



# CAJA MADRID

(CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID)

*(incorporated as a savings bank (caja de ahorros) under the laws of Spain)*

U.S.\$5,000,000,000

## EURO-COMMERCIAL PAPER PROGRAMME

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Application has been made to the Financial Services Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000, as amended (the “FSMA”)) (the “UK Listing Authority”) for Euro-commercial paper notes (the “Notes”) issued during the period of twelve months after the date of this document under the U.S.\$5,000,000,000 Euro-commercial paper programme (the “Programme”) of Caja de Ahorros y Monte de Piedad de Madrid described in this document to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange – Regulated Market (the “London Stock Exchange”) which is regulated for the purposes of Directive 2004/39/EC (the “Markets in Financial Instruments Directive”). This document comprises listing particulars issued in compliance with the listing rules (the “Listing Rules”), made under Section 73A of the FSMA for the purpose of giving information with regard to the issue during the period of twelve months after the date of this document of Notes under the Programme.

There are certain risks related to any issue of Notes under the Programme, which investors should ensure they fully understand (see “Risk Factors” on page 5 of this Information Memorandum).

Potential investors should note the statements on page 7 regarding the tax treatment in Spain of income obtained in respect of the Notes and the disclosure requirements imposed by Law 19/2003 of 4 July 2003 as amended on the Issuer relating to the identity of holders of the Notes. In particular, payments on the Notes may be subject to Spanish withholding tax if certain information regarding holders is not received by the Issuer in a timely manner.

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### Arranger

LEHMAN BROTHERS

### Dealers

BANC OF AMERICA SECURITIES LIMITED

BARCLAYS CAPITAL

CITI

CREDIT SUISSE SECURITIES (EUROPE) LIMITED

ING WHOLESALE BANKING

LEHMAN BROTHERS

UBS INVESTMENT BANK

*Under the Programme described in this Information Memorandum (as defined below) Caja de Ahorros y Monte de Piedad de Madrid (the “Issuer”) may issue and have outstanding at any time Notes up to a maximum aggregate amount of U.S.\$5,000,000,000 or its equivalent in alternative currencies. The Issuer has appointed Banc of America Securities Limited, Barclays Bank PLC, Citibank International plc, Credit Suisse Securities (Europe) Limited, ING Bank N.V., Lehman Brothers International (Europe) and UBS Limited (the “Dealers”) as dealers for the Notes under the Programme, and has authorised and requested the Dealers to circulate this Information Memorandum in connection with the Programme.*

*The Issuer accepts responsibility for the information contained in these listing particulars. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained in these listing particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*Certain information in this Information Memorandum has been translated from the original Spanish. Each such translation constitutes a direct and accurate translation of the Spanish language text. The English language information has been provided for information purposes only and in the event of a discrepancy, the Spanish version shall prevail.*

*Notice of the aggregate nominal amount of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each issue of Notes will be set out in final terms (each the “Final Terms”) which will be attached to the relevant form of Note (see “Forms of Notes”). Each Final Terms will be supplemental to and must be read in conjunction with the full terms and conditions of the Notes. The relevant Final Terms are also a summary of the terms and conditions of the Notes for the purposes of listing. Copies of each Final Terms containing details of each particular issue of Notes will be available from the specified office set out below of the Issue and Paying Agent (as defined below).*

*The Issuer has confirmed to the Dealers that this Information Memorandum is true and accurate in all material respects and is not misleading; that there are no other facts in relation to the information contained or incorporated by reference herein the omission of which would, in the context of the issue of the Notes, make any statement herein misleading in any material respect and that all reasonable enquiries have been made to verify the foregoing. The Issuer has further confirmed to the Dealers that this Information Memorandum (subject to being supplemented by the relevant Final Terms referred to herein) contains all such information as investors and their professional advisers would reasonably require, and reasonably expect to find, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and its subsidiaries and of the rights attaching to the relevant Notes.*

*This document (the “Information Memorandum”) should be read and construed with any Final Terms and with any other documents incorporated by reference.*

*The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained or incorporated by reference in this Information Memorandum, in the Dealer Agreement (as defined herein), in any other document prepared in connection with the Programme or in any Final Terms or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Dealers or any of them.*

*No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility, as to the accuracy or completeness of the information contained herein. Neither the delivery of this Information Memorandum or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that there has been no adverse change in the financial situation of the Issuer since the date hereof or, as the case may be, the date upon which this document has been most recently amended or supplemented or the balance sheet date of the most recent financial statements which are deemed to be incorporated into this document by reference.*

*The distribution of this Information Memorandum and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Information Memorandum or any Final Terms and other offering material relating to the Notes see “Subscription and Sale”. In particular, there are restrictions on the distribution of this Information Memorandum and the offer and sale of Notes in the United States, the United Kingdom, Japan, the Kingdom of Spain and The Netherlands.*

*Neither this Information Memorandum nor any Final Terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.*

*Neither this Information Memorandum nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Information Memorandum or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Information Memorandum or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.*

*Potential purchasers should determine for themselves the relevance of the information contained in this Information Memorandum as supplemented from time to time and their decision to purchase any of the Notes should be based upon such investigation as they themselves deem necessary. This Information Memorandum should not be considered as a recommendation by any Dealer to purchase any of the Notes.*

*All references in this Information Memorandum to “United States dollars”, “U.S.\$” or “\$” are to the currency of the United States of America, all references to “Sterling” or “£” are to the currency of the United Kingdom, all references to “Japanese Yen” or “¥” are to the currency of Japan and all references herein to “euro”, “EUR” or “€” denote the single currency of those member states of the European Union participating in European and Monetary Union from time to time.*

*The Issuer has undertaken, in connection with the admission to listing of the Notes on the Official List of the UK Listing Authority and the admission to trading of the Notes on the London Stock Exchange – Regulated Market, that if there shall occur any adverse change in the business or financial position of the Issuer or any change in the terms and conditions of the Notes, that is material in the context of issuance of Notes under the Programme, the Issuer will prepare or procure the preparation of an amendment or supplement to this Information Memorandum or, as the case may be, publish a new Information Memorandum, for use in connection with any subsequent issue by the Issuer of Notes to be admitted to listing on the Official List of the UK Listing Authority and to trading on the London Stock Exchange – Regulated Market.*

*This Information Memorandum describes in summary form certain Spanish tax implications and procedures in connection with an investment in the Notes (see “Risk Factors – Risks in Relation to the Notes – Risks in Relation to Spanish Taxation” and “Taxation – Taxation in the Kingdom of Spain”). **Holders of Notes must seek their own for advice to ensure that they comply with all procedures to ensure correct tax treatment of their Notes.***

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## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay any amounts due on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.*

### **Risks in Relation to the Banking Activities of the Group**

The principal types of risk to which the banking activities of the Group (as defined below) are subject include the following:

#### ***Credit Risk***

Credit risk can be defined as possible losses which may be generated by a potential default in whole or in part of obligations by a counterparty or debtor. These obligations arise in both the financial activities of the Group and its dealing and investment activities since they arise by means of loans, fixed interest or equity securities, derivative instruments or other types of products (for example, guarantees).

#### ***Market Risk***

Market risk refers to the uncertainties to which the Group's financial position and future income are exposed as a result of adverse movements in the prices of financial instruments with which the Group operates in its activities in financial and securities markets.

#### ***Interest Rate Risk***

Overall balance sheet interest risk can be defined as the extent to which an institution may be affected by future movements which occur in market interest rates. The principal reasons for this risk derive from the different speed and intensity with which changes in market interest rates are passed on to assets, liabilities and off-balance sheet positions based on the times when they fall due and repricing. Short term effects are shown in the profit and loss account and in the medium term are manifested by movements in the financial value of assets and liabilities which form part of the balance sheet.

#### ***Liquidity Risk***

Liquidity risk comprises uncertainties in relation to the Group's ability, under adverse conditions, to access funding necessary to cover its obligations to customers, meet the maturity of its liabilities and to satisfy capital requirements. It includes both the risk of unexpected increases in the cost of financing and the risk of not being able to structure the maturity dates of the Group's liabilities reasonably in line with its assets, as well as the risk of not being able to meet its payment obligations on time at a reasonable price due to liquidity pressures.

#### ***Exchange Rate Risk***

The exchange rate risk consists of the potential losses which may occur as a result of adverse movements in exchange rates in respect of the different currencies in which the Group operates. The Issuer has adopted a policy of maintaining a low or very low profile in its exposure to this type of risk factor.

### ***Operational Risk***

Operational risk includes:

- a. The business risk which may result from unforeseeable changes in external factors without sufficient time to make the structural changes necessary to adapt to them, and the risk that unforeseeable events occur which could lead to losses for the Group.
- b. Transactional risks resulting from errors in execution, registration failure, deriving from the complexity of certain products, errors in delivery and/or liquidation and/or human error.
- c. Risks in operational controls which include losses resulting from potential errors in transaction documentation, in obtaining the appropriate authorisations, fraud, lack of personnel training, failure to comply with limits or procedures laid down, failure of internal controls or unavailability of personnel.
- d. Losses resulting from material loss and damage as well as extreme events, for example natural disasters.
- e. Data processing risks, such as programming errors, systems failure and application design errors.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Issuer or the Group will be unable to comply with its obligations as a company with securities to the Official List.

### ***Legal risks***

Legal risks include the possibility that transactions may not be legally enforceable in the existing legal and/or regulatory framework, and also that changes in law and regulations may negatively affect the situation of the Group.

### ***Other Risk Factors***

There are other risk factors linked to the evolution of the Spanish economy which could have an adverse effect on developments in the business and profitability of the Issuer, which in particular include movements in employment and the housing market and growth in the economy in general.

### **Risks in Relation to the Notes**

*There is no active trading market for the Notes*

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon the market for similar securities, general economic conditions and the financial condition of the Issuer. Although applications have been made for Notes issued under the Programme to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange – Regulated Market, there is no assurance that such applications will be accepted, that any particular issue of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular issue of Notes.

*Global Notes held in a clearing system*

Because the Global Notes are held by or on behalf of Euroclear Bank S.A./N.V. (“Euroclear”) and/or Clearstream Banking, société anonyme, Luxembourg (“Clearstream, Luxembourg”), investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg. Except

in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and/or Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and/or Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and/or Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to take enforcement action against the Issuer under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

#### *Risks in Relation to Spanish Taxation*

Under Spanish law, income in respect of the Notes will be subject to withholding tax in Spain, currently at the rate of 18 per cent. in the case of individual holders who are resident in Spain. The Issuer is required pursuant to Spanish law to submit to the Spanish tax authorities certain details relating to holders of the Notes. Holders in respect of whom such information is not provided in accordance with procedures described herein to the Issuer will receive payments subject to Spanish withholding, currently at the rate of 18 per cent. The Issuer will not gross up payments in respect of any such withholding tax in any of the above cases (see “Taxation – Disclosure of holder information in connection with Payments”).

The procedure described in this Information Memorandum for the provision of information required by Spanish laws and regulations is a summary only and is subject to review and amendment by the European clearing systems (including Euroclear and/or Clearstream, Luxembourg) as well as to further clarification from the Spanish tax authorities regarding such laws and regulations. **Holders of Notes must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of their Notes.** None of the Issuer, the Dealers, the Issue and Paying Agent or any European clearing system (including Euroclear and Clearstream, Luxembourg) assume any responsibility therefor.



## KEY FEATURES OF THE PROGRAMME

Issuer:	Caja de Ahorros y Monte de Piedad de Madrid
Arranger:	Lehman Brothers International (Europe)
Dealers:	Banc of America Securities Limited Barclays Bank PLC Citibank International plc Credit Suisse Securities (Europe) Limited ING Bank N.V. Lehman Brothers International (Europe) UBS Limited
Issue and Paying Agent:	The Bank of New York Mellon, London Branch
Programme Amount:	The aggregate principal amount of Notes outstanding at any time will not exceed U.S.\$5,000,000,000 or its equivalent in alternative currencies subject to applicable legal and regulatory requirements. The Programme Amount may be increased from time to time.
Currencies:	Notes may be issued in Australian Dollars, Canadian Dollars, Danish Kroner, euro, Hong Kong Dollars, Japanese Yen, New Zealand Dollars, Norwegian Kroner, Sterling, Swedish Kronor, Swiss Francs and United States Dollars and such other currencies as may be agreed between the Issuer and the relevant Dealer(s) from time to time and subject to the necessary regulatory requirements having been satisfied.
Denominations:	Any denomination subject to legal and regulatory requirements. The initial minimum denominations are U.S.\$500,000, ¥100,000,000 and £100,000. The initial minimum denominations of Notes denominated in other currencies will be in accordance with legal and regulatory requirements and initial minimum denominations may be changed from time to time, provided always that each Note will be offered with an initial minimum denomination of euro 500,000 or the equivalent in another currency. The minimum incremental amount above the initial minimum denomination will be one unit of the relevant currency, provided that the minimum incremental amount in Japanese Yen will be ¥100,000,000. In the case of Notes issued in United States dollars, the minimum incremental amount will be U.S.\$1.00, in the case of Notes issued in Sterling, the minimum incremental amount will be £1.00 and in the case of Notes issued in euro, the minimum incremental amount will be €1.00.
Maturity of the Notes:	Not less than 21 nor more than 364 days, subject to legal and regulatory requirements.
Tax Redemption:	Early redemption will only be permitted for tax reasons as described in the terms of the Notes.
Yield Basis:	The Notes will be issued at a discount and will not bear interest.
Status of the Notes:	The Notes will be senior unsecured obligations of the Issuer ranking <i>pari passu</i> with all present and future unsecured and unsubordinated indebtedness of the Issuer, including any guarantees



	<p>given by the Issuer, other than obligations preferred by mandatory provisions of law.</p>
Taxation:	<p>All payments under the Notes will be made without deduction or withholding for or on account of any present or future Spain and United Kingdom withholding taxes, except as stated in the Notes.</p>
Disclosure of identity of holders:	<p>Under Law 13/1985, the Issuer is obliged to disclose to the Spanish Tax and Supervisory Authorities the identity of certain holders of the Notes.</p> <p>Euroclear and Clearstream, Luxembourg are expected to follow certain procedures to facilitate the Issue and Paying Agent in the collection of the details referred to above from holders of the Notes. If Euroclear and Clearstream, Luxembourg (or any other relevant clearing system) are, in the future, unable to facilitate the collection of such information they may decline to allow Notes to be cleared through the relevant clearing system and this may affect the liquidity of such Notes. Provisions have been made for Notes, in such a case, to be represented by definitive Notes.</p> <p>The procedure contained in this Information Memorandum is a summary only and is subject to the detailed procedures of each of Euroclear and/or Clearstream, Luxembourg and/or any other clearing system in which the Notes may be cleared and settled from time to time. Such procedures are also subject to any changes in Spanish tax law and/or regulations, or the interpretation thereof, which the Spanish tax authorities may promulgate from time to time. Holders of Notes must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of their Notes. None of the Issuer, the Arranger, the Dealers, the Issue and Paying Agent or the European clearing systems (including Euroclear and Clearstream, Luxembourg) assume any responsibility therefore.</p>
Form of the Notes:	<p>The Notes will be in bearer form. Each issue of Notes will initially be represented by one or more Global Notes. Global Notes will be exchangeable for Definitive Notes in whole, but not in part, in the limited circumstances set out in the Global Notes (see “Forms of Notes”).</p>
Listing and Trading:	<p>Each issue of Notes may be admitted to the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange – Regulated Market and/or listed, traded and/or quoted on any other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer. Notes may not be issued on an unlisted basis.</p>
Delivery:	<p>The Notes will be available in London for delivery to Euroclear Bank S.A./N.V. as operator of the Euroclear system (“Euroclear”) or Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) or to any other recognised clearing system in which the Notes may from time to time be held.</p>
Selling Restrictions:	<p>The offering and sale of the Notes is subject to all applicable selling restrictions including, without limitation, those of the United States</p>

of America, the United Kingdom, Japan, Spain and The Netherlands (see “Subscription and Sale”).

Governing Law:

The Notes will be governed by and construed in accordance with English law.

Use of Proceeds:

The net proceeds of the issue of the Notes will be applied by the Issuer towards its general financing requirements.

## INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

1. the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Issuer as at and for the years ended 31 December 2007 and 2006 (prepared in accordance with International Financial Reporting Standards as adopted by the European Union, "IFRS-EU");
2. the audited consolidated financial statements (including the auditors' report thereon and notes thereto) of the Issuer as at and for the years ended 31 December 2006 and 2005 (prepared in accordance with IFRS-EU); and
3. the audited condensed consolidated half-yearly financial statements of the Issuer for the six month period ended 30 June 2008 (prepared in accordance with IFRS-EU).

The tables below set out the relevant page references for the balance sheets, income statement, cash flow statement, notes and auditor's reports in the audited consolidated financial statements of the Issuer for the years ended 31 December 2007 (the "2007 Financial Statements") and 31 December 2006 (the "2006 Financial Statements") as well as for the six month period ended 30 June 2008 (the "June 2008 Financial Statements"), and the comparative consolidated financial information of the Issuer for the year ended 31 December 2006, 31 December 2005 and 30 June 2007 respectively contained therein, as set out (in the case of the 2007 Financial Statements) in the annual report for the year ended 31 December 2007 and (in the case of the 2006 Financial Statements) in the annual report for the year ended 31 December 2006 and (in the case of the June 2008 Financial Statements) in the half-yearly report for the six month period ended 30 June 2008.

<i>2007 Financial Statements</i>	<i>Page reference</i>
1. Auditor's report .....	304
2. Balance Sheets .....	160
3. Income Statements .....	162
4. Statement of Cash Flow .....	164-165
5. Notes to Consolidated Financial Statements .....	166-295
 <i>2006 Financial Statements</i>	 <i>Page reference</i>
1. Auditor's report .....	294
2. Balance Sheets .....	133
3. Income Statements .....	135
4. Statement of Cash Flow .....	137-138
5. Notes to Consolidated Financial Statements .....	139-282
 <i>June 2008 Financial Statements</i>	 <i>Page reference</i>
1. Auditor's report .....	Introductory page
2. Balance Sheets .....	1
3. Income Statements .....	2
4. Statement of Cash Flow .....	5
5. Notes to Consolidated Financial Statements .....	6-34

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may be inspected, free of charge, at the offices of the Issuer at Plaza de Celenque no. 2, 28013 Madrid. A copy of the Spanish language 2007 Financial Statements and 2006 Financial Statements may also be inspected, free of charge, at [www.cnmv.es](http://www.cnmv.es). Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus.

## CAJA MADRID (CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID)

### Information About the Issuer

The Issuer is incorporated under the laws of the Kingdom of Spain as a *caja de ahorros* (savings bank). The Issuer, founded in 1702, is the oldest Spanish financial institution and its operations as a savings bank were authorised by Royal Decree in 1838. It was the first savings bank to be regulated by the Bank of Spain and participates in the Savings Bank Deposit Guarantee Fund, a state regulated fund designed to protect individual deposit holders.

The Issuer, with registered office at Plaza de Celenque no. 2, 28013 Madrid, is a privately founded popular general savings bank, enjoying Royal Patronage. It is registered in the Madrid Commercial Registry and is a member of the Spanish Confederation of Savings Banks and (as indicated above) participates in the Savings Bank Deposit Guarantee Fund. The Issuer's headquarters are at Paseo de la Castellana, 189, 28046 Madrid, telephone +34 902 246 810.

According to the *estatutos* of the Issuer, promulgated by the General Meeting of 28 April 2003 pursuant to Madrid Regional Act 4/2003, the Issuer's existence is for an indefinite duration. Further information in respect of the Issuer, including its *estatutos* and electoral regulations, the composition of its governing bodies, relevant events, annual reports and other identifying elements can be viewed at the registered office of the Issuer.

The full name of the Issuer is "Caja de Ahorros y Monte de Piedad de Madrid", although for commercial and advertising purposes it can also use the abbreviated names "Caja de Ahorros de Madrid", "Caja de Madrid" and "CAJA MADRID".

The Issuer is registered with the Bank of Spain in the Register of Savings Banks, number 99, and holds Bank of Spain code number 2038. It is also registered in Folio 20, Volume 3067 general, Sheet 52454 in the Madrid Commercial Registry.

### Business Overview

Caja de Ahorros y Monte de Piedad de Madrid and its consolidated subsidiaries (the "Group") is the second largest savings bank group in Spain, based upon total assets, with total consolidated assets of €158.9 billion as at 31 December 2007 (source: CECA). The Group has a strong market position in Spain, especially in the region of Madrid. The Group has diversified its operations and currently has operations in all the autonomous communities of Spain, with 48.34 per cent. of its 2021 branches located outside of Madrid. The Group's foreign business is also conducted through three operating branches located in Dublin, Lisbon and Miami.

The Group conducts its activities through the parent company Caja Madrid and a series of subsidiary companies, held directly or via Corporación Financiera Caja Madrid.

The Group's main business is retail banking to individuals, as well as wholesale banking to small and medium-sized enterprises ("SMEs") and corporates. Caja Madrid conducts its retail banking activities through its various distribution channels.

In addition to the Group's retail and wholesale banking activities, its operations include investment banking, asset management, brokerage and private banking. The Group's investment banking activities include corporate banking, treasury and portfolio management activities and capital markets (especially financing activities for large corporates, including loan syndication and project finance). Asset management (including investment and pension funds), brokerage activities and private banking, are mainly conducted through the Group's subsidiaries Gesmadrid, Caja Madrid Pensiones, Caja Madrid Bolsa and Altae Banco.

In addition to financial activities, the Group holds a portfolio of industrial investments in a number of Spanish firms operating in strategic sectors.

The Group is a party to a joint venture in the insurance business with Mapfre, a leading Spanish insurance group. As a result of this joint venture Caja Madrid offers its customers life, general, health and

corporate insurance products. Caja Madrid also holds a 27.65 per cent. stake in Realia, a real estate company that was initially created by means of a joint venture with FCC. In 2007, Realia went public and the Group was a selling shareholder. Caja Madrid is also a party to a joint venture, Global Vía Infraestructuras, S.A., with Fomento de Construcciones y Contratas, S.A., which makes up the infrastructure investments of these two shareholders.

At year-end 2007, the Group had consolidated assets totalling €158.9 billion, representing a year-on-year increase of €21,902.4 million, or 16.0 per cent. In addition, its gross operating income for 2007 totalled €5.86 billion, an 82.5 per cent. increase compared to the Group's gross operating income for 2006.

## Competitive Strengths

The Group possesses the following competitive strengths:

- ***Strong franchise in retail banking.*** The Group's extensive network of branches across Spain enables it to attract new clients and to introduce new products and services to the existing clients. The Group provides its services through its branch network (2,021 branches, of which 977 are located outside of Madrid), 623 banking distribution offices (Caja Madrid's points of sale within Mapfre's offices) and more than 7,300 registered agents (as part of the Mapfre's agency network). The Group also provides its services through a range of alternate distribution channels, including 4,706 automatic teller machines (ATMs), real estate brokers, point-of-sale terminals at certain retailers, telephone, mobile phone or PDA and internet banking services such as Internet Office (2.3 million customers) and Corporate Internet Office (165,000 customers).
- ***Good operating profitability supported by strong efficiency levels.*** The Group's efficiency, or cost-to-income ratio (defined as the sum of the personnel, general administrative, amortisation and depreciation expenses as a percentage of gross operating income) in 2007 was 29.0 per cent., (46.8 per cent. excluding non recurrent gains).
- ***Conservative financial and risk management.*** The Group has adopted a relatively conservative approach to financial and risk management in an effort to ensure continued liquidity and to preserve the organisation's financial strength and net worth. It aims to manage current assets and liabilities to ensure an adequate level of available liquidity. The Group has a similarly conservative approach with respect to its loan portfolio. The Group's focus on risk management and the adoption of sophisticated systems for loan approval, monitoring, and recovery have resulted in a ratio of non-performing assets to qualifying credit risk (NPA) of 0.90 per cent. and a non performing assets coverage ratio of 237.0 per cent. (coverage ratio) as at 31 December 2007.
- ***Diversified operations.*** The Group has a more broadly diversified range of operations than most other Spanish savings banks. Its expansion into complementary activities, such as investment banking, asset management, brokerage, private banking, strategic investments and its insurance joint venture, has reduced dependence on traditional banking for growth and profitability. The Group intends to continue to diversify, both geographically and in terms of products and services, in order to improve customer service and increase growth.
- ***Sound technological infrastructure.*** In recent years, the Group has developed a technological infrastructure that allows for the availability of the most advanced products, tools and applications for various innovative projects in the areas of customer management and business growth within Spain. In addition, it has continued to perfect alternate distribution channels, particularly Internet websites and is committed to maintaining the advantages afforded by its advanced technological infrastructure.
- ***Strong customer focus.*** The Group's operations are focused on customers' needs, through a segmented approach that seeks to give added value and proper response to each client.

## Strategy

In early 2007 the Group implemented a new strategic plan for the period from 2007 through 2010, aimed at achieving profitable and sustainable growth and positioning the Group as a benchmark for the Spanish banking industry. The key components of its strategic 2010 Plan include:

- **Earnings growth.** The Group aims to obtain an accumulated income before tax in the period from 2007 through 2010 of €8.6 billion.
- **Business growth.** The Group intends to obtain business growth of €150 billion by focusing on its SMEs and large corporates client base. Additionally, the Group intends to continue to focus on providing customised products and specialised services to high margin business segments, such as affluent individuals, young customers and foreign clients. In addition, the Group also aims to maintain its strong position in the mass-affluent segment, particularly in the areas of consumer finance, mortgage lending and non-banking products offerings.
- **Increase the Group's customer base.** The Group intends to increase its customer base by one million new customers and plans to open more than 300 new branches focusing on selected urban areas with significant potential and economic development.
- **Continue to maintain strong efficiency, solvency and asset quality ratios.** The Group seeks to expand its business and increase its earnings while maintaining its efficiency, solvency and asset quality indicators, which rank within the best three ratios amongst the largest Spanish banks.
- **International expansion.** The Group intends to continue to search for international expansion opportunities. Caja Madrid has branches in Lisbon, Dublin, Miami and Vienna.

In Mexico, the Group holds 40 per cent. of the equity capital in Grupo Su Casita Sociedad Aronima de Capital Variable (Hipotecaria Su Casita) ("Su Casita", Mexico's second largest mortgage credit society). However, the Board of Directors of the Issuer at its meeting on 21 July 2008 agreed to acquire 60 per cent. of the share capital of Su Casita. The transaction is valued at U.S. \$342 million and once completed is expected to increase the Issuer's holding in Su Casita to 100 per cent. The transaction also contemplates the possibility of a further payment of up to U.S. \$45 million depending on the future performance of Su Casita. However, the transaction is conditional upon obtaining relevant consents from Mexican and Spanish supervisory authorities.

Also in Mexico, Banco de Servicios Financieros Caja Madrid-Mapfre provides financial services through Finanmadrid and Madrid Leasing to companies which Caja Madrid is involved in. The main services provided are: Leasing, Renting, Factoring – Confirming, vehicle financing and other consumer financing. Caja Madrid has also a joint venture non-banking financial institution in Havana (Corporación Financiera Habana S.A.), as well as a financial consulting office in Beijing (Beimad Investment Services, Ltd.). Through Bancofar, which is the only European bank specialising in the pharmaceutical sector, Caja Madrid provides services to pharmacists both on a business and personal banking basis.

On 14 April 2008, the Board of Directors of the Issuer authorized the purchase of 83% of Holding City Nacional Banchares, owner of City National Bank of Florida, for the price of U.S.\$927 million, payable once necessary authorisations from United States and Spanish financial authorities have been obtained (management of the Issuer hopes to obtain all such authorisations and make payment before the end of 2008). Management expects to finance this transaction out of own funds and from the Issuer's usual sources of wholesale financing.

On 14 April 2008, the Board of Directors of the Issuer agreed to establish a holding company whose purpose would be to hold all of the Group's strategic interests in national and international financial services entities. That company, called Caja Madrid Cibeles, S.A., will initially hold interests in 13 specialised financial services entities: Altae Banco, S.A. (100%),

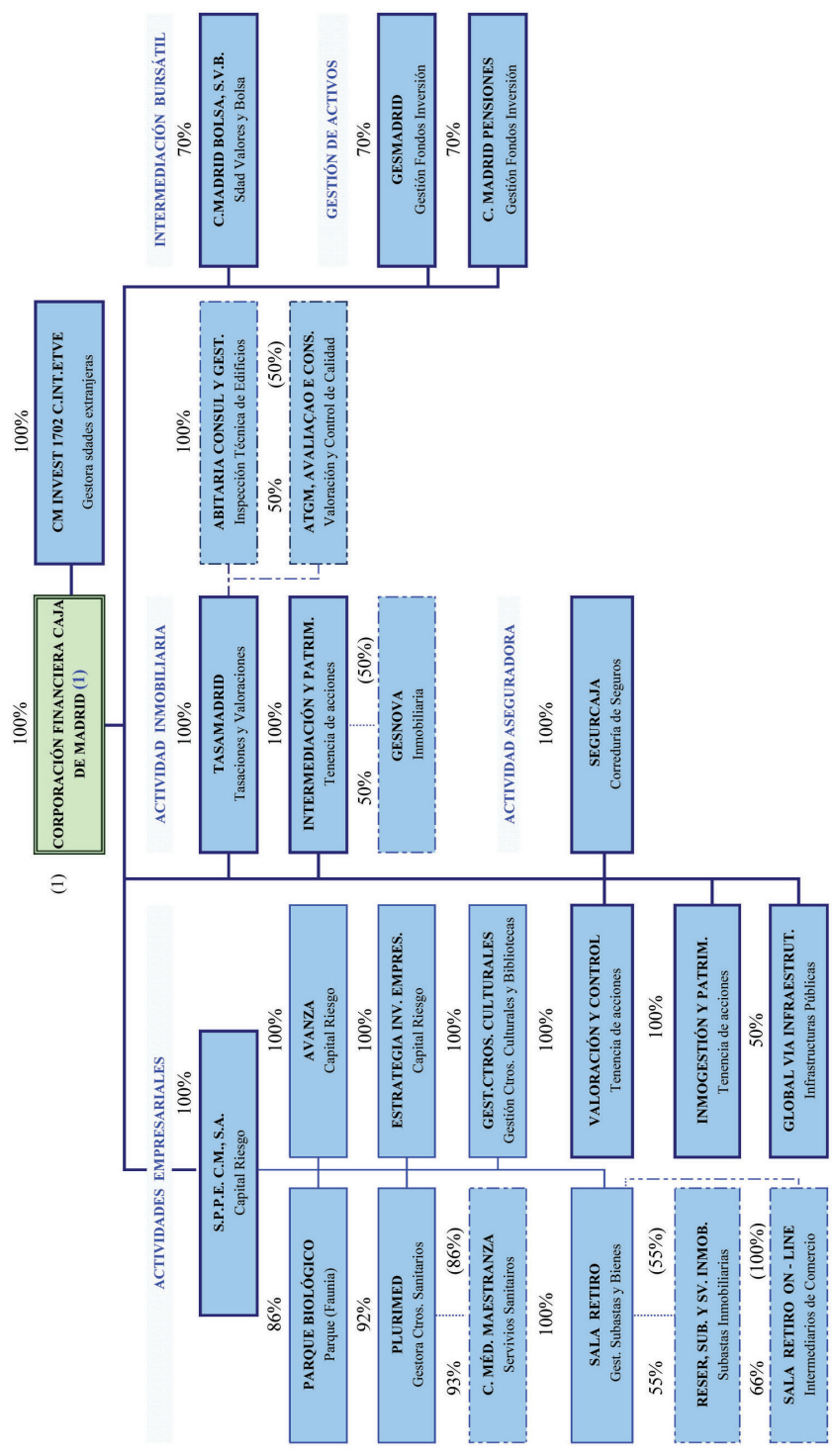
Caja Madrid Bolsa S.V., S.A. (100%), Gesmadrid S.G.I.I.C., S.A. (100%), Caja de Madrid de Pensiones, S.A., E.G.F.P. (100%), Banco de Servicios Financieros Caja Madrid-Mapfre, S.A. (51.02%), Banco Inversis Net, S.A. (38.48%); the stakeholding in the Grupo Mapfre: Mapfre Caja Madrid Vida, S.A. (49%), Mapfre S.A. (15%), Mapfre Internacional (12.50%), Mapfre América Vida, S.A. (12.43%) and Mapfre América, S.A. (10.01%); and the international holdings in Hipotecaria su Casita (currently 40% but expected to increase to 100% following the transaction described above) and in City National Bank of Florida (83%, currently pending completion). The Board of Directors intends that the new company will be the international expansion vehicle of the Group within the context of the Group's 2010 Plan. Management hopes to achieve a listing of the new company before the end of 2008.

- ***Continue to meet the Group's social obligations.*** The Group intends to continue to create and support community welfare projects to further its commitment to improving the quality of life and social and cultural progress in Spain. If profitability significantly increases as set forth in the Group's 2010 Plan, its contribution to the welfare projects will increase accordingly.



The following organisational chart illustrates the Group's structure as at 31 December 2007:

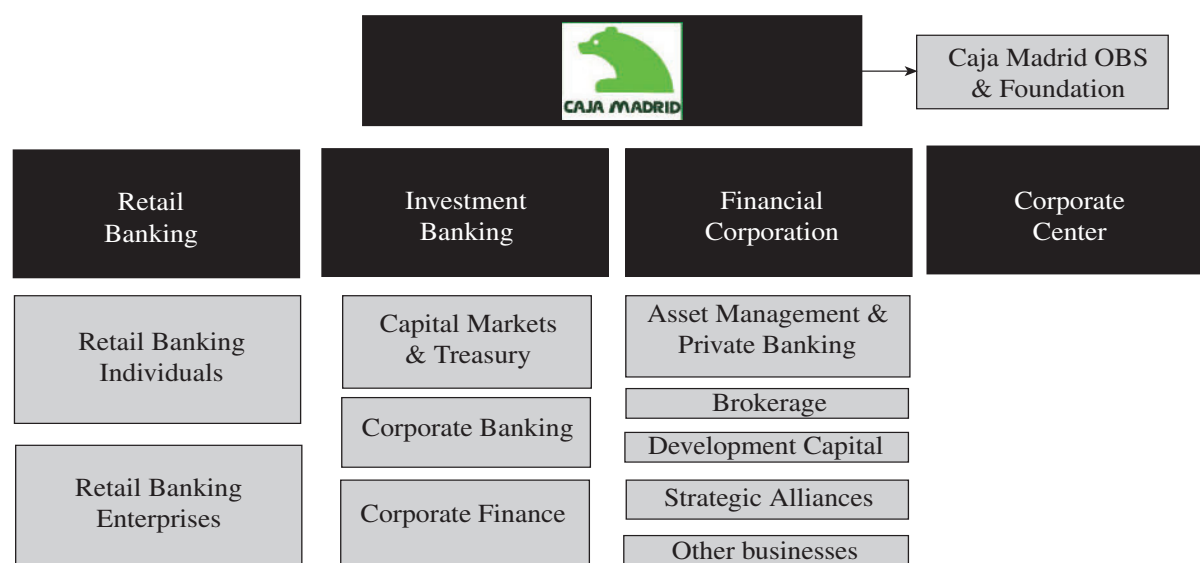




( ) Participación indirecta del Grupo Caja Madrid

## Business Structure

The following chart illustrates the Group's business structure as at 31 December 2007.



### Retail Banking

The retail banking unit includes the retail banking operations with individual and commercial clients, SMEs, large corporates and real estate developers. Retail banking remains the Group's principal line of business and generated €2.3 billion of gross income for the year-ended 31 December 2007, representing 39 percent. of the Group's total gross operating income (64 per cent. excluding €2.3 billion of non recurrent gains).

### Products

The Group offers customers a broad range of traditional banking products, including on demand and term savings products, mortgage loans, consumer finance loans, short and long-term financing for corporates, real estate developers and SMEs, guarantees and debit and credit cards. It also uses its branch network to offer a range of related products such as insurance, pensions, mutual funds and private wealth management. The contribution of this unit to the Group's main figures is 84 per cent. for customer loans and 73 per cent. for customer deposits, as at December 2007.

### Investment Banking

The Group's investment banking unit follows a business model based upon providing a global financial service to global customers, consolidating its strong position in corporate banking and corporate finance transactions. This unit makes a 9.39 per cent. contribution to the Group's gross operating income (15.6 percent. excluding non recurrent gains). This unit also made a 17 per cent. contribution to the Group's total customer loans, as at December 2007.

### Corporate Clients

Caja Madrid is an active player in both the public sector, providing financial services to regional and municipal governments, and the private sector, underwriting and financing operation for major companies which are active in key sectors of the Spanish economy (construction, telecommunications and distribution) as well as international corporate entities. Caja Madrid's corporate banking products include underwriting or arranging direct and syndicated financing, bond issues, and securities offerings. In the emerging markets the Group focuses mainly on structured and trade finance transactions.

## *Corporate Finance Business*

The Group's corporate finance business focuses on financing and advising on structured project finance operations in international markets, as well as public-private partnerships engaged in financing infrastructure projects in Spain. By sector, project financing is directed primarily at environmental and renewable energy schemes and transport infrastructure projects as well as new public services projects. The Group's products include innovative structured loans and deposits specifically designed for customers.

## *Capital Markets, Treasury and Portfolio Management Activities*

The volume of transactions underwritten or arranged in the debt capital markets places the Group among the most active Spanish financial institutions in that sector. Accordingly, the Group ranks among the five most active Spanish operators in the Spanish bond and syndicated loan markets, underwriting a total volume of over €13,8 billion in 2007. In Spain, the Group has acted as manager or lead manager in a number of major deals focusing on origination and syndication activities. Internationally, the Group seeks to increase its origination and syndication activities.

The Group's treasury and portfolio management unit trades in money market and equity securities and acts as market maker for short-, medium- and long term Spanish public debt. The Group's treasury and portfolio management unit also manages its proprietary trading portfolio of equity securities and its trading and investment portfolios of fixed-income securities.

## *Financial Corporation*

The Group holds financial assets under management as part of its diversification strategy as well as a source of operating income. This diversification activity is conducted through Corporación Financiera Caja Madrid, a holding company that invests in firms in which it holds a majority or controlling equity stake. The business managed by Corporación Financiera Caja Madrid generated gross income of €370.8 million in 2007, a 6.3 per cent. contribution to the Group's total gross operating income (10.5 per cent. excluding non recurrent gains).

## *Asset management*

The Group's **asset management** business consists of investment fund management and pension fund management. The Group conducts its *investment fund business* through **Gesmadrid**, a company offering products in all categories established by the mutual fund industry, including money market, short and long-term fixed-income, international equities, domestic and international mixed fixed-income, domestic and international mixed equities, domestic and international equities, guaranteed fixed-income and equities, and global, real estate and open-end unit trusts. The Group conducts its *pension fund management* business through **Caja Madrid Pensiones**, which offers a full range of pension plans. At year-end 2007, the assets managed by the Caja Madrid Group totalled €11,415 million and €3,710 million, respectively.

## *Private Banking*

The Group conducts its *private banking* activity through its subsidiary, **Altae Banco Privado** which specialises in high net-worth clients and offers a broad range of products and services, such as portfolio management and advisory services. At year-end 2007, the managed funds of Altae Banco amounted to €5.6 billion.

## *Brokerage*

The Group operates its *brokerage business* through **Caja Madrid Bolsa**. At year end 2007, Caja Madrid Bolsa's pre tax profits amounted to €19.7 million.

### *Capital Development Business*

The Group's *capital development business* includes venture capital and private equity activities. It carries out investments and finances operations for business start-ups and business consolidations. The Group concentrates these investments in various sectors, including infrastructure, renewable and sustainable energy sources, and healthcare. Total investments managed were 761 million as at December 2007.

### *Insurance*

On 17 December 2007, the Boards of Directors of the Issuer and MAPFRE, S.A. ("**MAPFRE**") approved the terms for the reorganization of the strategic alliance they signed in 2000. The new Regulatory Framework Agreement for the Strategic Business Alliance between Caja Madrid and MAPFRE (the "**MAPFRE Agreement**") was signed on 5 February 2008. The purpose of the MAPFRE Agreement is to strengthen and foster the alliance between MAPFRE and the Issuer in light of the results achieved and the experience gained in nearly ten years of mutual collaboration, and to adapt it to the new corporate structure adopted by MAPFRE in early 2007. The MAPFRE Agreement replaces the previous agreement signed in 2000.

In particular, the MAPFRE Agreement contemplates:

- Reinforcement of the continued business collaboration between both groups, while maintaining separate distribution activities;
- Reinforcement of the Issuer's role as strategic partner in the international business of MAPFRE;
- Reorganization of the shareholdings of both groups.

The shareholding reorganization was to be carried out in two phases. During the first phase, MAPFRE acquired from the Issuer 13.47% of MAPFRE-Caja Madrid Holding de Entidades Aseguradoras, S.A. ("**MAPFRE – Caja Madrid Holding**"), thereby reducing the Issuer's holding from 49.00% to 35.53%. In turn, the Issuer acquired:

- 30% of the management companies Gesmadrid, Caja Madrid Pensiones and Caja Madrid Bolsa, thereby increasing its holding from 70% to 100%;
- 12.5% of MAPFRE Internacional, S.A.; and
- 49% of MAPFRE-Caja Madrid Vida, S.A., a new company to be created for the purposes of providing life insurance services through the Issuer's network.

Although these operations have generated cash flows, they have not affected the cash position of the Group insofar as the amount of the sale of the Issuer's interest in MAPFRE-Caja Madrid Holding coincides with the aggregate amount of the holdings purchased. During the second phase, MAPFRE absorbed MAPFRE-Caja Madrid Holding, a process through which the Group obtained 15% of MAPFRE in exchange for the Issuer's remaining holding of 35.53% in MAPFRE-Caja Madrid Holding. This second phase did not generate any cash flows as the transaction was based on an exchange of shares. The Issuer placed the 15% of the share capital of MAPFRE that it acquired in its "Available for Sale" portfolio, and will therefore be valued at market price. The difference between the market price of this holding and its cost (approximately €1,220 million) have been recorded, net of tax, as valuation adjustments in the net equity of the Group. The second phase was completed in the second half of 2008. The first phase of the shareholding reorganization was carried out during the first quarter of 2008, generating capital gains of €148 million in the income statement of the Group. Management of the Issuer expects the second phase to be carried out during the remainder of 2008.

### *Real Estate*

Prior to June 2007, the Group held a 49.16 per cent. interest in Realia, a leading Spanish real estate company resulting from the joint-venture with FCC. Realia's business comprises three business areas: the

development of real estate products, mainly residential properties to serve as first or second homes as well as industrial properties and land management; the integrated management of landmark buildings operated under rental arrangements for use as offices and commercial complexes located in strategic areas within in the leading Spanish cities; and other services relating to the integrated maintenance of buildings, including required inspections.

In June 2007, Realia became a public company and the Group reduced its indirect shareholding from 49.16 per cent. to 27.65 per cent.

### *Infrastructure*

In January 2007, the Group formed a 50/50 joint venture, Global Vía Infraestructuras, S.A., with Fomentode Construcciones y Contratas, S.A. The joint venture combined the infrastructure investments of the two shareholders.

### **Corporate Centre**

The Corporate Centre carries out the functions of assets and liabilities management (the Asset and Liquidity Committee, (“ALCO”)), including liquidity management and interest rate risk management. ALCO also defines the strategies on the Group’s structural public debt investment portfolios held to manage its interest rate risk. The Corporate Centre also includes administrative departments such as human resources and property management. As a source of diversification, the Group has a portfolio of industrial investments in strategic sectors with a high growth potential. The Group owns stakes in Iberia (a Spanish national airline), Indra Sistemas, S.A. (a Spanish IT company) and NH Hoteles, S.A. (a Spanish hotel group) among others. As of December 2007, the Corporate Center held 2.3 billion of non-recurrent gains from the sale of Endesa.

### **Competition**

The commercial banking sector in Spain is highly competitive, with competition driven in recent years by mergers of banks into larger financial institutions with significant capital resources and by deregulation. The Group competes principally with other savings banks and commercial banks in Spain. Non-Spanish banks and other financial institutions have also become a source of competition in the regions in which the Group operates due to recent financial sector reforms. Credit cooperatives, which are active principally in rural areas, where they provide savings bank and loan services and related services such as the financing of agricultural machinery and supplies, are also a source of competition. Money market mutual funds have emerged as a strong competitor for savings deposits during the last decade, following the deregulation of interest rates on deposits in Spain. The entry of on-line banks into the Spanish banking system has also increased competition, mainly in customer funds businesses such as deposits and especially in savings and time deposits. Insurance companies and other financial services companies also are a source of competition.

### **Profit Allocation**

The welfare projects of savings banks are governed by Spanish law and regulations which state that the portion of the profit which is not determined by their governing bodies to be allocated to reserves (at least 50 per cent. of profit must be appropriated to reserves) or allowances must be used by savings banks to finance welfare projects, either individually or jointly with other savings banks.

The mission of the Group’s welfare projects is to comply with the Group’s social purpose, in accordance with applicable regulations, bylaws, policies and strategic plans approved by its governing bodies. In 2007, its welfare projects included significant social, cultural and environmental activities. The Group has allocated, in 2007 and 2006, €226 million and €200 million, respectively to its welfare projects.

### **Property, Plants and Equipment**

Detailed below are the book value and amortisation of the tangible fixed assets, including leased properties, recorded on Grupo Caja Madrid’s balance sheet for 2005, 2006 and 2007 and in accordance with Circular 4/2004, dated 22 December (IFRS).



**Real Estate:** This section comprises buildings, plots, building sites, premises and other properties belonging to Grupo Caja Madrid and its Charitable Trust corresponding to its network of branches, central offices and other work centres, as well as the properties allocated to the Group.

**There are three Main Work Centres** belonging to Caja Ahorros y Monte Piedad de Madrid where the Group's Management and Administrative bodies and Central Services are situated:

- Castellana, 189 Madrid (53,200 m<sup>2</sup>)
- Plaza Celenque, 2 Madrid (26,472 m<sup>2</sup>)
- Gabriel García Márquez, 1 Las Rozas-Madrid (53,528 m<sup>2</sup>)

Furthermore, the inventory of property owned at year-end 2007 includes a total of 550 allocated properties, 28 leased properties, 1,351 properties set aside as branches in the Caja Madrid network in Spain and 46 properties set aside for use as central offices.

The branches leased (as a percentage of all branches) were 32 per cent. for the 2007 period, 31.4 per cent. for 2006 and 29.5 per cent. in 2005.

In 2007 there are properties under construction registered under Sociedad Torre Caja Madrid, S.A. In addition, Caja Madrid purchased a new headquarters building to be completed in 2009 for €815 million.

**Furnishings, Facilities, Equipment and other:** The following are included in this section: furnishings, conditioning and refurbishment of properties as well as IT equipment, ATMs, point-of-sale terminals, etc.

## **Employees**

The Group believes that one of its principal strengths is the quality and dedication of its employees. It currently employs 14,379 employees, of whom 10,304 are employed at Caja Madrid's branches. A number of its employees are members of unions. In the last five years, the Group has not experienced any strikes or work stoppages, and it believes it has good relationships with its employees and the unions.

## **Insurance**

The Group maintains the types and amounts of insurance that are customary for businesses in the sectors in which it operates, including coverage for employee-related accidents, injuries and death, property damage and director's and officer's liability. The Group considers its insurance coverage to be adequate both as to risk and as to amounts for the operations it conducts.

## **Capital Adequacy**

During 2007, the Group increased its solvency levels. At 31 December 2007 the qualifying capital of the Group, according to the Bank for International Settlements ("BIS") rules, was €13,685.500 million, some €1,178.722 million higher than the previous year's figure, after growth of 9.4%. This represents a surplus of €5,091.523 million with respect to the minimum capital required under those rules, or 59.2% over the legal minimum.

The growth of high quality capital in 2007 surpassed the growth of risk-weighted assets, increasing the Core Capital Ratio to 8.2% as at 31 December 2007, an increase of 1.9% since 31 December 2006. Similarly, the Tier I ratio has increased to 9.2% in comparison to 7.4% the year before. The BIS ratio was, at 31 December 2007, 12.7%, 4.7% above the legal minimum.



## BIS RATIO

(In thousands of euros)

CAPITAL ADEQUACY (BIS rules)	2007	2006	2005	% Change 07-06	%Change 06-05
<b>Qualifying Capital</b> .....	<b>13,685,500</b>	<b>12,506,778</b>	<b>10,165,730</b>	<b>9.4%</b>	<b>23.0%</b>
Core Capital (Tier I) .....	9,918,649	7,261,131	6,509,099	36.6%	11.6%
Supplementary Capital (Tier II) .....	3,766,851	5,245,647	3,656,631	-28.2%	43.5%
<b>Risk-Weighted Assets</b> .....	<b>107,424,717</b>	<b>97,661,236</b>	<b>75,136,688</b>	<b>10.0%</b>	<b>30.0%</b>
<b>BIS ratio (%)</b> .....	<b>12.7%</b>	<b>12.8%</b>	<b>13.5%</b>		
Core Capital (%) .....	8.2%	6.3%	7.1%		
Tier I (%) .....	9.2%	7.4%	8.7%		
Tier II (%) .....	3.5%	5.4%	4.9%		
Minimum Capital Requirement.....	8,593,977	7,812,899	6,010,935	10.0%	30.0%
<b>Capital Surplus</b> .....	<b>5,091,523</b>	<b>4,693,879</b>	<b>4,154,795</b>	<b>8.5%</b>	<b>13.0%</b>
Surplus as % over required minimum....	59.2%	60.1%	69.1%		

BIS ratio = Capital adequacy ratio applying the criteria of the Basel Committee.

Tier I Capital = Includes capital stock, reserves (less revaluation reserves), the portion of profits applied to reserves, minority interests minus own shares and intangible assets.

Tier II Capital = Includes, amongst other items, revaluation reserves, the qualifying part of general provisions and subordinated liabilities.

## Risk Management

Risk management is a cornerstone of the Issuer's strategy aimed at preserving the Group's financial strength and maintaining the quality of its assets through the identification, assessment and monitoring of the risks inherent in its business. For a description of the main risks to which the Group is subject, see "Risk Factors".

The principles governing the Group's risk management are as follows:

- **Independence.** Preserving loan book quality at arm's length from the commercial function. Risk management is supported on professional teams, techniques, policies and tools built and managed from the different organisational units. This does not preclude the ongoing adaptation of risk management instruments to market and, therefore, client needs.
- **A global vision.** Risk management calls for both sound admission and identification procedures and the monitoring of authorised risk. This integrated treatment enables the identification, measurement and management of the Group's global exposure by the yardsticks of product, client group, segment, geographical area, economic sector and business.
- **Analysis,** in all cases, of the full complement of risks underlying each transaction, permitting their evaluation from a credit, market, liquidity and operational risk standpoint.
- **Delegation of powers.** Decision-making processes and centres are charted in the risk powers manual "*Facultades en Materia de Riesgos de la Entidad*", with differentiation by type of risk (credit, market and liquidity) and business unit (commercial banking, investment banking and the Finance Corporation). The exercise of credit risk faculties is informed by the following principles: segmentation with reference to the criteria of the New Basel Capital Accord (NBCA); grouping of clients by internal ratings; application or otherwise of risk mitigation techniques; and definition of risk limits and decision levels through the use of adjustment factors that depend on product, term, rating and type of transaction. In Commercial Banking, scoring models have binding force for all the clients and products within their scope. The principles informing the management of market risks are: to operate flexibly enough not to constrain the risk-taking tasks of business areas; to run daily checks on compliance with exposure limits; to have an effective procedure in place for reporting incidents to the competent

centre; and to guarantee that the structure of limits in each business area adequately matches the capital available, the business targets set, level of experience and historical performance.

## Organisational Structure

The Issuer and its consolidated subsidiaries comprise a single financial services group. The Issuer is the parent company of the Group.

## Material Adverse Change

There has been no material adverse change in the prospects of the Issuer and the Group since 30 June 2008.

## Administrative, Management and Supervisory Bodies

The governing bodies of savings banks in Spain are regulated by Act 31/1985 (the “Act”) and by their own statutes. The Act represents the general framework and is developed further by regulations of the relevant regional authority, which, in the case of the Issuer, is the autonomous government of Madrid (Law 4/2003, of 11 March, on Savings Banks of the Autonomous Community of Madrid (*Ley 4/2003, de 11 de Marzo, de Cajas de Ahorros de la Comunidad de Madrid*)).

The General Assembly is the main governing body of the Issuer and plays the role of a shareholders’ general meeting. The General Assembly comprises 320 members elected by municipalities, depositors, employees and regional government officials. It meets twice a year and is in charge of defining the Group’s business plan, approving the accounts, the management report and the distribution of net income and appointing the members of both the Board of Directors and the Control Commission.

The Board of Directors is the main body responsible for the management of the Issuer and for monitoring the fulfilment of the Group’s objectives. The Board of Directors, headed by the chairman, comprises 21 members elected by the General Assembly in proportion to its composition. The Executive Committee, consisting of the Chairman of the Board of Directors and a maximum of 9 Board members, is in charge of the day-to-day management of the Group including personnel, investments and risk management.

The Control Committee is a supervisory body and monitors that the Board of Directors acts according to the Issuer’s standards set by the General Assembly and the Issuer’s regulatory bodies such as the central and regional authorities. It is made up of 14 members appointed by and in proportion to the composition of the General Assembly.

The members of the Board of Directors of the Issuer at the date of this Base Prospectus are:

## Board of Directors

<i>First and last names</i>	<i>Date of last appointment</i>
Mr. Miguel Blesa de la Parra (Chairman) .....	11 September 1996
Mr. José Antonio Moral Santín (Deputy Chairman) .....	26 November 1996
Mr. Estanislao Rodríguez-Ponga y Salamanca (Deputy Chairman) .....	17 July 2006
Mr. José María Arteta Vico (Member) .....	29 September 2003
Mr. Juan José Azcona Olóndriz (Member) .....	17 July 2006
Mr. Francisco Baquero Noriega (Member) .....	17 July 2006
Mr. Pedro Bedia Pérez (Member) .....	17 July 2006
Mr. Rodolfo Benito Valenciano (Member) .....	29 September 2003
Mr. Gerardo Díaz Ferrán (Member) .....	29 September 2003
Mr. Ramón Espinar Gallego (Member) .....	29 September 2003
Mr. José Manuel Fernández Norniella (Member) .....	17 July 2006
Mr. Guillermo R. Marcos Guerrero (Member) .....	17 July 2006
Mr. Gonzalo Martín Pascual (Member) .....	29 September 2003

*First and last names**Date of last appointment*

Ms. Mercedes de la Merced Monge (Member) .....	29 September 2003
Mr. Ignacio de Navasqu��s Cobi��n (Member) .....	17 July 2006
Mr. Jes��s Pedroche Nieto (Member) .....	29 September 2003
Mr. Alberto Recarte Garc��a-Andrade (Member) .....	29 September 2003
Mr. Jos�� Mar��a de la Riva ��mez (Member) .....	17 July 2006
Ms. Mercedes Rojo Izquierdo (Member).....	17 July 2006
Mr. Antonio Romero L��zaro (Member) .....	29 September 2003
Mr. Ricardo Romero de Tejada y Picatoste (Member) .....	29 September 2003
Mr. Enrique de la Torre Mart��nez (Secretary) .....	18 November 1996

The principal activities of the members of the Board of Directors outside of the Issuer are as follows:

- Mr. Miguel Blesa de la Parra, Chairman of the Board of Directors of Caja Madrid, is also Chairman of the Boards of Directors of Corporaci  n Financiera Caja de Madrid, S.A. and of Altae Banco, S.A., and he is also Deputy Chairman of the Boards of Directors of Iberia L  neas A  reas de Espa  a, S.A. and Confederaci  n Espa  ola de Cajas de Ahorros (CECA). He is also shareholder and nominated director of Fomento de Construcciones y Contratas, S.A.
- Mr. Jos   Antonio Moral Sant  n, Deputy Chairman of the Board of Directors of Caja Madrid, is a member of the Boards of Directors of Corporaci  n Financiera Caja de Madrid, S.A., Altae Banco, S.A., Mapfre-Caja Madrid Holding de Entidades Aseguradoras, S.A. (representing Valoraci  n y Control, S.L.). He is also a director of Radiotelevisi  n Madrid and Chairman of Gestora del Centro Internacional de Estudios Econ  micos y Sociales, S.L.
- Mr. Estanislao Rodr  guez-Ponga y Salamanca, Deputy Chairman of the Board of Directors of Caja Madrid, is a member of the member of the Boards of Directors of Corporaci  n Financiera Caja de Madrid, S.A., Altae Banco, S.A., Indra Sistemas, S.A. (as a representative of Participaciones y Carterade Inversi  n, S.L.), Testa Inmuebles en Renta, S.A., Radio Popular, S.A. Cadenas de Ondas Populares Espa  ola, Utisa Tableros del Mediterr  neo, S.L., Bichi, S.L. and Gestora del Centro Internacional de Estudios Econ  micos y Sociales, S.L.
- Mr. Jos   Mar  a Arteta Vico, a member of the Board of Directors of Caja Madrid, is also a member of the Boards of Directors of Corporaci  n Financiera Caja de Madrid, S.A., of Mapfre Am  rica, S.A., (as representative of Mediaci  n y Diagn  sticos, S.A.) and of Instituto Municipal de Comunicaci  n, S.A.
- Mr. Juan Jos   Azcona Ol  ndriz, a member of the Board of Directors of Caja Madrid, is also a member of the Boards of Directors of Corporaci  n Financiera Caja de Madrid, S.A. and member of the board of Administraci  n de Mapfre Quavita  , S.A. (as representative of Mediaci  n y Diagn  sticos, S.A.).
- Francisco Baquero Noriega, General Director of Caja Madrid for the Depositors sector since 2001 and member of the Board of Directors since 2006, he is also a member of the Boards of Directors of Corporaci  n Financiera Caja de Madrid, S.A., of Altae Banco, S.A. and of Global V  a Infraestructuras, S.A. (as representative of Mediaci  n y Diagn  sticos, S.A.).
- Mr. Pedro Bedia P  rez, a member of the Board of Directors of Caja Madrid, is also a member of the Boards of Directors of Corporaci  n Financiera Caja de Madrid, S.A., Altae Banco, S.A. and Mapfre-Caja Madrid Holding de Entidades Aseguradoras, S.A. (as representative of Mediaci  n y Diagn  sticos, S.A.)
- Mr. Rodolfo Benito Valenciano, a member of the Board of Directors of Caja Madrid, is also a member of the Board of Directors of Corporaci  n Financiera Caja de Madrid, S.A.
- Mr. Gerardo D  az Ferr  n, a member of the Board of Directors of Caja Madrid, is also a member of the Board of Directors of Corporaci  n Financiera Caja de Madrid, S.A. and is Chairman of Trapsa. S.A.

- Mr. Ramón Espinar Gallego, a member of the Board of Directors of Caja Madrid, is also a member of the Boards of Directors of Corporación Financiera Caja de Madrid, S.A. and Sociedad Anónima de Dbras y Servicios COPASA.
- Mr. Manuel Fernandez Norniella, a member of the Board of Directors of Caja Madrid, is also a member of the Boards of Directors of Endesa, S.A., Iberia L.A.E., S.A. and Corporación Financiera Caja de Madrid, S.A., he is also membero fo the Board of Directors of Telvent GIT, S.A.
- Mr. Guillermo R. Marcos Guerrero, a member of the Board of Directors of Caja Madrid, is also a member of the Boards of Directors of, *inter alia*, Corporación Financiera Caja de Madrid, S.A., Altae Banco, S.A., Proyectos Aeropuerto, S.A., Mapfre Empresas Compañía de Seguros y Reaseguros, S.A. (as representative of Mediación y Diagnósticos, S.A.) and Sole Director of Grupo Ocio y GestiónDeportiva, S.L.
- Mr. Gonzalo Martín Pascual, a member of the Board of Directors of Caja Madrid, is also a member of the Board of Directors of Corporación Financiera Caja de Madrid, S.A., Secretary of the Boards ofMasercisa, S.A. Sociedad Unipersonal and Análisis Social de Gestión, Sociedad Unipersonal deResponsabilidad Limitada.
- Ms. Mercedes de la Merced Monge, a member of the Board of Directors of Caja Madrid, is also amember of the Boards of Directors of Corporación Financiera Caja de Madrid, S.A. and Altae Banco,S.A. She is also a member of the Board of Directors of Generaciones Especiales I, S.L. and Neo Desa, S.L. (in both cases as representative of Mediación y Diagnósticos, S.A.).
- Mr. Ignacio de Navasqués Cobián, a member of the Board of Directors of Caja Madrid, is also a member of the Boards of Directors of Corporación Financiera Caja de Madrid, S.A., Altae Banco, S.A., Sotogrande, S.A., representing Mediación y Diagnósticos, S.A., and Tasaciones y Valoracionesde Galicia, S.A., representing Tasaciones Madrid, S.A. He is also CEO-General Manager ofTasaciones Madrid, S.A. and President of the Board of Directors for Abitaria Consultoría y Gestión, S.A.
- Mr. Jesús Pedroche Nieto, a member of the Board of Directors of Caja Madrid, is also a member of the Boards of Directors of Corporación Financiera Caja de Madrid, S.A. and Centro Cultural yDeportio Tajamar, S.A.
- Mr. Alberto Recarte García-Andrade, a member of the Board of Directors of Caja Madrid, is also a member of the Boards of Directors of Corporación Financiera Caja de Madrid, S.A., Altae Banco,S.A. and Unidad Liberal Radio, S.L. He is also Chairman of Libertad Digital, S.A., Loarga, S. A., andUnidad Liberal Radio Madrid, S.L. He is also Managing Director of Centunión Española deCoordinación Técnica y Financiera, S.A.
- Mr. José María de la Riva Ámez, a member of the Board of Directors of Caja Madrid, is also a member of the Board of Directors of Corporación Financiera Caja de Madrid, S.A., Mapfre Vida, S. A. de SS.RR. sobre la Vida Humana (as representative of Participaciones y Cartera de Inversión S. L.) and of Gestora del Centro Internacional de Estudios Económicos y Sociales, S.L.
- Ms. Mercedes Rojo Izquierdo, a member of the Board of Directors of Caja Madrid, is also a member of the Board of Directors of Corporación Financiera Caja de Madrid, S.A. and Sole Administrator of Rincones del Viejo Madrid, S.L. and Crisodomo, S.L. She is also a member of the Board of Directorsfor Mapfre Seguros Generales, Compañía de Seguros y Reaseguros, S.A. (representing Mediación y Diagnósticos, S.A.).
- Mr. Antonio Romero Lázaro, a member of the Board of Directors of Caja Madrid, is also a member of the Board of Directors of Corporación Financiera Caja de Madrid, S.A. and Mapfre – Caja Madrid Holding de entidades Aseguradoras, S.A. representing Participaciones y Cartera de Inversión S.L.

- Mr. Ricardo Romero de Tejada y Picatoste, a member of the Board of Directors of Caja Madrid, is also a member of the Boards of Directors of Corporación Financiera Caja de Madrid, S.A. and Altae Banco, S.A. He is Sole Director of Malveñez, S.A.
- Mr. Enrique de la Torre Martínez, Secretary to the Board of Directors of Caja Madrid, is also Secretary but not Director to the Boards of Directors of Corporación Financiera Caja de Madrid, S.A. and Altae Banco, S.A. He is also a member of the Board of Directors of Mapfre-Caja Madrid Holding de Entidades Aseguradoras, S.A. He is also a Director of Accionariado y Gestión, S.L., Sector de Participaciones Integrales, S.L. of CM Invest 1702 Corporación Internacional Caja de Madrid E.T.V.E., S.L., and Sole Director of Mediación y Diagnósticos, S.A. and Participaciones y Cartera de Inversión, S.L. He is also Joint Administrator of Torre Caja Madrid, S.A., and member of the Board of Directors for Realía Business, S.A. (representing Valoración y Control, S.L.), Global Viainfraestructuras, S.A. (representing Mediación y Diagnósticos), Holding Gonvarri, S.L. (representing Participaciones y Cartera de Inversión, S.L.) and Cartera Gonvarri, S.L.

There are no potential conflicts of interest between any duties toward the Issuer of any of the persons referred to above and their respective private interests and/or any other duties.

The business address of each member of the Board of Directors is Plaza de Celenque, 2, 28013, Madrid.

### **Ownership**

Unlike commercial banks, the Issuer is a savings bank and does not have shareholders. Accordingly, the Issuer allocates profits after tax to reserves in order to comply with the Bank of Spain's requirements for the capitalisation of financial institutions. Profits which are not allocated to reserves (up to a maximum of 50 percent. of total net income) are allocated to social and cultural activities. At the date of this Base Prospectus, such welfare commitments focused on cultural, educational, environmental, research and other social assistance activities.

### **Statutory Auditors**

The auditors of the Issuer are Deloitte, S.L. (registered in the official registry of auditors of accounts (*registro oficial de auditores de cuentas*)). The address of Deloitte, S.L. is Plaza Pablo Ruiz Picasso, 1, 28020 Madrid, Spain.

Auditors have not resigned, been removed or re-appointed during the period covered by the historical financial information contained herein.

### **Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses**

The audited consolidated financial statements of the Issuer for the financial years ended 31 December 2007 and 31 December 2006 (the "2007 and 2006 Financial Statements"), June 2008 Financial Statements, and the respective auditors reports therein, have been incorporated by reference in this Information Memorandum. Please see "Documents Incorporated by Reference".

The 2007 and 2006 Financial Statements and the June 2008 Financial Statements, were audited by Deloitte, S.L. (registered in the Official Registry of Auditors of Accounts (*Registro Oficial de Auditores de Cuentas*) under number S-0692). No other information in this Information Memorandum has been audited by Deloitte, S.L.

The Issuer is not, or has not been involved in any governmental, legal or arbitration proceedings (nor is the Issuer aware of any such proceedings which are pending or threatened) during the 12 months prior to the date of this Information Memorandum which may have, or have had in the recent past, a significant effect on the Issuer and/or the Group's financial position or profitability.

There has been no significant change in the financial position of the Group since 20 June 2008, the date of the most recent published audited consolidated financial statements of the Issuer.

### **Material Contracts**

At the date of this Information Memorandum, save as disclosed herein, no contracts had been entered into that were not in the ordinary course of business of the Issuer and which could result in any Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to holders of the Notes.

### **Third Party Information and Statement by Experts and Declarations of any Interest**

The audit reports of Deloitte, S.L. in respect of the 2007 and 2006 Financial Statements are incorporated into this Information Memorandum by reference.

The business address of Deloitte, S.L. is Plaza Pablo Ruiz Picasso, 1, 28020 Madrid, Spain. Deloitte, S.L. are independent auditors registered in the Official Registry of Auditors of Accounts (*Registro Oficial de Auditores de Cuentas*) under number S-0692 and do not have any material interest in the Issuer.

There is no information contained in this Information Memorandum which has been sourced from a third party, other than Deloitte, S.L.

### **Documents on Display**

For the period of fourteen days after the date of this Information Memorandum and for so long as any Notes shall be outstanding and throughout the life of the Programme, copies and, where appropriate, English translations of the following documents may be inspected (in the case of 5(f) and (g) below obtainable from the Issue and Paying Agent) during normal business hours at the specified office of the Issue and Paying Agent and at the registered office of the Issuer, namely:

- (a) the constitutional documents of the Issuer;
- (b) the current listing particulars in relation to the Programme (including this Information Memorandum), together with any amendments or supplements thereto, including any supplementary listing particulars and any document incorporated therein by reference;
- (c) the Issuing and Paying Agency Agreement and all amendments thereto and restatements thereof;
- (d) the Deed of Covenant;
- (e) the Dealer Agreement and all amendments thereto and restatements thereof;
- (f) the most recent publicly available audited consolidated financial statements (including the notes to the accounts setting out the comments and detailed explanations made by accountant officials of the Issuer and audited by the Auditors in respect of the figures set out in such financial statements) of the Issuer beginning with the 2007 and 2006 Financial Statements and the June 2008 Financial Statements; and
- (g) any Final Terms.



## CERTAIN INFORMATION IN RESPECT OF THE NOTES

### Key Information

The persons involved in the Programme and the capacities in which they act are specified at the end of this Securities Note.

The net proceeds of the issue of each issue of Notes will be used for the general funding purposes of the Group.

### Information Concerning the Securities to be Admitted to Trading

#### *Total amount of Notes Admitted to Trading*

The aggregate amount of each issue of Notes will be set out in the applicable Final Terms.

The maximum aggregate principal amount of Notes which may be outstanding at any one time is U.S.\$5,000,000,000 (or its equivalent in other currencies).

#### *Type and Class of Notes*

Notes will be issued in tranches. Notes may be issued under the Programme in any denomination subject to legal and regulatory requirements. The initial minimum denomination for Notes issued in United States dollars is U.S.\$500,000, or such other higher initial minimum denomination as specified in the relevant Final Terms. The initial minimum denomination for Notes issued in Japanese Yen is ¥100,000,000, or such other higher initial minimum denomination as specified in the relevant Final Terms. The initial minimum denomination for Notes issued in Sterling is £100,000, or such other higher initial minimum denomination as specified in the relevant Final Terms.

Notes issued in other currencies will have the initial minimum denomination(s) specified in the relevant Final Terms, subject to all applicable legal and regulatory requirements and provided always that each Note will be offered with an initial minimum denomination of euro 500,000 or the equivalent in another currency. Subject to the foregoing, the initial minimum denomination(s) of Notes may be changed from time to time.

The minimum incremental amount above the initial minimum denomination will be one unit of the relevant currency, provided that the minimum incremental amount in Japanese Yen will be ¥100,000,000. In the case of Notes issued in United States dollars, the minimum incremental amount will be U.S.\$1.00, in the case of Notes issued in Sterling, the minimum incremental amount will be £1.00 and in the case of Notes issued in euro, the minimum incremental amount will be €1.00.

The international security identification number of each issue of Notes will be specified in the relevant Final Terms.

#### *Legislation under which the Notes have been created*

The Notes will be governed by and construed in accordance with English law.

#### *Form of the Notes*

The Notes will be in bearer form. Each issue of Notes will initially be represented by a Global Note which will be deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Global Note may, if so specified in the relevant Final Terms, be exchangeable for Notes in definitive bearer form in the limited circumstances specified in the relevant Final Terms.



### *Currency of the Notes*

Notes may be issued in Australian Dollars, Canadian Dollars, Danish Kroner, euro, Hong Kong Dollars, Japanese Yen, New Zealand Dollars, Norwegian Kroner, Sterling, Swedish Kronor, Swiss Francs and United States Dollars and such other currencies as may be agreed between the Issuer and the relevant Dealer(s) from time to time and subject to the necessary regulatory requirements having been satisfied.

### *Status of the Notes*

The Notes will be direct and unsecured obligations of the Issuer ranking *pari passu* without any preference with all present and future unsecured and unsubordinated indebtedness of the Issuer, including any guarantees given by the Issuer, other than obligations preferred by mandatory provisions of law.

*In the event of insolvency (concurso) of the Issuer, under Law 22/2003 (Ley Concursal) dated 9 July 2003 ("Law 22/2003"), claims relating to Notes (unless they qualify by law as subordinated credits under Article 92 of Law 22/2003) will be ordinary credits (créditos ordinarios) as defined in Law 22/2003. Ordinary credits rank below credits against the insolvency state (créditos contra la masa) and credits with a privilege (créditos privilegiados). Ordinary credits rank above subordinated credits and participations (cuotas participativas) if any, of the Issuer.*

### *Rights attaching to the Notes*

Each issue of Notes will be the subject of Final Terms which, for the purposes of that issue only, supplements the terms and conditions set out in the relevant Global Note or, as the case may be, definitive Notes and must be read in conjunction with the relevant Notes. See "Forms of Notes" and "Form of Final Terms".

### *Maturity of the Notes*

The Maturity Date applicable to each issue of Notes will be specified in the relevant Final Terms. The Maturity Date of an issue of Notes may not be less than 21 days nor more than 364 days, subject to applicable legal and regulatory requirements.

The Issuer may only redeem the Notes at their Nominal Amount (as specified in the relevant Final Terms) prior to the scheduled Maturity Date of the relevant Notes as a result of certain changes or amendments in Spanish tax laws or regulations, or the application or official interpretation thereof. The Issuer will be required to give not less than 14 days notice to holders of the Notes of its intention to so redeem the Notes. Prior to the publication of any such notice, the Issuer will be required to deliver to the Issue and Paying Agent (a) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing the conditions precedent to the right of the Issuer so to redeem have occurred; and (b) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay additional amounts (pursuant to the terms of the relevant Notes) as a result of such change or amendment. See "Form of the Notes".

### *Prescription*

Claims for payment of the Nominal Amount (as specified in the relevant Final Terms) shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date.

### *Yield Basis*

The Notes will be issued at a discount and will not bear interest.

### *Authorisations and approvals*

At a meeting of the General Assembly of the Issuer held on 3 March 2008 the General Assembly adopted a resolution authorising the Board of Directors of the Issuer to adopt a resolution to, *inter alia*,

authorise the issuance by the Issuer of certain financial instruments. The Board of Directors, at a meeting held on 24 March 2008, adopted a resolution delegating, *inter alia*, such authorisation to the Executive Committee of the Issuer. The update of the Programme and the issuance of Notes pursuant thereto was authorised by a resolution of the Executive Committee adopted at a meeting held on 30 June 2008.

### **Admission to Trading and Dealing Arrangements**

Application has been made to the UK Listing Authority for Notes issued under the Programme during the period of twelve months after the date of this Information Memorandum to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange – Regulated Market. Notes may be listed, traded and/or quoted on any other listing authority, stock exchange and/or quotations system, as may be agreed between the Issuer and the relevant Dealer. Notes may not be issued on an unlisted basis.

The Bank of New York Mellon, London Branch at One Canada Square, London E14 5AL, is the Issue and Paying Agent in respect of the Notes.

### **Expense of the Admission to Trading**

The expense in relation to the admission to trading of each issue of Notes will be specified in the relevant Final Terms.

### **Additional Information**

The legal advisers and capacity in which they act are specified at the end of this Information Memorandum.

The credit ratings assigned to the Notes will be set out in the relevant Final Terms.

## FORMS OF NOTES

### Part A Form of Multicurrency Global Note (Discounted)

#### CAJA MADRID (CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID)

(incorporated as a savings bank (caja de ahorros) under the laws of Spain)

The securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Terms used above have the meanings given to them by Regulation S under the Securities Act.

1. For value received, CAJA MADRID (CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID), (the “**Issuer**”) promises to pay to the bearer of this Global Note on the Maturity Date set out in the Final Terms or on such earlier date or dates as the same may become payable in accordance with paragraph 4 (the “**Relevant Date**”) the Nominal Amount set out in the Final Terms. Terms defined in the Final Terms attached hereto but not otherwise defined in this Global Note shall have the same meaning in this Global Note.

All such payments shall be made in accordance with an amended and restated issuing and paying agency agreement dated 31 July 2008 (as amended and restated or supplemented from time to time) between the Issuer and The Bank of New York Mellon, London Branch as the issue and paying agent (the “**Issue and Paying Agent**”), a copy of which is available for inspection at the offices of the Issue and Paying Agent at One Canada Square, London E14 5AL, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Global Note at the office of the Issue and Paying Agent referred to above by transfer to an account denominated in the Specified Currency set out in the Final Terms maintained by the bearer in the principal financial centre in the country of that currency or, in the case of a Global Note denominated in Euro, by Euro cheque drawn on, or by transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any member state of the European Union. The Issuer undertakes that, so long as the Notes are listed, traded and/or quoted on any listing authority, stock exchange and/or quotation system, there will at all times be a paying agent with a specified office in such place as may be required by the rules and regulations of the relevant listing authority, stock exchange and/or quotation system. The Issuer further undertakes that it will ensure that it maintains a paying agent in a member state of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

2. This Global Note is issued in representation of an issue of Notes in the Nominal Amount set out in the Final Terms.
3. All payments in respect of this Global Note by or on behalf of the Issuer shall be made without set-off, counterclaim, fees, liabilities or similar deductions and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature now or hereafter imposed, levied, collected, withheld or assessed in any jurisdiction through, in or from which such payments are made or any political subdivision or taxing authority of or in any of the foregoing (“**Taxes**”). If the Issuer or any agent thereof is required by law or regulation to make any deduction or withholding for or on account of Taxes, the Issuer shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Global Note or the holder or beneficial owner of any interest herein or rights in respect hereof after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that no such additional amounts shall be payable where this Global Note is presented for payment:

- (a) by, or on behalf of a holder which is liable to such Taxes, by reason of having some connection with the jurisdiction imposing the Taxes other than the mere holding of this Global Note; or
- (b) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting on 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting this Global Note to another paying agent in a member state of the European Union; or
- (d) more than 15 days after the Relevant Date or the date on which payment hereof is duly provided for, whichever occurs later, except to the extent that the holder would have been entitled to such additional amounts if it had presented this Global Note on the last day of such period of 15 days; or
- (e) by, or on behalf of a holder who could have been able to avoid such deduction or withholding by presenting a certificate of tax residence and/or such other document evidencing its tax residence required by the competent tax authorities; or
- (f) by or on behalf of a holder in respect of whom the Issuer (or the Issue and Paying Agent on its behalf) has not received all details concerning such holder's identity and tax residence as it may require in order to comply with Law 13/1985 and any implementing legislation; or
- (g) by, or on a behalf of a holder who is Spanish resident legal entity subject to the Spanish Corporate Income Tax if the Spanish Tax authorities determine that the Notes do not comply with the exemption requirements specified in the reply to a Consultation to the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made.

4. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 14 days' notice to the holders (which notice shall be irrevocable), at their Nominal Amount (as specified in the relevant Final Terms) if:

- (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in paragraph 3 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 31 July 2008; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

*provided, however, that* no such notice of redemption shall be given earlier than 14 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issue and Paying Agent:

- (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this paragraph, the Issuer shall be bound to redeem the Notes in accordance with this paragraph.

5. The payment obligation of the Issuer represented by this Global Note constitutes and at all times shall constitute a direct and unsecured obligation of the Issuer ranking *pari passu* without any preference with all present and future unsecured and unsubordinated indebtedness of the Issuer, including any guarantees given by the Issuer, other than obligations preferred by mandatory provisions of law.

6. If the Relevant Date is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day and the bearer of this Global Note shall not be entitled to any interest or other sums in respect of such postponed payment.
- As used in this Global Note:
- “**Payment Business Day**” means any day other than a Saturday or Sunday which is both (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation, and (b) either (i) if the Specified Currency set out in the Final Terms is any currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in both London and the principal financial centre of the country of the Specified Currency set out in the Final Terms (which, if the Specified Currency is Australian dollars, shall be Sydney) or (ii) if the Specified Currency set out in the Final Terms is Euro, a day which is a TARGET Business Day; and
- “**TARGET2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007; and
- “**TARGET Business Day**” means any day on which TARGET2 is open for the settlement of payments in euro.
7. This Global Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
8. This Global Note is issued in respect of an issue of Notes of the Issuer and is exchangeable in whole (but not in part only) for duly executed and authenticated bearer Notes in definitive form (whether before, on or, subject as provided below, after the Maturity Date):
- if the clearing system(s) in which this Global Note is held at the relevant time is closed for a continuous period of 14 days (other than by reason of public holidays); or
  - if default is made in the payment of any amount payable in respect of this Global Note; or
  - the Notes are required to be removed from both Euroclear and Clearstream, Luxembourg and no alternative clearing system is available.
- Upon the tenth London Banking Day (as defined below) following presentation and surrender of this Global Note during normal business hours to the Issuer at the offices of the Issue and Paying Agent (or to any other person or at any other office outside the United States as may be designated in writing by the Issuer to the bearer), the Issue and Paying Agent shall authenticate and deliver, in exchange for this Global Note, bearer definitive notes denominated in the Specified Currency set out in the Final Terms in an aggregate nominal amount equal to the Nominal Amount of this Global Note.
9. If, following such surrender, definitive Notes are not issued in full exchange for this Global Note before 5.00 p.m. (London time) on the thirtieth day after surrender, this Global Note (including the obligation hereunder to issue definitive notes) will become void and the bearer will have no further rights under this Global Note (but without prejudice to the rights which the bearer or any other person may have under a Deed of Covenant dated 31 July 2008, entered into by the Issuer).
- As used in this Global Note:
- “**London Banking Day**” means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.
10. Instructions for payment must be received at the offices of the Issue and Paying Agent referred to above together with this Global Note as follows:
- if this Global Note is denominated in Australian dollars, New Zealand dollars, Hong Kong dollars or Japanese Yen, at least two Business Days prior to the relevant payment date;
  - if this Global Note is denominated in United States dollars, Canadian dollars, Sterling or Euro on or prior to the relevant payment date; and
  - in all other cases, at least one Business Day prior to the relevant payment date.
- As used in this paragraph, “**Business Day**” means:
- a day other than a Saturday or Sunday on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London; and
  - in the case of payments in Euro, a TARGET Business Day and, in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the Specified Currency set out in the Final Terms.
11. Claims for payment of the Nominal Amount (as specified in the relevant Final Terms) shall become void unless the relevant Notes are presented for payment within ten years of the Relevant Date.
12. This Global Note shall not be validly issued unless manually authenticated by The Bank of New York Mellon, London Branch as Issue and Paying Agent.
13. This Global Note and all non-contractual obligations arising from or connected with it, is governed by, and shall be construed in accordance with, English law.
14. *(a) English courts:* The courts of England have exclusive jurisdiction to settle any dispute arising from or in connection with this Global Note (including a dispute relating to non-contractual obligations arising from or in connection with this Global Note, or a dispute regarding the existence, validity or termination of this Global Note or the consequences of its nullity) (a “**Dispute**”).
- (b) Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (c) Rights of the bearer to take proceedings outside England:* Clause 14(a) (English courts) is for the benefit of the bearer only. As a result, nothing in this clause 14 prevents the bearer from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, the bearer may take concurrent Proceedings in any number of jurisdictions.
- (d) Process agent:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Confederación Española de Cajas de Ahorros, London Branch at 16 Waterloo Place, London SW1Y 4AR or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of the bearer addressed to the Issuer and delivered to the Issuer or to the offices of the Issue and Paying Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the bearer shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the offices of the Issue and Paying Agent. Nothing in this paragraph shall affect the right of the bearer to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.
15. If this Global Note has been admitted to listing on the Official List of the Financial Services Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000, as amended, the “**UK Listing Authority**”) and to trading on the

London Stock Exchange – Regulated Market (the “**London Stock Exchange**”) (and/or has been admitted to listing, trading and/or quotation on any other listing authority, stock exchange and/or quotation system), all notices required to be published concerning this Global Note shall be published in accordance with the requirements of the UK Listing Authority and/or London Stock Exchange (and/or of the relevant listing authority, stock exchange and/or quotation system). The Issuer may, in lieu of such publication and if so permitted by the rules of the UK Listing Authority and/or London Stock Exchange (and/or of the relevant listing authority, stock exchange and/or quotation system), deliver the relevant notice to the clearing system(s) in which this Global Note is held.

16. No person shall have any right to enforce any provision of this Global Note under the Contracts (Rights of Third Parties) Act 1999

**AUTHENTICATED** by  
**THE BANK OF NEW YORK MELLON,**  
**LONDON BRANCH**

without recourse, warranty or liability  
and for authentication purposes only

By: .....  
(Authorised Signatory)

Signed on behalf of:  
**CAJA MADRID (CAJA DE AHORROS Y MONTE**  
**DE PIEDAD DE MADRID)**

By:.....  
(Authorised Signatory)

## **FINAL TERMS**

*[Completed Final Terms to be attached]*

## Part B – Form of Multicurrency Definitive Note (Discounted)

### CAJA MADRID (CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID)

(incorporated as a savings bank (caja de ahorros) under the laws of Spain)

The securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Terms used above have the meanings given to them by Regulation S under the Securities Act.

[UNLESS BETWEEN INDIVIDUALS NOT ACTING IN THE CONDUCT OF A BUSINESS OR PROFESSION, EACH TRANSACTION REGARDING THIS NOTE WHICH INVOLVES THE PHYSICAL DELIVERY THEREOF WITHIN, FROM OR INTO THE NETHERLANDS, MUST BE EFFECTED (AS REQUIRED BY THE DUTCH SAVINGS CERTIFICATES ACT (*WET INZAKE SPAARBEWIJZEN*) OF 21 MAY 1985) THROUGH THE MEDIATION OF THE ISSUER OR A MEMBER FIRM OF EURONEXT AMSTERDAM N.V. AND MUST BE RECORDED IN A TRANSACTION NOTE WHICH INCLUDES THE NAME AND ADDRESS OF EACH PARTY TO THE TRANSACTION, THE NATURE OF THE TRANSACTION AND THE DETAILS AND SERIAL NUMBER OF THIS NOTE.]<sup>1</sup>

Nominal Amount of this Note: .....

1. For value received, CAJA MADRID (CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID). (the “**Issuer**”) promises to pay to the bearer of this Note on the Maturity Date set out in the Final Terms or on such earlier date or dates as the same may become payable in accordance with paragraph 3 (the “**Relevant Date**”) the Nominal Amount of this Note set out above. Terms defined in the Final Terms attached hereto but not otherwise defined in this Note shall have the same meaning in this Note.

All such payments shall be made in accordance with an amended and restated issuing and paying agency agreement dated 31 July 2008 (as amended and restated or supplemented from time to time) between the Issuer and The Bank of New York Mellon, London Branch as the issue and paying agent (the “**Issue and Paying Agent**”), a copy of which is available for inspection at the offices of the Issue and Paying Agent at One Canada Square, London E14 5AL and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Note at the specified office of the Issue and Paying Agent referred to above by transfer to an account denominated in the Specified Currency set out in the Final Terms maintained by the bearer in the principal financial centre in the country of that currency or, in the case of a Note denominated in Euro, by Euro cheque drawn on, or by transfer to, a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any member State of the European Union. The Issuer undertakes that, so long as the Notes are listed, traded and/or quoted on any listing authority, stock exchange and/or quotation system, there will at all times be a paying agent with a specified office in such place as may be required by the rules and regulations of the relevant listing authority, stock exchange and/or quotation system. The Issuer further undertakes that it will ensure that it maintains a paying agent in a member state of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

2. All payments in respect of this Note by or on behalf of the Issuer shall be made without set-off, counterclaim, fees, liabilities or similar deductions, and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature now or hereafter imposed, levied, collected, withheld or assessed in any jurisdiction through, in or from which such payments are made or any political subdivision or taxing authority of or in any of the foregoing (“**Taxes**”). If the Issuer or any agent thereof is required by law or regulation to make any deduction or withholding for or on account of Taxes, the Issuer shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Note after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that no such additional amounts shall be payable where this Note is presented for payment:

- (a) by reason of its having some connection with the jurisdiction imposing the Taxes other than the mere holding of and payment in respect of this Note;
- (b) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting on 26-27 November 2000 on the taxation of savings incomes or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting this Note to another paying agent in a member state of the European Union; or
- (d) more than 15 days after the Relevant Date or the date on which payment hereof is duly provided for, whichever occurs later, except to the extent that the holder would have been entitled to such additional amounts if it had presented this Note on the last day of such period of 15 days; or
- (e) by, or on behalf of a holder who could have been able to avoid such deduction or withholding by presenting a certificate of tax residence and/or such other document evidencing its tax residence required by the competent tax authorities; or
- (f) by or on behalf of a holder in respect of whom the Issuer (or the Issue and Paying Agent on its behalf) has not received all details concerning such holder's identity and tax residence as it may require in order to comply with Law 13/1985 and any implementing legislation; or
- (g) by, or on a behalf of a holder who is Spanish resident legal entity subject to the Spanish Corporate Income Tax if the Spanish Tax authorities determine that the Notes do not comply with the exemption requirements specified in the reply to a Consultation to the Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 and require a withholding to be made.

3. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 14 days' notice to the holders (which notice shall be irrevocable), at their Nominal Amount (as specified above) if:

- (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in paragraph 2 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 31 July 2008; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

*provided, however, that no such notice of redemption shall be given earlier than 14 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.*

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issue and Paying Agent:

- (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

<sup>1</sup> [This legend should be placed on zero coupon or discounted Notes and Notes on which interest only becomes due at maturity and which are (a) not listed on Euronext Amsterdam N.V.'s stock market and (b) issued within The Netherlands, or issued outside The Netherlands and distributed within The Netherlands in the course of initial distribution or immediately thereafter.]



Upon the expiry of any such notice as is referred to in this paragraph, the Issuer shall be bound to redeem the Notes in accordance with this paragraph.

4. The payment obligation of the Issuer represented by this Note constitutes and at all times shall constitute a direct and unsecured obligation of the Issuer ranking *pari passu* without any preference with all present and future unsecured and unsubordinated indebtedness of the Issuer including any guarantees given by the Issuer, other than obligations preferred by mandatory provisions of law.
5. If the Relevant Date is not a Payment Business Day (as defined herein) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day and the bearer of this Note shall not be entitled to any interest or other sums in respect of such postponed payment.

As used herein, “**Payment Business Day**”, shall mean any day, other than a Saturday or a Sunday, which is both (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation, and (b) either (i) if the Specified Currency set out in the Final Terms is any currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in both London and the principal financial centre of the country of the Specified Currency set out in the Final Terms (which, if the Specified Currency is Australian dollars, shall be Sydney) or (ii) if the Specified Currency set out in the Final Terms is Euro, a day which is a TARGET Business Day; and

“**TARGET2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007; and

“**TARGET Business Day**” means any day on which TARGET2 is open for the settlement of payments in euro.

6. This Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
7. Instructions for payment must be received at the offices of the Issue and Paying Agent referred to above together with this Note as follows:
  - (a) if this Note is denominated in Australian dollars, New Zealand dollars, Hong Kong dollars or Japanese Yen, at least two Business Days prior to the relevant payment date;
  - (b) if this Note is denominated in United States dollars, Canadian dollars or Euro, on or prior to the relevant payment date; and
  - (c) in all other cases, at least one Business Day prior to the relevant payment date.

As used in this paragraph, “**Business Day**” means:

- (i) a day other than a Saturday or Sunday on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London; and
  - (ii) in the case of payments in Euro, a TARGET Business Day and, in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the Specified Currency set out in the Final Terms.
8. Claims for payment of the Nominal Amount (as specified above) shall become void unless this Note is presented for payment within ten years of the Relevant Date.
9. This Note shall not be validly issued unless manually authenticated by The Bank of New York Mellon, London Branch as Issue and Paying Agent.
10. This Note and all non-contractual obligations arising from or connected with it, is governed by, and shall be construed in accordance with, English law.
11.
  - (a) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute arising from or in connection with this Global Note (including a dispute relating to non-contractual obligations arising from or in connection with this Global Note, or a dispute regarding the existence, validity or termination of this Global Note or the consequences of its nullity) (a “**Dispute**”).
  - (b) *Appropriate forum*: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
  - (c) *Rights of the bearer to take proceedings outside England*: Clause 10(a) (English courts) is for the benefit of the bearer only. As a result, nothing in this clause 10 prevents the bearer from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, the bearer may take concurrent Proceedings in any number of jurisdictions.
  - (d) *Process agent*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Confederación Española de Cajas de Ahorros, London Branch at 16 Waterloo Place, London SW1Y 4AR or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of the bearer addressed to the Issuer and delivered to the Issuer or to the offices of the Issue and Paying Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the bearer shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the offices of the Issue and Paying Agent. Nothing in this paragraph shall affect the right of the bearer to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.
12. If this Note has been admitted to listing on the Official List of the Financial Services Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000, as amended, the “**UK Listing Authority**”) and to trading on the London Stock Exchange – Regulated Market (the “**London Stock Exchange**”) (and/or has been admitted to listing, trading and/or quotation on any other listing authority, stock exchange and/or quotation system), all notices required to be published concerning this Note shall be published in accordance with the requirements of the UK Listing Authority and/or London Stock Exchange (and/or of the relevant listing authority, stock exchange and/or quotation system).
13. No person shall have any right to enforce any provision of this Note under the Contracts (Rights of Third Parties) Act 1999.

**AUTHENTICATED by**  
**THE BANK OF NEW YORK MELLON,**  
**LONDON BRANCH**  
without recourse, warranty or liability  
and for authentication purposes only

Signed on behalf of:  
**CAJA MADRID (CAJA DE AHORROS Y MONTE**  
**DE PIEDAD DE MADRID)**

By: .....  
(Authorised Signatory)

By: .....  
(Authorised Signatory)



## FINAL TERMS

*[Completed Final Terms to be attached]*

### FORM OF FINAL TERMS

*Set out below is the form of Final Terms which will be completed in respect of each issue of Notes issued under the Programme and will be attached to the relevant Global or Definitive Notes on issue.*

#### CAJA MADRID

**(CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID)**

**U.S.\$5,000,000,000 EURO-COMMERCIAL PAPER PROGRAMME**

**(the “Programme”)**

**ISSUE OF [AGGREGATE PRINCIPAL AMOUNT OF NOTES] [TITLE OF NOTES]**

#### PART A – CONTRACTUAL TERMS

This document constitutes the Final Terms (as referred to in the Information Memorandum dated [current date] (as amended, updated or supplemented from time to time, the “Information Memorandum”) in relation to the Programme) in relation to the issue of Notes referred to above (the “Notes”). Terms defined in the Information Memorandum, unless indicated to the contrary, have the same meanings where used in these Final Terms. Reference is made to the Information Memorandum for a description of the Issuer, Programme and certain other matters. These Final Terms are supplemental to and must be read in conjunction with the full terms and conditions of the Notes. These Final Terms are also a summary of the terms and conditions of the Notes for the purposes of listing.

The particulars to be specified in relation to the issue of Notes are as follows:

Issuer:	Caja Madrid (Caja de Ahorros y Monte de Piedad de Madrid)
Type of Note:	Euro commercial paper
Series No:	[ ]
Dealer(s):	[ ]
Specified Currency:	[ ]
Nominal Amount:	[ ]
Issue Date:	[ ]
Maturity Date:	[ ] <i>[May not be less than 21 days nor more than 364 days]</i>
Issue Price:	[ ]
Denomination:	[ ]
Redemption basis:	Redemption at par
Early Redemption Amount:	[ ]
Payment instructions:	<i>[[Immediate/same day] delivery] [other]</i>
Listing:	London
Ratings:	<i>[Standard &amp; Poor’s Ratings Services: A-1]</i> <i>[Fitch Ratings: F1+]</i> <i>[Moody’s Investors Service, Inc.: P-1]</i>
Clearing System(s):	Euroclear and Clearstream, Luxembourg
Issue and Paying Agent:	The Bank of New York Mellon, London Branch
Common Code:	[ ]
ISIN:	[ ]

#### LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the U.S.\$5,000,000,000 Euro-Commercial Paper Programme of Caja Madrid (Caja de Ahorros y Monte de Piedad de Madrid).

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

## PART B – OTHER INFORMATION

### 1. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

“Save as discussed in “Subscription and Sale”, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”

### 2. ESTIMATED TOTAL EXPENSES

Estimated total expenses related to the [ ]  
admission to trading:

### 3. YIELD

Indication of yield: [ ]

**CONFIRMED — CAJA MADRID (CAJA DE  
AHORROS Y MONTE DE PIEDAD DE MADRID)**

By: .....

*Duly authorised*

Dated: .....

## TAXATION

*The following is a general description of certain Spanish tax considerations. The information provided below does not purport to be a complete summary of tax law and practice currently applicable in the Kingdom of Spain and is subject to any changes in law and the interpretation and application thereof, which could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of whom (such as dealers in securities) may be subject to special rules. Prospective investors who are in any doubt as to their position should consult with their own professional advisers.*

### EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

### Taxation in the Kingdom of Spain

#### Introduction

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Information Memorandum:

- (a) of general application, Additional Provision two of Law 13/1985, of 25 May on investment ratios, own funds and information obligations of financial intermediaries, as amended by Law 19/2003, of 4 July on legal rules governing foreign financial transactions and capital movements and various money laundering prevention measures, Law 6/2003, of 30 December and Law 23/2005, of 18 November, on certain measures as amended to promote productivity, as well as Royal Decree 1065/2007, of 27 July approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes;
- (b) for individuals with tax residency in Spain who are Individual Income Tax (IRPF) taxpayers, Law 35/2006, of 28 November on Personal Income Tax and partial amendment of the Corporate Income Tax Law, Non Residents Income Tax Law and Wealth Tax Law, (the "Individual Income Tax Law"), and Royal Decree 439/2007, of 30 March promulgating the Individual Income Tax Regulations, along with Law 19/1991, of 6 June on Wealth Tax and Law 29/1987, of 18 December on Inheritance and Gift Tax;
- (c) for legal entities resident for tax purposes in Spain which are Corporate Income Tax taxpayers, Royal Legislative Decree 4/2004, of 5 March promulgating the Consolidated Text of the Corporate Income Tax Law, and Royal Decree 1777/2004, of 30 July promulgating the Corporate Income Tax Regulations (the "Corporate Income Tax Regulations"); and

- (d) for individuals and entities who are not resident for tax purposes in Spain which are non-resident income tax taxpayers, Royal Legislative Decree 5/2004, of 5 March promulgating the Consolidated Text of the Non-Resident Income Tax Law, as amended by Royal Decree 2/2008, of 21 April on measures to promote economic activity and Royal Decree 1776/2004, of 30 July promulgating the Non-Resident Income Tax Regulations, along with Law 19/1991, of 6 June on Wealth Tax and Law 29/1987, of 18 December on Inheritance and Gift Tax.

Whatever the nature and residence of the holder of Notes, the acquisition and transfer of the Notes will be exempt from indirect taxes in Spain, for example exempt from capital transfer tax and stamp duty, in accordance with the consolidated text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September and exempt from value added tax, in accordance with Law 37/1992, of 28 December regulating such tax.

## **1. Individuals with Tax Residency in Spain**

### **1.1 Individual income tax (*Impuesto sobre la Renta de las Personas Físicas*)**

Payments of income deriving from the transfer, redemption or repayment of the Notes constitute a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Section 25.2 of the Individual Income Tax Law, and must be included in the investor's taxable savings at the rate of 18 per cent.

Such income is subject to a withholding on account of Individual Income Tax at the rate of 18 per cent.

### **1.2 Wealth tax (*Impuesto sobre el Patrimonio*)**

Individuals with tax residency in Spain under an obligation to pay wealth tax must take into account the amount of the Notes which they hold as at 31 December in each year when calculating their wealth tax liabilities.

### **1.3 Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)**

Individuals with tax residency in Spain who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to Inheritance and Gift Tax in accordance with the applicable regional or State rules.

## **2. Legal Entities with Tax Residency in Spain**

### **2.1 Corporate Income Tax (*Impuesto sobre Sociedades*)**

Payments of income deriving from the transfer, redemption or repayment of the Notes constitute a return on investments for tax purposes obtained from the transfer to third parties of own capital and must be included in profit and taxable income of legal entities with tax residency in Spain for Corporate Income Tax purposes in accordance with the rules for Corporate Income Tax.

In accordance with Section 59.s) of the Corporate Income Tax Regulations there is no obligation to make a withholding on income obtained by Spanish corporate income tax taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds) from financial assets traded on organised markets in OECD countries. In relation to Notes which are listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange – Regulated market, this requirement will be satisfied. On 27 July 2004, the Directorate General for Taxation (*Dirección General de Tributos*) issued a reply to a non-binding consultation indicating that in the case of issues made by entities resident in Spain, such as the Issuer, the exemption requires that the Notes be placed outside Spanish territory, in another OECD country. The Issuer considers that the Notes will fall within this exemption as the Notes are to be placed outside Spain and in the international capital markets. Consequently, the Issuer will not make any withholding

on payments to Spanish corporate income tax taxpayers that provide the relevant information to qualify as such. If the Spanish tax authorities maintain a different opinion on this matter, however, the Issuer will be bound by that opinion and with immediate effect, shall make the appropriate withholding and the Issuer will not, as a result, be under any obligation to pay additional amounts.

In order to implement the exemption from withholding, the procedures set out in the Order of 22 December 1999 will be followed. No reduction percentage will be applied.

(See “Disclosure of holder information in connection with Payments” below).

## **2.2 *Wealth tax (Impuesto sobre el Patrimonio)***

Spanish resident legal entities are not subject to wealth tax.

## **2.3 *Inheritance and gift tax (Impuesto sobre Sucesiones y Donaciones)***

Legal entities with tax residency in Spain which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to Inheritance and Gift Tax and must include the market value of the Notes in their taxable income for Spanish Corporate Income Tax purposes.

# **3. *Individuals and Legal Entities with no tax residency in Spain***

## **3.1 *Non-resident income tax (Impuesto sobre la Renta de No Residentes)***

### **(a) *Non-Spanish resident investors acting through a permanent establishment in Spain***

Ownership of the Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the legal rules applicable to income deriving from such Notes are the same as those previously set out for Corporate Income Tax taxpayers.

### **(b) *Non-Spanish resident investors not acting through a permanent establishment in Spain***

Payments of income deriving from the transfer, redemption or repayment of the Notes, obtained by individuals or entities who have no tax residency in Spain, and which are Non-Resident Income Tax taxpayers with no permanent establishment in Spain, are exempt from such Non-Resident Income Tax on the same terms laid down for income from public debt.

Holders of notes wishing to be eligible for the exemption from Non-Resident Income Tax will need to provide (or arrange to be provided on their behalf) certain information relating to the identity and residence of such holders, in the manner detailed under “Disclosure of holder information in connection with Payments” pursuant to section 44 of Royal Decree 1065/2007. If the relevant information is not provided the Issuer will be obliged by Spanish law to apply withholding tax at the rate of 18 per cent. (or such other rate as may be established by Spanish law from time to time), and the Issuer will not as a result be under any obligation to pay additional amounts.

## **3.2 *Wealth tax (Impuesto sobre el Patrimonio)***

To the extent that income deriving from the Notes is exempt from non-resident income tax, individuals who do not have tax residency in Spain who hold such Notes will be exempt from wealth tax.

Furthermore, individuals resident in a country with which Spain has entered into a double tax treaty in relation to wealth tax will generally not be subject to wealth tax.

If the provisions of the foregoing two paragraphs do not apply, individuals who are not tax residents in Spain on 31 December in any given year will be subject to wealth tax to the extent that rights deriving from the Notes can be exercised in Spanish territory.

Non-Spanish resident legal entities are not subject to wealth tax.

### 3.3 ***Inheritance and gift tax (Impuesto sobre Sucesiones y Donaciones)***

Individuals who do not have tax residency in Spain who acquire ownership or other rights over the Notes by inheritance, gift or legacy, and who reside in a country with which Spain has entered into a double tax treaty in relation to inheritance tax will be subject to the relevant double tax treaty.

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to inheritance and gift tax in accordance with the applicable regional and State legislation, to the extent that rights deriving from the Notes can be exercised within the Spanish territory.

Non-Spanish resident legal entities which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to inheritance and gift tax. They will be subject to Non-Resident Income Tax. If the entity is resident in a country with which Spain has entered into a double tax treaty, the provisions of the treaty will apply. In general, treaties provide for the taxation of this type of income in the country of residence of the beneficiary.

## 4. **Disclosure of holder information in connection with interest payments**

### 4.1 ***Tax Reporting Obligations of the Issuer***

The Issuer is required by Spanish law to file an annual return with the Spanish tax authorities in which it reports on certain information relating to payments made in respect of the Notes. The Spanish tax authorities may rely on such returns in order to assess whether or not the Issuer has correctly withheld tax on payments made by it under the Notes.

The Issuer completes each annual return on the basis of the information provided to it by, or on behalf of, holders of Notes.

The information required by the Issuer in order to comply with its annual reporting obligations and provide a refund of amounts withheld in respect of the Notes (as described below) is that set out in Section 44 of Royal Decree 1065/2007 (“**Royal Decree 1065/2007**”).

*On 6 November 2007, the Spanish tax authorities published two binding rulings (Consultas V 2050-07 and V 2051-07) (the “November rulings”) in response to concurrent and substantially identical consultations made by each of Euroclear and Clearstream (the “Clearing Systems”) regarding the procedures put in place by them to assist Spanish issuers in complying with the reporting obligations required by Spanish tax law and regulations. The tax authorities’ responses set out their interpretation of the requirements of the Spanish regulations summarised below, which interpretation varies in some respects from the procedures followed by the Clearing Systems at that time. On 31 January 2008, the Spanish tax authorities published two further rulings (Consultas V 0175-08 and V 0179-08) (the “January rulings”) in response to a request for clarification brought by the Clearing Systems. In response to the combined effect of the November rulings and the January rulings, the Clearing Systems have adapted their procedures.*

*The following is a summary only of the procedures implemented by the Clearing Systems following from the November rulings and the January rulings. The following summary is subject to the detailed procedures of each Clearing System, as well as to any changes in Spanish tax law and/or regulations, or the interpretation thereof, which the Spanish tax authorities may promulgate from time to time. Holders of Notes must seek their own advice to ensure that they comply with all procedures to ensure the correct tax treatment of their Notes. None of the Issuer, the Arranger, the Dealers, the Issue and Paying Agent or the Clearing Systems assume any responsibility therefor.*



## 4.2 *Individuals and Legal Entities without tax residency in Spain*

In accordance with sub-section 44(1) of Royal Decree 1065/2007, each annual return filed by the Issuer with the Spanish tax authorities must include the following information with respect to the relevant Notes:

- (a) the identity and country of residence of the recipient of the income from the Notes or, when such income is received on behalf of the holder of Notes by a third party, the identity and country of residence of that third party;
- (b) the amount of income received; and
- (c) details identifying the Notes.

In accordance with sub-section 44(2) of Royal Decree 1065/2007, the November rulings and the January rulings, for the purpose of preparing the return referred to in sub-section 44(1), certain documents with information regarding the identity and country of residence of each non-Spanish resident holder of Notes must be received by the Issuer at the time of each payment in respect of the Notes. In particular, non-Spanish resident holders of Notes must provide (or arrange to be provided on their behalf by their legal representatives<sup>1</sup>) the documents described below:

- (a) a non-Spanish resident holder of Notes who acts on its own account and is a central bank, other public institution or international organisation, a bank or credit institution or a financial entity, including collective investment institutions, pension funds and insurance entities resident in an OECD country or in a country with which Spain has entered into a treaty for the avoidance of double-taxation subject to a specific administrative registration or supervision scheme, must certify its name and tax residency in accordance with Annex I of the Order of 16 September 1991 (the “Order”), the form of which is attached hereto as Annex I;
- (b) in the case of transactions in which any of the entities indicated in the foregoing paragraph (a) is not the holder of Notes but acts as an intermediary, the entity in question must, in accordance with the information contained in its own records, certify the name and tax residency of each non-Spanish resident holder of Notes in accordance with Annex II of the Order, the form of which is attached hereto as Annex II;
- (c) in the case of transactions which are channelled through a securities clearing and deposit entity recognised for these purposes by Spanish law or by the law of another OECD member country (for example, Euroclear and Clearstream, Luxembourg), the entity in question must, in accordance with the information contained in its own records, certify the name and tax residency of each non-Spanish resident holder of Notes on the relevant payment date in accordance with Annex II of the Order, the form of which is attached hereto as Annex II;
- (d) in all other cases,<sup>2</sup> the relevant non-Spanish resident holder of Notes must arrange annually for the delivery of a tax residency certificate issued by the tax authorities of the country in which it is resident for tax purposes.

The certificates referred to in (a), (b) and (c) above must include the identity and country of residence of each Noteholder entitled to receive payment on the relevant payment date. In accordance with the current procedures of Euroclear and Clearstream, Luxembourg, holders of Notes entitled to receive payment on the relevant payment date are those persons holding Notes at close of business on the day preceding the relevant payment date. Such certificates may therefore not be dated and may not be submitted to the Issue and Paying Agent as agent for the Issuer prior to close of business on the day preceding the relevant payment date.

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<sup>1</sup> The principle of legal representative could permit, in the appropriate cases, the Clearing Systems to prepare, issue and sign the relevant Annexes under a power of attorney on behalf of the entities holding accounts with the Clearing Systems (“Participants” and “Customers”).



In accordance with sub-section 44(3) of Royal Decree 1065/2007, on the relevant payment date the Issuer must arrange for the net amounts payable after deduction of Spanish withholding tax at the applicable rate (currently 18 per cent.) to be transferred to the entities referred to in paragraphs (a), (b) and (c). Withholding tax will be applied to the whole amount representing the difference between the Issue Price (as specified in the relevant Final Terms) of the relevant Notes and the redemption amount payable.

The documents referred to in (a), (b) and (c) must be accurately completed, delivered to and received by the Clearing Systems or, as the case may be, completed by Euroclear or Clearstream, Luxembourg if appointed as legal representative in respect of the holder of Notes, by the relevant time (as determined by the relevant the Clearing System) on the relevant payment date, and received by the Issue Agent (as common depository). The relevant Clearing System would need to arrange for a provision of a global confirmation of the total amount of securities held by each of its qualified participants (i.e. those participants possessing the qualifications mentioned in article 44.2(a) of Royal Decree 1065/2007) for the purposes of complying with the provision contained in article 44.1(a) of Royal Decree 1065/2007.

Those non-Spanish resident holders of Notes in respect of whom the procedures of Euroclear and Clearstream, Luxembourg have been complied with and in respect of whom Euroclear or Clearstream, Luxembourg has been appointed as legal representative, are entitled to receive payments free of withholding and should receive a refund of amounts withheld on the relevant payment date.

Payments made to non-Spanish resident holders of Notes in respect of whom the above the Clearing Systems' procedures are not complied with or in respect of whom Euroclear or Clearstream, Luxembourg has not been appointed as their legal representative will be made subject to Spanish withholding tax on the relevant payment date at the current rate of 18 per cent., although such holders of Notes may be entitled to a refund at a later date of amounts withheld as further described under paragraphs 4.4 and 4.5, below.

#### **4.3 *Legal Entities with tax residency in Spain subject to Spanish Corporate Income Tax***

Holders of Notes who are legal entities resident for tax purposes in Spain and subject to Spanish Corporate Income Tax may receive payments in respect of the Notes free of withholding provided that they provide (or arrange to be provided on their behalf by Euroclear and Clearstream, Luxembourg if appointed as legal representative in respect of the holder of Notes) accurate and timely information enabling them to qualify for such an exemption from withholding.

The entities referred to in 5.2(a) above must provide to the the Clearing Systems by the relevant time (as determined by the relevant the Clearing System) on the relevant payment date a list of holders of Notes who are subject to Spanish Corporate Income Tax, specifying each holder's name, address and Tax Identification Number as well as the ISIN code of the relevant Notes, the number of such Notes held on the relevant payment date, the gross income and the amount withheld, all substantially in the form set out in Annex III below, or, as the case may be, such information must be provided by Euroclear or Clearstream, Luxembourg if appointed as legal representative in respect of the holders of Notes and received by the Issue and Paying Agent (as common depository) by 10:30 (CET) on the relevant payment date.

Holders of Notes who are legal entities resident for tax purposes in Spain and subject to Spanish Corporate Income Tax and in respect of whom the procedures of Euroclear and Clearstream, Luxembourg have been complied with and in respect of whom Euroclear or Clearstream, Luxembourg has been appointed as their legal representative, are entitled to receive payments free of withholding and should receive a refund of amounts withheld on the relevant payment date.

Payments made to holders of Notes in respect of whom the above the Clearing Systems' procedures are not complied with or in respect of whom Euroclear or Clearstream, Luxembourg has not been

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<sup>2</sup> For example, in circumstances where Notes are not cleared and settled through Euroclear, Clearstream, Luxembourg or any other clearing system recognised as such by the laws of Spain or of an OECD country.

appointed as their legal representative will be subject to Spanish withholding tax on the relevant payment date at the current rate of 18 per cent., although such holders may be entitled to a refund at a later date of amounts withheld as further described under paragraphs 4.4 and 4.5, below.

#### 4.4 ***Quick Refund by the Issuer***

In the case of both paragraph 4.2 and paragraph 4.3 above, in order for a holder of Notes to receive payments free of Spanish withholding tax on the relevant payment date, the documentation described in paragraphs 4.2 and 4.3 must be received by the relevant deadlines.

If the relevant documentation in respect of an eligible holder of Notes is not received by the relevant deadlines, the Issue and Paying Agent will be obliged to transfer payment to such holder of Notes subject to Spanish withholding tax (currently at the rate of 18 per cent.). However, the holder of Notes may obtain a refund by the Issuer of the amount withheld by ensuring that the Issue and Paying Agent receives the relevant, correctly completed certificate by no later than 10:00 a.m. (CET) on the Business Day (as defined in the terms and conditions of the Notes) immediately preceeding the 10th calendar day of the month following the relevant payment date (the “**Quick Refund Deadline**”).

**The procedures for providing documentation referred to in paragraph 4.2, 4.3 and 4.4 are set out in detail in the Issuing and Paying Agency Agreement which may be inspected during normal business hours at the specified office of the Issue and Paying Agent. In particular, if the Issue and Paying Agent does not act as common depository, the procedures described in this section will be modified in the manner described in the Issue and Paying Agency Agreement.**

#### 4.5 ***Refund by the Spanish tax authorities***

Holders of Notes who might otherwise have been entitled to a refund but in respect of whom the Fiscal Agent does not receive the relevant documentation on or before a Quick Refund Deadline may seek a refund of Spanish tax withheld directly from the Spanish tax authorities.

*Set out below are Annexes I, II and III. Sections in English have been translated from the original Spanish and such translations constitute direct and accurate translations of the Spanish language text.*

*In the event of any discrepancy between the Spanish language version of the certificates contained in each of Annexes I, II and III and the corresponding English translation, the Spanish tax authorities will give effect to the Spanish language version of the relevant certificate only.*

## Annex I

### Modelo de certificación en inversiones por cuenta propia

Form of Certificate for Own Account Investments

(Nombre)

(Name) \_\_\_\_\_

(Domicilio)

(Address) \_\_\_\_\_

(NIF)

(Fiscal id number) \_\_\_\_\_

(en calidad de)

,en nombre y representación de la Entidad abajo señalada a los efectos previstos en el artículo 44.2a) del Real Decreto 1065/2007,

(function) \_\_\_\_\_

,in the name and on behalf of the Entity indicated below, for the purposes of article 44.2a) of Royal Decree 1065/2007,

**Certifico:**

I certify:

1. **Que el nombre o razón social de la Entidad que represento es:**

that the name of the Entity I represent is: \_\_\_\_\_

2. **Que su residencia fiscal es la siguiente:**

that its residence for tax purposes is: \_\_\_\_\_

3. **Que la Entidad que represento está inscrita en el Registro de**

that the institution I represent is recorded in the \_\_\_\_\_ Register of \_\_\_\_\_

(país estado, ciudad), con el número

(country, state, city), under number \_\_\_\_\_.

4. **Que la Entidad que represento está sometida a la supervisión de (Organo supervisor)**

that the institution I represent is supervised by \_\_\_\_\_ (Supervisory body)

**en virtud de**

(normativa que lo regula).

under \_\_\_\_\_ (governing rules).

**Todo ello en relación con:**

All the above in relation to:

**Identificación de los valores poseídos por cuenta propia**

Identification of securities held on own account \_\_\_\_\_

**Importe de los rendimientos**

Amount of income \_\_\_\_\_

**Lo que certifico en a de de 20**

I certify the above in \_\_\_\_\_ on the \_\_\_\_\_ of \_\_\_\_\_ of 20

## Annex II

### Modelo de Certificación en inversiones por cuenta ajena

Form of certificate for third party investments

(Nombre)

(Name) \_\_\_\_\_

(Domicilio)

(Address) \_\_\_\_\_

(NIF)

(Fiscal id number) \_\_\_\_\_

(en calidad de)

,en nombre y representación de la Entidad abajo señalada a los efectos previstos en el artículo 44.2b y c) del Real Decreto 1065/2007,

(function) \_\_\_\_\_

,in the name and on behalf of the Entity indicated below, for the purposes of article 44.2b) and c) of Royal Decree 1065/2007,

**Certifico:**

I certify:

1. **Que el nombre o razón social de la Entidad que represento es:**  
that the name of the Entity I represent is: \_\_\_\_\_

2. **Que su residencia fiscal es la siguiente:**  
that its residence for tax purposes is: \_\_\_\_\_

3. **Que la Entidad que represento está inscrita en el Registro de**  
that the institution I represent is recorded in the \_\_\_\_\_ Register of \_\_\_\_\_  
(país estado, ciudad), con el número  
(country, state, city), under number \_\_\_\_\_

4. **Que la Entidad que represento está sometida a la supervisión de (Organo supervisor)**  
that the institution I represent is supervised by \_\_\_\_\_ (Supervisory body)  
**en virtud de (normativa que lo regula).**  
under \_\_\_\_\_ (governing rules).

5. **Que, de acuerdo con los Registros de la Entidad que represento, la relación de titulares adjunta a la presente certificación, comprensiva del nombre de cada uno de los titulares no residentes, su país de residencia y el importe de los correspondientes rendimientos, es exacta, y no incluye personas o Entidades residentes en España.**

That, according to the records of the Entity I represent, the list of beneficial owners hereby attached, including the names of all the non-resident holders, their country of residence and the corresponding income amounts, is accurate and does not include person(s) or institution(s) resident in Spain.

**Lo que certifico en a de de 20**

I certify the above in \_\_\_\_\_ on the \_\_\_\_\_ of \_\_\_\_\_ of 20

**RELACIÓN ADJUNTA A CUMPLIMENTAR:**

TO BE ATTACHED:

**Identificación de los valores:**

Identification of the securities

**Listado de titulares:**

List of beneficial owners:

**Nombre / País de residencia / Importe de los rendimientos**

Name / Country of residence / Amount of income

### Annex III

**Modelo de certificación para hacer efectiva la exclusion de retencion a los sujetos pasivos del impuesto sobre sociedades y a los establecimientos permanentes sujetos pasivos del impuesto sobre la renta de no residentes (a emitir por las entidades citadas en el art. 44.2a) del Real Decreto 1065/2007)**

Certificate for application of the exemption on withholding to Spanish corporation tax taxpayers and to permanent establishments of non-resident income tax taxpayers (to be issued by entities mentioned under article 44.2a) of Royal Decree 1065/2007)

**(Nombre)**

(Name) \_\_\_\_\_

**(Domicilio)**

(Address) \_\_\_\_\_

**(NIF)**

(Fiscal id number) \_\_\_\_\_

**(en calidad de)**

**,en nombre y representación de la Entidad abajo señalada a los efectos previstos en el artículo 59(q) and (s) del Real Decreto 1777/2004,**

(function) \_\_\_\_\_

,in the name and on behalf of the Entity indicated below, for the purposes of article 59(q) and (s) of Royal Decree 1777/2004,

**Certifico:**

I certify:

**1. Que el nombre o razón social de la Entidad que represento es:**

That the name of the Entity I represent is: \_\_\_\_\_

**2. Que su residencia fiscal es la siguiente:**

That its residence for tax purposes is: \_\_\_\_\_

**3. Que la Entidad que represento está inscrita en el Registro de**

That the institution I represent is recorded in the \_\_\_\_\_ Register of \_\_\_\_\_  
(*país estado, ciudad*), con el número

(country, state, city), under number \_\_\_\_\_

**4. Que la Entidad que represento está sometida a la supervisión de (Organo supervisor)**

That the institution I represent is supervised by \_\_\_\_\_ (Supervision body)  
**en virtud de (normativa que lo regula).**  
under \_\_\_\_\_ (governing rules).

**5. Que, a través de la Entidad que represento, los titulares incluidos en la relación adjunta, sujetos pasivos del Impuesto sobre Sociedades y establecimientos permanentes en España sujetos pasivos del Impuesto sobre la Renta de no Residentes, son perceptores de los rendimientos indicados.**

That, through the Entity I represent, the list of holders hereby attached, are Spanish Corporations Tax taxpayers and permanent establishment in Spain of Non-Resident Income Tax taxpayers, and are recipients of the referred income.

**6. Que la Entidad que represento conserva, a disposición del emisor, fotocopia de la tarjeta acreditativa del número de identificación fiscal de los titulares incluidos en la relación.**

That the Entity I represent keeps, at the disposal of the Issuer, a photocopy of the card evidencing the Fiscal Identification Number of the holders included in the attached list.

**Lo que certifico en                      a                      de                      de 20**

I certify the above in \_\_\_\_\_ on the \_\_\_\_\_ of \_\_\_\_\_ of 20

**RELACIÓN ADJUNTA**

TO BE ATTACHED

**Identificación de los valores:**

Identification of the securities

**Razón social / Domicilio / Número de identificación fiscal / Número de valores / Importe de los rendimientos brutos / Retención al 18%**

Name / Domicile / Fiscal Identification Number / Number of securities / Gross income / Amount withheld at 18%.



## SUBSCRIPTION AND SALE

### General

Notes may be sold from time to time by the Issuer to any one or more Dealers. Notes may also be sold by the Issuer direct to institutions who are not Dealers. The arrangements by which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated dealer agreement dated 31 July 2008 (the “Dealer Agreement”, as amended, supplemented or restated from time to time) and made between the Issuer and the Dealers.

All applicable laws and regulations must be observed in any jurisdiction in which Notes may be offered, sold or delivered. No person may directly or indirectly offer, sell, resell, reoffer or deliver Notes or distribute any document, circular, advertisement or other offering material in any country or jurisdiction except under circumstances that will result, to the best of its knowledge and belief, in compliance with all applicable laws and regulations.

Other than with respect to the admission to listing, trading and/or quotation by such one or more listing authorities, stock exchanges and/or quotation systems as may be specified in the relevant Final Terms, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands the Information Memorandum or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

### The United States of America

The Notes have not been and will not be registered under U.S. Securities Act of 1933, as amended (the “Securities Act”) and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed that it has not offered and sold, and will not offer or sell, any Notes within the United States or to, or for the account or benefit of, U.S. persons, and it will send to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of U.S. persons.

### The United Kingdom

In relation to each issue of Notes, the Dealer purchasing such Notes has represented, warranted and undertaken to the Issuer that:

- (a) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not apply to the Issuer if it was not an authorised person; and
- (b) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, “Japanese Person” shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## **Kingdom of Spain**

Each Dealer has acknowledged and each other Dealer appointed under the Programme will be required to acknowledge that the Notes must not be offered, distributed or sold in Spain. No publicity of any kind shall be made in Spain.

## **The Netherlands**

Each Dealer has represented, covenanted and agreed that Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member firm of Euronext Amsterdam N.V. in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note in global form) of any particular issue of Notes are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter. As used herein “Zero Coupon Notes” are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

## GENERAL INFORMATION

1. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and International Securities Identification Number in relation to the Notes of each Series and any other clearing system as shall have accepted the relevant Notes for clearance will be specified in the Final Terms relating thereto.

2. The admission of the Programme to listing on the Official List of the UK Listing Authority and to trading on the London Stock Exchange – Regulated Market is expected to take effect on or around 7 August 2008. The admission of the Notes to trading on the London Stock Exchange – Regulated Market will be expressed as a percentage of their principal amount. Any Notes intended to be admitted to listing on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange – Regulated Market will be so admitted to listing and trading upon submission to the UK Listing Authority and the London Stock Exchange of the relevant Final Terms and any other information required by the UK Listing Authority and the London Stock Exchange, subject in each case to the issue of the relevant Notes. Prior to official listing, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the second working day in London after the day of the transaction.

However, Notes may be issued pursuant to the Programme which will be admitted to listing, trading and/ or quotation by such other listing authority, stock exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree. Notes may not be issued pursuant to the Programme on an unlisted basis.

**THE ISSUER**

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**THE DEALERS**

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**ING Bank N.V.**  
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The Netherlands

**Lehman Brothers International (Europe)**  
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London E14 5LE

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as to Spanish law*

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