



MINISTRY OF FINANCE PUBLIC DEBT DEPARTMENT

JULY 2010

State budget borrowing requirements' financing plan and its background:

in the third quarter of 2010

in July 2010

THE MOST IMPORTANT INFORMATION:

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1 General assumptions

- in the third quarter of 2010 T-bond and T-bill auctions are planned to follow the announced yearly issuance calendar and the following modifications in July and August:
 - auctions of long-term T-bond (DS, WS, WZ and IZ type) will not be held,
 - T-bond switch auctions will be held on the third 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 international and domestic financial market.

2 Offer of T-bonds on the domestic market

- Sale auctions

OK T-bonds	PS T-bonds	DS/WS/WZ/IZ T-bonds
PLN 9.0-14.0 bn (three auctions)	PLN 5.0-9.0 bn (three auctions)	PLN 1.0-3.0 bn (one auction)

- Switch auctions

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

3 Offer of T-bills

- Sale auctions

Number of auctions	T-bill	
	52 week	Other maturities
10-12	PLN 9.0-13.0 bn	depending on budget liquidity

- Buy-back auctions

Will be held in July and possibly in August. T-bills to buy-back will be securities maturing from August to September 2010.

4 Retail bonds

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

5 Foreign financing

- loan from the World Bank at the level EUR 1.0 bn,
- 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 auctions

Month	Auction date	Settlement date	Bond
July	2010-07-07	2010-07-09	OK1012
	2010-07-14	2010-07-16	PS0415
August	2010-08-04	2010-08-06	OK1012
	2010-08-11	2010-08-13	PS0415
September	2010-09-01	2010-09-03	OK1012
	2010-09-08	2010-09-10	PS
	2010-09-15	2010-09-17	DS / WS / WZ / IZ

7 T-bill auctions

T-bill auctions will be held on every Monday (settlement on Wednesday) with the exception of July 19 (no auction).

8 T-bond switching auctions

Month	Auction date	Settlement date
July	2010-07-21	2010-07-23
August	2010-08-18	2010-08-20
September	2010-09-22	2010-09-24

9 T-bill buy-back auctions

Month	Auction date	Settlement date
July	2010-07-20	2010-07-22
August	depending on market and budget situation	

1 T-bond auctions

Auction date	Settlement date	Series	Planned offer (PLN m)
7 JUL 2010	9 JUL 2010	OK1012	3,000-5,000
14 JUL 2010	16 JUL 2010	PS0415	1,500-3,500

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-bond switching auction

Auction/ settlement date	Settlement T-bonds	Source T-bonds	Outstanding (PLN m)
21 JUL 2010/ 23 JUL 2010	Depending on market situation: DS1020 / WS0429 / WZ0121 / IZ0823	DS1110	20,785

3 T-bill auctions

Auction date	Settlement date	T-bill	Planned offer (PLN m)
5 JUL 2010	7 JUL 2010	52 week	600-1,100
12 JUL 2010	14 JUL 2010	52 week	600-1,200
26 JUL 2010	28 JUL 2010	52 week	1,200-2,000

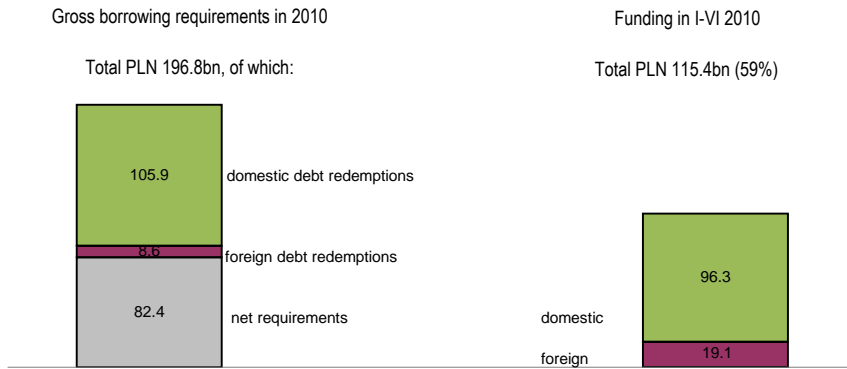
4 T-bill buy-back auction

T-bill buy-back auction is planned on July 20, 2010 with settlement on July 22, 2010. T-bills to be bought-back are the securities maturing from August 4th, 2010 to August 25th, 2010. The face value of these T-bills amounts to PLN 4,627m.

5 Offer on the retail market

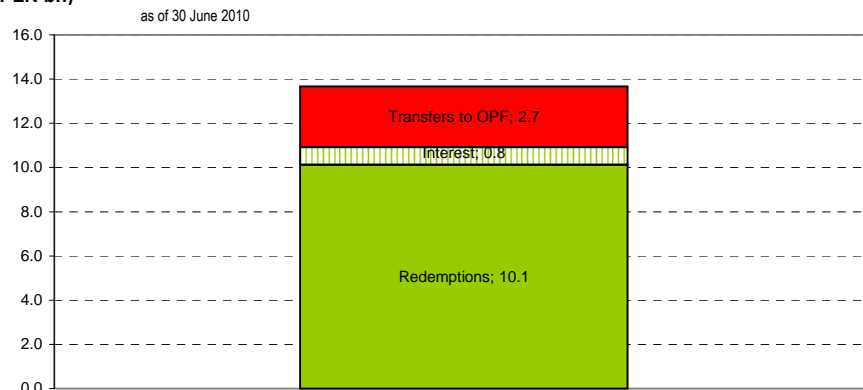
T-bond	Issue price	Coupon
DOS0712	100.00 PLN (99.90 PLN for rolling-over)	Fixed, 4.00%
TZ0513	99.90 PLN	Floating (0.95 * WIBOR 6M), 3.85% in the first coupon period
COI0714	100.00 PLN (99.90 PLN for rolling-over)	Floating (inflation rate + 2.50%), 4.50% in the first coupon period
EDO0720	100.00 PLN	Floating (inflation rate + 3.00%), 5.25% in the first coupon period

1 Gross borrowing requirements in 2010



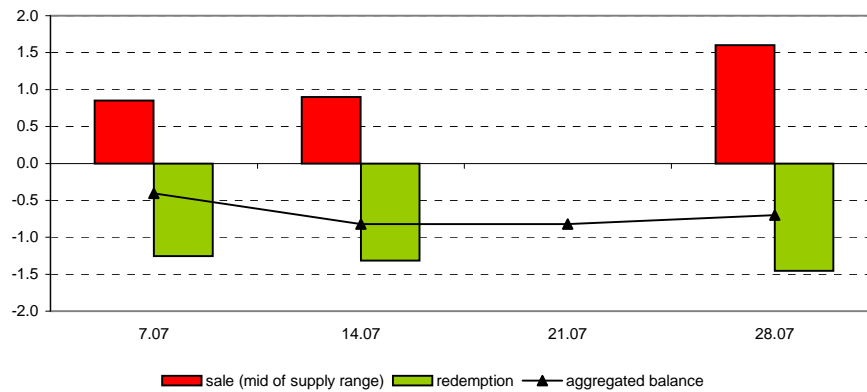
Funding of borrowing requirements after six months of 2010 reached 59% which was mainly a result of bonds issuance on the domestic and foreign markets. Drawings of loans from international financial institutions was postponed to the third quarter of the year.

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



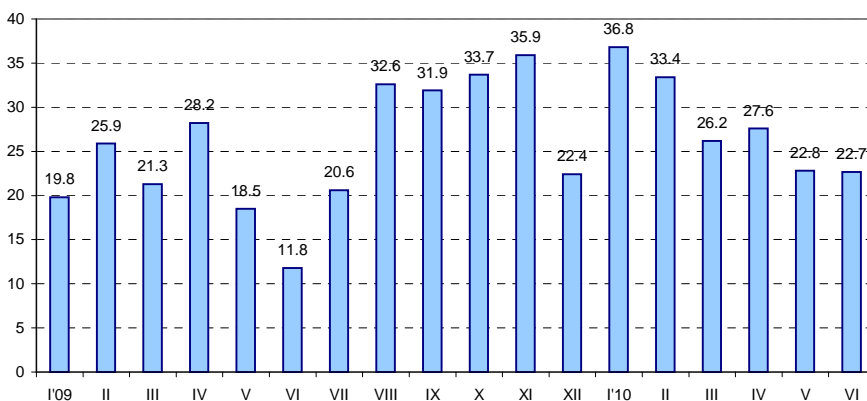
Flow of funds due to redemptions of Treasury Securities, interest payments and transfers from State budget to Open Pension Funds will amount to PLN 13.7bn.

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



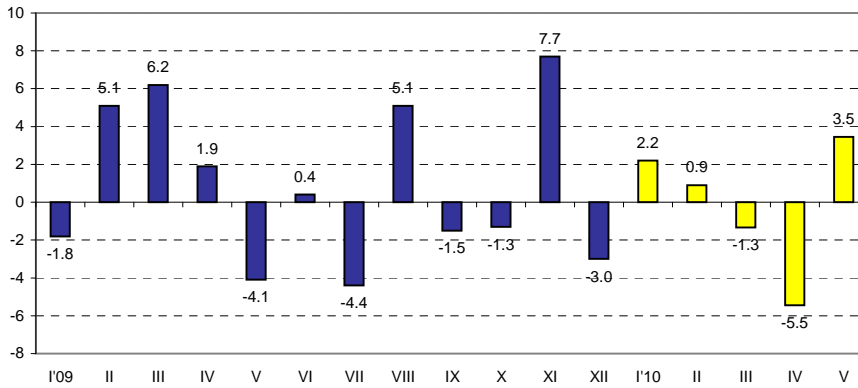
Assumed change of T-bills debt in July will amount in range of PLN -1.6 - 0.3bn. Supply of T-bills is adjusted to T-bonds offerings and T-bills redemptions.

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)



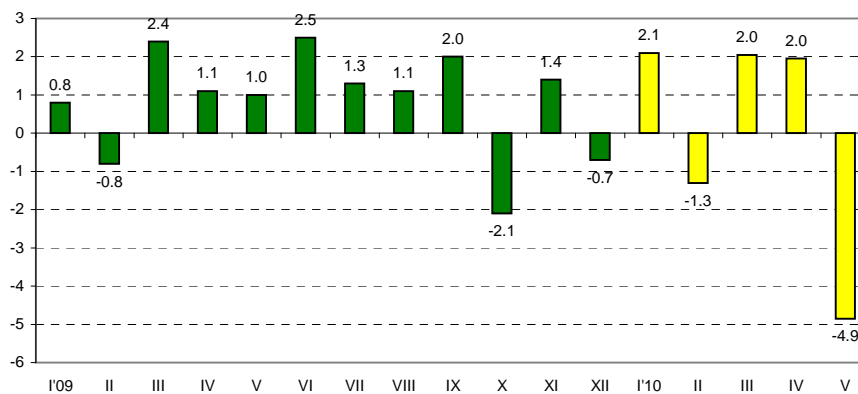
The funds ensure liquidity in borrowing needs financing.

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



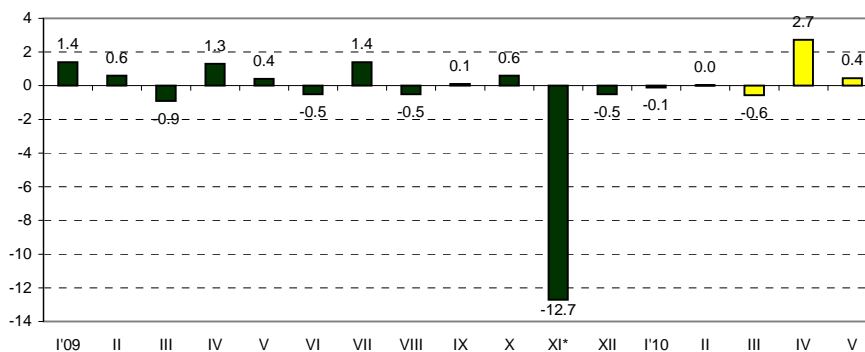
In the period of I-V debt held by domestic banks decreased by PLN 0.2bn comparing to PLN 7.3bn increase during the same period of 2009.

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



In the period of I-V debt held by pension funds decreased by PLN 0.1bn comparing PLN 4.5bn increase during the same period of 2009.

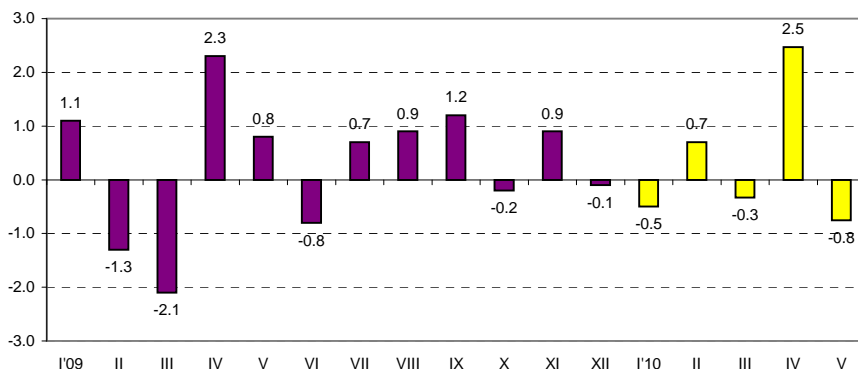
**7 Change of debt in domestic Treasury securities held by insurance companies
(PLN bn)**



* dividend paid by PZU S.A.

In the period of I-V there was an increase of PLN 2.5bn in debt held by insurance companies. During the same period of 2009 there was an increase of PLN 2.7bn.

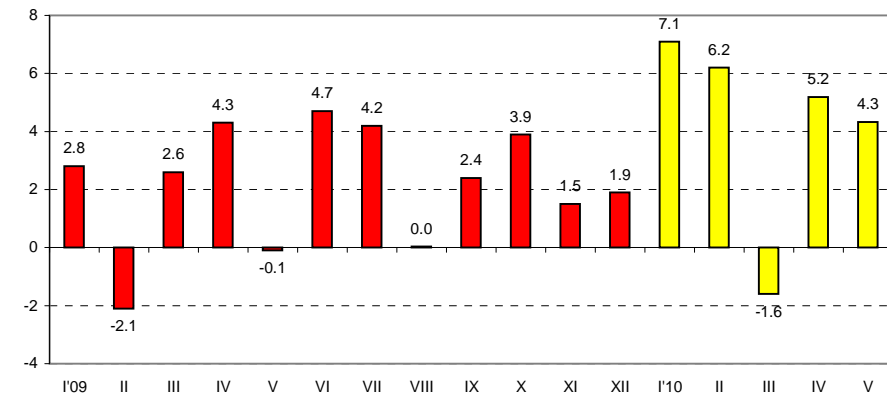
**8 Change of debt in domestic Treasury securities held by investment funds
(PLN bn)**



In the period of I-V there was an increase of PLN 1.6bn in debt held by investment funds. Comparing to PLN 0.8bn at the same period of 2009.

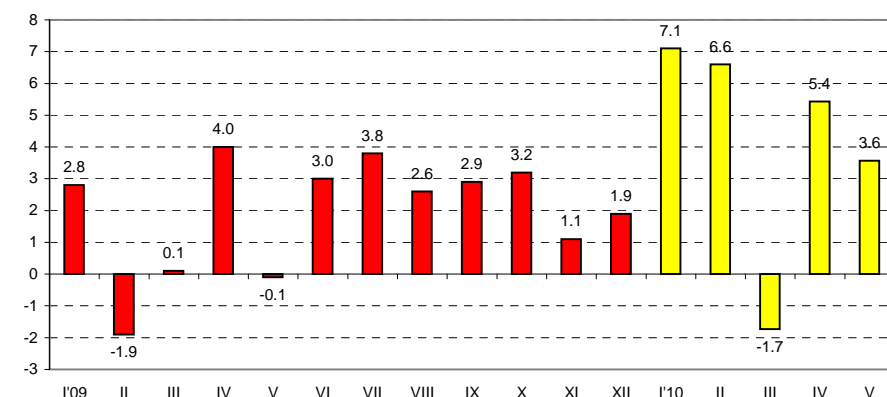
9 Change of debt in domestic Treasury securities held by foreign investors (PLN bn)

In the period of I-V of 2010 inflow of foreign capital to domestic TS market amounted to PLN 21.2bn. Foreign investors' holdings reached of PLN 103.0bn.



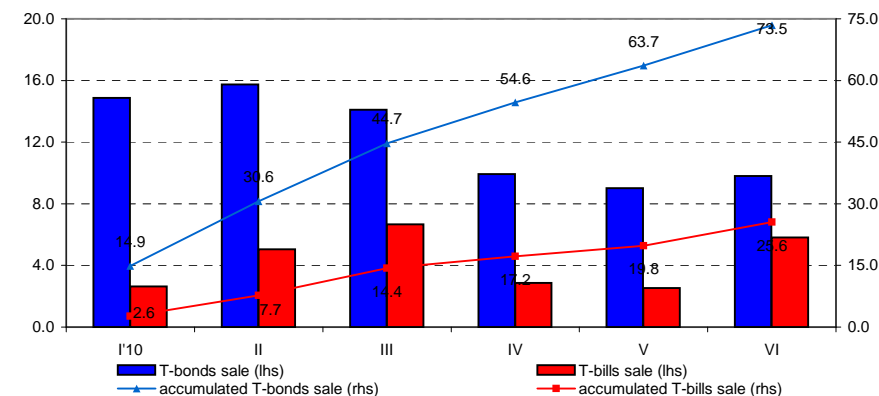
10 Change of debt in domestic bonds held by foreign investors (PLN bn)

In the period of I-V of 2010 inflow of foreign capital to domestic bonds market amounted to PLN 21.0bn. Foreign investors' holdings reached PLN 99.5bn.



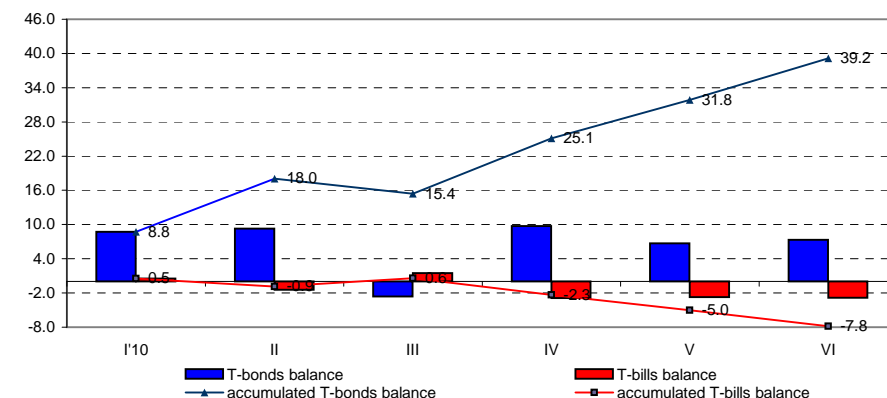
11 Sale of T-bonds and T-bills in the period January - June 2010 (settlement date, nominal amount, PLN bn)

The structure of Treasury securities offered dominated by T-bonds (74% of total amount sold).

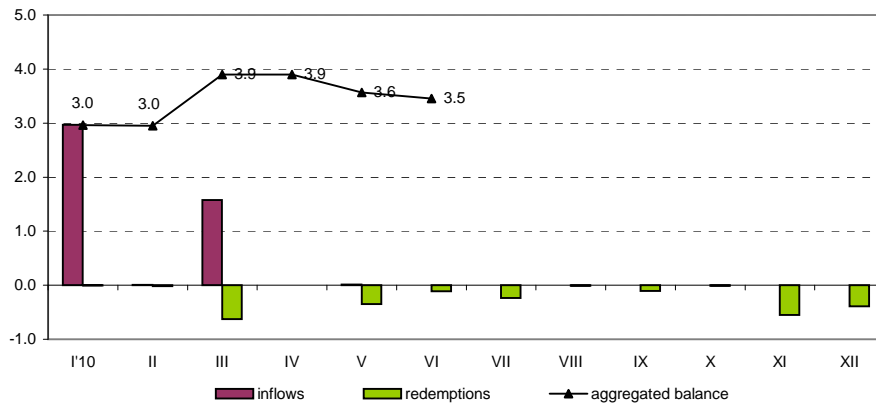


12 Balance of T-bonds and T-bills in the period January - June 2010 (settlement date, nominal amount, PLN bn)

Indebtedness in T-bonds increased by PLN 39.2bn, whereas indebtedness in T-bills decreased by PLN 7.8bn.

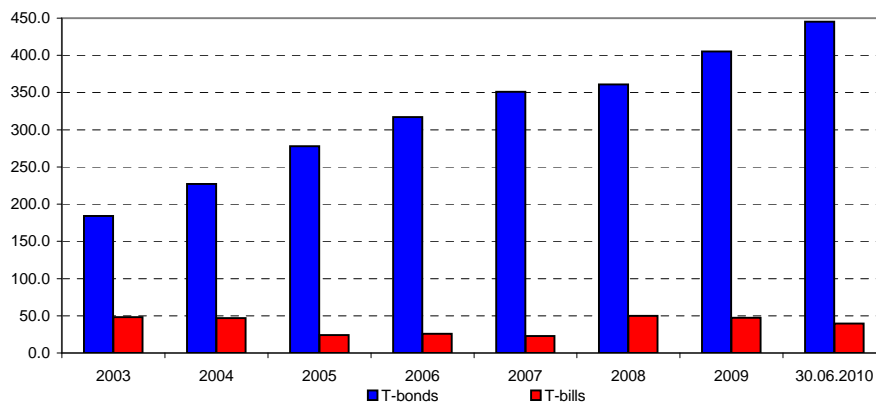


13 External financing in January - June 2010
(bonds issued on foreign markets and loans received from IFIs, EUR bn)



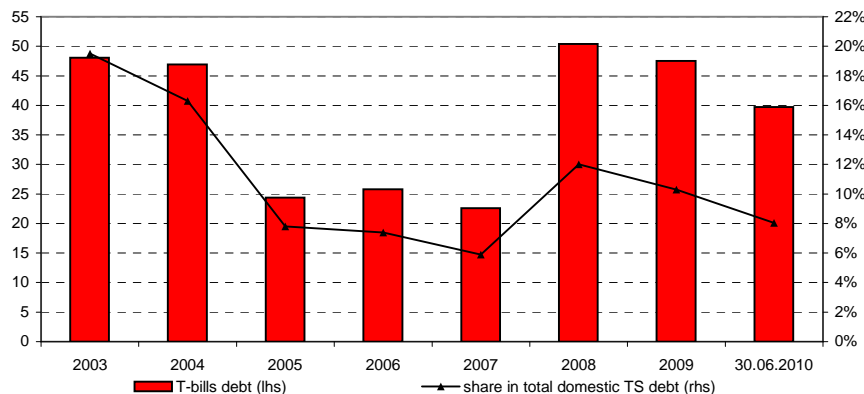
Net financing on foreign markets (bonds issuance and loans from IFIs) amounted to EUR 3.5bn.

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



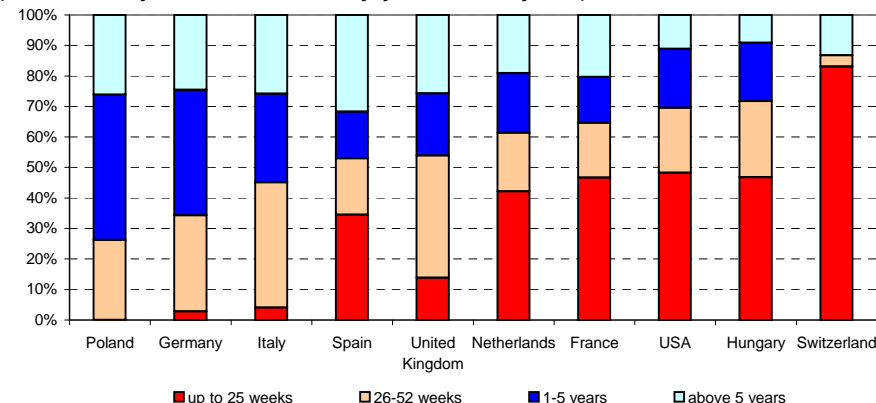
In June 2010 there was an increase in marketable domestic debt of PLN 4.8bn to PLN 484.8bn. There is distinct T-bonds lead in the structure (92%).

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



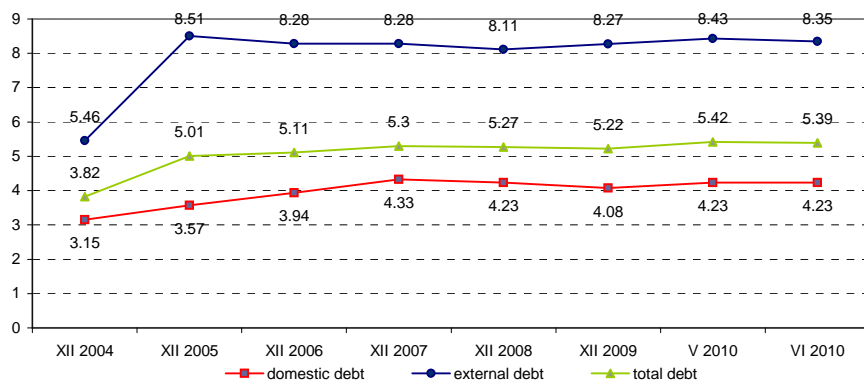
In the period of January - June indebtedness in T-bills decreased by PLN 7.8bn and its share in total domestic debt amounted to 8%.

16 Maturity breakdown of T-securities sold in 2009 in Poland and other countries
(auctions and syndicates, local currency, ytd as of 26 May 2010)



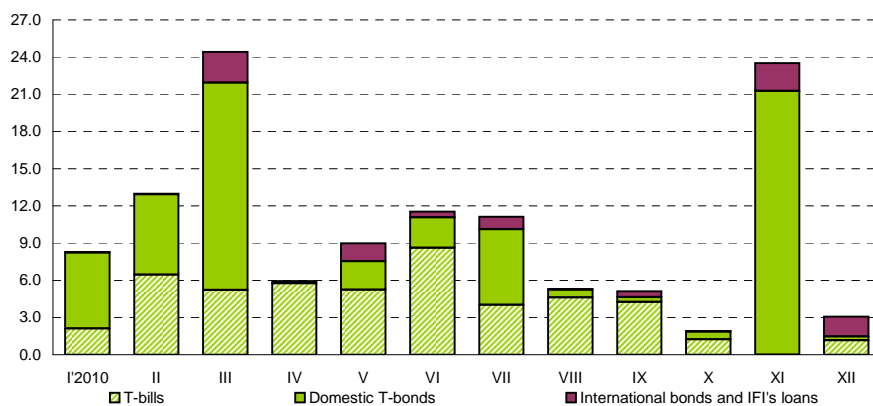
In terms of maturity, the sale of TS in Poland is dominated by securities with maturity over 1 year.

17 Average maturity



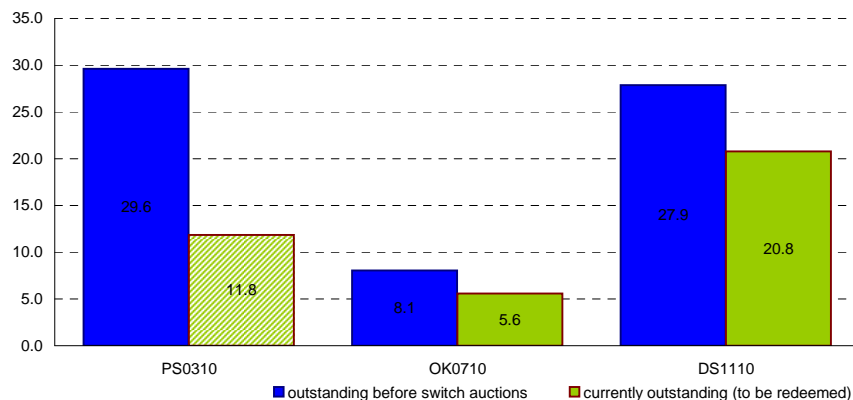
In June the average maturity of domestic debt was at the historic highest level (5.50 in January 2009).

18 State Treasury debt redemptions in 2010 (nominal amount, PLN bn)



The nominal amount of debt to be redeemed in 2010 is equal to PLN 49.9bn which makes up 41% of redemption of 2010.

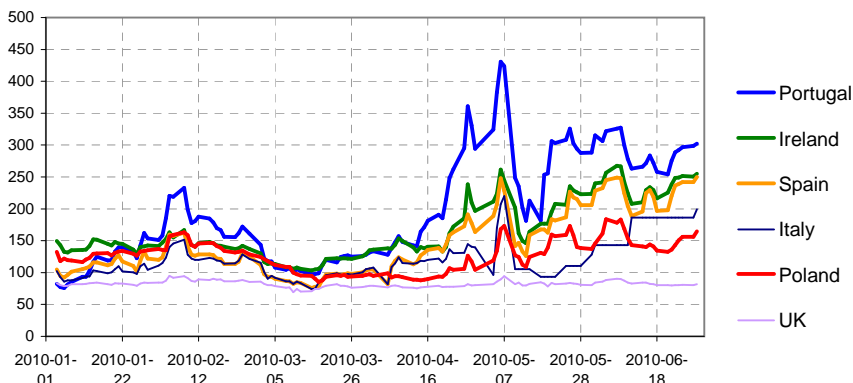
19 Reducing refinancing risk connected with T-bonds' redemptions (switch auctions, PLN bn)



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

- PS0310: PLN 17.8bn (60% of initial outstanding),
- OK0710: 2.5 mld zł (31%),
- DS1110: 7.1 mld zł (25%).

20 CDS levels (5-year, bp)



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

21 Euromoney award Best Borrower in Emerging Europe

According to a survey conducted by Euromoney magazine among over 1,700 institutional investors around the world Poland is the Best Borrower in Emerging Europe.

