

The Depository Trust Company
IMPORTANT
TIME CRITICAL

B#: 1736-07
DATE: June 19, 2007
TO: All Participants
CATEGORY: Dividends
FROM: International Services
ATTENTION: Operations, Reorg & Dividend Managers, Partners & Cashiers
SUBJECT: Tax Relief - Country: Spain, Caja Madrid Extendible Short Term
Notes with a Final Maturity of 10/19/2011 CUSIP: 12802LAA6
Record Date: 07/03/07 Payable Date: 07/19/07
EDS Standard C/O Date: 07/13/07 EDS Cut Off for Adjustments Only: 07/18/07

DTC has been notified by Caja Madrid (the "Issuer") that income derived from its securities bearing CUSIP 12802LAA6 (the Extendible Notes) is subject to the 18% Non-Resident Income Tax (NRIT) in Spain, subject to the exemptions described in the attached document.

Questions regarding EDS may be directed to Sean Bollers of DTC's International Services at (212) 855-4706 or Rafael Neves (813) 470-1255.

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.*

Notices by



CAJA MADRID
(Caja de Ahorros y Monte de Piedad de Madrid)

With Respect to its Extendible Short Term Notes

Initially Due on October 19, 2007 and with a Final Maturity Date of October 19, 2011

Bearing the Original CUSIP: 12802LAA6

Record Date: July 3, 2007

Recommended Deadline: July 13, 2007

Interest Payment Date: July 19, 2007

Issuer notice regarding Spanish withholding tax requirements.

Beginning on July 5, 2007 (8:00 a.m. EST) and continuing until **July 13, 2007** (8:00 p.m. EST), in order to secure relief-at-source from Spanish withholding tax, DTC participants must (i) enter into the Acupay System information about beneficial owners who are exempt from Spanish Non-Resident Income Tax ("NRIT"), (ii) prepare and send Spanish tax certificates with respect to such clients and (iii) make corresponding **DTC EDS elections**. **These steps should be undertaken in accordance with the procedures laid out in a DTC Important Notice.**

Failure to do so could result in withholding of 18% of the income that would be otherwise received.

Issuer Notice of Extension Election Period

Holders of the notes are invited to transmit elections to extend the maturity of the notes to August 12, 2008. The election period will begin on July 5, 2007 at 9:00 a.m.

Elections to extend the maturity date of the notes must be received by the custodian bank or broker holding the notes in sufficient time so that information relating to such extensions can be entered by such custodian bank or broker in both the Acupay System and also in DTC's APUT system by the

Recommended Deadline, or under special circumstances until 9:00 a.m. New York City time on July 19, 2007). Please check with your custodian bank or broker to learn of any particular deadlines they may impose to receive such elections.

A holder who does not elect to extend the maturity of his notes will be subject to a mandatory exchange of his notes into non-extendible notes due May 12, 2008. Such non-extendible notes bearing CUSIP 12802LAD0 would be delivered on July 19, 2007.

Information regarding the timing of the current election period and each subsequent period is set forth below:

Interest Payment Date	Maturity, if Extended	Maturity, if NOT Extended
July 19, 2007	August 12, 2008	May 12, 2008
October 19, 2007	November 12, 2008	August 12, 2008
January 19, 2008	February 12, 2009	November 12, 2008
April 19, 2008	May 13, 2009	February 12, 2009
July 19, 2008	August 13, 2009	May 13, 2009
October 19, 2008	November 13, 2009	August 13, 2009
January 19, 2009	February 12, 2010	November 13, 2009
April 19, 2009	May 13, 2010	February 12, 2010
July 19, 2009	August 13, 2010	May 13, 2010
October 19, 2009	November 12, 2010	August 13, 2010
January 19, 2010	February 11, 2011	November 12, 2010
April 19, 2010	May 13, 2011	February 11, 2011
July 19, 2010	August 12, 2011	May 13, 2011
October 19, 2010	October 19, 2011	August 12, 2011
January 19, 2011	N/A	October 19, 2011
April 19, 2011	N/A	October 19, 2011
July 19, 2011	N/A	October 19, 2011
October 19, 2011	N/A	N/A

Detailed Operational Procedures and Guidelines

regarding

**CAJA MADRID
(Caja de Ahorros y Monte de Piedad de Madrid)**

With Respect to its Extendible Short Term Notes

Initially Due on October 19, 2007 and with a Final Maturity Date of October 19, 2011

Background information about Spanish tax law requirements

Pursuant to Law 13/1985 (as amended by Law 19/2003 and Law 23/2005) and Royal Decree 2281/1998 (as amended by Royal Decree 1778/2004), income derived from the above securities by a Non-Spanish resident holder who does not act with respect to such securities through a permanent establishment in Spain or a Spanish resident corporation will not be subject either to the 18% Non-Resident Income Tax (NRIT) in Spain or to a 18% withholding rate on account of the Spanish Corporate Income Tax unless the non-resident holder (i) derives the income through a "tax haven" territory (as defined in Royal Decree 1080/1991 of 5 July 1991) or (ii) fails to comply with the relevant tax residency certification procedures as described below. *Should a U.S.-based DTC participant hold securities on behalf of an institution located in a tax haven country, who is then holding the securities on behalf of an otherwise entitled beneficial owner (such as a U.S. resident), the beneficial owner would not be entitled to receive exemption from withholding tax on those securities.* Please refer to Annex A for a list of tax haven countries and territories.

Participants requesting exemption from Spanish NRIT via DTC's Elective Dividend Service (EDS) are required to provide beneficial owner tax information in support of their DTC EDS elections. The Issuer, the Guarantor and the Issuing and Paying Agent have arranged certain procedures with DTC and Acupay System to facilitate the collection from participants of such information concerning the identity and residence of the beneficial owners of the securities. Failure to (i) certify via EDS, (ii) provide beneficial owner information via Acupay, or (iii) to follow the required procedures, will result in 18% withholding from the interest payment.

Summary of steps you will need to take

Details on each step follow below.

1. **Register to use the Acupay System.**
2. **Transmit to your clients the Issuer's Notice of Extension Election Period. Solicit your clients' response to the notice.**
3. **Upload beneficial owner information into Acupay System.**
4. **Print, sign and send Spanish tax certificates.**
5. **Make "DTC APUT" instruction(s) recapping your clients' extension elections.**

	<p align="center">6. Make summary tax election via DTC's EDS.</p>
<p>1.Register to use the Acupay System</p>	<p><i>DTC participants must visit the Acupay System website at www.acupaysystem.com and register (i) their institution, (ii) one or more authorized employees who will be responsible for making tax certifications on the behalf of the DTC participant and (iii) financial intermediaries (i.e. "downstream correspondents") for which the DTC participants provide clearing arrangements on an "omnibus" basis.</i></p>
<p>1.A. Already registered? Then move on to Step 2!</p>	<p>If the participant, its downstream correspondents, or members of their respective teams, were previously registered to use the Acupay System (for this or any other securities issue), there is no need to register again – their existing login details should still work</p>
<p>1.B. If you're not registered...but you're in an OECD Country...you're invited!</p>	<p>DTC participants that are located in OECD (Organization for Economic Co-operation and Development) countries are permitted to register in the Acupay System and to participate in the "tax relief-at-source" procedures including the submission of beneficial owner extension information. Please refer to Annex B for a list of OECD Countries.</p>
<p>1.C. Neither registered, nor in an OECD Country?...maybe you're in a "Tax Treaty" country...if so, you're invited!</p>	<p>DTC participants that are located in a country with which Spain has entered into a treaty for the avoidance of double taxation (Tax Treaty Countries) are permitted to register in the Acupay System and to participate in the tax relief-at-source procedures including the submission of beneficial owner extension information. Please refer to Annex C for a list of Tax Treaty Countries.</p>
<p>1.D. Not registered and not located in an OECD or Tax Treaty Country?</p>	<p>DTC participants or their downstream correspondents which are not located in OECD (Organisation for Economic Co-operation and Development) Countries or in a country with which Spain has entered into a Treaty for the Avoidance of Double Taxation (Tax Treaty Countries) will be allowed to register in the Acupay System for the purpose of submitting beneficial owner extension information but will not be eligible to participate in the "Relief-at-Source Procedures". Such entities may, however, follow the "Quick Refund Procedures" discussed below. Please refer to Annex B and C respectively for a list of OECD Countries and Tax Treaty Countries.</p> <p>DTC participants and downstream correspondents located in</p>

	<p>tax haven countries are allowed to register in the Acupay System for the purpose of submitting beneficial owner extension information but are not eligible to use the Acupay System to submit beneficial owner tax information, nor to use DTC's EDS for Spain.</p>
<p>1.E. If you "clear" for other firms, please register them to use Acupay!</p>	<p><u>IMPORTANT: Participants that clear for downstream correspondents on an omnibus basis are subject to revised operational requirements regarding entering beneficial owner information into the Acupay System.</u> To comply with Spanish tax regulations and "Know Your Customer" policies mandated by the USA PATRIOT Act, Participants may not enter beneficial owner information into the Acupay System on behalf of their omnibus downstream correspondents. Omnibus downstream correspondents are required to enter their beneficial owner client information directly and Participants must confirm their downstream correspondents' aggregate omnibus positions. Please read the procedures in 3.C below carefully.</p>
<p>2. Transmit to your clients the Issuer's Notice of Extension Election Period. Solicit your clients' response to the notice.</p>	<p>Caja Madrid requests that you transmit to your clients the Notice of Extension Election Period. Caja Madrid will reimburse participants for their reasonable costs in transmitting the notice. <i>The notice is dated June 19, 2007.</i></p> <p>Caja Madrid also requests that you solicit responses from your clients who are the beneficial owners. Once your clients provide you with their response, you should promptly enter their response in both the Acupay System and DTC's APUT system. This should be done as described in Steps 3 and 5. Don't wait to "batch-together" multiple client responses – Keep your entries current!</p> <p><i>The Issuer's notice indicates that holders of the notes are invited to elect to extend the maturity of their notes. In the absence of any response, your clients' notes will be mandatorily exchanged with notes that mature on May 12, 2008. However, if your clients elect to extend the maturity date of the notes, the maturity of their notes will be extended to August 12, 2008. PLEASE NOTE: Extension election procedures like these will take place quarterly until October 2010.</i></p>
<p>3. Enter</p>	<p>As soon as you get a response from your clients (i.e. the beneficial owners) on whether or not they wish to extend the</p>

<p>beneficial owner Information in the Acupay System before July 19, 2007 (9:45:00 AM)</p>	<p>maturity of their notes, you should immediately enter such information into the Acupay System.</p> <p>For reasons that will become clearer as you read this instruction, it is essential that this information be entered FIRST before any entries are made in DTC's APUT or EDS systems.</p> <p>It is important that this step be completed by the Recommended Deadline of July 13, 2007 8:00 p.m. EST. However, in the case of late settling trades additional entries can be made until July 18, 2007 at 8:00 p.m. <i>In the case of trades settling on the Interest Payment Date (July 19, 2007) the Acupay System will be available on that day until 9:45 a.m. EST to permit late entry of information (or changes to previously entered information).</i></p>
<p>3.A. Five types of information needed about each BO.</p>	<p>This is the information you will need to enter about each beneficial owner: Some information is required, while other information can be provided at your option (to help you "tie-back" entries to your firm's records).</p> <p><u>Mandatory Information</u></p> <ol style="list-style-type: none"> 1. Name of the investor (not the name of the external fund manager or the BO's custodian bank – instead, you should supply the name of the entity which beneficially owns the security). 2. Country of residence of the beneficial owner. 3. Amount of notes to be held on Interest Payment Date by the beneficial owner (you can enter the amount of securities held on the day you enter the information, but remember, please to update that amount if the client's position changes between then and the Interest Payment Date. The notes can be identified in the Acupay System using either their original CUSIP or the Contra CUSIP associated with extension elections. 4. Extension Amount. – The amount of the BO's notes for which you have received a request from the investor to extend the maturity until August 12, 2008. 5. For Spanish Corporate Investors Only – the beneficial owner's Street Address and Tax Identification Number. <p><u>Optional Information</u></p>

	<ol style="list-style-type: none"> 1. Tax ID (This is mandatory for investors who are Spanish corporations). 2. Account Number of the beneficial owner at your custodian bank or brokerage. 3. Client address and telephone number. (Please remember that addresses are mandatory for Spanish corporate investors).
<p>3.B. Three Acupay methods are available for entering beneficial owner details.</p>	<p>These are the three methods. Complete details, and "help" regarding each method are available on the Acupay website.</p> <ol style="list-style-type: none"> 1. One-by-One Method – participants with a small number of beneficial owners may use this method to separately enter individual beneficial owner information. 2. Bulk "Cut-and-paste" Method – participants with a larger number of clients can use this method to (i) download client data from their internal systems, (ii) paste this data into a formatted Excel spreadsheet and (iii) paste the spreadsheet into a secure Acupay "upload portal". 3. Renew Previous Submissions Method–Through a single "push of a button" a participant can confirm that previous beneficial owners (and their related information), which were submitted for a previous payment period, are still valid for the current period.
<p>3.C. Confirm total holdings of downstream omnibus clearing clients.</p>	<p>DTC participants that provide clearing arrangements for downstream correspondents, irrespective of whether such downstream correspondents are Qualified Intermediaries (as described by the US IRS in Revenue Procedure 2000–12 found in Cumulative Bulletin 2000–1 of Internal Revenue Bulletin 2000–4) should:</p> <ol style="list-style-type: none"> i. Register their downstream correspondents in the Acupay System by entering the details of such downstream correspondents directly into the "Add a New Registered Downstream Correspondent" section of their Acupay System account, or by allowing such downstream correspondents to register themselves by providing them with the Acupay Registration Code found within the "View Downstream Correspondent Registrations" section of the Acupay System. <p>* Once registered the downstream correspondents will be able to process Acupay tax relief-at-source client certifications for</p>

	<p>their own clients. Since downstream correspondents are required to "know their clients", it is logical that they are the entities, which should enter client information regarding their clients into the Acupay System - not the upstream clearer (which is a DTC participant).</p> <p>ii. Confirm the downstream correspondent's omnibus position. The DTC participant should confirm the aggregate position in the securities held on the behalf of each of its downstream correspondents. This confirmation is made ONLY with regard to the aggregate omnibus amount held by the downstream correspondents, NOT with regard to the identity or details of the end investor clients of the downstream correspondents. These aggregate position confirmations should be kept updated through 9:45 a.m. on the Interest Payment Date (just like all other information entered in the Acupay System).</p> <p>iii. Make the necessary EDS elections, to match the total amount of Acupay certifications made by the downstream correspondent(s).</p>
<p>3.D. Update Acupay data as necessary until the Interest Payment Date.</p>	<p>The Recommended Deadline is July 13, 2007. However, it is the responsibility of DTC participants and their correspondents to update beneficial owner information entered in the Acupay System as necessary to keep it in synch with clients' actual positions. Updating must continue until 9:45 a.m. on July 19, 2007 (the Interest Payment Date).</p>
<p>4. Print out, review, sign and send tax certificates.</p>	<p>Once beneficial owner information has been entered into the Acupay System, the system will produce, as applicable, Spanish tax certificates (I, II or III) for the interest income to be received by the beneficial owner. These certificates must be reviewed, printed, signed (if accurate), scanned and emailed to certify@acupaysytem.com or faxed to Acupay at +1-646-383-9489 or +44-207-067-8453.</p> <p>In the event that a beneficial owner has declined to extend the maturity of its notes the Acupay System will produce a second set of tax certificates (but only if non-extension will produce a taxable gain). This second set of certificates will need to be printed, reviewed, signed (if accurate) and sent <u>in addition to the interest income tax certificates.</u></p>
<p>4.A. Only use official Acupay tax certificates</p>	<p>Participants MUST use the tax certificates that are generated by the Acupay System (showing the official Acupay bar code) as no other form of tax certificate will be accepted.</p>

	Acupay submissions (including beneficial owner information) will not be processed until Acupay has received signed tax certificates, as described above.
<p>4.B. Keep certificates accurate until July 19, 2007.</p>	<p>If any changes occur to the facts set out in tax certificates (between the date of submission and the Interest Payment Date), participants are required to prepare and submit replacement certificates reflecting such changes.</p> <p>Care should be employed to assure that information in the tax certificates is kept "in-synch" with related summary information entered into the DTC APUT system and also in DTC EDS. All three "platforms" should be kept in-synch.</p>
<p>4.C. By August 15, 2007, original paper versions should be received in London</p>	<p><u>After</u> the Interest Payment Date participants should send, via post or courier to Acupay the original, signed copies of any tax certificates I, II and III that were <i>previously</i> faxed or emailed as described above. These original paper signed tax certificates MUST be received by Acupay by no later than 5:00 p.m. London time on August 15, 2007 at the following address:</p> <p>Acupay System LLC Certifications Attn: Maria Dolores López Pérez 28 Throgmorton St - First Floor London EC2N 2AN United Kingdom Telephone: +44-207-382-0340</p> <p><u>PLEASE NOTE:</u> A participant that obtains favorable tax treatment through these tax relief-at-source procedures and fails to submit the original physical certificates as described above, will be prohibited by the Issuer from using the procedure to obtain favorable tax treatment for future payments. In such event, the participant will receive any future interest payment on its <u>entire position</u> net of 18% NRIT withholding tax and relief will need to be obtained directly from the Spanish tax authorities by following the standard refund procedure established by Spanish tax law.</p>
<p>5. Enter "DTC APUT" instruction(s) recapping all</p>	<p>The DTC APUT system will be available for participants to enter "summary elections" for all of the beneficial owners for whom extension elections have been received <u>and entered into the Acupay System</u> by the participant and its downstream correspondents.</p>

Extension elections	APUT entries can be made commencing on the morning of July 5, 2007.
5.A. Try to complete APUT entries before making EDS entries.	<p>Both APUT and EDS will operate during parallel time periods. For reasons that will be explained at step "6" it is important that most (if not all) APUT entries be completed before EDS entries. This relates to the impact of shifts from target CUSIPs to Contra CUSIPs occurring during the APUT process. It is important that all EDS entries be made using Contra's (if the related notes will "reside" in the Contra by Interest Payment Date). Therefore, securities being "elected" for extension should be moved into their Contra's <i>first</i> before EDS entries are attempted (assuming that notes are being <i>both</i> elected for <i>extension</i> and requested for <i>tax relief</i>).</p> <p>Both DTC systems will open on July 5, 2007. And, the Recommended Deadline for both systems is July 13, 2007. Of course, the APUT automated system routinely "closes" at 12:00 p.m. while the EDS automated system operates until 8:00 p.m.</p>
5.B. Late settlement APUT entries and adjustments.	<p>The APUT system will be open for late entries and adjustments <i>after</i> the Recommended Deadline, as follows:</p> <ul style="list-style-type: none"> • <i>Until 12:00 noon each New York business day until July 18, 2007 for automated entries. This is called the "APUT Automated Deadline".</i> • <i>After 12:00 noon and until 5:00 p.m. via manual requests to DTC staff until July 18, 2007.</i> • <i>From 8:00 a.m. until 9:00 a.m. on July 19, 2007 (i.e. for one hour) via manual requests to DTC staff.</i> <p>We wish to remind you that entries in APUT must generally be followed by entries in DTC's EDS. Therefore late entries in APUT will require close and careful coordination with EDS in order to assure proper processing of tax relief.</p>
5.C. Keep APUT in-synch with ACUPAY	APUT entries must be kept in alignment with corresponding beneficial owner data entered in the Acupay System (and related Spanish tax certificates).
6. Make summary tax elections via DTC's EDS.	Beginning at 9 a.m. on July 5, 2007 and continuing until 8 p.m. New York time on July 13, 2007 (the Recommended Deadline), DTC participants must make an election via DTC EDS summarizing the aggregate positions that they reported via Acupay (and certified on Spanish tax certificates) as being exempt from Spanish withholding tax. The DTC EDS

	operates daily from 8:00 a.m. until 8:00 p.m.
<p>6.A. Use the Contra-CUSIP obtained from APUT operation for related EDS elections.</p>	<p>Historically, close to 100% of all holders of extendible notes elect to extend their notes. And, "elections to extend" these notes necessitate the undertaking of APUT instructions by DTC participants – with a resultant movement of the securities from the original "target CUSIP" into a temporary Contra CUSIP.</p> <p>The "elected" notes will remain in the Contra CUSIP until late in the afternoon on the Interest Payment Date, after interest payments have been allocated to DTC participants. It is only <i>after</i> payment has been effected that "extended" notes are returned to the original CUSIP. Therefore, it is clear <u>that interest will be paid</u> on Interest Payment Date to the holders of the following CUSIPs:</p> <ul style="list-style-type: none"> • <u>Contra CUSIPs</u> with respect to all holders who had elected to extend their notes. • <u>Original CUSIPs</u> with respect to only those holders who declined to extend their notes. <p>In order for your clients who are exempt from the operation of Spanish withholding tax to be paid WITHOUT withholding, it is absolutely necessary that a DTC EDS election be made with respect to the CUSIP that will actually be paid on the Interest Payment Date.</p> <p>Therefore, it is important that whomever on the staff of the DTC participant who performs the DTC EDS entry be aware of the previous work "done" by the team responsible for APUT instructions.</p> <p>To summarize: For notes that have been elected to be extended via APUT, EDS instructions must be entered in the Contra CUSIP. For notes that have not been elected to be extended via APUT, EDS instructions must be entered in the Original CUSIP.</p> <p>Finally, both EDS and APUT need to be kept in alignment with beneficial owner information and certifications entered via Acupay.</p> <p>PLEASE NOTE:</p> <p><i>In order for the DTC participant to receive interest on the</i></p>

	<p><i>Interest Payment Date free of NRIT withholding (for further credit to their clients who are exempt from Spanish NRIT) the aggregate amounts certified through the Acupay System and those elected through DTC EDS must be in synch. It is the responsibility of each participant to ensure that the principal amount of notes, which they certify via Acupay, is equal to the principal amount of notes for which they have made DTC EDS elections at the exempt rate. Data introduced in both DTC EDS and Acupay may be modified by the participant (in both systems) until 8 p.m. New York time on July 18, 2007.</i></p>
<p>6.B. Finish EDS entries last.</p>	<p>EDS entries ought to be made last....after Acupay and APUT.</p> <p>Of course, entries made through all three systems need to be kept updated and accurate until the morning of the Interest Payment Date.</p>
<p>6.C. Last minute manual EDS adjustments on Payment Date.</p>	<p>DTC participants whose Acupay certifications and EDS elections are out of alignment on the morning of the Interest Payment Date may request that DTC manually modify EDS elections to bring them into alignment by sending an EDS change request to DTC via email at SBollers@DTCC.com no later than 9:45 a.m. New York time on July 19, 2007, with a copy to MMejia@DTCC.com, ROlivari@DTCC.com, RNEVES@DTCC.COM AND EDS@acupaysystem.com.</p> <p>Likewise, it is the responsibility of DTC participants and their correspondents to update beneficial owner information entered in the Acupay System as necessary to keep it in synch with clients' actual positions. Updating must continue until 9:45 a.m. New York time on July 19, 2007.</p>
<p>6.D. All systems must be in-synch.</p>	<p>DTC participants must ensure that <u>EDS elections entered into DTC and beneficial owner data entered into the Acupay System</u> are synchronized and updated to reflect any changes to beneficial ownership or DTC positions occurring prior to 9:45 a.m. on July 19, 2007 (the Interest Payment Date).</p> <p>The failure to correct any inconsistency between (i) DTC EDS elections and tax certificates and (ii) if an exchange operation is calculated to produce taxable income, beneficial owner Extension Information and DTC Extension elections (including any misalignment between the total par amount of notes to be exchanged for Non-Extendible notes by any DTC participant account (arising from the absence of timely DTC Extension elections) and the total par amount of notes to be exchanged for Non-Extendible notes determined via the related beneficial</p>

	<p>owner Extension Information supplied by the DTC participant via the Acupay System), including the failure to fax or send PDF copies of new or amended tax certificates by 9:45 a.m. on the relevant Interest Payment Date (or if Acupay does not confirm receipt of a communication of such correction by 9:45 a.m. on the relevant Interest Payment Date) will result in the payments in respect of the entirety of such participant's position being made net of Spanish withholding taxes.</p> <p>Notwithstanding any such error or inconsistency, all DTC Extension elections (and revocations of such extension elections) will be accepted by Acupay and will not result in an exchange of notes for Non-Extendible notes if such elections are made on a timely basis and in an amount equal to or less than the relevant participant's aggregate DTC position in the notes at the date and time submitted.</p>
<p>7. Quick Refund procedure.</p>	<p>Beneficial owners who received interest net of 18% NRIT withholding due to a misalignment of their EDS elections, APUT instructions and Acupay tax certifications may qualify for a refund through the Quick Refund Procedure. To utilize this procedure, participants must have submitted valid EDS elections during the tax relief-at-source EDS "window". Relief may be obtained only up to the amount of securities for which an EDS election was properly received by DTC as of 9:45 a.m. on July 19, 2007. Refunds through the Quick Refund Procedure are not available for any position that was not previously elected for gross (exempt) treatment via EDS on or before 9:45 a.m. on the Interest Payment Date. Participants may use the Acupay System to request relief through the Quick Refund Procedures on behalf of their clients beginning July 20, 2007 and continuing until August 10, 2007 at 5:00 p.m. New York time.</p>
<p>8. Direct refund from Spain.</p>	<p>If participants have not certified for any reason through the Relief at Source or Quick Refund Procedure and have received unfavorable tax treatment, eligible investors may request a tax refund from the Spanish tax authorities by following the Direct Refund procedure established by Spanish tax law.</p>
<p>9. DTC participants are responsible for</p>	<p>By submitting EDS elections and Acupay submissions and tax certifications DTC participants agree that they will indemnify Caja Madrid and its agents for any liability which they may incur as a result of reliance upon such information provided by such participant. The DTC participant also agrees</p>

<p>their submissions.</p>	<p>to return any funds erroneously received (including any interest, penalties and additions to tax thereon) arising from its EDS elections and Acupay certifications.</p>
<p>10. Where to get additional information.</p>	<p>Questions regarding the APUT process should be directed to David Cybroski of DTC's Reorganization Department at (212) 855- 5137.</p> <p>Questions regarding the EDS process should be directed to Sean Bollers or Larry Bottiglieri of DTC's International Services team at (212) 855-4706 or 4386 respectively.</p> <p>General questions regarding these operational procedures and the related Spanish tax laws, as well as the specific Acupay informational procedures identified here (or the use of the Acupay System) should be directed to Mónica Medina Navarro at +1-212-422-1222 or Maria Dolores López Pérez at +44-207-382-0340 or by emailing info@acupaysystem.com.</p>
<p>11. Postscript: Tax treatment of gains from non-extension.</p>	<p>For the purpose of completeness we wish to point out that Spanish tax law provides for the operation of tax withholding procedures on the gains (if any) obtained by investors who do not extend their notes (and thereafter exchange their notes for non-extendible notes). Although such gains arising out of such an exchange are theoretically possible, in practice they are highly unlikely to occur.</p> <p>However, in the unlikely event that such gains were to arise, then the Acupay System would announce the existence of such gains and the related requirement for participants to participate in the operation of certain special withholding tax procedures. Such procedures embrace steps intended to assure either (i) the collection of required information certifying the exemption of investors from the operation of such tax or (ii) withholding the appropriate amount of such tax from investors (via their DTC participant). These steps are laid out in Annex A to the Offering Memorandum of Caja Madrid dated September 22, 2006 which can be downloaded from www.acupaysystem.com/cajamadrid/offeringmemo.</p>

Annex A

Tax-Haven Countries & Territories

Andorra, Principality of	Jamaica	Monaco, Principality of
Anguila, The Island of	Jersey, Channel Islands	Montserrat
Antigua and Barbuda, Islands of	Jordan, Hashemite Kingdom of	Nauru, Republic of
Aruba	Lebanon, Republic of	Netherlands Antilles
Bahamas, The	Liberia, Republic of	Northern Mariana Islands
Bahrain, Kingdom of	Liechtenstein, Principality of	Oman, Sultanate of
Barbados, The Island	Luxembourg, Grand Duchy of (but only as regards to the income received by the companies referred to in paragraph 1 of the Protocol annexed to the Avoidance of Double Taxation Treaty, dated 3rd June 1986, entered into by Spain and Luxembourg i.e., those holding companies as defined by Luxembourg Law of July 31, 1929 and Luxembourg Grand Ducal Decree of December 17, 1938)	Panama, Republic of
Bermuda Islands, The		Saint Lucia
Brunei, Sultanate of		Saint Vincent and the Grenadines
Cayman Islands		San Marino, Republic of
Cook Islands, The		Seychelles, Republic of
Cyprus, Republic of		Singapore, Republic of
Dominica, The Republic of		Solomon Islands
Falkland Islands		Trinidad and Tobago, Republic of
Fiji Islands		Turks and Caicos Islands
Gibraltar		Vanuatu, Republic of
Grenada		Virgin Islands, British
Guernsey, Channel Islands	Macao	Virgin Islands, of the United States
Hong Kong	Mauritius	
Isle of Man		

Annex B

OECD Countries

Australia	Hungary	Norway
Austria	Iceland	Poland
Belgium	Ireland	Portugal
Canada	Italy	Slovakia
Czech Republic	Japan	Spain
Denmark	Korea, Republic of	Sweden
Finland	Luxembourg	Switzerland
France	Mexico	Turkey
Germany	Netherlands	United Kingdom
Greece	New Zealand	United States

Annex C

Spanish Tax Treaty Countries

Algeria	Georgia*	Netherlands
Argentina	Germany	New Zealand
Armenia*	Greece	Norway
Australia	Hungary	Philippines
Austria	Iceland	Poland
Azerbaijan*	India	Portugal
Belarus*	Indonesia	Romania
Belgium	Iran, Islamic Republic of	Russia*
Bolivia	Ireland	Slovakia
Brazil	Israel	Slovenia
Bulgaria	Italy	Sweden
Canada	Japan	Switzerland
Chile	Kazakhstan*	Tajikistan*
China	Korea, Republic of	Thailand
Croatia	Kyrgyzstan*	Tunisia
Cuba	Latvia*	Turkey
Czech Republic	Lithuania*	Turkmenistan*
Denmark	Luxembourg	Ukraine*
Ecuador	Macedonia, The Former Yugoslav Republic of	United Arab Emirates
Egypt	Malta, Republic of	United Kingdom
Estonia*	Mexico	United States
Finland	Moldova, Republic of*	Uzbekistan*
France	Morocco	Venezuela
		Vietnam

* The countries of the former USSR are covered together under treaty (Russia covered under separate treaty).