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MATERIAL FACT

Following the material fact published today (registration number 216810), in relation to the capital increase through an accelerated bookbuilding offering and with the waiving of pre-emption rights (the "**Capital Increase**"), Banco Santander, S.A. ("**Banco Santander**") announces that, following on from the closing of the bookbuilding process carried out by Goldman Sachs International and UBS Limited, acting as Joint Bookrunners, and Banco Santander, acting as Co-Bookrunner, it has set the final terms and conditions of the Capital Increase:

- a) The Capital Increase will be of a total par value of 606,796,117 euros, through the issue of 1,213,592,234 ordinary shares of Banco Santander, each with a par value of fifty euro cents (€0.50), of the same class and series as the shares currently outstanding (the "**New Shares**").
- b) The issue price (par value and share premium) of the New Shares has been set in the amount of 6.18 euros per share.
- c) Therefore, the total gross proceeds (comprising the par value and the share premium of all the New Shares) of the Capital Increase will amount to 7,500,000,006.12 euros, with 606,796,117 euros corresponding to the par value and 6,893,203,889.12 euros to the share premium. The New Shares will represent 9.64% of Banco Santander's share capital before the Capital Increase and 8.80% of its share capital following the Capital Increase.

It is expected that the authorisation for the admission to listing of the New Shares on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia will be granted on January 12, 2015, with the ordinary trading of the New Shares on the aforementioned exchanges expected to start on January 13, 2015. Furthermore, admission to listing of the New Shares in the foreign Stock Exchanges where Banco Santander shares are currently listed will also be requested.

Boadilla del Monte (Madrid), January 8, 2015

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