

Final Terms dated 25 September 2012

**Santander International Debt, S.A. Unipersonal**  
**Issue of EUR 19,400,000 4.0% Fixed Rate Instruments due 27 March 2017**  
**(to be consolidated and form a single series with the existing EUR1,000,000,000 4.0%**  
**Fixed Rate Instruments due 27 March 2017 issued on 27 March 2012 as Tranche 1 of**  
**Series 201 (the “Existing Instruments”))**  
**Guaranteed by Banco Santander, S.A.**  
**under the €32,000,000,000 Programme for the Issuance of Debt Instruments**  
**guaranteed by Banco Santander, S.A.**

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Instruments in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC), as amended, (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Instruments. Accordingly any person making or intending to make an offer in that Relevant Member State of the Instruments may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Instruments in any other circumstances.

## PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated 8 November 2011. This document constitutes the Final Terms of the Instruments described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) as amended (the **Prospective Directive**) and must be read in conjunction with the Base Prospectus dated 22 June 2012 and the supplements to the Base Prospectus dated 23 August 2012 and 11 September 2012, which together constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated 8 November 2011 and are attached hereto. Full information on the Issuer, the Guarantor and the offer of the Instruments is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 8 November 2011 and 22 June 2012 and the Supplements to the Base Prospectus dated 23 August 2012 and 11 September 2012. The Base Prospectuses and the Supplements to the Base Prospectuses are available for viewing at the registered office of each of the Issuers and the head office of the Guarantor (being Ciudad Grupo Santander, Avenida de Cantabria s/n, 28660 Boadilla del Monte, Madrid, Spain), the offices of the Issue and Paying Agent, Citibank, N.A., London Branch, at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and at the offices of the Listing Agent, Banque Internationale à Luxembourg, société anonyme, at 69 route d’Esch, L-2953 Luxembourg and on the website [www.bourse.lu](http://www.bourse.lu) and copies may be obtained from the addresses specified above.

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|----|------|-----------------|---|
| 1. | (i)  | Issuer:         | Santander International Debt, S.A. Unipersonal. |
|    | (ii) | Guarantor :     | Banco Santander, S.A.                           |
| 2. | (i)  | Series Number:  | 201   |
|    | (ii) | Tranche Number: | 2   |

3. Specified Currency or Currencies: Euro ("EUR").
4. Aggregate Principal Amount:
- (i) Series: EUR 1,019,400,000.
  - (ii) Tranche: EUR 19,400,000.
- The Instruments will be consolidated and form a single series with the Existing Instruments, such consolidation to become effective as from the exchange of the Temporary Global Note for the Permanent Global Note (the "Exchange Date") which is expected to be on or about the 7 November 2012
5. Issue Price: 100 per cent. of the Aggregate Principal Amount (the "Issue Price") plus an amount of EUR 393,315.07 corresponding to accrued interest for the period from and including 27 March 2012 (the "Interest Commencement Date") to but excluding the Issue Date.
6. Specified Denominations: EUR 100,000.
7. (i) Issue Date: 28 September 2012.
- (ii) Interest Commencement Date: 27 March 2012.
8. Maturity Date: 27 March 2017.
9. Interest Basis: 4.0% Fixed Rate (further particulars specified below).
10. Redemption/Payment Basis: Redemption at par.
11. Change of Interest or Redemption/Payment Basis : Not applicable.
12. Put/Call Options: Not applicable.
13. (i) Status of the Instruments: Senior.
- (ii) Status of the Guarantee: Senior.
- (iii) Date Board approval for issuance of Instruments obtained: 18 September 2012.
14. Method of distribution: Syndicated.
- PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**
15. **Fixed Rate Instrument Provisions** Applicable.
- (i) Rate of Interest: 4.0 per cent. per annum payable annually in arrear.

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|-------|--|--|
| (ii)  | Interest Payment Date(s):  | 27 March in each year from, and including 27 March 2013, adjusted in accordance with the Following Business Day Convention. No adjustment will be made to the Fixed Coupon Amount. |
| (iii) | Fixed Coupon Amount:   | EUR 4,000 per EUR 100,000 Nominal Amount.  |
| (iv)  | Day Count Fraction:  | Actual/Actual (ICMA).  |
| (v)   | Determination Dates:   | 27 March in each year.   |
| (vi)  | Broken Amount(s):  | Not applicable.  |
| (vii) | Other terms relating to the method of calculating interest for Fixed Rate Instruments:         | Not applicable.  |
| 16.   | <b>Floating Rate Instrument Provisions</b>   | Not applicable.  |
| 17.   | <b>Index-Linked Interest Instrument/other Variable - Linked Interest Instrument Provisions</b> | Not applicable.  |
| 18.   | <b>Dual Currency Note Provisions:</b>  | Not applicable.  |

#### **PROVISIONS RELATING TO REDEMPTION**

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|-----|--|---|
| 19. | <b>Call Option:</b>                                  | Not applicable.   |
| 20. | <b>Put Option</b>                                    | Not applicable.   |
| 21. | <b>Maturity Redemption Amount of each Instrument</b> | EUR 100,000 per Instrument of EUR 100,000 specified denomination. |
| 22. | <b>Early Redemption Amount (Tax)</b>                 |   |

Early Redemption Amount(s) of each Instrument payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	As per the Conditions.
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#### **GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS**

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|-----|-----------------------------|---|
| 23. | <b>Form of Instruments:</b> | Bearer.   |
|     |                             | Temporary Global Instrument exchangeable for a Permanent Global Instrument which is exchangeable for Definitive Instruments in the limited circumstances specified in the |

Permanent Global Instrument.

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|-----|--|----------------------|
| 24. | New Global Note:   | Yes.                 |
| 25. | Talons for future Coupons or Receipts to be attached to Definitive Instruments (and dates on which such Talons mature):                      | No.                  |
| 26. | Details relating to Partly Paid Instruments: amount of each payment comprising the Issue Price and date on which each payment is to be made: | Not applicable.      |
| 27. | Business Day:  | TARGET Business Day. |
| 28. | Relevant Financial Centre:   | Not applicable.      |
| 29. | Relevant Financial Centre Day:   | Not applicable.      |
| 30. | Details relating to Instalment Instruments:  | Not applicable.      |
| 31. | Temporary Commissioner:  | Mr. Jesús Merino.    |
| 32. | Other final terms:   | Not applicable.      |

#### **DISTRIBUTION**

- |     |       |  |                 |
|-----|-------|--|-----------------|
| 33. | (i)   | If syndicated, names and addresses of Managers and underwriting commitments: | Not Applicable  |
|     | (ii)  | Date of Subscription Agreement:  | Not Applicable  |
|     | (iii) | Stabilising Manager:   | Not applicable. |

34. If non-syndicated, name and address of Dealer/Manager: Banco Santander, S.A.
35. US Selling Restrictions: Reg. S Compliance Category 2; TEFRA D.
36. Non-exempt Offer: Not applicable.
37. Additional Selling Restrictions: In addition to the selling restrictions set out in the section entitled "*Plan of distribution and allotment*" of the Base Prospectus:

#### **Israel**

Neither the offering of the Instruments nor the Final Terms have been reviewed or approved by the Israel Securities Authority. The Manager has undertaken that it will not offer the Instruments (a) to the public in Israel within the meaning of Israel's Securities Law, 5728-1968 (the "**Israeli Securities Law**"); or (b) to more than 35 offerees resident in Israel that are not investors of the type specified in the First Appendix to the Israeli Securities Law.

By purchasing the Instruments, each offeree will be deemed to have agreed (i) that the Instruments have not been registered under the Israeli Securities Law; (ii) that it is purchasing Instruments for its own account and without a view towards distribution thereof; and (iii) if the offeree is a "qualified client" (as set forth in subsection 12 of the First Appendix to the Israeli Securities Law), that by accepting the Final Terms and/or purchasing the Instruments it consents to be considered a "qualified client".

#### **Lebanon**

The marketing and sale of the Instruments is construed under Lebanese law as a financial brokerage activity which may only be carried out by entities duly licensed by and registered with the Central Bank of Lebanon. The Instruments may only otherwise be sold to sophisticated professional investors, and the Base Prospectus, the supplements to the Base Prospectus and the Final Terms in relation to the Instruments will not be provided to any person in Lebanon except upon the written request of such person, i.e. solely on the basis of reverse solicitation and provided that the documentation relating to the purchase of the Instruments by the investors is entered into and executed outside Lebanon.

The Instruments shall not be offered by way of a public offering in Lebanon and no mass-media means of contact shall be employed in such sale. The Instruments shall not be sold or offered to any person in any jurisdiction in which such offer, purchase or sale would be unlawful under the securities laws of such jurisdiction.

#### **Austria**

No prospectus has been or will be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*) as amended. Neither this document nor any other document connected therewith constitutes a prospectus according to the Austrian Capital Markets Act and neither this document nor any other document connected therewith may be distributed, passed on or disclosed to any other person in Austria, save as specifically agreed with the Manager. No steps may be taken that would constitute a public offering of the Instruments in Austria and the offering of the Instruments may not be advertised in Austria. The Manager has represented and agreed that it will offer the Instruments in Austria only in compliance with the provisions of the Austrian Capital Markets Act and all other laws and regulations in Austria applicable to the offer and sale of the Instruments in Austria.

### **Hong Kong**

The Manager has represented and agreed that:

- a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Instruments other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance; and
- b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Instruments, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Instruments which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that ordinance.

### **Switzerland**

The Dealer has represented and agreed, that it (a) will only offer or sell the Instruments into or in Switzerland in compliance with all applicable laws and regulations in force in Switzerland and (b) will to the extent necessary, obtain any consent, approval, permission or license required, for the offer or sale by it of Instruments under the laws and

regulations in force in Switzerland.

The Instruments may not be publicly offered, sold or advertised, directly or indirectly, into or in Switzerland, as such term is used under the Swiss Code of Obligations (the "CO") and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document, the Base Prospectus, nor any other offering or marketing material relating to the Instruments have been prepared with regard to the disclosure standards for prospectuses under article 652a or 1156 CO, and therefore do not constitute a prospectus within the meaning of article 652a or 1156 CO. Neither this document, the Base Prospectus, nor any other offering or marketing material relating to the Instruments may be publicly distributed or otherwise made publicly available in Switzerland as such term is used under the CO.

### **Norway**

Neither the Base Prospectus (as supplemented) or the Final Terms nor any other offering or marketing material relating to the Issuer, the Guarantor or the Instruments have been approved by, or registered with, any Norwegian securities regulator pursuant to the Norwegian Securities Trading Act of 29 June 2007. Accordingly, neither the Base Prospectus (as supplemented) or the Final Terms nor any other offering or marketing material relating to the Issuer, the Guarantor or the Instruments constitutes, or shall be deemed to constitute, an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007. The Instruments may not be offered or sold, directly or indirectly, in Norway except;

- a) in respect of an offer of Instruments addressed to investors subject to a minimum purchase of Instruments for a total consideration of not less than €50,000 per investor;
- b) to "professional investors" as defined in the Norwegian Securities Regulation of 29 June 2007 no. 876, being; (i) legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; (ii) any legal entity which is registered as a professional investor with the Norwegian Financial Supervisory Authority (No. Finanstilsynet) and which has two or more of: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; (iii) any natural person which is registered as a professional investor with the Norwegian Financial Supervisory Authority (No. Finanstilsynet) and which has two or more of: (1) an

average execution of at least ten (10) transactions in securities of significant volume per quarter for the last four quarters; (2) a portfolio of securities with a market value of at least €500,000; and (3) works or has worked for at least one (1) year within the financial markets sector in a position which presuppose knowledge of investing in securities;

- c) to fewer than 100 natural or legal persons (other than "professional investors" as defined in the Norwegian Securities Regulation of 29 June 2007 no. 876), subject to obtaining the prior consent of the Lead Managers for any such offer; or
- d) in any other circumstances provided that no such offer of Instruments shall result in a requirement for the registration, or the publication by the Issuer, the Guarantor or the Manager, of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

**CREDIT LINKED INSTRUMENTS:**

Not applicable.

**PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue and admission to trading on the Regulated market of the Luxembourg Stock Exchange of the Instruments described herein pursuant to the €32,000,000,000 Programme for the Issuance of Debt Instruments of Santander International Debt, S.A. Unipersonal and Santander Issuances, S.A. Unipersonal guaranteed by Banco Santander, S.A.

**RESPONSIBILITY**

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms.

**CONFIRMED**

**SANTANDER INTERNATIONAL DEBT, S.A. UNIPERSONAL**

By:

\_\_\_\_\_  
*Authorised Signatory*

Date: 25 September 2012

**BANCO SANTANDER, S.A.**

By:

\_\_\_\_\_  
*Authorised Signatory*

Date: 25 September 2012



## PART B — OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

Application has been made by the Issuer (or on its behalf) for the Instruments to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange with effect from the Issue Date.

### 2. RATINGS

The Instruments to be issued have been rated:

S&P: A-

Moody's: Baa2 (on review for downgrade)

Fitch: BBB+

These credit ratings have been issued by Standard & Poor's Credit Market Services Europe Limited, Moody's Investors Service España, S.A. and Fitch Ratings España, S.A.U. which are established in the EEA and registered under Regulation (EU) No. 1060/2009, as amended (the **CRA Regulation**). As such each of Standard & Poor's Credit Market Services Europe Limited, Moody's Investors Service España, S.A. and Fitch Ratings España, S.A.U., is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in paragraph 5.4 ("*Placing and Underwriting*") of the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer.

### 4. ESTIMATED TOTAL EXPENSES

Estimated total expenses: EUR 1,975 (listing fees).

### 5. YIELD

Indication of yield: 3.995%.

Calculated as at the rate of return anticipated on the Issue Date if they will be held until the Maturity Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 6. Floating Rate Instruments only — HISTORIC INTEREST RATES

Not applicable.

7. **Index-Linked or other viable-linked Instruments only — PERFORMANCE OF INDEX/FORMULA/other variable, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS and other information concerning the underlying**

Not applicable.

8. **Dual Currency Instruments only — PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

Not applicable.

9. **OPERATIONAL INFORMATION**

ISIN: XS0759014375 (from the Exchange Rate).

Temporary ISIN: XS0828880129

Common Code: 075901437 (from the Exchange Rate) .

Temporary Common Code: 082888012

Any Clearing System other than Euroclear and Clearstream Banking, société anonyme and the relevant identification numbers: Not applicable.

Delivery: Delivery against payment.

Names and addresses of additional Paying Agent(s) (if any): Not applicable.

Intended to be held in a manner which would allow Eurosystem eligibility: Yes.  
Note that the designation "yes" simply means that the Instruments are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Instruments will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

## TERMS AND CONDITIONS OF THE INSTRUMENTS

### Introduction

The Instruments of each Tranche will be constituted by virtue of a public deed of issuance (the "**Public Deed of Issuance**") to be executed before a Spanish notary public and to be registered with the Mercantile Registry of Madrid on or prior to the issue date, and which shall contain, among other information, the terms and conditions of the Instruments. The Instruments will be issued in accordance with an issue and paying agency agreement (the "**Issue and Paying Agency Agreement**", which expression shall include any amendments or supplements thereto) dated 8 November 2011 and made between Santander International Debt, S.A. Unipersonal ("**Santander International**") and Santander Issuances, S.A. Unipersonal ("**Santander Issuances**") (each an "**Issuer**" and together, the "**Issuers**"), Banco Santander, S.A. (the "**Guarantor**"), Citibank, N.A. London Branch in its capacity as issue and paying agent (the "**Issue and Paying Agent**" which expressions shall include any successor to Citibank, N.A. London Branch in its capacity as such), Citigroup Global Markets Deutschland AG in its capacity as registrar (the "**Registrar**", which expression shall include any successor to Citigroup Global Markets Deutschland AG in its capacity as such) and Dexia Banque Internationale à Luxembourg (the "**Luxembourg Paying Agent**") (the "**Paying Agents**", which expression shall include the Issue and Paying Agent, the Luxembourg Paying Agent and any substitute or additional paying agents appointed in accordance with the Issue and Paying Agency Agreement). For the purposes of making determinations or calculations of interest rates, interest amounts, redemption amounts or any other matters requiring determination or calculation in accordance with the Conditions of any Series of Instruments (as defined below), the Issuer may appoint a Determination Agent (as defined under Condition 5D.03) for the purposes of such Instruments, in accordance with the provisions of the Issue and Paying Agency Agreement, and such Determination Agent shall be specified in the applicable Final Terms. The Issuers have executed and delivered a deed of covenant dated 8 November 2011 (the "**Deed of Covenant**"). The Guarantor has, for the benefit of the Holders of the Senior Instruments from time to time, executed and delivered a deed of guarantee (the "**Senior Guarantee**") dated 8 November 2011 under which it has guaranteed the due and punctual payments of all amounts due by Santander International under the Senior Instruments issued in or after the date thereof as and when the same shall become due and payable. The Guarantor shall, on an issue by issue basis, on or before the issue date of any Subordinated Instruments, for the benefit of Holders of Subordinated Instruments from time to time, execute and deliver a deed of guarantee (the "**Subordinated Guarantee**"), under which it shall guarantee the due and punctual payment of all amounts due by Santander Issuances under the relevant Subordinated Instruments as and when the same shall become due and payable. Copies of the Issue and Paying Agency Agreement, the Deed of Covenant, the Senior Guarantee and the relevant Subordinated Guarantee are, or will be, available for inspection during normal business hours at the specified office of each of the Paying Agents, the Registrar. All persons from time to time entitled to the benefit of obligations under any Instruments shall be deemed to have notice of, and shall be bound by, all of the provisions of the Issue and Paying Agency Agreement and the Deed of Covenant insofar as they relate to the relevant Instruments.

The Instruments are issued in series (each, a "**Series**"), and each Series may comprise one or more tranches ("**Tranches**" and each, a "**Tranche**") of Instruments. Each Tranche will be the subject of a Final Terms (each, a "**Final Terms**"), a copy of which will be available for inspection during normal business hours at the specified office of the Issue and Paying Agent and/or the Registrar (as defined in Condition 2.02), as the case may be, and, in the case of a Tranche of Instruments listed on the regulated market of the Luxembourg Stock Exchange and if the rules of such market so require, shall be obtainable at the specified office of the Paying Agent in Luxembourg. In the case of a Tranche of Instruments in relation to which application has not been made for admission for listing on any listing authority, stock exchange and/or quotation system, copies of the Final Terms will only be available for inspection by a Holder of or, as the case may be, an Accountholder (as defined in the Deed of Covenant) in respect of, such Instruments.

References in these Terms and Conditions to "Instruments" are to Instruments of the relevant Series and any references to "Coupons" (as defined in Condition 1.05) and "Receipts" (as defined in Condition 1.06) are to Coupons and Receipts relating to Instruments of the relevant Series.

References in these Terms and Conditions to the "Final Terms" are to the Final Terms or Final Terms(s) prepared in relation to the Instruments of the relevant Tranche or Series.

In respect of any Instruments, references herein to these "Terms and Conditions" are to these terms and conditions as modified or (to the extent thereof) replaced by the Final Terms.

## 1. Form and Denomination

1.01 Instruments are issued in bearer form ("**Bearer Instruments**") or in registered form ("**Registered Instruments**"), as specified in the Final Terms and are serially numbered. Registered Instruments are not exchangeable for Bearer Instruments.

### *Form of Bearer Instruments*

1.02 Each Tranche of Bearer Instruments will be represented upon issue by a temporary global instrument (a "**Temporary Global Instrument**") in substantially the form (subject to amendment and completion) scheduled to the Issue and Paying Agency Agreement. In the case of an exchange for Registered Instruments at any time and without any requirement for certification, but otherwise on or after the date (the "**Exchange Date**") which is forty days after the completion of the distribution of the Instruments of the relevant Tranche and provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Instrument or in such other form as is customarily issued in such circumstances by the relevant clearing systems) has been received, interests in the Temporary Global Instrument may be exchanged for:

- (i) interests in a permanent global instrument (a "**Permanent Global Instrument**") representing the Instruments of that Tranche and in substantially the form (subject to amendment and completion) scheduled to the Issue and Paying Agency Agreement; or
- (ii) if so specified in the relevant Final Terms, serially numbered definitive instruments ("**Definitive Instruments**") and/or (in the case of a Series comprising both Bearer Instruments and Registered Instruments and if so specified in the relevant Final Terms) Registered Instruments in substantially the form (subject to amendment and completion) scheduled to the Issue and Paying Agency Agreement.

1.03 If any date on which a payment of interest is due on the Instruments of a Tranche occurs whilst any of the Instruments of that Tranche are represented by a Temporary Global Instrument, the related interest payment will be made on the Temporary Global Instrument only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Instrument or in such other form as is customarily issued in such circumstances by the relevant clearing systems) has been received by Euroclear Bank S.A./N.V. ("**Euroclear**") or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or any other relevant clearing system. Payments of amounts due in respect of a Permanent Global Instrument will be made through Euroclear or Clearstream, Luxembourg or any other relevant clearing system without any requirement for certification.

1.04 Interests in a Permanent Global Instrument will be exchanged by the Issuer in whole (but not in part only), at the option of the Holder of such Permanent Global Instrument, for serially numbered Definitive Instruments and/or (in the case of a Series comprising both Bearer and Registered Instruments and if so specified in the relevant Final Terms) Registered Instruments, (a) if any Instrument of the relevant Series becomes due and repayable following an Event of Default (as defined herein); or (b) if either Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so or announces its intention to withdraw its acceptance of the Instruments for clearance and settlement through its system or in fact does so; or (c) if so specified in the Final Terms, at the option of the Holder of such Permanent Global Instrument upon such Holder's request, in all cases at the cost and expense of the Issuer, unless otherwise specified in the relevant Final Terms. In order to exercise the option contained in part (c) of the preceding sentence, the Holder must, not less than forty-five days before the date upon which the delivery of such Definitive Instruments and/or Registered Instruments is required, deposit the relevant Permanent Global Instrument with the Issue and Paying Agent at its specified office with the form of exchange notice endorsed thereon duly completed. If default is made by the Issuer in the required delivery of Definitive Instruments and/or Registered Instruments and such default is continuing at 6.00 p.m. (Luxembourg time) on the thirtieth day after the day on which the relevant notice period expires or, as the case may be, such Permanent Global Instrument becomes so exchangeable, such Permanent Global Instrument will become void in accordance with its terms but without prejudice to the rights of the accountholders with Euroclear or Clearstream, Luxembourg or any other relevant clearing system in relation thereto under the Deed of Covenant.

1.05 Definitive Instruments will, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery coupons ("**Coupons**"), presentation of which will be a prerequisite to the payment of

interest in certain circumstances specified below. Definitive Instruments will also, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery, a talon ("**Talon**") for further coupons and the expression "**Coupons**" shall, where the context so requires, include Talons.

1.06 Bearer Instruments, the principal amount of which is repayable by instalments ("**Instalment Instruments**") have attached thereto at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the instalments of principal.

#### ***Form of Registered Instruments***

1.07 All Registered Instruments will be in individual form. There will be no global Registered Instruments. Registered Instruments will be in substantially the form (subject to amendment and completion) scheduled to the Issue and Paying Agency Agreement. Registered Instruments will not be exchangeable for Bearer Instruments.

#### ***Denomination of Bearer Instruments***

1.08 Bearer Instruments are in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Final Terms. Bearer Instruments of one denomination will not be exchangeable, after their initial delivery, for Bearer Instruments of any other denominations. No Instruments may be issued under the Programme which have a minimum denomination of less than €1,000 (or equivalent in another currency).

#### ***Denomination of Registered Instruments***

1.09 Registered Instruments will be in the minimum denomination specified in the relevant Final Terms or integral multiples thereof. No Instruments may be issued under the Programme which have a minimum denomination of less than €1,000 (or equivalent in another currency).

#### ***Currency of Instruments***

1.10 Instruments may be denominated in any currency, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

1.11 For the purposes of these Terms and Conditions, references to Instruments shall, as the context may require, be deemed to be to Temporary Global Instruments, Permanent Global Instruments, Definitive Instruments or, as the case may be, Registered Instruments.

## **2. Title**

2.01 Title to Bearer Instruments and Coupons passes by delivery. References herein to the "**Holders**" of Bearer Instruments or of Coupons are to the bearers of such Bearer Instruments or such Coupons.

2.02 Title to Registered Instruments passes by registration in the register which is kept by the Registrar. References herein to the "**Holders**" of Registered Instruments are to the persons in whose names such Registered Instruments are so registered in the relevant register.

2.03 The Holder of any Bearer Instrument, Coupon or Registered Instrument will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

#### ***Transfer of Registered Instruments and exchange of Bearer Instruments for Registered Instruments***

2.04 A Registered Instrument may, upon the terms and subject to the conditions set forth in the Issue and Paying Agency Agreement, be transferred in whole or in part only (*provided that* such part is, or is an integral multiple of, the minimum denomination specified in the relevant Final Terms) upon the surrender of the Registered Instrument to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Registered Instrument will be issued to the transferee and, in the case of a transfer of part only of a Registered Instrument, a new Registered Instrument in respect of the balance not transferred will be issued to the transferor.

2.05 If so specified in the relevant Final Terms, the Holder of Bearer Instruments may exchange the same for the same aggregate principal amount of Registered Instruments upon the terms and subject to the conditions set forth in the Issue and Paying Agency Agreement. In order to exchange a Bearer Instrument for a Registered Instrument, the Holder thereof shall surrender such Bearer Instrument at the specified office outside the United States of the Issue and Paying Agent or of the Registrar together with a written request for the exchange. Each Bearer Instrument so surrendered must be accompanied by all unmatured Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined in Condition 2.06) where the exchange date would, but for the provisions of Condition 2.06, occur between the Record Date (as defined in Condition 10B.03) for such payment of interest and the date on which such payment of interest falls due.

2.06 Each new Registered Instrument to be issued upon the transfer of a Registered Instrument or the exchange of a Bearer Instrument for a Registered Instrument will be available, within three Relevant Banking Days of the transfer date or the exchange date, as the case may be, for collection by each relevant Holder at the specified office of the Registrar or, at the option of the Holder requesting such exchange or transfer, be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for exchange received by the Registrar or the Issue and Paying Agent after the Record Date in respect of any payment due in respect of Registered Instruments shall be deemed not to be effectively received by the Registrar or the Issue and Paying Agent until the day following the due date for such payment.

For the purposes of these Terms and Conditions,

- (i) "**Relevant Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Instrument for a Registered Instrument, where such request for exchange is made to the Issue and Paying Agent, in the place where the specified office of the Issue and Paying Agent is located;
- (ii) the "**exchange date**" shall be the Relevant Banking Day following the day on which the relevant Bearer Instrument shall have been surrendered for exchange in accordance with Condition 2.05; and
- (iii) the "**transfer date**" shall be the Relevant Banking Day following the day on which the relevant Registered Instrument shall have been surrendered for transfer in accordance with Condition 2.04 and all reasonable requirements of the Issuer and the Registrar shall have been satisfied in respect of such transfer.

2.07 The issue of new Registered Instruments on transfer or on the exchange of Bearer Instruments for Registered Instruments will be effected without charge by or on behalf of the relevant Issuer, the Issue and Paying Agent or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the relevant Issuer, the Issue and Paying Agent or the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

2.08 Upon the transfer, exchange or replacement of Registered Instruments bearing the private placement legend (the "**Private Placement Legend**") set forth in the form of Registered Instrument scheduled to the Issue and Paying Agency Agreement, the Registrar shall deliver only Registered Instruments that also bear such legend unless either (i) such transfer, exchange or replacement occurs three or more years after the later of (1) the original issue date of such Instruments or (2) the last date on which the relevant Issuer or any affiliates (as defined below) of the relevant Issuer as notified to the Registrar by the relevant Issuer as provided in the following sentence, was the beneficial owner of such Instrument (or any predecessor of such Instrument); or (ii) there is delivered to the Registrar an opinion reasonably satisfactory to the relevant Issuer of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States to the effect that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such laws. The relevant Issuer covenants and agrees that it will not acquire any beneficial interest, and will cause its "affiliates" (as defined in paragraph (a)(1) of Rule 144 under the Securities Act of 1933, as amended (the "**Securities Act**")) not to acquire any beneficial interest, in any Registered Instrument bearing the Private Placement Legend unless it notifies the Registrar of such acquisition. The Registrar and all Holders of Instruments shall be entitled to rely without further investigation on any such notification (or lack thereof).

2.09 For so long as any of the Registered Instruments bearing the Private Placement Legend remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the

relevant Issuer covenants and agrees that it shall, during any period in which it is not subject to Section 13 or 15(d) under the United States Securities Exchange Act of 1934 nor exempt from reporting pursuant to Rule 12g3-2(b) under such Act, make available to any Holder of such Instruments in connection with any sale thereof and any prospective purchaser of such Instruments from such Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144(d)(4) under the Securities Act.

### **3. Status of the Instruments and the Guarantee**

#### ***Status of Senior Instruments***

*This Condition 3.01 is applicable to Instruments issued by Santander International only*

3.01 The Senior Instruments (being those Instruments which specify their status as Senior), and the Receipts and Coupons relating to them, constitute direct, unconditional, unsubordinated and (without prejudice to the provisions of Condition 4) unsecured obligations of Santander International and, upon the insolvency of Santander International (and unless they qualify as subordinated claims pursuant to Article 92 of Law 22/2003 (*Ley Concursal*) of 9 July 2003 (the "**Insolvency Law**" or "**Law 22/2003**") or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions), rank *pari passu* and rateably without preference among themselves and the payment obligations of Santander International under the Senior Instruments, Receipts and Coupons related to them rank at least *pari passu* with all other unsecured and unsubordinated indebtedness, present or future, of Santander International.

By purchasing the Senior Instruments, holders of any Senior Instruments expressly waive any preference or priority that may be conferred upon them by any existing or future law over the holders of any other Senior Instruments and any other unsecured and unsubordinated debt securities issued by Santander International (the "**Senior Securities**"), so that no Senior Instruments shall rank in any circumstances ahead of any such other Senior Instruments and any Senior Securities (provided, however, that no such waiver shall apply in respect of any other Senior Instruments and Senior Securities which qualify as subordinated claims pursuant to Article 92 of the Insolvency Law or equivalent legal provision which replaces it in the future).

#### ***Senior Guarantee***

*This Condition 3.02 is applicable to Instruments issued by Santander International only*

3.02 The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by Santander International under the Senior Instruments, Receipts and Coupons on an unsubordinated basis.

The obligations of the Guarantor in respect of Senior Instruments under the Senior Guarantee constitute direct, unconditional, unsubordinated and (without prejudice to Condition 4) unsecured obligations of the Guarantor and, upon the insolvency of the Guarantor (and unless they qualify as subordinated claims pursuant to Article 92 of the Insolvency Law or equivalent legal provision which replaces it in the future, and subject to any applicable legal and statutory exceptions), rank *pari passu* and rateably without preference among such obligations of the Guarantor in respect of the Senior Instruments of the same Series and at least *pari passu* with all other unsubordinated and unsecured indebtedness and monetary obligations involving or otherwise related to borrowed money of the Guarantor, present and future. Its obligations in that respect are contained in the Senior Guarantee.

#### ***Status of Subordinated Instruments***

*This Condition 3.03 is applicable to Instruments issued by Santander Issuances only*

3.03 **Status of Subordinated Instruments:** The Subordinated Instruments (being Instruments which specify their status as Subordinated) constitute direct, unconditional, subordinated and unsecured obligations of Santander Issuances and, upon the insolvency of Santander Issuances (and unless they qualify as subordinated claims pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, and subject to any applicable legal and statutory exceptions) ranking without preference or priority among themselves together with all other subordinated obligations of Santander Issuances other than those subordinated obligations pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, other subordinated obligations prescribed by law, and subordinated obligations which are expressed to rank junior to the Subordinated Instruments.

By purchasing the Subordinated Instruments, holders of any Subordinated Instruments expressly waive any preference or priority that may be conferred upon them by any existing or future law over the holders of any other Subordinated Instruments and any other subordinated debt securities issued by Santander Issuances (the "**Subordinated Securities**"), so that no Subordinated Instruments shall rank in any circumstances ahead of any other Subordinated Instruments and any Subordinated Securities (provided, however, that no such waiver shall apply in respect of any other Subordinated Instruments and Subordinated Securities which are subordinated by operation of Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provisions which replace them in the future, other subordinated obligations prescribed by law or which are expressed to rank junior to the Subordinated Instruments or other Subordinated Securities).

#### ***Subordinated Guarantee***

*This Condition 3.04 is applicable to Instruments issued by Santander Issuances only*

3.04 The Guarantor shall, on or before the date of issue (as specified in the relevant Final Terms) of any Subordinated Instruments, execute a guarantee in the form scheduled to the Base Prospectus dated 8 November 2011 (each, a "**Subordinated Guarantee**").

Pursuant to each Subordinated Guarantee, the Guarantor will unconditionally and irrevocably guarantee, on a subordinated basis, the due and punctual payment of all the sums expressed to be payable by Santander Issuances under the relevant Subordinated Instruments.

The obligations of the Guarantor under the Subordinated Guarantees in respect of the relevant Subordinated Instruments constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor which, upon the insolvency of the Guarantor (and unless they qualify as subordinated claims pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provision which replace them in the future, and subject to any applicable legal and statutory exceptions) shall rank *pari passu* with all other present and future subordinated obligations of the Guarantor other than those subordinated obligations pursuant to Articles 92.3 to 92.7 of the Insolvency Law or equivalent legal provision which replace them in the future, other subordinated obligations of the Guarantor prescribed by law and subordinated obligations which are expressed to rank junior to the Guarantor's obligations under the Subordinated Guarantees. In the event of insolvency (*concurso*) of the Guarantor, under Law 22/2003, claims relating to the Subordinated Guarantees will fall within the category of "subordinated debts" (as defined in Law 22/2003). After payment in full of unsubordinated debts but before distributions to shareholders and creditors of the Guarantor which are characterised as holders of equity (*Otros Acreedores a Título Asimilable al de Aportación de Capital*), under article 92 of Law 22/2003, the Guarantor will meet such subordinated debts in the following order and pro rata within each class: (i) claims lodged belatedly or inaccurately in the context of insolvency proceedings; (ii) contractually subordinated debt (such as the claims under the Subordinated Guarantees); (iii) interest; (iv) fines; (v) claims of creditors which are related to the Guarantor; (vi) debt arising from transactions set aside by Spanish courts in the context of insolvency proceedings (*rescisión concursal*) and in respect of which the court has determined that the relevant creditor has acted in bad faith; and (vii) credits arising from agreements with reciprocal obligations, as referred to in articles 61, 62, 68 and 69 of Law 22/2003, whenever the court rules, following the administrators' report of insolvency (*administración concursal*), that the creditor has, on a repetitive basis, impeded the performance of the agreement to the detriment of the insolvency proceedings.

#### **4. Negative Pledge**

(a) So long as any of the Senior Instruments, Receipts or Coupons remain outstanding (as defined in the Issue and Paying Agency Agreement) or any amount remains payable under the Senior Guarantee neither the Issuer nor the Guarantor will create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its present or future assets, undertakings or revenues as security for any Relevant Debt or any guarantee of or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, Santander International's obligations under the Senior Instruments, Receipts and Coupons or, as the case may be, the Guarantor's obligations under the Senior Guarantee (i) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by a resolution of the relevant Syndicate of Holders of the Senior Instruments.

(b) For the purposes of this Condition, "**Relevant Debt**" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in any listing authority, stock exchange, quotation system,



over-the-counter or other securities market, having an original maturity of more than one year from its date of issue.

(c) Nothing in this Condition 4 shall prevent Santander International or the Guarantor from creating or having outstanding any mortgage, lien (other than a lien arising by operation of law), pledge, charge or other security interest (for purposes of this Condition, each a "**Security**") upon, or with respect to, any of its present or future assets or revenues or any part thereof which is created pursuant to any securitisation, asset-backed financing or like arrangement in accordance with normal market practice in Spain (where applicable) and whereby the Relevant Debt (or any guarantee or other obligation in respect of any Relevant Debt) secured by such Security or having the benefit of such secured guarantee or other obligation is limited to the value of such assets or revenues.

## 5. Interest

Instruments will be interest-bearing. The Final Terms in relation to each Tranche of Instruments shall specify which of Condition 5A, 5B and/or 5C shall be applicable and Condition 5D will be applicable to each Tranche of Instruments as specified therein save, in each case, to the extent inconsistent with the relevant Final Terms. In relation to any Tranche of Instruments, the relevant Final Terms may specify actual amounts of interest payable rather than, or in addition to, a rate or rates at which interest accrues.

### 5A Interest — Fixed Rate

Instruments in relation to which this Condition 5A is specified in the relevant Final Terms as being applicable shall bear interest from their date of issue (as specified in the relevant Final Terms) or from such other date as may be specified in the relevant Final Terms at the rate or rates per annum (or otherwise, as specified in the relevant Final Terms) specified in the relevant Final Terms. Such interest will be payable in arrear on such dates as are specified in the relevant Final Terms and on the date of final maturity thereof. Interest in respect of a period of less than one year will be calculated on such basis as may be specified in the relevant Final Terms.

### 5B Interest — Floating Rate Instruments and Index-Linked Interest Instrument Provisions

5B.01 Instruments in relation to which this Condition 5B is specified in the relevant Final Terms as being applicable, shall bear interest at the rate or rates per annum (or otherwise, as specified in the relevant Final Terms) determined in accordance with this Condition 5B. Condition 5D.01 shall apply to Instruments to which this Condition 5B applies.

5B.02 Such Instruments shall bear interest from their date of issue (as specified in the relevant Final Terms) or from such other date as may be specified in the relevant Final Terms. Such interest will be payable in arrear on each Interest Payment Date (as defined in Condition 5D.01) and on the maturity date.

### 5B.03 Screen Rate Determination

If "**Screen Rate Determination**" is specified in the relevant Final Terms it shall also specify which page (the "**Relevant Screen Page**") on the Reuters Screen or any other information vending service shall be applicable. For these purposes, "**Reuters Screen**" means, when used in connection with any designated page and any Floating Rate option, the display page so designated on the Reuters service or any successor display page (or such other services or service as may be nominated as the information vendor for the purpose of displaying comparable rates in succession thereto). The rate of interest (the "**Rate of Interest**") applicable to such Instruments for each Interest Period shall be determined by the Determination Agent (as defined in Condition 5D.03) on the following basis:

- (i) the Determination Agent will determine the offered rate for deposits (or, as the case may require, the arithmetic mean (rounded, if necessary, to the nearest ten thousandth of a percentage point, 0.00005 being rounded upwards) of the rates for deposits) in the relevant currency for a period of the duration of the relevant Interest Period (as defined in Condition 5D.01 on the Relevant Screen Page as of 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the second London Banking Day or, in the case of Instruments denominated in euro, on the second TARGET Business Day, before (or, in the case of Instruments in another currency if so specified in the relevant Final Terms, on) the first day of the relevant Interest Period (the "**Interest Determination Date**");
- (ii) if, on any Interest Determination Date, no such rate for deposits so appears (or, as the case may be, if fewer than two such rates for deposits so appear) or if the Relevant Screen Page is unavailable, the

Determination Agent will request appropriate quotations and will determine the arithmetic mean (rounded as aforesaid) of the rates at which deposits in the relevant currency are offered by four major banks in the London interbank market or, where the basis for calculating the Rate of Interest is EURIBOR, in the Eurozone interbank market, selected by the Determination Agent, at approximately 11.00 a.m. (London time, in the case of LIBOR Brussels time, in the case of EURIBOR) on the Interest Determination Date to prime banks in the London interbank market or, where the basis for calculating the Rate of Interest is EURIBOR, in the Eurozone interbank market for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time;

- (iii) if, on any Interest Determination Date, only two or three rates are so quoted, the Determination Agent will determine the arithmetic mean (rounded as aforesaid) of the rates so quoted; or
- (iv) if fewer than two rates are so quoted, the Determination Agent will determine the arithmetic mean (rounded as aforesaid) of the rates quoted by four major banks in the Relevant Financial Centre (as defined in Condition 10C.03) (or, in the case of Instruments denominated in euro, in such financial centre or centres as the Determination Agent may select) selected by the Determination Agent, at approximately 11.00 a.m. (Relevant Financial Centre time (or local time at such other financial centre or centres as aforesaid)) on the first day of the relevant Interest Period for loans in the relevant currency to leading European banks for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time,

and the Rate of Interest applicable to such Instruments during each Interest Period will be the sum of the relevant margin (the "**Relevant Margin**") specified in the Final Terms and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of rates) so determined; *provided*, however, that, if the Determination Agent is unable to determine a rate (or, as the case may be, an arithmetic mean (rounded as aforesaid) of rates) in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to such Instruments during such Interest Period will be the sum of the Relevant Margin and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of rates) determined in relation to such Instruments in respect of the last preceding Interest Period; *provided* always that if there is specified in the relevant Final Terms a minimum interest rate or a maximum interest rate then the Rate of Interest shall in no event be less than or, as the case may be, exceed it. For the purposes of these Terms and Conditions "**London Banking Day**" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London.

**5B.04 ISDA Determination:** If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of interest applicable to the Instruments for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the 2006 Definitions of the International Swaps and Derivatives Association, Inc. (the "**ISDA Definitions**") (as amended and updated as at the date specified in the relevant Final Terms) that would be determined by the Determination Agent under an interest rate swap transaction if the Determination Agent were acting as Determination Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

**5B.05 Index-Linked Interest:** If the Index-Linked Interest Instruments Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Instruments for each Interest Period will be determined in the manner specified in the relevant Final Terms.

**5B.06** The Determination Agent will, as soon as practicable after determining the Rate of Interest in relation to each Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of the principal amount of the smallest or minimum denomination of such Instruments specified in the relevant Final

Terms for the relevant Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to such principal amount, multiplying the product by a fraction (day count fraction) the numerator of which is the actual number of days in the Interest Period concerned and the denominator for which is 360 (or, in the case of Instruments denominated in Sterling, 365 or, when all or part of an Interest Period falls in a leap year, 366 for that proportion of the Interest Period so falling) or by such other day count fraction as may be specified in the relevant Final Terms and rounding the resulting figure to the nearest sub-unit of the currency in which such Instruments are denominated or, as the case may be, in which such interest is payable (one half of any such sub-unit being rounded upwards).

#### 5C Interest — Other Rates

Instruments in relation to which this Condition 5C is specified in the relevant Final Terms as being applicable shall bear interest at the rate or rates calculated on the basis specified in, and be payable in the amounts and in the manner determined in accordance with, the relevant Final Terms.

#### 5D Interest — Supplemental Provision

##### *Interest Payment Date Conventions and other Calculations*

5D.01(a) **Business Day Convention:** The Final Terms in relation to each Series of Instruments in relation to which this Condition 5D.01 is specified as being applicable shall specify which of the following conventions shall be applicable, namely:

- (i) the "**FRN Convention**", in which case interest shall be payable in arrear on each date (each an "**Interest Payment Date**") which numerically corresponds to their date of issue or such other date as may be specified in the relevant Final Terms or, as the case may be, the preceding Interest Payment Date in the calendar month which is the number of months specified in the relevant Final Terms after the calendar month in which such date of issue or such other date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred *provided that*:
  - (a) if there is no such numerically corresponding day in the calendar month in which an Interest Payment Date should occur, then the relevant Interest Payment Date will be the last day which is a Business Day (as defined in Condition 10C.03) in that calendar month;
  - (b) if an Interest Payment Date would otherwise fall on a day which is not a Business Day, then the relevant Interest Payment Date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (c) if such date of issue or such other date as aforesaid or the preceding Interest Payment Date occurred on the last day in a calendar month which was a Business Day, then all subsequent Interest Payment Dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which such date of issue or such other date as aforesaid or, as the case may be, the preceding Interest Payment Date occurred;
- (ii) the "**Modified Following Business Day Convention**", in which case interest shall be payable in arrear on such dates (each an "**Interest Payment Date**") as are specified in the relevant Final Terms *provided that*, if any Interest Payment Date would otherwise fall on a date which is not a Business Day, the relevant Interest Payment Date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case the relevant Interest Payment Date will be the first preceding day which is a Business Day;
- (iii) the "**Following Business Day Convention**" in which case interest shall be payable in arrear on such dates (each an "**Interest Payment Date**") as are specified in the relevant Final Terms *provided that*, if any Interest Payment Date would otherwise fall on a date which is not a Business Day, the relevant Interest Payment Date will be the first following day which is a Business Day;
- (iv) "**No Adjustment**" in which case the relevant date shall not be adjusted in accordance with any Business Day Convention; or

- (v) such other convention as may be specified in the relevant Final Terms.
- (b) **"Day Count Fraction"** means, in respect of the calculation of an amount for any period of time ("**Calculation Period**"), such day count fraction as may be specified in the Final Terms and:
- (i) if "**Actual/Actual**", "**Actual/Actual (ISDA)**", "**Act/Act**" or "**Act/Act (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
  - (ii) if "**Actual/365 (Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is so specified, means the actual number of days in the Calculation Period divided by 365;
  - (iii) if "**Actual/Actual (ICMA)**" or "**Act/Act (ICMA)**" is so specified, means a fraction equal to "number of days accrued/number of days in year", as such terms are used in Rule 251 of the statutes, by-laws, rules and recommendations of the International Capital Market Association (the "**ICMA Rule Book**"), calculated in accordance with Rule 251 of the ICMA Rule Book as applied to non U.S. dollars denominated straight and convertible bonds issued after 31 December 1998, as though the interest coupon on a bond were being calculated for a coupon period corresponding to the Calculation Period;
  - (iv) if "**Actual/360**", "**Act/360**" or "**A/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
  - (v) if "**30/360**" "**360/360**" or "**Bond Basis**" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30.

- (vii) if "**30E/360 (ISDA)**" is specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Termination Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

Each period beginning on (and including) such date of issue or such other date as aforesaid and ending on (but excluding) the first Interest Payment Date and each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "**Interest Period**".

***Notification of Rates of Interest, Interest Amounts and Interest Payment Dates***

5D.02 The Determination Agent will cause each Rate of Interest, floating rate, Interest Payment Date, final day of a calculation period, Interest Amount, floating amount or other item, as the case may be, determined or calculated by it to be notified to the Issuer and the Issue and Paying Agent. The Issue and Paying Agent will cause all such determination or calculations to be notified to the other Paying Agents and, in the case of Registered Instruments, the Registrar (from whose respective specified offices such information will be available) and to the Holders in accordance with Condition 15 as soon as practicable after such determination or

calculation but in any event not later than the fourth London Banking Day thereafter or, if earlier, in the case of notification to any listing authority, stock exchange and/or quotation system, the time required by the rules of any such listing authority, stock exchange and/or quotation system. The Issue and Paying Agent will cause all such determinations or calculations to be notified to the Luxembourg Stock Exchange no later than the first day of each Interest Period. The Determination Agent will be entitled to amend any Interest Amount, floating amount, Interest Payment Date or final day of a calculation period (or to make appropriate alternative arrangements by way of adjustment) without prior notice in the event of the extension or abbreviation of any relevant Interest Period or calculation period and such amendment will be notified in accordance with the first two sentences of this Condition 5D.02.

5D.03 The determination by the Determination Agent of all items falling to be determined by it pursuant to these Terms and Conditions shall, in the absence of manifest error, be final and binding on all parties.

**"Determination Agent"** means the Issue and Paying Agent or such other person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms.

### **Accrual of Interest**

5D.04 Interest shall accrue on the principal amount of each Instrument or, in the case of an Instalment Instrument, on each instalment of principal, on the paid up principal amount of such Instrument or otherwise as indicated in the Final Terms from the Interest Commencement Date. Interest will cease to accrue as from the due date for redemption therefor (or, in the case of an Instalment Instrument, in respect of each instalment of principal, on the due date for payment thereof) unless upon (except in the case of any payment where presentation and/or surrender of the relevant Instrument is not required as a precondition of payment) due presentation or surrender thereof, payment in full of the principal amount or the relevant instalment or, as the case may be, redemption amount is improperly withheld or refused or default is otherwise made in the payment thereof in which case interest shall continue to accrue thereon (as well after as before any demand or judgment) at the rate then applicable to the principal amount of the Instruments or such other rate as may be specified in the relevant Final Terms (the **"Default Rate"**) until the earlier of (i) the date on which, upon due presentation of the relevant Instrument (if required), the relevant payment is made or (ii) (except in the case of any payment where presentation and/or surrender of the relevant Instrument is not required as a precondition of payment) the seventh day after the date on which notice is given to the Holders in accordance with Condition 15 that the Issue and Paying Agent or the Registrar (as the case may be) has received the funds required to make such payment (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

### ***Temporary suspension to payments of Principal and Interest (Short Term Subordinated Instruments)***

5D.05 In the event of a shortage in the consolidated own funds of the Guarantor (as defined in Chapter 3 of Circular 3/2008, of 22 May (*Circular 3/2008, de 22 de mayo, del Banco de España*)) Santander Issuances, S.A. Unipersonal will be obliged to suspend payments of principal and interest in respect of Subordinated Instruments with a maturity of not less than two years (**"Short Term Subordinated Instruments"**). Following an increase in the consolidated own funds of the Guarantor so that there is no longer a shortage of such funds, Santander Issuances, S.A. Unipersonal must give the Bank of Spain (*Banco de España*) one month's notice prior to payment of any interest or principal.

[..]

## **7. Redemption and Purchase**

### ***Redemption at Maturity***

7.01 Unless previously redeemed, or purchased and cancelled, each Instrument shall be redeemed at its maturity redemption amount (the **"Maturity Redemption Amount"**) (which shall be its principal amount or such other Maturity Redemption Amount as may be specified in or determined in accordance with the relevant Final Terms) (or, in the case of Instalment Instruments, in such number of instalments and in such amounts as may be specified in the relevant Final Terms) on the date or dates (or, in the case of Instruments which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the relevant Final Terms. Subordinated Instruments (other than Short Term Subordinated Instruments) qualifying as regulatory capital (*recursos propios*) in accordance with Banco de España requirements will have a maturity of

not less than five years or as otherwise permitted by Banco de España. Short Term Subordinated Instruments will have a maturity of not less than two years or as otherwise permitted by Banco de España.

### ***Early Redemption for Taxation Reasons***

7.02 If, in relation to any Series of Instruments, (i) as a result of any change in the laws or regulations of Spain or in either case of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws or regulations which becomes effective on or after the date of issue of such Instruments or any earlier date specified in the relevant Final Terms, the relevant Issuer (or, if either the Senior Guarantee or the Subordinated Guarantee was called, the Guarantor) would be required to pay additional amounts as provided in Condition 9 and (ii) such circumstances are evidenced by the delivery by the relevant Issuer or (as the case may be) the Guarantor to the Issue and Paying Agent of a certificate signed by two directors of the relevant Issuer or (as the case may be) the Guarantor stating that the said circumstances prevail and describing the facts leading thereto, an opinion of independent legal advisers of recognised standing to the effect that such circumstances prevail and, in the case of Subordinated Instruments qualifying as regulatory capital (*recursos propios*), a copy of the Banco de España consent to the redemption, the relevant Issuer may, at its option and having given no less than thirty nor more than sixty days' notice (ending, in the case of Instruments which bear interest at a floating rate, on a day upon which interest is payable) to the Holders of the Instruments in accordance with Condition 15 (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Instruments (in the case of Subordinated Instruments qualifying as regulatory capital (*recursos propios*) in accordance with the requirements of Banco de España) comprising the relevant Series at their early tax redemption amount (the "**Early Redemption Amount (Tax)**") (which shall be their principal amount or at such other Early Redemption Amount (Tax) as may be specified in or determined in accordance with the relevant Final Terms) less, in the case of any Instalment Instrument, the aggregate amount of all instalments that shall have become due and payable in respect of such Instrument prior to the date fixed for redemption under any other Condition (which amount, if and to the extent not then paid, remains due and payable), together with accrued interest (if any) thereon *provided, however*, that (i) no such notice of redemption may be given earlier than 90 days (or, in the case of Instruments which bear interest at a floating rate a number of days which is equal to the aggregate of the number of days falling within the then current interest period applicable to the Instruments plus 60 days) prior to the earliest date on which the relevant Issuer or (as the case may be) the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Instruments then due and (ii) in the case of Subordinated Instruments qualifying as regulatory capital (*recursos propios*), that the Banco de España consents to redemption of the Subordinated Instruments.

In the case of Subordinated Instruments qualifying as regulatory capital (*recursos propios*), redemption for taxation reasons is subject to the prior consent of Banco de España and may not take place within a period of five years (or, in the case of Short Term Subordinated Instruments, two years) from their date of issue or as otherwise permitted by Banco de España.

### ***Optional Early Redemption (Call)***

7.03 If this Condition 7.03 is specified in the relevant Final Terms as being applicable, then the relevant Issuer may, upon the expiry of the appropriate notice and subject to such conditions as may be specified in the relevant Final Terms (and subject, in the case of Subordinated Instruments qualifying as regulatory capital (*recursos propios*), in accordance with the requirements of Banco de España, to the prior consent of Banco de España) redeem all (but not, unless and to the extent that the relevant Final Terms specifies otherwise, some only) of the Instruments of the relevant Series at their call early redemption amount (the "**Early Redemption Amount (Call)**") (which shall be their principal amount or such other Early Redemption Amount (Call) as may be specified in or determined in accordance with the relevant Final Terms) less, in the case of any Instalment Instrument, the aggregate amount of all instalments that shall have become due and payable under any other Condition (which amount, if and to the extent not then paid, remains due and payable), together with accrued interest (if any) thereon.

In the case of Subordinated Instruments qualifying as regulatory capital (*recursos propios*), redemption at the option of the relevant Issuer is subject to the prior consent of Banco de España and may not take place within a period of five years (or, in the case of Short Term Subordinated Instruments, two years) from their date of issue or as otherwise permitted by Banco de España.

7.04 The appropriate notice referred to in Condition 7.03 is a notice given by the relevant Issuer to the Issue and Paying Agent, the Registrar (in the case of Registered Instruments) and the Holders of the Instruments of the relevant Series, which notice shall be signed by two duly authorised officers of the Issuer and shall specify:

- the Series of Instruments subject to redemption;
- whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Instruments of the relevant Series which are to be redeemed;
- the due date for such redemption which shall be a Business Day, which shall be not less than thirty days (or such lesser period as may be specified in the relevant Final Terms) after the date on which such notice is validly given and which is, in the case of Instruments which bear interest at a floating rate, a date upon which interest is payable; and
- the Early Redemption Amount (Call) at which such Instruments are to be redeemed.

Any such notice shall be irrevocable, and the delivery thereof shall oblige the relevant Issuer to make the redemption therein specified.

#### ***Partial Redemption***

7.05 If the Instruments of a Series are to be redeemed in part only on any date in accordance with Condition 7.03:

- in the case of Bearer Instruments, the Instruments to be redeemed shall be drawn by lot, with the intervention of the relevant Commissioner and before a Notary Public who will take the minutes, in such European city as the Issue and Paying Agent may specify, or identified in such other manner or in such other place as the Issue and Paying Agent may approve and deem appropriate and fair; and
- in the case of Registered Instruments, the Instruments shall be redeemed (so far as may be practicable) pro rata to their principal amounts, subject always as aforesaid and provided always that the amount redeemed in respect of each Instrument shall be equal to the minimum denomination thereof or an integral multiple thereof,

subject always to compliance with all applicable laws and the requirements of any listing authority, stock exchange and/or quotation system on which the relevant Instruments may be listed and/or quoted.

In the case of the redemption of part only of a Registered Instrument, a new Registered Instrument in respect of the unredeemed balance shall be issued in accordance with Conditions 2.04 to 2.09 which shall apply as in the case of a transfer of Registered Instruments as if such new Registered Instrument were in respect of the untransferred balance.

In connection with an exercise of the option contained in Condition 7.03 (*Optional Early Redemption (Call)*) in relation to some only of the Instruments, the Permanent Global Instrument may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Instruments to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

In the case of Subordinated Instruments qualifying as regulatory capital (*recursos propios*) partial redemption is subject to the prior consent of Banco de España and may not take place within a period of five years (or, in the case of Short Term Subordinated Instruments, two years) from which their date of issue or as otherwise permitted by Banco de España.

#### ***Optional Early Redemption (Put)***

7.06 If this Condition 7.06 is specified in the relevant Final Terms as being applicable to the Senior Instruments, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Instrument of the relevant Series, redeem such Instrument on the date or the dates specified in the relevant Final Terms at its put early redemption amount (the "**Early Redemption Amount (Put)**") (which shall be its principal amount or such other Early Redemption Amount (Put) as may be specified in or determined in accordance with the



relevant Final Terms) less, in the case of any Instalment Instrument, the aggregate amount of all instalments that shall have become due and payable in respect of such Instrument under any other Condition prior to the date fixed for redemption (which amount, if and to the extent not then paid, remains due and payable), together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than sixty days before the date so specified (or such other period as may be specified in the relevant Final Terms), deposit the relevant Instrument (together, in the case of a Definitive Instrument, with any unmatured Coupons appertaining thereto) with, in the case of a Bearer Instrument, any Paying Agent or, in the case of a Registered Instrument, the Registrar together with a duly completed redemption notice in the form which is available from the specified office of any of the Paying Agents or, as the case may be, the Registrar specifying, in the case of a Registered Instrument, the aggregate principal amount in respect of which such option is exercised (which must be the minimum denomination specified in the Final Terms or an integral multiple thereof). No Instrument so deposited and option exercised may be withdrawn (except as provided in the Issue and Paying Agency Agreement).

The Early Redemption (Put) shall not apply in the case of Subordinated Instruments and holders of Subordinated Instruments may not redeem such Subordinated Instruments prior to the Maturity Date.

In the case of the redemption of part only of a Registered Instrument, a new Registered Instrument in respect of the unredeemed balance shall be issued in accordance with Conditions 2.04 to 2.09 which shall apply as in the case of a transfer of Registered Instruments as if such new Registered Instrument were in respect of the untransferred balance.

The Holder of an Instrument may not exercise such option in respect of any Instrument which is the subject of an exercise by the Issuer of its option to redeem such Instrument under either Condition 7.02 or 7.03.

#### ***Purchase of Instruments***

7.07 The Issuers and the Guarantor and any of their respective subsidiaries may at any time purchase Instruments in the open market or otherwise and at any price *provided that*, in the case of Definitive Instruments, all unmatured Coupons appertaining thereto are purchased therewith.

In the case of Subordinated Instruments which qualify as regulatory capital (*recursos propios*), the purchase of the Instruments by the Issuer or any of its subsidiaries shall take place in accordance with the requirements of Spanish law and Banco de España.

#### ***Cancellation of Redeemed and Purchased Instruments***

7.08 All unmatured Instruments and Coupons and unexchanged Talons redeemed or purchased otherwise than in the ordinary course of business of dealing in securities or as a nominee in accordance with this Condition 7 will be cancelled forthwith and may not be reissued or resold.

#### ***Further Provisions applicable to Redemption Amount and Instalment Amounts***

7.09 The provisions of Condition 5D.02 shall apply to any determination or calculation of the Redemption Amount or any Instalment Amount required by the Final Terms to be made by the Determination Agent.

7.10 References herein to "**Redemption Amount**" shall mean, as appropriate, the Maturity Redemption Amount, the final Instalment Amount, Early Redemption Amount (Tax), Early Redemption Amount (Call), Early Redemption Amount (Put) and Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms.

#### ***Notices***

7.11 Notices of early redemption (whether full or partial) of Instruments shall be given in accordance with Condition 15 (*Notices*).

#### ***Notification of Luxembourg Stock Exchange***

7.12 The relevant Issuer shall notify the Luxembourg Stock Exchange of any early redemption (whether full or partial) of Instruments.

## 8. Events of Default

8.01 Unless otherwise specified in the relevant Final Terms, if, in the case of Subordinated Instruments, any of the events set out in paragraphs (ii), (iv), (v), (vi), (vii) or (viii) occurs and is continuing or, in the case of Senior Instruments, any of the following events occurs and is continuing (each an "**Event of Default**"), such Event of Default shall be an acceleration event in relation to the Instruments of any Series, namely:

- (i) *Non-payment*: if default is made in the payment of any interest or principal due in respect of the Instruments of the relevant Series or any of them and such default continues for a period of seven days (or such other period as may be specified in the relevant Final Terms); or
- (ii) *Breach of other obligations*: if the relevant Issuer or the Guarantor fails to perform or observe any of its other obligations under or in respect of the Instruments of the relevant Series, the relevant Guarantee or the Issue and Paying Agency Agreement and (except in any case where such failure is incapable of remedy when no such continuation as is hereinafter mentioned will be required) the failure continues for a period of 30 days next following the service by the relevant Commissioner (as defined in Condition 14 below) on the relevant Issuer of a notice requiring the same to be remedied; or
- (iii) *Cross default*: if any Indebtedness for Borrowed Money (as defined in Condition 8.02) of the relevant Issuer or the Guarantor becomes due and repayable prematurely by reason of an event of default (however described) or the relevant Issuer or the Guarantor fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for such payment or within any originally applicable grace period or any security given by the relevant Issuer or the Guarantor for any Indebtedness for Borrowed Money becomes enforceable and steps are taken to enforce the same or if default is made by the relevant Issuer or the Guarantor in making any payment when due (or within any originally applicable grace period in respect thereof) under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person, *provided that* no such event as aforesaid shall constitute an Event of Default unless the Indebtedness for Borrowed Money or other liability relative thereto either alone or when aggregated with other Indebtedness for Borrowed Money and/or other liabilities relative to all (if any) other such events which shall have occurred shall amount to at least U.S.\$50,000,000 (or its equivalent in any other currency on the basis of the middle spot rate for the relevant currency against the U.S. dollars as quoted by any leading bank on the day on which this paragraph operates); or
- (iv) *Winding up*: if any order is made by any competent court or resolution passed for the winding up or dissolution of the relevant Issuer or the Guarantor (except in any such case for the purpose of reconstruction or a merger or amalgamation which has been previously approved by a resolution of the relevant Syndicate of Holders of the Instruments or a merger with another financial institution in this case even without being approved by a resolution of the relevant Syndicate of Holders of the Instruments, *provided that* any entity that survives or is created as a result of such merger is given a rating by an internationally recognised rating agency at least equal to the then current rating of the relevant Issuer or the Guarantor, as the case may be, at the time of such merger); or
- (v) *Cessation of business*: if the relevant Issuer or the Guarantor ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of a reorganisation (except in any such case for the purpose of reconstruction or a merger or amalgamation which has been previously approved by a resolution of the relevant Syndicate of Holders of the Instruments or a merger with another financial institution in this case even without being approved by a resolution of the relevant Syndicate of Holders of the Instruments, *provided that* any entity that survives or is created as a result of such merger is given a rating by an internationally recognised rating agency at least equal to the then current rating of the relevant Issuer or the Guarantor, as the case may be, at the time of such merger), or the relevant Issuer or the Guarantor stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class thereof) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

- (vi) *Insolvency proceedings*: if (a) proceedings are initiated against the relevant Issuer or the Guarantor under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the relevant Issuer or the Guarantor or in relation to the whole or a part of the undertaking or assets of either of them, or an encumbrancer takes possession of the whole or a part of the undertaking or assets of either of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a part of the undertaking or assets or any of them and (b) in any case is not discharged within 14 days; or
- (vii) *Arrangements with creditors*: if the relevant Issuer or the Guarantor initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors); or
- (viii) *Guarantee*: if any of the Senior Guarantee or the Subordinated Guarantee ceases to be a valid and binding obligation of the Guarantor or it becomes unlawful for the Guarantor to perform its obligations under either the Senior Guarantee or the Subordinated Guarantee or either the Senior Guarantee or the Subordinated Guarantee is claimed by the relevant Issuer or the Guarantor not to be in full force and effect.

8.02 As used herein "**Indebtedness for Borrowed Money**" means (i) money borrowed and premiums and accrued interest in respect thereof, (ii) liabilities under or in respect of any acceptance or acceptance credit and (iii) the principal and premium (if any) and accrued interest in respect of any bonds, notes, debentures, debenture stock, loan stock, certificates of deposit or other securities whether issued for cash or in whole or in part for a consideration other than cash.

8.03 If any Event of Default shall occur in relation to any Series of Instruments, the relevant Commissioner, acting upon a resolution of the relevant Syndicate of Holders of the Instruments of the relevant Series, in respect of all the Instruments of a relevant Series, or any Holder of an Instrument in respect of such Instrument and *provided that* such Holder does not contravene the resolution of the relevant Syndicate (if any) may, by written notice to the relevant Issuer, at the specified office of the Issue and Paying Agent, declare that such Instrument or Instruments and all interest then accrued on such Instrument or Instruments shall (when permitted by applicable Spanish law) be forthwith due and payable, whereupon the same shall become immediately due and payable at its early termination amount (the "**Early Termination Amount**") (which shall be its principal amount or such other Early Termination Amount as may be specified in or determined in accordance with the relevant Final Terms) less, in the case of any Instalment Instrument, the aggregate amount of all instalments that shall have become due and payable in respect of such Instruments under any other Condition prior to the date fixed for redemption (which amount, if and to the extent not then paid, remains due and payable), together with all interest (if any) accrued thereon without presentment, demand, protest or other notice of any kind, all of which the relevant Issuer will expressly waive, anything contained in such Instrument or Instruments to the contrary notwithstanding, unless, prior thereto, all Events of Default in respect of the Instruments of the relevant Series shall have been cured.

## 9. **Taxation**

9.01 All amounts payable (whether in respect of principal, redemption amount, interest or otherwise) in respect of the Instruments, the Receipts and the Coupons, the Senior Guarantee and the Subordinated Guarantee by an Issuer or the Guarantor (as the case may be) will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the relevant Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Holder of any Instrument or Coupon of such amounts as would have been received by them had no such withholding or deduction been required.

9.02 Neither the relevant Issuer nor the Guarantor shall be required to pay any additional amounts as referred to in Condition 9.01 in relation to any payment in respect of any Instrument or Coupon:

- (i) to, or to a third party on behalf of, a Holder of an Instrument or Coupon who is liable for such taxes, duties, assessments or governmental charges in respect of such Instrument or Coupon by reason of his having some connection with Spain other than the mere holding of such Instrument or Coupon; or
- (ii) to, or to a third party on behalf of, a Holder in respect of whose Instruments the relevant Issuer or the Guarantor does not receive such information as may be required in order to comply with the applicable Spanish tax reporting obligations; or
- (iii) presented for payment more than thirty days after the Relevant Date, except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of thirty days; or
- (iv) where the withholding or deduction referred to in Condition 9.01 is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, this Directive; or
- (v) presented for payment by or on behalf of a Holder of an Instrument or Coupon who would have been able to avoid such withholding or deduction by presenting the relevant Instrument or Coupon to another Paying Agent in a Member State of the European Union; or
- (vi) to, or to a third party on behalf of, individuals resident for tax purposes in The Kingdom of Spain; or
- (vii) to, or to a third party on behalf of, a Spanish-resident legal entity subject to Spanish corporation tax if the Spanish tax authorities determine that the Instruments do not comply with exemption requirements specified in the Reply to a Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made.

Notwithstanding any other provision in these Terms and Conditions, the relevant Issuer or, as the case may be, the Guarantor shall be permitted to withhold or deduct any amounts required by the rules of US Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions) or pursuant to any agreement with the US Internal Revenue Service ("**FATCA withholding**") as a result of a holder, beneficial owner or an intermediary that is not an agent of the relevant Issuer or the Guarantor not being entitled to receive payments free of FATCA withholding. The relevant Issuer or, as the case may be, the Guarantor will have no obligation to pay additional amounts or otherwise indemnify a Holder for any such FATCA withholding deducted or withheld by the relevant Issuer, the Guarantor, any Paying Agent or any other party.

9.03 For the purposes of these Terms and Conditions, the "**Relevant Date**" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the Issue and Paying Agent, or as the case may be, the Registrar on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received and being available for payment to Holders of Instruments and Coupons, notice to that effect shall have been duly given to the Holders of the Instruments of the relevant Series in accordance with Condition 15.

9.04 Unless the context otherwise requires, any reference in these Terms and Conditions to "**principal**" shall include any premium payable in respect of an Instrument, any Instalment Amount or Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and "**interest**" shall include all amounts payable pursuant to Condition 5 and any other amounts in the nature of interest payable to these Terms and Conditions.

## 10. **Payments**

### 10A **Payments — Bearer Instruments**

#### 10A.01 **This Condition 10A is applicable in relation to Instruments in bearer form.**

10A.02 Payment of amounts (other than interest) due in respect of Bearer Instruments will be made against presentation and (save in the case of a partial redemption which includes, in the case of an Instalment Instrument, payment of any instalment other than the final instalment) surrender of the relevant Bearer Instruments at the specified office of any of the Paying Agents.

#### 10A.03 **Payment of amounts in respect of interest on Bearer Instruments will be made:**

- (i) in the case of a Temporary Global Instrument or Permanent Global Instrument, against presentation of the relevant Temporary Global Instrument or Permanent Global Instrument at the specified office of any of the Paying Agents outside (unless Condition 10A.04 applies) the United States and, in the case of a Temporary Global Instrument, upon due certification as required therein;
- (ii) in the case of Definitive Instruments without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Instruments at the specified office of any of the Paying Agents outside (unless Condition 10A.04 applies) the United States; and
- (iii) in the case of Definitive Instruments delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Definitive Instruments, in either case at the specified office of any of the Paying Agents outside (unless Condition 10A.04 applies) the United States.

10A.04 Payments of amounts due in respect of interest on the Bearer Instruments and exchanges of Talons for Coupon sheets in accordance with Condition 10A.04 will not be made at the specified office of any Paying Agent in the United States (as defined in the United States Internal Revenue Code and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Instruments when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (b) such payment or exchange is permitted by applicable United States law. If parts (a) and (b) of the previous sentence apply, the relevant Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

10A.05 If the due date for payment of any amount due in respect of any Bearer Instrument is not a Relevant Financial Centre Day (as defined in Condition 10C.03) and (in the case of Definitive Instruments only) a local banking day (as defined in Condition 10C.03), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day (or as otherwise specified in the relevant Final Terms) and, thereafter will be entitled to receive payment on a Relevant Financial Centre Day and (in the case of Definitive Instruments only) a local banking day and no further payment on account of interest or otherwise shall be due in respect of such delay or adjustment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5D.04.

10A.06 Each Definitive Instrument initially delivered with Coupons attached thereto should be presented and, save in the case of partial payment which includes, in the case of an Instalment Instrument, payment of any instalment other than the final instalment, surrendered for final redemption together with all unmatured Coupons and Talons appertaining thereto, failing which:

- (i) in the case of Definitive Instruments which bear interest at a fixed rate or rates, the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the redemption amount paid bears to the total redemption amount due) (excluding, for this purpose, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within ten years of the Relevant Date applicable to payment of such final redemption amount;

- (ii) in the case of Definitive Instruments which bear interest at, or at a margin above or below, a floating rate, all unmatured Coupons (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) relating to such Definitive Instruments (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them; and
- (iii) in the case of Definitive Instruments initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them.

The provisions of paragraph (i) of this Condition 10A.06 notwithstanding, if any Definitive Instruments which bear interest at a fixed rate or rates should be issued with a maturity date and a fixed rate or fixed rates such that, on the presentation for payment of any such Definitive Instrument without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the amount otherwise due for payment, then, upon the due date for redemption of any such Definitive Instrument, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Instrument to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

10A.07 In relation to Definitive Instruments initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 10A.04 applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 11 below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the due date for the payment of interest on which the final Coupon comprised in the relative Coupon sheet matures.

10A.08 For the purposes of these Terms and Conditions, the "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

#### 10B. Payments — Registered Instruments

10B.01 This Condition 10B is applicable in relation to Instruments in registered form.

10B.02 Payment of amounts (whether principal, redemption amount or otherwise and including accrued interest) due in respect of Registered Instruments on the final redemption of Registered Instruments will be made against presentation and, save in the case of partial payment of the amount due upon final redemption by reason of insufficiency of funds, surrender of the relevant Registered Instruments at the specified office of the Registrar. If the due date for payment of the final redemption amount of any Registered Instrument is not both a Relevant Financial Centre Day (as defined in Condition 10C.03) and a local banking day (as defined in Condition 10C.03), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and, thereafter will be entitled to receive payment by cheque on any local banking day, and, will be entitled to payment by transfer to a designated account on any day which is a local banking day, a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5D.04.

10B.03 Payment of amounts (whether principal, redemption amount, interest or otherwise) due (other than in respect of the final redemption of Registered Instruments) in respect of Registered Instruments will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the register kept by the Registrar as at opening of business (local time in the place of the specified office of the Registrar) on the fifteenth Relevant Banking Day (as defined in Condition 2.06) before the due date for such payment (the "**Record Date**").

10B.04 Notwithstanding the provisions of Condition 10C.02, payment of amounts (whether principal, redemption amount, interest or otherwise) due (other than in respect of final redemption of Registered Instruments) in respect of Registered Instruments will be made by cheque (in the case of payment in Japanese Yen to a non-resident of Japan, drawn on an authorised foreign exchange bank) and posted to the address (as recorded in the register held by the Registrar) of the Holder thereof (or, in the case of joint Holders, the first-named) on the Relevant Banking Day (as defined in Condition 2.06) not later than the relevant date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account denominated in the relevant currency (in the case of payment in Japanese Yen to a non-resident in Japan, a non-resident account with an authorised foreign exchange bank) in which case payment shall be made on the relevant due date for payment by transfer to such account. In the case of payment by transfer to an account, if the due date for any such payment is not a Relevant Financial Centre Day, then the Holder thereof will not be entitled to payment thereof until the first day thereafter which is a Relevant Financial Centre Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5D.04.

#### 10C Payments — General Provisions

10C.01 Save as otherwise specified herein, this Condition 10C is applicable in relation to Instruments whether in bearer or in registered form.

10C.02 Payments of amounts due (whether principal, redemption amount, interest or otherwise) in respect of Instruments will be made in the currency in which such amount is due by (a) cheque or (b) at the option of the payee, transfer to an account denominated in the relevant currency specified by the payee. Payments will, without prejudice to the provisions of Condition 9, be subject in all cases to any applicable fiscal or other laws and regulations.

10C.03 For the purposes of these Terms and Conditions:

- (i) **"Business Day"** means a day:
  - in relation to Instruments denominated or payable in euro which is a TARGET Business Day; and
  - in relation to Instruments payable in any other currency, on which commercial banks are open for business and foreign exchange markets settle payments in the Relevant Financial Centre in respect of the relevant currency; and, in either case,
  - on which commercial banks are open for business and foreign exchange markets settle payments in any place specified in the relevant Final Terms;
- (ii) **"local banking day"** means a day (other than a Saturday and Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Instrument or, as the case may be, Coupon;
- (iii) **"Relevant Financial Centre"** means such financial centre or centres as may be specified in relation to the relevant currency for the purposes of the definition of "Business Day" in the ISDA Definitions;
- (iv) **"Relevant Financial Centre Day"** means, in the case of any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the Relevant Financial Centre (which in the case of Australian dollars shall be Melbourne and which in the case of New Zealand dollars shall be Wellington) and in any other place specified in the relevant Final Terms and in the case of payment in euro, a day which is a TARGET Business Day;
- (v) **"TARGET Business Day"** means any day on which the TARGET2 System, or any successor thereto, is open for the settlement of payments in euro; and
- (vi) **"TARGET2 System"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) payment system which utilises a single shared platform and which was launched on 19 November 2007.

and, in the case of any of paragraphs (i) to (iv) of this Condition 10C.03, as the same may be modified in the relevant Final Terms.

## 11. Prescription

11.01 Claims against the relevant Issuer for payment of principal and interest in respect of Instruments will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date for payment thereof.

11.02 In relation to Definitive Instruments initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 10A.06 or the due date for the payment of which would fall after the due date for the redemption of the relevant Instrument or which would be void pursuant to this Condition 11 or any Talon the maturity date of which would fall after the due date for redemption of the relevant Instrument.

## 12. The Paying Agents, the Registrars and the Determination Agent

12.01 The initial Paying Agents and Registrars and their respective initial specified offices are specified below. The Determination Agent in respect of any Instruments shall be specified in the Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Issue and Paying Agent) or the Registrar or the Determination Agent and to appoint additional or other Paying Agents or another Registrar or another Determination Agent *provided that* it will at all times maintain (i) an Issue and Paying Agent, (ii) in the case of Registered Instruments, a Registrar, (iii) a Paying Agent (which may be the an Issue and Paying Agent) with a specified office in a continental European city, (iv) so long as the Instruments are listed on the Luxembourg Stock Exchange and/or any other listing authority, stock exchange and/or quotation system, a Paying Agent (which may be the Issue and Paying Agent) and a Registrar each with a specified office in Luxembourg and/or in such other place as may be required by the rules of such other listing authority, stock exchange and/or quotation system, (v) in the circumstances described in Condition 10A.04, a Paying Agent with a specified office in New York City, (vi) a Paying Agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced to conform to, this Directive, and (vii) a Determination Agent where required by the Terms and Conditions applicable to any Instruments (in the case of (i), (ii), (iii) and (vii) with a specified office located in such place (if any) as may be required by the Terms and Conditions). The Paying Agents, the Registrar and the Determination Agent reserve the right at any time to change their respective offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Paying Agents, the Registrar or the Determination Agent will be given promptly by the Issuer to the Holders of the Instruments in accordance with Condition 15.

12.02 The Paying Agents, the Registrar and the Determination Agent act solely as agents of the relevant Issuer and, save as provided in the Issue and Paying Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Instrument or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Issue and Paying Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

## 13. Replacement of Instruments

If any Instrument or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issue and Paying Agent or such Paying Agent or Paying Agents as may be specified for such purpose in the relevant Final Terms (in the case of Bearer Instruments and Coupons) or of the Registrar (in the case of Registered Instruments), subject to all applicable laws and the requirements of any listing authority, stock exchange and/or quotation system on which the relevant Instruments are listed and/or quoted, upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the relevant Issuer and the Issue and Paying Agent, the relevant Paying Agent or, as the case may be, the Registrar may require. Mutilated or defaced Instruments and Coupons must be surrendered before replacements will be delivered therefor.

## 14. Syndicate of Holders of the Instruments and Modification

The Holders of the Instruments of the relevant Series shall meet in accordance with the regulations governing the relevant Syndicate of Holders of the Instruments (the "**Regulations**"). The Regulations shall contain the



rules governing the functioning of each Syndicate and the rules governing its relationship with the relevant Issuer and shall be attached to the relevant Public Deed of Issuance. A set of pro forma Regulations is included in the Issue and Paying Agency Agreement.

A temporary Commissioner will be appointed for each Syndicate. Upon the subscription of the Instruments, the Commissioner will call a general meeting of the Syndicate to ratify or oppose the acts of the temporary Commissioner, confirm his appointment or appoint a substitute and to ratify the Regulations.

Provisions for meetings of the Syndicate of Holders of the Instruments will be contained in the Regulations and the Issue and Paying Agency Agreement. Such provisions shall have effect as if incorporated herein.

The relevant Issuer may, with the consent of the Issue and Paying Agent and the relevant Commissioner, but without the consent of the Holders of the Instruments of any Series or Coupons, amend these Terms and Conditions and the Deed of Covenant insofar as they may apply to such Instruments to correct a manifest error. Subject as aforesaid, no other modification may be made to these Terms and Conditions or the Deed of Covenant except with the sanction of a resolution of the relevant Syndicate of Holders of Instruments.

For the purposes of these Terms and Conditions,

- (i) "**Commissioner**" means the trustee (*comisario*) as this term is defined under the Spanish Companies Law (*Ley de Sociedades de Capital*) of each Syndicate of Holders of the Instruments; and
- (ii) "**Syndicate**" means the syndicate (*sindicato*) as this term is described under the Spanish Companies Law (*Ley de Sociedades de Capital*).

## 15. Notices

### *To Holders of Bearer Instruments*

15.01 Notices to Holders of Bearer Instruments will, save where another means of effective communication has been specified herein or in the relevant Final Terms, be deemed to be validly given if published in an English language daily newspaper in London (which is expected to be the *Financial Times*) or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) if the Instruments are listed on the Luxembourg Stock Exchange (so long as such Instruments are listed on the Luxembourg Stock Exchange and the rules of that exchange so require), in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, in either case if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe or, in the case of a Temporary Global Instrument or Permanent Global Instrument, if delivered to Euroclear and Clearstream, Luxembourg and any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein *provided that*, in the case of Instruments admitted to listing on any listing authority, stock exchange and/or quotation system, the requirements of such listing authority, stock exchange and/or quotation system, have been complied with. Any notice so given will be deemed to have been validly given on the date of such publication (or, if published more than once, on the first date on which publication is made) or, as the case may be, on the fourth day after the date of such delivery to Euroclear and Clearstream, Luxembourg and any other relevant clearing system. Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Bearer Instruments in accordance with this Condition.

### *To Holders of Registered Instruments*

15.02 Notices to Holders of Registered Instruments will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth day after the date of such mailing or, if posted from another country, on the fifth such day. With respect to Registered Instruments listed on the Luxembourg Stock Exchange, any notices to Holders must also be published in a daily Luxembourg newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and, in addition to the foregoing, will be deemed validly given only after the date of such publication.

### ***Notice of a General Meeting of the Syndicate of Holders***

15.03 Notice of a General Meeting of Holders of Instruments of the Relevant Series must be given in accordance with the Regulations.

To Commissioners

15.04 Copies of any notice given to any Holders of the Instruments will be also given to the Commissioner of the Syndicate of Holders of the Instruments of the relevant Series.

### **16. Further Issues**

The relevant Issuer may, from time to time without the consent of the Holders of any Instruments or Coupons, create and issue further instruments, bonds or debentures having the same terms and conditions as such Instruments in all respects (or in all respects except for the first payment of interest, if any, on them and/or the denomination thereof) so as to form a single series with the Instruments of any particular Series.

### **17. Currency Indemnity**

The currency in which the Instruments are denominated or, if different, payable, as specified in the relevant Final Terms (the "**Contractual Currency**") is the sole currency of account and payment for all sums payable by the relevant Issuer in respect of the Instruments, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder of an Instrument or Coupon in respect of any sum expressed to be due to it from the relevant Issuer shall only constitute a discharge to the relevant Issuer to the extent of the amount in the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount in the Contractual Currency expressed to be due to any Holder of an Instrument or Coupon in respect of such Instrument or Coupon the relevant Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the relevant Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the relevant Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of an Instrument or Coupon and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Instruments or any judgment or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of an Instrument or Coupon and no proof or evidence of any actual loss will be required by the relevant Issuer.

### **18. Waiver and Remedies**

No failure to exercise, and no delay in exercising, on the part of the Holder of any Instrument, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

### **19. Law and Jurisdiction**

19.01 The issue of the Instruments, including their legal nature (*obligaciones*), the status of the Instruments, the status of the guarantee in respect of the Instruments, the capacity of the Issuers, the relevant corporate resolutions, the appointment of the Commissioner and the constitution of the Syndicates of Holders of the Instruments will be governed by Spanish law. The terms and conditions of the Instruments, the Issue and Paying Agency Agreement, the Deed of Covenant and, save for, in each case, the status of the guarantee, the Deed of Senior Guarantee and any Deed of Subordinated Guarantee and all non-contractual obligations arising out of or in connection with the terms and conditions of the Instruments, the Issue and Paying Agency Agreement, the Deed of Covenant, the Deed of Senior Guarantee and any Deed of Subordinated Guarantee, are governed by English law.

19.02 The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or in connection with the Instruments.

19.03 The Issuers and the Guarantor irrevocably waive any objection which they might now or hereafter have to the courts of England being nominated as the forum to hear and determine any proceedings and to settle any Disputes and agree not to claim that any such court is not a convenient or appropriate forum.

19.04 Without prejudice to any other mode of service allowed under any relevant law, the Issuers and the Guarantor irrevocably (a) appoint Banco Santander, S.A., London Branch at 2 Triton Square, Regent's Place, London, NW1 3AN as their agent for service of process in relation to any Proceedings or, if different, at any other address of the Guarantor in Great Britain at which service of process may from time to time be served on them and (b) agree that failure by an agent for service of process to notify the Issuers and the Guarantor of the process will not invalidate the Proceedings concerned. If the appointment of the person mentioned in this Condition 19.04 ceases to be effective, the Issuers and the Guarantor shall forthwith appoint a further person in England to accept service of process on its behalf in England and notify the name and address of such person to the Issue and Paying Agent and, failing such appointment within fifteen days, any Holder of an Instrument shall be entitled to appoint such a person by written notice addressed to the Issuers and the Guarantor and delivered to the Issuers and the Guarantor or to the specified office of the Issue and Paying Agent. Nothing contained herein shall affect the right of any Holder of an Instrument to serve process in any other manner permitted by law. This condition applies to proceedings in England and to proceedings elsewhere.

19.05 The submission to the exclusive jurisdiction of the courts of England is for the benefit of the Holders of the Instruments only and therefore shall not (and shall not be construed so as to) limit the right of the Holders of the Instruments or any of them to take proceedings in any other court of competent jurisdiction nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

## **20. Rights of Third Parties**

No person shall have any right to enforce any term or condition of any Series of Instruments under the Contracts (Rights of Third Parties) Act 1999.