



MINISTRY OF FINANCE PUBLIC DEBT DEPARTMENT

APRIL 2010

State budget borrowing requirements' financing plan and its background:

- in the second quarter of 2010

- in April 2010

THE MOST IMPORTANT INFORMATION:

	<i>(page)</i>
➤ Detailed issuance calendar in April - new benchmarks OK1012 and DS1020.....	4
➤ BGK bonds issuance - resumption.....	3
➤ Decrease in indebtedness in T-bills planned for April 2010.....	5
➤ Public debt to GDP ratio below 50% in 2009.....	10
➤ Borrowing requirements funded of 39%.....	5
➤ Changes in bond portfolio of the main investor groups - further inflow of foreign capital.....	7
➤ Treasury debt average maturity close to historically record high level.....	9

1 General assumptions

- In the second quarter of 2010 T-bond and T-bill auctions are planned to follow the announced yearly issuance calendar and the following modification:
 - T-bond auction of PS series will be held on the third Wednesday and T-bond auction of DS series on the second Wednesday.
- Offer of bonds on the domestic market will depend on the market situation and the consultations with investors.
- T-bond switch auctions will be held depending on the market situation.
- Offer of T-bills will result from the State budget borrowing requirements, level of issuance of T-bonds and level of maturing T-bills.
- Level of foreign financing will be determined by the situation on the domestic and international financial markets and performance of collecting funds from international financial institutions.
- Offer and structure of T-bonds takes into account planned two auctions of bonds issued by BGK for the National Road Fund.

2 Offer of T-bonds and BGK bonds on the domestic market

- Sale auctions

OK T-bonds	PS T-bonds	DS/WS/WZ/IZ T-bonds	IPS and IDS bonds (BGK)
PLN 9.0-12.0 bn (three auctions)	PLN 4.0-7.0 bn (two auctions)	PLN 4.0-7.0 bn (two auctions)	up to PLN 5.5 bn (two auctions)

- Switch auctions

T-bonds to be repurchased are securities maturing till November 2010. The structure of bonds being sold will result from the market situation.

3 Offer of T-bills

Number of auctions	T-bill	
	52 week	Other maturities
12 or 13	PLN 10.0-14.0 bn	depending on budget liquidity

4 Retail bonds

- As previously issued with yields equal to wholesale market yields less the spread.

5 Foreign financing

- Bond issuance on the U.S. market denominated in USD; possible issuance on other international markets depending on the market situation.
- Possibility of additional financing by structured coupon bonds' issuance in the private placement system.

6 T-bond and BGK bond auctions

Month	Auction date	Settlement date	Bond
April	2010-04-07	2010-04-09	OK1012
	2010-04-14	2010-04-16	DS1020
	2010-04-21	2010-04-26	PS0415
May	2010-05-05	2010-05-07	OK1012
	2010-05-12	2010-05-14	PS0415
	2010-05-19	2010-05-21	IDS1018 (BGK)
June	2010-06-02	2010-06-07	OK1012
	2010-06-09	2010-06-11	IPS1014 (BGK)
	2010-06-16	2010-06-18	DS/ WS / WZ / IZ

7 T-bill auctions

T-bill auctions will be held on every Monday (settlement on Wednesday) with the exception of:

- April 1 (auction on Thursday),
- April 30 (auction on Friday).

8 T-bond switching auctions

Month	Auction date	Settlement date
April	2010-04-29*	2010-05-04
May	2010-05-27*	2010-05-31
June	2010-06-23	2010-06-25

* auction on Thursday

9 Bonds issued by BGK for the National Road Fund

- Planned issuance level in 2010: PLN 7.9 bn.
- Planned issuance level in Q2 of 2010: up to PLN 5.5 bn.
- Auction planned in the Q2 of 2010:
 - IDS1018 bonds: May 19,
 - IPS1014 bonds: June 9.

On January 1, 2010, the act changing the act on paid motorways and National Road Fund and the act on financial instruments turnover came into force. One of its consequences is an unambiguous ruling regarding no requirement of the intermediary of brokerage house with respect to trading of the BGK bonds on non-regulated market.

1 T-bond auctions

Auction date	Settlement date	Series	Planned offer (PLN m)
7 APR 2010	9 APR 2010	OK1012	2,500-3,000
14 APR 2010	16 APR 2010	DS1020	2,000-3,500
21 APR 2010	26 APR 2010	PS0415	2,000-3,000

The final offer and the supply will be announced 2 days before the auction and will result from the market situation and consultations with investors.

The Minister of Finance is entitled to organize non-competitive auctions where bonds will be sold at auction average clean price.

2 T-bill auctions

Auction date	Settlement date	T-bill	Planned offer (PLN m)
1 APR 2010*	7 APR 2010	52-week	700-1,000
12 APR 2010	14 APR 2010	52-week	700-1,000
19 APR 2010	21 APR 2010	52-week	700-1,000
26 APR 2010	28 APR 2010	52-week	700-1,000
30 APR 2010**	5 MAY 2010	52-week	700-1,000

* auction on Thursday / ** auction on Friday

3 T-bond switching auction

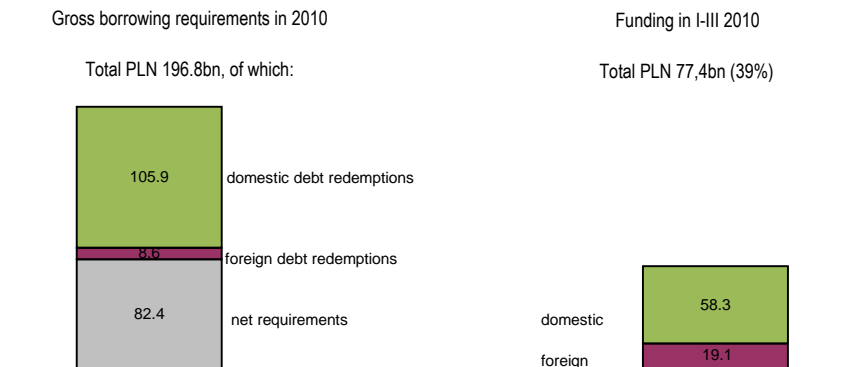
Auction/ settlement date	Settlement T-bonds	Source T-bonds	Outstanding (PLN m)
29 APR 2010*/ 4 MAY 2010	WZ0121 and possibly IZ0823	OK0710	6.470
		DS1110	23.573

* auction on Thursday

4 Offer on the retail market

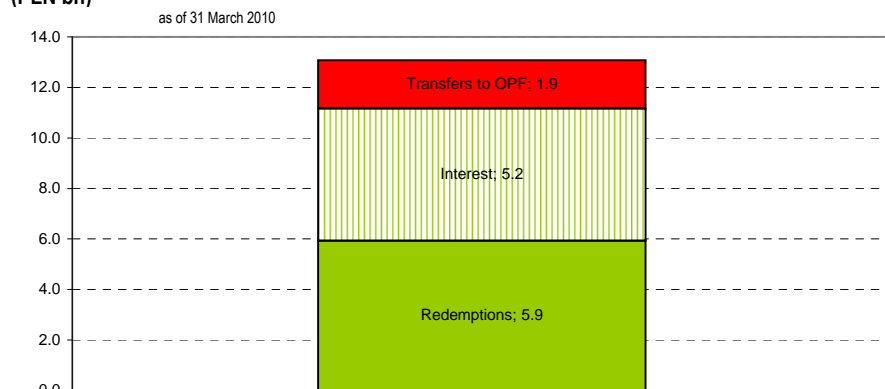
T-bond	Issue price	Coupon
DOS0412	100.00 PLN (99.90 PLN for rolling-over)	Fixed, 4.25%
TZ0213	99.90 PLN	Floating (0.95 * WIBOR 6M), 4.13% in the first coupon period
COI0414	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 2.50%), 4.75% in the first coupon period
EDO0420	100.00 PLN	Floating (inflation rate + 3.00%), 5.25% in the first coupon period

1 Gross borrowing requirements in 2010



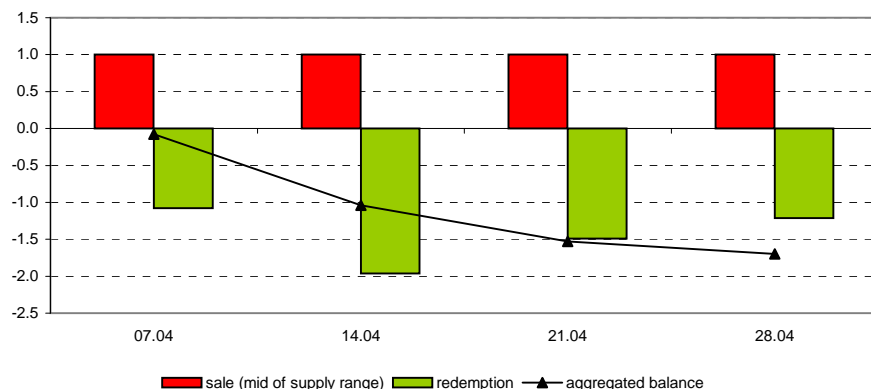
Funding of borrowing requirements after the first quarter of 2010 reached 39% which was mainly a result of bonds issuance on the domestic and foreign markets. Treasury bills' balance was close to zero and drawings of loans from international financial institutions was postponed to the second half of the year.

2 Flows of funds into the market related to T-bonds and T-bills and transfers to Open Pension Funds in April 2010 (PLN bn)



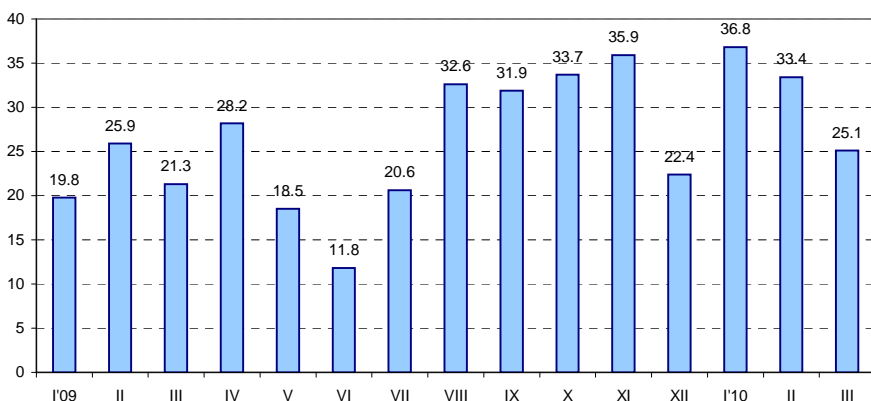
Flow of funds due to redemptions of Treasury Securities, interest payments and transfers from State budget to Open Pension Funds will amount to PLN 13.1bn.

3 Sale and redemption of T-bills in April 2010 (settlement date, PLN bn)



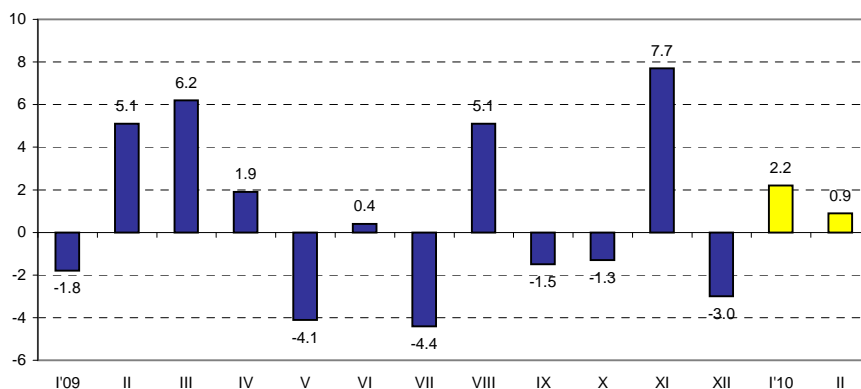
Assumed decrease of T-bills debt in March of PLN 1.7 - 2.9 bn.

4 Funds in PLN and in foreign currency held by MoF at the end of month (foreign currency funds include funds from debt issuance and received from the European Commission, PLN bn)



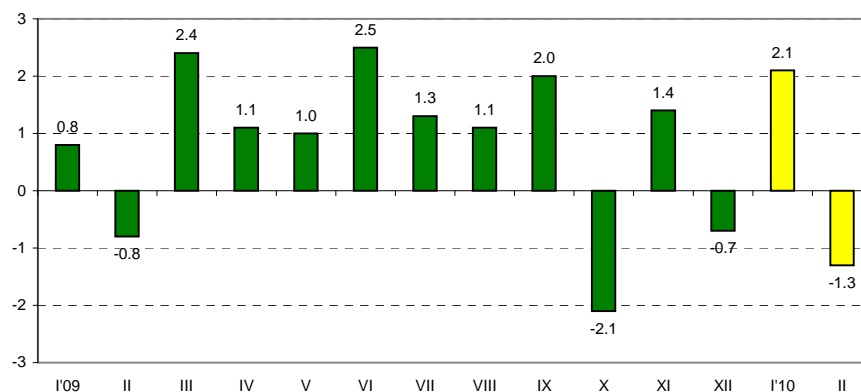
The funds ensure liquidity in borrowing needs financing.

5 Change of debt in domestic Treasury Securities held by banks (without BSB transactions with MoF; PLN bn)



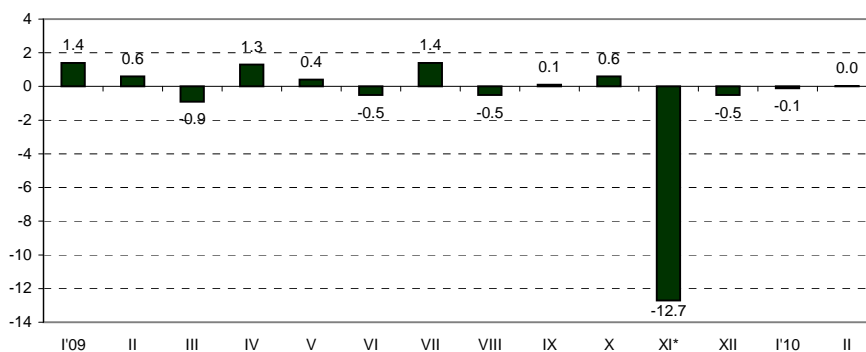
In the period of I-II debt held by domestic banks increased by PLN 3.1bn comparing to PLN 3.3bn increase during the same period of 2009.

6 Change of debt in domestic Treasury securities held by pension funds (PLN bn)



In the period of I-II debt held by pension funds increased by PLN 0.8bn comparing to stable situation during the same period of 2009.

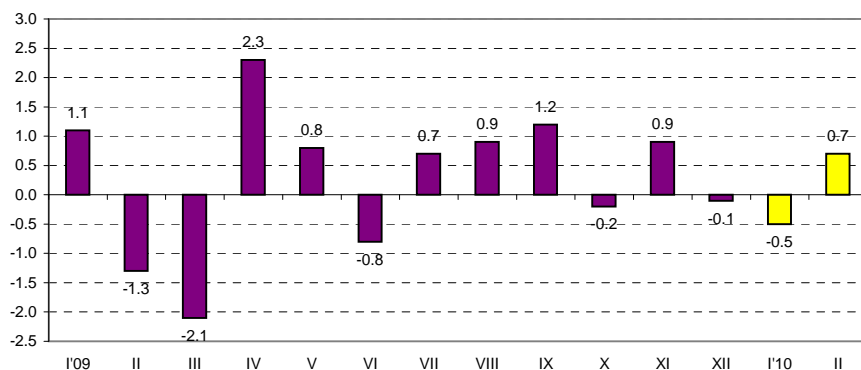
7 Change of debt in domestic Treasury securities held by insurance companies (PLN bn)



In the period of I-II there was a decrease of PLN 0.1bn in debt held by insurance companies. During the same period of 2009 there was an increase of PLN 2.0bn.

* dividend paid by PZU S.A.

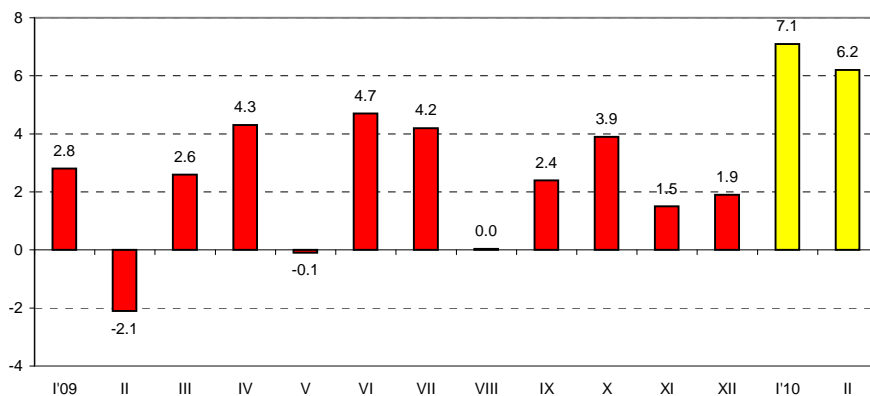
8 Change of debt in domestic Treasury securities held by investment funds (PLN bn)



In the period of I-II there was an increase of PLN 0.2bn in debt held by investment funds. During the same period of 2009 there was a decrease of PLN 0.2bn.

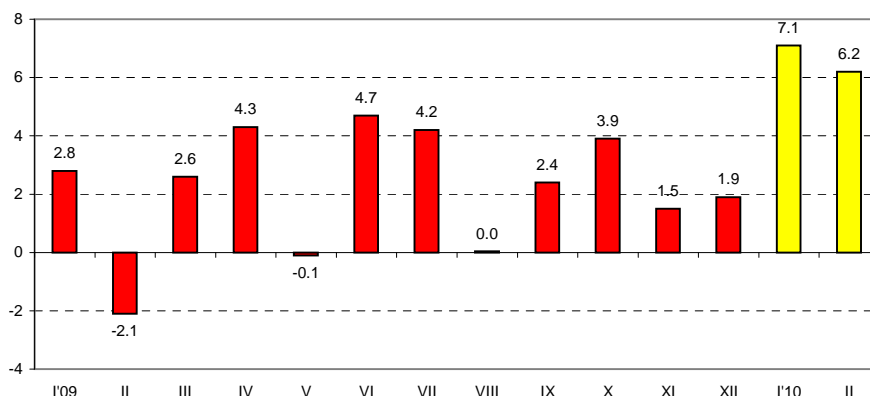
9 Change of debt in domestic Treasury securities held by foreign investors (PLN bn)

In the period of I-II of 2010 inflow of foreign capital to domestic TS market amounted to PLN 13.3bn. Foreign investors' holdings reached record high level PLN of 95.1bn.



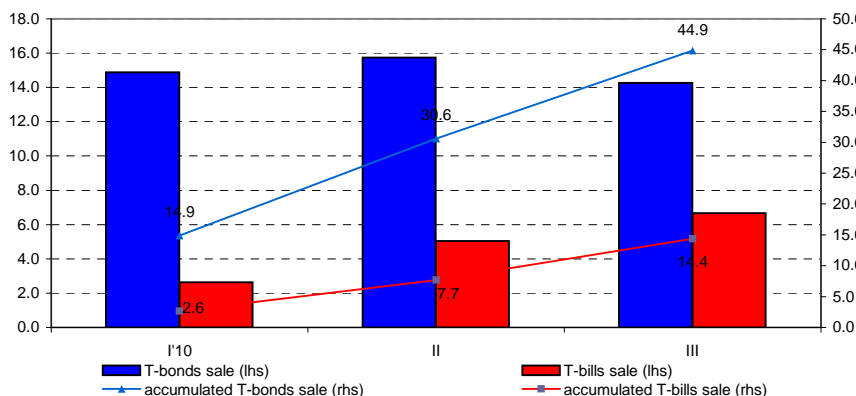
10 Change of debt in domestic bonds held by foreign investors (PLN bn)

In the period of I-II of 2010 inflow of foreign capital to domestic bonds market amounted to PLN 13.7bn. Foreign investors' holdings reached the record high level of PLN 92.2bn.



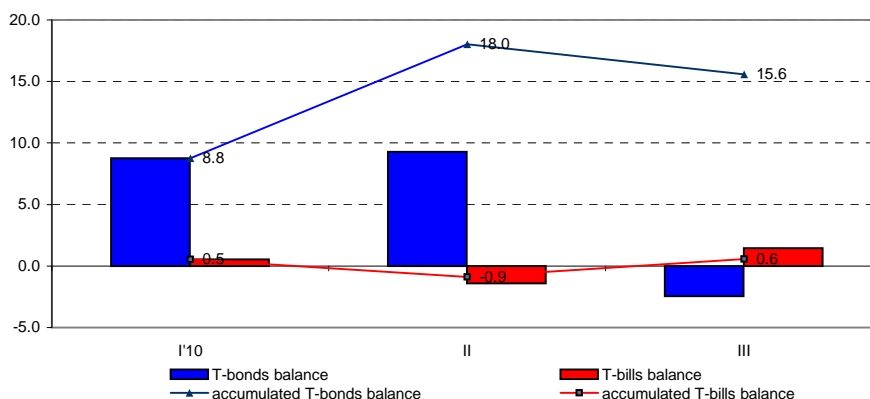
11 Sale of T-bonds and T-bills in the period January - March 2010 (settlement date, nominal amount, PLN bn)

The structure of Treasury securities offered dominated by T-bonds (76% of total amount sold).

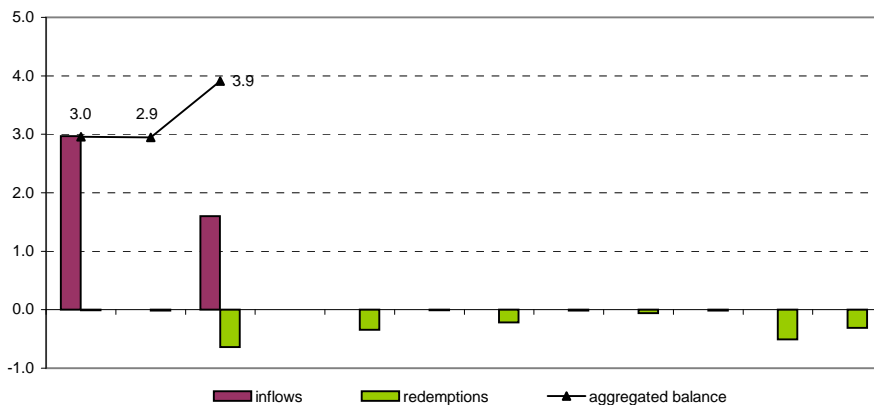


12 Balance of T-bonds and T-bills in the period January - March 2010 (settlement date, nominal amount, PLN bn)

Indebtedness in T-bonds increased by PLN 15,6bn and indebtedness in T-bills increased by PLN 0,6bn.

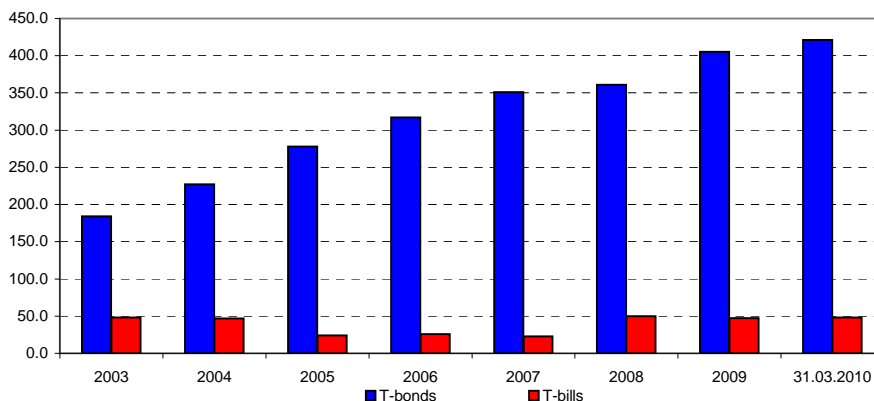


13 External financing in January - March 2010
(bonds issued on foreign markets and loans received from IFIs, EUR bn)



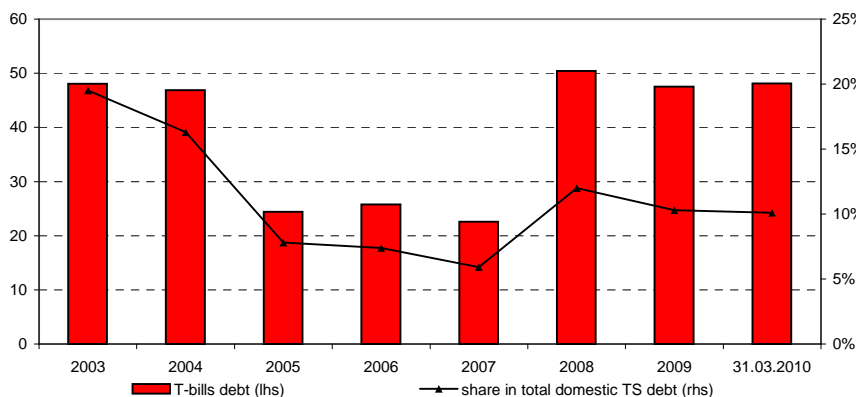
Net financing on foreign markets (bonds issuance and loans from IFIs) amounted to EUR 3.9bn.

14 Structure of marketable debt in the years 2003-2010
(PLN bn)



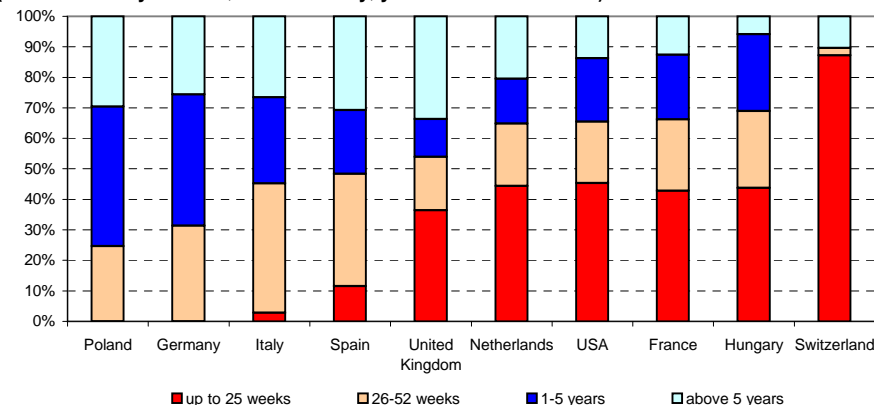
In March 2010 there was a decrease in marketable domestic debt of PLN 0.9bn, in comparison with February, to the level of PLN 479bn (PS0310 redemption of PLN11.8bn). At the end of March indebtedness in T-bonds stayed at the levels observed in 2003-2004. In the same period indebtedness in T-bills increased more than twice.

15 T-bills outstanding in the years 2003-2010
(PLN bn)



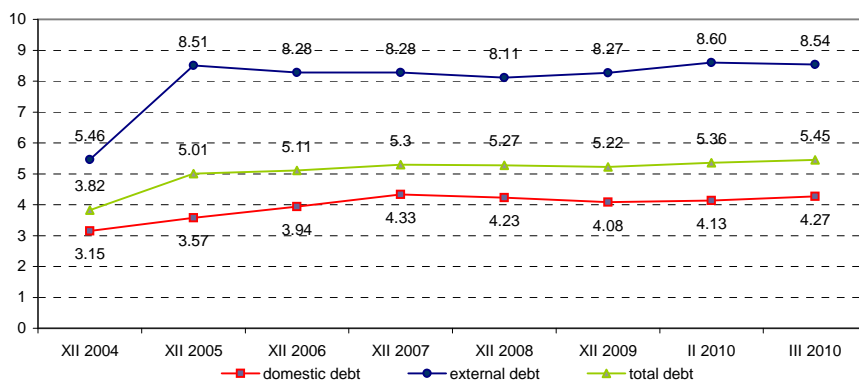
In the period of January - March indebtedness in T-bills increased by PLN 0.6bn and its share in total domestic debt decreased by 0.2 percentage points to 10.1%.

16 Maturity breakdown of T-securities sold in 2009 in Poland and other countries
(auctions and syndicates, local currency, ytd as of 29 March 2010)



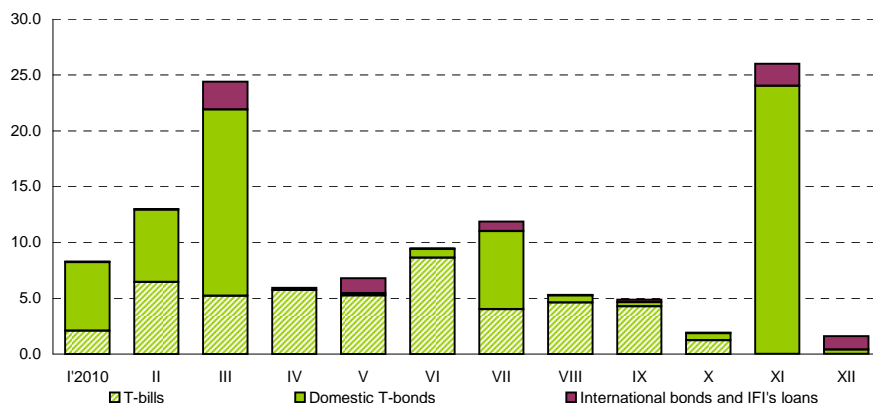
In terms of maturity, the sale of TS in Poland is dominated by securities with maturity over 1 year. Share of T-bills is much lower than e.g. in Great Britain, Germany, USA or Netherlands.

17 Average maturity



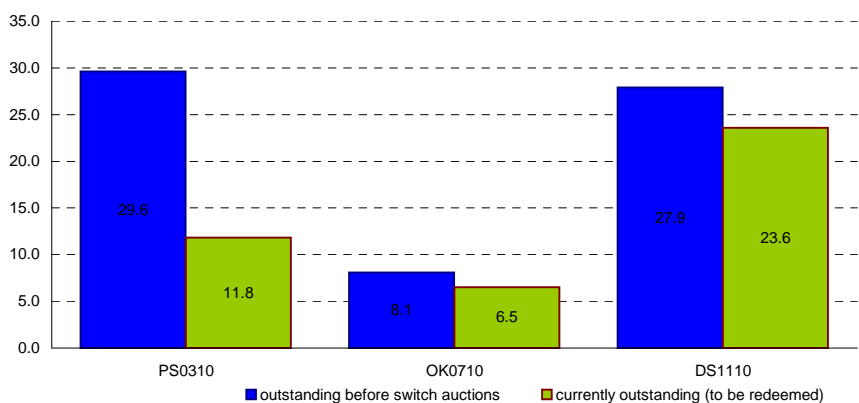
In March the average maturity of domestic debt was at the historic highest level (5.50 in January 2009).

18 State Treasury debt redemptions in 2010 (as of 31 March 2010, nominal amount, PLN bn)



Nominal value of debt to be redeemed in the remaining part of 2010 equals to PLN 73.7bn (as for 31 March 2010).

19 Reducing refinancing risk connected with T-bonds' redemptions (switch auctions, PLN bn)



Buy-back of T-bonds maturing in 2010 via switch auctions was as follows:

- PS0310: PLN 17.8bn (60% of initial outstanding),
- OK0710: PLN 1.6bn (20%),
- DS1110: PLN 4.3bn (15%).

20 T-bonds issue on the Swiss franc market

Issue summary:

Amount:	CHF 475m
Maturity date:	March 31, 2014
Coupon:	2.125%
Spread:	88 bp above the mid-swaps
Yield:	2.193%
Launch date:	March 9, 2010
Bookrunners:	Royal Bank of Scotland, UBS

Market commentary:

Euroweek no 1145 (March 12, 2010):
 "...this was a very nice deal. Demand was good and the size says everything. It was a great size and was well placed. This was a positive sign for the market."

21 T-bonds issue on Euro market

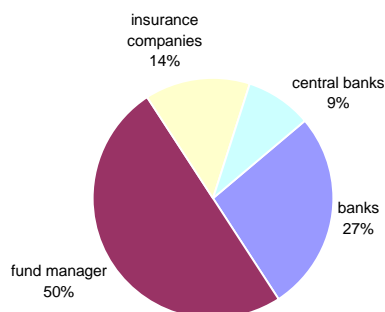
Issue summary:

Amount: PLN 1.25bn
 Maturity date: March 29, 2017
 Coupon: 3.750%
 Spread: 100 bp above the mid-swaps
 Yield: 3.852%
 Launch date: March 22, 2010
 Bookrunners: Barclays Capital, Citi, HSBC

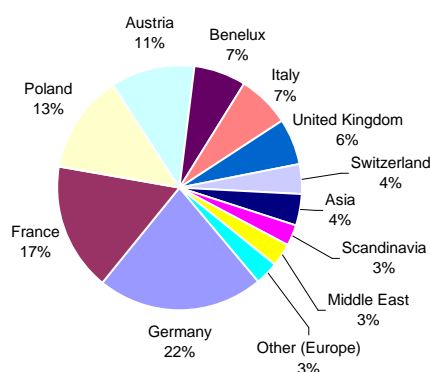
Market commentary:

Euroweek no 1147 (March 26, 2010):
 "... a very good result for Poland. The pricing was tight to its curve..."
 "...well timed in the sense there was no competing sovereign supply, but the market was a bit volatile on the day with the continuing saga of Greece overhanging the market. Despite this, the Poland deal attracted good international demand - they (...) were able to price at the tight end of the whispered guidance."

Orderbook by investor type

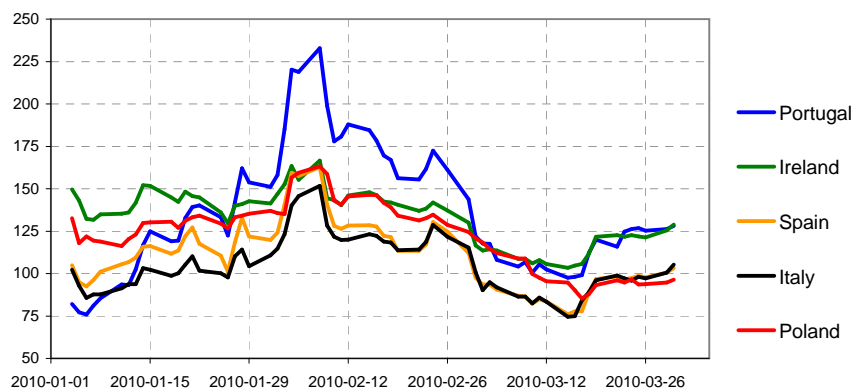


Orderbook by geography



22 CDS levels

(5-year, bp)



Currently 5-year CDS contracts for Poland are traded at lower level than contracts for e.g. Portugal, Spain, Italy or Ireland.

23 Public debt to GDP ratio in 2009

- In line with previous Ministry of Finance's estimations public debt to GDP ratio in 2009 was below the 50% threshold and amounted to **49.9%** (GDP of 2009 according to CSO initial estimations).
- In accordance with ESA'95 General Government debt to GDP ratio in 2009 was 51.0%.

	Amount in PLN m	In relation to GDP
State Treasury debt	631 717.1	47.1%
Public debt	669 992.6	49.9%
General Government debt	684 365.3	51.0%
GDP	1 341 880.8	