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23 JULY 2009

Santander announces results of exchange offers for certain of the Group’s outstanding Euro, Sterling and Yen Tier 1 hybrid securities and Upper Tier 2 securities

On 9 July 2009, Banco Santander, S.A. (“Santander” and together with its subsidiaries the “Group”) announced a capital markets transaction to improve the efficiency of the Group’s capital structure and strengthen the balance sheet. The transaction comprised offers to exchange Tier 1 Hybrid securities and Upper Tier 2 securities of Santander and its subsidiaries for new capital instruments (together, the “New Securities”).

The expiration date for the exchange offers in respect of the series outlined in the table below (the “Exchange Offers”) was 22 July 2009. The Exchange Offers were made on the terms and subject to the conditions outlined in the Exchange Offer Memorandum dated 9 July 2009 (the “Exchange Offer Memorandum”). Terms used in this announcement have the meanings given to them in the Exchange Offer Memorandum. No information is provided in this announcement on the exchange offer in respect of Sterling denominated securities the subject of the Consent and Exchange Offer Memorandum dated 9 July 2009.

Santander has accepted all securities validly offered for exchange.

As at the expiration date, the aggregate participation rate for the Exchange Offers in respect of the series outlined in the table below was 54% of such Existing Securities. The details of the participation rates on the individual securities are outlined below. The aggregate principal amount of the New Santander Tier 1 Hybrid securities to be issued are €25,700,000 and £679,400,000 and of New Santander Lower Tier 2 Securities €49,250,000 and £712,100,000.

Settlement on the New Securities will take place on 27 July 2009.

Series No.	Title of Existing Security	ISIN Number	Amount Accepted for Exchange	New Security
1	Santander Finance Preferred, S.A. Unipersonal Series 2 €300,000,000 CMS-Linked Non-Cumulative Perpetual Guaranteed Preferred Securities	XS0202197694	€25,620,000	Santander Finance Preferred, S.A. Unipersonal €25,700,000 10.5% PerpNC5 Fixed/Floating Rate (3m Euribor + 764 basis points) Non-Cumulative Perpetual Guaranteed Preferred Securities, guaranteed on a subordinated basis by Banco Santander, S.A. ISIN: XS0441528600
2	Santander Finance Preferred, S.A. Unipersonal Series 3 €200,000,000 5.75% Non-Cumulative Perpetual Guaranteed Preferred Securities	XS0202774245	€34,941,000	
3	Banco Español de Crédito, S.A. Series 1 €125,000,000 CMS-Linked Non-Cumulative Perpetual Preferred Securities	DE000A0DEJU3	€14,157,000	
4	Banco Español de Crédito, S.A. Series 2 €200,000,000 5.5% Non-Cumulative Perpetual Preferred Securities	DE000A0DE4Q4	€38,706,000	

Series No.	Title of Existing Security	ISIN Number	Amount Accepted for Exchange	New Security	
5	Santander Finance Preferred, S.A. Unipersonal £250,000,000 Series 7 Fixed/Floating Rate Non-Cumulative Perpetual Guaranteed Preferred Securities	XS0307728146	£241,050,000	Santander Finance Preferred, S.A. Unipersonal £679,400,000 11.3% PerpNC5 Fixed/Floating Rate (3m £Libor + 766 basis points) Non-Cumulative Perpetual Guaranteed Preferred Securities, guaranteed on a subordinated basis by Banco Santander, S.A. ISIN: XS0441528949	
6	Abbey National plc £300,000,000 7.037% Step-up Callable Perpetual Reserve Capital Instruments	XS0124569566	£168,056,000		
7	Alliance & Leicester plc £300,000,000 5.827% Step-up Callable Perpetual Preferred Securities	XS0188550114	£190,001,000		
8	Alliance & Leicester plc £300,000,000 Series A Fixed/Floating Rate Non-Cumulative Callable Preference Shares	XS0254788515	£157,767,000		
9	Abbey National plc £175,000,000 6.984% Fixed/Floating Rate Tier One Preferred Income Capital Securities	XS0152838586	£147,822,000		
10	Abbey National plc £125,000,000 8 ⁵ / ₈ % Non-Cumulative Sterling Preference Shares	GB0000044221	£100,487,938		
11	Abbey National plc £200,000,000 10 ³ / ₈ % Non-Cumulative Sterling Preference Shares	GB0000064393	£63,913,355		
12	Santander Perpetual, S.A. Unipersonal Series 1 €750,000,000 4.375% Guaranteed Perpetual Step-Up Subordinated Notes	XS0206920141	€345,164,000		Santander Issuances, S.A. Unipersonal €449,250,000 6.5% Fixed/Floating Rate (3m Euribor + 414 basis points) 10NC5 Callable Subordinated notes due 2019, guaranteed on a subordinated basis by Banco Santander, S.A. ISIN: XS0440402393
13	Abbey National plc €400,000,000 7.125% Fixed to Floating Rate Perpetual Callable Subordinated Notes	XS0117974740	€32,182,000		
14	Abbey National plc ¥15,000,000,000 5.56% Undated Subordinated Notes	XS0053134499	¥0		
15	Abbey National plc ¥5,000,000,000 5.50% Undated Subordinated Notes	XS0055579097	¥0		
16	Abbey National plc ¥5,000,000,000 Fixed/Floating Rate Undated Subordinated Notes	XS0071938822	¥0		
17	Abbey National plc £275,000,000 7.125% Thirty Year Step Up Perpetual Callable Subordinated Notes	XS0117973429	£190,640,000	Santander Issuances, S.A. Unipersonal £712,100,000 7.3% 10NC5 Fixed/Floating Rate (3m £Libor + 416 basis points) Callable Subordinated notes due 2019, guaranteed on a subordinated basis by Banco Santander, S.A. ISIN: XS0440403797	
18	Abbey National plc £425,000,000 7.5% Fifteen Year Step Up Perpetual Callable Subordinated Notes	XS0117972967	£321,263,000		
19	Abbey National plc £175,000,000 Twenty Year Step Up Perpetual Callable Subordinated Notes	XS0117973262	£101,954,000		
20	Abbey National plc £325,000,000 Ten Year Step Up Perpetual Callable Subordinated Notes	XS0117972702	£240,657,000		
21	Abbey National plc £200,000,000 10 ¹ / ₁₆ % Exchangeable Capital Securities, exchangeable into Non-Cumulative Sterling Preference Shares of £1 each	XS0060837068	£66,147,000		

The complete terms and conditions of each Exchange Offer in respect of the series outlined in the table above are set forth in the Exchange Offer Memorandum that will be sent to eligible holders of Existing Securities at their request.

The Group is also conducting exchange offers on certain other securities denominated in Sterling and US dollars, as per the terms of the relevant exchange offer memoranda. The exchange offers relating to those securities continue and results will be announced following expiration of those exchange offers.

Additional Information

Requests for information in relation to the Exchange Offers should be directed to the Dealer Managers:

Lead Dealer Manager:

Morgan Stanley & Co. International plc.
25 Cabot Square
Canary Wharf
London E14 4QA

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Email: liabilitymanagementeuropa@morganstanley.com

Co-Dealer Manager:

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Tax Certification and Exchange Agent

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Website: www.acupay.com/SANexchange

THIS PRESS RELEASE IS NOT AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ITALY AND NO OFFER IS BEING MADE TO ANY RESIDENT IN THE UNITED STATES OR ITALY.

Offer and jurisdiction restrictions

Neither this announcement nor the Exchange Offer Memorandum constitute an offer to sell or buy or the solicitation of an offer to sell or buy the Existing Securities and/or New Securities, as applicable, and offers of Existing Securities for exchange pursuant to the Exchange Offers will not be accepted from Holders in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require an Exchange Offer to be made by a licensed broker or dealer and a Dealer Manager or any of its affiliates is such a licensed broker or dealer in such jurisdictions, such Exchange Offer shall be deemed to be made by such Dealer Manager or affiliate (as the case may be) on behalf of the Offeror in such jurisdictions.

United States

The Exchange Offers are not being made, and will not be made, directly or indirectly in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of or of any facilities of a national securities exchange of, the United States or to, for the account or benefit of, U.S. persons. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet. Accordingly, copies of this announcement, the Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offers are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to U.S. persons and the Existing Securities cannot be offered for exchange in the Exchange Offers by any such use, means, instruments or facilities or from within the United States or by U.S. persons. Any purported offer of Existing Securities for exchange resulting directly or indirectly from a violation of these restrictions will be invalid and any purported offer of Existing Securities for exchange made by a U.S. person, a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States or for a U.S. person will be invalid and will not be accepted.

This announcement and the Exchange Offer Memorandum are not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. The New Securities and any guarantee thereof have not been, and they will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons. The purpose of this announcement and the Exchange Offer Memorandum is limited to the Exchange Offers and this announcement and the Exchange Offer Memorandum may not be sent or given to a person in the United States or otherwise to any person other than in an offshore transaction in accordance with Regulation S under the Securities Act of 1933.

Each Holder of Existing Securities participating in an Exchange Offer will represent that it is not located in the United States and is not participating in such Exchange Offer from the United States, that it is participating in such Exchange Offer in accordance with Regulation S under the Securities Act and that it is not a U.S. person or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in such Exchange Offer from the United States and is not a U.S. person. For the purposes of this and the above two paragraphs, United States means United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

Spain

Neither this announcement, the Exchange Offer Memorandum nor any other documents or materials relating to the Exchange Offers have been submitted or will be submitted for approval or recognition to the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and, accordingly, the Exchange Offers are not being made in the Kingdom of Spain by way of a public offering.

Italy

The Exchange Offers are not being made, directly or indirectly, in the Republic of Italy. The Exchange Offers, this announcement and the Exchange Offer Memorandum have not been submitted to the clearance procedures of the *Commissione Nazionale per le Società e la Borsa* pursuant to Italian laws and regulations. Accordingly, Holders of Existing Securities are notified that, to the extent such Holders are located or resident in Italy, the Exchange Offers are not available to them and they may not offer Existing Securities for exchange pursuant to the Exchange Offers nor may the New Securities be offered, sold or delivered in Italy and, as such, any exchange instruction received from or on behalf of such persons shall be ineffective and void, and neither this announcement, the Exchange Offer Memorandum nor any other documents or materials relating to the Exchange Offers, the Existing Securities or the New Securities may be distributed or made available in Italy.

United Kingdom

The communication of this announcement, the Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offers is not being made and such documents and/or materials have not been approved by Banco Santander, S.A. or any other authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order")) or persons who are within Article 43 of the Financial Promotion Order or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order.

Belgium

Neither this announcement, the Exchange Offer Memorandum nor any other documents or materials relating to the Exchange Offers have been submitted to or will be submitted for approval or recognition to the Belgian Banking, Finance and Insurance Commission (*Commission bancaire, financière et des assurances/Commissie voor het Bank-, Financie- en Assurantiewezen*) and, accordingly, the Exchange Offers may not be made in Belgium by way of a public offering, as defined in Article 3 of the Belgian Law of 1 April 2007 on public takeover bids or as defined in Article 3 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets (together, the "**Belgian Public Offer Law**"), each as amended or replaced from time to time. Accordingly, the Exchange Offers may not be advertised and the Exchange Offers will not be extended, and neither this announcement, the Exchange Offer Memorandum nor any other documents or materials relating to the Exchange Offers (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than "qualified investors" in the sense of Article 10 of the Belgian Public Offer Law (as amended

from time to time), acting on their own account. Insofar as Belgium is concerned, this announcement and the Exchange Offer Memorandum have been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Exchange Offers. Accordingly, the information contained in this announcement and the Exchange Offer Memorandum may not be used for any other purpose or disclosed to any other person in Belgium.

France

The Exchange Offers are not being made, directly or indirectly, to the public in the Republic of France. Neither this announcement, the Exchange Offer Memorandum nor any other document or material relating to the Exchange Offers has been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties and/or (ii) qualified investors (*Investisseurs Qualifiés*) other than individuals, in each case acting on their own account and all as defined in, and in accordance with, Articles L.411-2 and D.411-1 to D.411-3 of the French Code *Monétaire et Financier* are eligible to participate in the Exchange Offers. This announcement and the Exchange Offer Memorandum have not been and will not be submitted for clearance to nor approved by the *Autorité des Marchés Financiers*.

Japan

The New Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) ("FIEA"), and accordingly, the Exchange Offers are not being made, directly or indirectly, in Japan or to, or for the benefit of, any Resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for the re-offering or resale of New Securities, directly or indirectly, in Japan to, or for the benefit of a Resident of Japan, except pursuant to an exemption from the registration requirements and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan. As a primary offering, the New Securities may not be offered, sold, resold or otherwise transferred to, and accordingly the Exchange Offer is not being made directly or indirectly to a person who is not: (i) a Resident of Japan; or (ii) a Qualified Institutional Investor ("QII") as defined in Article 10 of the Cabinet Ordinance Concerning Definitions under Article 2 of the FIEA (Ordinance No. 14 of 1993, as amended). A person who purchased or otherwise obtained the New Securities as a QII shall not resell or otherwise transfer the New Securities to any person except non-Residents of Japan or another QII.

Switzerland

Holders may only be invited to offer to exchange their Existing Securities for New Securities pursuant to the Exchange Offers and the New Securities may only be offered for sale or otherwise in or into Switzerland in compliance with all applicable laws and regulations in force in Switzerland. To ensure compliance with the Swiss Code of Obligations and all other applicable laws and regulations of Switzerland, only the Exchange Offer Memorandum and the documents deemed to be incorporated by reference in this Exchange Offer Memorandum may be used in the context of any invitation to Holders to offer to exchange their Existing Securities for New Securities pursuant to the Exchange Offers or any offer of the New Securities for sale or otherwise in or into Switzerland.