

# IMPORTANT NOTICE

**The Depository Trust Company**



**B#:** 5245-09  
**Date:** July 2, 2009  
**To:** All Participants  
**Category:** Dividends  
**From:** International Services  
**Attention:** Operations, Reorg & Dividend Managers, Partners & Cashiers  
**Subject:** Procedures for certain tax refunds - Country: Spain  
Iberdrola S.A.  
CUSIP: 450737101  
Record Date: 06/30/09 Payable Date: 07/08/09

The Depository Trust Company has received from JP Morgan Chase Bank the attached information regarding certain tax refunds on the above captioned dividend.

As directed in the notice, participants that have qualified beneficial holders that expect to benefit from this procedure should secure the required documentation.

**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.*

Non-Confidential

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To remove your name from the former system of email notifications, send a message to [unsubscribe@dtcc.com](mailto:unsubscribe@dtcc.com).

**IMPORTANT NOTICE**

**IBERDROLA S.A.**

**ADR Record Date: June 30, 2009**

**ADR Paydate: July 8, 2009**

As Depository for the American Depositary Receipts ("ADRs") of **Iberdrola S.A.**, CUSIP: 450737101 J.P.Morgan / GlobeTax is distributing this important notice announcing tax refund procedures for residents of the United States and other countries having a Double Taxation Agreement with Spain.

On **July 8, 2009** J.P.Morgan will pay 82% of the dividend to all DTC Participants, representing payment of the **Iberdrola S.A.** dividend of **0.184** Euro per Ordinary Share (**0.736** Euro per ADR Share). This dividend is subject to 18% withholding tax under Spanish law. Under the Income Tax convention between the United States and Spain, U.S. residents are eligible for reduced Spanish withholding tax (for most people, at a rate of 15% rather than the usual 18%) on the dividends paid by **Iberdrola S.A.**

For reasons of cost effectiveness, only those ADR holders with more than **3,100** ADRs may file using the quick refund process and only those ADR holders with more than **3,200** ADRs may file using the standard refund process. All tax reclaims submitted through J.P.Morgan / GlobeTax are subject to a depository service charge of \$0.0035 or \$0.005 per share with a minimum of \$25.00 in addition to any fees charged to J.P.Morgan to facilitate the reclaim process, historically EUR 60.00 per reclaim. If you have any questions with respect to this matter, please contact Brett Lewis of J.P.Morgan / GlobeTax at (800) 929-5484 [facsimile (800) 929-9986].

**QUICK FILING PROCEDURES FOR U.S. & NON-U.S. RESIDENTS**

**DOCUMENTATION REQUIREMENTS – U.S. RESIDENTS**

(required for each Beneficial Owner)

1. **J.P.MORGAN FILING COVER LETTER**: This cover letter must be submitted on the company letterhead of the DTC Participant. The cover letter should state the name, address, fiscal residence, taxpayer I.D., number of ADR shares, and the amount to be refunded for each ADR beneficial owner on the record date for which a claim is submitted. The format for the cover letter can be found in the following pages of this notice.
2. **CERTIFICATE OF RESIDENCY**: U.S. residents need to submit an **ORIGINAL** IRS Form 6166 signed and stamped by the Internal Revenue Service, which will verify the Beneficial Owner's name, tax identification number, and status as a resident of the United States. **This Form 6166 must mention the United States – Spain Income Tax convention and must be dated within 11 months of submission to the J.P.Morgan / GlobeTax.**

When you have received Form 6166 from the IRS, please send **both** the J.P.Morgan Filing Cover Letter and original IRS Form 6166 **together** to:

**J.P.Morgan / GlobeTax**  
**90 Broad Street, 16<sup>th</sup> Floor**  
**New York, NY 10004-2205**  
**Attn: Banco Santander, S.A.**

**QUICK FILING DOCUMENTATION REQUIREMENTS – NON-U.S. RESIDENTS**  
**(required for each Beneficial Owner)**

1. **J.P.MORGAN FILING COVER LETTER**: This cover letter must be submitted on the company letterhead of the DTC Participant. The cover letter should state the name, address, fiscal residence, taxpayer I.D., number of ADR shares, and the amount to be refunded for each ADR beneficial owner on the record date for which a claim is submitted. The format for the cover letter can be found in the following pages of this notice.
2. **CERTIFICATE OF RESIDENCY**: An **ORIGINAL** Formulario de Devolución will be required for any non-U.S. entity whose country of residence has formally agreed to the use of such forms (these countries are denoted with a \* below). A stand-alone Certification of Residence completed by the relevant Tax Administration is required if there is no specific Formulario de Devolución for the beneficial owners' country of residence.

When you have received the Certification of Residency, please send **both** the J.P.Morgan Filing Cover Letter and Certification of Residency **together** to:

**J.P.Morgan / GlobeTax**  
**90 Broad Street, 16<sup>th</sup> Floor**  
**New York, NY 10004-2205**  
**Attn: Banco Santander**

**ESP Electronic Submission Portal**

powered by **GLOBETAX**

J.P.Morgan, now offers ESP powered by GlobeTax, an electronic withholding tax submission system. This system allows for the secure and simplified transfer of beneficial owner level data from the Participant to J.P.Morgan and creates applicable documentation on the Participants behalf.

Submit the data online through the web site below, print out the documents on letterhead and sign them, and mail to J.P.Morgan / GlobeTax along with the necessary Certification of Residency (Form 6166 for U.S. entities). To be qualified under the quick refund process the hard copy documentation must be received by July 16, 2009 but claims can generally be submitted through the system until May 1, 2013 for the standard refund process.

These claims should be submitted through the following web site. (Requires a one-time registration)

<https://www.globetaxesp.com>

Please contact Mr. Brett Lewis at 1-800-929-5484 if you have any questions about this process.

## **STANDARD (LONG-FORM) PROCEDURES FOR U.S. & NON-U.S. RESIDENTS**

### **DOCUMENTATION REQUIREMENTS – U.S. RESIDENTS** (required for each Beneficial Owner)

1. **J.P.MORGAN FILING COVER LETTER**: This cover letter must be submitted on the company letterhead of the DTC Participant. The cover letter should state the name, address, fiscal residence, taxpayer I.D., number of ADR shares, and the amount to be refunded for each ADR beneficial owner on the record date for which a claim is submitted. The format for the cover letter can be found in the following pages of this notice.
2. **CERTIFICATE OF RESIDENCY**: U.S. residents need to submit an **ORIGINAL** IRS Form 6166 signed and stamped by the Internal Revenue Service, which will verify the Beneficial Owner's name, tax identification number, and status as a resident of the United States. **This Form 6166 must mention the United States – Spain Income Tax convention and must be dated within 11 months of submission to the J.P.Morgan.**

### **DOCUMENTATION REQUIREMENTS – NON-U.S. RESIDENTS** (required for each Beneficial Owner)

1. **J.P.MORGAN FILING COVER LETTER**: This cover letter must be submitted on the company letterhead of the DTC Participant. The cover letter should state the name, address, fiscal residence, taxpayer I.D., number of ADR shares, and the amount to be refunded for each ADR beneficial owner on the record date for which a claim is submitted. The format for the cover letter can be found in the following pages of this notice.
2. **CERTIFICATE OF RESIDENCY**: An **ORIGINAL** PETICION DE DEVOLUCION will be required for any non-U.S. entity whose country of residence has formally agreed to the use of such forms (these countries are denoted with a \* below). A stand-alone Certification of Residence completed by the relevant Tax Administration is required if there is no specific PETICION DE DEVOLUCION for the beneficial owners' country of residence.

When you have received the Certification of Residency, please send **both** the J.P.Morgan Filing Cover Letter and Certification of Residency **together** to:

**J.P.Morgan / GlobeTax**  
**90 Broad Street, 16<sup>th</sup> Floor**  
**New York, NY 10004-2205**  
**Attn: Iberdrola S.A.**

All DTC Participants who wish to file a request for a refund of excess withholding tax must submit the required documentation to the above address **no later than July 16, 2009 by 5 PM EST**.

**PLEASE NOTE**: Shareholders who are residents outside of the U.S. are not eligible to claim via the Quick Refund Process, however they may file claims via the Standard Process. The Non-U.S. treaty rates are as follows:

**15% WITHHOLDING TAX:**

Algeria, Argentina, Armenia, Australia, Austria\*, Azerbaijan, Belgium, Belarus, Bolivia, Bulgaria, Brazil, Canada, Croatia, Cuba, Czech Republic, Denmark\*, Ecuador, Estonia, Finland, France, Georgia, Germany\*, Hungary, Iceland, India, Indonesia, Ireland, Italy, Japan, Kazakhstan, Kyrgyzstan, Korea, Latvia, Lithuania, Luxembourg, Macedonia, Mexico, Moldavia, Morocco, Netherlands\*, New Zealand, Norway, Philippines, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, Sweden\*, Switzerland\*, Tajikistan, Tunisia, Turkey, Turkmenistan, Ukraine, United Kingdom\*, Uzbekistan, and Vietnam

**10% WITHHOLDING TAX:**

Chile, China, Greece, Israel, Malta, Thailand, Venezuela

**FILING DEADLINES:**

The filing deadline for the quick process is July 16, 2009 by 5 P.M. EST for receipt by J.P.Morgan / GlobeTax. The final deadline for the standard process is May 1, 2013 by 5 P.M. EST for receipt by J.P.Morgan / GlobeTax.

**QUICK REFUND PROCESSING IS SUBJECT TO A TAX RELIEF FEE OF \$0.0035 PER ADS CHARGED ON A PER BENEFICIAL OWNER BASIS IN ADDITION TO ANY FEES CHARGED TO J.P.MORGAN TO FACILITATE THE RECLAIM.**

**STANDARD TAX RECLAIM PROCESSING IS SUBJECT TO A TAX RELIEF FEE OF \$0.005 PER ADS WITH A MINIMUM TAX RECLAMATION PROCESSING FEE OF \$25.00 IN ADDITION TO ANY FEES CHARGED TO J.P.MORGAN TO FACILITATE THE RECLAIM.**

*J.P.Morgan*

**SAMPLE FORMAT FOR COVER LETTER TO J.P.MORGAN / GLOBETAX  
CLAIMS WILL NOT BE ACCEPTED WITHOUT THIS COVER LETTER**

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[DATE]

J.P.Morgan / GlobeTax  
90 Broad Street, 16<sup>th</sup> Floor  
New York, NY 10004-2205  
Attn.: Iberdrola S.A.

Enclosed please find tax reclamation documents which we have submitted on behalf of our clients who have had excess tax withheld 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 **June 30, 2009** for the security **Iberdrola S.A.**

Below is the list of beneficial owners and their holdings. As required, original Certification of Residency, issued within the last 11 months (for each beneficial owner) are attached. **The ratio is 4 Ordinary Shares to 1 ADR share.** The information is as follows:

<u>Name &amp; address</u>	<u>Fiscal residence</u>	<u>TIN/SSN</u>	<u># of ADR shares</u>	<u>Refund Amount</u>
1)				
2)				
3)				
4) etc.				
			Grand Total	_____

We ask that J.P.Morgan, as Depositary, present these excess withholding tax refund requests on behalf of the above beneficial owners. Should you have any questions, please contact the undersigned at **[SIGNATORY'S TELEPHONE NUMBER]**.

**Indemnification**

In consideration of the services provided by J.P.Morgan contemplated hereby and the assistance provided by the issuer of the shares underlying the ADRs (the "Issuer"), we agree to indemnify, defend, hold and save J.P.Morgan, the Issuer and their respective affiliates, and the respective directors, officers, agents and employees of J.P.Morgan, the Issuer and each of their affiliates from and against any and all costs, damages or liabilities (including, without limitation, tax payments, interest charges, penalties or other costs assessed by relevant tax and administrative authorities, and the reasonable fees and disbursements of counsel) as a result of any deficiency or inaccuracy in the information provided in or in connection with this document.

Sincerely,

\_\_\_\_\_  
[Signature of authorized signatory for DTC Participant]  
**[NAME AND TITLE OF AUTHORIZED OFFICER FOR DTC PARTICIPANT]**

PAYMENT ADDRESS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_