

# IMPORTANT NOTICE

**The Depository Trust Company**



**#:** 7156-10  
**Date:** September 8, 2010  
**To:** All Participants  
**Category:** Dividends  
**From:** International Services  
**Attention:** Operations, Reorg & Dividend Managers, Partners & Cashiers  
**Subject:** Tax-Relief-Country: Spain, BBVA International Preferred, S.A. Unipersonal  
CUSIP: 05530RAB4  
Record Date: 10/03/10 Payable Date: 10/18/10  
EDS Standard Cut-Off: 10/12/10 8:00 PM:  
EDS Cut-Off (Adjustments Only): 10/15/10 8:00 PM

DTCC has been notified by BBVA International Preferred, S.A. Unipersonal (the "Issuer"). Interest derived from its securities bearing CUSIP 05530RAB4 is subject to the 19% Non-Resident Income Tax (NRIT) in Spain, subject to the exemptions described in the attached document.

Participants can use DTC's Elective Dividend System (EDS) function over the Participant Terminal System (PTS) or TaxRelief option on the Participant Browser System (PBS) web site to certify all or a portion of their position entitled to the applicable withholding tax rate. Participants are urged to consult the PTS or PBS function TAXI or TaxInfo  respectively before certifying their elections over PTS or PBS.

Important: Prior to certifying tax withholding elections, participants are urged to read, understand and comply with the information in the Legal Conditions category found on TAXI or TaxInfo in PTS or PBS respectively.

Questions regarding this Important Notice may be directed to Acupay

**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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# **BBVA International Preferred, S.A. Unipersonal**

**CUSIP: 05530RAB4**

**Record Date: October 3, 2010**

**Payment Date: October 18, 2010**

Pursuant to Law 13/1985 as amended by Law 19/2003, 23/2005 and 4/2008, Royal Decree 1065/2007 and article 59.q or 59.s of the Corporate Income Tax Regulation approved by Royal Decree 1777/2004 of July 30, 2004, distributions received 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 by a Spanish resident corporation (including a non-Spanish resident holder acting, with respect to the securities, through a permanent establishment in Spain) will not be subject either to the 19% Non-Resident Income Tax (NRIT) in Spain or to a 19% withholding rate on account of the Spanish Corporate Income Tax (CIT) unless the non-Spanish resident holder, or the Spanish resident corporation, as the case may be, fails to comply with the relevant tax residency certification procedures as described below.

Participants requesting exemption from Spanish NRIT or from withholding on account of Spanish CIT via DTC's Elective Dividend Service (EDS/Tax Relief <sup>SM</sup>) are required to provide beneficial owner information in support of their elections. The Issuer, the Guarantor and the Fiscal 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 beneficial owners of the securities. Failure to certify via EDS/Tax Relief <sup>SM</sup>, provide beneficial owner information via Acupay, or to follow the required procedures, will result in 19% withholding from the distribution payment.

Further information on Spanish withholding tax requirements can be found starting on pages 1, 62, A-1 and B-1 of the Prospectus for the Series C Preferred Securities, which can be downloaded from [www.acupaysystem.com/BBVAPreferred](http://www.acupaysystem.com/BBVAPreferred).

**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.** 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 following procedures carefully.

Participants requesting exemption from Spanish NRIT or from withholding on account of Spanish CIT via DTC's Elective Dividend Service (EDS/Tax Relief<sup>SM</sup>) are also required to provide information concerning the identity and country of residence of beneficial owners in the manner described below:

1. Beginning on October 4, 2010 (the first New York Business Day following the Record Date) and until 8 p.m. (New York time) on October 12, 2010 (the Standard Deadline), DTC participants must enter certain information into the Acupay System regarding the beneficial owners of the Series C Preferred Securities by completing these required steps:

- A. DTC participants must visit the Acupay System website at [www.acupaysystem.com](http://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. 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.

**NOTE: DTC participants or their downstream correspondents which are located in countries that are not OECD (Organisation for Economic Co-operation and Development) member countries (OECD Countries) nor countries with which Spain has entered into a Treaty for the Avoidance of Double Taxation (Tax Treaty Countries) (including countries and territories classified as tax havens by Spanish law) are non-Qualified Participants and as such will be allowed to register in the Acupay System but will not be eligible to participate in the "Relief-at-Source Procedures". Such entities may, however, follow the "Quick Refund Procedures for DTC participants or their downstream correspondents which are non-Qualified Participants" discussed below. Please refer to Annex A, B and C respectively for a list of Tax Haven Countries and Territories, OECD Countries and Tax Treaty Countries.**

- B. Once registered, participants and downstream correspondents must provide tax certifications on behalf of their clients who are the ultimate beneficial holders. This should be done using either the "one-by-one" method, the "bulk method" or the "renew previous submissions method", as detailed on [www.acupaysystem.com](http://www.acupaysystem.com).
- C. 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:

**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.

\* Once registered the downstream correspondents will be able to process Acupay tax relief-at-source client certifications for 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).

**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 Distribution Payment Date (just like all other information entered in the Acupay System).

**iii. Make the necessary EDS/Tax Relief<sup>SM</sup> elections,** to match the total amount of Acupay certifications made by the downstream correspondent(s).

- D.** The Acupay System may only be used to submit the details of beneficial owners who are exempt from Spanish withholding tax. Therefore, participants may not enter into the Acupay System details of beneficial owners who are subject to withholding (such as beneficial owners who are physical persons located in Spain).
- E.** Once beneficial owner information has been entered into the Acupay System, the Acupay System will produce, as applicable, tax certificate I, II or III which must be reviewed, printed, signed (if accurate), scanned and emailed (by the participant or downstream correspondent, as relevant) to certify@acupay.com or faxed to

Acupay at +1-646-383-9489 or +44-207-067-8453.

- F. Certifying parties (i.e. participants or downstream correspondents) 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.

**NOTE: Acupay submissions will not be processed until Acupay has received signed tax certificates, as described above.**

- G. Certifying parties will then be required to send via post or courier to Acupay the original, signed tax certificates I, II and III that were faxed or emailed above. These original paper, signed tax certificates MUST be received by Acupay by no later than 5:00 p.m. London time (12:00 noon NY time) on November 15, 2010 at the following address:

Acupay System LLC  
Certifications  
Attn: Maria Mercedes  
28 Throgmorton St - First Floor  
London EC2N 2AN  
United Kingdom

**NOTE: A participant or downstream correspondent that obtains favorable tax treatment through the relief at source procedure and fails to submit the original physical certificates as described above may be prohibited by the issuer from using the procedure to obtain favorable tax treatment for future payments. In such event, the certifying party will receive any future distribution payment on their entire position net of 19% NRIT and relief will need to be obtained directly from the Spanish tax authorities by following the standard refund procedure established by Spanish tax law.**

2. Beginning at 9 a.m. on October 4, 2010 and continuing until 8 p.m. (New York time) on October 12, 2010 (the Standard Deadline), DTC direct participants must also make an election via EDS/Tax Relief <sup>SM</sup> stating their aggregate positions that are exempt from Spanish withholding tax -- including positions certified directly and also positions certified by their downstream correspondents.
3. The aggregate amounts certified through the Acupay System and those elected through DTC EDS/Tax Relief <sup>SM</sup> must be in synch. It is the responsibility of each participant to ensure that the principal amount of Series C Preferred Securities which they and their downstream correspondents have certified via Acupay, is equal to the principal amount of Series C Preferred Securities for which they have made EDS/Tax Relief <sup>SM</sup> elections at the exempt rate. Data introduced in both DTC EDS/Tax Relief <sup>SM</sup> and Acupay may be modified (in either system) until 8 p.m. (New York time) on October 15, 2010.

4. Acting on a best efforts basis, Acupay staff will warn participants of any misalignments between DTC EDS/Tax Relief <sup>SM</sup> elections and Acupay certifications and will seek to assist in reconciling them until 9:45 a.m. (New York time) on October 18, 2010. DTC participants whose EDS/Tax Relief <sup>SM</sup> elections and Acupay certifications are not aligned by 9:45 a.m. (New York time) on October 18, 2010 will receive the distribution payment on their entire position net of 19% NRIT, or on account of Spanish CIT, as the case may be. DTC participants who receive net treatment due to misalignment of their DTC EDS/Tax Relief <sup>SM</sup> elections and Acupay certifications may request relief through the Quick Refund Procedures described below.

## **IMPORTANT**

**DTC participants must ensure that EDS/Tax Relief <sup>SM</sup> elections entered into DTC and beneficial owner data entered into the Acupay System are synchronized and updated to reflect any changes to beneficial ownership or DTC positions occurring prior to 9:45 a.m. on October 18, 2010 (the Distribution Payment Date).**

**If at 9:45 a.m. New York time on October 18, 2010 there are any inconsistencies concerning the beneficial owner information supplied by a participant and its downstream correspondents to Acupay, that participant's EDS/Tax Relief <sup>SM</sup> elections and its position listed at DTC, payments will be made net of Spanish taxes on the entire position held by such DTC participant.**

DTC PARTICIPANTS WHOSE ACUPAY CERTIFICATIONS AND EDS/TAX RELIEF <sup>SM</sup> ELECTIONS ARE OUT OF ALIGNMENT ON THE MORNING OF THE DISTRIBUTION PAYMENT DATE MAY REQUEST THAT DTC MANUALLY MODIFY EDS/TAX RELIEF <sup>SM</sup> ELECTIONS TO BRING THEM INTO ALIGNMENT BY SENDING AN EDS/TAX RELIEF <sup>SM</sup> CHANGE REQUEST TO DTC VIA EMAIL AT SBOLLERS@DTCC.COM NO LATER THAN 9:45 A.M. NEW YORK TIME ON OCTOBER 18, 2010 WITH A COPY TO ABRUNTON@DTCC.COM, PSOREZZA@DTCC.COM, ADEVAUX@DTCC.COM, DRUGGIERO@DTCC.COM, INTERNATIONALTAX@DTCC.COM AND ATEAM@ACUPAY.COM. LIKEWISE, IT IS THE RESPONSIBILITY OF DTC PARTICIPANTS AND THEIR DOWNSTREAM 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 OCTOBER 18, 2010.

### **Quick Refund Procedure**

Beneficial owners who received distributions net of 19% NRIT or on account of Spanish CIT, as the case may be, due to a misalignment of their EDS/Tax Relief <sup>SM</sup> elections and Acupay certifications may qualify for a refund through the Quick Refund procedure. To utilize this procedure, participants must have submitted valid EDS/Tax Relief <sup>SM</sup> elections during the Relief at Source EDS/Tax Relief <sup>SM</sup> window. Relief may be obtained only up to the amount of securities as to which the relevant participant has requested

DTC to make an exempt election via EDS/Tax Relief <sup>SM</sup>. Participants may use the Acupay System to request relief through the Quick Refund Procedures on behalf of their clients beginning October 19, 2010 until November 10, 2010.

**Quick Refund Procedure for DTC participants or their downstream correspondents which are not located in OECD Countries or in Tax Treaty Countries**

The Quick Refund Procedure for non-qualified DTC participants requires the submission, among other documentation, of a Government Tax Certificate from the beneficial owner's country of tax residence instead of tax certificate I or II.

**Direct Refund from Spanish Tax Authorities**

If investor holdings have not been 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 standard refund procedure established by Spanish tax law.

By submitting EDS/Tax Relief <sup>SM</sup> elections DTC participants agree that they will indemnify BBVA International Preferred, S.A. Unipersonal and its agents for any liability which they may incur as a result of reliance upon information provided by such participant on such EDS/Tax Relief <sup>SM</sup> elections. The DTC participant also agrees to return any funds erroneously received (including any interest, penalties and additions to tax thereon) arising from its EDS/Tax Relief <sup>SM</sup> elections.

Questions regarding the EDS/Tax Relief <sup>SM</sup> process should be directed to Sean Bollers or Alastair Brunton of DTC's International Services at (212) 855-4706 or (813) 470-1254 respectively.

Questions regarding relief entitlements, obtaining relief directly from the Spanish Tax Authorities, or the Acupay System should be directed to Rosa Lopez at +1-212-422-1222 or Maria Mercedes at +44-207-382-0340 or by emailing [info@acupay.com](mailto:info@acupay.com).

## Annex A

### Tax-Haven Countries & Territories

Andorra, Principality of	Gibraltar	Montserrat
Anguila, The Island of	Grenada	Nauru, Republic of
Antigua and Barbuda, Islands of	Guernsey, Channel Islands	Oman, Sultanate of
Bahamas, The	Hong Kong	Panama, Republic of
Bahrain, Kingdom of	Isle of Man	Saint Lucia
Barbados, The Island	Jersey, Channel Islands	Saint Vincent and the Grenadines
Bermuda Islands, The	Jordan, Hashemite Kingdom of	San Marino, Republic of
Brunei, Sultanate of	Lebanon, Republic of	Seychelles, Republic of
Cayman Islands	Liberia, Republic of	Singapore, Republic of
Cook Islands, The	Liechtenstein, Principality of	Solomon Islands
Cyprus, Republic of	Macao	Turks and Caicos Islands
Dominica, The Republic of	Mariana Islands	Vanuatu, Republic of
Falkland Islands	Mauritius	Virgin Islands, British
Fiji Islands	Monaco, Principality of	Virgin Islands, of the United States

## **Annex B**

### **OECD Countries**

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

## Annex C

### Spanish Tax Treaty Countries

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

\* The countries of the former USSR are covered together under treaty (Russia, Estonia, Lithuania, Moldova and Latvia covered under separate treaties).