

IMPORTANT NOTICE

The Depository Trust Company



#: 0061-11
Date: January 14, 2011
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: 01/14/11 Payable Date: Stock on or around
2/10/11 and Cash on or about 02/12/11 Rate: Euro 0.117 per ADR
DTC EDS Cut-Off: 01/21/11 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 01/14/11, 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 rate of 0.117 Euros per ADR held less 19% Spanish withholding tax. Holders will also be charged a 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 19% Spanish withholding tax. Holders will also be charged a fee of \$0.0025 per right sold. The trading period for the rights on the Spanish market is from January 26 to January 31, 2011. As a result, on the payment date, the value of the shares delivered in the scrip dividend may be more or less than Euro 0.117 per ADR.

Option 3 Stock: You may to elect receive 1 new ADS for every 65 ADRS held. Cash will be paid in lieu of fractional ADSs DTC participant level. This option is not subject to the 19% Spanish withholding tax. ADR holders will be charged a fee of \$0.035 per new ADS issued.

Non-Confidential

DTCC is now offering enhanced access to all important notices via a new, Web-based subscription service. The new notification system leverages RSS Newsfeeds, providing significant benefits including real-time updates and customizable delivery. To learn more and to set up your own DTCC RSS alerts, visit http://www.dtcc.com/subscription_form.php.

To remove your name from the former system of email notifications, send a message to unsubscribe@dtcc.com.

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 01/21/2011 no later than 8:00 P.M. will receive the scrip dividend in the form of cash at a rate of 0.117 Euros per ADR held less 19% 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.

Important Legal Information: *The Depository Trust Company ("DTC") does not represent or warrant the accuracy, adequacy, timeliness, completeness or fitness for any particular purpose of the information contained in this communication, which is based in part on information obtained from third parties and not independently verified by DTC and which is provided as is. The information contained in this communication is not intended to be a substitute for obtaining tax advice from an appropriate professional advisor. In providing this communication, DTC shall not be liable for (1) any loss resulting directly or indirectly from mistakes, errors, omissions, interruptions, delays or defects in such communication, unless caused directly by gross negligence or willful misconduct on the part of DTC, and (2) any special, consequential, exemplary, incidental or punitive damages. To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that: (a) any discussion of federal tax issues contained or referred to herein is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code; and (b) as a matter of policy, DTC does not provide tax, legal or accounting advice and accordingly, you should consult your own tax, legal and accounting advisor before engaging in any transaction.*

BANCO SANTANDER S.A. has announced a cash dividend. J.P. MORGAN acts as the sole Depositary bank for the company's American Depositary Receipt ("ADR") program.

On ADR Pay Date, all holders will receive this dividend net of the full Spanish statutory withholding tax rate of 19%. Participants who elect **Option 1 Cash** for the optional election through EDS will follow the standard withholding tax reclaiming procedure outlined below. **Option 2 Cash** and **Option 3 Stock** are not subject to withholding tax and do not need to follow the instructions below.

Subsequent to the payment date on which the dividend less the 19% withholding tax will be paid, beneficial owners may reclaim the difference between the statutory rate and the beneficial owner's rate of entitlement by submitting the required documentation to J.P.MORGAN. There will be one "Quick Refund" filing deadline and the Standard Long-Form filing deadline entitling beneficiaries up to four years from the Spanish payment date to file for reclaim.

DIVIDEND EVENT DETAILS	
COUNTRY OF ISSUANCE	SPAIN
ISSUE	BANCO SANTANDER S.A.
CUSIP#	05964H105
DEPOSITARY	J.P. MORGAN
ADR RECORD DATE	JANUARY 14, 2011
ADR PAY DATE	FEBRUARY 12, 2011
ADR GROSS DIVIDEND RATE	0.117 €
ORD GROSS DIVIDEND RATE	0.117 €
RATIO	1 ORD : 1 ADR
STATUTORY WHT RATE	19%

CHARGES & DEADLINES				
FILING METHOD	PAYMENT METHOD	DEPOSITARY SERVICE CHARGE	MINIMUM SERVICE CHARGE PER BENEFICIAL OWNER	FINAL SUBMISSION DEADLINE (ALL TIMES EST)
QUICK REFUND	CHECK	\$0.0035 per ADR	\$25	ESP DEADLINE: FEBRUARY 11, 2011; 5:00 P.M. DOCUMENTATION DEADLINE: FEBRUARY 14, 2010; 5:00 P.M.
STANDARD LONG-FORM	CHECK	\$0.005 per ADR	\$25	JANUARY 1, 2015

ELIGIBILITY MATRIX

RATE DESCRIPTION	RECLAIM RATE	ELIGIBLE RESIDENTS	DOCUMENTATION REQUIRED
UNFAVORABLE - 19%	0%	NON-TREATY COUNTRIES	NONE
FAVORABLE - 15%	4%	ALL U.S. ENTITIES	<ol style="list-style-type: none"> 1. EXHIBIT I (COVER LETTER) 2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I 3. IRS FORM 6166
FAVORABLE - 15%	4%	ALGERIA, ARGENTINA, AUSTRALIA, BELGIUM, BOLIVIA, BULGARIA, BRAZIL, CANADA, CROATIA, CUBA, CZECH REPUBLIC, ECUADOR, ESTONIA, FINLAND, FRANCE, HUNGARY, ICELAND, INDIA, INDONESIA, IRELAND, ITALY, JAPAN, LATVIA, LITHUANIA, LUXEMBOURG, MACEDONIA, MEXICO, MOROCCO, NEW ZEALAND, NORWAY, PHILLIPPINES, POLAND, PORTUGAL, ROMANIA, RUSSIAN FEDERATION, SLOVAKIA, SLOVENIA, SOUTH AFRICA, SOUTH KOREA, TUNISIA, TURKEY, UNITED ARAB EMIRATES, UZBEKISTAN, VIETNAM	<ol style="list-style-type: none"> 1. EXHIBIT I (COVER LETTER) 2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I 3. CERTIFICATE OF RESIDENCE
FAVORABLE - 15%	4%	AUSTRIA, GERMANY, THE NETHERLANDS, SWEDEN, SWITZERLAND, UNITED KINGDOM	<ol style="list-style-type: none"> 1. EXHIBIT I (COVER LETTER) 2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I 3. PETICION DE REDUCCION (QUICK REFUND) 4. PETICION DE DEVOLUCION (STANDARD LONG-FORM)
FAVORABLE - 12%	7%	EGYPT	<ol style="list-style-type: none"> 1. EXHIBIT I (COVER LETTER) 2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I 3. CERTIFICATE OF RESIDENCE
FAVORABLE - 10%	9%	CHILE, CHINA, GREECE, IRAN, ISRAEL, THAILAND, VENEZUELA	<ol style="list-style-type: none"> 1. EXHIBIT I (COVER LETTER) 2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I 3. CERTIFICATE OF RESIDENCE
FAVORABLE - 5%	14%	COLOMBIA, MALAYSIA, MALTA, SAUDI ARABIA	<ol style="list-style-type: none"> 1. EXHIBIT I (COVER LETTER) 2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I 3. CERTIFICATE OF RESIDENCE
EXEMPT - 0%	19%	EXHIBIT II	<ol style="list-style-type: none"> 1. EXHIBIT I (COVER LETTER) 2. ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I 3. INCORPORATION DOCUMENT

DESCRIPTION OF VARIOUS DOCUMENTATION (QUICK & STANDARD RECLAIMS)

DOCUMENT NAME	DESCRIPTION	ORIGINAL / COPY	SIGNATURE REQUIREMENT
EXHIBIT I (COVER LETTER)	LISTING OF BENEFICIAL OWNER INFORMATION (NAME, ADDRESS, TAX IDENTIFICATION NUMBER, NUMBER OF SHARES)	ORIGINAL	DTC REPRESENTATIVE
IRS FORM 6166	<ul style="list-style-type: none"> - ISSUED BY THE INTERNAL REVENUE SERVICE, STATING THE NAME AND TAX PAYER IDENTIFICATION NUMBER OF THE BENEFICIAL OWNER - MUST MENTION THE UNITED STATES – SPAIN INCOME TAX CONVENTION - MUST STATE THE TAX YEAR OF THE DIVIDEND'S <u>LOCAL</u> PAY DATE OR BE DATED 1 YEAR PRIOR TO THE DIVIDEND'S <u>LOCAL</u> PAY DATE 	ORIGINAL	IRS REPRESENTATIVE
CERTIFICATE OF RESIDENCE	<ul style="list-style-type: none"> - CERTIFIED BY TAX ADMINISTRATION OF BENEFICIARY'S COUNTRY OF RESIDENCE, STATING (IN ENGLISH OR SPANISH) THE NAME AND TAX PAYER IDENTIFICATION NUMBER OF THE BENEFICIAL OWNER - MUST MENTION THE TREATY BETWEEN THE COUNTRY OF RESIDENCE AND SPAIN - MUST STATE THE TAX YEAR OF THE DIVIDEND'S <u>LOCAL</u> PAY DATE OR BE DATED 1 YEAR PRIOR TO THE DIVIDEND'S <u>LOCAL</u> PAY DATE 	ORIGINAL	RELEVANT TAX AUTHORITY
PETICION DE REDUCCION & PETICION DE DEVOLUCION	<ul style="list-style-type: none"> - CERTIFIED BY TAX ADMINISTRATION OF BENEFICIARY'S COUNTRY OF RESIDENCE, STATING (IN ENGLISH OR SPANISH) THE NAME AND TAX PAYER IDENTIFICATION NUMBER OF THE BENEFICIAL OWNER - MUST MENTION THE TREATY BETWEEN THE COUNTRY OF RESIDENCE AND SPAIN - MUST STATE THE TAX YEAR OF THE DIVIDEND'S <u>LOCAL</u> PAY DATE OR BE DATED 1 YEAR PRIOR TO THE DIVIDEND'S <u>LOCAL</u> PAY DATE 	ORIGINAL	RELEVANT TAX AUTHORITY
INCORPORATION DOCUMENT	- A COPY OF THE STATUES OF THE ENTITY WHERE IT IS MENTIONED THAT IT IS A SUPRANATIONAL ORGANISM.	COPY	ENTITY'S REPRESENTATIVE

ESP Electronic Submission Portal

powered by **GLOBETAX**

JPMorgan, offers ESP powered by GlobeTax, an electronic withholding tax submission system. This system allows for the secure and simplified transfer of beneficial owner level data from the Participant to JPMorgan and creates applicable documentation on the Participants behalf.

Submit the data online through the web site below, print out the documents on letterhead, sign them, and mail them to JPMorgan / GlobeTax along with the necessary required documents.

These claims should be submitted through the following web site. (Requires a one-time registration)

<https://www.globetaxesp.com>

Please contact Mr. Alex Pinho at 1-800-929-5484 or via email at Alex.Pinho@Globetax.com if you have any questions about this process.

FREQUENTLY ASKED QUESTIONS (FAQs)

GENERAL QUESTIONS

QUESTION	ANSWER
WHAT ARE THE MINIMUM AMOUNT OF SHARES NECESSARY IN ORDER TO BE ELIGIBLE FOR RECLAIM?	APPROXIMATELY 20,000 SHARES
HOW LONG DOES IT TAKE TO RECEIVE PAYMENT ON QUICK REFUND RECLAIMS?	APPROXIMATELY 6-8 WEEKS FROM THE QUICK REFUND DEADLINE
HOW LONG DOES IT TAKE TO RECEIVE PAYMENT ON STANDARD LONG-FORM RECLAIMS?	APPROXIMATELY 1-3 YEARS
CAN I SUBMIT ONE IRS FORM 6166 OR CERTIFICATE OF RESIDENCE FOR THE SAME BENEFICIARY FOR MULTIPLE PAY DATES?	NO. AN ORIGINAL DOCUMENT IS REQUIRED FOR EACH DIVIDEND
IS THERE A RELIEF-AT-SOURCE PROCESS FOR THIS EVENT?	NO
WHAT IS THE DIFFERENCE BETWEEN THE PETICION DE REDUCCION AND THE PETICION DE DEVOLUCION?	THE FORMS ARE IDENTICAL, HOWEVER, THE PETICION DE REDUCCION IS THE QUICK REFUND PROCESS AND THE PETICION DE DEVOLUCION IS FOR THE STANDARD LONG-FORM PROCESS
HOW DO I HAVE TO RECLAIM ON THIS DIVIDEND?	FOUR YEARS FROM THE DIVIDEND'S LOCAL PAY DATE

CONTACT DETAILS

PRIMARY CONTACT	ALEX PINHO
DOMESTIC PHONE (U.S.)	1-800-929-5484
DOMESTIC FAX (U.S.)	1-800-929-9986
INTERNATIONAL PHONE	1-212-747-9100
INTERNATIONAL FAX	1-212-747-0029
EMAIL ADDRESS	ALEX_PINHO@GLOBETAX.COM
COMPANY	JPMORGAN / GLOBETAX
STREET ADDRESS	90 BROAD STREET, 16 TH FLOOR
CITY/STATE/ZIP	NEW YORK, NY 10004
ADDITIONAL CONTACTS	BRETT LEWIS

**EXHIBIT I - COVER LETTER REQUIRED FOR SPANISH STANDARD LONG-FORM RECLAIMS
THIS DOCUMENT MUST BE PREPARED ON THE DTC PARTICIPANT'S LETTERHEAD**

[DATE]

JPMORGAN Chase Bank
c/o Globe Tax Services, Inc.
90 Broad Street-16th Floor
New York, NY 10004-2205
Attn: Alex Pinho

Enclosed please find tax reclamation documents, which we are submitting on behalf of our clients who wish to avoid excess withholding tax on Spanish ADRs. We, [NAME OF DTC PARTICIPANT], also identified as DTC participant number [DTC PARTICIPANT NUMBER], hereby state that each beneficial owner cited below held the respective amount of shares on the record date of January 14, 2011 for the security BANCO SANTANDER S.A.

Below is the list of beneficial owners and their holdings, which total [TOTAL # OF ADRs CITED BELOW] ADRs. As required, the forms and a certification of residency document (Form 6166) if applicable, are enclosed for each beneficial owner. **The ratio is 1 ADRs to 1 Ordinary share.** The information is as follows:

<u>Name of beneficial owner</u>	<u>Address</u>	<u>Type of Account</u>	<u>Taxpayer i.d. #</u>	<u># of ADRs held</u>
1)				
2)				
3)				
4) etc.				

We ask that JPMorgan Chase Bank, as Depositary, apply to the Spanish depository bank for the reduced withholding tax rate on the above beneficial owners' behalf. Please contact the undersigned at [SIGNATORY'S TELEPHONE NUMBER] or via email at [SIGNATORY'S EMAIL ADDRESS] should you have any questions.

Indemnification

I / We certify that to the best of my knowledge the individual beneficial owners are eligible for the preferential rates as stated herein and I declare that I have performed all the necessary due diligence to satisfy myself as to the accuracy of the information submitted to me by these beneficial owners.

JPMORGAN is not liable for failure to secure the refund and any funds erroneously received shall be immediately returned to JPMORGAN, including any interest, additions to tax or penalties thereon. This is not tax advice. Please consult your tax advisor.

Sincerely,

[Signature of authorized signatory for DTC Participant]
[NAME AND TITLE OF AUTHORIZED OFFICER FOR DTC PARTICIPANT]

PAYMENT ADDRESS: _____

EXHIBIT II- THE LIST OF THE TAX-EXEMPT ENTITIES

African Development Bank
Asian Development Bank
European Bank for Reconstruction and Development
European Central Bank
European Investment Bank
European Monetary Institute
European Patent Organization
European Space Agency
European Union
Inter-American Development Bank
International Atomic Energy Agency
International Bank of Reconstruction and Development (IBRD)
International Civil Aviation Organisation
International Development Association
International Financial Corporation
International Fund for Agricultural Development
International Labour Organisation (ILO)
International Maritime Organisation
International Monetary Fund (IMF)
International Oil Council
International Telecommunications Union
North Atlantic Treaty Organization (NATO)
Spanish Red Cross
United Nations Children's Fund (UNICEF)
United Nations (UN)
United Nations Refugee Agency
United Nations Education, Science and Culture Organisation (UNESCO)
United Nations Food and Agricultural Organisation
United Nations World Food Program
Universal Postal Union
World Health Organisation (WHO)
World Intellectual Property Organisation (WIPO)
World Tourism Organisation (WTO)
World Trade Organisation
World Weather Organisation