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**7 AUGUST 2009**

**Santander announces results of the exchange offer for one of the Group's outstanding Sterling Upper Tier 2 securities**

On 9 July 2009, Santander Financial Exchanges Limited (the **Offeror**) announced an invitation pursuant to the terms of the exchange offer (the **Offer**) to holders of £200,000,000 Guaranteed Perpetual Step-Up Subordinated Notes (the **Existing Notes**) issued by Santander Central Hispano Financial Services Limited (the **Issuer**) to offer Existing Notes for exchange for 7.3% 10NC5 Callable Subordinated Lower Tier 2 Step-Up Fixed/Floating Rate Instruments due 2019 (the **New Notes**), issued by Santander Issuances, S.A. Unipersonal and guaranteed on a subordinated basis by Banco Santander, S.A.

In addition, the Issuer invited holders of the Existing Notes to approve the modification of the conditions of the Existing Notes by way of extraordinary resolution (the **Extraordinary Resolution**) to provide for the Offeror to have the option to accept offers to exchange Existing Notes for New Notes.

The Issuer and the Offeror announce that

- at the meeting of holders of the Existing Notes held today, 7 August 2009, the Extraordinary Resolution has been duly passed. Accordingly, the modifications to the fiscal agency agreement dated 22 June 2001 and to the conditions of the Existing Notes referred to in the Extraordinary Resolution have been implemented with effect on and from today, 7 August 2009, and
- **the Offeror has accepted all Existing Notes validly offered for exchange.**

As at the expiration date, the participation rate for the Offer was 83% of the Existing Notes. The principal amount of the New Notes issued pursuant to the Offer will be £131,250,000. This further tranche of New Notes will be consolidated and form a single series with the existing £712,100,000 7.3% Callable Subordinated Lower Tier 2 Step-Up Fixed/Floating Rate Instruments due 2019 (ISIN: XS0440403797) issued on 27 July 2009 with effect from the date which is expected to be on or around 40 days after the Settlement Date.

Settlement on the New Notes will take place on 12 August 2009.

Title of Existing Notes	ISIN Number	Amount Accepted for Exchange	New Notes
Santander Central Hispano Financial Services Limited £200,000,000 Guaranteed Perpetual Step-Up Subordinated Notes	XS0131038522	£165,380,000	Santander Issuances, S.A. Unipersonal 7.3% Callable Subordinated Lower Tier 2 Step-Up Fixed/Floating Rate (3m £Libor + 416 basis points) Instruments due 2019, guaranteed on a subordinated basis by Banco Santander, S.A. Tranche Principal amount: £131,250,000 Temporary ISIN: XS0440404092 The above tranche will be consolidated and form a single series with the existing £712,100,000 7.3% Callable Subordinated Lower Tier 2 Step-Up Fixed/Floating Rate Instruments due 2019 (ISIN: XS0440403797) and issued on 27 July 2009 with effect from the date which is expected to be on or around 40 days after the Settlement Date

### Additional Information

Morgan Stanley & Co. International plc. (“Morgan Stanley”) (the “Lead Dealer Manager”), and Banco Santander de Negócios Portugal S.A. (the “Co Dealer Manager” and together with the Dealer Manager, the Dealer Managers) are acting as dealer managers for the Offer. Questions regarding the Offer may be directed to Morgan Stanley, Liability Management Group at +44-(0)-20-7677-5040, or to Acupay System LLC, the Exchange Agent for the Offer, at +44-(0)-207-382-0340, attention: Nina Santa Maria.

### Offer and jurisdiction restrictions

**THE NEW NOTES HAVE NOT BEEN AND ARE NOT EXPECTED TO BE REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR AN APPLICABLE EXEMPTION FROM REGISTRATION REQUIREMENTS.**

**THE OFFER IS SUBJECT TO OFFER RESTRICTIONS IN, AMONG OTHER COUNTRIES, SPAIN, THE UNITED STATES OF AMERICA, UNITED KINGDOM, ITALY, BELGIUM, FRANCE AND SWITZERLAND, ALL AS MORE FULLY DESCRIBED IN THE CONSENT AND EXCHANGE OFFER MEMORANDUM PUBLISHED BY THE OFFEROR ON 9 JULY 2009 AND THE DISTRIBUTION OF THIS ANNOUNCEMENT IN THOSE JURISDICTIONS IS RESTRICTED BY THE LAWS OF SUCH JURISDICTIONS.**