



DATE: January 27, 2009
TO: Members
FROM: Scott Speer

RE: Sovereign Bancorp, Inc. ("SOV/WSW/VVB") Proposed Merger with Banco Santander, S.A. ("STD")

Shareholders of Sovereign Bancorp, Inc. ("SOV/WSW/VVB") will vote on Wednesday, January 28, 2009, to approve a proposed Merger between SOV and Sovereign Merger Corporation, a wholly-owned subsidiary of Banco Santander, S.A. ("STD"). Pursuant to the terms of the Merger, each share of SOV Common Stock outstanding immediately prior to the consummation of the Merger will be converted into the right to receive 0.3206 of an American Depositary Share ("ADS") of STD. The Merger is expected to become effective by the end of January 2009.

THE FOREGOING IS AN UNOFFICIAL SUMMARY OF THE TERMS OF THE MERGER, PREPARED BY CBOE FOR THE CONVENIENCE OF ITS MEMBERS. CBOE ACCEPTS NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE SUMMARY. MEMBERS SHOULD REFER TO THE SOVEREIGN BANCORP, INC. AND BANCO SANTANDER, S.A. JOINT PROXY STATEMENT/PROSPECTUS DATED DECEMBER 19, 2008, FOR THE AUTHORITATIVE DESCRIPTION OF THE MERGER AND ALL OF ITS TERMS AND CONDITIONS.

Contract Adjustments

Pursuant to Article VI, Section 11, of OCC's By-Laws, all outstanding SOV/WSW/VVB options shall be adjusted as follows. On the business day immediately following the Effective Time of the Merger, each adjusted Sovereign Bancorp, Inc. contract will require the receipt or delivery of: (A) 32 ADSS of STD, plus (B) cash in lieu of 0.06 fractional ADS of STD. Premiums for the adjusted Sovereign Bancorp, Inc. options will continue to be calculated on the basis of a multiplier of 100, i.e., for premium and strike-price extensions, 1.00 will equal \$100. The Sovereign Bancorp, Inc. option symbol will change to BIY, WVR or VUK, as the case may be. [Any FLEX series that may exist will be adjusted in a similar manner to the standardized option.]

Adjusted Option Symbols

On the business day immediately following the Effective Time of the Merger, trading in the SOV/WSW/VVB option series will be on an adjusted basis. At 8:30 A.M., Chicago time, the following symbol adjustments to the options will be effected:

Table with 7 columns: EXISTING SERIES (MONTH/STRIKE, CALLS, PUTS) and ADJUSTED SERIES* (MONTH/STRIKE, CALLS, PUTS). Rows show adjustments for Feb 2 1/2, Feb 5, Feb 7 1/2, and Feb 10 strikes.

EXISTING SERIES			ADJUSTED SERIES*			
MONTH/STRIKE	CALLS	PUTS		MONTH/STRIKE	CALLS	PUTS
Apr 2 1/2	SOVDZ	SOVPZ	->	Apr 2 1/2	BIYDZ	BIYPZ
Apr 5	SOVDA	SOVPA	->	Apr 5	BIYDA	BIYPA
Apr 7 1/2	SOVDU	SOVPU	->	Apr 7 1/2	BIYDU	BIYPU
Apr 10	SOVDB	SOVPB	->	Apr 10	BIYDB	BIYPB
Apr 12 1/2	SOVDV	SOVPV	->	Apr 12 1/2	BIYDV	BIYPV
Apr 15	SOVDC	SOVPC	->	Apr 15	BIYDC	BIYPC
Apr 17 1/2	SOVDW	SOVPW	->	Apr 17 1/2	BIYDW	BIYPW
Jul 2 1/2	SOVGZ	SOVSZ	->	Jul 2 1/2	BIYGZ	BIYSZ
Jul 5	SOVGA	SOVSA	->	Jul 5	BIYGA	BIYSA
Jul 7 1/2	SOVGU	SOVSU	->	Jul 7 1/2	BIYGU	BIYSU
2010 LEAPS						
Jan 2 1/2	WSWAZ	WSWMZ	->	Jan 2 1/2	WVRAZ	WVRMZ
Jan 5	WSWAA	WSWMA	->	Jan 5	WVRAA	WVRMA
Jan 7 1/2	WSWAU	WSWU	->	Jan 7 1/2	WVRAU	WVRMU
Jan 10	WSWAB	WSWMB	->	Jan 10	WVRAB	WVRMB
Jan 12 1/2	WSWAV	WSWMV	->	Jan 12 1/2	WVRAV	WVRMV
Jan 15	WSWAC	WSWMC	->	Jan 15	WVRAC	WVRMC
Jan 17 1/2	WSWAW	WSWMW	->	Jan 17 1/2	WVRAW	WVRMW
Jan 20	WSWAD	WSWMD	->	Jan 20	WVRAD	WVRMD
Jan 25	WSWAE	WSWME	->	Jan 25	WVRAE	WVRME
Jan 30	WSWAF	WSWMF	->	Jan 30	WVRAF	WVRMF
Jan 35	WSWAG	WSWVG	->	Jan 35	WVRAG	WVRMG
2011 LEAPS						
Jan 2 1/2	VVBAZ	VVBMZ	->	Jan 2 1/2	VUKAZ	VUKMZ
Jan 5	VVBAA	VVBMA	->	Jan 5	VUKAA	VUKMA
Jan 7 1/2	VVBAU	VVBMU	->	Jan 7 1/2	VUKAU	VUKMU
Jan 10	VVBAB	VVBMB	->	Jan 10	VUKAB	VUKMB

* Any additional SOV/WSW/VVB series that are added prior to the effective time of the merger will also be adjusted in the manner described above.

Settlement

The OCC will delay settlement of BIY/WVR/VUK exercise and assignment activity until the end of "when issued" trading in STD, if any, and until the determination of the cash-in-lieu amount for the 0.06 fractional ADS of STD.

Hypothetical Pricing Example

Based on a 0.3206 Exchange Ratio, the Sovereign Bancorp, Inc. adjusted contract deliverable is: 32 ADSs of STD, plus cash-in-lieu of 0.06 ADS of STD. Assume a **hypothetical** cash-in-lieu amount of \$0.45. Under these circumstances a **hypothetical** adjusted BIY/WVR/VUK underlying "price" may be determined as follows:

BIY = $0.32(\text{STD}) + \$0.45/100$, rounded to the nearest $1/100^{\text{th}}$. For example, if STD closes at \$7.52, the underlying "per-share price" of BIY would be:

$$\begin{aligned} &0.32(\$7.52) + \$0.45/100 \\ &= \$2.4064 + \$0.0045 \\ &= \$2.4109 \\ &= \$2.41 \text{ (rounded to the nearest } 1/100^{\text{th}}) \end{aligned}$$

In this hypothetical example, a BIY 2 1/2 Call contract would be \$9.00 out of the money (difference of strike amount of $\$2.50 \times 100 = \250.00 and the underlying deliverable "value" of $\$241.00 = \2.41×100).

GTC Order Conversion

On the Effective Date of the Merger, immediately after the CBOE close, the system will convert or cancel all resting orders in the SOV/WSW/VVB order books. If your firm has requested, all booked orders (phone, wire, and electronic) and all ORS orders residing outside the book (booth or crowd routed) will be converted reflecting the adjustments. If your firm has requested, all booked orders and ORS orders residing outside of the book will be canceled. If your firm receives CXL drops, the CXL confirms will print at your booth at 3:15 p.m. ORS CXLs will also be transmitted electronically to your branches.

A report will be available at the Help Desk listing the orders that are converted or canceled. If converted, this list will also show how the new orders will be adjusted. This report will be available on request anytime during the day prior to the night of the adjustment.

Questions regarding this memo can be addressed to Options Industry Services at 1-888-OPTIONS (1-888-678-4667). CBOE contract adjustment memos can also be accessed from CBOE.com at the following web address:

<http://www.cboe.com/ContractAdjustments>