

IMPORTANT NOTICE

The Depository Trust Company



#: 0054-12
Date: January 9, 2012
To: All Participants
Category: Dividends
From: Supervisor, Stock Dividend Department
Attention: Dividend Managers, Cashiers, and Reorganization Managers
Subject: Optional Dividend: Banco Santander S.A.
CUSIP: 05964H105 Record Date: 01/13/12 Payable Date: on or around 02/08/12
Rate: Approximately 0.123 Euros per ADR
DTC EDS Cut-Off: 01/20/12 no later than 8:00 P.M. New York time

*****WARNING TIME CRITICAL*****

Banco Santander S.A. has declared a scrip dividend which will permit shareholders to elect to receive the remuneration equivalent to the February dividend in cash or stock. Shareholders will receive one free subscription right for every share held on close of business 01/13/12, the record date. No rights will be distributed to holders of Santander ADRs. However, ADR holders will be permitted to elect one of the following options.

Option 1 Cash: You may elect to receive the entire distribution in cash at a fixed rate of approximately 0.123 Euro per ADR held **less 21% Spanish withholding tax**. Holders will also be charged a cash distribution fee of \$0.0025 per ADS (**default**).

Option 2 Cash: You may elect to receive the net proceeds from the sale of rights in the Spanish market at a rate T.B.A. **This option is not subject to the 21% Spanish withholding tax**. Holders will also be charged a cash distribution fee of \$0.0025 per ADS. The trading period for the rights on the Spanish market is from January 16, 2012 to January 30, 2012. As a result, on the payment date, the value of the shares delivered in the scrip dividend may be more or less than Euro 0.123 Euros per ADR.

Option 3 ADRs: You may elect to receive new Santander ADSs at a rate one (1) new ADR for every forty- six (46) ADRs. Cash will be paid in lieu of fractional ADRs at DTC participant level. **This option is not subject to the 21% Spanish withholding tax**. ADR holders will be charged an issuance fee of \$0.035 per new ADR issued. This distribution is based on the weighted average price of the Santander share on the Spanish Stock Exchanges in the five (5) business days prior to 01/13/12.

Non-Confidential

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PARTICIPANTS SHOULD SUBMIT ELECTION INSTRUCTIONS OVER THE PARTICIPANT TERMINAL SYSTEM (PTS) THROUGH THE ELECTIVE DIVIDEND SYSTEM (EDS) FUNCTION.

To confirm record date history and payment information, participants should access the Dividend and Allocation History (DPAL) Menu Option, via the PTS Dividend Announcements Inquiry function (DIVA).

Participants not responding to the above option by 01/20/2012 no later than 8:00 P.M. New York time will receive the scrip dividend in the form of cash at a rate of 0.123 Euros per ADR held less 21% Spanish withholding tax. Holders will also be charged a fee of \$0.0025 per ADS, this in accordance with Cash, Option #1 (default).

If there are any questions regarding this Important Notice, or the processing of related instructions via EDS, participants should contact DTC's Customer Help Line at (888) 382-2721.

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