



## CURRENT REPORT

dated 10 October 2018

With reference to current report No. 42/2018 dated 16 July 2018, Banco Santander, S.A. (the “**Company**” or “**Santander**”) hereby announces that, as envisaged in the above-mentioned current report, the “*Santander Dividendo Elección*” scheme is expected to be implemented on the dates on which the second interim dividend is traditionally paid (with regard to the 2018 financial year, October/November 2018). Subject to the prior resolution of the Executive Committee of Santander, the “*Santander Dividendo Elección*” scheme will be implemented by means of a free-of-charge share capital increase, together with an irrevocable commitment of Santander to acquire, at a fixed price, the bonus share rights that are allotted to each shareholder of the Company (the “**Purchase Commitment**”). By virtue of the aforementioned free-of-charge share capital increase, each person whose shares in the Company have been acquired at, or prior to, the close of business on 17 October 2018 (and which acquisition has been recorded with the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.* (Iberclear) -the Spanish central securities depository- no later than at 11:59 p.m. CET on 19 October 2018) will receive a bonus share right for every share held. These rights will be listed on the Spanish Stock Exchanges during a 15-calendar-day period between 18 October and 1 November 2018. Following the end of this period, the rights will automatically be converted into new shares of the Company pursuant to the conversion ratio to be determined by the Executive Committee of Santander; in accordance with the envisaged calendar below on 16 October 2018. Within the exercise period set forth by the Company, each holder of shares of Santander may choose among the following alternatives: (i) to receive new Santander shares; (ii) to receive a cash payment by selling bonus share rights on the Spanish market; and (iii) to receive a cash payment substantially equivalent to the traditional dividend by accepting Santander’s Purchase Commitment and selling his/her/its bonus share rights received at the commencement of the trading period to the Company (or to another entity belonging to Santander Group).

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

- 16 October 2018. Execution of the share capital increase. Information on the number of rights needed to receive one share and on the final price of the Purchase Commitment. Such price will be determined based on the price of the Santander shares on 9,10,11,12 and 15 October.
- 17 October 2018. Reference date to participate in the “*Santander Dividendo Elección*” scheme (last trading date). The Santander shares acquired until this date (included), and which acquisition has been recorded with Iberclear no later than at 11:59 p.m. CET on 19 October 2018, will grant to their holder the right to participate in the “*Santander Dividendo Elección*” scheme.
- 18 October 2018. Beginning of the trading period of the rights and of the period to accept Santander’s Purchase Commitment<sup>1</sup>.
- 19 October 2018 (11:59 p.m. CET). Record date for the assignment of the bonus share rights in Poland.
- 29 October 2018<sup>2</sup>. Deadline for the participants of the Polish National Depository of Securities (*Krajowy Depozyt Papierów Wartościowych*) (the “**NDS**”) to provide it with the information on the options chosen by Polish investors.

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<sup>1</sup> Please note that the exact beginning of the period to accept the Santander’s Purchase Commitment depends on the decision of a given NDS participant. Polish investors are encouraged to contact the NDS participants that maintain their securities accounts in order to become familiar with the deadlines and procedures specifically applicable to them under the “*Santander Dividendo Elección*” scheme.

<sup>2</sup> Please note that this date is an expected deadline and it may be subject to changes after the date of this current report due to further arrangements between Euroclear Bank, the NDS and its participants. Polish investors are encouraged to contact the NDS participants

- 1 November 2018. End of the trading period of the bonus share rights on the Spanish Stock Exchanges. The rights of investors accepting the Santander's Purchase Commitment are acquired by Santander Group.
- 5 November 2018 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)<sup>3</sup>.
- 14 November 2018 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 Santander, it is deemed that the gross price at which the Santander Group will purchase the bonus share rights from the Santander's shareholders, which will be calculated pursuant to the formula approved by the ordinary general shareholders meeting of the Company held on 23 March 2018, will be approximately EUR 0.035 per right.

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that maintain their securities accounts in order to become familiar with the deadlines and procedures specifically applicable to them under the "*Santander Dividendo Elección*" scheme.

<sup>3</sup> Pursuant to the information provided to the Company by the NDS.