

KGHM POLSKA MIEDŹ S.A.

Dear shareholders,

The results of the KGHM Polska Miedź S.A. Group in 2007 give reason for satisfaction. Sales revenues amounted to PLN 13.5 billion and were approx. 5 % higher than those achieved in the comparative period of the prior year. This was mainly due to an increase in revenues achieved by the Parent Entity, mainly due to the increase in copper and silver prices and to a lower adjustment of revenues due to hedging transactions. In 2007, similarly as in the prior year, the prices of these metals remained at high levels, alongside relatively large fluctuations. Consistent actions taken with respect to trade and finance, despite the strengthening of the Polish zloty versus the USD, enabled the achievement of high results.

The net profit of the Group increased, with respect to 2006, by 13.1% and amounted to over PLN 3.9 billion. This increase is composed both of the higher results of the Parent Entity, and of the subsidiaries. This is the highest result in the history of the KGHM Polska Miedź S.A. Group.

2007 was the first year of realisation of the strategy of KGHM Polska Miedź S.A. and of the Group which was approved by the Supervisory Board in December 2006. Actions taken within the Group were mainly concentrated on increasing the effectiveness of invested capital. Actions were undertaken with respect to restructuring assets and aimed at increasing sales profitability and searching for new, strategic operating areas. Another area of realising the strategy was bringing clarity to the Group's business structure.

With respect to diversifying activities, a new entity was established in association with the Voivodeship of Lower Silesia and Wrocław University of Technology - KGHM LETIA Legnicki Park Technologiczny S.A. The purpose of this enterprise is to make use of the technological potential of KGHM Polska Miedź S.A., to create an attractive zone for carrying out business and investing in activities based on new technology. A subsidiary – KGHM Ecoren S.A. – commissioned a hydrometallurgical unit for the production of rhenium, one of the most sought-after elements in the world mainly used in the creation of the most modern technology.

The Group results are significantly impacted by its telecom assets. Polkomtel S.A. is consistently realising a strategy of increasing its value, and annually pays a dividend to its shareholders. KGHM Polska Miedź S.A. plans to increase its stake in the assets of Polkomtel S.A., and the very good results of the company confirm the appropriateness of the strategy chosen with respect to the operator of PLUS GSM. DIALOG S.A. is altering its image from that of a traditional fixed-line telephone operator into a modern supplier of Internet, television and mobile telephone services, simultaneously increasing its potential through acquisitions.

Realising its strategy of increasing its value by investing in development projects, KGHM Polska Miedź S.A. provides equity support to the projects of Group companies aimed at strengthening its position in those sectors. Altogether approx. PLN 80 million was spent in 2007 on acquiring shares in subsidiaries. A significant part of this amount involved increasing share capital, among others in „Energetyka” sp. z o.o. This operation was aimed at assuring the company of funds for modernisation aimed at increasing its power generation capacity.

In 2007 as in prior years, KGHM Polska Miedź S.A. financially supported projects aimed at serving the local community. With respect to equity investments, funds were allocated to MCZ S.A. for the acquisition of modern medical equipment and improving the quality of occupational medicine. KGHM Polska Miedź S.A. increased its equity commitment in „Zagłębie” Lubin SSA, in order to build a stadium in Lubin.

In subsequent years we foresee the continuation of equity investments in areas considered by KGHM Polska Miedź S.A. as strategic. In addition, we intend to realise investments supporting the core business of KGHM, as well as undertaking actions bringing clarity to the Group's structure. We hope that our actions will ensure an increase in the value of the Group and will strengthen the market position of its individual entities in the sectors in which they function.

acting President of the
Management Board

Ireneusz Reszczyński

Lubin, 15 April 2008