

Current report dated 8 January 2015

Banco Santander, S.A. (the “**Company**” or “**Santander**”) hereby announces that it is envisaged that the “*Santander Dividendo Elección*” programme will be implemented at the beginning of 2015, on the dates on which the third interim dividend is traditionally paid (January / February). Subject to the prior resolution of the Executive Committee of the Company, the “*Santander Dividendo Elección*” programme will be implemented by means of a free-of-charge capital increase together with an irrevocable undertaking of the Company to acquire, at a fixed price, the free allotment rights that are allotted to each shareholder of the Company. By virtue of the aforementioned free-of-charge capital increase, each person that has the Company’s shares recorded in the account kept by NDS participants at the end of business on 13 January 2015 will receive a free allotment right for every share held. These rights will be listed on the Spanish Stock Exchanges during a 15-day calendar period between 14 and 28 January 2015. Following the end of this period, the rights will be automatically converted into new shares of the Company according to the conversion ratio to be determined by the Executive Committee of the Company on 12 January 2015. Within the exercise period set forth by Company, each holder of the Company’s shares may opt for one of the following alternatives: (i) to receive the new shares; or (ii) to receive a cash payment through selling free allotment rights on the market; or (iii) to receive a cash payment broadly equivalent to the dividend by accepting Santander’s commitment to purchase his/her/its free allotment rights received at the commencement of the trading period and selling such rights to the Company (or to another entity pertaining to Santander Group).

The envisaged timeline for the implementation of the “*Santander Dividendo Elección*” programme in Poland is as follows:

- 12 January 2015. Execution of the share capital increase. Communication of the number of rights needed to receive one share and of the final price of the right-purchase commitment. Such price will be determined after consideration of the stock price of the Santander share on 5,6,7,8 and 9 January 2015.
- 13 January 2015 (11:59 p.m. CET). Record date for the assignment of the free allotment rights.
- 14 January 2015. Beginning of the trading period of the rights and of the period to accept Santander’s undertaking to purchase the free allotment rights.
- 22 January 2015¹. Deadline for the participants of the Polish National Depository of Securities (*Krajowy Depozyt Papierów Wartościowych*) (the “**NDS**”) to provide the NDS with the information on the options chosen by Polish investors.²
- 28 January 2015. End of the trading period of the free allotment rights on the Spanish Stock Exchanges. The rights of investors opting for a fixed price sale are acquired by Santander Group.
- 2 February 2015 or about this date. Receipt of the cash option by the Polish investors (under both of the available cash options: sale for the guaranteed price and sale on the market)³.
- 6 February 2015 or about this date. Delivery of the new shares to the Polish investors. First listing on the WSE.

Subject to the resolution of the Executive Committee of the Company, it is deemed that the gross price at which the Company will purchase the free allotment rights from the Company’s shareholders, which will be calculated pursuant to the formula approved by the Ordinary General Shareholders’ Meeting of the Company held on 28 March 2014, will be approximately 0.15 Euros per right.

The resolution of the Executive Committee of the Company will set the aggregate market value of the share capital increase, which, according to the resolution of the Ordinary General Shareholders’ Meeting of the Company, may not exceed EUR 2,100 million.

¹ Please note that this deadline may be subject to changes after the date of this current report due to further arrangements between Euroclear Bank, the NDS and its participants.

² According to the information provided to the Company by the NDS.

³ According to the information provided to the Company by the NDS.