

<b>B #:</b>	2196-14
<b>Date:</b>	November 19, 2014
<b>To:</b>	All Participants
<b>Category:</b>	Dividends
<b>From:</b>	Supervisor, Stock Dividend Department
<b>Attention:</b>	Dividend Managers, Cashiers, and Reorganization Managers
<b>Subject:</b>	Optional Dividend: Telefonica S.A. ADS CUSIP: 879382208 Record Date: 11/18/2014 Payable Date: TBD Rate: EUR 0.336 DTC EDS Cutoff: 11/24/2014 8:00 P.M. New York time

\*\*\*\*\*WARNING TIME CRITICAL\*\*\*\*\*

Telefonica, SA has declared a scrip dividend which will permit shareholders to elect to receive the remuneration equivalent to EUR 0.336 (Equivalent to approximately USD \$0.4198320) per right in cash or stock (F/X Conversion Rate approximately 1.2495). Shareholders will receive one free subscription right for every share held on close of business 11/18/2014, the record date. **No rights will be issued or distributed to beneficial owners of Telefonica SA ADS.** The definitive fixed price and conversion ratio was calculated in accordance with the formulas approved by shareholders at the 2014 Annual Shareholders Meeting held on May 30<sup>th</sup>, 2014, and were announced on November 14, 2014, following the adoption of appropriate corporate resolutions by Telefonica S.A.'s Executive Commission.

- Option 1 ADS:** You may elect to receive one (1) new Telefonica, S.A. ADS for every 35 free right held; a stock rate of 2.8571428571%. This option is not subject to the 21% Spanish withholding tax. This option is subject to a \$0.025 depositary fee per Record Date ADS held. **(Default)**
- Option 2 Proceeds:** You may elect to receive the proceeds from the sale of rights back to Telefonica S.A., which will purchase the rights at the fixed price of EUR 0.336 (Equivalent to approximately USD \$0.4198320 per right, effectively allowing the conversion of those rights into cash (USD), with the result that the amount will depend on the Euro/Dollar exchange rate. This option is subject to the 21% Spanish withholding Tax. This option is subject to a \$0.025 depositary fee per Record Date ADS. **(Fixed Price)**
- Option 3 Proceeds:** You may elect to receive the proceeds from the sale of rights in the open market in Spain. The proceeds you will receive for such sale will depend upon market prices and the Euro/Dollar exchange rate. All Telefonica S.A. ADS holders electing this option will receive the same amount of consideration per Right. This Option is not subject to Spanish withholding tax. This option is subject to a depositary fee of \$0.025 per Record Date ADS. **(Open Market)**

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## **B#2196-14**

- Option 4 Proceeds:** You may elect to receive the proceeds from the sale of rights back to Telefonica S.A., which will purchase the rights at the fixed price of EUR 0.336 (Equivalent to approximately USD \$0.4198320) per right, effectively allowing the conversion of those rights into cash (USD), with the result that the amount will depend on the Euro/Dollar exchange rate. This option is subject to the 0% Spanish withholding tax. This option is subject to a \$0.025 depositary fee and tax relief fee of \$0.005 per Record Date ADS held. **(Fixed Price)**
- Option 5 Proceeds** You may elect to receive the proceeds from the sale of rights back to Telefonica S.A., which will purchase the rights at the fixed price of EUR 0.336 (Equivalent to approximately USD \$0.4198320) per right, effectively allowing the conversion of those rights into cash (USD), with the result that the amount will depend on the Euro/Dollar exchange rate. This option is subject to the 5% Spanish withholding tax. This option is subject to a \$0.025 depositary fee and a tax relief fee of \$0.005 per Record Date ADS held. **(Fixed Price)**
- Option 6 Proceeds:** You may elect to receive the proceeds from the sale of rights back to Telefonica S.A., which will purchase the rights at the fixed price of EUR 0.336 (Equivalent to approximately USD \$0.4198320) per right, effectively allowing the conversion of those rights into cash (USD), with the result that the amount will depend on the Euro/Dollar exchange rate. This option is subject to the 10% Spanish withholding tax. This option is subject to a \$0.025 depositary fee and a tax relief fee of \$0.005 per Record Date ADS held. **(Fixed Price)**
- Option 7 Proceeds:** You may elect to receive the proceeds from the sale of rights back to Telefonica S.A., which will purchase the rights at the fixed price of EUR 0.336 (Equivalent to approximately USD \$0.4198320) per right, effectively allowing the conversion of those rights into cash (USD), with the result that the amount will depend on the Euro/Dollar exchange rate. This option is subject to the 12% Spanish withholding Tax. This option is subject to a \$0.025 depositary fee and tax relief fee of \$0.005 per Record Date ADS held. **(Fixed Price)**
- Option 8 Proceeds** You may elect to receive the proceeds from the sale of rights back to Telefonica S.A., which will purchase the rights at the fixed price of EUR 0.336 (Equivalent to approximately USD \$0.4198320) per right, effectively allowing the conversion of those rights into cash (USD), with the result that the amount will depend on the Euro/Dollar exchange rate. This option is subject to the 15% Spanish withholding tax. This option is subject to a \$0.025 depositary fee and a tax relief fee of \$0.005 per Record Date ADS held. **(Fixed Price)**

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## B#2196-14

**Option 9 Proceeds:** You may elect to receive the proceeds from the sale of rights back to Telefonica SA., which will purchase the rights at the fixed price of EUR 0.336 (Equivalent to approximately USD \$0.4198320) per right, effectively allowing the conversion of those rights into cash (USD), with the result that the amount will depend on the Euro/Dollar exchange rate. This option is subject to the 18% Spanish withholding Tax. This option is subject to a \$0.025 depository fee and tax relief fee of \$0.005 per Record Date ADS held. **(Fixed Price)**

**DTC participants must enter tax relief requests and provide certain beneficial owner information through the Acupay system regarding those beneficial owners for whom an Immediate Refund is being requested. Please refer to Acupay Important Notice attached to this notice for additional information.**

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 any of the above options by 11/24/14 8:00 P.M., New York time, will receive the dividend in the form of 1 new Telefonica S.A. ADS for every 35 rights held; a stock rate of 2.8571428571% **(OPTION #1). This option is not subject to Spanish withholding tax.**

If there are any questions regarding tax relief entitlements, or the Acupay Important Notice, Participants should contact Jeremy Woodcock via email at [jwoodcock@acupay.com](mailto:jwoodcock@acupay.com) or by telephone at 212-422-1222.

If there are any questions regarding DTC's 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.*


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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).



Citibank, N.A. (Citibank, as ADS Depositary) is hereby distributing this important announcement with regard to the below upcoming scrip dividend payment. Citibank has arranged with Acupay System LLC (Acupay, as tax certification agent) to provide certain tax relief services to holders of the Issuer Sponsored ADS shares.

## Issuer: Telefonica, S.A. (TEF)

Security Type:	American Depositary Shares (ADS)		
CUSIP / ISIN / Ticker:	879382208 / US8793822086 / TEF		
Issue Country:	Spain		
ADS : ORD Ratio	1 ADS share : 1 ordinary share		
ADS Record Date:	November 18, 2014 (Tue)		
ADS Payment Date:	December 17, 2014 (Wed)		
Immediate Refund PD:	December 17, 2014 (Wed)		
Gross Dividend Amt:	EUR 0.336 per ADS (to be paid in USD, approximately \$ 0.419832)		
Default Tax Rate:	21%		
Available Tax Rates:	18%, 15%, 12%, 10%, 5%, 1%, 0% (depending on the domicile and type of the investor, see below) <b>Immediate Refund:</b> All Investor Types except EU/EEA pension funds/plans (0%) <sup>1</sup> and EU/EEA collective investment vehicles (1%). Original Documents Needed.		
Services Available:	<sup>1</sup> As of June 12, 2014 the UK-Spain Double Taxation Treaty allows for UK pension schemes to apply for full exemption from tax at-source in Spain. <b>Standard Refund:</b> Post-Payable Reclaim Process, All Investor Types, Original Documents Needed.		
Tax Relief via Immediate Refund (Scrip & Tax Elections):	Acupay Open: EDS Open:	November 20, 2014 9:00 AM EST November 20, 2014 9:00 AM EST	Acupay Cut-off: EDS Cut-off: November 24, 2014 8:00 PM EST November 24, 2014 8:00 PM EST
Tax Relief via Quick Refund:	Due to the timing and nature of this type of dividend, NO QUICK REFUND will be possible.		
Tax Relief via Standard Refund:	Available after December 17, 2014 – please contact Acupay for further details.		

**Telefonica, S.A.** ("Telefonica") has declared a scrip dividend in the form of one free right per ordinary share which will permit shareholders to elect to receive remuneration of approximately **EUR 0.336 per right** in either cash or stock. Holders and beneficial owners of ADSs will have the option to elect from among three ADS scrip dividend payment options:

- **Option 1:** elect to receive newly issued Telefonica ADSs; or
- **Option 2:** elect to receive the proceeds from the sale of rights to Telefonica at the Fixed Price; or
- **Option 3:** elect to receive the proceeds from the sale of rights in the open market in Spain.

These options are explained in more detail on the next page. Partial elections are not permitted. Option 2 (Fixed Price Option) is subject to 21% Spanish withholding tax which may be reduced by electing the applicable EDS tax bucket and following the procedures detailed in this Notice.

**Immediate Refunds** must include both an EDS election and an Acupay certification. Please see below for full details.

Index of Notice Sections		
Section		Location
<a href="#">Go to Section</a>	Security Details, Tax Rates & Services, Description of Scrip Dividend	Page 1
<a href="#">Go to Section</a>	Special Scrip Dividend Options	Page 2
<a href="#">Go to Section</a>	Synopsis of Available Tax Relief	Page 3
<a href="#">Go to Section</a>	Tax Relief via Immediate Refund	Page 5
<a href="#">Go to Section</a>	Tax Reclaim via Standard Refund	Page 7
<a href="#">Go to Section</a>	Summary of Fees, Contact Details and Help-line	Page 8
<a href="#">Go to Section</a>	<b>Annex A:</b> Spanish Treaty-Reduced Tax Rates and list of E.U. Member States	Page 9
<a href="#">Go to Section</a>	<b>Annex B:</b> Supranational Organisations Recognised by Spanish Law	Page 10
<a href="#">Go to Section</a>	<b>Annex C:</b> Obtaining an IRS Form 6166 (U.S.-Resident Investors Only)	Page 11

## Special Scrip Dividend Options:

Below is a breakdown of the options available to shareholders for receiving their dividend proceeds.

	DTC Election	Tax At Source	Quick Refund	Description
<b>1</b>	<b>Stock:</b> <u>New ADS Option</u>  <b>DEFAULT OPTION</b>	<b>0%</b> <i>Not subject to Spanish WHT</i>	N/A	You will receive <b>1 new ADS for every 35 ADS</b> held as of Record Date. No fractional shares will be issued. Cash will be paid in lieu of fractional ADSs.
<b>2</b>	<b>Cash:</b> <u>Fixed Price</u>	<b>21%</b>	N/A	Telefonica, S.A. purchases the ADS rights at the Fixed Price of <b>EUR 0.336</b> per right. The Depositary will convert the proceeds of the sale into USD, with the result that the amount you receive will depend on the Euro / Dollar exchange rate. <b>Receive Cash NET of Maximum 21% WHT:</b> <ul style="list-style-type: none"> <li>BO is not eligible for reduced WHT rate</li> <li>Required documentation is not submitted</li> <li>Participant unable to comply with <b><u>Immediate Refund procedures or deadlines</u></b></li> <li><b><u>Standard Refund</u></b> may be available</li> </ul>
<b>3</b>	<b>Cash:</b> <u>Market Option</u>	<b>0%</b> <i>Not subject to Spanish WHT</i>	N/A	The rights are sold in the open market in Spain at market-price. The proceeds you receive from such sale will depend upon market prices and the euro/dollar exchange rate. All ADS holders electing this option will receive the same amount of consideration per right.
<b>4</b>	<b>Cash:</b> <u>Fixed Price</u>	Favorable: <b>0%</b> <i>21% Refund</i>	N/A	Telefonica, S.A. purchases the rights at the fixed price of <b>EUR 0.336</b> per right. <b>Based on Tax Residence of Beneficial Owner:</b> <ul style="list-style-type: none"> <li>Tax Certification via Acupay System</li> <li>Original BO <u>Tax Residency Documentation</u> Needed</li> <li>See <b><u>Annex A and B</u></b> for available rates by BO type and country of tax residence.</li> </ul>
<b>5</b>	<b>Cash:</b> <u>Fixed Price</u>	Favorable: <b>5%</b> <i>16% Refund</i>	N/A	
<b>6</b>	<b>Cash:</b> <u>Fixed Price</u>	Favorable: <b>10%</b> <i>11% Refund</i>	N/A	
<b>7</b>	<b>Cash:</b> <u>Fixed Price</u>	Favorable: <b>12%</b> <i>9% Refund</i>	N/A	
<b>8</b>	<b>Cash:</b> <u>Fixed Price</u>	Favorable: <b>15%</b> <i>6% Refund</i>	N/A	
<b>9</b>	<b>Cash:</b> <u>Fixed Price</u>	Favorable: <b>18%</b> <i>3% Refund</i>	N/A	

## IMPORTANT NOTE: EDS Elections / Un-Elected Positions

Participants should enter their EDS election instructions using DTCC's facilities such as the **Participant Terminal System (PTS)** and accessing the **Elective Dividend Service (EDS)** function. Failure to make the desired Scrip Dividend Option Elections via EDS by **8:00 PM EST on November 24, 2014** will result in any unelected positions receiving the dividend in the form of ADSs (Option 1). After this deadline positions electing to receive stock, or defaulting into the stock option, are **no longer eligible** to be paid the dividend in cash. Likewise, positions electing *any* of the **cash options (2 and 4-9)** can **no longer opt** to receive the dividend in the form of ADSs, once the deadline has passed.

## IMPORTANT NOTE: Failure to Comply with the Immediate Refund Procedures and Deadlines

Participants electing any of the **Fixed Price cash options (2 and 4-9)** must follow the **Immediate Refund** procedures set out in this notice in order to receive tax relief on the **Immediate Refund Payment Date**. Failure to comply with these procedures, including any failure to deliver supporting documentation within the timeframes indicated, will result in the cash dividend being taxed at the **maximum WHT rate of 21%** and no **Immediate Refund** amounts being paid. In such cases, the participant must apply for a **Standard Refund** to reclaim the tax after it has been paid to the Spanish government.

## Synopsis of Available Tax Relief:

- Under Spanish law, dividends paid by Telefonica to a non-Spanish resident holder of Telefonica shares including American Depositary Shares ("ADSs") are subject to the Non-Resident Income Tax ("NRIT") in Spain, approved by Spanish Royal Decree Legislative 5/2004 of March 5, withheld at source, currently at a 21% tax rate. To meet this requirement, the company will apply a 21% withholding tax on the gross amount of dividends, subject to the exemptions, reductions and refunds described below.
- Most shareholders are eligible for a reduced rate of tax based on domestic law or on tax treaties that are in force between the shareholder's country of residence and Spain – however these rates must be requested and certain documentation must be provided in order to qualify. ***See Annex A for a list of reduced Spanish Tax Rates.***

## Types of Tax Residency Documentation:

### A. Certificates of Tax Residence

- To receive a reduction in Spanish tax effective for this Dividend Payment, an **original Spain-specific Certificate of Residence** (e.g., U.S. IRS Form 6166) must be **on file** with Acupay by **December 8, 2014**.
- The Certificate of Residence must mention the **"[Country of tax Residence] -- Spain Income Tax Convention"** (i.e. United States -- Spain Income Tax Convention) or equivalent and is valid during 12 months after issue date. The validity period must cover the ordinary payment date (December 8, 2014) to participate in the **Immediate Refund**<sup>1</sup>.
- The Certificate of Residence must be in either **English** or **Spanish**.
- **Applying for a U.S. IRS Form 6166:** For U.S.-resident beneficial owners who do not have an IRS Form 6166 on file, Citi/Acupay provide a Streamlined Application for a U.S. Certificate of Tax Residence. Custodian banks may wish to notify their clients, advisors or relationship managers of the availability of this tool. **All IRS Forms 6166 and related documentation will automatically be processed by Acupay and the IRS without the need for intervention by the custodian.**

<sup>1</sup> **NOTE:** Certificates of Residence dated after this date, but which specify Tax Year 2014 may be used for the Standard Refund.  
DTCC Public (White)

- To get started, please visit: [www.USTaxCertificate.com](http://www.USTaxCertificate.com) and also see **Annex C** for additional details.

**B. Petición de Reducción and Petición de Devolución:**

- If the beneficial owner is a tax resident of **Austria, Belgium, Denmark, the Netherlands, Sweden or Switzerland** (countries for which there is a “Petición”) then an original Petición de Reducción / Devolución is required instead of the Certificate of Residence mentioned above. It must be completed by or on behalf of the beneficial owner and must be stamped and signed by the beneficial owner's local tax authorities. Sample forms are available on the website of the Spanish government which you can access via this direct link: [www.acupay.com/TaxFormsSpain](http://www.acupay.com/TaxFormsSpain).

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## Immediate Refund | ACUPAY SYSTEM PHASE 1

Telefonica ADS holders that are U.S. tax residents or eligible tax residents of other countries (see [Annex A](#)), not holding their ADSs through a permanent establishment or a fixed base in Spain and entitled to claim the benefits under a Double Taxation Treaty (DTT) with Spain, can apply for an Immediate Refund via Citi/Acupay by following the below procedures:

U.S.-Resident Investors – 15% Treaty-Reduced Tax Rate (6% Refund)		
	Investor Sub-Types <sup>2</sup>	
1	Physical Person	
2	Legal Entity	
3	Pension Fund	
4	Charity (Tax-exempt, Non-profit)	
5	Funds & Investment Companies (Corporate Form)	
	Required Items	Format Needed
1	DTC EDS Election for <b>15% favorable rate (Option 8)</b>	Via DTC
2	Valid, original Spain-specific IRS Form 6166	Fax/Scan <u>and</u> Original
3	Signed Acupay Cover Letter – Generated by the Acupay System	Fax/Scan <u>and</u> Original

Non U.S. Investors – See <a href="#">Annex A</a> for DTT Rates		
	Investor Sub-Types	
1	Physical Person	
2	Legal Entity	
3	Pension Fund	
4	Charity (Tax-exempt, Non-profit)	
5	Funds & Investment Companies (Corporate Form)	
	Required Items	Format Needed
1	DTC EDS Election (See <a href="#">page 2 for DTC options</a> and <a href="#">Annex A</a> for DTT rates)	Via DTC
2	Valid, original Spain-specific Certificate of Residence (including UK investors and pension schemes) or a duly completed Petición de Reducción for AT, BE, DK, NL, SE or CH investors	Fax/Scan <u>and</u> Original
3	Signed Acupay Cover Letter – Generated by the Acupay System	Fax/Scan <u>and</u> Original

Supranational Organisations Recognised by Spanish Law – 0% (See <a href="#">Annex B</a> for more details)		
	Required Items	Format Needed
1	DTC EDS Election for <b>0% favorable rate (Option 4)</b>	Via DTC
2	A copy of the “Convenio Constitutivo” confirming tax-exempt status	Fax/Scan
3	Signed Acupay Cover Letter – Generated by the Acupay System	Fax/Scan <u>and</u> Original

## Procedure / Steps:

- **DTC EDS Election:** Beginning at 9:00 AM EST on November 20, 2014 and until 8:00 PM EST on November 24, 2014 (the EDS Cut-off), DTC participants must make a DTC EDS election corresponding to the total number of ADSs for which one of the favorable **Fixed Price cash options** is being requested.

<sup>2</sup> A U.S. tax resident corporation which beneficially owns more than 25% of the voting rights of the shares of the company distributing the dividends is subject to a treaty-reduced rate of 10%.



- **Submit Matching Acupay Submissions:** Beginning at 9:00 AM EST on November 20, 2014 and until 8:00 PM EST on November 24, 2014 (the Acupay Deadline), DTC participants must enter tax relief requests via the Acupay System for those beneficial owners seeking an Immediate Refund, the aggregate of which must match the EDS elections for the corresponding favorable tax rates. The process of preparing the Acupay submissions and supplying the accompanying **Tax Residency Documentation** is simple:
  - Click on '**New Tax Relief Request**' in the menu bar at the top of the screen.
  - Enter the CUSIP "879382208" into the CUSIP/ISIN field and click '**Search For Issue**'.
  - Select the '**Payment Period**' corresponding to the **November 18, 2014 Scrip Dividend Record Date** and follow the on-screen instructions.
  - At the end of the process the Acupay System will provide a breakdown of all the documentation which must be provided as part of your submission. The system will generate an Acupay Cover Letter which must be printed, signed and transmitted to Citi/Acupay via fax/scan and/or original form along with all accompanying documentation.
  - All Original Documentation, including original Certificates of Residence, must be received by Acupay by 5:00 PM EST on December 8, 2014 in order to be processed.
- DTC participants that provide clearing arrangements for **downstream correspondents (omnibus accounts)** can allow them to make Acupay submissions themselves on behalf of their clients:
  - **Register the downstream correspondents** in the Acupay System by entering the required details in the section 'Add New Omnibus Account' **OR** invite them to register themselves by providing them with the **Acupay Registration Code** found within the 'View Registrations' tab under 'Omnibus Accounts'.
  - Once registered, the **downstream correspondents will be able to enter beneficial owner information** and submit documentation for their own clients.
  - **You need to confirm the downstream correspondent's omnibus position** by confirming that the positions reported by the downstream correspondent(s) are, in total, less than or equal to the **aggregate** share position held for that downstream correspondent as of the Record Date. These aggregate position confirmations should be kept updated up until 8:00 PM EST on November 24, 2014, the Acupay Deadline date.

**IMPORTANT NOTE:** Special Instructions for Investors with original IRS Forms 6166 already on file with Citi/Acupay

For beneficial owners that employ Acupay's 6166 Wizard to obtain their IRS Form 6166 (see **Annex C** of this notice), the IRS will transmit the Forms 6166 directly to Citi/Acupay, where they will be kept on file. Therefore, for some beneficial owners a valid IRS Form 6166 may already be on file with Citi/Acupay and may not need to be provided during the Acupay submission process. In such cases, the Acupay System will indicate that a new IRS Form 6166 is not required for that beneficial owner.

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## Standard Refund | ACUPAY SYSTEM PHASE 2

Participants that have not certified through the **Immediate Refund** procedures and have received unfavorable tax treatment may request a tax refund from the Spanish tax authorities by following the **Standard Refund** procedure.

Residents in a DTT Country – See <a href="#">Annex A</a> for DTT Rates		
	Investor Sub-Types	
1	Physical Person	
2	Legal Entity	
3	Pension Fund	
4	Charity (Tax-exempt, Non-profit)	
5	Funds & Investment Companies (Corporate Form)	
	Required Items	Format Needed
1	Valid, original Spain-specific Certificate of Residence (including UK investors and pension schemes) valid for the tax year of the payment or a duly completed Petición de Devolución for AT, BE, DK, NL, SE or CH investors	Fax/Scan <u>and</u> Original
2	Signed Acupay Cover Letter – Generated by the Acupay System	Fax/Scan <u>and</u> Original

EU/EEA pension funds (0%) and Collective Investment Vehicles (CIV) (1%) – (See <a href="#">Annex A</a> for more details)		
	Required Items	Format Needed
1	<p><b>For EU/EEA pension funds:</b> ANEXO VI, signed by a representative of the fund, certifying that the fund fulfils all the legal requirements published in Article 14.1.k of the LIRNR (Non Resident Income Tax Law). The Annex VI is valid during 12 months after issue date and the Spanish version must be signed.</p> <p><b>For EU/EEA CIVs:</b> a certificate issued by the competent authority of the Member State of origin of the CIV, stating that it fulfils the conditions laid down in Directive 2009/65/EC (UCITS IV)</p>	Fax/Scan <u>and</u> Original
2	Signed Acupay Cover Letter – Generated by the Acupay System	Fax/Scan <u>and</u> Original

Supranational organisations recognised by Spanish law – 0% (See <a href="#">Annex B</a> for more details)		
	Required Items	Format Needed
1	A copy of the “Convenio Constitutivo” confirming tax-exempt status	Fax/Scan
2	Signed Acupay Cover Letter – Generated by the Acupay System	Fax/Scan <u>and</u> Original

### Procedure / Steps:

- **Acupay Submission:** as described above.
- **No Matching DTC EDS Component.**
- **The statutory deadline to file a standard reclaim is 4 years following the ordinary payment date (December 8, 2014). The Acupay deadline is ADS Record Date + 4 years.**

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## Summary of Tax Relief Processing Fees:

Tax relief via <b>Immediate Refund</b>	US \$0.005 per ADS deducted from any tax relief amounts on dividends processed at a reduced rate
Tax relief via <b>Standard Refund</b>	\$0.005 per ADS deducted from any tax refunds obtained from the Spanish Tax Authorities.

In addition to the above fees, a **Spanish local market processing fee** currently at the rate of of €0.00065 per ADS per payment will be deducted from the tax refund payments made to beneficial owners for whom refunds were successfully processed.

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## Further Information and Contacts:

### DTC EDS Elections

- By submitting EDS elections DTC participants agree that they will indemnify Citi/Acupay and their agents for any liability that they may incur as a result of reliance upon information provided by such participant in such EDS elections. The DTC participant also agrees to return any funds erroneously received (including any income, penalties and additions to tax thereon) arising from its EDS elections.
- DTC participants whose Acupay certifications and EDS elections are out of alignment may ask DTC to manually modify their EDS elections to bring them into alignment by sending a Manual EDS Election via email to [stockdividendprocessing@dtcc.com](mailto:stockdividendprocessing@dtcc.com) specifying (i) the DTC account, (ii) the total position in the ADS, and (iii) the requested election NO LATER THAN 3:00PM EST on November 25, 2014, with a copy to [ateam@acupay.com](mailto:ateam@acupay.com).
- Questions regarding the processing of instructions related to this Important Notice via EDS, should be directed to DTC's Customer Help Line at (888) 382-2721.

### Acupay Submissions, Refund Procedures and the Acupay System

Questions regarding relief entitlements, the **Immediate Refund**, the **Standard Refund**, or the Acupay System should be directed to Marian Guerrero at +1-212-422-1222 or Carmen Tejada at +44-207-382-0340 or by emailing [ateam@acupay.com](mailto:ateam@acupay.com).

# Annex A

## Spanish DTT Countries and DTT Rates and List of European Union (EU) and European Economic Area (EEA) Member States

Acupay provides these rates for information purposes only and does not assume liability in any case of error, omission or consequential damages.

Albania	10%	Finland†	15%	Norway †	15%
Algeria	15%	France †	15%	Pakistan	10%
Argentina	15%	Georgia	10%	Panama	10%
Armenia	10%	Germany †	15%	Philippines	15%
Australia	15%	Greece †	10%	Poland †	15%
Austria †	15%	Hong Kong	10%	Portugal †	15%
Azerbaijan	18%	Hungary †	15%	Romania †	15%
Barbados	5%	Iceland †	15%	Russia	15%
Belarus	18%	India	15%	Saudi Arabia	5%
Belgium †	15%	Indonesia	15%	Serbia	10%
Bolivia	15%	Ireland †	15%	Singapore	5%
Bosnia-Herzegovina	10%	Israel	10%	Slovakia †	15%
Brazil	15%	Italy †	15%	Slovenia †	15%
Bulgaria †	15%	Jamaica	10%	South Africa	15%
Canada	15%	Japan	15%	Sweden †	15%
Chile	10%	Kazakhstan	15%	Switzerland	15%
China	10%	Korea (R.O.K.)	15%	Switzerland (pension plans, from August 24, 2013)	0%
Colombia	5%	Kuwait	5%	Tajikistan	18%
Costa Rica	12%	Kyrgyzstan	18%	Thailand	10%
Croatia †	15%	Latvia †	10%	Trinidad & Tobago	10%
Cuba	15%	Lithuania †	15%	Tunisia	15%
Cyprus †	5%	Luxembourg †	15%	Turkey	15%
Czech Republic †	15%	Macedonia	15%	Turkmenistan	18%
Denmark †	n/a	Malaysia	5%	Ukraine	18%
Dominican Republic	10%	Malta †	5%	United Arab Emirates	15%
Ecuador	15%	Mexico	15%	United Kingdom †	10%
Egypt	12%	Moldova	10%	United Kingdom (pension schemes, from June 12, 2014)	0%
El Salvador	12%	Netherlands†	15%	United States	15%
Estonia†	15%				

† **European Union and EEA member states:** beneficial owners that are tax resident in EU or EEA countries and are eligible **pension funds/plans or Collective Investment Vehicles (CIV)** are entitled to a **reduced rate of 0% and 1% respectively**. Please contact Acupay for more information and documentation requirements.

# **Annex B**

## **Supranational Organisations Recognised by Spanish Law**

*Acupay provides these details for information purposes only and does not assume liability in any case of error, omission or consequential damages.*

European Space Agency	United Nations
United Nations Refugee Agency	International Atomic Energy Agency
International Development Association	Food and Agriculture Organization of the United Nations
African Development Bank	United Nations Educational, Scientific and Cultural Organisation
Asian Development Bank	International Civil Aviation Organisation
European Bank of Reconstruction and Development	International Monetary Fund
Inter-American Development Bank	World Health Organisation
International Bank of Reconstruction and Development	Universal Postal Union
International Olive Oil Council	International Telecommunication Union
International Finance Corporation	International Labour Organisation
Red Cross	International Maritime Organisation
United Nations Children's Fund	World Meteorological Organisation
Pension Fund of World Trade Organisation	World Intellectual Property Union
Pension Fund of Inter-American Development Bank	World Tourism Organisation
Pension Fund of International Bank of Reconstruction and Development	Food and Agriculture Organisation of the United Nations
Pension Fund of International Monetary Fund	European Union

# Annex C

## Obtaining an IRS Form 6166 (U.S.-Resident Investors Only)

**Applying for a U.S. IRS Form 6166:** For U.S.-resident beneficial owners who do not have a IRS Form 6166 on file, Citi/Acupay provide an easy-to-use online tool to help investors apply for one from the IRS. Custodian banks may wish to notify their clients, and/or their advisors or relationship managers of the availability of this system which will enable them to receive more of their investment income. **All IRS Form 6166s and related documentation will automatically be processed by Acupay without the need for intervention by the custodian.** The IRS charges an \$85 processing fee to produce IRS Form 6166, and there is a small shipping & handling fee of \$15 (\$10 if kept at Acupay) to cover Acupay's processing costs for each 6166 application. To get started, please visit: [www.USTaxCertificate.com](http://www.USTaxCertificate.com).

The investor creates a login so they can check on the status of the application while processing.

The 6166 Wizard is designed to ask the investor to provide only the minimum required information.

acupay Need Help?

Streamlined Application for a U.S. Certificate of Tax Residence Start Over

Provided in cooperation with IRS

**Email Address and Password**

Please enter your email address and select a password which you will be able to use to check back on the status of your request for a U.S. Certificate of Tax Residence.

Your email address will be employed solely for the tax residence certification. You will receive no contact from anyone on any other subjects.

Your Progress:

- Email and Password
- Country of Residence
- Type of Investor
- Name and Tax ID
- Tax Return
- Reclaim for Past Years
- Current Address
- Location of Shares
- Countries Requested
- Review and Confirm
- Payment Information

Email Address\* jsmith@acupay.com

Password\* \*\*\*\*\*

Please enter a password 6-12 characters (numbers and/or letters only).

Please re-type to confirm: \*\*\*\*\*

Back Continue

\* = Indicates a Required Field

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Streamlined Application for a U.S. Certificate of Tax Residence Start Over

Provided in cooperation with IRS

**Type of Investor**

Which of the following best describes you, or the entity or person on whose behalf you are applying?

If none of the choices are accurate, select None of these describe me.

Your Progress:

- ✓ Email and Password
- ✓ Country of Residence
- Type of Investor
- Name and Tax ID
- Tax Return
- Reclaim for Past Years
- Current Address
- Location of Shares
- Countries Requested
- Review and Confirm
- Payment Information
- Print and Sign

Which of the following best describes you?\*

- ☒ Individual and Joint Filers (adult person, 18 or older)
- ☐ Individual (Minor Child) (parent on behalf of a minor, under 18)
- ☐ Corporation (U.S. only)
- ☐ Employee Benefit Plan or Trust
- ☐ Estate
- ☐ LLC (Single Member)
- ☐ LLC (Multiple Members)
- ☐ Partnership
- ☐ S Corporation
- ☐ Tax Exempt Organization
- ☐ Trust (U.S. only)
- ☐ None of these describe me

Back Continue

\* = Indicates a Required Field

The Wizard is tailored to most investor types, including individual filers, joint filers, partnerships and trusts.

At the end of the process, the investor can review the application, reducing errors and delays.

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Streamlined Application for a U.S. Certificate of Tax Residence Start Over

Provided in cooperation with IRS

**Partners**

Please list below the full names and tax id numbers of ALL partners of your entity.

Click here to view the Privacy and Data Protection Policy.

Your Progress:

- ✓ Email and Password
- ✓ Country of Residence
- ✓ Type of Investor
- Name and Tax ID
- Tax Return
- Reclaim for Past Years
- Current Address
- Location of Shares
- Countries Requested
- Review and Confirm
- Payment Information

#1: Partners

Name*	Adam Smith
Tax ID*	123-45-6789 (Please format: ***-**-**** or **-*****)
Address 1*	30 Broad Street
Address 2	
City*	New York
State*	New York
Postal Code*	10111
Phone Number*	212-422-1222

Add

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Streamlined Application for a U.S. Certificate of Tax Residence Start Over

Provided in cooperation with IRS

**Review and Confirm**

Please review the information you entered below.

Your Progress:

- ✓ Email and Password
- ✓ Country of Residence
- ✓ Type of Investor
- ✓ Name and Tax ID
- ✓ Tax Return
- ✓ Reclaim for Past Years
- ✓ Current Address
- ✓ Location of Shares
- ✓ Countries Requested
- Review and Confirm
- Payment Information
- Print and Sign

Need Help? Call or E-mail us:

New York  
Attn: Betty Lavette  
Tel: +1 212 422 1222  
E-mail: blavette@acupay.com

#1: Partners

Name*	Adam Smith
Tax ID*	123-45-6789
Address 1*	30 Broad Street
City*	New York
State*	New York