



B #:	0040-13
Date:	1/11/13
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: 01/14/13 Payable Date: On or around 02/08/13 Rate: Approximately 0.150 Euro per share equivalent to approx .196650 USD per ADR DTC EDS Cut-Off: 01/22/13 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 stock or cash. Shareholders will receive one free subscription right for every share held on close of business 01/14/13, 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 ADSs: You may elect to receive (1) one new Santander ADS at a rate T.B.A. Cash will be paid in lieu of fractional ADSs at the DTC participant level. **This option is not subject to the 21% Spanish withholding tax.** ADS holders will be charged an issuance fee of \$0.035 per new Santander ADS issued. **(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.** The trading period for the rights on the Spanish market is T.B.A. Holders will be charged a cash distribution fee of \$0.0025 per new Santander ADS.

Option 3 Cash: You may elect to receive the entire distribution in cash at a fixed rate of approximately **0.150** Euro per share equating to an approximate net rate of **\$0.152853** USD per ADR. This option is subject to **21% Spanish withholding tax.** Holders will also be charged a cash distribution fee of \$0.0025 per ADS.

DTCC offers enhanced access to all important notices via a Web-based subscription service. The 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.

Non-Confidential

B#0000-13

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 01/22/2013 no later than 8:00 P.M. New York time will receive (1) one new Santander ADS at a rate T.B.A., in accordance with Option #1 ADSs (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.

January 4, 2013

J.P. Morgan Chase Bank, N.A.
500 Stanton Christiana Road
Newark DE 19713-2107
Phone: 302 552-0266
Fax: 302 220-4591
michael.a.oliver@jpmorgan.com

New York Stock Exchange
20 Broad Street
New York, NY 10015
Email: corpactions@nyx.com

Re: Banco Santander, S.A. ("Santander") American Depositary Receipts ("ADRs")
CUSIP No. 05964H 10 5 (NYSE: SAN)

To whom it may concern:

J.P. Morgan has received notice that Santander announced a scrip dividend which will permit holders of its shares to elect to receive the remuneration equivalent to the February dividend in stock or cash. Shareholders will receive free of charge one free subscription right for every Santander share held and will be permitted to elect to either (i) receive new Santander shares, (ii) sell their rights on the Spanish market or (iii) receive a cash payment equivalent to the February dividend. J.P. Morgan, as Depositary for the Santander ADR program, will receive an allotment of rights on account of the shares represented by the Santander ADRs.

No rights will be distributed to the holders of Santander ADRs. However, ADR holders will be permitted to elect one of the following options:

Option 1: Receive new Santander ADSs. (This distribution is not subject to the 21% Spanish withholding tax). The number of rights which equate to a new Santander ADS has yet to be determined. Fractional Santander ADSs will not be issued.

Option 2: Receive a cash payment stemming from the sale of rights in the Spanish market at a cash rate to be determined. For this option, the Depositary will sell rights in the Spanish market. (This distribution is not subject to the 21% Spanish withholding tax).

Option 3: Receive a cash payment equivalent to the February dividend. For this option, the Depositary will sell rights to Santander at a fixed price which will be equivalent to an estimated 0.150 Euro per share equating to an approximate net rate of 0.152853 USD per ADR, which is based on the exchange rate published on Bloomberg on January 3, 2013. (This distribution is subject to 21% Spanish withholding tax). Please refer to the Option 3 calculation on page 2.

In connection with the above, the following fees will be applied: for cash elections, a cash distribution fee of \$0.0025 per current Santander ADS, and for the stock elections, an issuance fee of \$0.035 per new Santander ADS.

The Depositary Trust Company deadline for instructing the Depositary as to the three options above will be January 22, 2013 at 8 p.m. Eastern Time. Please note the default election will be to receive newly issued Santander ADRs in accordance with Option 1. A Market Announcement will be delivered to the Depositary Trust Company and Election forms will be mailed to registered holders who did not make a previous election.

Option 3 calculation

Approximate Euro per foreign share	0.150
DR Ratio	1 : 1
Approximate Euro per DR	0.150
Foreign Exchange Date	01/03/2013
Approximate Foreign Exchange Rate	1.3110

All amounts are in USD

Withholding Tax Rate	21%
Approximate Rate per DR	0.196650
Approximate Withholding Amount	0.041297
Dividend Fee	0.002500
Approximate Cash Distribution Rate per DR	0.152853

We set out below the relative dates applicable to this dividend abroad, as well as the corresponding dates established by us as Depositary for the disbursement of this dividend.

	<u>Foreign Date</u>	<u>DR Date</u>
Record Date	January 14, 2013	January 14, 2013
Payment/Value Date	February 1, 2013	On or around February 8, 2013 (Cash and Stock)

Please contact the undersigned if you have any questions.

Sincerely,



Michael Oliver
DR Department

cc: Mr. Lynel Hobson, DTC, Phone: 813 470-1572; Email: lhobson@dtcc.com; dividendannouncements@dtcc.com; stockdividendprocessing@dtcc.com; adr@dtcc.com
JPMorgan Globetax, Phone: 212 747-9100, Email: drgroup@globetax.com
Kathi Schlorhauser, JPMorgan Service Center, Phone: 651 554-3841, Email: kathleen.s.schlorhauser@wellsfargo.com
Bruce Agostino, NYSE, Phone: 212 656-5027; Email: bagostino@nyx.com
Joe Conti, NYSE, Phone: 212 656-5024; Email: sconte@nyx.com

Disclosures and important information

The dividend referred to above will be converted to U.S. dollars through a foreign exchange transaction with JPMorgan Chase Bank, N.A. or an affiliate ("JPMorgan"). The Final Foreign Exchange Rate will be net of any gain or loss incurred by JPMorgan on the transaction and a fee of up to 20 basis points in connection with the conversion of the cash distribution into U.S. dollars.

JPMorgan may (i) reimburse the issuer for certain expenses incurred by the issuer in connection with the depositary receipts program or (ii) share with the issuer revenue derived by JPMorgan from the program. JPMorgan may use brokers, dealers or other service providers that are affiliates or other divisions of JPMorgan and may earn or share fees and commissions. The details of this announcement are provided for informational purposes only. JPMorgan does not warrant or guarantee the accuracy or completeness of, and does not undertake an obligation to update or amend this announcement.

Banco Santander, S.A has announced a scrip dividend. J.P. MORGAN acts as the sole Depositary bank for the company's American Depositary Receipt ("ADR") program.

On ADR Pay Date Participants who elect **Option 3 Cash** for the optional election through EDS will receive this dividend net of the full Spanish statutory withholding tax rate of 21% and may follow the withholding tax reclaim procedures outlined below to obtain treaty benefits. **Option 1 Stock** and **Option 2 Proceeds** are not subject to withholding tax and therefore no additional entitlement is possible.

Option 3 Cash 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 as stipulated below, all claims submitted after this date should be submitted through the Standard "Long-Form" filing procedure.

DIVIDEND EVENT DETAILS	
COUNTRY OF ISSUANCE	SPAIN
ISSUE	Banco Santander, S.A
CUSIP#	05964H105
DEPOSITARY	J.P. MORGAN
ADR RECORD DATE	JANUARY 14, 2013
ADR PAY DATE	ON OR AROUND FEBRUARY 8, 2013
ADR GROSS DIVIDEND RATE	0.15 €
ORD GROSS DIVIDEND RATE	0.15 €
RATIO	1 ORD : 1 ADR
STATUTORY WHT RATE	21%

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 & 60 EUR Custodial Fee or 5%	ESP DEADLINE: FEBRUARY 20, 2013; 5:00 P.M. DOCUMENTATION DEADLINE: FEBRUARY 21, 2013; 5:00 P.M.
STANDARD LONG-FORM	CHECK	\$0.005 per ADR	\$25 & 60 EUR Custodial Fee or 5%	DECEMBER 20, 2016

ELIGIBILITY MATRIX

RATE DESCRIPTION	RECLAIM RATE	ELIGIBLE RESIDENTS	DOCUMENTATION REQUIRED
UNFAVORABLE - 21%	0%	NON-TREATY COUNTRIES	NONE
FAVORABLE - 15%	6%	ALL U.S. ENTITIES	<ol style="list-style-type: none"> EXHIBIT I (COVER LETTER) ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I IRS FORM 6166
FAVORABLE - 15%	6%	ALGERIA, AUSTRALIA, BELGIUM, BOLIVIA, BRAZIL, BULGARIA, CANADA, CROATIA, CUBA, CZECH REPUBLIC, ECUADOR, ESTONIA, FINLAND, FRANCE, HUNGARY, ICELAND, INDIA, INDONESIA, IRELAND, ITALY, JAPAN, KAZAKSTAN, LITHUANIA, LUXEMBOURG, MACEDONIA, MEXICO, MOROCCO, NEW ZEALAND, NORWAY, PHILIPPINES, POLAND, PORTUGAL, ROMANIA, RUSSIAN FEDERATION, SLOVAKIA, SLOVENIA, SOUTH AFRICA, SOUTH KOREA, TUNISIA, TURKEY, UNITED ARAB EMIRATE, VIETNAM	<ol style="list-style-type: none"> EXHIBIT I (COVER LETTER) ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I CERTIFICATE OF RESIDENCE
FAVORABLE - 15%	6%	AUSTRIA, GERMANY, THE NETHERLANDS, SWEDEN, SWITZERLAND, UNITED KINGDOM	<ol style="list-style-type: none"> EXHIBIT I (COVER LETTER) ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I PETICION DE REDUCCIÓN (QUICK REFUND) PETICION DE DEVOLUCION (STANDARD LONG-FORM)
FAVORABLE - 12%	9%	COSTA RICA, EL SALVADOR, EGYPT	<ol style="list-style-type: none"> EXHIBIT I (COVER LETTER) ESP SUBMISSION OR CLIENT LISTING ON EXHIBIT I CERTIFICATE OF RESIDENCE

FAVORABLE - 10%

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 - [REDACTED] IN THE COUNTRY OF RESIDENCE AND SPAIN 		

ESP

powered by **GLOBETAX**

FREQUENTLY ASKED QUESTIONS (FAQs)

GENERAL QUESTIONS

QUESTION	ANSWER
WHAT ARE THE MINIMUM AMOUNT OF SHARES NECESSARY IN ORDER TO BE ELIGIBLE FOR RECLAIM?	APPROXIMATELY 8,475 ADRs
HOW LONG DOES IT TAKE TO RECEIVE PAYMENT ON QUICK REFUND RECLAIMS?	APPROXIMATELY 8-12 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 LONG DO I HAVE TO RECLAIM ON THIS DIVIDEND?	FOUR YEARS FROM THE DIVIDEND'S LOCAL PAY DATE. CLAIMS SUBMITTED PAST SEPTEMBER 1, 2016 WILL BE FILED ON A BEST EFFORT BASIS.
WILL JPMORGAN /GLOBETAX ACCEPT CLAIMS FILED DIRECTLY TO THEM BY BENEFICIAL OWNERS?	JPMORGAN/GLOBETAX ONLY ACCEPTS CLAIMS FILED BY THE DTC PARTICIPANT WHO WAS HOLDING THE SECURITIES THROUGH DTC AND ONLY TO THE EXTENT THAT DTC HAS REPORTED THESE HOLDINGS TO US AS VALID.

CONTACT DETAILS

PRIMARY CONTACT	HEDY KISHEL
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	HEDY_KISHEL@GLOBETAX.COM
COMPANY	JPMORGAN / GLOBETAX
STREET ADDRESS	90 BROAD STREET, 16 TH FLOOR
CITY/STATE/ZIP	NEW YORK, NY 10004
ADDITIONAL CONTACTS	GREGG LEWIS

Warning and Disclaimer:

The information and data contained in this Notice is based on information obtained from multiple sources believed to be reliable. However, J.P. Morgan and its agents do not warrant or guarantee the accuracy or completeness of, nor undertake to update or amend, this information or data. We and our agents expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon any of this information or data. The information contained in this Notice is subject to change, including in the and subject to discretion of third parties, and/or pre-emption or being superseded by local market rules, and practices or actions taken by non-U.S. agents or tax authorities. Deadlines often differ from statutory deadlines. You should file claims as soon as possible, and at least six months prior to the specified deadline.

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 GlobeTax
90 Broad Street-16th Floor
New York, NY 10004-2205
Attn: SPAIN- Option

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, 2013 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.

(t)13(a)10(PM)gappym317)-14(t)13(o)6()-14(th)19(e)10()-14(S)14(p)6(an)16(is)4(h)] TJETBT1 0 0 1 354607047.1 Tm[()] TJETBT1

le-2-in4nificam)8

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