



**Santander incorporates new partners in Santander Consumer USA  
and realizes a capital gain of approximately \$1 billion**

BOSTON – On October 20, 2011, Santander Holdings USA, Inc. ("SHUSA") and Santander Consumer USA Inc. ("SCUSA"), a majority-owned subsidiary of SHUSA, entered into an investment agreement (the "New Investor Investment Agreement") with Sponsor Auto Finance Holdings Series LP, a Delaware limited partnership ("Auto Finance Holdings"), jointly owned by investment funds affiliated with Warburg Pincus LLC, Kohlberg Kravis Roberts & Co. L.P. and Centerbridge Partners L.P. (collectively, the "New Investors"). Pursuant to the terms of the New Investor Investment Agreement, Auto Finance Holdings has agreed to purchase, and SCUSA has agreed to issue to Auto Finance Holdings, an aggregate number of shares of SCUSA common stock representing 25.0% of the total number of issued and outstanding shares of SCUSA common stock as of the closing of the transaction (the "New Investor Investment"), for an aggregate purchase price of \$1 billion.

Also on October 20, 2011, SCUSA entered into an investment agreement (the "Dundon Investment Agreement" and together with the New Investor Investment Agreement, the "Investment Agreements") with Dundon DFS LLC, a Delaware limited liability company ("Dundon DFS") affiliated with Thomas G. Dundon, the Chief Executive Officer of SCUSA. Pursuant to the terms of the Dundon Investment Agreement, Dundon DFS has agreed to purchase, and SCUSA has agreed to issue to Dundon DFS, an aggregate number of additional shares of SCUSA common stock so that Dundon DFS will hold 10% of the total number of issued and outstanding shares of SCUSA common stock as of the closing of the transaction for aggregate consideration of approximately \$150 million (the "Dundon Investment" and, together with the New Investor Investment, the "Investments").

Upon the consummation of the Investments, SHUSA, the New Investors (KKR, Warburg Pincus and Centerbridge Partners indirectly through Auto Finance Holdings) and Mr. Dundon (indirectly through Dundon DFS) will own 65%, 25% and 10% of the common stock of SCUSA, respectively. SHUSA and Dundon DFS currently own 91.5% and 8.5% of the common stock of SCUSA, respectively.

The consummation of the Investments is subject to customary closing conditions, including receipt of Hart-Scott-Rodino Antitrust Improvements Act clearance and receipt of various state approvals and permits. Subject to the satisfaction of these conditions, the parties expect the Investments to be consummated by the end of the fourth quarter of 2011. Following the consummation of the Investments, in the event that SCUSA did not have tangible common equity, after giving effect to the Investments and other adjustments, of at least \$1.99 billion at October 31, 2011, SHUSA will be required to make a cash capital contribution to SCUSA such that at October 31, 2011 SCUSA's actual tangible common equity, after giving effect to the Investments and other adjustments, would have been \$1.99 billion.

Upon the consummation of the Investments, SHUSA, SCUSA, Auto Financing Holdings, Dundon DFS, Thomas G. Dundon and Banco Santander, S.A. will enter into a shareholders agreement (the "Shareholders Agreement"), the terms and conditions of which have already been agreed. The Shareholders Agreement will provide each of SHUSA, Dundon DFS and Auto Finance Holdings with certain board representation, governance, registration and other rights with respect to their ownership interests in SCUSA.

Pursuant to the Shareholders Agreement, depending on SCUSA's performance during 2014 and 2015, if SCUSA exceeds certain performance targets, SCUSA may be required to make an adjustment of up to \$595 million in favor of SHUSA. If SCUSA does not meet such performance targets during 2014 and 2015, SCUSA may be required to make an adjustment in the purchase price of the shares issued to Auto Finance Holdings of up to the same amount.

The Shareholders Agreement also provides that each of Auto Finance Holdings and Dundon DFS will have the right to sell, and SHUSA will be required to purchase, their respective shares of SCUSA common stock, at its then fair market value, and Auto Finance Holdings and Dundon DFS, if applicable, will receive the payment referred to above at that time (i) at the fourth, fifth and seventh anniversaries of the closing of the Investments, unless an initial public offering of SCUSA common stock has been previously consummated or (ii) in the event there is a deadlock with respect to certain specified matters which require the approval of the board of directors or shareholders of SCUSA.

The foregoing descriptions of the Investment Agreements and the Shareholders Agreement are included to provide you with information regarding their terms. It does not purport to be a complete description and is qualified in its entirety by reference to the full text of such agreements which will be subsequently filed by SHUSA with the SEC.

#### **About Santander Holdings USA, Inc. (SHUSA)**

Santander Holdings USA, Inc. (SHUSA) is a wholly owned subsidiary of Banco Santander, S.A. and is the holding company for Sovereign Bank, a financial institution with principal markets in the northeastern United States, and Santander Consumer USA, Inc.

#### **About Santander Consumer USA, Inc. (SCUSA)**

Santander Consumer USA Inc. is a leading company in the automotive finance sector, whose core business is indirect, direct and third-party originations and servicing of auto loans. The company has a serviced loan portfolio of more than \$25 billion and relationships with nearly 13,000 automotive dealers in the U.S. The company began originating loans in 1997 and is headquartered in Dallas.

#### **About Banco Santander**

Banco Santander (SAN.MC, STD.N, BNC.LN) is a retail and commercial bank, based in Spain, with a presence in 10 main markets. Santander is the largest bank in the euro zone and tenth in the world by market capitalization. Founded in 1857, Santander had EUR 1,374 billion in managed funds, more than 100 million customers, 14,679 branches – more than any other international bank – and 190,000

employees at the close of June 2011. It is the largest financial group in Spain and Latin America. Furthermore, it has significant positions in the United Kingdom, Portugal, Germany, Poland and the U.S. northeast. Santander Consumer Finance operates in the Group's core markets as well as in the Nordic region. In the first half of 2011, Grupo Santander registered euro 3,501 million in net attributable profit. For more information on Santander, visit <http://www.santander.com>.

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