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Sent: Thursday, June 5, 2008 9:03 AM
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Subject: Fw: Meeting with Emilio Botín

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----- Forwarded by Tim Main/JPMCHASE on 06/05/2008 08:50 AM -----

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06/04/2008 01:55 PM

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Subject Meeting with Emilio Botín

Jamie Dimon, Enrique Casanueva and I met with Santander Chairman Emilio Botín, and executive board members Matías R Inciarte and Juan R Inciarte.

Good meeting and with lots of topics and with many questions from Santander. In fact so many questions that there was no time to answer a few of them.

. USA: Emilio Botín and Juan asked many questions about specific opportunities. Wamu, Wachovia, Suntrust and PNC which are of interest to Santander. We covered them in detail and Jamie reckoned that these are opportunities in which JP Morgan would also be interested. It is important to have an open dialogue with them, as Santander would not pursue any one of these opportunities if JP Morgan were to do the same (can't compete on price with JP Morgan for an acquisition in the USA). But Santander would probably hire JP Morgan as advisor if we are not going after them.

Emilio Botín said we could perhaps pursue opportunities together. Asked Jamie if it would make sense for JP Morgan and Santander to go together after Wachovia. But we were interrupted with another question before Jamie could answer. Asked why did JP Morgan not buy Wamu and instead TPG injected the capital; Jamie replied he thinks the potential losses are higher than TPG is estimating, plus their losses are limited to their initial equity investment, unlike for JP Morgan (or any other USA bank) which has to mark to market and assign/inject additional capital accordingly.

Emilio Botín is concerned about their position at Sovereign. They have devoted much resources, they have lost money and he believes it would have been best to bid for control of the bank instead of trying to negotiate a capital increase with Santander subscribing the whole issue. Matías R Inciarte said the best route is to either gain control soon, or get out.

Asia:

Like many others, they are struggling to do business in Asia. Considering to buy a stake in a bank in China and asked if it makes sense to do so at current prices. Jamie replied that the concept is ok, but not now, too expensive, adding that so far "in China it is a one way street" with them wanting to get all and letting you get nothing, and that there will be more and better opportunities when China has a downturn.

Also, too difficult to know what you are buying: many of them do not yet have integrated systems, possibly a meaningful amount of political loans, etc.

Emilio Botín inquired about Jamie's views on Brazil and Mexico. Santander likes Banamex and has approached City to try and buy it, but not for sale. Jamie acknowledged he would like to buy it too.

Europe: Jamie asked about their views on Royal Bank of Scotland. Botín thinks their mistake has been to go for ABN Amro without having a strong financial position. And then bad luck as wholesale banking outlook deteriorated sharply. Thinks Goodwin will stay at least until integration of ABN Amro's assets has been completed.

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Consumer/auto finance: Santander is intrigued about why JP Morgan would not try to buy GE Money in USA, nor Citi's consumer finance assets in the USA. Jamie explained credit card business of GE Money is all private label. They can lose it to competitors who can do the business better, like ourselves. Citi's consumer finance business in the USA is a very good one, but does not fit in any one of JP Morgan's key divisions. He said Santander should take a good look at it. There are very few potential buyers at this moment, and Santander might be able to get it for a good price and Citi could perhaps provide some of the financing themselves to facilitate the deal.

Santander continues to be a buyer of auto finance assets. Drive Financial doing better than they expected in terms of npls; reason being Texas, where they do the bulk of their business, is doing much better than other regions because they are a big beneficiary of the high oil price. Still, priority in the USA is to buy businesses with retail deposits/branches. Not easy to finance auto loan companies in the USA these days.

Botin finally asked a lot of questions about the decision making process at the top, number of board members and members of the executive committee. Frequency of meetings and other corporate governance issues. Obviously very good chemistry between Jamie and Botin, who would like to see him next time he is in New York.

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