* Basque Government "*Gobierno Vasco*" **ANNOUNCES TENDER AND EXCHANGE OFFERS ***

NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE U.S. VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS), ANY STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA OR TO ANY PERSON RESIDENT OR LOCATED IN ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS DOCUMENT.

The Basque Government Administration ("*Gobierno Vasco*") is the executive entity who governs and directs the Autonomous Community of the Basque Country ("*Comunidad Autónoma del País Vasco"*) which is one of the Autonomous Communities of the Kingdom of Spain (hereinafter referred as "GV"), hereby announces that it is inviting holders (all such holders together, the "Noteholders") of the outstanding EUR700m 4.15 per cent notes due 28/10/2019 (ES0000106437) issued by GV "Deuda Gobierno Vasco" (the "Existing Notes") to:

(a) exchange for newly issued Euro-denominated 2.50 per cent. Notes due 28/02/2038 (the "Series 1") to be issued by GV and to be consolidated and form a single series with the existing EUR200,000,000 2.50 per cent. Notes due February 2038 (ISIN: ES0000106601) up to a Maximum Exchange Acceptance Amount of EUR250,000,000 (the "Maximum Exchange Acceptance Amount Series 1")(the "Exchange Offer Series 1);

(b) exchange for newly issued Euro-denominated 1.75 per cent. Notes due 16/03/2026 (the "Series 2" and, together with Series 1 the "Series", each a "Series") to be issued by GV and to be consolidated and form a single series with the existing EUR500,000,000 1.75 per cent. Notes due March 2026 (ISIN: ES0000106551) up to a Maximum Exchange Acceptance Amount of EUR150,000,000 (the "Maximum Exchange Acceptance Amount Series 2") (the "Exchange Offer Series 2" and, together with "Exchange Offer Series 1", the "Exchange Offers") and/or

(c) tender them to the GV for redemption against an amount of cash calculated as is explained herein (the "Tender Offer" together with the "Exchange Offers", the "Offers").

GV proposes to accept for tender and/or for exchange pursuant to the Offers up to EUR 400,000,000 in aggregate principal amount of the Existing Notes (the "Indicative Acceptance Amount"), subject to the jurisdictional restrictions set out above and the terms and conditions contained in the Basque Government Resolution dated 13 November 2018 and the Order of the Basque Economy and Tax Councillor (the "Basque Government Decision"), as per the following details:

	Notes	ISIN	Outstanding Nominal Amount	Reference Rate	Reference Spread	Minimum Denomination
	EUR700,000,000 4.150 per cent. Notes due Oct 2019	ES0000106437	EUR700m	SGLT 0 11/10/2019	+4bps	EUR0.01
Series 1	EUR200,000,000 2.500 per cent. Notes due Feb 2038	ES0000106601	EUR200m	Linear interpolation between SPGB 4.2% 31/01/2037 and SPGB 4.9% 30/07/2040 (mid-market rate)	+22 bps	EUR1000
Series 2	EUR500,000,000 1.750 per cent. Notes due March 2026	ES0000106551	EUR500m	Linear interpolation between SPGB 2.15% 31/10/2025 and SPGB 1.95% 30/04/2026 (mid-market rate)	+13 bps	EUR1000

The Offers are being made as part of GV's balance sheet management and are aimed at pro-actively managing its forthcoming debt maturities. Furthermore, the Offers are aimed to provide a degree of liquidity to those Noteholders whose Existing Notes are accepted in the Offers. GV expects the execution of the Offers to have a positive impact on its financial structure, its budget, and its solvency position. The level of indebtedness for the Basque Country will remain unchanged following the completion of this transaction.

GV will determine, in its sole discretion, the size and allocation of the amount accepted for tender pursuant to the Tender Offer (the "Tender Acceptance Amount") and/or the amount accepted for exchange pursuant to the Exchange Offers (the "Exchange Acceptance Amount" and, together with the Tender Acceptance Amount, the "Final Acceptance Amount"). GV reserves the right to increase or decrease the amount of Existing Notes (including in a significant amount) that it acquires in the Tender Offer rather than the ones it exchanges under the Exchange Offers.

The amount GV will pay or exchange for the Existing Notes of validly tendered and/or exchanged pursuant to the relevant Offers will be calculated by Norbolsa, S.V., S.A. (the « Tender and Exchange Agent ») applying to each nominal amount of Existing Notes tendered or exchanged the sum of the relevant fixed spread in respect of that Series, as specified in the table included above (the "Reference Spread") and the relevant Reference Rate at or around the Pricing Time, expressed as a percentage and rounded to the third decimal place (with 0.0005 being rounded upwards). Exclusively in respect of any Notes accepted for tender, the GV will also pay an amount equal to any accrued and unpaid interest on the relevant Notes from, and including, the relevant interest payment date for the Notes immediately preceding the Settlement Date up to, but excluding, the Settlement Date, which is expected to be no later than 5 December 2018.

Notes acquired by the Issuer pursuant to the Offer will be redeemed . Notes which have not been validly exchanged or tendered and delivered pursuant to the Offers will remain outstanding after the Settlement Date.

The amount of Series 1 and Series 2 Notes, which are exchanged for Existing Notes of each Series validly offered and accepted pursuant to the relevant Exchange Offers will be determined in accordance with an exchange ratio 1/100,000 (the "Series 1 Exchange Ratio") and 1/100,000 (the "Series 2 Exchange Ratio") with any difference in the price settled in cash, including the accrued interest. Instructions must be submitted in respect of a principal amount of Notes in multiples of EUR 1,000.

GV will prioritize the Exchange Offers over any Tender Offers received (the "Order of Priority").

Existing Notes validly submitted to the Offers accept being subject to the pro-ration (if any) being undertaken by the GV in the event that the aggregate principal amount of Existing Notes being submitted to the Offers surpasses the Indicative Acceptance Amount or in the event the Maximum Exchange Acceptance Amount Series 1 is surpassed (in which case the GV may decide to increase said Maximum Exchange Acceptance Amount Series 1 if and when the Maximum Exchange Acceptance Amount Series 2 has not been reached and up to the Indicative Acceptance).

Indicative Timetable (all times are CET):

Commencement of the Offers...................... 14 November 2018
Expiration Deadline.....................10:00, 23 November 2018
Pricing Time.............At or around 16:00 on 27 November 2018
Announcement of Pricing Results.............As soon as reasonably practicable after the Pricing Time
Settlement Date (expected)...................... 05 December 2018

The Issuer reserves the right, in its sole and absolute discretion, to extend, re-open, withdraw or terminate the Offers and to amend or waive any of the terms and conditions of the Offers at any time following the announcement.

Capitalised terms used in this announcement and not otherwise defined have the meanings ascribed to them in the Basque Government Decision.

To tender or exchange Existing Notes in the Offers, it is necessary for holders of Notes to deliver, or arrange to have delivered on its behalf, a valid Tender Instruction that is received in each case by the Tender Agent by the Expiration Deadline. These instructions are of non-revocable nature and the Existing Notes being tendered or exchanged must be free from all rights *in rem* and liens.

Custodians, Direct Participants and Clearing Systems will have deadlines for receiving instructions prior to the Expiration Deadline and holders should contact the intermediary through which they hold their Notes as soon as possible to ensure proper and timely delivery of instructions.

Contact data of entities acting on behalf of the GV in the Offers:

Dealer Managers:
BBVA (+44 20 7648 7671 / liabilitymanagement@bbva.com)
-NorBolsa (+34 944355084 / pcastro@norbolsa.es)

Tender and Exchange Agent:
NorBolsa (+34 94 435 50 72 eventosea@norbolsa.es)