

General Meeting

KGHM Polska Miedź S.A.

Due to a change in International Financial Reporting Standards in force in KGHM Polska Miedź S.A., the Management Board of KGHM Polska Miedź S.A. hereby submits a proposed resolution, regarding offsetting the impact of changes in accounting policy on profit from prior years and on the reserves arising from actuarial gains and losses, for its inclusion in the agenda of the General Meeting.

It is proposed to offset the impact of changes in accounting policy on profit from prior years and on the reserves arising from actuarial gains and losses in the following manner:

- profit from prior years in the amount of PLN 356 122 008, which arose as a result of changes in International Financial Reporting Standards applied by KGHM Polska Miedź S.A., shall be used to cover the negative amount of the reserves arising from actuarial gains and losses in the amount of PLN 356 122 008, which also arose as a result of changes in International Financial Reporting Standards.

Justification

Based on generally-applicable rules for the functioning of accounting policies, KGHM Polska Miedź S.A. with its registered head office in Lubin is required to update its accounting policy in line with changes in the laws on which it is based, and in particular domestic law and International Financial Reporting Standards (hereafter also IFRS).

The changes in IFRS introduced by the International Accounting Standards Board make it necessary to continuously update company accounting policies (including that of KGHM Polska Miedź S.A.), which are based on IFRS principles. The need to update accounting policy due to the aforementioned principles often results

in specified effects on the accounts, amongst others on the financial result or other elements of equity.

On 1 January 2012, due to changes in International Financial Reporting Standards - IAS 19 *Employee benefits*, as required, KGHM Polska Miedź S.A. introduced a change in accounting policy with respect to recognition of the impact of changes in estimates of future employee benefits using actuarial methods.

As a result of the retrospective application of the new accounting policy, i.e. as though it had always applied to the Company, there was an adjustment in the result from prior years – an increase in profit in the amount of PLN 356 122 008, and a decrease in the reserves arising from actuarial gains and losses in the amount of PLN 356 122 008, which in effect did not change the balance of Company equity from prior years, but did affect the analytical composition (including profit from prior years) of the statement of financial position item „retained earnings” without affecting its value. This operation was of a strictly accrual nature – both profit from prior years and the negative impact decreasing the reserves arising from actuarial gains and losses are a result of book entries made due to changes in IAS 19 *Employee benefits*.

Taking into account the above justification and the positive evaluation of the Supervisory Board, the Management Board requests the offsetting of profit from prior years in the amount of PLN 356 122 008 with the negative amount of the reserves arising from actuarial gains and losses in the amount of PLN 356 122 008 which arose due to changes in accounting policy.

Appendix:

- Draft resolution of the General Meeting regarding the offsetting of profit from prior years with the reserves arising from actuarial gains and losses.

Proposal 6 to point 10d of the agenda

**Resolution No./2013
of the Ordinary General Meeting of KGHM Polska Miedź S.A.
with its registered head office in Lubin dated 19 June 2013**

regarding: the offsetting of profit from prior years with the reserves arising from actuarial gains and losses.

The General Meeting of KGHM Polska Miedź S.A. resolves the following:

- I. The General Meeting of the Company hereby resolves to offset profit from prior years in the amount of PLN 356 122 008 with the negative amount of the reserves arising from actuarial gains and losses in the amount of PLN 356 122 008 which arose due to changes in accounting policy.
- II. This resolution comes into force on the date it is adopted.

