



REPUBLIC OF SLOVENIA
MINISTRY OF FINANCE

No.: 41003-1/2007/22

Ljubljana, October 11, 2007

**Supplement No VI to the Republic of Slovenia's Government Budget Financing Program
for 2007**

Following the Article 84 of the Public Finance Act (OG RS, No.79/99, No. 124/00, 79/01, 30/02) the Government of the Republic of Slovenia has on October 11, 2007 decided to change and supplement the Financing Program of the Republic of Slovenia Central Government for the Fiscal Year 2007 as follows:

- 1. Paragraph 2.2. »Execution of Borrowing« shall be replaced entirely to read as follows:**

2.2. EXECUTION OF BORROWING

The total envisaged maximal amount of financing the execution of the central government 2007 budget will be 1,200.4 million EUR.

Total necessary amount of financing the execution of the central government budget will be carried out by short- and long term financing. The size of short and long term financing and structure of debt instruments shall be decided related to strategic objectives and principles of government debt management, taking into account the execution of the budget.

A part of the total amount necessary for central government budget execution shall be financed by issuing short term instruments, i.e. 3- and 6 month treasury bills to be issued every two months up to and including the month of September, and once a month thereafter. At any given time in the year 2007, the outstanding amount of treasury bills issued in 2007 shall not exceed 200 million EUR range. The 6-month treasury bills shall be amortized by year end while the outstanding amount of 3-month treasury bills is expected to be 150 million EUR. The remainder of necessary short term financing will be obtained through borrowing with the government's single treasury account and/or borrowing with commercial banks under market conditions.

When defining the structure of long term instruments and long term borrowing dynamics, the objective of establishing benchmark bonds in the common European market, i.e. issuing bonds of at least 1 billion EUR size to ensure liquidity, should be taken into account. As long term borrowing is incurred not only for the central government budget financing but also for debt management transactions, a part of the total size of long term borrowing is defined by the size of the debt management operations, i.e. prepayments and buy-backs of existing debt.

To ensure optimal flexibility in targeting the central government budget execution, the structure of borrowing for the central government budget execution in 2007¹ shall be:

- long term borrowing for central government budget financing.....200,213,597 EUR
- outstanding short term debt end 2007.....up to 787,000,000 EUR,

By way of such borrowing structure (size of long and short term borrowing as well as financing instruments) the closest possible adjustment of the total borrowing size to actual execution of the central government budget will be ensured . Thus borrowing in excess of actual funding needs will be avoided.

- 2. Table 1 in Paragraph 2.3.1. »Short Term Instruments« shall be replaced with new table displayed below, and the last paragraph shall be replaced by the wording as follows:**

Table 1: Treasury bill auctions calendar 2007

T-bill designation	Auction date	Settlement date	Maturity date	No. of days
TZM105	23.01.2007	25.01.2007	26.04.2007	91
TZM106	27.03.2007	29.03.2007	28.06.2007	91
TZM107	22.05.2007	24.05.2007	23.08.2007	91
TZM108	24.07.2007	26.07.2007	25.10.2007	91
TZM109	25.09.2007	27.09.2007	27.12.2007	91
TZM110	23.10.2007	25.10.2007	24.01.2008	91
TZM111	27.11.2007	29.11.2007	28.02.2008	91
TZM112	18.12.2007	20.12.2007	20.03.2008	91

T-bill designation	Auction date	Settlement date	Maturity date	No. of days
SZM45	23.01.2007	25.01.2007	26.07.2007	182
SZM46	27.03.2007	29.03.2007	27.09.2007	182
SZM47	22.05.2007	24.05.2007	29.11.2007	189

The remainder of short term borrowing shall be executed through borrowing with the government's single treasury account and/or borrowing with banks under market conditions. Apart from borrowing through use of the above instruments, the government's single treasury account will be used for liquidity borrowing within the fiscal year.

¹ According to the already executed budget and the budget flows forecasts for the remainder of the year 2007 the central government budget deficit of the executed budget is estimated to be reduced for 200 million EUR.

3. **Table 2 »Long term borrowing timeframe« in Paragraph 2.3.2. »Long Term Instruments« shall be replaced with new table displayed below, and the wording of the sentence preceding the last sentence of the first paragraph including Note 3 shall be replaced by the sentence below:**

»The bond will be issued in the planned amount of 1 billion EUR provided that the size of buybacks of outstanding instruments and the execution of the central government budget for the year 2007 will make this feasible.«

Table 2: Long term borrowing timeframe

Bond	Mode of issuance	Auction/sale date	Settlement date	Maturity date
RS59	Auction	15.02.2007	19.02.2007	17.02.2016
11-year	Syndicated	March 2007	22.03.2007	22.03.2018
5 –year	Syndicated	not to be executed	/	/