limitation Amount"). Incentive Stock Options granted under the Plan and similar incentive options granted after 1986 under all other plans of the Company and any Parent or Subsidiary of the Company shall be aggregated for purposes of determining whether the Limitation Amount has been exceeded. The Board may impose such conditions as it deems appropriate on an Incentive Stock Option to ensure that the foregoing requirement is met. If Incentive Stock Options that first become exercisable in a calendar year exceed the Limitation

Amount, the excess Options will be treated as Nonstatutory Stock Options to the extent permitted by law.

(d) The Committee may, in its discretion, grant Options which by their terms become fully exercisable upon a Change of Control, notwithstanding other conditions on exercisability in the stock option agreement.

(e) The maximum number of shares with respect to which Nonstatutory Options or Stock Appreciation Rights may be granted in any calendar year to an employee eligible to participate in the Plan is as follows: the Chief Executive Officer, 1,500,000; each of the next four most highly compensated employees, 1,000,000; each other eligible employee, 500,000.

(f) The Committee may, in its discretion, grant Options containing or amend Options previously granted to provide for a Reload Feature subject to the limitations of Section 10(d).

(g) Notwithstanding paragraph (c) above, the Committee may, in its discretion, amend a previously granted Incentive Stock Option to provide for more liberal exercise provisions; provided however if the Incentive Stock Option as amended no longer meets the requirements of Code section 422, and as a result such Option no longer qualifies for favorable Federal income tax treatment under Code section 422, the amendments shall not become effective without the written consent of the Participant and provided further that no Incentive Stock Option may be exercised after ten (10) years (or, in the case of an Incentive Stock Option granted to a 10% Shareholder, five (5) years) from the Date of Grant.

7. Stock Appreciation Rights.

(a) Whenever the Committee deems it appropriate, Stock Appreciation Rights may be granted in connection with all or any part of an Incentive Stock Option. At the discretion of the Committee, Stock Appreciation Rights may also be granted in connection with all or any part of a Nonstatutory Stock Option, either concurrently with the grant of the Nonstatutory Stock Option or at any time thereafter during the term of the Nonstatutory Stock Option. The following provisions apply to all Stock Appreciation Rights that are granted in connection with Options:

(i) Stock Appreciation Rights shall entitle the employee, upon exercise of all or any part of the Stock Appreciation Rights, to surrender to the Company unexercised that portion of the underlying Option relating to the same number of shares of Company Stock as is covered by the Stock Appreciation Rights (or the portion of the Stock Appreciation Rights so exercised) and to receive in exchange from the Company an amount in cash or shares of Company Stock (as provided in the Stock Appreciation Right) equal to the excess of (x) the Fair Market Value on the date of exercise of the Company Stock covered by the surrendered portion of the underlying Option over (y) the exercise price of the Company Stock covered by the surrendered portion of the underlying Option. The Committee may limit the amount that the employee will be entitled to receive upon exercise of the Stock Appreciation Right.

(ii) Upon the exercise of a Stock Appreciation Right and surrender of the related portion of the underlying Option, the Option, to the extent surrendered, shall not thereafter be exercisable.

(iii) Subject to any further conditions upon exercise imposed by the Committee, a Stock Appreciation Right issued in tandem with an Option shall be exercisable only to the extent that the related Option is exercisable and shall expire no later than the date on which the related Option expires.

(iv) A Stock Appreciation Right may only be exercised at a time when the Fair Market Value of the Company Stock covered by the Stock Appreciation Right exceeds the exercise price of the Company Stock covered by the underlying Option.

(b) The manner in which the Company's obligation arising upon the exercise of a Stock Appreciation Right shall be paid shall be determined by the Committee and shall be set forth in the employee's Option or the related Stock Appreciation Rights agreement. The Committee may provide for payment in Company Stock or cash, or a fixed combination of Company Stock or cash, or the Committee may reserve the right to determine the manner of payment at the time the Stock Appreciation Right is exercised. Shares of Company Stock issued upon the exercise of a Stock Appreciation Right shall be valued at their Fair Market Value on the date of exercise.

8. Restricted Stock Awards.

(a) Whenever the Committee deems it appropriate to grant a Restricted Stock Award, notice shall be given to the Participant stating the number of shares of Restricted Stock

for which the Restricted Stock Award is granted and the terms and conditions to which the Restricted Stock Award is subject. This notice, when accepted in writing by the Participant shall become an award agreement between the Company and the Participant and certificates representing the shares shall be issued and delivered to the Participant. A Restricted Stock Award may be made by the Committee in its discretion without cash consideration.

(b) Restricted Stock issued pursuant to the Plan shall be subject to the following restrictions:

(i) Unless otherwise provided by the Committee, Restricted Stock may not be sold, assigned, transferred or disposed of within a six-month period beginning on the Date of Grant.

(ii) None of such shares may be sold, assigned, transferred, pledged, hypothecated, or otherwise encumbered or disposed of until the restrictions on such shares shall have lapsed or shall have been removed pursuant to paragraph (d) or (e) below.

(iii) If a Participant ceases to be employed by the Company or a Parent or Subsidiary of the Company, the Participant shall forfeit to the Company any shares of Restricted Stock, the restrictions on which shall not have lapsed or shall not have been removed pursuant to paragraph (d) or (e) below, on the date such Participant ceases to be so employed.

(c) Upon the acceptance by a Participant of a Restricted Stock Award, such Participant shall, subject to the restrictions set forth in paragraph (b) above, have all the rights of a shareholder with respect to the shares of Restricted Stock subject to such Restricted Stock

Award, including, but not limited to, the right to vote such shares of Restricted Stock and the right to receive all dividends and other distributions paid thereon. Certificates representing Restricted Stock shall bear a legend referring to the restrictions set forth in the Plan and the Participant's award agreement.

(d) The Committee shall establish as to each Restricted Stock Award the terms and conditions upon which the restrictions set forth in paragraph (b) above shall lapse. Such terms and conditions may include, without limitation, the passage of time, the meeting of performance goals, the lapsing of such restrictions as a result of the Disability, death or retirement of the Participant, or the occurrence of a Change of Control.

(e) Notwithstanding the forfeiture provisions of paragraph (b)(iii) above, the Committee may at any time, in its sole discretion, accelerate the time at which any or all restrictions will lapse or remove any and all such restrictions.

(f) Each Participant shall agree at the time his Restricted Stock Award is granted, and as a condition thereof, to pay to the Company, or make arrangements satisfactory to the Company regarding the payment to the Company of, the aggregate amount of any Federal, state or local taxes of any kind required by law to be withheld with respect to the shares of Restricted Stock subject to the Restricted Stock Award. Until such amount has been paid or arrangements satisfactory to the Company have been made, no stock certificate free of a legend reflecting the restrictions set forth in paragraph (b) above shall be issued to such Participant.

(g) The Company may place on any certificate representing Company Stock issued in connection with an Incentive Award any legend deemed desirable by the Company's

counsel to comply with Federal or state securities laws, and the Company may require a customary written indication of the Participant's investment intent.

9. Incentive Stock Awards.

(a) Incentive Stock may be issued pursuant to the Plan in connection with incentive programs established from time to time by the Committee when performance criteria established by the Committee as part of the incentive program have been achieved. If the objectives established by the Committee as a prerequisite to the receipt of Incentive Stock have not been achieved, no stock will be issued, except as provided in (c). A Participant eligible for the receipt or issuance of incentive shares will have no rights as a stockholder before actual receipt of the Incentive Stock.

(b) Whenever the Committee deems it appropriate, the Committee may establish an incentive program and notify Participants of their participation in and the terms of the incentive program. More than one incentive program may be established by the Committee and they may operate concurrently or for varied periods of time and a Participant may be permitted to participate in more than one incentive program at the same time. Incentive Stock will be issued only subject to the incentive program and the Plan and consistent with meeting the performance goals set by the Committee. Incentive Stock may be issued without cash consideration.

(c) The Committee may provide in the incentive program, or subsequently, that Incentive Stock will be issued if a Change of Control occurs even though the performance goals set by the Committee have not been met.

(d) A Participant's interest in an incentive program may not be sold, assigned, transferred, pledged, hypothecated, or otherwise encumbered.

(e) Each Participant shall agree as a condition of his participation in an incentive program and the receipt of Incentive Stock, to pay to the Company, or make arrangements satisfactory to the Company regarding the payment to the Company of, the aggregate amount of any Federal, state or local taxes of any kind required by law to be withheld with respect to the shares of Incentive Stock received. Until such amount has been paid or arrangements satisfactory to the Company have been made, no stock certificate free of a legend reflecting the restrictions set forth in paragraph (b) above shall be issued to such Participant.

(f) The Company may place on any certificate representing Company Stock issued in connection with an Incentive Award any legend deemed desirable by the Company's counsel to comply with Federal or state securities laws, and the Company may require a customary written indication of the Participant's investment intent.

10. Method of Exercise of Options and Stock Appreciation Rights.

(a) Options and Stock Appreciation Rights may be exercised by the employee giving written notice of the exercise to the Company, stating the number of shares the employee has elected to purchase under the Option or the number of Stock Appreciation Rights he has elected to exercise. In the case of the purchase of shares under an Option, such notice shall be effective only if accompanied by the exercise price in full in cash; provided that if the terms of an Option so permit, the employee may (i) deliver Company Stock that the Participant has owned for at least six (6) months (valued at Fair Market Value on the date of exercise) in satisfaction of all or any part of the exercise price, (ii) deliver a properly executed exercise notice together with

irrevocable instructions to a broker to promptly deliver to the Company the amount of the sale or loan proceeds to pay the exercise price, or (iii) deliver an interest bearing promissory note, payable to the Company, in payment of all or part of the exercise price together with such collateral as may be required by the Committee at the time of exercise. The interest rate under any such promissory note shall be equal to the minimum interest rate required at the time to avoid imputed interest to the Participant under the Code.

(b) Options and Stock Appreciation Rights may also be exercised by the employee in accordance with any other method or methods of exercise as may be approved from time to time by the Committee;

(c) The Company may place on any certificate representing Company Stock issued upon the exercise of an Option or Stock Appreciation Right any legend deemed desirable by the Company's counsel to comply with Federal or state securities laws, and the Company may require of the employee a customary written indication of his investment intent. Until the employee has made any required payment, including any applicable Federal, state and local withholding taxes, and has had issued to him a certificate for the shares of Company Stock acquired, he shall possess no shareholder rights with respect to the shares.

(d) If an employee exercises an Option that has a Reload Feature by delivering already owned shares of Company Stock, the employee shall automatically be granted a Reload Option. The Reload Option shall be subject to the following provisions:

(i) The Reload Option shall cover the number of shares of Company Stock delivered by the employee to the Company to exercise the Option with the Reload Feature;

(ii) The Reload Option will not have a Reload Feature;

(iii) The exercise price of shares of Company Stock covered by a Reload Option shall be 100% of the Fair Market Value of such shares on the date the employee delivers shares of Company Stock to the Company to exercise the Option that has a Reload Feature;

(iv) The Reload Option shall be subject to the same restrictions on exercisability as those imposed on the underlying Option (possessing the Reload Feature);

(v) The Reload Option shall not be exercisable until the expiration of any retention holding period imposed on the disposition of any shares of Company Stock covered by the underlying Option (possessing the Reload Feature).

The Committee may, in its discretion, cause the Company to place on any certificate representing Company Stock issued to a Participant upon the exercise of an underlying Option (possessing a Reload Feature as evidenced by the stock option agreement for such Option) delivered pursuant to this subsection (d), a legend restricting the sale or other disposition of such Company Stock.

(e) Notwithstanding anything herein to the contrary, Awards shall always be granted and exercised in such a manner as to conform to the provisions of Rule 16b-3, or any replacement rule adopted, as the same now exists or may, from time to time, be amended.

11. Applicable Withholding Taxes. As an alternative to making a cash payment to the Company to satisfy tax withholding obligations, the Committee may establish procedures permitting the Participant to elect to (a) deliver shares of already owned Company Stock or (b)

have the Company retain that number of shares of Company Stock that would satisfy all or a specified portion of the Federal, state and local tax liabilities of the Participant arising in the year the Award becomes subject to tax. Any such election shall be made only in accordance with procedures established by the Committee.

12. Transferability of Awards and Options. To the extent required by the Code, Awards, by their terms, shall not be transferable by the Participant except by will or by the laws of descent and distribution and shall be exercisable, during the Participant's lifetime, only by the Participant or by his guardian or legal representative. The Committee is expressly authorized, in its discretion, to provide that all or a portion of a Nonstatutory Stock Option or Stock Appreciation Right may be granted to a Participant upon terms that permit transfer of the Nonstatutory Stock Option or Stock Appreciation Right in a form and manner determined by the Committee.

13. Effective Date of the Plan. This Plan having been adopted by the Company's Board and approved by the Company's sole shareholder shall be effective on October 28, 1994. Until the requirements of any applicable federal and state securities laws have been met, no Option or Stock Appreciation Right shall be exercisable and no award of Restricted Stock or Incentive Stock shall be made.

14. Termination, Modification, Change. If not sooner terminated by the Board, this Plan shall terminate at the close of business on October 27, 2004. No Awards shall be made under the Plan after its termination. The Board may terminate the Plan or may amend the Plan in such respects as it shall deem advisable; provided, that, if and to the extent required by the Code, no change shall be made that materially increases the total number of shares of Company Stock

reserved for issuance pursuant to Awards granted under the Plan (except pursuant to Section 15), materially expands the class of persons eligible to receive Awards, or materially increases the benefits accruing to Participants under the Plan, unless such change is authorized by the shareholders of the Company. Notwithstanding the foregoing, the Board may amend the Plan and unilaterally amend Awards as it deems appropriate to ensure compliance with Rule 16b-3 and to cause Incentive Stock Options to meet the requirements of the Code and regulations thereunder. Except as provided in the preceding sentence, a termination or amendment of the Plan shall not, without the consent of the Participant, detrimentally affect a Participant's rights under an Award previously granted to him.

15. Change in Capital Structure.

(a) In the event of a stock dividend, stock split or combination of shares, spin-off, recapitalization or merger in which the Company is the surviving corporation or other change in the Company's capital stock (including, but not limited to, the creation or issuance to shareholders generally of rights, options or warrants for the purchase of common stock or preferred stock of the Company), the number and kind of shares of stock or securities of the Company to be subject to the Plan and to Awards then outstanding or to be granted under the Plan, the maximum number of shares or securities which may be delivered under the Plan, the exercise price and other relevant provisions shall be appropriately adjusted by the Committee, whose determination shall be binding on all persons. If the adjustment would produce fractional shares with respect to any unexercised Option, the Committee may adjust appropriately the number of shares covered by the Option so as to eliminate the fractional shares.

(b) If the Company is a party to a consolidation or a merger in which the Company is not the surviving corporation, a transaction that results in the acquisition of substantially all of the Company's outstanding stock by a single person or entity, or a sale or transfer of substantially all of the Company's assets, the Committee may take such actions with respect to outstanding Incentive Awards as the Committee deems appropriate.

(c) Notwithstanding anything in the Plan to the contrary, the Committee may take the foregoing actions without the consent of any Participant, and the Committee's determination shall be conclusive and binding on all persons for all purposes.

16. Administration of the Plan. The Plan shall be administered by the Committee consisting solely of two or more nonemployee directors of the Company (within the meaning of Rule 16b-3), who shall be appointed by the Board. The Committee shall have general authority to impose any limitation or condition upon an Award the Committee deems appropriate to achieve the objectives of the Award and the Plan and, in addition, and without limitation and in addition to powers set forth elsewhere in the Plan, shall have the following specific authority:

(a) The Committee shall have the power and complete discretion to determine (i) which eligible employees shall receive an Award and the nature of the Award, (ii) the number of shares of Company Stock to be covered by each Award, (iii) whether Options shall be Incentive Stock Options or Nonstatutory Stock Options, (iv) when, whether and to what extent Stock Appreciation Rights shall be granted in connection with Options, (v) whether to include a Reload Feature in an Option and to impose limitations on the use of shares acquired through the exercise of a Reload Option to exercise Options, (vi) the fair market value of Company Stock, (vii) the time or times when an Award shall be granted,

(viii) whether an Award shall become vested over a period of time and when it shall be fully vested, (ix) conditions relating to the length of time before disposition of Company Stock received in connection with an Award is permitted, (x) the terms and conditions on which restrictions upon Restricted Stock shall lapse, (xi) whether to accelerate the time of receipt of Incentive Stock or the time when any or all restrictions with respect to Restricted Stock will lapse or be removed, (xii) the terms of incentive programs, performance criteria and other factors relevant to the issuance of Incentive Stock or the lapse of restrictions on Restricted Stock, (xiii) when Options and Stock Appreciation Rights may be exercised, (xiv) whether a Disability exists, (xv) the manner in which payment will be made upon the exercise of Options or Stock Appreciation Rights, (xvi) whether to approve a Participant's election (x) to deliver shares of already owned Company Stock to satisfy tax liabilities arising upon the exercise of a Nonstatutory Stock Option or Stock Appreciation Right or (y) to have the Company withhold from the shares to be issued upon the exercise or receipt of an Award that number of shares necessary to satisfy tax liabilities arising from such exercise or receipt, (xvii) notice provisions relating to the sale of Company Stock acquired under the Plan, and (xviii) any additional requirements relating to Awards that the Committee deems appropriate. Notwithstanding the foregoing, no "tandem stock options" (where two stock options are issued together and the exercise of one option affects the right to exercise the other option) may be issued in connection with Incentive Stock Options. The Committee shall also have the power to amend the terms of previously granted Awards so long as the terms as amended are consistent with the terms of the Plan and provided that the consent of the Participant is

obtained with respect to any amendment that would be detrimental to him, except that such consent will not be required if such amendment is for the purpose of complying with Rule 16b-3 or any requirement of the Code applicable to the Award.

(b) The Committee may adopt rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Committee shall be final and conclusive. The Committee may consult with counsel, who may be counsel to the Company, and shall not incur any liability for any action taken in good faith in reliance upon the advice of counsel.

(c) A majority of the members of the Committee shall constitute a quorum, and all actions of the Committee shall be taken by a majority of the members present. Any action may be taken by a written instrument signed by all of the members, and any action so taken shall be fully effective as if it had been taken at a meeting.

(d) The Board of Directors from time to time may appoint members previously appointed and may fill vacancies, however caused, in the Committee.

17. Notice. All notices and other communications required or permitted to be given under this Plan shall be in writing and shall be deemed to have been duly given if delivered as follows: (a) if to the Company - delivery shall be made personally or by first class mail, postage prepaid at its principal business address to the attention of the Company's Director of Human Resources; and (b) if to any Participant - personally, including by delivery through the Company's internal electronic system with a return receipt requested or interoffice mail system, or by first class mail, postage prepaid, at the last known address of the Participant known to the sender at the time the notice or other communication is sent.

18. Interpretation. The terms of this Plan are subject to all present and future regulations and rulings of the Secretary of the Treasury or his delegate relating to the qualification of Incentive Stock Options under the Code. If any provision of the Plan conflicts with any such regulation or ruling, then that provision of the Plan shall be void and of no effect.

19. Foreign Equity Incentive Plans. The Committee may authorize any foreign Subsidiary or any foreign unincorporated division of the Company or of a Subsidiary to adopt a plan for granting Awards (a "Foreign Equity Incentive Plan"). All Awards granted under a Foreign Equity Incentive Plan shall be treated as grants under this Plan. A Foreign Equity Incentive Plan shall have such terms as the Committee permits; provided that such terms are not inconsistent with the provisions of this Plan; and provided further that such terms may be more restrictive than those in this Plan. Awards granted under a Foreign Equity Incentive Plan shall be governed by the terms of this Plan except to the extent that the terms of the Foreign Equity Incentive Plan are more restrictive than the terms of this Plan, in which case such terms of the Foreign Equity Incentive Plan shall control.

20. Substitute Award. The Committee may make a grant of an Award to an employee of another corporation who becomes an employee of the Company (or Parent or Subsidiary of the Company) by reason of a corporate merger, consolidation, acquisition of stock or property, reorganization, liquidation or similar transaction involving the Company (or Parent or Subsidiary of the Company) in substitution for any award made by such corporation. The terms and conditions of the substitute Award may vary from the terms and conditions required by the Plan and from those of the substituted award. The Committee shall prescribe the provisions of the substitute Award.

21. Provisions Applicable to French Employees. Notwithstanding any other provision of the Plan to the contrary, the following provisions shall apply to Options granted to any employee who is employed by a French company or who works primarily in France (hereinafter collectively referred to as a "French Employee").

(a) Notwithstanding anything to the contrary herein, whether a Disability exists for a French Employee shall be determined in accordance with French law.

(b) Notwithstanding the provisions of Section 3 herein, only Options may be granted to French Employees to the exclusion of any other type of Awards. Moreover, Options granted under the Plan to French Employees may be Nonstatutory Stock Options only.

(c) Notwithstanding anything to the contrary herein, no Option shall be granted to any French Employee who holds more than ten percent of the Company's capital as of the Date of Grant.

(d) Notwithstanding the provisions of Section 4 herein, (i) at no time shall the number of shares underlying Options granted to French Employees but not exercised exceed one-third of the total number of shares of Company Stock issued and outstanding, and (ii) the Committee shall not make an Award to any French Employee conditioned upon the surrender for cancellation of an existing Award.

(e) Notwithstanding the provisions of Section 6(b) herein, all Options granted to French Employees shall be granted at an exercise price per share equal to the greater of (i) the Fair Market Value per share of Company Stock as of the Date of Grant and (ii) 80% of the average Fair Market Value per share of Company Stock for the 20 trading days preceding the Date of Grant.

(f) Notwithstanding anything to the contrary herein, in respect of a Participant who is a French Employee, upon such French Employee's death, the vested portion of such Participant's Option shall remain exercisable for a six-month period after the date of his death and shall be exercisable by his heirs, provided his heirs agree to comply with and be bound by the Plan and the employee's stock option agreement, if applicable.

(g) Notwithstanding anything to the contrary herein, in respect of a Participant who is a French Employee, the method of exercise shall comply with applicable French law.

(h) Notwithstanding the provisions of Section 12 herein, no Option granted to a French Employee shall be transferable except as provided in paragraph (f) above.

(i) Notwithstanding the provisions of Section 14 herein, no Options shall be granted to any French Employee under the Plan five years after the later of (i) the date the Company's shareholders initially approved the Plan or (ii) the date on which the Plan has been subsequently re-authorized, in its original form or as amended from time to time by the Board, by the Company's shareholders.

(j) Notwithstanding anything to the contrary herein, no portion of any Option granted to a French Employee shall become exercisable before the second anniversary of the Date of Grant. Moreover, notwithstanding anything to the contrary herein, no share of the Company Stock received pursuant to the exercise of an Option by a French Employee may be sold for a three-year period after the date the Option is exercised, unless (i) such sale occurs on or after the fifth anniversary of the Option's Date of Grant; (ii) the Optionee is dismissed or retired from the Company (to the extent that the Optionee has exercised Options at least three months prior to notice of such dismissal or retirement); (iii) the Optionee's dies or terminates due to

disability. The stock option agreements with respect to French Employees shall reflect these restrictions and may provide that if the Optionee sells shares in breach of the foregoing restrictions, he or she shall be responsible for his or her share of any taxes or social charges arising from such sale.

(k) Notwithstanding anything to the contrary herein, the Company shall not amend or terminate all or a portion of an Option granted to any French Employee without the consent of such French Employee.

(l) Notwithstanding the provisions of Section 15 herein, any adjustment made to any Option granted to a French Employee shall comply with applicable French law.

Selected Financial and Operating Data

Year Ended December 31 (Dollars in Thousands, Except Per Share Data)	2000	1999	1998	1997	1996	Five-Year Compound Growth Rate
INCOME STATEMENT DATA:						
Interest income	\$ 2,389,902	\$ 1,593,484	\$ 1,111,536	\$ 717,985	\$ 660,483	39.19%
Interest expense	801,017	540,882	424,284	341,849	294,999	26.28
Net interest income	1,588,885	1,052,602	687,252	376,136	365,484	50.18
Provision for loan losses	718,170	382,948	267,028	262,837	167,246	61.24
Net interest income after provision for loan losses	870,715	669,654	420,224	113,299	198,238	43.70%
Non-interest income	3,034,416	2,372,359	1,488,283	1,069,130	763,424	40.56
Non-interest expense	3,147,657	2,464,996	1,464,586	876,976	713,182	44.63
Income before income taxes	757,474	577,017	443,921	305,453	248,480	30.82
Income taxes	287,840	213,926	168,690	116,072	93,213	32.22
Net income	\$ 469,634	\$ 363,091	\$ 275,231	\$ 189,381	\$ 155,267	29.99
Dividend payout ratio	4.43%	5.69%	7.46%	10.90%	13.24%	
PER COMMON SHARE:						
Basic earnings	\$ 2.39	\$ 1.84	\$ 1.40	\$.96	\$.78	30.15%
Diluted earnings	2.24	1.72	1.32	.93	.77	28.47
Dividends	.11	.11	.11	.11	.11	
Book value as of year-end	9.94	7.69	6.45	4.55	3.72	
Average common shares	196,477,624	197,593,371	196,768,929	198,209,691	198,682,893	
Average common and common equivalent shares	209,448,697	210,682,740	208,765,296	202,952,592	201,075,699	
SELECTED AVERAGE BALANCES:						
Securities	\$ 1,764,257	\$ 2,027,051	\$ 1,877,276	\$ 1,650,961	\$ 1,147,079	12.88%
Allowance for loan losses	(402,208)	(269,375)	(214,333)	(132,728)	(83,573)	41.89
Total assets	15,209,585	11,085,013	8,330,432	6,568,937	5,568,960	27.95
Interest-bearing deposits	5,339,474	2,760,536	1,430,042	958,885	1,046,122	47.31
Borrowings	6,870,038	6,078,480	5,261,588	4,440,393	3,623,104	18.40
Stockholders' equity	1,700,973	1,407,899	1,087,983	824,077	676,759	25.64
SELECTED YEAR-END BALANCES:						
Securities	\$ 1,859,029	\$ 1,968,853	\$ 2,080,980	\$ 1,475,354	\$ 1,358,103	
Consumer loans	15,112,712	9,913,549	6,157,111	4,861,687	4,343,902	
Allowance for loan losses	(527,000)	(342,000)	(231,000)	(183,000)	(118,500)	
Total assets	18,889,341	13,336,443	9,419,403	7,078,279	6,467,445	
Interest-bearing deposits	8,379,025	3,783,809	1,999,979	1,313,654	943,022	
Borrowings	6,976,535	6,961,014	5,481,593	4,526,550	4,525,216	
Stockholders' equity	1,962,514	1,515,607	1,270,406	893,259	740,391	
MANAGED CONSUMER LOAN DATA:						
Average reported loans	\$ 11,487,776	\$ 7,667,355	\$ 5,348,559	\$ 4,103,036	\$ 3,651,908	31.33%
Average off-balance sheet loans	11,147,086	10,379,558	9,860,978	8,904,146	7,616,553	12.63
Average total managed loans	22,634,862	18,046,913	15,209,537	13,007,182	11,268,461	20.02
Interest income	4,034,882	3,174,057	2,583,872	2,045,967	1,662,990	27.62
Year-end total managed loans	29,524,026	20,236,588	17,395,126	14,231,015	12,803,969	23.10
Year-end total accounts (000s)	33,774	23,705	16,706	11,747	8,586	40.59
Yield	17.83%	17.59%	16.99%	15.73%	14.76%	
Net interest margin	10.71	10.83	9.91	8.81	8.16	
Delinquency rate	5.23	5.23	4.70	6.20	6.24	
Net charge-off rate	3.90	3.85	5.33	6.59	4.24	
OPERATING RATIOS:						
Return on average assets	3.09%	3.28%	3.30%	2.88%	2.79%	
Return on average equity	27.61	25.79	25.30	22.98	22.94	
Equity to assets (average)	11.18	12.70	13.06	12.55	12.15	
Allowance for loan losses to loans as of year-end	3.49	3.45	3.75	3.76	2.73	

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

Capital One Financial Corporation (the "Corporation") is a holding company whose subsidiaries provide a variety of products and services to consumers using its Information-Based Strategy ("IBS"). The principal subsidiaries are Capital One Bank (the "Bank"), which offers credit card products, and Capital One, F.S.B. (the "Savings Bank"), which offers consumer lending products (including credit cards) and deposit products. The Corporation and its subsidiaries are collectively referred to as the "Company." As of December 31, 2000, the Company had 33.8 million accounts and \$29.5 billion in managed consumer loans outstanding and was one of the largest providers of MasterCard and Visa credit cards in the world.

The Company's profitability is affected by the net interest income and non-interest income earned on earning assets, credit quality, the level of marketing expense and operating efficiency. The Company's revenues consist primarily of interest income on consumer loans and securities, and non-interest income consisting of servicing income on securitized loans, fees (such as annual membership, cash advance, cross-sell, interchange, overlimit, and other fee income, collectively "fees") and gains on the securitizations of loans. The Company's primary expenses are the costs of funding assets, credit losses, operating expenses (including salaries and associate benefits), marketing expenses and income taxes.

Significant marketing expenses (e.g., advertising, printing, credit bureau costs and postage) to implement the Company's new product strategies are incurred and expensed prior to the acquisition of new accounts while the resulting revenues are recognized over the life of the acquired accounts. Revenues recognized are a function of the response rate of the initial marketing program, usage and attrition patterns, credit quality of accounts, product pricing and effectiveness of account management programs.

EARNINGS SUMMARY

The following discussion provides a summary of 2000 results compared to 1999 results and 1999 results compared to 1998 results. Each component is discussed in further detail in subsequent sections of this analysis.

Year Ended December 31, 2000
Compared to Year Ended December 31, 1999

Net income of \$469.6 million, or \$2.24 per share, for the year ended December 31, 2000, compares to net income of \$363.1 million, or \$1.72 per share, in 1999. The \$106.5 million, or 29%, increase in net income is primarily the result of an increase in both asset and account volumes and an increase in net interest margin. Net interest income increased \$536.3 million, or 51%, as average earning assets increased 37% and the net interest margin increased to 11.99% from 10.86%. The provision for loan losses increased \$335.2 million, or 88%, as the average reported consumer loans increased 50% combined with the reported net charge-off rate increase to 4.64% in 2000 from 3.59% in 1999. Non-interest income increased \$662.1 million, or 28%, primarily due to the increase in average accounts of 41%. Increases in marketing expenses of \$174.2 million, or 24%, and salaries and benefits expense of \$243.2 million, or 31%, reflect the increase in marketing investment in existing and new product opportunities and the cost of operations to manage the growth in the Company's accounts and products offered. Average managed consumer loans grew 25% for the year ended December 31, 2000, to \$22.6 billion from \$18.0 billion for the year ended December 31, 1999, and average accounts grew 41% for the same period as a result of the continued success of the Company's marketing and account management strategies.

[CHART]

Net Income Chart
(in millions)

98	\$275
99	\$363
00	\$470

[CHART]

Return On Average Equity
(in percentages)

98	25
99	26
00	28

Year Ended December 31, 1999
Compared to Year Ended
December 31, 1998

Net income of \$363.1 million, or \$1.72 per share, for the year ended December 31, 1999, compares to net income of \$275.2 million, or \$1.32 per share, in 1998.

The 32% increase in net income of \$87.9 million is primarily the result of an increase in both asset and account volumes and an increase in net interest margin. Net interest income increased \$365.4 million, or 53%, as average earning assets increased 34% and the net interest margin increased to 10.86% from 9.51%. The provision for loan losses increased \$115.9 million, or 43%, as the average reported consumer loans increased 43%, offset by the reported net charge-off rate decrease to 3.59% in 1999 from 4.24% in 1998.

Non-interest income increased \$884.1 million, or 59%, primarily due to the increase in average managed accounts of 42%. Increases in marketing expenses of \$285.6 million, or 64%, and salaries and benefits expense of \$303.8 million, or 64%, reflect the increase in marketing investment in existing and new product opportunities and the cost of operations to manage the growth in the Company's accounts and products offered. Average managed consumer loans grew 19% for the year ended December 31, 1999, to \$18.0 billion from \$15.2 billion for the year ended December 31, 1998, and average accounts grew 42% for the same period to 19.6 million from 13.8 million as a result of the continued success of the Company's marketing and account management strategies.

MANAGED CONSUMER LOAN PORTFOLIO

The Company analyzes its financial performance on a managed consumer loan portfolio basis. Managed consumer loan data adds back the effect of off-balance sheet consumer loans. The Company also evaluates its interest rate exposure on a managed portfolio basis.

The Company's managed consumer loan portfolio is comprised of reported and off-balance sheet loans. Off-balance sheet loans are those which have been securitized and accounted for as sales in accordance with Statement of Financial Accounting Standards ("SFAS") No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS 125"), and are not assets of the Company. Therefore, those loans are not shown on the balance sheet. Effective April 1, 2001, the Company will adopt the accounting provisions of SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS 140"), a replacement of SFAS 125. SFAS 140 revises the standards for accounting for securitizations and other transfers of financial assets and collateral and, as of December 31, 2000, requires certain additional disclosures, however, most of the provisions of SFAS 125 have been carried forward without amendment. The adoption of SFAS 140 is not expected to have a material effect on the results of the Company's operations.

Table 1 summarizes the Company's managed consumer loan portfolio.

table 1: MANAGED CONSUMER LOAN PORTFOLIO

Year Ended December 31 (In Thousands)	2000	1999	1998	1997	1996
YEAR-END BALANCES:					
Reported consumer loans	\$15,112,712	\$ 9,913,549	\$ 6,157,111	\$ 4,861,687	\$ 4,343,902
Off-balance sheet consumer loans	14,411,314	10,323,039	11,238,015	9,369,328	8,460,067
Total managed consumer loan portfolio	\$29,524,026	\$20,236,588	\$17,395,126	\$14,231,015	\$12,803,969
AVERAGE BALANCES:					
Reported consumer loans	\$11,487,776	\$ 7,667,355	\$ 5,348,559	\$ 4,103,036	\$ 3,651,908
Off-balance sheet consumer loans	11,147,086	10,379,558	9,860,978	8,904,146	7,616,553
Total managed consumer loan portfolio	\$22,634,862	\$18,046,913	\$15,209,537	\$13,007,182	\$11,268,461

[CHART]

Managed Loans (in billions)	
96	\$12.8
97	\$14.2
98	\$17.4
99	\$20.2
00	\$29.5

Since 1990, the Company has actively engaged in consumer loan securitization transactions. Securitization involves the transfer by the Company of a pool of loan receivables to an entity created for securitizations, generally a trust or other special purpose entity ("the trusts"). The credit quality of the receivables is supported by credit enhancements, which may be in various forms including a letter of credit, a cash collateral guaranty or account, or a subordinated interest in the receivables in the pool. Certificates (\$14.4 billion outstanding as of December 31, 2000) representing beneficial interests in the receivables are sold to the public through an underwritten offering or to private investors in private placement transactions. The Company receives the proceeds of the sale.

The Company retains an interest in the trusts ("seller's interest") equal to the amount of the receivables transferred to the trust in excess of the principal balance of the certificates. The Company's interest in the trusts varies as the amount of the excess receivables in the trusts fluctuates as the accountholders make principal payments and incur new charges on the selected accounts. The securitization generally results in the removal of the receivables, other than the seller's interest, from the Company's balance sheet for financial and regulatory accounting purposes.

The Company's relationship with its customers is not affected by the securitization. The Company acts as a servicing agent and receives a fee.

Collections received from securitized receivables are used to pay interest to certificateholders, servicing and other fees, and are available to absorb the investors' share of credit losses. Amounts collected in excess of that needed to pay the above amounts are remitted to the Company, as described in Servicing and Securitizations Income.

Certificateholders in the Company's securitization program are generally entitled to receive principal payments either through monthly payments during an amortization period or in one lump sum after an accumulation period. Amortization may begin sooner in certain circumstances, including if the annualized portfolio yield (consisting, generally, of interest and fees) for a three-month period drops below the sum of the certificate rate payable to investors, loan servicing fees and net credit losses during the period.

Prior to the commencement of the amortization or accumulation period, all principal payments received on the trusts' receivables are reinvested in new receivables to maintain the principal balance of certificates. During the amortization period, the investors' share of principal payments is paid to the certificateholders until they are paid in full. During the accumulation period, the investors' share of principal payments is paid into a principal funding account designed to accumulate amounts so that the certificates can be paid in full on the expected final payment date.

Table 2 indicates the impact of the consumer loan securitizations on average earning assets, net interest margin and loan yield for the periods presented. The Company intends to continue to securitize consumer loans.

[CHART]

Managed Net Interest Margin
(in percentages)

98	9.91
99	10.83
00	10.71

[CHART]

Managed Loan Yield
(in percentages)

98	16.99
99	17.59
00	17.83

table 2: OPERATING DATA AND RATIOS

Year Ended December 31 (Dollars in Thousands)	2000	1999	1998

REPORTED:			
Average earning assets	\$13,252,033	\$ 9,694,406	\$ 7,225,835
Net interest margin	11.99%	10.86%	9.51%
Loan yield	19.91	19.33	18.75

MANAGED:			
Average earning assets	\$24,399,119	\$20,073,964	\$17,086,813
Net interest margin	10.71%	10.83%	9.91%
Loan yield	17.83	17.59	16.99

RISK ADJUSTED REVENUE AND MARGIN

The Company's products are designed with the objective of maximizing revenue for the level of risk undertaken. Management believes that comparable measures for external analysis are the risk adjusted revenue and risk adjusted margin of the managed portfolio. Risk adjusted revenue is defined as net interest income and non-interest income less net charge-offs. Risk adjusted margin measures risk adjusted revenue as a percentage of average

earning assets. It considers not only the loan yield and net interest margin, but also the fee income associated with these products. By deducting net charge-offs, consideration is given to the risk inherent in these differing products.

[CHART]

Managed Revenue
(in billions)

98	\$2.8
99	\$3.8
00	\$5.0

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

[CHART]

Managed Risk Adjusted Revenue
(in billions)

98	\$1.9
99	\$3.1
00	\$4.1

[CHART]

Managed Risk Adjusted Margin
(in percentages)

98	11.41
99	15.69
00	16.77

By applying its IBS and in response to dynamic competitive pressures, the Company also targets a significant amount of its marketing expense to other credit card product opportunities. Examples of such products include secured cards and other customized card products, including affinity and co-branded cards, student cards and other cards targeted to certain markets which the Company feels are underserved by the Company's competitors. These products do not have a significant, immediate impact on managed loan balances; rather they typically consist of lower credit limit accounts and balances that build over time. The terms of these customized card products tend to include annual membership fees and higher annual finance charge rates. The profile of the consumers targeted for these products, in some cases, may also tend to result in higher account delinquency rates and consequently higher past-due and overlimit fees as a percentage of loan receivables outstanding than the low non-introductory rate products.

Table 3 provides income statement data and ratios for the Company's managed consumer loan portfolio. The causes of increases and decreases in the various components of risk adjusted revenue are discussed in further detail in subsequent sections of this analysis.

table 3: MANAGED RISK ADJUSTED REVENUE

Year Ended December 31 (Dollars in Thousands)	2000	1999	1998
MANAGED INCOME STATEMENT:			
Net interest income	\$2,614,321	\$2,174,726	\$1,692,894
Non-interest income	2,360,111	1,668,381	1,066,413
Net charge-offs	(883,667)	(694,073)	(810,306)
Risk adjusted revenue	\$4,090,765	\$3,149,034	\$1,949,001
RATIOS:/(1)/			
Net interest margin	10.71%	10.83%	9.91%
Non-interest income	9.67	8.31	6.24
Net charge-offs	(3.62)	(3.45)	(4.74)
Risk adjusted margin	16.77%	15.69%	11.41%
(1) As a percentage of average managed earning assets.			

NET INTEREST INCOME

Net interest income is interest and past-due fees earned from the Company's consumer loans and securities less interest expense on borrowings, which include interest-bearing deposits, other borrowings and borrowings from senior notes.

Reported net interest income for the year ended December 31, 2000, was \$1.6 billion compared to \$1.1 billion for 1999, representing an increase of \$536.3 million, or 51%. Net interest income increased as a result of both growth in earning assets and an increase in the net interest margin. Average earning assets increased 37% for the year ended December 31, 2000, to \$13.3 billion from \$9.7 billion for the year ended December 31, 1999. The reported net interest margin increased to 11.99% in 2000, from 10.86% in 1999 primarily attributable to a 58 basis point increase in the yield on consumer loans to 19.91% for the year ended December 31, 2000, from 19.33% for the year ended December 31, 1999. The yield on consumer loans increased primarily due to an increase in the frequency of past-due fees and a slight shift in the mix of the portfolio to higher yielding assets as compared to the prior year.

The managed net interest margin for the year ended December 31, 2000, decreased to 10.71% from 10.83% for the year ended December 31, 1999. This decrease was primarily the result of an increase of 74 basis points in borrowing costs to 6.53% in 2000, from 5.79% in 1999, offset by a 24 basis point increase in consumer loan yield for the year ended December 31, 2000. The increase in consumer loan yield to 17.83% for the year ended December 31, 2000, from 17.59% in 1999 was primarily the result of an increase in the frequency of past-due fees as compared to the prior year.

Reported net interest income for the year ended December 31, 1999, was \$1.1 billion, compared to \$687.3 million for 1998, representing an increase of \$365.4 million, or 53%. Net interest income increased as a result of both growth in earning assets and an increase in the net interest margin. Average earning assets increased 34% for the year ended December 31, 1999, to \$9.7 billion from \$7.2 billion for the year ended December 31, 1998. The reported net interest margin increased to 10.86% in 1999, from 9.51% in 1998 and was primarily attributable to a 58 basis point increase in the yield on consumer loans to 19.33% for the year ended December 31, 1999, from 18.75% for the year ended December 31, 1998. The yield on consumer loans increased primarily due to an increase in the amount and frequency of past-due fees as compared to the prior year, continued growth in the Company's portfolio of higher yielding products and repricings of low introductory rate loans during late 1998 and early 1999.

The managed net interest margin for the year ended December 31, 1999, increased to 10.83% from 9.91% for the year ended December 31, 1998. This increase was primarily the result of a 60 basis point increase in consumer loan yield for the year ended December 31, 1999, as well as a decrease of 26 basis points in borrowing costs to 5.79% in 1999, from 6.05% in 1998. The increase in consumer loan yield to 17.59% for the year ended December 31, 1999, from 16.99% in 1998 principally reflected increases in the amount and frequency of past-due fees and growth in higher yielding loans.

Table 4 provides average balance sheet data, an analysis of net interest income, net interest spread (the difference between the yield on earning assets and the cost of interest-bearing liabilities) and net interest margin for each of the years ended December 31, 2000, 1999 and 1998.

table 4: STATEMENTS OF AVERAGE BALANCES, INCOME AND EXPENSE, YIELDS AND RATES

Year Ended December 31	2000			1999			1998		
(Dollars in Thousands)	Average Balance	Income/Expense	Yield/Rate	Average Balance	Income/Expense	Yield/Rate	Average Balance	Income/Expense	Yield/Rate
Assets:									
Earning assets									
Consumer loans/(1)/ Securities available for sale	\$ 11,487,776	\$ 2,286,774	19.91%	\$ 7,667,355	\$ 1,482,371	19.33%	\$5,348,559	\$ 1,003,122	18.75%
Other	1,611,582	96,554	5.99	1,852,826	105,438	5.69	1,628,164	94,436	5.80
	152,675	6,574	4.31	174,225	5,675	3.26	249,112	13,978	5.61
Total earning assets	13,252,033	\$ 2,389,902	18.03%	9,694,406	\$ 1,593,484	16.44%	7,225,835	\$ 1,111,536	15.38%
Cash and due from banks	103,390			17,046			4,385		
Allowance for loan losses	(402,208)			(269,375)			(214,333)		
Premises and equipment, net	549,133			366,709			201,173		
Other	1,707,237			1,276,227			1,113,372		
Total assets	\$ 15,209,585			\$11,085,013			\$8,330,432		
LIABILITIES AND EQUITY:									
Interest-bearing liabilities									
Deposits	\$ 5,339,474	\$ 324,008	6.07%	\$ 2,760,536	\$ 137,792	4.99%	\$1,430,042	\$ 67,479	4.72%
Other borrowings	2,893,415	202,034	6.98	1,687,042	100,392	5.95	1,473,949	96,130	6.52
Senior notes	3,976,623	274,975	6.91	4,391,438	302,698	6.89	3,787,639	260,675	6.88
Total interest-bearing liabilities	12,209,512	\$ 801,017	6.56%	8,839,016	\$ 540,882	6.12%	6,691,630	\$ 424,284	6.34%
Other	1,299,100			838,098			550,819		
Total liabilities	13,508,612			9,677,114			7,242,449		
Equity	1,700,973			1,407,899			1,087,983		
Total liabilities and equity	\$ 15,209,585			\$11,085,013			\$8,330,432		
Net interest spread			11.47%			10.32%			9.04%
Interest income to average earning assets			18.03			16.44			15.38
Interest expense to average earning assets			6.04			5.58			5.87
Net interest margin			11.99%			10.86%			9.51%

(1) Interest income includes past-due fees on loans of approximately \$780,014, \$478,918 and \$301,979 for the years ended December 31, 2000, 1999 and 1998, respectively.

INTEREST VARIANCE ANALYSIS

Net interest income is affected by changes in the average interest rate earned on earning assets and the average interest rate paid on interest-bearing liabilities. In addition, net interest income is affected by changes in the volume of earning assets and interest-bearing liabilities.

Table 5 sets forth the dollar amount of the increases and decreases in interest income and interest expense resulting from changes in the volume of earning assets and interest-bearing liabilities and from changes in yields and rates.

table 5: INTEREST VARIANCE ANALYSIS

Year Ended December 31 (In Thousands)	2000 vs. 1999			1999 vs. 1998		
	Increase (Decrease)	Change Due to/(1)/ Volume	Change Due to/(1)/ Yield/Rate	Increase (Decrease)	Change Due to/(1)/ Volume	Change Due to/(1)/ Yield/Rate
INTEREST INCOME:						
Consumer loans	\$ 804,403	\$ 759,271	\$ 45,132	\$ 479,249	\$ 447,414	\$ 31,835
Securities available for sale	(8,884)	(14,244)	5,360	11,002	12,814	(1,812)
Other	899	(765)	1,664	(8,303)	(3,466)	(4,837)
Total interest income	796,418	629,696	166,722	481,948	401,413	80,535
INTEREST EXPENSE:						
Deposits	186,216	151,286	34,930	70,313	66,199	4,114
Other borrowings	101,642	81,806	19,836	4,262	13,140	(8,878)
Senior notes	(27,723)	(28,681)	958	42,023	41,619	404
Total interest expense	260,135	218,759	41,376	116,598	131,870	(15,272)
Net interest income/(1)/	\$ 536,283	\$ 417,642	\$ 118,641	\$ 365,350	\$ 258,291	\$ 107,059

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

SERVICING AND SECURITIZATIONS INCOME

In accordance with SFAS 125, the Company records gains or losses on the securitizations of consumer loan receivables on the date of sale based on the estimated fair value of assets sold and retained and liabilities incurred in the sale. Retained interests in securitized assets include "interest only" ("I/O") strips, subordinated interests in the transferred receivables and cash collateral accounts. Gains represent the present value of estimated excess cash flows the Company has retained over the estimated outstanding period of the receivables and are included in servicing and securitizations income. This excess cash flow essentially represents an I/O strip, consisting of the excess of finance charges and past-due fees over the sum of the return paid to certificateholders, estimated contractual servicing fees and credit losses. However, exposure to credit losses on the securitized loans is contractually limited to the retained interests.

Servicing and securitizations income represents servicing fees, excess spread and other fees relating to loan receivables sold through securitization transactions, as well as gains and losses recognized as a result of securitization transactions. Servicing and securitizations income decreased \$34.7 million, or 3%, for the year ended December 31, 2000, compared to 1999. This decrease was primarily due to an increase in net charge-offs on such loans as a result of the seasoning of accounts combined with a change in customer usage patterns, resulting in decreases in certain fees.

Servicing and securitizations income increased \$397.3 million, or 50%, to \$1.2 billion for the year ended December 31, 1999, from \$789.8 million for 1998. This increase was primarily due to a decrease in net charge-offs on such loans as a result of improved general economic trends in consumer credit, increased purchase volume, membership and overlimit fees, as well as a slight increase in off-balance sheet consumer loans.

Certain estimates inherent in the determination of the fair value of the I/O strip are influenced by factors outside the Company's control, and as a result, such estimates could materially change in the near term. Any future gains that will be recognized in accordance with SFAS 125 and SFAS 140 (see Note A to the Consolidated Financial Statements) will be dependent on the timing and amount of future securitizations. The Company will continuously assess the performance of new and existing securitization transactions as estimates of future cash flows change.

OTHER NON-INTEREST INCOME

Interchange income increased \$93.5 million, or 65%, to \$237.8 million for the year ended December 31, 2000, from \$144.3 million in 1999. Service charges and other customer-related fees increased to \$1.6 billion, or 58%, for the year ended December 31, 2000, compared to \$1.0 billion for the year ended December 31, 1999. These increases were primarily due to a 41% increase in the average number of accounts for the year ended December 31, 2000, from 1999, an increase in purchase volume, customer usage patterns and increased purchases of cross-sell products.

Interchange income increased \$57.8 million, or 67%, to \$144.3 million for the year ended December 31, 1999, from \$86.5 million in 1998. Service charges and other customer-related fees increased to \$1.0 billion, or 70%, for the year ended December 31, 1999, compared to \$612.0 million for the year ended December 31, 1998. These increases were primarily due to a 42% increase in the average number of accounts for the year ended December 31, 1999, from 1998, an increase in purchase volume, an increase in interchange rates received by the Company and a shift to more fee-intensive products.

NON-INTEREST EXPENSE

Non-interest expense for the year ended December 31, 2000, increased \$682.7 million, or 28%, to \$3.1 billion from \$2.5 billion for the year ended December 31, 1999. Contributing to the increase in non-interest expense were marketing expenses which increased \$174.2 million, or 24%, to \$906.1 million in 2000, from \$731.9 million in 1999. The increase in marketing expenses during 2000 reflects the Company's continued identification of and investments in opportunities for growth. Salaries and associate benefits increased \$243.2 million, or 31%, to \$1.0 billion in 2000, from \$780.2 million in 1999, as the Company added approximately 3,800 net new associates to our staffing levels to manage the growth in the Company's accounts. All other non-interest expenses increased \$265.2 million, or 28%, to \$1.2 billion for the year ended December 31, 2000, from \$952.9 million in 1999. The increase in other non-interest expense, as well as the increase in salaries and associate benefits, was primarily a result of a 41% increase in the average number of accounts for the year ended December 31, 2000, and the Company's continued exploration and testing of new products and markets.

Non-interest expense for the year ended December 31, 1999, increased \$1.0 billion, or 68%, to \$2.5 billion from \$1.5 billion for the year ended December 31, 1998. Contributing to the increase in non-interest expense were marketing expenses which increased \$285.6 million, or 64%, to \$731.9 million in 1999, from \$446.3 million in 1998. The increase in marketing expenses during 1999 reflects the Company's continued identification of and investments in opportunities for growth. Salaries and associate benefits increased \$303.8 million, or 64%, to \$780.2 million in 1999, from \$476.4 million in 1998, as the Company added approximately 5,000 associates to our staffing levels to manage the growth in the Company's accounts. All other non-interest expenses increased \$411.0 million, or 76%, to \$952.9 million for the year ended December 31, 1999, from \$541.9 million in 1998. The increase in other non-interest expense, as well as the increase in salaries and associate benefits, was primarily a result of a 42% increase in the average number of accounts for the year ended December 31, 1999 and the Company's continued exploration and testing of new products and markets.

[CHART]

Marketing Investment (in millions)	
98	\$446
99	\$732
00	\$906

INCOME TAXES

The Company's effective income tax rate was 38%, 37% and 38%, for the years ended December 31, 2000, 1999 and 1998, respectively. The effective rate includes both state and federal income tax components.

ASSET QUALITY

The asset quality of a portfolio is generally a function of the initial underwriting criteria used, levels of competition, account management activities and demographic concentration, as well as general economic conditions. The seasoning of the accounts is also an important factor, as accounts tend to exhibit a rising trend of delinquency and credit losses as they season. As of

December 31, 2000 and 1999, 60% of managed accounts representing 51% of the total managed loan balance were less than eighteen months old. Accordingly, it is likely that the Company's managed loan portfolio could experience increased levels of delinquency and credit losses as the average age of the Company's accounts increases.

Changes in the rates of delinquency and credit losses can also result from a shift in the product mix. As discussed in "Risk Adjusted Revenue and Margin," certain customized card products have, in some cases, higher delinquency and higher charge-off rates. In the case of secured card loans, collateral, in the form of cash deposits, reduces any ultimate charge-offs. The costs associated with higher delinquency and charge-off rates are considered in the pricing of individual products.

During 2000, general economic conditions for consumer credit remained stable as industry levels of charge-offs (including bankruptcies) and delinquencies both decreased. These trends have positively impacted the Company's 2000 results.

DELINQUENCIES

Table 6 shows the Company's consumer loan delinquency trends for the years presented on a reported and managed basis. The entire balance of an account is contractually delinquent if the minimum payment is not received by the payment due date. Delinquencies not only have the potential to impact earnings if the account charges off, they also are costly in terms of the personnel and other resources dedicated to resolving the delinquencies.

The 30-plus day delinquency rate for the reported consumer loan portfolio increased to 7.26% as of December 31, 2000, from 5.92% as of December 31, 1999. The increase in the reported delinquency rate is a result of a shift in the composition of the reported portfolio combined with the seasoning of accounts. The 30-plus day delinquency rate for the managed consumer loan portfolio remained consistent at 5.23% as of December 31, 2000 and 1999.

[CHART]

Managed 30+ Day Delinquency Rate (in percentages)

98	4.70
99	5.23
00	5.23

[CHART]

Managed Net Charge-off Rate (in percentages)

98	5.33
99	3.85
00	3.90

table 6: DELINQUENCIES

December 31	2000		1999		1998		1997		1996	
(Dollars in Thousands)	Loans	% of Total Loans	Loans	% of Total Loans	Loans	% of Total Loans	Loans	% of Total Loans	Loans	% of Total Loans
REPORTED:										
Loans outstanding	\$15,112,712	100.00%	\$ 9,913,549	100.00%	\$ 6,157,111	100.00%	\$ 4,861,687	100.00%	\$ 4,343,902	100.00%
Loans delinquent:										
30-59 days	418,967	2.77	236,868	2.39	123,162	2.00	104,216	2.14	96,819	2.23
60-89 days	242,770	1.61	129,251	1.30	67,504	1.10	64,217	1.32	55,679	1.28
90 or more days	435,574	2.88	220,513	2.23	98,798	1.60	99,667	2.05	111,791	2.57
Total	\$ 1,097,311	7.26%	\$ 586,632	5.92%	\$ 289,464	4.70%	\$ 268,100	5.51%	\$ 264,289	6.08%
MANAGED:										
Loans outstanding	\$29,524,026	100.00%	\$20,236,588	100.00%	\$17,395,126	100.00%	\$14,231,015	100.00%	\$12,803,969	100.00%
Loans delinquent:										
30-59 days	605,040	2.05	416,829	2.06	329,239	1.89	327,407	2.30	279,787	2.19
60-89 days	349,250	1.18	238,476	1.18	182,982	1.05	213,726	1.50	162,668	1.27
90 or more days	590,364	2.00	403,464	1.99	305,589	1.76	340,887	2.40	356,700	2.78
Total	\$ 1,544,654	5.23%	\$ 1,058,769	5.23%	\$ 817,810	4.70%	\$ 882,020	6.20%	\$ 799,155	6.24%

NET CHARGE-OFFS

Net charge-offs include the principal amount of losses (excluding accrued and unpaid finance charges, fees and fraud losses) less current period recoveries. The Company charges off credit card loans (net of any collateral) at 180 days past the due date.

For the year ended December 31, 2000, the managed net charge-off rate increased 5 basis points to 3.90%. For the year ended December 31, 2000, the reported net charge-off rate increased 105 basis points to 4.64%. The increases in managed and reported net charge-off rates were the result of a shift in the portfolio mix combined with the seasoning of accounts. The impact was more apparent in the reported net charge-offs due to changes in the composition of the reported portfolio compared to the off-balance sheet portfolio. Table 7 shows the Company's net charge-offs for the years presented on a reported and managed basis.

table 7: NET CHARGE-OFFS

Year Ended December 31 (Dollars in Thousands)	2000	1999	1998	1997	1996
REPORTED:					
Average loans outstanding	\$ 11,487,776	\$ 7,667,355	\$ 5,348,559	\$ 4,103,036	\$ 3,651,908
Net charge-offs	532,621	275,470	226,531	198,192	132,590
Net charge-offs as a percentage of average loans outstanding	4.64%	3.59%	4.24%	4.83%	3.63%
MANAGED:					
Average loans outstanding	\$ 22,634,862	\$18,046,913	\$15,209,537	\$13,007,182	\$11,268,461
Net charge-offs	883,667	694,073	810,306	856,704	477,732
Net charge-offs as a percentage of average loans outstanding	3.90%	3.85%	5.33%	6.59%	4.24%

The Company's objective is to optimize the profitability of each account within acceptable risk characteristics. The Company takes measures as necessary, including requiring collateral on certain accounts and other marketing and account management techniques, to maintain the Company's credit quality standards and to manage the risk of loss on existing accounts. See "Risk Adjusted Revenue and Margin" for further discussion.

PROVISION AND ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is maintained at an amount estimated to be sufficient to absorb probable future losses, net of recoveries (including recovery of collateral), inherent in the existing reported loan portfolio. The provision for loan losses is the periodic cost of maintaining an adequate allowance. Management believes that the allowance for loan losses is adequate to cover anticipated losses in the reported homogeneous consumer loan portfolio under current conditions. There can be no assurance as to future credit losses that may be incurred in connection with the Company's consumer loan portfolio, nor can there be any assurance that the loan loss allowance that has been established by the Company will be sufficient to absorb such future credit losses. The allowance is a general allowance applicable to the entire reported homogeneous consumer loan portfolio, including the Company's international portfolio which to date has performed with relatively lower loss and delinquency rates than the overall portfolio.

The amount of allowance necessary is determined primarily based on a migration analysis of delinquent and current accounts. In evaluating the sufficiency of the allowance for loan losses, management also takes into consideration the following factors: recent trends in delinquencies and charge-offs including bankrupt, deceased and recovered amounts; historical trends in loan volume; forecasting uncertainties and size of credit risks; the degree of risk inherent in the composition of the loan portfolio; economic conditions; credit evaluations and underwriting policies. Additional information on the Company's allowance for loan loss policy can be found in Note A to the Consolidated Financial statements.

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

For the year ended December 31, 2000, the provision for loan losses increased 88% to \$718.2 million from the 1999 provision for loan losses of \$382.9 million as a result of an increase in average reported loans of 50%, continued seasoning of the reported portfolio and the shift in the mix of the composition of the reported portfolio. As a result of these factors, the Company increased the allowance for loan losses by \$185.0 million during 2000.

For the year ended December 31, 1999, the provision for loan losses increased 43% to \$382.9 million from the 1998 provision for loan losses of \$267.0 million as average reported loans increased 43%. The Company increased the allowance for loan losses by \$111.0 million during 1999 due to the increase in the delinquency rate, the growth in the reported loans and the increase in the dollar amount of net charge-offs.

table 8: SUMMARY OF ALLOWANCE FOR LOAN LOSSES

Year Ended December 31 (Dollars in Thousands)	2000	1999	1998	1997	1996
Balance at beginning of year	\$ 342,000	\$ 231,000	\$ 183,000	\$ 118,500	\$ 72,000
Provision for loan losses	718,170	382,948	267,028	262,837	167,246
Acquisitions/other	(549)	3,522	7,503	(2,770)	(18,887)
Charge-offs	(772,402)	(400,143)	(294,295)	(223,029)	(115,159)
Recoveries	239,781	124,673	67,764	27,462	13,300
Net charge-offs	(532,621)	(275,470)	(226,531)	(195,567)	(101,859)
Balance at end of year	\$ 527,000	\$ 342,000	\$ 231,000	\$ 183,000	\$ 118,500
Allowance for loan losses to loans at end of year	3.49%	3.45%	3.75%	3.76%	2.73%

FUNDING

The Company has established access to a wide range of domestic funding alternatives, in addition to securitization of its consumer loans. In June 2000, the Company established a \$5.0 billion global senior and subordinated bank note program, of which \$994.8 million was outstanding as of December 31, 2000, with original terms of three to five years. In February 2001, the Company issued an additional \$1.3 billion fixed rate senior global bank note with a term of five years. The Company has historically issued senior unsecured debt of the Bank through its \$8.0 billion domestic bank note program, of which \$2.5 billion was outstanding as of December 31, 2000, with original terms of one to ten years.

[GRAPH OMITTED]

Internationally, the Company has funding programs designed specifically for foreign investors and to allow the Company to raise funds in foreign currencies. The Company has multiple committed revolving credit facilities that offer foreign currency funding options. The Company funds its foreign assets by directly or synthetically borrowing or securitizing in the local currency to mitigate the financial statement effect of currency translation.

Additionally, the Corporation has three shelf registration statements under which the Corporation from time to time may offer and sell senior or subordinated debt securities, preferred stock and common stock. As of December 31, 2000, the Company had existing unsecured senior debt outstanding under the shelf registrations of \$550 million, with another \$1.0 billion of availability. During January 2001, the Corporation issued 6,750,390 shares of common stock in a public offering under these shelf registration statements, increasing equity by \$412.8 million.

The Company has significantly expanded its retail deposit gathering efforts through both direct and broker marketing channels. The Company uses its IBS capabilities to test and market a variety of retail deposit origination strategies, including via the Internet, as well as to develop customized account management programs. As of December 31, 2000, the Company had \$8.4 billion in interest-bearing deposits, with original maturities up to ten years.

Table 9 reflects the costs of short-term borrowings of the Company as of and for each of the years ended December 31, 2000, 1999 and 1998.

table 9: SHORT-TERM BORROWINGS

(Dollars in Thousands)	Maximum Outstanding as of any Month-End	Outstanding as of Year-End	Average Outstanding	Average Interest Rate	Year-End Interest Rate
2000					
Federal funds purchased and resale agreements	\$1,303,714	\$1,010,693	\$1,173,267	6.26%	6.58%
Other	371,020	43,359	129,700	11.52	6.17
Total		\$1,054,052	\$1,302,967	6.79%	6.56%
1999					
Federal funds purchased and resale agreements	\$1,491,463	\$1,240,000	\$1,046,475	5.33%	5.84%
Other	193,697	97,498	175,593	8.42	3.97
Total		\$1,337,498	\$1,222,068	5.77%	5.70%
1998					
Federal funds purchased and resale agreements	\$1,451,029	\$1,227,000	\$1,169,952	6.09%	5.53%
Other	417,279	417,279	206,204	8.44	6.58
Total		\$1,644,279	\$1,376,156	6.44%	5.80%

Table 10 shows the maturities of certificates of deposit in denominations of \$100,000 or greater (large denomination CDs) as of December 31, 2000.

table 10: MATURITIES OF LARGE DENOMINATION CERTIFICATES -- \$100,000 OR MORE

December 31, 2000 (Dollars in Thousands)	Balance	Percent
3 months or less	\$ 529,726	14.32%
Over 3 through 6 months	460,581	12.46
Over 6 through 12 months	925,414	25.03
Over 12 months	1,782,167	48.19
Total	\$3,697,888	100.00%

Additional information regarding funding can be found in Note E to the Consolidated Financial Statements.

LIQUIDITY

Liquidity refers to the Company's ability to meet its cash needs. The Company meets its cash requirements by securitizing assets, gathering deposits and issuing debt. As discussed in "Managed Consumer Loan Portfolio," a significant source of liquidity for the Company has been the securitization of consumer loans. Maturity terms of the existing securitizations vary from 2001 to 2008 and typically have accumulation periods during which principal payments are aggregated to make payments to investors. As payments on the loans are accumulated and are no longer reinvested in new loans, the Company's funding requirements for such new loans increase accordingly. The occurrence of certain events may cause the securitization transactions to amortize earlier than scheduled, which would accelerate the need for funding.

Table 11 shows the amounts of investor principal from off-balance sheet securitized consumer loans that are expected to amortize, or be otherwise paid over the periods indicated, based on outstanding securitized consumer loans as of January 1, 2001. As of December 31, 2000 and 1999, 49% and 51%, respectively, of the Company's total managed loans were securitized.

As such amounts amortize or are otherwise paid, the Company believes it can securitize consumer loans, purchase federal funds and establish other funding sources to fund the amortization or other payment of the securitizations in the future, although no assurance can be given to that effect. Additionally, the Company maintains a portfolio of high-quality securities such as U.S. Treasuries and other U.S. government obligations, commercial paper, interest-bearing deposits with other banks, federal funds and other cash equivalents in order to provide adequate liquidity and to meet its ongoing cash needs. As of December 31, 2000, the Company held \$1.9 billion of such securities.

Liability liquidity is measured by the Company's ability to obtain borrowed funds in the financial markets in adequate amounts and at favorable rates. As of December 31, 2000, the Company, the Bank and the Savings Bank collectively had over \$1.9 billion in unused commitments, under its credit facilities, available for liquidity needs.

table 11: SECURITIZATIONS -- AMORTIZATION TABLE

(Dollars in Thousands)	2001	2002	2003	2004	2005-2008
Balance at beginning of year	\$14,397,050	\$10,757,198	\$ 8,782,005	\$ 6,035,622	\$ 4,041,017
Less repayment amounts	(3,639,852)	(1,975,193)	(2,746,383)	(1,994,605)	(4,041,017)
Balance at end of year	\$10,757,198	\$ 8,782,005	\$ 6,035,622	\$ 4,041,017	\$ --

CAPITAL ADEQUACY

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

The most recent notifications received from the regulators categorized the Bank and the Savings Bank as "well-capitalized." As of December 31, 2000, there are no conditions or events since the notifications discussed above that management believes have changed either the Bank's or the Savings Bank's capital category.

In August 2000, the Bank received regulatory approval and established a subsidiary bank in the United Kingdom. In connection with the approval of its former branch office in the United Kingdom, the Company committed to the Federal Reserve that, for so long as the Bank maintains a branch or subsidiary bank in the United Kingdom, the Company will maintain a minimum Tier 1 Leverage ratio of 3.0%. As of December 31, 2000 and 1999, the Company's Tier 1 Leverage ratio was 11.14% and 12.79%, respectively.

Additional information regarding capital adequacy can be found in Note J to the Consolidated Financial Statements.

DIVIDEND POLICY

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

OFF-BALANCE SHEET RISK

The Company is subject to off-balance sheet risk in the normal course of business including commitments to extend credit, reduce the interest rate sensitivity of its securitization transactions and its off-balance sheet financial instruments. The Company enters into interest rate swap agreements in the management of its interest rate exposure. The Company also enters into forward foreign currency exchange contracts and currency swaps to reduce its sensitivity to changing foreign currency exchange rates. These off-balance sheet financial instruments involve elements of credit, interest rate or foreign currency exchange rate risk in excess of the amount recognized on the balance sheet. These instruments also present the Company with certain credit, market, legal and operational risks. The Company has established credit policies for off-balance sheet instruments as it has for on-balance sheet instruments.

Additional information regarding off-balance sheet financial instruments can be found in Note N to the Consolidated Financial Statements.

INTEREST RATE SENSITIVITY

Interest rate sensitivity refers to the change in earnings that may result from changes in the level of interest rates. To the extent that managed interest income and expense do not respond equally to changes in interest rates, or that all rates do not change uniformly, earnings could be affected. The Company's managed net interest income is affected by changes in short-term interest rates, primarily the London InterBank Offering Rate, as a result of its issuance of interest-bearing deposits, variable rate loans and variable rate securitizations. The Company manages and mitigates its interest rate sensitivity through several techniques which include, but are not limited to, changing the maturity, repricing and distribution of assets and liabilities and entering into interest rate swaps.

The Company measures exposure to its interest rate risk through the use of a simulation model. The model generates a distribution of possible twelve-month managed net interest income outcomes based on (i) a set of plausible interest rate scenarios, as determined by management based upon historical trends and market expectations, (ii) all existing financial instruments, including swaps, and (iii) an estimate of ongoing business activity over the coming twelve months. The Company's asset/liability management policy requires that based on this distribution there be at least a 95% probability that managed net interest income achieved over the coming twelve months will be no more than 2.5% below the mean managed net interest income of the distribution. As of December 31, 2000, the Company was in compliance with the policy; more than 99% of the outcomes generated by the model produced a managed net interest income of no more than 1% below the mean outcome. The interest rate scenarios evaluated as of December 31, 2000 included scenarios in which short-term interest rates rose in excess of 400 basis points or fell by as much as 250 basis points over twelve months.

The analysis does not consider the effects of the changed level of overall economic activity associated with various interest rate scenarios. Further, in the event of a rate change of large magnitude, management would likely take actions to further mitigate its exposure to any adverse impact. For example, management may reprice interest rates on outstanding credit card loans subject to the right of the consumers in certain states to reject such repricing by giving timely written notice to the Company and thereby relinquishing charging privileges. However, competitive factors as well as certain legal constraints may limit the repricing of credit card loans.

Interest rate sensitivity at a point in time can also be analyzed by measuring the mismatch in balances of earning assets and interest-bearing liabilities that are subject to repricing in future periods.

Table 12 reflects the interest rate repricing schedule for earning assets and interest-bearing liabilities as of December 31, 2000.

table 12: INTEREST RATE SENSITIVITY

As of December 31, 2000 Subject to Repricing (Dollars in Millions)	Within 180 Days	* 180 Days-- 1 Year	* 1 Year-- 5 Years	Over 5 Years
EARNING ASSETS:				
Federal funds sold and resale agreements	\$ 61			
Interest-bearing deposits at other banks	102			
Securities available for sale	156	\$ 147	\$ 895	\$ 498
Consumer loans	6,131	6	8,976	
Total earning assets	6,450	153	9,871	498
INTEREST-BEARING LIABILITIES:				
Interest-bearing deposits	2,647	1,447	3,981	304
Other borrowings	2,826	100		
Senior notes	522	143	2,745	641
Total interest-bearing liabilities	5,995	1,690	6,726	945
Non-rate related assets				(1,616)
Interest sensitivity gap	455	(1,537)	3,145	(2,063)
Impact of swaps	3,854	(153)	(3,592)	(109)
Impact of consumer loan securitizations	(4,476)	(677)	5,853	(700)
Interest sensitivity gap adjusted for impact of securitizations and swaps	\$ (167)	\$ (2,367)	\$ 5,406	\$ (2,872)
Adjusted gap as a percentage of managed assets	-0.50%	-7.11%	16.24%	-8.63%
Adjusted cumulative gap	\$ (167)	\$ (2,534)	\$ 2,872	\$ --
Adjusted cumulative gap as a percentage of managed assets	-0.50%	-7.61%	8.63%	0.00%

* more than

BUSINESS OUTLOOK**Earnings, Goals and Strategies**

This business outlook section summarizes Capital One's expectations for earnings for the year ending December 31, 2001, and our primary goals and strategies for continued growth. The statements contained in this section are based on management's current expectations. Certain statements are forward looking and, therefore, actual results could differ materially. Factors that could materially influence results are set forth throughout this section and in Capital One's Annual Report on Form 10-K for the year ended December 31, 2000 (Part I, Item 1, Risk Factors).

We have set targets, dependent on the factors set forth below, to achieve a 20% return on equity in 2001 and to increase Capital One's 2001 earnings per share by approximately 30% over earnings per share for 2000. As discussed elsewhere in this report and below, Capital One's actual earnings are a function of our revenues (net interest income and non-interest income on our earning assets), consumer usage and payment patterns, credit quality of our earning assets (which affects fees and charge-offs), marketing expenses and operating expenses.

Product and Market Opportunities

Our strategy for future growth has been, and is expected to continue to be, to apply our proprietary IBS to our lending and non-lending businesses. We will seek to identify new product opportunities and to make informed investment decisions regarding new and existing products. Our lending and other financial and non-financial products are subject to competitive pressures, which management anticipates will increase as these markets mature.

Lending

Lending includes credit card and other consumer lending products, including automobile financing and unsecured installment lending. Credit card opportunities include, and are expected to continue to include, a wide variety of highly customized products with interest rates, credit lines and other features specifically tailored for numerous consumer segments. We expect continued growth across a broad spectrum of new and existing customized products, which are distinguished by a range of credit lines, pricing structures and other characteristics. For example, our low introductory and non-introductory rate products, which are marketed to consumers with the best

established credit profiles, are characterized by higher credit lines, lower yields and an expectation of lower delinquencies and credit loss rates. On the other hand, certain other customized card products are characterized by lower credit lines, higher yields (including fees) and in some cases, higher delinquencies and credit loss rates. These products also involve higher operational costs but exhibit better response rates, less adverse selection, less attrition and a greater ability to reprice than traditional products. More importantly, as a whole, all of these customized products continue to have less volatile returns than traditional products in recent market conditions, based partly on our ability to diversify risk with customization. Based in part on the success of this range of products and growth in the superprime and prime markets, we expect strong growth in our managed loan balances during 2001. We believe that leveraging our customer relationships will be a key to our future growth.

Capital One Auto Finance, Inc., our automobile finance subsidiary, offers loans, secured by automobiles, through dealer networks throughout the United States, and is our platform to apply IBS to the automobile loan market. As of December 31, 2000, loans outstanding for Capital One Auto Finance had tripled since we acquired it in 1998. We anticipate this trend will continue through 2001.

Our internet services support our lending business and include account decisioning, real-time account numbering, retail deposit-taking and account servicing. In the fourth quarter of 2000, we surpassed our previously stated goal of originating one million accounts and servicing two million accounts online by the end of 2000. We expect continued growth in the internet services portion of our business in 2001, provided that we can continue to limit fraud and safeguard our customers' privacy.

We have expanded our existing operations outside of the United States and have experienced growth in the number of accounts and loan balances in our international business. To date, our principal operations outside of the United States have been in the United Kingdom, with additional operations in Canada, South Africa and France. To support the continued growth of our United Kingdom business and any future business in Europe, in September 2000 we launched a bank in the United Kingdom with authority to conduct full-service operations. We anticipate entering and doing business in additional countries from time to time as opportunities arise.

Non-Lending

Our non-lending business consists primarily of our retail deposit-taking business. In 2000, we launched the CapitalOnePlace where we offer customers a variety of products available for purchase online, some of which are offered in partnership with other companies.

We will continue to apply our IBS in an effort to balance the mix of credit card products with other financial and non-financial products and services to optimize profitability within the context of acceptable risk. We continually test new product offerings and pricing combinations, using IBS, to target different consumer groups. The number of tests we conduct has increased each year since 1994 and we expect further increases in 2001. Our growth through expansion and product diversification, however, will be affected by our ability to build internally or acquire the necessary operational and organizational infrastructure, recruit experienced personnel, fund these new businesses and manage expenses. Although we believe we have the personnel, financial resources and business strategy necessary for continued success, there can be no assurance that our results of operations and financial condition in the future will reflect our historical financial performance.

Marketing Investment

We expect our 2001 marketing expenses to exceed 2000's expense level, as we continue to invest in various credit card products and services, and other financial and non-financial products and services. We are also developing a brand marketing, or "brand awareness," strategy with the intent of building a branded franchise to support our IBS and mass customization strategies. We caution, however, that an increase in marketing expenses does not necessarily equate to a comparable increase in outstanding balances or accounts based on historical results. As our portfolio continues to grow, generating balances and accounts to offset attrition requires increasing amounts of marketing. Although we are one of the leading direct mail marketers in the credit card industry, and our overall credit card response rates remained fairly stable in 2000, increased mail volume throughout the industry indicates that competition has been accelerating. This intense competition in the credit card market has resulted in an industry-wide reduction in both credit card response rates and the productivity of marketing dollars invested in that line of business, both of which may affect us more significantly in 2001. In addition, the cost to acquire new accounts varies across product lines and is

expected to rise as we move beyond the domestic card business. With competition affecting the profitability of traditional card products, we have been allocating, and expect to continue to allocate, a greater portion of our marketing expense to other customized credit card products and other financial and non-financial products. We intend to continue a flexible approach in our allocation of marketing expenses. The actual amount of marketing investment is subject to a variety of external and internal factors, such as competition in the consumer credit and wireless service industries, general economic conditions affecting consumer credit performance, the asset quality of our portfolio and the identification of market opportunities across product lines that exceed our targeted rates of return on investment.

The amount of marketing expense allocated to various products or businesses will influence the characteristics of our portfolio as various products or businesses are characterized by different account growth, loan growth and asset quality characteristics. We currently expect continued strong account growth and loan growth in 2001, particularly in the prime and superprime customer markets. Actual growth, however, may vary significantly depending on our actual product mix and the level of attrition in our managed portfolio, which is primarily affected by competitive pressures.

Impact of Delinquencies, Charge-Offs and Attrition

Our earnings are particularly sensitive to delinquencies and charge-offs on our portfolio and to the level of attrition due to competition in the credit card industry. As delinquency levels fluctuate, the resulting amount of past due and overlimit fees, which are significant sources of our revenue, will also fluctuate. Further, the timing of revenues from increasing or decreasing delinquencies precedes the related impact of higher or lower charge-offs that ultimately result from varying levels of delinquencies. Delinquencies and net charge-offs are impacted by general economic trends in consumer credit performance, including bankruptcies, the degree of seasoning of our portfolio and our product mix.

As of December 31, 2000, we had among the lowest net charge-off rates among the top ten credit card issuers in the United States. We expect delinquencies and charge-offs to increase in the latter half of 2001 due to general economic factors as well as the seasoning of certain of our accounts. We caution that delinquency and charge-off levels are not always predictable and may vary from projections. In the case of an economic downturn or recession, delinquencies and charge-offs are likely to increase more quickly. In addition, competition in the credit card industry, as measured by the volume of mail solicitations, remains very high. Competition can affect our earnings by increasing attrition of our outstanding loans (thereby reducing interest and fee income) and by making it more difficult to retain and attract profitable customers.

Cautionary Factors

The strategies and objectives outlined above, and the other forward-looking statements contained in this section, involve a number of risks and uncertainties. Capital One cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially. In addition to the factors discussed above, among the other factors that could cause actual results to differ materially are the following: continued intense competition from numerous providers of products and services which compete with our businesses; with respect to financial and other products, changes in our aggregate accounts or consumer loan balances and the growth rate thereof, including changes resulting from factors such as shifting product mix, amount of our actual marketing expenses and attrition of accounts and loan balances; an increase in credit losses (including increases due to a worsening of general economic conditions); our ability to continue to securitize our credit cards and consumer loans and to otherwise access the capital markets at attractive rates and terms to fund our operations and future growth; difficulties or delays in the development, production, testing and marketing of new products or services; losses associated with new products or services or expansion internationally; financial, legal, regulatory or other difficulties that may affect investment in, or the overall performance of, a product or business, including changes in existing laws to regulate further the credit card and consumer loan industry and the financial services industry, in general, including the flexibility of financial services companies to obtain, use and share consumer data; the amount of, and rate of growth in, our expenses (including salaries and associate benefits and marketing expenses) as our business develops or changes or as we expand into new market areas; the availability of capital necessary to fund our new businesses; our ability to build the operational and organizational infrastructure necessary to engage in new businesses or to expand internationally; our ability to recruit experienced personnel to assist in the management and operations of new products and services; and other factors listed from time to time in our SEC reports, including, but not limited to, the Annual Report on Form 10-K for the year ended December 31, 2000 (Part I, Item 1, Risk Factors).

Selected Quarterly Financial Data

(Unaudited)	2000				1999			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
SUMMARY OF OPERATIONS:								
(In Thousands)								
Interest income	\$ 706,235	\$ 631,713	\$ 536,507	\$ 515,447	\$ 450,604	\$ 412,036	\$ 377,773	\$ 353,071
Interest expense	247,675	218,843	172,549	161,950	154,798	135,807	128,288	121,989
Net interest income	458,560	412,870	363,958	353,497	295,806	276,229	249,485	231,082
Provision for loan losses	247,226	193,409	151,010	126,525	120,000	114,061	74,301	74,586
Net interest income after provision for loan losses	211,334	219,461	212,948	226,972	175,806	162,168	175,184	156,496
Non-interest income	872,080	796,469	710,807	655,060	654,623	621,063	572,047	524,626
Non-interest expense	876,516	818,957	742,264	709,920	681,185	629,421	606,137	548,253
Income before income taxes	206,898	196,973	181,491	172,112	149,244	153,810	141,094	132,869
Income taxes	78,621	74,850	68,966	65,403	51,372	58,448	53,616	50,490
Net income	\$ 128,277	\$ 122,123	\$ 112,525	\$ 106,709	\$ 97,872	\$ 95,362	\$ 87,478	\$ 82,379
PER COMMON SHARE:								
Basic earnings	\$.65	\$.62	\$.57	\$.54	\$.50	\$.48	\$.44	\$.42
Diluted earnings	.61	.58	.54	.51	.47	.45	.41	.39
Dividends	.03	.03	.03	.03	.03	.03	.03	.03
Market prices								
High	73 5/23	71 3/4	53 3/4	48 13/16	54 27/32	57 3/4	60 1/6	51 25/64
Low	45 7/8	44 26/43	39 3/8	32 1/16	35 7/8	35 4/5	46	36 5/16
Average common shares (000s)	196,996	196,255	196,012	196,645	197,252	197,423	197,643	197,239
Average common and common equivalent shares (000s)	210,395	210,055	208,633	208,710	210,284	210,142	211,499	209,991
AVERAGE BALANCE SHEET DATA:								
(In Millions)								
Consumer loans	\$ 14,089	\$ 12,094	\$ 10,029	\$ 9,705	\$ 8,620	\$ 7,791	\$ 7,406	\$ 6,832
Allowance for loan losses	(469)	(415)	(378)	(347)	(312)	(273)	(254)	(239)
Securities	1,810	1,729	1,666	1,856	2,348	1,898	1,831	2,047
Other assets	2,530	2,699	2,380	1,825	1,728	1,803	1,663	1,511
Total assets	\$ 17,960	\$ 16,107	\$ 13,697	\$ 13,039	\$ 12,384	\$ 11,219	\$ 10,646	\$ 10,151
Interest-bearing deposits	\$ 7,156	\$ 5,788	\$ 4,495	\$ 3,894	\$ 3,649	\$ 3,002	\$ 2,271	\$ 2,101
Other borrowings	3,290	3,084	2,688	2,505	2,038	1,333	1,600	1,778
Senior and deposit notes	4,085	4,140	3,660	4,019	4,259	4,494	4,621	4,190
Other liabilities	1,564	1,352	1,228	1,054	945	929	780	780
Stockholders' equity	1,865	1,743	1,626	1,567	1,493	1,461	1,374	1,302
Total liabilities and equity	\$ 17,960	\$ 16,107	\$ 13,697	\$ 13,039	\$ 12,384	\$ 11,219	\$ 10,646	\$ 10,151

The above schedule is a tabulation of the Company's unaudited quarterly results for the years ended December 31, 2000 and 1999. The Company's common shares are traded on the New York Stock Exchange under the symbol COF. In addition, shares may be traded in the over-the-counter stock market. There were 10,019 and 9,738 common stockholders of record as of December 31, 2000 and 1999, respectively.

Management's Report on Consolidated
Financial Statements and Internal Controls
Over Financial Reporting

The Management of Capital One Financial Corporation is responsible for the preparation, integrity and fair presentation of the financial statements and footnotes contained in this Annual Report. The Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States and are free of material misstatement. The Company also prepared other information included in this Annual Report and is responsible for its accuracy and consistency with the financial statements. In situations where financial information must be based upon estimates and judgments, they represent the best estimates and judgments of Management.

The Consolidated Financial Statements have been audited by the Company's independent auditors, Ernst & Young LLP, whose independent professional opinion appears separately. Their audit provides an objective assessment of the degree to which the Company's Management meets its responsibility for financial reporting. Their opinion on the financial statements is based on auditing procedures, which include reviewing accounting systems and internal controls and performing selected tests of transactions and records as they deem appropriate. These auditing procedures are designed to provide reasonable assurance that the financial statements are free of material misstatement.

Management depends on its accounting systems and internal controls in meeting its responsibilities for reliable financial statements. In Management's opinion, these systems and controls provide reasonable assurance that assets are safeguarded and that transactions are properly recorded and executed in accordance with Management's authorizations. As an integral part of these systems and controls, the Company maintains a professional staff of internal auditors that conducts operational and special audits and coordinates audit coverage with the independent auditors.

The Audit Committee of the Board of Directors, composed solely of outside directors, meets periodically with the internal auditors, the independent auditors and Management to review the work of each and ensure that each is properly discharging its responsibilities. The independent auditors have free access to the Committee to discuss the results of their audit work and their evaluations of the adequacy of accounting systems and internal controls and the quality of financial reporting.

There are inherent limitations in the effectiveness of internal controls, including the possibility of human error or the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurance with respect to reliability of financial statements and safeguarding of assets. Furthermore, because of changes in conditions, internal control effectiveness may vary over time.

The Company assessed its internal controls over financial reporting as of December 31, 2000, in relation to the criteria described in the "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, the Company believes that as of December 31, 2000, in all material respects, the Company maintained effective internal controls over financial reporting.

/s/ Richard D. Fairbank
Chairman and Chief
Executive Officer

/s/ Nigel W. Morris
President and Chief
Operating Officer

/s/ David M. Willey
Executive Vice President
and Chief Financial
Officer

Report of Independent Auditors

The Board of Directors and Stockholders
Capital One Financial Corporation

We have audited the accompanying consolidated balance sheets of Capital One Financial Corporation as of December 31, 2000 and 1999, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Capital One Financial Corporation at December 31, 2000 and 1999, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

McLean, Virginia
January 16, 2001, except for Note E as
to which the date is February 6, 2001

Consolidated Balance Sheets

December 31 (Dollars in Thousands, Except Per Share Data)	2000	1999
ASSETS:		
Cash and due from banks	\$ 74,493	\$ 134,065
Federal funds sold and resale agreements	60,600	
Interest-bearing deposits at other banks	101,614	112,432
<hr/>		
Cash and cash equivalents	236,707	246,497
Securities available for sale	1,696,815	1,856,421
Consumer loans	15,112,712	9,913,549
Less: Allowance for loan losses	(527,000)	(342,000)
<hr/>		
Net loans	14,585,712	9,571,549
Premises and equipment, net	664,461	470,732
Interest receivable	82,675	64,637
Accounts receivable from securitizations	1,143,902	661,922
Other	479,069	464,685
Total assets	\$ 18,889,341	\$ 13,336,443
<hr/>		
LIABILITIES:		
Interest-bearing deposits	\$ 8,379,025	\$ 3,783,809
Other borrowings	2,925,938	2,780,466
Senior notes	4,050,597	4,180,548
Interest payable	122,658	116,405
Other	1,448,609	959,608
Total liabilities	16,926,827	11,820,836
<hr/>		
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, par value \$.01 per share; authorized 50,000,000 shares, none issued or outstanding		
Common stock, par value \$.01 per share; authorized 1,000,000,000 and 300,000,000 shares, and 199,670,421 issued as of December 31, 2000 and 1999, respectively	1,997	1,997
Paid-in capital, net	575,179	613,590
Retained earnings	1,471,106	1,022,296
Cumulative other comprehensive income (loss)	2,918	(31,262)
Less: Treasury stock, at cost; 2,301,476 and 2,624,006 shares as of December 31, 2000 and 1999, respectively	(88,686)	(91,014)
<hr/>		
Total stockholders' equity	1,962,514	1,515,607
<hr/>		
Total liabilities and stockholders' equity	\$ 18,889,341	\$ 13,336,443
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See Notes to Consolidated Financial Statements.

Consolidated Statements of Income

Year Ended December 31 (In Thousands, Except Per Share Data)	2000	1999	1998
Interest Income:			
Consumer loans, including fees	\$2,286,774	\$1,482,371	\$1,003,122
Securities available for sale	96,554	105,438	94,436
Other	6,574	5,675	13,978
Total interest income	2,389,902	1,593,484	1,111,536
Interest Expense:			
Deposits	324,008	137,792	67,479
Other borrowings	202,034	100,392	96,130
Senior notes	274,975	302,698	260,675
Total interest expense	801,017	540,882	424,284
Net interest income	1,588,885	1,052,602	687,252
Provision for loan losses	718,170	382,948	267,028
Net interest income after provision for loan losses	870,715	669,654	420,224
Non-Interest Income:			
Servicing and securitizations	1,152,375	1,187,098	789,844
Service charges and other customer-related fees	1,644,264	1,040,944	611,958
Interchange	237,777	144,317	86,481
Total non-interest income	3,034,416	2,372,359	1,488,283
Non-Interest Expense:			
Salaries and associate benefits	1,023,367	780,160	476,389
Marketing	906,147	731,898	446,264
Communications and data processing	296,255	264,897	150,220
Supplies and equipment	252,937	181,663	112,101
Occupancy	112,667	72,275	45,337
Other	556,284	434,103	234,275
Total non-interest expense	3,147,657	2,464,996	1,464,586
Income before income taxes	757,474	577,017	443,921
Income taxes	287,840	213,926	168,690
Net income	\$ 469,634	\$ 363,091	\$ 275,231
Basic earnings per share	\$ 2.39	\$ 1.84	\$ 1.40
Diluted earnings per share	\$ 2.24	\$ 1.72	\$ 1.32
Dividends paid per share	\$ 0.11	\$ 0.11	\$ 0.11

See Notes to Consolidated Financial Statements.

Consolidated Statements of Changes
in Stockholders' Equity

(Dollars in Thousands, Except Per Share Data)	Common Stock Shares	Stock Amount	Paid-In Capital, Net	Retained Earnings	Cumulative Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance, December 31, 1997	199,671,690	\$ 1,997	\$512,230	\$ 425,140	\$ 2,539	\$ (48,647)	\$ 893,259
Comprehensive income:							
Net income				275,231			275,231
Other comprehensive income, net of income tax:							
Unrealized gains on securities, net of income taxes of \$37,170					60,648		60,648
Foreign currency translation adjustments					(2,532)		(2,532)
Other comprehensive income					58,116		58,116
Comprehensive income							333,347
Cash dividends -- \$.11 per share				(20,533)			(20,533)
Purchases of treasury stock						(91,672)	(91,672)
Issuances of common stock			35,381			26,745	62,126
Exercise of stock options	4,500		(23,683)			43,323	19,640
Common stock issuable under incentive plan			70,038				70,038
Other items, net	(5,814)		4,201				4,201
Balance, December 31, 1998	199,670,376	1,997	598,167	679,838	60,655	(70,251)	1,270,406
Comprehensive income:							
Net income				363,091			363,091
Other comprehensive income, net of income tax:							
Unrealized losses on securities, net of income tax benefits of \$58,759					(95,868)		(95,868)
Foreign currency translation adjustments					3,951		3,951
Other comprehensive loss					(91,917)		(91,917)
Comprehensive income							271,174
Cash dividends -- \$.11 per share				(20,653)			(20,653)
Purchases of treasury stock						(107,104)	(107,104)
Issuances of common stock			(1,628)			9,833	8,205
Exercise of stock options			(38,422)			76,508	38,086
Common stock issuable under incentive plan			49,236				49,236
Other items, net	45		6,237	20			6,257
Balance, December 31, 1999	199,670,421	1,997	613,590	1,022,296	(31,262)	(91,014)	1,515,607
Comprehensive income:							
Net income				469,634			469,634
Other comprehensive income, net of income tax:							
Unrealized gains on securities, net of income taxes of \$19,510					31,831		31,831
Foreign currency translation adjustments					2,349		2,349
Other comprehensive income					34,180		34,180
Comprehensive income							503,814
Cash dividends -- \$.11 per share				(20,824)			(20,824)
Purchases of treasury stock						(134,619)	(134,619)
Issuances of common stock			1,441			17,436	18,877
Exercise of stock options			(61,261)			119,511	58,250
Common stock issuable under incentive plan			17,976				17,976
Other items, net			3,433				3,433
Balance, December 31, 2000	199,670,421	\$ 1,997	\$575,179	\$1,471,106	\$ 2,918	\$ (88,686)	\$1,962,514

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Year Ended December 31 (In Thousands)	2000	1999	1998
Operating Activities:			
Net income	\$ 469,634	\$ 363,091	\$ 275,231
Adjustments to reconcile net income to cash provided by operating activities:			
Provision for loan losses	718,170	382,948	267,028
Depreciation and amortization, net	244,823	172,623	108,173
Stock compensation plans	17,976	49,236	70,056
Increase in interest receivable	(18,038)	(11,720)	(141)
(Increase) decrease in accounts receivable from securitizations	(468,205)	65,208	(133,771)
Increase in other assets	(63,538)	(157,685)	(121,951)
Increase in interest payable	6,253	24,768	22,667
Increase in other liabilities	489,001	383,820	293,266
Net cash provided by operating activities	1,396,076	1,272,289	780,558
Investing Activities:			
Purchases of securities available for sale	(407,572)	(871,355)	(1,251,713)
Proceeds from sales of securities available for sale	432,203	719,161	112,277
Proceeds from maturities of securities available for sale	172,889	42,995	606,532
Proceeds from securitizations of consumer loans	6,142,709	2,586,517	4,616,972
Net increase in consumer loans	(12,145,055)	(6,763,580)	(6,144,640)
Recoveries of loans previously charged off	239,781	124,673	67,764
Additions of premises and equipment, net	(374,018)	(350,987)	(153,024)
Net cash used for investing activities	(5,939,063)	(4,512,576)	(2,145,832)
Financing Activities:			
Net increase in interest-bearing deposits	4,595,216	1,783,830	686,325
Net increase in other borrowings	145,214	1,038,010	735,288
Issuances of senior notes	994,176	1,453,059	1,323,700
Maturities of senior notes	(1,125,292)	(1,012,639)	(1,218,162)
Dividends paid	(20,824)	(20,653)	(20,533)
Purchases of treasury stock	(134,619)	(107,104)	(91,672)
Net proceeds from issuances of common stock	21,076	14,028	12,143
Proceeds from exercise of stock options	58,250	38,086	629
Net cash provided by financing activities	4,533,197	3,186,617	1,427,718
(Decrease) increase in cash and cash equivalents	(9,790)	(53,670)	62,444
Cash and cash equivalents at beginning of year	246,497	300,167	237,723
Cash and cash equivalents at end of year	\$ 236,707	\$ 246,497	\$ 300,167

See Notes to Consolidated Financial Statements.

Note A

SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

The Consolidated Financial Statements include the accounts of Capital One Financial Corporation (the "Corporation") and its subsidiaries. The Corporation is a holding company whose subsidiaries provide a variety of products and services to consumers. The principal subsidiaries are Capital One Bank (the "Bank"), which offers credit card products, and Capital One, F.S.B. (the "Savings Bank"), which offers consumer lending products (including credit cards) and deposit products. The Corporation and its subsidiaries are collectively referred to as the "Company."

The accompanying Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles ("GAAP") that require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. All significant intercompany balances and transactions have been eliminated.

The following is a summary of the significant accounting policies used in preparation of the accompanying Consolidated Financial Statements.

Cash and Cash Equivalents

Cash and cash equivalents includes cash and due from banks, federal funds sold and resale agreements and interest-bearing deposits at other banks. Cash paid for interest for the years ended December 31, 2000, 1999 and 1998, was \$794,764, \$516,114 and \$401,095, respectively. Cash paid for income taxes for the years ended December 31, 2000, 1999 and 1998, was \$237,217, \$216,438 and \$202,112, respectively.

Securities Available for Sale

Debt securities for which the Company does not have the positive intent and ability to hold to maturity are classified as securities available for sale. These securities are stated at fair value, with the unrealized gains and losses, net of tax, reported as a component of cumulative other comprehensive income. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization or accretion is included in other interest income.

Consumer Loans

The Company recognizes finance charges and fee income on loans according to the contractual provisions of the credit agreements. When, based on historic performance of the portfolio, payment in full of finance charge and fee income is not expected, the estimated uncollectible portion of previously accrued amounts are reversed against current period income. Annual membership fees and direct loan origination costs are deferred and amortized over one year on a straight-line basis. Deferred fees (net of deferred costs) were \$237,513 and \$243,172 as of December 31, 2000 and 1999, respectively. The Company charges off credit card loans (net of any collateral) at 180 days past the due date. Bankrupt consumers' accounts are generally charged off within thirty days of receipt of the bankruptcy petition.

Allowance for Loan Losses

The allowance for loan losses is maintained at the amount estimated to be sufficient to absorb probable future losses, net of recoveries (including recovery of collateral), inherent in the existing reported portfolio. The provision for loan losses is the periodic cost of maintaining an adequate allowance. The amount of allowance necessary is determined primarily based on a migration analysis of delinquent and current accounts. In evaluating the sufficiency of the allowance for loan losses, management also takes into consideration the following factors: recent trends in delinquencies and charge-offs including bankrupt, deceased and recovered amounts; historical trends in loan volume; forecasting uncertainties and size of credit risks; the degree of risk inherent in the composition of the loan portfolio; economic conditions; credit evaluations and underwriting policies.

Securitizations

The Company sells consumer loan receivables in securitization transactions accounted for as sales. Securitization involves the transfer by the Company of a pool of loan receivables to an entity created for securitizations, generally a trust or other special purpose entity (the "trusts"). Certificates representing beneficial interests in the receivables are sold to the public through an underwritten offering or to private investors in private placement transactions. The Company receives the proceeds of the sale. The securitization generally results in the removal of the receivables, other than retained interests, from the Company's balance sheet for financial and regulatory accounting purposes.

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS 125"), the Company records gains or losses on the securitization of consumer loan receivables on the date of sale based on the estimated fair value of assets sold and retained and liabilities incurred in the sale and are included

in servicing and securitizations income. The Company's retained interests in the securitized assets include "interest only"("I/O") strips, subordinated interests in the transferred receivables and cash collateral accounts. The servicing revenues associated with transferred receivables adequately compensate the Company for servicing the accounts. Accordingly, no servicing asset or liability has been recorded. The Company's retained interests are generally restricted or subordinated to investors' interests and their value is subject to substantial credit, prepayment and interest rate risks on the transferred financial assets. The investors and the trusts have no recourse to the Company's other assets for failure of debtors to pay when due.

The Company estimates the fair value of the I/O strip based on the present value of the estimated excess of finance charges and past-due fees over the sum of the return paid to certificateholders, estimated contractual servicing fees and credit losses. The I/O strip is carried at fair value in accounts receivable from securitizations, with changes in the fair value, except for declines in fair value that are other than temporary, reported as a component of cumulative other comprehensive income in accordance with the provisions of SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Certain estimates inherent in the determination of the fair value of the I/O strip are influenced by factors outside the Company's control, and as a result, such estimates could materially change in the near term.

Subordinated interests in the transferred receivables and cash collateral accounts serve as forms of credit enhancement for investor interests in securitization transactions. Subordinated interests in the transferred receivables and cash collateral accounts are carried at cost, which approximates fair value.

Off-Balance Sheet Financial Instruments

The nature and composition of the Company's assets and liabilities and off-balance sheet items expose the Company to interest rate risk. The Company's foreign currency denominated assets and liabilities expose it to foreign currency exchange rate risk. To mitigate these risks, the Company uses certain types of derivative financial instruments. The Company enters into interest rate swap agreements ("interest rate swaps") in the management of its interest rate exposure. All of the Company's interest rate swaps are designated and effective as hedges of specific existing or anticipated assets or liabilities. The Company enters into forward foreign currency exchange contracts ("f/x contracts") and currency swaps to reduce its sensitivity to changing foreign currency exchange rates. All of the Company's f/x contracts and currency swaps are designated and effective as hedges of specific assets or liabilities. The Company does not hold or issue derivative financial instruments for trading purposes.

Swap agreements involve the periodic exchange of payments over the life of the agreements. Amounts paid or received on interest rate and currency swaps are recorded on an accrual basis as an adjustment to the related income or expense of the item to which the agreements are designated. As of December 31, 2000 and 1999, the related amounts payable to counterparties were \$26,727 and \$4,748, respectively. Changes in the fair value of interest rate swaps are not reflected in the accompanying financial statements, where designated to existing or anticipated assets or liabilities and where swaps effectively modify or reduce interest rate sensitivity.

F/x contracts represent an agreement to exchange a specified notional amount of two different currencies at a specified exchange rate on a specified future date. Changes in the fair value of f/x contracts and currency swaps are recorded in the period in which they occur as foreign currency gains or losses in other non-interest income, effectively offsetting the related gains or losses on the items to which they are designated.

Realized and unrealized gains or losses at the time of termination, sale or repayment of a derivative financial instrument are recorded in a manner consistent with its original designation. Amounts are deferred and amortized as an adjustment to the related income or expense over the original period of exposure, provided the designated asset or liability continues to exist, or in the case of anticipated transactions, is probable of occurring. Realized and unrealized changes in the fair value of swaps or f/x contracts, designated with items that no longer exist or are no longer probable of occurring, are recorded as a component of the gain or loss arising from the disposition of the designated item.

Interest rate and foreign currency exchange rate risk management contracts are generally expressed in notional principal or contract amounts that are much larger than the amounts potentially at risk for nonperformance by counterparties. In the event of nonperformance by the counterparties, the Company's credit exposure on derivative financial instruments is equal to the gross unrealized gains on the outstanding contracts. At December 31, 2000 and 1999, the gross unrealized gains in the portfolio were \$23,890 and \$83,314, respectively. The Company actively monitors the credit ratings of its counterparties. Under the terms of certain swaps, each party may be required to pledge collateral if the market value of the swaps exceeds an amount set forth in the agreement or in the event of a change in its credit rating. At December 31, 2000 and 1999, \$55,364 and \$58,717, respectively, of such collateral had been pledged to the Company.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization expenses are computed generally by the straight-line method over the estimated useful lives of the assets. Useful lives for premises and equipment are as follows: buildings and improvements -- 5-39 years; furniture and equipment -- 3-10 years; computers and software -- 3 years.

Marketing

The Company expenses marketing costs as incurred.

Credit Card Fraud Losses

The Company experiences fraud losses from the unauthorized use of credit cards. Transactions suspected of being fraudulent are charged to non-interest expense after a sixty-day investigation period.

Income Taxes

Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Comprehensive Income

As of December 31, 2000 and 1999, cumulative other comprehensive income, net of tax, consisted of \$777 and \$32,608 in net unrealized losses on securities and \$3,695 and \$1,346 in foreign currency translation adjustments, respectively. As of December 31, 1998, cumulative other comprehensive income, net of tax, consisted of \$63,260 in net unrealized gains on securities and \$(2,605) in foreign currency translation adjustments. As of December 31, 2000, the net unrealized loss on securities was comprised of \$18,332 of gross unrealized losses and \$17,075 of gross unrealized gains. As of December 31, 1999, substantially all of the net unrealized loss on securities was comprised of gross unrealized losses.

Segments

The Company maintains three distinct business segments: lending, telecommunications and "other." The lending segment is comprised primarily of credit card lending activities. The telecommunications segment consists primarily of direct marketing wireless service. "Other" consists of various non-lending new business initiatives, none of which exceed the quantitative thresholds for reportable segments in SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 131").

The accounting policies of these reportable segments are the same as those described above. Management measures the performance of its business segments and makes resource allocation decisions based upon several factors, including income before taxes, less indirect expenses. Lending is the Company's only reportable business segment, based on the definitions provided in SFAS 131. Substantially all of the Company's reported assets, revenues and income are derived from the lending segment in all periods presented.

All revenue is generated from external customers and is predominantly derived in the United States. Revenues and operating losses from international operations comprised less than 6% and 9%, and 6% and 7%, of total managed revenues and operating income for the years ended December 31, 2000 and 1999, respectively.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." SFAS No. 133 was subsequently amended in June 1999 by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133," and in June 2000 by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an amendment of FASB Statement No. 133." SFAS No. 133, SFAS No. 137 and SFAS No. 138 (all together "SFAS 133 as amended") will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through earnings. If the derivative qualifies as a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. SFAS 133 as amended is effective for all fiscal quarters of all fiscal years beginning after June 15, 2000. Adoption of SFAS 133 as amended on January 1, 2001 will result in an increase in cumulative other comprehensive income of \$27,222, net of taxes of \$16,685.

In September 2000, the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - a replacement of SFAS No. 125" ("SFAS 140"). SFAS 140 revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain additional disclosures. The disclosure requirements and collateral provisions of SFAS 140 are effective for fiscal years ending after December 15, 2000, while the other provisions of the new standard apply prospectively to transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. The adoption of SFAS 140 is not expected to have a material effect on the Company's financial position or the results of operations.

Note B

SECURITIES AVAILABLE FOR SALE

Securities available for sale as of December 31, 2000, 1999 and 1998 were as follows:

	Maturity Schedule				Market Value Totals	Amortized Cost Totals
	1 Year or Less	1-5 Years	5-10 Years	Over 10 Years		
DECEMBER 31, 2000						
U.S. Treasury and other U.S. government agency obligations	\$ 283,607	\$ 893,745	\$ 10,702		\$ 1,188,054	\$ 1,178,386
Collateralized mortgage obligations			20,867	\$ 391,240	412,107	414,770
Mortgage backed securities	3,752		11,420	61,648	76,820	74,695
Other	16,260	1,380	343	1,851	19,834	19,986
Total	\$ 303,619	\$ 895,125	\$ 43,332	\$ 454,739	\$1,696,815	\$1,687,837
DECEMBER 31, 1999						
Commercial paper	\$ 24,927				\$ 24,927	\$ 24,927
U.S. Treasury and other U.S. government agency obligations	437,697	\$1,014,335			1,452,032	1,471,783
Collateralized mortgage obligations			\$ 37,421	\$ 299,846	337,267	345,619
Mortgage backed securities		5,293	13,828		19,121	19,426
Other	19,443	1,361	441	1,829	23,074	23,254
Total	\$ 482,067	\$1,020,989	\$ 51,690	\$ 301,675	\$1,856,421	\$1,885,009
DECEMBER 31, 1998						
Commercial paper	\$ 117,395				\$ 117,395	\$ 117,395
U.S. Treasury and other U.S. government agency obligations	125,831	\$1,072,109	\$ 17,051		1,214,991	1,196,313
Collateralized mortgage obligations			25,877	\$ 401,443	427,320	426,485
Mortgage backed securities		8,337		7,265	15,602	15,210
Other	76	1,360	589	19,454	21,479	21,356
Total	\$ 243,302	\$1,081,806	\$ 43,517	\$ 428,162	\$1,796,787	\$1,776,759

	Weighted Average Yields			
	1 Year or Less	1-5 Years	5-10 Years	Over 10 Years
DECEMBER 31, 2000				
U.S. Treasury and other U.S. government agency obligations	5.48%	6.05%	7.04%	
Collateralized mortgage obligations			7.04%	6.35%
Mortgage backed securities	5.02		6.77	7.04
Other	6.09	3.93	6.47	6.89
Total	5.50%	6.05%	6.95%	6.44%

Weighted average yields were determined based on amortized cost.

Note C

ALLOWANCE FOR LOAN LOSSES

The following is a summary of changes in the allowance for loan losses:

Year Ended December 31	2000	1999	1998
Balance at beginning of year	\$ 342,000	\$ 231,000	\$ 183,000
Provision for loan losses	718,170	382,948	267,028
Acquisitions/other	(549)	3,522	7,503
Charge-offs	(772,402)	(400,143)	(294,295)
Recoveries	239,781	124,673	67,764
Net charge-offs	(532,621)	(275,470)	(226,531)
Balance at end of year	\$ 527,000	\$ 342,000	\$ 231,000

Note D

PREMISES AND EQUIPMENT

Premises and equipment as of December 31, 2000 and 1999 were as follows:

December 31	2000	1999
Land	\$ 10,917	\$ 10,168
Buildings and improvements	279,979	197,434
Furniture and equipment	621,404	448,742
Computer software	140,712	86,626
In process	104,911	54,874
	1,157,923	797,844
Less: Accumulated depreciation and amortization	(493,462)	(327,112)
Total premises and equipment, net	\$ 664,461	\$ 470,732

Depreciation and amortization expense was \$180,289, \$122,778 and \$75,005 for the years ended December 31, 2000, 1999 and 1998, respectively.

Note E

BORROWINGS

Borrowings as of December 31, 2000 and 1999 were as follows:

	2000		1999	
	Outstanding	Weighted Average Rate	Outstanding	Weighted Average Rate
INTEREST-BEARING DEPOSITS	\$8,379,025	6.67%	\$3,783,809	5.34%
OTHER BORROWINGS				
Secured borrowings	\$1,773,450	6.76%	\$1,344,790	6.65%
Junior subordinated capital income securities	98,436	8.31	98,178	7.76
Federal funds purchased and resale agreements	1,010,693	6.58	1,240,000	5.84
Other short-term borrowings	43,359	6.17	97,498	3.97
Total	\$2,925,938		\$2,780,466	
SENIOR NOTES				
Bank -- fixed rate	\$3,154,555	6.98%	\$3,409,652	6.71%
Bank -- variable rate	347,000	7.41	221,999	6.74
Corporation	549,042	7.20	548,897	7.20
Total	\$4,050,597		\$4,180,548	

Interest-bearing Deposits

As of December 31, 2000, the aggregate amount of interest-bearing deposits with accounts equal to or exceeding \$100 was \$3,697,888.

Secured Borrowings

Capital One Auto Finance Corporation (formerly Summit Acceptance Corporation), a subsidiary of the Company, currently maintains three agreements to transfer pools of consumer loans. The agreements were entered into in December 2000, May 2000 and May 1999, relating to the transfer of pools of consumer loans totaling \$425,000, \$325,000 and \$350,000, respectively. Proceeds from the transfers were recorded as secured borrowings. Principal payments on the borrowings are based on principal collections net of losses on the transferred consumer loans. The borrowings accrue interest based on commercial paper rates and mature between June 2006 and October 2007, or earlier depending upon the repayment of the underlying consumer loans. At December 31, 2000, and 1999, \$870,185 and \$290,065, respectively, of the secured borrowings were outstanding.

In October 1999, the Bank entered into a (Pounds)750,000 revolving credit facility collateralized by a security interest in certain consumer loan assets of the Company. Interest on the facility is based on commercial paper rates or London InterBank Offering Rates ("LIBOR"). The facility matures in 2001. At December 31, 2000, (Pounds)600,000 (\$895,800 equivalent) was outstanding under the facility.

Junior Subordinated Capital Income Securities

In January 1997, Capital One Capital I, a subsidiary of the Bank created as a Delaware statutory business trust, issued \$100,000 aggregate amount of Floating Rate Junior Subordinated Capital Income Securities that mature on February 1, 2027. The securities represent a preferred beneficial interest in the assets of the trust.

Other Short-Term Borrowings

In August 2000, the Bank entered into a multicurrency revolving credit facility (the "Multicurrency Facility"). The Multicurrency Facility is intended to finance the Company's business in the United Kingdom and is comprised of two Tranches, each in the amount of Euro 300,000 (\$270,800 equivalent based on the exchange rate at closing). The Tranche A facility is intended for general corporate purposes whereas the Tranche B facility is intended to replace and extend the Corporation's prior credit facility for U.K. pounds sterling and Canadian dollars, which matured on August 29, 2000. All borrowings under the Multicurrency Facility are based on varying terms of LIBOR. The Corporation serves as guarantor of all borrowings under the Multicurrency Facility. In October 2000, the Bank's subsidiary, Capital One Bank Europe plc, replaced the Bank as a borrower under the Bank's guarantee. Tranche A of the commitment terminates on August 9, 2001, and Tranche B of the commitment terminates August 9, 2004. As of December 31, 2000, the Company had no outstandings under the Multicurrency Facility.

In August 2000, the Company entered into four bilateral revolving credit facilities with different lenders (the "Bilateral Facilities"). The Bilateral Facilities were entered into to finance the Company's business in Canada and for general corporate purposes. Two of the Bilateral Facilities are for Capital One Inc., guaranteed by the Corporation, and are each in the amount of C\$100,000 (\$67,400 equivalent based on the exchange rate at closing) with interest rates based on varying terms of the lenders' cost of funds. The other two Bilateral Facilities are for the Corporation in the amount of \$70,000 and \$30,000 with interest rates based on varying terms of LIBOR. In February 2001, the two Bilateral Facilities for Capital One Inc. were terminated. The two remaining Bilateral Facilities will terminate on August 10, 2001. As of December 31, 2000, the Company had \$36,689 outstanding under the Bilateral Facilities.

In May 1999, the Company entered into a four-year, \$1,200,000 unsecured revolving credit arrangement (the "Credit Facility"). The Credit Facility is comprised of two tranches: a \$810,000 Tranche A facility available to the Bank and the Savings Bank, including an option for up to \$250,000 in multicurrency availability, and a \$390,000 Tranche B facility available to the Corporation, the Bank and the Savings Bank, including an option for up to \$150,000 in multicurrency availability. Each tranche under the facility is structured as a four-year commitment and is available for general corporate purposes. All borrowings under the Credit Facility are based on varying terms of LIBOR. The Bank has irrevocably undertaken to honor any demand by the lenders to repay any borrowings which are due and payable by the Savings Bank but which have not been paid. Any borrowings under the Credit Facility will mature on May 24, 2003; however, the final maturity of each tranche may be extended for three additional one-year periods with the lenders' consent. As of December 31, 2000 and 1999, the Company had no outstandings under the Credit Facility.

Bank Notes

In June 2000, the Bank entered into a Global Bank Note Program, from which it may issue and sell up to a maximum of U.S. \$5,000,000 aggregate principal amount (or the equivalent thereof in other currencies) of senior global bank notes and subordinated global bank notes with maturities from 30 days to 30 years. This Global Bank Note Program must be renewed annually. As of December 31, 2000, the Bank had \$994,794 outstanding with maturities of three and five years. On February 6, 2001, the Bank also issued a \$1,250,000 five-year fixed rate senior bank note under the program. The Company has historically issued senior unsecured debt of the Bank through its Domestic Bank Note Program. Under this bank note program, the Bank from time to time may issue senior bank notes at fixed or variable rates tied to LIBOR with maturities from thirty days to thirty years. The aggregate principal amount available for issuance under the program is \$8,000,000 (of which, up to \$200,000 may be subordinated bank notes). As of December 31, 2000 and 1999, there were \$2,501,761 and \$3,626,651 outstanding under the Domestic Bank Note Program, with no subordinated bank notes issued or outstanding.

The Bank has established a program for the issuance of debt instruments to be offered outside of the United States. Under this program, the Bank from time to time may issue instruments in the aggregate principal amount of \$1,000,000 equivalent outstanding at any one time (\$5,000 outstanding as of December 31, 2000 and 1999). Instruments under this program may be denominated in any currency or currencies. The Bank did not renew this program in 2000 and it is no longer available for issuances.

The Corporation has three shelf registration statements under which the Corporation from time to time may offer and sell (i) senior or subordinated debt securities, consisting of debentures, notes and/or other unsecured evidences, (ii) preferred stock, which may be issued in the form of depository shares evidenced by depository receipts and (iii) common stock. The amount of securities registered is limited to a \$1,550,000 aggregate public offering price or its equivalent (based on the applicable exchange rate at the time of sale) in one or more foreign currencies, currency units or composite currencies as shall be designated by the Corporation. At December 31, 2000, the Corporation had existing unsecured senior debt outstanding under the shelf registrations of \$550,000 including \$125,000 maturing in 2003, \$225,000 maturing in 2006, and \$200,000 maturing in 2008. In January 2001, the Corporation also issued 6,750,390 shares of common stock in a public offering under the shelf registrations. The net proceeds from the issuance were \$412,786. Proceeds from the sale of stock are to be used for general corporate purposes.

Interest-bearing deposits, other borrowings and senior notes as of December 31, 2000, mature as follows:

	Interest-bearing Deposits	Other Borrowings	Senior Notes	Total
2001	\$4,094,147	\$2,205,158	\$ 665,000	\$ 6,964,305
2002	1,323,608	241,452	532,620	2,097,680
2003	817,722	209,573	1,105,689	2,132,984
2004	604,712	125,352	295,000	1,025,064
2005	1,234,959	45,967	811,294	2,092,220
Thereafter	303,877	98,436	640,994	1,043,307
Total	\$8,379,025	\$2,925,938	\$4,050,597	\$15,355,560

Note F

ASSOCIATE BENEFIT AND STOCK PLANS

The Company sponsors a contributory Associate Savings Plan in which substantially all full-time and certain part-time associates are eligible to participate. The Company makes contributions to each eligible employee's account, matches a portion of associate contributions and makes discretionary contributions based upon the Company meeting a certain earnings per share target. The Company's contributions to this plan were \$44,486, \$27,157 and \$16,357 for the years ended December 31, 2000, 1999 and 1998, respectively.

The Company has five stock-based compensation plans. The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related Interpretations in accounting for its stock-based compensation plans. In accordance with APB 25, no compensation cost has been recognized for the Company's fixed stock options, since the exercise price of all options equals or exceeds the market price of the underlying stock on the date of grant, nor for the Associate Stock Purchase Plan (the "Purchase Plan"), which is considered to be noncompensatory. For the performance-based option grants discussed below, compensation cost is measured as the difference between the exercise price and the target stock price required for vesting and is recognized over the estimated vesting period. The Company recognized \$10,994, \$44,542 and \$70,038 of compensation cost relating to its associate stock plans for the years ended December 31, 2000, 1999 and 1998, respectively.

SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123") requires, for companies electing to continue to follow the recognition provisions of APB 25, pro forma information regarding net income and earnings per share, as if the recognition provisions of SFAS 123 were adopted for stock options granted subsequent to December 31, 1994. For purposes of pro forma disclosure, the fair value of the options was estimated at the date of grant using a Black-Scholes option-pricing model with the weighted average assumptions described below and is amortized to expense over the options' vesting period.

Year Ended December 31	2000	1999	1998
ASSUMPTIONS			
Dividend yield	.21%	.24%	.32%
Volatility factors of expected market price of stock	49%	45%	40%
Risk-free interest rate	6.09%	5.29%	5.44%
Expected option lives (in years)	4.5	5.4	5.2
PRO FORMA INFORMATION			
Net income	\$412,987	\$325,701	\$287,637
Basic earnings per share	\$ 2.10	\$ 1.65	\$ 1.46
Diluted earnings per share	\$ 1.97	\$ 1.55	\$ 1.38

Under the 1994 Stock Incentive Plan, the Company has reserved 45,112,640 common shares as of December 31, 2000, for issuance in the form of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock and incentive stock. The exercise price of each stock option issued to date equals or exceeds the market price of the Company's stock on the date of grant. Each option's maximum term is ten years. The number of shares available for future grants was 1,221,281, 2,191,884 and 2,178,669 as of December 31, 2000, 1999 and 1998, respectively. Other than the performance-based options discussed below, options generally vest annually or on a fixed date over three years and expire beginning November 2004.

In April 1999, the Company established the 1999 Stock Incentive Plan. Under the plan, the Company has reserved 600,000 common shares for issuance in the form of nonstatutory stock options. The exercise price of each stock option equals or exceeds the market price of the Company's stock on the date of grant. The maximum term of each option is ten years. As of December 31, 2000 and 1999, the number of shares available for future grant was 294,800 and 283,800, respectively. All options granted under the plan to date were granted on April 29, 1999, and expire on April 29, 2009. These options vested immediately upon the optionee's execution of an intellectual property protection agreement with the Company.

In May 2000, the Company's Board of Directors approved a special stock option grant to certain members of the Company's management. This grant was composed of 1,690,380 options to all managers, excluding the Company's Chief Executive Officer and Chief Operating Officer, at the fair market value on the date of grant. All options under this grant will vest ratably over three years.

In April 1999, the Company's Board of Directors approved a stock option grant to senior management ("EntrepreneurGrant IV"). This grant was composed of 7,636,107 options to certain key managers (including 1,884,435 options to the Company's Chief Executive Officer ["CEO"] and Chief Operating Officer ["COO"]) with an exercise price equal to the fair market value on the date of grant. The CEO and COO gave up their salaries for the year 2001 and their annual cash incentives, annual option grants and Senior Executive Retirement Plan contributions for the years 2000 and 2001 in exchange for their EntrepreneurGrant IV options. Other members of senior management gave up all potential annual stock option grants for 1999 and 2000 in exchange for this one-time grant. All options under this grant will vest on April 29, 2008, or earlier if the common stock's fair market value is at or above \$100 per share for at least ten trading days in any thirty consecutive calendar day period on or before June 15, 2002, or upon a change of control of the Company. These options will expire on April 29, 2009.

In June 1998, the Company's Board of Directors approved a grant to executive officers ("EntrepreneurGrant III"). This grant consisted of 2,611,896 performance-based options granted to certain key managers (including 2,000,040 options to the Company's CEO and COO), which were approved by the stockholders in April 1999, at the then market price of \$33.77 per share. The Company's CEO and COO gave up 300,000 and 200,010 vested options (valued at \$8,760 in total), respectively, in exchange for their EntrepreneurGrant III options. Other executive officers gave up future cash compensation for each of the next three years in exchange for the options. These options vested in September 2000 when the market price of the Company's stock remained at or above \$58.33 for at least ten trading days in a thirty consecutive calendar day period.

In April 1998, upon stockholder approval, a 1997 stock option grant to senior management ("EntrepreneurGrant II") became effective at the December 18, 1997 market price of \$16.25 per share. This grant included 3,429,663 performance-based options granted to certain key managers (including 2,057,265 options to the Company's CEO and COO), which vested in April 1998 when the market price of the Company's stock remained at or above \$28.00 for at least ten trading days in a thirty consecutive calendar day period. The grant also included 671,700 options that vested in full on December 18, 2000.

In April 1999 and 1998, the Company granted 1,045,362 and 1,335,252 options, respectively, to all associates not granted options in the EntrepreneurGrant II or EntrepreneurGrant IV. Certain associates were granted options in exchange for giving up future compensation. Other associates were granted a set number of options. These options were granted at the then market price of \$56.46 and \$31.71 per share, respectively, and vest, in full, on April 29, 2002, and April 30, 2001, respectively, or immediately upon a change in control of the Company.

The Company maintains two non-associate directors stock incentive plans, the 1995 Non-Employee Directors Stock Incentive Plan and the 1999 Non-Employee Directors Stock Incentive Plan. The 1995 plan originally authorized 1,500,000 shares of the Company's common stock for the automatic grant of restricted stock and stock options to eligible members of the Company's Board of Directors. However, in April 1999, the Company terminated the 1995 plan. The options vest after one year and their maximum term is ten years. The exercise price of each option equals the market price of the Company's stock on the date of grant. As of December 31, 2000, there was no outstanding restricted stock under this plan.

In April 1999, the Company established the 1999 Non-Employee Directors Stock Incentive Plan. The plan authorizes a maximum of 525,000 shares of the Company's common stock for the grant of nonstatutory stock options to eligible members of the Company's Board of Directors. In April 1999, all non-employee directors of the Company were given the option to receive performance-based options under this plan in lieu of their annual cash retainer and their time-vesting options for 1999, 2000 and 2001. As a result, 497,490 performance-based options were granted to the non-employee directors of the Company. The options vest in full if, on or before June 15, 2002, the market value of the Company's stock equals or exceeds \$100 per share for ten trading days in a thirty consecutive calendar day period. All options vest immediately upon a change of control of the Company. As of December 31, 2000, 27,510 shares were available for grant under this plan. All options under this plan have a maximum term of ten years. The exercise price of each option equals or exceeds the market price of the Company's stock on the date of grant.

A summary of the status of the Company's options as of December 31, 2000, 1999 and 1998, and changes for the years then ended is presented below:

	2000		1999		1998	
	Options (000s)	Weighted-Average Exercise Price Per Share	Options (000s)	Weighted-Average Exercise Price Per Share	Options (000s)	Weighted-Average Exercise Price Per Share
Outstanding at beginning of year	37,058	\$27.24	29,139	\$15.99	21,375	\$ 9.22
Granted	4,063	51.14	10,541	55.71	10,350	27.97
Exercised	(3,330)	12.20	(2,111)	11.44	(2,226)	6.76
Canceled	(1,102)	49.79	(511)	38.17	(360)	17.32
Outstanding at end of year	36,689	\$30.57	37,058	\$27.24	29,139	\$15.99
Exercisable at end of year	22,108	\$16.48	19,635	\$12.16	17,898	\$10.16
Weighted-average fair value of options granted during the year		\$23.41		\$25.92		\$11.82

The following table summarizes information about options outstanding as of December 31, 2000:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding (000s)	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price Per Share	Number Exercisable (000s)	Weighted-Average Exercise Price Per Share
\$4.31-\$6.46	3,504	3.89 years	\$ 5.39	3,504	\$ 5.39
\$6.47-\$9.70	317	4.99	8.05	317	8.05
\$9.71-\$14.56	9,590	5.00	10.29	9,590	10.29
\$14.57-\$21.85	3,865	6.96	16.08	3,865	16.08
\$21.86-\$32.79	1,212	7.38	31.66	140	31.38
\$32.80-\$49.20	7,652	8.12	39.73	4,235	35.94
\$49.21-\$60.00	10,549	8.55	56.60	457	55.74

Under the Company's Purchase Plan, associates of the Company are eligible to purchase common stock through monthly salary deductions of a maximum of 15% and a minimum of 1% of monthly base pay. To date, the amounts deducted are applied to the purchase of unissued common or treasury stock of the Company at 85% of the current market price. Shares may also be acquired on the market. An aggregate of three million common shares has been authorized for issuance under the Purchase Plan, of which 929,084 shares were available for issuance as of December 31, 2000.

On November 16, 1995, the Board of Directors of the Company declared a dividend distribution of one Right for each outstanding share of common stock. As amended, each Right entitles a registered holder to purchase from the Company one three-hundredth of a share of the Company's authorized Cumulative Participating Junior

Preferred Stock (the "Junior Preferred Shares") at a price of \$200 per one three-hundredth of a share, subject to adjustment. The Company has reserved 1,000,000 shares of its authorized preferred stock for the Junior Preferred Shares. Because of the nature of the Junior Preferred Shares' dividend and liquidation rights, the value of the one three-hundredth interest in a Junior Preferred Share purchasable upon exercise of each Right should approximate the value of one share of common stock. Initially, the Rights are not exercisable and trade automatically with the common stock. However, the Rights generally become exercisable and separate certificates representing the Rights will be distributed, if any person or group acquires 15% or more of the Company's outstanding common stock or a tender offer or exchange offer is announced for the Company's common stock. Upon such event, provisions would also be made so that each holder of a Right, other than the acquiring person or group, may exercise the Right and buy common stock with a market value of twice the \$200 exercise price. The Rights expire on November 29, 2005, unless earlier redeemed by the Company at \$0.01 per Right prior to the time any person or group acquires 15% of the outstanding common stock. Until the Rights become exercisable, the Rights have no dilutive effect on earnings per share.

In July 1997, the Company's Board of Directors voted to repurchase up to six million shares of the Company's common stock to mitigate the dilutive impact of shares issuable under its benefit plans, including its Purchase Plan, dividend reinvestment plan and stock incentive plans. In July 1998 and February 2000, the Company's Board of Directors voted to increase this amount by 4.5 million and 10 million shares, respectively, of the Company's common stock. For the years ended December 31, 2000, 1999 and 1998, the Company repurchased 3,028,600, 2,250,000 and 2,687,400 shares, respectively, under this program. Certain treasury shares have been reissued in connection with the Company's benefit plans.

Note G

OTHER NON-INTEREST EXPENSE

Year Ended December 31	2000	1999	1998
Professional services	\$163,905	\$145,398	\$ 66,591
Collections	156,592	101,000	59,503
Bankcard association assessments	51,726	33,301	23,163
Fraud losses	53,929	22,476	10,278
Other	130,132	131,928	74,740
Total	\$556,284	\$434,103	\$234,275

Note H

INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of December 31, 2000 and 1999 were as follows:

December 31	2000	1999
DEFERRED TAX ASSETS:		
Allowance for loan losses	\$155,218	\$117,375
Finance charge, fee and other income receivables	171,516	111,599
Stock incentive plan	56,615	51,680
Foreign taxes	12,366	
State taxes, net of federal benefit	18,560	15,131
Other	79,379	43,495
Subtotal	493,654	339,280
Valuation allowance	(35,642)	(20,763)
Total deferred tax assets	458,012	318,517
DEFERRED TAX LIABILITIES:		
Securitizations	38,307	44,557
Deferred revenue	222,106	97,397
Other	39,591	17,110
Total deferred tax liabilities	300,004	159,064
Net deferred tax assets before unrealized losses on securities available for sale	158,008	159,453
Unrealized losses on securities available for sale	478	13,369
Net deferred tax assets	\$158,486	\$172,822

During 2000, the Company increased its valuation allowance by \$14,879 for certain state and international loss carryforwards generated during the year.

Significant components of the provision for income taxes attributable to continuing operations were as follows:

Year Ended December 31	2000	1999	1998
------------------------	------	------	------

Federal taxes	\$284,661	\$232,910	\$244,536
State taxes	578	754	471
International taxes	1,156		
Deferred income taxes	1,445	(19,738)	(76,317)
Income taxes	\$287,840	\$213,926	\$168,690

The reconciliation of income tax attributable to continuing operations computed at the U.S. federal statutory tax rate to income tax expense was:

Year Ended December 31	2000	1999	1998
Income tax at statutory federal tax rate	35.00%	35.00%	35.00%
Other	3.00	2.07	3.00
Income taxes	38.00%	37.07%	38.00%

Note I

EARNINGS PER SHARE

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

Year Ended December 31 (Shares in Thousands)	2000	1999	1998
NUMERATOR:			
Net income	\$469,634	\$363,091	\$275,231
DENOMINATOR:			
Denominator for basic earnings per share -- Weighted-average shares	196,478	197,594	196,769
Effect of dilutive securities:			
Stock options	12,971	13,089	11,990
Restricted stock			6
Dilutive potential common shares	12,971	13,089	11,996
Denominator for diluted earnings per share -- Adjusted weighted-average shares	209,449	210,683	208,765
Basic earnings per share	\$ 2.39	\$ 1.84	\$ 1.40
Diluted earnings per share	\$ 2.24	\$ 1.72	\$ 1.32

Options to purchase approximately 5,496,000, 5,200,000 and 6,436,000 shares of common stock during 2000, 1999 and 1998, respectively, were not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares and, therefore, their inclusion would be antidilutive.

Note J

REGULATORY MATTERS

The Bank and the Savings Bank are subject to capital adequacy guidelines adopted by the Federal Reserve Board (the "Federal Reserve") and the Office of Thrift Supervision (the "OTS") (collectively, the "regulators"), respectively. The capital adequacy guidelines and the regulatory framework for prompt corrective action require the Bank and the Savings Bank to maintain specific capital levels based upon quantitative measures of their assets, liabilities and off-balance sheet items. The inability to meet and maintain minimum capital adequacy levels could result in the regulators taking actions that could have a material effect on the Company's consolidated financial statements. Additionally, the regulators have broad discretion in applying higher capital requirements. Regulators consider a range of factors in determining capital adequacy, such as an institution's size, quality and stability of earnings, interest rate risk exposure, risk diversification, management expertise, asset quality, liquidity and internal controls.

The most recent notifications received from the regulators categorized the Bank and the Savings Bank as "well-capitalized." To be categorized as "well-capitalized," the Bank and the Savings Bank must maintain minimum capital ratios as set forth in the following table. As of December 31, 2000, there were no conditions or events since the notifications discussed above that management believes would have changed either the Bank or the Savings Bank's capital category.

Ratios	Minimum For Capital Adequacy Purposes	To Be "Well- Capitalized" Under Prompt Corrective Action Provisions

DECEMBER 31, 2000		
Capital One Bank		
Tier 1 Capital	9.30%	4.00%
Total Capital	11.38	8.00
		6.00%
		10.00

Tier 1 Leverage	10.02	4.00
		5.00
Capital One, F.S.B.		
Tier 1 Capital	8.24%	4.00%
Total Capital	10.90	8.00
		6.00%
		10.00

Tier 1 Leverage	6.28	4.00
		5.00

DECEMBER 31, 1999		
Capital One Bank		
Tier 1 Capital	10.64%	4.00%
Total Capital	13.11	8.00
		6.00%
		10.00

Tier 1 Leverage	11.13	4.00
		5.00

Capital One, F.S.B.		
Tier 1 Capital	9.06%	4.00%
Total Capital	10.69	8.00
		6.00%
		10.00

Tier 1 Leverage	8.08	4.00
		5.00

In August 2000, the Bank received regulatory approval and established a subsidiary bank in the United Kingdom. In connection with the approval of its former branch office in the United Kingdom, the Company committed to the Federal Reserve that, for so long as the Bank maintains a branch or subsidiary bank in the United Kingdom, the Company will maintain a minimum Tier 1 Leverage ratio of 3.0%. As of December 31, 2000 and 1999, the Company's Tier 1 Leverage ratio was 11.14% and 12.79%, respectively.

Additionally, certain regulatory restrictions exist that limit the ability of the Bank and the Savings Bank to transfer funds to the Corporation. As of December 31, 2000, retained earnings of the Bank and the Savings Bank of \$209,000 and \$35,900, respectively, were available for payment of dividends to the Corporation without prior approval by the regulators. The Savings Bank, however, is required to give the OTS at least thirty days advance notice of any proposed dividend and the OTS, in its discretion, may object to such dividend.

Note K

COMMITMENTS AND CONTINGENCIES

As of December 31, 2000, the Company had outstanding lines of credit of approximately \$87,500,000 committed to its customers.

Of that total commitment, approximately \$58,000,000 was unused. While this amount represented the total available lines of credit to customers, the Company has not experienced, and does not anticipate, that all of its customers will exercise their entire available line at any given point in time. The Company generally has the right to increase, reduce, cancel, alter or amend the terms of these available lines of credit at any time.

Certain premises and equipment are leased under agreements that expire at various dates through 2015, without taking into consideration available renewal options. Many of these leases provide for payment by the lessee of property taxes, insurance premiums, cost of maintenance and other costs. In some cases, rentals are subject to increase in relation to a cost of living index. Total expenses amounted to \$66,108, \$37,685 and \$18,242 for the years ended December 31, 2000, 1999 and 1998 respectively.

Future minimum rental commitments as of December 31, 2000, for all non-cancelable operating leases with initial or remaining terms of one year or more are as follows:

2001	\$ 54,439
2002	56,930
2003	50,928
2004	33,467
2005	29,146
Thereafter	88,056
Total	\$ 312,966

In December 2000, the Company entered into a 10-year agreement for the lease of a headquarters building being constructed in McLean, Virginia. Monthly rents will commence upon completion, which is expected in December 2002. The Company guarantees a residual value of up to approximately 72% of the estimated \$159,500 cost of the buildings in the lease agreement.

In 1999, the Company entered into two three-year agreements for the lease of four facilities located in Tampa, Florida and Federal Way, Washington. Monthly rent commences upon completion of each of the buildings. At December 31, 2000, the construction of two of the facilities has been completed and rent payments have commenced. The Company has a one year renewal option under the terms of the leases. The Company guarantees a residual value to the lessor of up to approximately 85% of the cost of the buildings in the lease agreement.

In 1998, the Company entered into a five-year lease of five facilities in Tampa, Florida and Richmond, Virginia. The Company has two one-year renewal options under the terms of the lease. If, at the end of the lease term, the Company does not purchase all of the properties, the Company guarantees a residual value to the lessor of up to approximately 84% of the costs of the buildings.

In connection with the transfer of substantially all of Signet Bank's credit card business to the Bank in November 1994, the Company and the Bank agreed to indemnify Signet Bank (which was acquired by First Union on November 30, 1997) for certain liabilities incurred in litigation arising from that business, which may include liabilities, if any, incurred in the purported class action case described below.

During 1995, the Company and the Bank became involved in a purported class action suit relating to certain collection practices engaged in by Signet Bank and, subsequently, by the Bank. The complaint in this case alleges that Signet Bank and/or the Bank violated a variety of California state statutes and constitutional and common law duties by filing collection lawsuits, obtaining judgements and pursuing garnishment proceedings in the Virginia state courts against defaulted credit card customers who were not residents of Virginia. This case was filed in the Superior Court of California in the County of Alameda, Southern Division, on behalf of a class of California residents. The complaint in this case seeks unspecified statutory damages, compensatory damages, punitive damages, restitution, attorneys' fees and costs, a permanent injunction and other equitable relief.

In early 1997, the California court entered judgement in favor of the Bank on all of the plaintiffs' claims. The plaintiffs appealed the ruling to the California Court of Appeals First Appellate District Division 4. In early 1999, the Court of Appeals affirmed the trial court's ruling in favor of the Bank on six counts, but reversed the trial court's ruling on two counts of the plaintiffs' complaint. The California Supreme Court rejected the Bank's Petition for Review of the remaining two counts and remitted them to the trial court for further proceedings. In August 1999, the trial court denied without prejudice plaintiffs' motion to certify a class on the one remaining common law claim. In November 1999, the United States Supreme Court denied the Bank's writ of certiorari on the remaining two counts, declining to exercise its discretionary power to review these issues.

Subsequently, the Bank moved for summary judgment on the two remaining counts and for a ruling that a class cannot be certified in this case. The motion for summary judgment was granted in favor of the Bank on both counts, but the plaintiffs were granted leave to amend their complaint. Plaintiffs have filed an Amended Complaint, to which the Bank filed demurrers and motions to strike; those responses are pending before the court.

Because no specific measure of damages is demanded in the complaint of the California case and the trial court entered judgment in favor of the Bank early in the case, an informed assessment of the ultimate outcome of this case cannot be made at this time. Management believes, however, that there are meritorious defenses to this lawsuit and intends to defend it vigorously.

The Company is commonly subject to various other pending and threatened legal actions arising from the conduct of its normal business activities. In the opinion of management, the ultimate aggregate liability, if any, arising out of any pending or threatened action will not have a material adverse effect on the consolidated financial condition of the Company. At the present time, however, management is not in a position to determine whether the resolution of pending or threatened litigation will have a material effect on the Company's results of operations in any future reporting period.

Note L

RELATED PARTY TRANSACTIONS

In the ordinary course of business, executive officers and directors of the Company may have consumer loans issued by the Company. Pursuant to the Company's policy, such loans are issued on the same terms as those prevailing at the time for comparable loans to unrelated persons and do not involve more than the normal risk of collectibility.

SECURITIZATIONS

During 2000 and 1999, the Company transferred \$6,142,709 (\$141,140 international) and \$2,586,517 (\$47,642 international), respectively, of consumer loan receivables in securitization transactions accounted for as sales in accordance with the provisions of SFAS 125. At December 31, 2000, the fair value of the retained interests relating to securitizations of consumer loan receivables totaled \$408,447.

The key assumptions used in determining the fair value of retained interests at December 31, 2000, included a weighted average charge-off rate of 4%, an average prepayment rate of 16%, an average life for receivables of seven months and a discount rate of 12%. The fair value of the Company's retained interests at December 31, 2000, would decrease by \$16,733, \$5,912 and \$245 from a 10% adverse change in the assumed charge-off rate, prepayment rate and discount rate, respectively. The fair value of the Company's retained interests at December 31, 2000, would decrease by \$33,467, \$10,626 and \$488 from a 20% adverse change in the assumed charge-off rate, prepayment rate and discount rate, respectively. These sensitivities are hypothetical and should be used with caution. A change in fair value based on a 10% or 20% variation in assumptions cannot necessarily be extrapolated because the relationship of change in assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated independent from any change in another assumption, however, changes in one factor may result in changes in other factors, which might magnify or counteract the sensitivities. During 2000, the Company recognized \$30,466 in gains related to the transfer of receivables accounted for as sales. The Company also received other cash flows from the securitization trusts of \$72,540 for servicing the transferred receivables and \$1,025,436 of net interest income relating to the transferred receivables, including \$34,007 for interest income relating to subordinated interests retained by the Company. Additionally, collections reinvested in revolving period securitizations were \$18,566,784.

At December 31, 2000, the Company's managed consumer loan portfolio of \$29,524,026 is comprised of \$15,112,712 in reported consumer loans and \$14,411,314 in off-balance sheet consumer loans. At December 31, 2000, the Company's 30-plus days loan delinquency on a reported and managed basis were \$1,097,311, or 7.26%, and \$1,544,654, or 5.23%, respectively. Net charge-offs include the principal amount of losses (excluding accrued and unpaid finance charges, fees, and fraud losses) less current period recoveries. The Company charges off loans (net of collateral) at 180 days past due. The Company's net charge-offs for the year ended December 31, 2000, on a reported and managed basis were \$532,621, or 4.64% of average reported loans, and \$883,667, or 3.90% of average managed loans, respectively.

The key assumptions used in determining the fair value of retained interests resulting from securitizations of consumer loan receivables completed during the period included weighted average charge-off rates ranging from 4% to 6%, weighted average prepayment rates ranging from 13% to 16%, weighted average life for receivables ranging from 7 to 8 months and weighted average discount rates ranging from 11% to 13%. Static pool credit losses are calculated by summing the actual and projected future credit losses and dividing them by the original balance of each pool of asset. Due to the short term revolving nature of consumer loan receivables, the weighted average percentage of static pool credit losses is not considered to be materially different from the assumed charge-off rates used to determine the fair value of retained interests.

OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The Company has entered into interest rate swaps to effectively convert certain interest rates on bank notes from variable to fixed. The pay-fixed, receive-variable swaps, which had a notional amount totaling \$157,000 as of December 31, 2000, will mature from 2001 to 2007 to coincide with maturities of the variable bank notes to which they are designated. The Company has also entered into interest rate swaps and amortizing notional interest rate swaps to effectively reduce the interest rate sensitivity of loan securitizations. These pay-fixed, receive-variable interest rate swaps and amortizing notional interest rate swaps had notional amounts totaling \$2,050,000 and \$1,991,062 respectively, as of December 31, 2000. The interest rate swaps will mature from 2002 to 2005 and the amortizing notional interest rate swaps will fully amortize between 2004 and 2006 to coincide with the estimated paydown of the securitizations to which they are designated. The Company also had a pay-fixed, receive-variable, interest rate swap with an amortizing notional amount of \$545,000 as of December 31, 2000, which will amortize through 2003 to coincide with the estimated attrition of the fixed rate Canadian dollar consumer loans to which it is designated.

The Company has also entered into currency swaps that effectively convert fixed rate pound sterling interest receipts to fixed rate U.S. dollar interest receipts on pound sterling denominated assets.

These currency swaps had notional amounts totaling \$261,000 as of December 31, 2000, and mature from 2001 to 2005, coinciding with the repayment of the assets to which they are designated.

The Company has entered into f/x contracts to reduce the Company's sensitivity to foreign currency exchange rate changes on its foreign currency denominated assets and liabilities. As of December 31, 2000, the Company had f/x contracts with notional amounts totaling \$665,284 maturing in 2001 to coincide with the repayment of the assets to which they are designated.

Note O

SIGNIFICANT CONCENTRATION OF CREDIT RISK

The Company is active in originating consumer loans, primarily in the United States. The Company reviews each potential customer's credit application and evaluates the applicant's financial history and ability and willingness to repay. Loans are made primarily on an unsecured basis; however, certain loans require collateral in the form of cash deposits. International consumer loans are originated primarily in Canada and the United Kingdom. The geographic distribution of the Company's consumer loans was as follows:

December 31	2000		1999	
Geographic Region:		Percentage Loans of Total		Percentage Loans of Total
South	\$ 9,869,290	33.43%	\$ 6,751,599	33.36%
West	5,962,360	20.19	4,037,714	19.95
Northeast	5,014,855	16.99	3,362,044	16.62
Midwest	5,694,318	19.29	3,644,444	18.01
International	2,983,203	10.10	2,440,787	12.06
	29,524,026	100.00%	20,236,588	100.00%
Less securitized balances	(14,411,314)		(10,323,039)	
Total	\$ 15,112,712		\$ 9,913,549	

Note P

DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following discloses the fair value of financial instruments as of December 31, 2000 and 1999, whether or not recognized in the balance sheets. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. As required under GAAP, these disclosures exclude certain financial instruments and all non-financial instruments. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Company.

The following methods and assumptions were used by the Company in estimating the fair value of its financial instruments as of December 31, 2000 and 1999:

Cash and Cash Equivalents

The carrying amounts of cash and due from banks, federal funds sold and resale agreements and interest-bearing deposits at other banks approximated fair value.

Securities Available for Sale

The fair value of securities available for sale was determined using current market prices. See Note B for fair values by type of security.

Consumer Loans

The net carrying amount of consumer loans approximated fair value due to the relatively short average life and variable interest rates on a substantial number of these loans. This amount excluded any value related to account relationships.

Interest Receivable

The carrying amount approximated fair value.

Accounts Receivable from Securitizations

The carrying amount approximated fair value.

Borrowings

The carrying amount of interest-bearing deposits, secured borrowings, federal funds purchased and resale agreements, and other short-term borrowings approximates fair value. The fair value of the junior subordinated capital income securities was \$70,500 and \$84,199 at December 31, 2000 and 1999, respectively, and is determined based on quoted market prices. The fair value of senior notes was \$3,987,116 and \$4,075,825 as of December 31, 2000 and 1999, respectively, and is determined based on quoted market prices.

Interest Payable

The carrying amount approximated fair value.

Off-Balance Sheet Financial Instruments

The fair value was the estimated net amount that the Company would have (paid)/received to terminate the interest rate swaps, currency swaps and f/x contracts at the respective dates, taking into account the forward yield curve on the swaps and the forward rates on the currency swaps and f/x contracts. As of December 31, 2000 and 1999, the estimated fair value was \$(39,121) and \$80,566, respectively.

Note Q

CAPITAL ONE FINANCIAL CORPORATION (PARENT COMPANY ONLY) CONDENSED FINANCIAL INFORMATION

Balance Sheets at December 31	2000	1999
ASSETS:		
Cash and cash equivalents	\$ 9,284	\$ 5,846
Investment in subsidiaries	1,832,387	1,428,754
Loans to subsidiaries(1)	808,974	609,176
Other	98,034	81,169
Total assets	\$2,748,679	\$2,124,945
LIABILITIES:		
Senior notes	\$ 549,042	\$ 548,897
Borrowings from subsidiaries	204,367	46,802
Other	32,756	13,639
Total liabilities	786,165	609,338
Stockholders' equity	1,962,514	1,515,607
Total liabilities and stockholders' equity	\$2,748,679	\$2,124,945

(1) As of December 31, 2000 and 1999, includes \$63,220 and \$11,350, respectively, of cash invested at the Bank instead of the open market.

Statements of Income for the Year Ended December 31	2000	1999	1998
Interest from temporary investments	\$ 41,321	\$ 32,191	\$ 12,485
Interest expense	(46,486)	(41,011)	(18,212)
Dividends, principally from bank subsidiaries	250,000	220,001	260,000
Non-interest income	61	39	893
Non-interest expense	(8,184)	(6,274)	(2,700)
Income before income taxes and equity in undistributed earnings of subsidiaries	236,712	204,946	252,466
Income tax benefit	5,049	5,721	2,863
Equity in undistributed earnings of subsidiaries	227,873	152,424	19,902
Net income	\$ 469,634	\$ 363,091	\$ 275,231

Statements of Cash Flows for the Year Ended December 31	2000	1999	1998
OPERATING ACTIVITIES:			
Net income	\$ 469,634	\$ 363,091	\$ 275,231
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed earnings of subsidiaries	(227,873)	(152,424)	(19,902)
(Increase) decrease in other assets	(37,400)	4,236	(56,682)
Increase in other liabilities	19,117	2,604	1,365
Net cash provided by operating activities	223,478	217,507	200,012
INVESTING ACTIVITIES:			
Purchases of securities available for sale		(26,836)	
Proceeds from sales of securities available for sale	8,455		
Proceeds from maturities of securities available for sale	6,832	11,658	
Increase in investment in subsidiaries	(117,123)	(115,233)	(172,119)
Increase in loans to subsidiaries	(199,798)	(233,780)	(167,889)
Net cash used for investing activities	(301,634)	(364,191)	(340,008)
FINANCING ACTIVITIES:			
Increase in borrowings from subsidiaries	157,711	(7,398)	50,900
Issuance of senior notes		224,684	199,213
Dividends paid	(20,824)	(20,653)	(20,533)
Purchases of treasury stock	(134,619)	(107,104)	(91,672)
Net proceeds from issuances of common stock	21,076	14,028	12,143
Proceeds from exercise of stock options	58,250	38,086	629
Net cash provided by financing activities	81,594	141,643	150,680
Increase (decrease) in cash and cash equivalents	3,438	(5,041)	10,684
Cash and cash equivalents at beginning of year	5,846	10,887	203
Cash and cash equivalents at end of year	\$ 9,284	\$ 5,846	\$ 10,887

Directors and Officers

CAPITAL ONE FINANCIAL CORPORATION
BOARD OF DIRECTORS

Richard D. Fairbank
Chairman and Chief Executive Officer
Capital One Financial Corporation

Nigel W. Morris
President and Chief Operating Officer
Capital One Financial Corporation

W. Ronald Dietz**
Managing Partner
Customer Contact Solutions, LLC

James A. Flick, Jr.*
Chairman of the Board
Dome Corporation

Patrick W. Gross*
Founder and Chairman, Executive Committee
American Management Systems, Inc.

James V. Kimsey**
Founding CEO and Chairman Emeritus
America Online, Inc.

Stanley I. Westreich**
President/Owner
Westfield Realty, Inc.

* Audit Committee
** Compensation Committee

CAPITAL ONE FINANCIAL CORPORATION
EXECUTIVE OFFICERS

Richard D. Fairbank
Chairman and Chief Executive Officer

Nigel W. Morris
President and Chief Operating Officer

Marjorie M. Connelly
Executive Vice President, Credit Card Operations

John G. Finneran, Jr.
Executive Vice President, General Counsel and Corporate Secretary

Larry A. Klane
Executive Vice President

Dennis H. Liberson
Executive Vice President, Human Resources

William J. McDonald
Executive Vice President, Brand Management

Peter A. Schnall
Executive Vice President, Marketing and Analysis

Catherine West
Executive Vice President, Risk

David M. Willey
Executive Vice President and Chief Financial Officer

Corporate Information

Corporate Office
2980 Fairview Park Drive, Suite 1300
Falls Church, VA 22042-4525
(703) 205-1000
www.capitalone.com

Annual Meeting
Thursday, April 26, 2001, 10:00 a.m. Eastern Time
Fairview Park Marriott Hotel
3111 Fairview Park Drive
Falls Church, VA 22042

Principal Financial Contact
Paul Paquin
Vice President, Investor Relations
Capital One Financial Corporation
2980 Fairview Park Drive, Suite 1300
Falls Church, VA 22042-4525
(703) 205-1039

Copies of Form 10-K filed with the Securities
and Exchange Commission are available without
charge, upon written request to Paul Paquin
at the above address.

Common Stock
Listed on New York Stock Exchange
Stock Symbol COF
Member of S&P 500

Corporate Registrar/Transfer Agent
First Chicago Trust, a division of Equiserve
P.O. Box 2500
Jersey City, NJ 07303-2500
Telephone: (800) 446-2617
Fax: (201) 222-4892
For hearing impaired:
(201) 222-4955
E-mail: equiserve.com
Internet: www.equiserve.com

Independent Auditors
Ernst & Young LLP

Significant Subsidiaries

Capital One Bank
Capital One, F.S.B.

Consent of Independent Auditors

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Capital One Financial Corporation of our report dated January 16, 2001, except for Note E as to which the date is February 6, 2001, included in the 2000 Annual Report to Stockholders of Capital One Financial Corporation.

We also consent to the incorporation by reference in the following Registration Statements of Capital One Financial Corporation of our report dated January 16, 2001, except for Note E as to which the date is February 6, 2001, with respect to the consolidated financial statements of Capital One Financial Corporation incorporated by reference in the Annual Report (Form 10-K) for the year ended December 31, 2000:

Registration Statement Number	Form	Description
33-80263	Form S-8	Marketing and Management Services Agreement
33-86874	Form S-8	Employee Stock Purchase Plan
33-86876	Form S-8	Employee Savings Plan
33-86986	Form S-8	1994 Stock Incentive Plan
33-91790	Form S-8	1995 Non-Employee Directors Stock Incentive Plan
33-97032	Form S-8	Amendment to 1994 Stock Incentive Plan
33-99748	Form S-3	Dividend Reinvestment and Stock Purchase Plan
333-3580	Form S-3	Debt Securities, Preferred Stock and Common Stock in the amount of \$200 million
333-42853	Form S-8	1994 Stock Incentive Plan
333-45453	Form S-8	Associate Savings Plan
333-51639	Form S-8	1994 Stock Incentive Plan, Tier 5 Special Option Program
333-51637	Form S-8	1994 Stock Incentive Plan
333-57317	Form S-8	1994 Stock Incentive Plan, 1998 Special Option Program
333-58577	Form S-3	Debt Securities, Preferred Stock and Common Stock in the amount of \$500 million
333-60831	Form S-3	Acquisition of Summit Acceptance Corporation
333-70305	Form S-8	1994 Stock Incentive Plan, Supplemental Special Option Program
333-78067	Form S-8	1994 Stock Incentive Plan
333-78383	Form S-8	1994 Stock Incentive Plan, 1999 Performance-Based Option Program and Supplemental Special Option Program
333-78609	Form S-8	1999 Stock Incentive Plan
333-78635	Form S-8	1999 Non-Employee Directors Stock Incentive Plan
333-84693	Form S-8	1994 Stock Incentive Plan, Supplemental Special Option Program
333-85227	Form S-3	Debt Securities, Preferred Stock and Common Stock in the amount of \$1 billion
333-91327	Form S-8	1994 Stock Incentive Plan
333-92345	Form S-8	1994 Stock Incentive Plan
333-43288	Form S-8	1994 Stock Incentive Plan

/s/ Ernst & Young LLP
McLean, Virginia
March 27, 2001