

Dear Shareholders,

I hereby present the annual consolidated financial report containing a summation of the activities of the KGHM Polska Miedź S.A. Group in 2008. The financial and economic crisis which began in the United States spread to the rest of the world in the second half of 2008. Every company has felt its painful impact.

Sales by the KGHM Polska Miedź S.A. Group in 2008 amounted to PLN 12.7 billion. Profit for 2008 amounted to PLN 2.77 billion and were lower as compared to the prior year by 30%, i.e. PLN 1.17 billion. The greatest impact on the KGHM Polska Miedź S.A. Group was from the Parent Entity. In difficult macroeconomic conditions, much worse than assumed in budget plans, KGHM Polska Miedź S.A. ended 2008 successfully. The projected financial results were realised. Company sales amounted to PLN 11.30 billion, while profit reached PLN 2.92 billion. This was one of the best financial results in the Company's history. Significant impact on the Company's financial result came from the hedging strategies implemented in 2008.

In the past year the KGHM Polska Miedź S.A. Group made the largest investment expenditures in its history, in both tangible and equity investments. Expenditures on tangible investments by KGHM Polska Miedź S.A. reached PLN 1.14 billion. This was spent primarily on development-related tasks and on replacement. PLN 793 million was allocated for equity investment, an amount five times higher than in 2007. The largest equity investments were incurred in December 2008 due to the acquisition by KGHM Polska Miedź S.A. of 980 486 ordinary registered shares of Polkomtel S.A., representing 4.78% of the share capital of this company. The purchase price for this block of shares was PLN 726 million. As a result of this transaction the ownership share of KGHM Polska Miedź S.A. in the capital of this company changed from 19.61% to 24.39%.

In 2008 the KGHM Polska Miedź S.A. Group was expanded by two entities. In August 2008 POL-MIEDŹ TRANS Sp. z o.o. founded a company under the name PMT Linie Kolejowe sp. z o.o. In November 2008 DIALOG S.A. acquired shares in PETROTEL Sp. z o.o.

The telecom assets of KGHM Polska Miedź S.A., which include Polkomtel S.A and DIALOG S.A., have a significant impact on the results of the entire Group. Polkomtel S.A., which is consistently realising a strategy of increasing its value, year after year pays a dividend to its shareholders. DIALOG S.A. continued a strategy aimed at successive increases in its subscriber base, in both voice and internet services, and therefore at increased company revenues. Last year the company recorded a loss, despite an increase in sales of over 10%, to PLN 548 million. This loss was mainly due to impairment of the company's assets, including an impairment loss on the company's property, plant and equipment. DIALOG S.A., despite strong competition from mobile operators, increased the number of its subscribers using voice services based on its own network.

At the end of 2008 the Management Board of KGHM Polska Miedź S.A. declared power and mining as significant areas of investment. Investments in energy assets involve the acquisition of new, alternative sources of energy. Investments in mining will involve the acquisition of shares in exploratory entities and mining assets in order to geographically diversify the activities of the Company.

The actions of KGHM Polska Miedź S.A. related to supporting the core business assume the realisation of projects aimed at modernising the technology of copper extraction and processing and reducing production costs. In carrying out these strategic intentions, those subsidiaries which provide services to the Divisions of KGHM Polska Miedź S.A. have developed investment plans aimed at these aspects.

In realising the strategy of increasing its value through investing in areas unrelated to the core business of KGHM Polska Miedź S.A., the company also provides equity support to other investments by the entities of the Group, aimed at strengthening their positions in those sectors in which they operate.

Tasks related to simplifying and improving the structure of the KGHM Polska Miedź S.A. Group over the next several years will involve disposing of some entities either unrelated to the core business of KGHM Polska Miedź S.A. or which are ineffective, and assuming direct supervisory control over indirectly related entities which are significant for the functioning of the core business. The creation is assumed in 2009 of a special fund for the management of selected Group entities.

The past year was difficult and full of unforeseen events. Nonetheless, the results achieved in 2008 allow us to look toward the future with cautious optimism. The stable financial condition of the Parent Entity permits the realisation of ambitious investment plans. I am convinced that the effects of these actions will lead to a significant increase in the value of the Group, as well as satisfaction by our shareholders and investors.

Mirosław Krutin

President
of the Management Board

Lubin, 27 March 2009