TAX DISCLOSURE SUPPLEMENT
(*To Offering Memorandum dated*
December 19, 2023, as may be amended)

SANTANDER GLOBAL ISSUANCES B.V.

(a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) incorporated under Dutch law with its seat in Amsterdam, the Netherlands but its tax residence is in Spain)

U.S. $5,000,000,000 Structured Medium Term Note Program

unconditionally and irrevocably guaranteed, in the case of Non-3(a)(2) Notes (as defined below), by

BANCO SANTANDER, S.A.

(a public limited liability company (sociedad anónima) incorporated under the laws of the Kingdom of Spain)

or unconditionally and irrevocably guaranteed, in the case of 3(a)(2) Notes (as defined below), by

BANCO SANTANDER, S.A., NEW YORK BRANCH

(New York branch of a public limited liability company (sociedad anónima) incorporated under the laws of the Kingdom of Spain)

TAX DISCLOSURE SUPPLEMENT

This tax disclosure supplement ("**tax disclosure supplement**") does not comprise a prospectus or a base prospectus for the purposes of (i) Article 8 of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") or (ii) Article 8 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA") (the "**UK Prospectus Regulation**"). This tax disclosure supplement has been prepared solely in order to allow Notes to be offered in circumstances which do not impose an obligation on the Issuer, the Guarantor or any Dealer (each as defined herein) to publish or supplement a prospectus under the Prospectus Regulation or the UK Prospectus Regulation.

Under the Structured Medium Term Note Program (the "**Program**"), Santander Global Issuances B.V. (the "**Issuer**") may issue notes (the "**Notes**"). This tax disclosure supplement describes certain U.S. federal income tax consequences of the ownership and disposition of certain Notes treated as other than indebtedness for U.S. federal income tax purposes. This tax disclosure supplement supplements the disclosure in any pricing supplement that may reference it, any product supplement and/or other supplement and the accompanying Offering Memorandum. A separate pricing supplement will describe terms that apply to specific issuances of the Notes and may include updates or modifications to the description of the U.S. federal income tax consequences described in this tax disclosure supplement. If the disclosure in the relevant pricing supplement is inconsistent with the disclosure herein, the disclosure in the relevant pricing supplement will control.

Certain Notes and the Guarantee (as defined below) thereof will be offered pursuant to an exemption from registration under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), provided by Section 3(a)(2) of the Securities Act ("**3(a)(2) Notes**"). All Notes that are not 3(a)(2) Notes are referred to herein as "**Non-3(a)(2) Notes**" and are described below. The payment of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed pursuant to (i) in the case of the Non-3(a)(2) Notes, an instrument of guarantee governed by Spanish Law entered into by Banco Santander, S.A. (the "**Bank**" or "**Banco Santander**") (the "**Spanish Law Instrument of Guarantee**"); or (ii) in the case of the 3(a)(2) Notes, a guarantee governed by New York law entered into by Banco Santander, S.A., acting through its New York Branch (the "**New York Branch**") (the "**New York Law Guarantee**"). As used herein, (i) "**Guarantor**" refers to the Bank or the New York Branch, or the Bank and the New York Branch collectively, as the context requires, and (ii) "**Guarantee**" refers to the Spanish Law Instrument of Guarantee or the New York Law Guarantee, or the Spanish Law Instrument of Guarantee and the New York Law Guarantee collectively, as the context requires.

Investing in the Notes involves risks. See "Risk Factors" on page 3 of this tax disclosure supplement. See the applicable pricing supplement, any applicable product supplement and/or other supplement and the accompanying Offering Memorandum for a discussion of risks relating to each particular issuance of Notes.

The aggregate principal amount of Notes outstanding and guaranteed will not at any time exceed U.S. $5,000,000,000 (or the equivalent in other currencies). Particulars of the dates of, parties to and general nature of each document to which the Issuer is a party in relation to the Program and any Notes (the "**Transaction Documents**") are set out in the accompanying Offering Memorandum. Notes will be issued in registered form. Application will be made to the Vienna Stock Exchange for the Notes to be admitted to listing and trading on the Vienna MTF of the Vienna Stock Exchange (the "**Vienna MTF**"). The Vienna MTF is a multilateral trading facility for the purposes of Directive 2014/65/EU, on markets in financial instruments (as amended, "**MiFID II**"). The Vienna MTF is not a regulated market for the purposes of MiFID II. The Program also permits Notes to be issued on the basis that they will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems or may be unlisted, in each case, as may be agreed with the Issuer and as set out in the Pricing Supplement (as defined below). Prospective investors should note that the Issuer is incorporated under Dutch law and has its seat in Amsterdam, the Netherlands, but has its tax residence in the Kingdom of Spain ("**Spain**"). Potential purchasers should note the statements in the accompanying Offering Memorandum regarding the tax treatment in Spain of income obtained in respect of the Notes and the disclosure requirements imposed by Law 10/2014 and Royal Decree 1065/2007, as amended, on the Issuer and the Guarantor relating to the Notes. Holders of Notes must seek their own advice to ensure that they comply with all procedures to ensure the correct tax treatment of their Notes is obtained.

By its acquisition of the Notes, each holder (which, for the purposes of this provision, includes each holder of a beneficial interest in the Notes at any moment) acknowledges, accepts, consents to and agrees to be bound by the terms of the Notes related to the exercise of the Bail-in Power (as defined in the accompanying Offering Memorandum) set forth under Condition 20 (*Contractual Recognition and Acknowledgment of Bail-in Powers*) of the "*Terms and Conditions of the Notes*" in the accompanying Offering Memorandum.

The Notes have not been, and are not required to be, registered with the Office of the Comptroller of the Currency (the "OCC") or with the Securities and Exchange Commission (the "SEC") under the Securities Act, or under the securities laws of any state in the United States. Trading in the Notes has not been approved by the Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act of 1936, as amended. The Notes have not been approved or disapproved by the OCC, the SEC or

any state securities commission, nor has the OCC, the SEC or any state securities commission passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

The Non-3(a)(2) Notes and the Spanish Law Instrument of Guarantee will be offered and sold (i) outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act ("**Regulation S**"), (ii) within the United States to qualified institutional buyers (as defined in Rule 144A under the Securities Act ("**Rule 144A**")) within the meaning of, and in reliance upon, Rule 144A and/or (iii) pursuant to other exemptions from registration under the Securities Act and, in each case, in compliance with applicable securities laws.

The 3(a)(2) Notes and the New York Law Guarantee will be offered and sold to accredited investors (as defined in Rule 501(a) under the Securities Act) ("**Accredited Investors**") pursuant to an exemption from registration provided by Section 3(a)(2) of the Securities Act.

The Notes are senior preferred unsecured obligations of the Issuer and are fully and unconditionally guaranteed by the Guarantor and, accordingly, all payments on the Notes are subject to credit risk. If the Issuer and the Guarantor default on their relevant obligations, you could lose some or all of your investment. The Notes are not deposits or savings accounts and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency of the Netherlands, the Kingdom of Spain, the United States or any other jurisdiction.

Santander US Capital Markets LLC, an affiliate of the Issuer and the Guarantor, may serve as a dealer for the sale of any particular offering of Notes and, as such, will have a "conflict of interest" in any offering of 3(a)(2) Notes in which it participates, as either principal or agent, within the meaning of Rule 5121 of the Financial Industry Regulatory Authority ("**FINRA**") (or any successor rule thereto) ("**Rule 5121**"). Consequently, any such offering will be conducted in compliance with the provisions of Rule 5121. See "Plan of Distribution—Conflicts of Interest" in the accompanying Offering Memorandum.

Arranger

BANCO SANTANDER, S.A.

Dealer

Santander US Capital Markets LLC

September 27, 2024

RISK FACTORS

You should understand the risks of investing in the Notes and should reach an investment decision only after careful consideration with your advisors of the suitability of the Notes in light of your particular financial circumstances and the other information included or incorporated by reference in this tax disclosure supplement, the applicable pricing supplement, any applicable product supplement and/or other supplement and the accompanying Offering Memorandum. See the “Risk Factors” section beginning on page 9 of the accompanying Offering Memorandum and the “Selected Risk Considerations” or “Risk Factors” section, as applicable, of the applicable pricing supplement and any applicable product supplement and/or other supplement.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of certain U.S. federal income tax consequences of the ownership and disposition of Notes treated as other than indebtedness for U.S. federal income tax purposes. Except as provided otherwise below, the following discussion supersedes the discussion under "Certain U.S. Federal Income Tax Considerations" in the accompanying Offering Memorandum.

This discussion applies to you only if you:

- purchase the Notes in their initial offering at the stated issue price indicated in the applicable Pricing Supplement; and
- hold the Notes as capital assets for U.S. federal income tax purposes.

This discussion does not describe all of the tax consequences that may be relevant in light of an investor's particular circumstances or to investors subject to special rules, such as:

- certain financial institutions;
- insurance companies;
- dealers and certain traders in securities or commodities;
- investors holding the Notes as part of a "straddle," conversion transaction, integrated transaction or constructive sale transaction;
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes;
- regulated investment companies;
- real estate investment trusts;
- tax-exempt entities, "individual retirement accounts" or "Roth IRAs";
- persons that own, directly, indirectly or constructively, 10% or more of the Issuer's or Guarantor's stock by vote or value; or
- persons holding Notes in connection with a trade or business conducted outside the United States.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds a Note, the U.S. federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. If you are a partnership considering purchasing Notes or a partner in such a partnership, you should consult your tax adviser as to the particular U.S. federal tax consequences of holding and disposing of a Note to you.

The Issuer will not attempt to ascertain whether any issuer of any shares of a corporation (or equity interests treated as shares of a corporation for U.S. federal income tax purposes) to which a Note relates (such shares hereafter referred to as "Underlying Shares") is treated as a "passive foreign investment company" (a "PFIC") within the meaning of Section 1297 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or as a "United States real property holding corporation" (a "USRPHC") within the meaning of Section 897 of the Code. If any issuer of Underlying Shares were so treated, certain adverse U.S. federal income tax consequences might apply to a U.S. Holder in the case of a PFIC, and to a Non-U.S. Holder (as defined below) in the case of a USRPHC, upon the sale, redemption, retirement, taxable exchange or other taxable disposition (each of which is referred to herein as a "disposition") of a Note. You should refer to information filed with the SEC or other governmental authorities by the issuers of the Underlying Shares and consult your tax adviser regarding the possible consequences to you if any issuer of Underlying Shares is or becomes a PFIC or USRPHC.

This summary assumes that any Fund to which a Note relates will not be treated as a partnership for U.S. federal income tax purposes. If any such Fund were so treated, certain adverse U.S. federal income tax consequences might apply. You should consult your tax adviser regarding the possible consequences to you if any Fund to which a Note relates is or becomes treated as a partnership for U.S. federal income tax purposes.

This discussion assumes that Notes will be settled only in cash.

This summary does not address any U.S. federal tax consequences other than U.S. federal income tax consequences (such as estate or gift tax consequences), nor does it address alternative minimum tax consequences, special tax accounting rules under Section 451 of the Code or consequences resulting from the Medicare tax on investment income.

This discussion is based on the Code, administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations and the income tax treaty between the United States and Spain (the "Treaty"), all as of the date hereof, changes to any of which subsequent to the date hereof may affect the tax consequences described herein, possibly with retroactive effect. Persons considering the purchase of Notes should consult their tax advisers with regard to the application of U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

The following discussion assumes that the Issuer will be treated as resident for income tax purposes only in Spain. If any Dutch taxes are imposed in respect of a Note, U.S. Holders should consult their tax advisers regarding the creditability or deductibility for U.S. federal income tax purposes of any such Dutch taxes.

This discussion is subject to any additional discussion regarding U.S. federal taxation contained in the applicable Pricing Supplement. Accordingly, you should also consult the applicable Pricing Supplement for any additional discussion of U.S. federal taxation with respect to the specific Notes offered thereunder.

TAX CONSEQUENCES TO U.S. HOLDERS

This section applies to you only if you are a U.S. Holder. As used herein, a "U.S. Holder" is a person that is, for U.S. federal income tax purposes, a beneficial owner of a Note and:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Uncertain Treatment

Due to the absence of statutory, judicial or administrative authorities that directly address the treatment of Notes described in the discussions below for U.S. federal income tax purposes, no assurance can be given that the U.S. Internal Revenue Service (the "IRS") or a court will agree with the treatment described herein. Accordingly, you should consult your tax adviser regarding all aspects of the U.S. federal tax consequences of an investment in the Notes (including possible alternative treatments) in general and in light of your particular circumstances, as well as with respect to any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction. The Issuer has not obtained an opinion as to the proper U.S. federal income tax treatment of any Note. Unless otherwise stated, the following discussions assume that the Issuer's treatment of the Notes, as described in the discussions below, will be respected.

Notes Treated as Open Transactions

This discussion applies to Notes that do not pay coupons and provide for a single payment at maturity or early settlement that is determined by reference to the performance of a relevant Reference Item and that thus may be greater than or substantially lower than the Note's issue price. Except as otherwise provided in the applicable Pricing Supplement, under current law, the Issuer intends (in the absence of an administrative determination or judicial ruling to the contrary) to treat any such Note as a single financial contract that is an "open transaction" for U.S. federal income tax purposes.

Tax Treatment of Notes Treated as Open Transactions

Tax Treatment Prior to Settlement. Subject to the discussions below under "—*Possible Taxable Events*" and "—*Possible Application of Section 1256 of the Code*," a U.S. Holder should not be required to recognize taxable income over the term of the Notes prior to settlement, other than pursuant to a disposition as described below.

Tax Basis. Subject to the discussions below under "—*Possible Taxable Events*" and "—*Possible Application of Section 1256 of the Code*," a U.S. Holder's tax basis in a Note should equal the amount paid by the U.S. Holder to acquire the Note.

Sale or Other Taxable Disposition of a Note. Upon a disposition of a Note for cash, a U.S. Holder should recognize gain or loss equal to the difference between the disposition and its adjusted tax basis in the Note. Subject to the discussion above regarding the possible application of the PFIC rules and the discussions below regarding the possible application of Sections 1260, 1258, 1256 and 988 of the Code and under "—*Possible Taxable Events*," any gain or loss recognized should be long-term capital gain or loss if at the time of the disposition the Note has been held for more than one year, and short-term capital gain or loss otherwise.

Taxable gain upon the disposition of Notes, including any taxable gain attributable to fluctuations in currency exchange rates, should be treated as U.S.-source income. See "—Foreign Tax Credits" below for a discussion of the creditability or deductibility of any Spanish taxes imposed on gains upon the disposition of a Note. U.S. Holders should consult their tax advisers regarding additional U.S. federal income tax consequences of an investment in the Notes in light of their own particular circumstances.

Possible Taxable Events

A change in the methodology by which an index to which a Note relates is calculated, a change in the components of a Reference Item, a discontinuation of a Reference Item, a designation of a successor to a Reference Item or any other circumstance resulting in a material change to a Reference Item could result in the treatment of a Note as terminated and reissued, in whole or in part, for U.S. federal income tax purposes. In that event, a U.S. Holder might be required to recognize gain or loss (subject to the possible application of the wash sale rules) with respect to the Notes, and its holding period for the Notes could be affected. Moreover, depending on the facts at the time of the change, the reissued Notes could be characterized for U.S. federal income tax purposes in a manner different from their original treatment, which could have a significant and potentially adverse effect on the timing and character of income the U.S. Holder recognizes with respect to the Notes after the change.

Possible Application of Section 1260 of the Code

If a Note (other than a Note that provides for an upside payment only if the relevant Reference Item decreases in value over the term of the Note) is linked to an equity interest in one of a specified list of entities ("Pass-Thru Entities"), including an exchange-traded fund or other regulated investment company, a real estate investment trust, a partnership or a PFIC, there is a substantial risk that an investment in the Note will be treated as a "constructive ownership transaction," as defined in Section 1260 of the Code. If an investment in the Note is treated as a constructive ownership transaction, all or a portion of any long-term capital gain recognized by a U.S. Holder in respect of the Note could be recharacterized as ordinary income (the "Recharacterized Gain"). In addition, an interest charge would be imposed on any deemed underpayment of tax for each year that the constructive ownership transaction was outstanding. The amount of the interest charge is determined by treating any Recharacterized Gain as having accrued such that the gain in each successive year is equal to the gain in the prior year increased by the applicable federal rate (determined as of the date of disposition of the Note) during the term of the constructive ownership transaction.

The amount of the Recharacterized Gain (if any) that would be treated as ordinary income in respect of the Note equals the excess of (i) any long-term capital gain recognized by the U.S. Holder in respect of the Note over (ii) the "net underlying long-term capital gain" (as defined in Section 1260 of the Code). Even if an investment in the Note is treated as a constructive ownership transaction, the amount of net underlying long-term capital gain, and therefore the amount of Recharacterized Gain, is unclear. In particular, certain possible features of a Note (such as a Note linked to multiple Pass-Thru Entities, a Note linked to a Pass-Thru Entity as well as other types of equity interests, or a Note that provides for payments based on a multiple of the change in the value of an underlying Pass-Thru Entity) may give rise to uncertainty about the proper method for calculating the amount of Recharacterized Gain. Under Section 1260 of the Code, the amount of net underlying long-term capital gain is treated as zero unless otherwise "established by clear and convincing evidence." Furthermore, if a Pass-Thru Entity holds certain types of specified assets, such as certain metals, the long-term capital gain that a U.S. Holder

would otherwise recognize in respect of the Note up to the amount of the net underlying long-term capital gain could, if the U.S. Holder is an individual or other non-corporate investor, be subject to tax at the higher rates applicable to "collectibles" instead of the general rates that apply to long-term capital gain.

Unless otherwise provided in the applicable Pricing Supplement, due to the lack of governing authority, we expect to be unable to express a view, or obtain an opinion, as to whether or how Section 1260 of the Code applies to Notes linked to Pass-Thru Entities. U.S. Holders should consult their tax advisers regarding the potential application of the "constructive ownership" rule to the Notes. The Issuer will not attempt to ascertain whether any given Note is linked to an equity interest in a Pass-Thru Entity.

Possible Application of Section 1258 of the Code

It is possible that an investment in certain Notes, particularly those that provide for a single fixed upside payment, could be treated as a "conversion transaction" under Section 1258 of the Code. A conversion transaction is a transaction marketed or sold as producing capital gains and from which substantially all of the taxpayer's expected return is attributable to the time value of the taxpayer's net investment. If an investment in the Notes were treated as a conversion transaction, the gain from the disposition of the Notes would be treated as ordinary income to the extent of the "applicable imputed income amount." The applicable imputed income amount is an amount equal to the amount of interest that would have accrued on the taxpayer's net investment in the conversion transaction (*i.e.*, the amount paid by the U.S. Holder to acquire the Notes) for the period ending on the date of disposition (including a deemed sale described above under "*—Possible Taxable Events*" or under the mark-to-market treatment discussed below under "*—Possible Application of Section 1256 of the Code*") at a rate equal to 120 percent of the applicable federal rate. U.S. Holders should consult their tax advisers regarding the possible application of Section 1258 of the Code to the Notes.

Possible Application of Section 1256 of the Code

Special rules will apply if a Note constitutes, in whole or in part, a "Section 1256 Contract" under Section 1256 of the Code. Section 1256 Contracts include, among others, "listed options." Accordingly, if a Note is listed on (or subject to the rules of) an exchange, board of trade or market, it is possible that the Note may be treated, in whole or in part, as a Section 1256 Contract. If Section 1256 of the Code were to apply to a Note, U.S. Holders would be required (i) to mark to market all or a portion of the Note as if it were sold at its fair market value on the last business day of each year it is held, and (ii) to recognize any gain or loss in respect of the portion of the Note that is treated as a Section 1256 Contract as 40% short-term capital gain or loss and 60% long-term capital gain or loss. U.S. Holders should consult their tax advisers regarding the potential application of Section 1256 of the Code to the Notes.

Possible Application of Section 988 of the Code

General. The following discussion describes certain special rules applicable to a U.S. Holder of Notes that are open transactions and for which the Reference Item includes one or more currencies (other than the U.S. dollar).

Sale or Other Taxable Disposition of a Note. Because the return on the Note is "determined by reference to the value" of one or more foreign currencies, unless otherwise provided in the applicable Pricing Supplement, the Issuer intends to treat the Note as subject to Section 988 of the Code. In that case, any gain or loss recognized on the Note (including any gain or loss resulting from the possible application of Section 1256 of the Code, as discussed above) generally should be ordinary income or loss unless an election under Section 988(a)(1)(B) of the Code to treat such gain or loss as capital gain or loss (the "Section 988 election") is available and the U.S. Holder makes such election before the close of the day on which the U.S. Holder purchases the Note. While a taxpayer may make a Section 988 election to treat gain or loss on certain forward contracts, futures contracts or option contracts linked to one or more foreign currencies as capital gain or loss, it is unclear whether a Section 988 election is available for the Note. Unless otherwise provided in the applicable Pricing Supplement, due to the lack of governing authority, we will not seek any opinion as to whether the Section 988 election is available for the Note. U.S. Holders should consult their tax advisers about the potential application of Section 988 of the Code and the Section 988 election to the Note. In addition, a U.S. Holder might be subject to special reporting requirements that apply to foreign currency losses that exceed certain thresholds, as described below under "*—Disclosure Requirements*".

Possible Alternative Tax Treatments of an Investment in a Note

Due to the absence of authorities that directly address the proper tax treatment of the Note, no assurance can be given that the IRS will accept, or that a court will uphold, the treatment described above. The IRS could, for

instance, seek to analyze the U.S. federal income tax consequences of owning the Notes under Treasury regulations governing contingent payment debt instruments (the "Contingent Debt Regulations"). If the IRS were successful in asserting that the Contingent Debt Regulations applied to the Notes, the timing and character of income thereon would be significantly affected. Among other things, a U.S. Holder would be required to accrue into income original issue discount on the Notes every year at a "comparable yield" determined at the time of their issuance, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the Notes. Furthermore, any gain realized by a U.S. Holder at maturity or upon a sale, exchange or other disposition of the Notes would be treated as ordinary income, and any loss realized would be treated as ordinary loss to the extent of the U.S. Holder's prior accruals of original issue discount and as capital loss thereafter. The risk that financial instruments providing for downside protection features would be recharacterized for U.S. federal income tax purposes as debt instruments giving rise to ordinary income and possible accrual of income prior to maturity or disposition of the Note, rather than as open transactions, is greater than the risk of recharacterization for comparable financial instruments that do not have such features. For a more detailed description of the rules set forth in the Contingent Debt Regulations see the discussion in the accompanying Offering Memorandum under "Certain U.S. Federal Income Tax Considerations—Tax Consequences To U.S. Holders—Contingent Payment Notes."

Even if the Notes are not treated as debt instruments for U.S. federal income tax purposes, other alternative treatments are possible, which, if applied, could significantly affect the timing and character of the income or loss with respect to the Notes. It is possible, for example, that a Note could be treated as a unit consisting of a loan and a forward contract, in which case a U.S. Holder might be required to accrue original issue discount ("OID") into income on a current basis.

The U.S. Treasury Department and the IRS released a notice requesting comments on the U.S. federal income tax treatment of "prepaid forward contracts" and similar instruments and have indicated that such transactions may be the subject of future Treasury regulations or other guidance. In addition, members of Congress have proposed legislative changes to the tax treatment of derivative contracts. Any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the Notes, possibly with retroactive effect.

Prospective investors should consult their tax advisers regarding all aspects of the U.S. federal income tax consequences of an investment in the Notes, including the possible implications of the IRS notice.

Notes Providing for Upside Potential and Treated as Single Financial Contracts with Associated Coupons

This discussion applies to Notes that pay coupons and provide for a single payment at maturity or early settlement that is determined by reference to the performance of a relevant Reference Item and that thus may be greater than or substantially lower than the Note's issue price. The Issuer intends (in the absence of an administrative determination or judicial ruling to the contrary) to treat the Notes for U.S. federal income tax purposes as a single financial contract that provides for a coupon that will be treated as gross income to a U.S. Holder at the time received or accrued in accordance with the U.S. Holder's regular method of tax accounting.

Taxable gain upon the disposition of Notes, including any taxable gain attributable to fluctuations in currency exchange rates, will be treated as U.S.-source income. See "—Foreign Tax Credits" below for a discussion of the creditability or deductibility of any Spanish taxes imposed on payments of coupons on a Note and gains upon the disposition of a Note. U.S. Holders should consult their tax advisers regarding additional U.S. federal income tax consequences of an investment in the Notes in light of their own particular circumstances.

Tax Treatment of the Notes

Tax Basis. Subject to the discussions below under "—*Possible Taxable Events*" and "—*Possible Application of Section 1256 of the Code*," a U.S. Holder's tax basis in a Note should equal the amount paid by the U.S. Holder to acquire the Note.

Coupon Payments on a Note. Any coupon payments on a Note should be taxable as ordinary income to a U.S. Holder at the time received or accrued, in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes. The Issuer expects that coupon payments received from an investment in Notes should be treated as non-U.S. source income.

Sale or Other Taxable Disposition of a Note. Upon a disposition of a Note, a U.S. Holder should recognize gain or loss equal to the difference between the amount realized on the disposition and the U.S. Holder's tax basis in the Note. For this purpose, the amount realized does not include any coupon paid upon the disposition, and may

not include disposition proceeds attributable to an accrued coupon, which may be treated as a coupon payment. Subject to the discussion above regarding the possible application of the PFIC rules and the discussions below regarding the possible application of Sections 1260, 1258, 1256 and 988 of the Code and under "—*Possible Taxable Events*," any such gain or loss recognized should be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year at the time of the disposition, and should be short-term capital gain or loss otherwise. The ordinary income treatment of the coupon payments, in conjunction with the capital loss treatment of any loss recognized upon the disposition of a Note, could result in adverse tax consequences to U.S. Holders of a Note because the deductibility of capital losses is subject to limitations.

Possible Taxable Events

A change in the methodology by which an index to which a Note relates is calculated, a change in the components of a Reference Item, a discontinuation of a Reference Item, a designation of a successor to a Reference Item or any other circumstance resulting in a material change to a Reference Item, could result in the treatment of a Note as terminated and reissued, in whole or in part, for U.S. federal income tax purposes. In that event, a U.S. Holder might be required to recognize gain or loss (subject to the possible application of the wash sale rules) with respect to the Notes, and its holding period for the Notes could be affected. Moreover, depending on the facts at the time of the change, the reissued Notes could be characterized for U.S. federal income tax purposes in a manner different from their original treatment, which could have a significant and potentially adverse effect on the timing and character of income the U.S. Holder recognizes with respect to the Notes after the change.

Possible Application of Section 1260 of the Code

If a Note (other than a Note that provides for only a single fixed upside payment if the relevant Reference Item increases in value over the term of the Note, or a Note that provides for an upside payment only if the relevant Reference Item decreases in value over the term of the Note) is linked to an equity interest in one of a specified list of entities ("Pass-Thru Entities"), including an exchange-traded fund or other regulated investment company, a real estate investment trust, a partnership or a PFIC, there is a substantial risk that an investment in the Note will be treated as a "constructive ownership transaction," as defined in Section 1260 of the Code. If an investment in the Note is treated as a constructive ownership transaction, all or a portion of any long-term capital gain recognized by a U.S. Holder in respect of the Note could be recharacterized as ordinary income (the "Recharacterized Gain"). In addition, an interest charge would be imposed on any deemed underpayment of tax for each year that the constructive ownership transaction was outstanding. The amount of the interest charge is determined by treating any Recharacterized Gain as having accrued such that the gain in each successive year is equal to the gain in the prior year increased by the applicable federal rate (determined as of the date of disposition of the Note) during the term of the constructive ownership transaction.

The amount of the Recharacterized Gain (if any) that would be treated as ordinary income in respect of the Note equals the excess of (i) any long-term capital gain recognized by the U.S. Holder in respect of the Note over (ii) the "net underlying long-term capital gain" (as defined in Section 1260 of the Code). Even if an investment in the Note is treated as a constructive ownership transaction, the amount of net underlying long-term capital gain, and therefore the amount of Recharacterized Gain, is unclear. In particular, certain possible features of a Note (such as a Note linked to multiple Pass-Thru Entities, a Note linked to a Pass-Thru Entity as well as other types of equity interests, or a Note that provides for payments based on a multiple of the change in the value of an underlying Pass-Thru Entity) may give rise to uncertainty about the proper method for calculating the amount of Recharacterized Gain. Under Section 1260 of the Code, the amount of net underlying long-term capital gain is treated as zero unless otherwise "established by clear and convincing evidence." Furthermore, if a Pass-Thru Entity holds certain types of specified assets, such as certain metals, the long-term capital gain that a U.S. Holder would otherwise recognize in respect of the Note up to the amount of the net underlying long-term capital gain could, if the U.S. Holder is an individual or other non-corporate investor, be subject to tax at the higher rates applicable to "collectibles" instead of the general rates that apply to long-term capital gain.

Unless otherwise provided in the applicable Pricing Supplement, due to the lack of governing authority, we expect to be unable to express a view, or obtain an opinion, as to whether or how Section 1260 of the Code applies to Notes linked to Pass-Thru Entities. U.S. Holders should consult their tax advisers regarding the potential application of the "constructive ownership" rule to the Notes. The Issuer will not attempt to ascertain whether any given Note is linked to an equity interest in a Pass-Thru Entity.

Possible Application of Section 1258 of the Code

It is possible that an investment in certain Notes, particularly those that provide for a single fixed upside payment, could be treated as a "conversion transaction" under Section 1258 of the Code. A conversion transaction is a transaction marketed or sold as producing capital gains and from which substantially all of the taxpayer's expected return is attributable to the time value of the taxpayer's net investment. If an investment in the Notes were treated as a conversion transaction, the gain from the disposition of the Notes would be treated as ordinary income to the extent of the "applicable imputed income amount." The applicable imputed income amount is an amount equal to the amount of interest that would have accrued on the taxpayer's net investment in the conversion transaction (i.e., the amount paid by the U.S. Holder to acquire the Notes) for the period ending on the date of disposition (including a deemed sale described above under "*—Possible Taxable Events*" or under the mark-to-market treatment discussed below under "*—Possible Application of Section 1256 of the Code*") at a rate equal to 120 percent of the applicable federal rate. U.S. Holders should consult their tax advisers regarding the possible application of Section 1258 of the Code to the Notes.

Possible Application of Section 1256 of the Code

Special rules will apply if a Note constitutes, in whole or in part, a "Section 1256 Contract" under Section 1256 of the Code. Section 1256 Contracts include, among others, "listed options." Accordingly, if a Note is listed on (or subject to the rules of) an exchange, board of trade or market, it is possible that the Note may be treated, in whole or in part, as a Section 1256 Contract. If Section 1256 of the Code were to apply to a Note, U.S. Holders would be required (i) to mark to market all or a portion of the Note as if it were sold at its fair market value on the last business day of each year it is held, and (ii) to recognize any gain or loss in respect of the portion of the Note that is treated as a Section 1256 Contract as 40% short-term capital gain or loss and 60% long-term capital gain or loss. U.S. Holders should consult their tax advisers regarding the potential application of Section 1256 of the Code to the Notes.

Possible Application of Section 988 of the Code

General. The following discussion describes certain special rules applicable to a U.S. Holder of Notes that are single financial contracts with associated coupons and for which the Reference Item includes one or more currencies (other than the U.S. dollar).

Sale or Other Taxable Disposition of a Note. Because the return on the Note is "determined by reference to the value" of one or more foreign currencies, unless otherwise provided in the applicable Pricing Supplement, the Issuer intends to treat the Note as subject to Section 988 of the Code. In that case, any gain or loss recognized on the Note (including any gain or loss resulting from the possible application of Section 1256 of the Code, as discussed above) generally should be ordinary income or loss unless an election under Section 988(a)(1)(B) of the Code to treat such gain or loss as capital gain or loss (the "Section 988 election") is available and the U.S. Holder makes such election before the close of the day on which the U.S. Holder purchases the Note. While a taxpayer may make a Section 988 election to treat gain or loss on certain forward contracts, futures contracts or option contracts linked to one or more foreign currencies as capital gain or loss, it is unclear whether a Section 988 election is available for the Note. Unless otherwise provided in the applicable Pricing Supplement, due to the lack of governing authority, we will not seek any opinion as to whether the Section 988 election is available for the Note. U.S. Holders should consult their tax advisers about the potential application of Section 988 of the Code and the Section 988 election to the Note. In addition, a U.S. Holder might be subject to special reporting requirements that apply to foreign currency losses that exceed certain thresholds, as described below under "*—Disclosure Requirements*".

Possible Alternative Tax Treatments of an Investment in a Note

Due to the absence of authorities that directly address the proper tax treatment of the Note, no assurance can be given that the IRS will accept, or that a court will uphold, the treatment described above. The IRS could, for instance, seek to analyze the U.S. federal income tax consequences of owning the Notes under Treasury regulations governing contingent payment debt instruments (the "Contingent Debt Regulations"). If the IRS were successful in asserting that the Contingent Debt Regulations applied to the Notes, the timing and character of income thereon would be significantly affected. Among other things, a U.S. Holder would be required to accrue into income original issue discount on the Notes every year at a "comparable yield" determined at the time of their issuance, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the Notes. Furthermore, any gain realized by a U.S. Holder at maturity or upon a sale, exchange or other disposition of the Notes would be treated as ordinary income, and any loss realized would be treated as ordinary loss to the extent of the U.S. Holder's prior accruals of original issue discount and as capital loss thereafter. The risk that financial instruments providing for downside protection features would be

recharacterized for U.S. federal income tax purposes as debt instruments giving rise to ordinary income and possible accrual of income prior to maturity or disposition of the Note, rather than as single financial contracts with associated coupons, is greater than the risk of recharacterization for comparable financial instruments that do not have such features. For a more detailed description of the rules set forth in the Contingent Debt Regulations see the discussion in the accompanying Offering Memorandum under "Certain U.S. Federal Income Tax Considerations—Tax Consequences To U.S. Holders—Contingent Payment Notes." Alternatively, the IRS could require coupon payments on the Notes to be included in income at a time other than that described above.

Even if the Notes are not treated as debt instruments for U.S. federal income tax purposes, other alternative treatments are possible, which, if applied, could significantly affect the timing and character of the income or loss with respect to the Notes. It is possible, for example, that a Note could be treated as a unit consisting of a loan and a forward contract, in which case a U.S. Holder might be required to accrue OID into income on a current basis.

The U.S. Treasury Department and the IRS released a notice requesting comments on the U.S. federal income tax treatment of "prepaid forward contracts" and similar instruments and have indicated that such transactions may be the subject of future Treasury regulations or other guidance. In addition, members of Congress have proposed legislative changes to the tax treatment of derivative contracts. Any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the Notes, possibly with retroactive effect.

Prospective investors should consult their tax advisers regarding all aspects of the U.S. federal income tax consequences of an investment in the Notes, including the possible implications of the IRS notice.

Notes Treated as Single Financial Contracts with Associated Coupons That Do Not Provide for Upside

This discussion applies to Notes that pay contingent coupons and provide for a single payment at maturity or early settlement that is determined by reference to the performance of a relevant Reference Item and that may be substantially lower than but may not exceed the Note's issue price (other than the contingent coupons). The Issuer intends (in the absence of an administrative determination or judicial ruling to the contrary) to treat the Notes for U.S. federal income tax purposes as a single financial contract that provides for a coupon that will be treated as gross income to a U.S. Holder at the time received or accrued in accordance with the U.S. Holder's regular method of tax accounting.

Taxable gain upon the disposition of Notes, including any taxable gain attributable to fluctuations in currency exchange rates, should be treated as U.S.-source income. See "—Foreign Tax Credits" below for a discussion of the creditability or deductibility of any Spanish taxes imposed on payments of coupons on a Note and gains upon the disposition of a Note. U.S. Holders should consult their tax advisers regarding additional U.S. federal income tax consequences of an investment in the Notes in light of their own particular circumstances.

Tax Treatment of the Notes

Tax Basis. A U.S. Holder's tax basis in a Note should equal the amount paid by the U.S. Holder to acquire the Note.

Coupon Payments on a Note. Any coupon payments on a Note should be taxable as ordinary income to a U.S. Holder at the time received or accrued, in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes. The Issuer expects that coupon payments received from an investment in Notes should be treated as non-U.S. source income.

Sale or Other Taxable Disposition of a Note. Upon a disposition of a Note, a U.S. Holder should recognize gain or loss equal to the difference between the amount realized on the disposition and the U.S. Holder's tax basis in the Note. For this purpose, the amount realized does not include any coupon paid upon the disposition, and may not include disposition proceeds attributable to an accrued coupon, which may be treated as a coupon payment. Subject to the discussions below regarding the possible application of Sections 988 and 1256 of the Code, any such gain or loss recognized should be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year at the time of the disposition, and should be short-term capital gain or loss otherwise. The ordinary income treatment of the coupon payments, in conjunction with the capital loss treatment of any loss recognized upon the disposition of a Note, could result in adverse tax consequences to U.S. Holders of a Note because the deductibility of capital losses is subject to limitations.

Possible Application of Section 1256 of the Code

Special rules will apply if a Note constitutes, in whole or in part, a "Section 1256 Contract" under Section 1256 of the Code. Section 1256 Contracts include, among others, "listed options." Accordingly, if a Note is listed on (or subject to the rules of) an exchange, board of trade or market, it is possible that the Note may be treated, in whole or in part, as a Section 1256 Contract. If Section 1256 of the Code were to apply to a Note, U.S. Holders would be required (i) to mark to market all or a portion of the Note as if it were sold at its fair market value on the last business day of each year it is held, and (ii) to recognize any gain or loss in respect of the portion of the Note that is treated as a Section 1256 Contract as 40% short-term capital gain or loss and 60% long-term capital gain or loss. U.S. Holders should consult their tax advisers regarding the potential application of Section 1256 of the Code to the Notes.

Possible Application of Section 988 of the Code

General. The following discussion describes certain special rules applicable to a U.S. Holder of Notes that are single financial contracts with associated coupons and for which the Reference Item includes one or more currencies (other than the U.S. dollar).

Sale or Other Taxable Disposition of a Note. Because the return on the Note is "determined by reference to the value" of one or more foreign currencies, unless otherwise provided in the applicable Pricing Supplement, the Issuer intends to treat the Note as subject to Section 988 of the Code. In that case, any gain or loss recognized on the Note (including any gain or loss resulting from the possible application of Section 1256 of the Code, as discussed above) generally should be ordinary income or loss unless an election under Section 988(a)(1)(B) of the Code to treat such gain or loss as capital gain or loss (the "Section 988 election") is available and the U.S. Holder makes such election before the close of the day on which the U.S. Holder purchases the Note. While a taxpayer may make a Section 988 election to treat gain or loss on certain forward contracts, futures contracts or option contracts linked to one or more foreign currencies as capital gain or loss, it is unclear whether a Section 988 election is available for the Note. Unless otherwise provided in the applicable Pricing Supplement, due to the lack of governing authority, we will not seek any opinion as to whether the Section 988 election is available for the Note. U.S. Holders should consult their tax advisers about the potential application of Section 988 of the Code and the Section 988 election to the Note. In addition, a U.S. Holder might be subject to special reporting requirements that apply to foreign currency losses that exceed certain thresholds, as described below under "—*Disclosure Requirements*".

Possible Alternative Tax Treatments of an Investment in a Note

Due to the absence of authorities that directly address the proper tax treatment of the Note, no assurance can be given that the IRS will accept, or that a court will uphold, the treatment described above. The IRS could, for instance, seek to analyze the U.S. federal income tax consequences of owning the Notes under Treasury regulations governing contingent payment debt instruments (the "Contingent Debt Regulations"). If the IRS were successful in asserting that the Contingent Debt Regulations applied to the Notes, the timing and character of income thereon would be significantly affected. Among other things, a U.S. Holder would be required to accrue into income original issue discount on the Notes every year at a "comparable yield" determined at the time of their issuance, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the Notes. Furthermore, any gain realized by a U.S. Holder at maturity or upon a sale, exchange or other disposition of the Notes would be treated as ordinary income, and any loss realized would be treated as ordinary loss to the extent of the U.S. Holder's prior accruals of original issue discount and as capital loss thereafter. The risk that financial instruments providing for downside protection features would be recharacterized for U.S. federal income tax purposes as debt instruments giving rise to ordinary income and possible accrual of income prior to maturity or disposition of the Note, rather than as single financial contracts with associated coupons, is greater than the risk of recharacterization for comparable financial instruments that do not have such features. For a more detailed description of the rules set forth in the Contingent Debt Regulations see the discussion in the accompanying Offering Memorandum under "Certain U.S. Federal Income Tax Considerations—Tax Consequences To U.S. Holders—Contingent Payment Notes." Alternatively, the IRS could require coupon payments on the Notes to be included in income at a time other than that described above.

Even if the Notes are not treated as debt instruments for U.S. federal income tax purposes, other alternative treatments are possible, which, if applied, could significantly affect the timing and character of the income or loss with respect to the Notes.

The U.S. Treasury Department and the IRS released a notice requesting comments on the U.S. federal income tax treatment of "prepaid forward contracts" and similar instruments and have indicated that such transactions may be the subject of future Treasury regulations or other guidance. In addition, members of Congress have proposed

legislative changes to the tax treatment of derivative contracts. Any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the Notes, possibly with retroactive effect.

Prospective investors should consult their tax advisers regarding all aspects of the U.S. federal income tax consequences of an investment in the Notes, including the possible implications of the IRS notice.

Notes Treated as Put Rights and Deposits

This discussion applies to Notes that pay coupons at a fixed rate and provide for a single payment at maturity or early settlement that is determined by reference to the performance of a relevant Reference Item and that may be substantially lower than but may not exceed the Note's issue price (other than the coupon).

General

Except as otherwise provided in the applicable Pricing Supplement, the Issuer intends (in the absence of an administrative determination or judicial ruling to the contrary) to treat each Note, under current law, for U.S. federal income tax purposes, as a unit consisting of the following:

(i) a put right (the "Put Right") written by the investor to the Issuer that, if exercised, requires the investor to pay the Issuer an amount equal to the Deposit (as defined below) in exchange for a cash amount based on the performance of the relevant Reference Item; and

(ii) a deposit with the Issuer of a fixed amount of cash, equal to the issue price, to secure the investor's obligation under the Put Right (the "Deposit") that pays interest based on the Issuer's cost of borrowing at the time of issuance (the "Yield on the Deposit").

Assuming the characterization of the Notes as set forth above is respected, a portion of the coupon on the Notes will be treated as Yield on the Deposit and the remainder will be attributable to the premium on the Put Right (the "Put Premium"). The Yield on the Deposit will be determined as of the pricing date and set forth in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, the Issuer will allocate 100% of the issue price of the Notes to the Deposit and none to the Put Right. The Issuer's allocation of the issue price between the Put Right and the Deposit will be binding on investors in the Notes, unless an investor timely and explicitly discloses to the IRS that its allocation is different from the Issuer's allocation. The treatment of the Notes described above and the Issuer's allocation are not, however, binding on the IRS or a court. No statutory, judicial or administrative authority directly addresses the treatment of the Notes or instruments similar to the Notes for U.S. federal income tax purposes, and no ruling is being requested from the IRS with respect to the Notes.

Taxable gain upon the disposition of Notes, including any taxable gain attributable to fluctuations in currency exchange rates, and the portion of any coupon payments attributable to the Put Premium, should be treated as U.S.-source income. See "—Foreign Tax Credits" below for a discussion of the creditability or deductibility of any Spanish taxes imposed on payments of coupons on a Note and gains upon the disposition of a Note. U.S. Holders should consult their tax advisers regarding additional U.S. federal income tax consequences of an investment in the Notes in light of their own particular circumstances.

Unless otherwise provided in the applicable Pricing Supplement, the following U.S. federal income tax consequences should result.

Notes with a Term Equal to or Less Than One Year

The following discussion describes certain U.S. federal income tax consequences of ownership and disposition of a Note with a term that is equal to or less than one year (taking into account the last possible date that the Note could be outstanding under its terms).

Coupon Payments on a Note. Under the characterization described above under "—*General*," only a portion of the coupon payments on a Note should be attributable to the Yield on the Deposit. The remainder of the coupon payments should represent payments attributable to the Put Premium. The Put Premium generally should not be taxable to a U.S. Holder upon receipt, but instead should be accounted for as described below.

The Deposit should be treated as a "short-term obligation" for U.S. federal income tax purposes. Accordingly, to the extent attributable to the Yield on the Deposit, coupon payments on a Note generally should be taxable to a U.S. Holder as ordinary interest income, as set forth herein. The Issuer expects that the portion of any coupon payments attributable to the Yield on the Deposit should be treated as non-U.S. source income. A U.S. Holder who is a cash-method taxpayer should not be required to include the Yield on the Deposit currently in income for U.S. federal income tax purposes prior to receipt of such amounts unless the U.S. Holder elects to do so. A U.S. Holder who is a cash-method taxpayer and who does not make such election should include the Yield on the Deposit as income upon receipt. An accrual-method U.S. Holder should be required to include the Yield on the Deposit in income as it accrues on a straight-line basis, unless the U.S. Holder makes an election to accrue the Yield on the Deposit according to a constant yield method based on daily compounding.

Additionally, a cash-method U.S. Holder who does not elect to accrue the Yield on the Deposit should be required to defer deductions for certain interest paid on indebtedness incurred to purchase or carry the Notes until the Yield on the Deposit is included in income (or the U.S. Holder disposes of the Note). The amount of deductions required to be deferred should not exceed the amount of the Yield on the Deposit the U.S. Holder would have taken into income under an election to accrue such amounts.

Tax Basis. Based on our determination set forth above, the U.S. Holder's tax basis in the Put Right should be zero, and the U.S. Holder's tax basis in the Deposit should be 100% of the issue price, increased by any accrued Yield on the Deposit previously included in income and decreased by the amount of any payment received on the Deposit.

Receipt of Stated Principal Amount upon Settlement or Early Redemption of a Note. If a U.S. Holder receives the stated principal amount of a Note upon settlement or early redemption of a Note, the Put Right should be deemed to have expired unexercised. In that case, the U.S. Holder should not recognize any gain upon the return of the Deposit but should recognize the total amount of Put Premium received by the U.S. Holder over the term of the Note (including Put Premium received at maturity) as short-term capital gain at such time.

Receipt of Cash Based on the Performance of the Reference Item Upon Maturity of a Note. If a U.S. Holder receives an amount upon maturity of a Note that is less than the stated principal amount of the Note (such difference, the "Deficit"), the Put Right should be deemed to have been exercised and the U.S. Holder should be deemed to pay the Deficit to the Issuer upon settlement of the Put Right. In that case, the U.S. Holder should recognize short-term capital gain or loss with respect to the Put Right in an amount equal to the difference between (i) the total Put Premium received by the U.S. Holder over the term of the Note (including Put Premium received at maturity) and (ii) the Deficit.

Sale or Other Taxable Disposition of a Note Prior to Maturity. Upon a disposition of a Note prior to maturity, a U.S. Holder generally should recognize gain or loss with respect to the Deposit and the Put Right. For the purpose of determining such gain or loss, a U.S. Holder should apportion the amount realized on the disposition between the Deposit and the Put Right based on their respective values on the date of such disposition. The amount of gain or loss on the Deposit should equal the amount realized that is attributable to the Deposit, less the U.S. Holder's adjusted tax basis in the Deposit. Such gain should be treated as ordinary interest income to the extent of the amount of any accrued but unpaid Yield on the Deposit not previously included in income, and any remaining gain should be treated as short-term capital gain. Loss on the Deposit should be treated as short-term capital loss. The amount realized that is attributable to the Put Right, together with the total Put Premium received by the U.S. Holder over the term of the Note, should be treated as short-term capital gain.

If the value of the Deposit on the date of the disposition exceeds the amount realized, the U.S. Holder should be treated as having (i) sold the Deposit for an amount equal to its value on that date and (ii) made a payment (the "Put Right Assumption Payment") to the purchaser of the Notes equal to the amount of the excess, in exchange for the purchaser's assumption of the U.S. Holder's rights and obligations under the Put Right. In that case, the U.S. Holder should recognize gain or loss in respect of the Put Right, as set forth in the previous paragraph, in an amount equal to the total Put Premium received by the U.S. Holder over the term of the Note, less the amount of the Put Right Assumption Payment deemed to be made by the U.S. Holder.

Notes with a Term of More Than One Year

The following discussion describes certain U.S. federal income tax consequences of ownership and disposition of a Note with a term of more than one year (taking into account the last possible date that the Note could be outstanding under its terms).

Coupon Payments on a Note. Under the characterization described above under "—*General*," only a portion of the coupon payments on a Note should be attributable to the Yield on the Deposit. The remainder of the coupon payments should represent payments attributable to the Put Premium. The Put Premium generally should not be taxable to a U.S. Holder upon receipt, but instead should be accounted for as described below.

To the extent attributable to the Yield on the Deposit, coupon payments on a Note generally should be taxable to a U.S. Holder as ordinary interest income at the time accrued or received, in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes. The Issuer expects that the portion of any coupon payments attributable to the Yield on the Deposit should be treated as non-U.S. source income.

Tax Basis. Based on our determination set forth above, the U.S. Holder's tax basis in the Put Right should be zero, and the U.S. Holder's initial tax basis in the Deposit should be 100% of the issue price.

Receipt of Stated Principal Amount upon Settlement or Early Redemption of a Note. If a U.S. Holder receives the stated principal amount of a Note upon settlement or early redemption of a Note, the Put Right should be deemed to have expired unexercised. In that case, the U.S. Holder generally should not recognize any gain upon the return of the Deposit but should recognize the total amount of Put Premium received by the U.S. Holder over the term of the Note (including Put Premium received at maturity) as short-term capital gain at such time.

Receipt of Cash Based on the Performance of the Reference Item Upon Maturity of a Note. If a U.S. Holder receives an amount upon maturity of a Note that is less than the stated principal amount of the Note (such difference, the "Deficit"), the Put Right should be deemed to have been exercised and the U.S. Holder should be deemed to pay the Deficit to the Issuer upon settlement of the Put Right. In that case, the U.S. Holder should not recognize any gain in respect of the Deposit but should recognize short-term capital gain or loss in an amount equal to the difference between (i) the total Put Premium received by the holder over the term of the Notes (including Put Premium received at maturity) and (ii) the Deficit.

Sale or Other Taxable Disposition of a Note Prior to Maturity. Upon a disposition of a Note prior to maturity, a U.S. Holder generally should recognize long-term capital gain or loss with respect to the Deposit if the U.S. Holder has held the Notes for more than one year at the time of such sale or exchange and short-term capital gain or loss otherwise. The U.S. Holder should also generally recognize short-term capital gain or loss with respect to the Put Right. For the purpose of determining gain or loss, a U.S. Holder should apportion the amount realized on the disposition of the Note (excluding any amount attributable to accrued but unpaid Yield on the Deposit, which would be taxed as described above under "—*Coupon Payments on a Note*") between the Deposit and the Put Right based on their respective values on the date of such disposition. The amount of capital gain or loss on the Deposit should equal the amount realized that is attributable to the Deposit, less the U.S. Holder's adjusted tax basis in the Deposit. The amount realized that is attributable to the Put Right, together with the total Put Premium received by the U.S. Holder over the term of the Note, should be treated as short-term capital gain.

If the value of the Deposit on the date of the disposition exceeds the total amount realized, the U.S. Holder should be treated as having (i) sold the Deposit for an amount equal to its value on that date and (ii) made a payment (the "Put Right Assumption Payment") to the purchaser of the Notes equal to the amount of the excess, in exchange for the purchaser's assumption of the U.S. Holder's rights and obligations under the Put Right. In that case, the U.S. Holder should recognize short-term capital gain or loss in respect of the Put Right in an amount equal to the total Put Premium received by the U.S. Holder over the term of the Note, less the amount of the Put Right Assumption Payment deemed to be made by the U.S. Holder.

Other Tax Considerations Pertaining to Notes

The following discussion describes certain U.S. federal income tax consequences of the ownership and disposition of a Note, regardless of the length of the term of the Note.

Possible Application of Section 988 of the Code

General. The following discussion describes certain special rules applicable to a U.S. Holder of Notes that are treated as a Put Right plus a Deposit and for which the Reference Item includes one or more currencies (other than the U.S. dollar).

Sale or Other Taxable Disposition of a Note. Because the return on the Note is "determined by reference to the value" of one or more foreign currencies, unless otherwise provided in the applicable Pricing Supplement, the Issuer intends to treat the Note as subject to Section 988 of the Code. In that case, any gain or loss recognized on the Note generally should be ordinary income or loss unless an election under Section 988(a)(1)(B) of the Code

to treat such gain or loss as capital gain or loss (the "Section 988 election") is available and the U.S. Holder makes such election before the close of the day on which the U.S. Holder purchases the Note. While a taxpayer may make a Section 988 election to treat gain or loss on certain forward contracts, futures contracts or option contracts linked to one or more foreign currencies as capital gain or loss, it is unclear whether a Section 988 election is available for the Note. In addition, any such election, if available, would not apply to the Deposit portion of the Note. Unless otherwise provided in the applicable Pricing Supplement, due to the lack of governing authority, we will not seek any opinion as to whether the Section 988 election is available for the Note. U.S. Holders should consult their tax advisers about the potential application of Section 988 of the Code and the Section 988 election to the Note. In addition, a U.S. Holder might be subject to special reporting requirements that apply to foreign currency losses that exceed certain thresholds, as described below under "*—Disclosure Requirements*".

Possible Alternative Tax Treatments of an Investment in a Note

Due to the absence of authorities that directly address the proper tax treatment of the Note, no assurance can be given that the IRS will accept, or that a court will uphold, the treatment described above. The IRS could, for instance, seek to treat the entire Note as a debt instrument. The risk that financial instruments providing for downside protection features would be recharacterized for U.S. federal income tax purposes as debt instruments rather than as a Put Right plus a Deposit, is greater than the risk of recharacterization for comparable financial instruments that do not have such features. If the entire Note were recharacterized as a debt instrument, the U.S. federal income tax consequences to the U.S. Holder would depend on the terms of the Note and could be materially adverse to the U.S. Holder. For a description of the tax treatment of Notes that are treated as debt instruments, see the discussion in the accompanying Offering Memorandum under "Certain U.S. Federal Income Tax Considerations—Tax Consequences To U.S. Holders."

Even if debt treatment does not apply to the entire Note, other alternative U.S. federal income tax treatments of the Note are possible, which, if applied, could significantly affect the timing and character of the income or loss with respect to the Note.

The U.S. Treasury Department and the IRS released a notice requesting comments on the U.S. federal income tax treatment of "prepaid forward contracts" and similar instruments and have indicated that such transactions may be the subject of future Treasury regulations or other guidance. In addition, members of Congress have proposed legislative changes to the tax treatment of derivative contracts. Any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the Notes, possibly with retroactive effect.

Prospective investors should consult their tax advisers regarding all aspects of the U.S. federal income tax consequences of an investment in the Notes, including the possible implications of the IRS notice.

Credit Linked Notes

This discussion applies to Notes that provide for (i) periodic interest at either a fixed rate, or a variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Notes are denominated, and (ii) repayment at maturity of the principal amount in cash, unless a specified credit event has occurred with respect to a referenced principal-protected obligation of a specified entity unrelated to the Issuer, in which case the Notes will be redeemed early for a cash amount that is based on the value of the referenced obligation and thus may be less than the principal amount. Except as otherwise provided in an applicable Pricing Supplement, the Issuer intends (in the absence of an administrative determination or judicial ruling to the contrary) to treat the Notes for U.S. federal income tax purposes as debt instruments for U.S. federal income tax purposes.

Treatment of the Credit Linked Notes as Indebtedness

Notes treated as indebtedness are subject the rules set forth in the accompanying Offering Memorandum under "Certain U.S. Federal Income Tax Considerations—Tax Consequences To U.S. Holders." See "—Foreign Tax Credits" below for a discussion of the creditability or deductibility of Spanish taxes (if any) imposed with respect to the Notes.

Possible Alternative Tax Treatments of an Investment in a Note

Due to the absence of authorities that directly address the proper tax treatment of the Note, no assurance can be given that the IRS will accept, or that a court will uphold, the treatment described above. The IRS could, for instance, seek to analyze the U.S. federal income tax consequences of owning the Notes under the treatment described above under "—Notes Treated as Put Rights and Deposits." Even if the Notes are not so treated, other alternative treatments are possible, which, if applied, could significantly affect the timing and character of the income or loss with respect to the Notes. In addition, even if the Notes are treated as debt for U.S. federal income tax purposes, the consequences of a credit event may not be clear, depending on the circumstances. Prospective investors should consult their tax advisers regarding all aspects of the U.S. federal income tax consequences of an investment in the Notes.

General Considerations

Payments in a Currency Other Than U.S. Dollars

General. Subject to the discussion in the accompanying Offering Memorandum under "*Certain U.S. Federal Income Tax Considerations—Tax Consequences To U.S. Holders—Foreign Currency Notes,*" the following discussion describes certain special rules applicable to a U.S. Holder of Notes if the U.S. Holder acquires a Note with a currency other than the U.S. dollar or receives a payment on a Note or proceeds of a sale of a Note in a currency other than the U.S. dollar.

Subject to the discussions below under "—*Payments of Contingent Coupons to Accrual Method Taxpayers*" and "—*Payments of Coupons on Deposit Portion of a Note Treated as a Put Right Plus a Deposit*," a U.S. Holder who receives a payment in a foreign currency with respect to a Note generally should determine the amount received based on the U.S. dollar value of the foreign currency payment regardless of whether the payment is in fact converted to U.S. dollars at that time, and this U.S. dollar value should be the U.S. Holder's tax basis in the foreign currency. Any gain or loss realized by a U.S. Holder on a subsequent sale or other disposition of the foreign currency received should be ordinary income or loss.

Payments of Contingent Coupons to Accrual Method Taxpayers. While there are no clear authorities to address how a U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes should account for contingent coupons paid in a foreign currency with respect to a Note, we believe that it is reasonable for such a U.S. Holder to determine the U.S. dollar value of the amount of the coupon payment that has accrued and is otherwise required to be taken into account with respect to a Note during an accrual period by translating the coupon at an average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year.

In addition to the coupons accrued as described above, the U.S. Holder should recognize foreign currency gain or loss as ordinary income or loss (which should not be treated as interest income or expense) with respect to accrued coupon payments on the date the coupon payment or proceeds from the disposition (including retirement) attributable to an accrued coupon are actually received. The amount of ordinary income or loss recognized should equal the difference between the U.S. dollar value of the foreign currency payment received (determined based on a spot rate on the date the payment is received) in respect of the accrual period (or, where a U.S. Holder receives U.S. dollars, the amount of the payment in respect of the accrual period) and the U.S. dollar value of the coupon payment that has accrued during the accrual period (as determined above).

Payments of Coupons on Deposit Portion of a Note Treated as a Put Right Plus a Deposit. A coupon that is paid to a U.S. Holder in a foreign currency with respect to the Yield on the Deposit with respect to a Note that is treated as a Put Right plus a Deposit, or with respect to a Credit Linked Note treated as indebtedness for U.S. federal income tax purposes, should be treated as an interest payment described in the accompanying Offering Memorandum under "*Certain U.S. Federal Income Tax Considerations—Tax Consequences To U.S. Holders—Foreign Currency Notes*."

Backup Withholding and Information Reporting

Payments of coupons and proceeds from the sale of a Note that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is an exempt recipient (and demonstrates that status if required to do so) or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that such U.S. Holder is not subject to backup withholding. The amount of any backup withholding from a payment should be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. U.S.

Holders should consult their tax advisers concerning the application of information reporting and backup withholding rules.

Disclosure Requirements

Applicable Treasury regulations require taxpayers that participate in certain "reportable transactions" to disclose their participation to the IRS by attaching Form 8886 to their tax returns and to retain a copy of all documents and records related to the transaction. In addition, organizers and sellers of such transactions are required to maintain records, including lists identifying investors in the transaction, and must furnish those records to the IRS upon demand. A transaction may be a "reportable transaction" based on any of several criteria. Whether an investment in a Note constitutes a "reportable transaction" for any holder depends on the holder's particular circumstances. U.S. Holders should consult their tax advisers concerning any possible disclosure obligation that they may have with respect to their investment in the Notes and should be aware that the Issuer (or other participants in the transaction) may determine that the disclosure or investor list maintenance requirement applies to the transaction and comply accordingly with these requirements.

Foreign Tax Credits

Subject to applicable limitations, which vary depending upon a U.S. Holder's circumstances, Spanish income taxes (if any) withheld from amounts treated as interest income on a Note for Spanish income tax purposes at a rate not exceeding any applicable rate under the Treaty (which generally provides for an exemption from Spanish tax on interest income) may be creditable against the U.S. Holder's U.S. federal income tax liability. Spanish income taxes withheld in excess of any applicable Treaty rate (or that are otherwise refundable under Spanish law) will not be eligible for credit against a U.S. Holder's U.S. federal income tax liability. The rules governing foreign tax credits are complex. For example, subject to the discussion below regarding the IRS notice, Treasury regulations provide that, in the absence of an election to apply the benefits of an applicable income tax treaty, in order for non-U.S. income taxes on interest to be creditable, the relevant non-U.S. income tax rules must be consistent with certain U.S. federal income tax principles, and we have not determined whether the Spanish income tax system meets these requirements. In addition, these Treasury regulations provide that non-U.S. taxes on disposition gains generally are not creditable, unless an applicable income tax treaty provides otherwise. The IRS released a notice that provides relief from certain of the provisions of the Treasury regulations described above for taxable years ending before the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). However, because any gain from dispositions of Notes generally will be U.S. source, even if these Treasury regulations will not deny a U.S. Holder's right to claim a foreign tax credit with respect to Spanish taxes (if any) on disposition gains, other limitations under the foreign tax credit rules may preclude a U.S. Holder from claiming a foreign tax credit, in whole or in part, with respect to these taxes.

In lieu of claiming a credit, a U.S. Holder may be able to elect to deduct any Spanish taxes in computing its taxable income, subject to generally applicable limitations (or, in the case of Spanish taxes on disposition gains, the Spanish tax may reduce the amount realized on the disposition). An election to deduct non-U.S. taxes instead of claiming foreign tax credits applies to all non-U.S. taxes paid or accrued in the relevant taxable year.

U.S. Holders should consult their tax advisers regarding the creditability or deductibility of any Spanish taxes imposed on or in respect of the Notes in their particular circumstances.

TAX CONSEQUENCES TO NON-U.S. HOLDERS

This section applies to you only if you are a Non-U.S. Holder. As used herein, a "Non-U.S. Holder" is a person that is, for U.S. federal income tax purposes, a beneficial owner of a Note and:

- an individual nonresident alien;
- a foreign corporation; or
- a foreign estate or trust.

The term "Non-U.S. Holder" does not include any of the following holders:

- an individual present in the United States for 183 days or more in the taxable year of disposition and who is not otherwise a resident of the United States for U.S. federal income tax purposes;

- certain former citizens or residents of the United States; or
- a holder for whom income or gain in respect of the Notes is effectively connected with the conduct of a trade or business in the United States.

Such holders should consult their tax advisers regarding the U.S. federal income tax consequences of an investment in the Notes.

Notes Treated as Put Rights and Deposits

The discussions under "Certain U.S. Federal Income Tax Considerations—Tax Consequences To Non-U.S. Holders" in the accompanying Offering Memorandum" apply to (i) the Yield on the Deposit with respect to a Note that the Issuer intends to treat as a unit consisting of a Put Right and a Deposit (as described under "—Tax Consequences to U.S. Holders—Notes Treated as Put Rights and Deposits" above), or (ii) to the entire coupon on such Note if it were recharacterized as a debt instrument. Accordingly, Non-U.S. Holders should review those discussions regarding the U.S. federal income tax consequences of the ownership and disposition of such Notes, as supplemented by the discussion under "—Section 871(m) Withholding Tax on Dividend Equivalents" below.

Notes Other than Notes Treated as Put Rights and Deposits

General

The Issuer expects that coupon payments (if any) received from an investment in Notes will be treated as non-U.S. source income. In such case, except as otherwise provided in the applicable Pricing Supplement, and subject to the discussions below concerning the possible application of Section 871(m) of the Code and the backup withholding rules described below, payments on the Notes and any gains realized on a disposition of the Notes (including at maturity or early redemption) are not expected to be subject to U.S. federal income tax (including withholding tax).

Notwithstanding the above, because significant aspects of the tax treatment of the Notes are uncertain, it is possible that the Issuer, the Guarantor or any person having withholding responsibility in respect of the Notes may treat a portion or all of each coupon or other payment on a Note as subject to U.S. withholding tax. If the Issuer or Guarantor or any other person having withholding responsibility determines that U.S. withholding should apply, payments on the Notes may be subject to withholding at a 30% rate, unless a Non-U.S. Holder has submitted to the relevant payor a properly completed IRS Form W-8 appropriate to its particular circumstances that establishes an entitlement to a reduction or exemption from such U.S. withholding. No additional amounts will be payable in respect of any such withholding.

Possible Treatment as a Debt Instrument

Due to the absence of authorities that directly address the proper tax treatment of a Note, no assurance can be given that the IRS will not seek to treat a Note as a debt instrument. The risk that financial instruments providing for downside protection features would be recharacterized for U.S. federal income tax purposes as debt instruments is greater than the risk of recharacterization for comparable financial instruments that do not have such features. In addition, a change in the methodology by which an index to which a Note relates is calculated, a change in the components of a Reference Item, a discontinuation of a Reference Item, a designation of a successor to a Reference Item or any other circumstance resulting in a material change to a Reference Item, could result in the treatment of a Note as terminated and reissued, in whole or in part, for U.S. federal income tax purposes. In that event, the reissued Notes could be characterized for U.S. federal income tax purposes in a manner different from their original treatment, which, depending on the facts at the time of the change, could potentially result in the Notes being treated in whole or in part as debt instruments.

For a description of the tax treatment to a Non-U.S. Holder of Notes that are treated as debt instruments, see the discussion in the accompanying Offering Memorandum under "Certain U.S. Federal Income Tax Considerations—Tax Consequences To Non-U.S. Holders," as supplemented by the discussion under "—Section 871(m) Withholding Tax on Dividend Equivalents" below.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payments on a Note or of proceeds from a disposition of a Note that are made within the United States or through certain U.S.-related intermediaries, and

such payments may be subject to backup withholding obligations, unless the Non-U.S. Holder complies with certification procedures to establish that it is not a U.S. person for U.S. federal income tax purposes or otherwise establishes an exemption. The certification procedures will be satisfied if the Non-U.S. Holder (or a financial institution holding the Note on behalf of the Non-U.S. Holder) furnishes to the applicable withholding agent an applicable IRS Form W-8, on which the Non-U.S. Holder certifies under penalties of perjury that it is not a U.S. person. The amount of any backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against the Non-U.S. Holder's U.S. federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

Section 871(m) Withholding Tax on Dividend Equivalents

Section 871(m) of the Code and Treasury regulations promulgated thereunder ("Section 871(m)") impose a withholding tax of 30% (or lower treaty rate applicable to dividends) on certain "dividend equivalents" paid or deemed paid to Non-U.S. Holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities. Subject to the discussion of the IRS notice below, Notes linked to U.S. equities or indices that include U.S. equities (a "U.S. equity linked security") generally will be subject to the Section 871(m) withholding regime if on the calculation date it (i) has a "delta" of 0.80 or higher with respect to the underlying U.S. equity or (ii) substantially replicates the economic performance of the underlying U.S. equity, as determined by a "substantial equivalence" test that, among other factors, takes into account the initial number of shares of the underlying U.S. equity needed to hedge the transaction fully. The tests described above are set forth in the regulations, and the applicable test will depend on the terms of the relevant U.S. equity linked securities. Under these rules, withholding may apply even where the relevant U.S. equity linked securities do not provide for any payment that is explicitly linked to a dividend. The regulations provide for certain exceptions to the withholding requirements, in particular for instruments linked to certain broad-based indices (a "qualified index") that meet standards set forth in the regulations, as well as certain securities that track a qualified index.

Under an IRS notice, Section 871(m) will not apply to securities issued before January 1, 2027 that do not have a "delta" of one with respect to any U.S. equity. If the terms of a U.S. equity linked security are subject to a "significant modification," the U.S. equity linked security generally will be treated as reissued for this purpose at the time of the significant modification.

The calculations of "delta" are generally made at the "calculation date," which is the earlier of (i) the time of pricing of the security, *i.e.*, when all material terms have been agreed on, and (ii) the issuance of the security. However, if the time of pricing is more than 14 calendar days before the issuance of the security, the calculation date is the date of the issuance of the security. In those circumstances, information regarding our final determinations for purposes of Section 871(m) may be available only after the issuance of the Notes. Accordingly, a Non-U.S. Holder should acquire such Notes only if it is willing to accept the risk that the Notes may be subject to withholding (without a corresponding gross up obligation).

The amount of a "dividend equivalent" is equal to, for a "simple" contract, the product of (a) the per-share dividend amount, (b) the number of shares of the underlying U.S. equity referenced in the U.S. equity linked security and (c) the delta, and, for a "complex" contract, the product of (a) the per-share dividend amount and (b) the initial hedge.

The dividend equivalent amount will be determined on the earlier of (a) the record date of the dividend and (b) the day prior to the ex-dividend date. The dividend equivalent amount will include the amount of any actual or, under certain circumstances, estimated dividend. If a U.S. equity linked security is subject to withholding in respect of dividend equivalents, withholding will, depending on the applicable withholding agent's circumstances, generally be required either (i) on the underlying dividend payment date or (ii) when cash payments are made on the relevant U.S. equity linked security or upon the date of maturity, lapse or other disposition thereof by the Non-U.S. Holder.

When relevant, the Issuer will disclose further information regarding the application of Section 871(m) withholding to any particular issuance of Notes in the applicable Pricing Supplement. The Issuer's determination as to whether Section 871(m) withholding applies to the Notes is binding on Non-U.S. Holders, but it is not binding on the IRS and the IRS may disagree with this determination.

Section 871(m) is complex and its application may depend on the Non-U.S. Holder's particular circumstances. For example, the application of Section 871(m) may be affected if a Non-U.S. Holder enters into another transaction in connection with the acquisition of a U.S. equity linked security. Accordingly, Non-U.S. Holders

should consult their tax advisers regarding the potential application of Section 871(m) to the Notes in their particular circumstances.

If withholding under Section 871(m) applies, the Issuer will withhold at a rate of 30% (regardless of whether the Non-U.S. Holder is entitled to a reduced tax rate) and will not be required to pay any additional amounts with respect to amounts withheld.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as "FATCA," a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (foreign passthru payments) to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Spain and the Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. In addition, instruments characterised as debt, or which are not otherwise characterised as equity and have a fixed term for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally will be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

THE ISSUER

Santander Global Issuances B.V.
Ciudad Grupo Santander
Avda. de Cantabria, s/n
28660 Boadilla del Monte-Madrid
Spain

THE GUARANTOR

Banco Santander, S.A.
Registered Office
Banco Santander, S.A.
Paseo de Pereda 9-12
39004 Santander
Spain

Head Office
Banco Santander, S.A.
Ciudad Grupo Santander
Avda. de Cantabria, s/n
28660 Boadilla del Monte-Madrid
Spain

NEW YORK BRANCH

Banco Santander, S.A., New York Branch
437 Madison Avenue
New York, New York 10022
United States

ARRANGER

Banco Santander, S.A.
Ciudad Grupo Santander
Avda. de Cantabria, s/n
Edificio Encinar
28660 Boadilla del Monte-Madrid
Spain

DEALER

Santander US Capital Markets LLC
437 Madison Avenue
New York, New York 10022
United States

PRINCIPAL PAYING AGENT, PAYING AGENT AND TRANSFER AGENT

The Bank of New York Mellon, London Branch
160 Queen Victoria Street
London EC4V 4LA
United Kingdom

US PAYING AGENT AND US TRANSFER AGENT

The Bank of New York Mellon
240 Greenwich Street
New York, New York 10286
USA

REGISTRAR

The Bank of New York Mellon SA/NV, Dublin Branch
Riverside Two
Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2
Ireland

AUDITORS TO THE ISSUER
PricewaterhouseCoopers Accountants N.V.
Fascinatio Boulevard 350
3065 WB Rotterdam
The Netherlands

AUDITORS TO THE GUARANTOR
PricewaterhouseCoopers Auditores, S.L.
Torre PwC
Paseo de la Castellana, 259 B
28046 Madrid
Spain

LEGAL ADVISERS

To the Issuer as to Dutch law

Allen & Overy LLP
Apollolaan 15
1077 AB Amsterdam
The Netherlands

To the Issuer and the Guarantor as to New York law

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
United States

To the Arranger as to Spanish law

Allen & Overy
C/ Serrano 73
28006 Madrid
Spain

To the Arranger and the Dealer as to New York law

Cleary Gottlieb Steen & Hamilton LLP
1 Liberty Plaza
New York, New York 10006
United States