

**ANNUAL REPORT ON THE ACTIVITIES OF THE SUPERVISORY BOARD
OF KGHM POLSKA MIEDŹ S.A. FOR FINANCIAL YEAR 2009**
including the evaluation of the work of the Supervisory Board with attached
reports from the work of the Audit Committee and Remuneration Committee
(approved by the Supervisory Board of KGHM Polska Miedź S.A. on 16 April 2010)

I. Composition of the Supervisory Board of KGHM Polska Miedź S.A.

The composition of the 7th-term Supervisory Board in 2009 was as follows:

<i>First name, surname</i>	<i>function</i>	<i>period when function served in 2009</i>
Marek Trawiński	Chairman	1 January 2009 – 31 December 2009
Jacek Kuciński	Deputy Chairman	1 January 2009 – 31 December 2009
Marek Panfil	Secretary	1 January 2009 – 31 December 2009
Marcin Dyl	Member	1 January 2009 – 31 December 2009
Arkadiusz Kawecki	Member	1 January 2009 – 31 December 2009
Marzenna Weresa	Member	1 January 2009 – 31 December 2009
<i>Members of the Supervisory Board elected by employees of the Company</i>		
Józef Czyczerski	Member	1 January 2009 – 31 December 2009
Leszek Hajdacki	Member	1 January 2009 – 31 December 2009
Ryszard Kurek	Member	1 January 2009 – 31 December 2009

II. Principles and procedures of operations of the Supervisory Board of KGHM Polska Miedź S.A.

The Supervisory Board of KGHM Polska Miedź S.A. is the permanent supervisory body of KGHM Polska Miedź S.A. in Lubin, in all of the Company's functional areas. The Supervisory Board is comprised of 7 to 10 members, appointed by the General Meeting, of which 3 (three) members are elected by the Company's employees. The members of the Supervisory Board are appointed for a mutual term of office, which lasts three years. The Supervisory Board operates on the basis of prevailing law, the Statutes of the Company and the Regulations of the Supervisory Board of KGHM Polska Miedź S.A. in Lubin and Corporate Governance Principles.

The Supervisory Board continuously supervised the activities of the Company and realised its tasks based on the specific rights granted to the Supervisory Board of

KGHM Polska Miedź S.A. by the Statutes of the Company under Chapter IVB, § 20, and in turn by the Regulations of the Supervisory Board under Chapter III, § 8.

The Supervisory Board performed its functions at meetings of the Supervisory Board convened for this purpose, as well as through its members delegated to work in the Committees.

During the reporting period, the Supervisory Board of KGHM Polska Miedź S.A. held 13 meetings, of which 8 meetings were held at the head office of the Company in Lubin, and 5 in the office of KGHM Polska Miedź S.A. in Warsaw.

The Supervisory Board at each meeting reviewed information regarding the current work of the Management Board, always reviewing the resolutions of the Management Board of the Company. The Supervisory Board also reviewed on an on-going basis information regarding the financial results of KGHM Polska Miedź S.A. for individual months of 2009 and accumulated results from the beginning of 2009. In accordance with the labour contracts with the members of the Management Board, the Supervisory Board reviewed the work of the Management Board on a quarterly basis, and considered the request of the Management Board regarding the payment of an advance on variable remuneration. The Supervisory Board also periodically reviewed the report of the Management Board on the realisation of donations, sponsoring, representation, marketing and advertising in KGHM Polska Miedź S.A. and in the Group, as well as the report on the realisation of consulting, advisory and analytical services performed by external entities on behalf of KGHM Polska Miedź S.A. and the Group. The Supervisory Board in particular analysed the realisation of investment tasks of the Company, analysing quarterly the report presented by the Management Board, at the request of the Supervisory Board, on the realisation of the budget for capital expenditures and on contracts entered into by the Company.

At each meeting the Supervisory Board reviewed its correspondence.

In order to improve communications between the Management Board and the Supervisory Board, the practice was continued of providing written information to the Management Board in the form of a letter from the Chairman of the Supervisory Board after each meeting of the Supervisory Board, with information on all of the decisions taken by the Supervisory Board during the meeting.

In 2009 the Supervisory Board passed 84 resolutions, including 1 resolution in the form of written voting (between meetings).

The date, location and major issues dealt with by the Supervisory Board, as well as decisions taken by the Supervisory Board during individual meetings, are presented below.

Meeting of the Supervisory Board of KGHM Polska Miedź S.A. on 26 January 2009 in Lubin

The Supervisory Board reviewed the presentation of the Management Board of KGHM Polska Miedź S.A. regarding the Budget of the Company for 2009 and the Strategy of the Company for the years 2009-2018 and added its comments to the materials presented by the Management Board. After reviewing the materials presented by the Management Board regarding realisation of the radio communications project in the Company's mines, the Supervisory Board accepted the commitment of the Management Board that by the end of March 2009 it would present the Supervisory Board with a detailed analysis and a project schedule. The Supervisory Board heard information from the Management Board regarding the investment in Congo.

The Supervisory Board, after reviewing information from the Management Board regarding the functioning of the Central Procurement Office, requested the Management Board to again supplement the material on calculating the economic effects of the functioning of the Central Procurement Office and on a detailed schedule for implementing this project.

Meeting of the Supervisory Board of KGHM Polska Miedź S.A. on 23 February 2009 in Lubin

After reviewing the requests of the Management Board, the Supervisory Board approved the Budget of the Company for 2009 and the Strategy of KGHM Polska Miedź S.A. for the years 2009 – 2018. In addition, the Supervisory Board adopted resolutions in which it:

- required the Management Board to submit documentation on the development of actions to be taken by the Management Board in terms of the large decrease in the copper price and the financial crisis on global markets;
- expressed its consent to the acquisition by the Polkowice-Sieroszowice Mining Division of KGHM Polska Miedź S.A. of property in Kaźmierzów;
- expressed its consent to the acquisition by the Legnica Smelting Division of KGHM Polska Miedź S.A. of property in Legnica.

The Supervisory Board also adopted its framework plan of work for 2009.

In addition, the Supervisory Board reviewed information from the Management Board regarding:

- currency hedging for 2009;
- functioning of the Central Procurement Office;
- realisation of an agreement for the supply of gas to KGHM Polska Miedź S.A. and to other subsidiaries in the Group;
- legal analysis of the current legal status of the manner, principles and procedures for appointing an employee-elected member of the Management Board;
- expenditures for 2008 on marketing, consulting and advising, sponsoring and the granting of donations by KGHM Polska Miedź S.A. The Supervisory Board suggested to the Management Board that, taking into consideration the crisis, it should take firm control over expenditures on such items, both in the Company as well as in the Group, in order to absolutely minimise them.

The Supervisory Board, after hearing the proposal of the Management Board on disposing of shares held by KGHM Polska Miedź S.A. in the company Polskie Centrum Promocji Miedzi Sp. z o.o., requested the Management Board to supplement the proposal with information regarding the membership of KGHM in the organisation International Copper Association.

The Supervisory Board, after reviewing the proposal of members of the Supervisory Board regarding adoption of a decision on initiating procedures for the election of a member of the Management Board of KGHM Polska Miedź S.A. by the employees, requested the legal counsel providing services to the Supervisory Board to present proposed changes to the „Regulations for the election by the employees of a member of the Management Board of KGHM Polska Miedź S.A.”

Meeting of the Supervisory Board of KGHM Polska Miedź S.A. on 27 March 2009 in Lubin

The Supervisory Board met with representatives of the firm Ernst & Young – the Auditor of KGHM Polska Miedź S.A. The Auditor provided the Supervisory Board with information on the conclusion of its audit of the financial statements of the Company and Group, described the processes audited and the result of this audit, and also discussed macroeconomic trends impacting the Company.

The Supervisory Board, after reviewing the proposal of the Management Board, adopted a resolution on the sale of property by the Tailings Division of KGHM Polska Miedź S.A. in Rudna.

The Supervisory Board reviewed the recommendations of the Remuneration Committee of the Supervisory Board respecting proposed changes in the labour

contracts for members of the Management Board, and the granting of advances on the variable remuneration for the President and Members of the Management Board. The Supervisory Board made a decision regarding changes in the wording of the pattern of labour contracts for members of the Management Board of KGHM Polska Miedź S.A., in accordance with the decision that in 2009 there would be no valorisation of fixed remuneration, and set the amount of the quarterly advance on the variable remuneration of individual Management Board Members for the fourth quarter of 2008.

After hearing the supplemented proposal of the Management Board regarding expressing its approval for the sale of shares held by KGHM Polska Miedź S.A. in Polskie Centrum Promocji Miedzi Sp. z o.o., as a result of voting the Supervisory Board did not adopt a resolution in this regard.

The Supervisory Board ordered the Management Board to prepare and present to the Supervisory Board regulations regarding a model for sponsoring activities by the Company, in accordance with the guidelines of the Decree of the Minister of the State Treasury dated 13 February 2009, and information on the implementation of these principles in the Company and Group.

The Management Board also presented information regarding:

- the project for founding the company Towarzystwo Funduszy Inwestycyjnych;
- evaluation of the corporate governance principles in the Company along with proposed changes.

Meeting of the Supervisory Board of KGHM Polska Miedź S.A. on 27 April 2009 in Lubin

The Supervisory Board again met with the Auditor of the Company –Ernst &Young– and approved the following documents to be presented at the Ordinary General Meeting:

- an evaluation of the Financial Statements of KGHM Polska Miedź S.A. for financial year 2008;
- an evaluation of the Report of the Management Board on the activities of KGHM Polska Miedź S.A. in 2008.
- an evaluation of the Consolidated Financial Statements of the KGHM Polska Miedź S.A. Group for financial year 2008;
- an evaluation of the Report of the Management Board of the Parent Entity on the activities of the KGHM Polska Miedź S.A. Group in 2008.

As a result of voting the Supervisory Board did not adopt a resolution regarding an evaluation of the proposal of the Management Board as to the appropriation of profit for 2008.

The Supervisory Board reviewed information from the Management Board regarding investment projects related to accessing the Głogów Głęboki deposit.

The Supervisory Board, after reviewing the proposal of the Management Board, adopted a resolution in which it expressed its agreement for the founding of the company KGHM Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna.

Meeting of the Supervisory Board of KGHM Polska Miedź S.A. on 8 May 2009 in Lubin

The Supervisory Board continued to adopt resolutions regarding approval of documents to be presented at the Ordinary General Meeting of the Company, regarding:

- approval of the Report on the activities of the Supervisory Board of KGHM Polska Miedź S.A. in the period from 1 January 2008 to 31 December 2008, together with the reports of the Audit and Remuneration Committees on their activities in 2008;
- approval and submission to the Ordinary General Meeting of the Report of the Supervisory Board of KGHM Polska Miedź S.A. on the results of its evaluation of the Report of the Management Board on the activities of the Company in financial year 2008, the results of the evaluation of the Financial Statements of the Company for financial year 2008 and the proposal of the Management Board on the appropriation of Company profit for financial year 2008;
- approval and submission to the Ordinary General Meeting of the brief assessment of the standing of KGHM Polska Miedź S.A. for financial year 2008;

- approval and submission to the Ordinary General Meeting of the report on the results of the evaluation of the report of the Management Board of the Parent Entity on the Activities of the Group in financial year 2008 and the results of the evaluation of the Consolidated Financial Statements of the KGHM Polska Miedź S.A. Group for financial year 2008;
- assessing the proposal of the Management Board of KGHM Polska Miedź S.A., directed to the Ordinary General Meeting of the Company, regarding changes in the „Statutes of KGHM Polska Miedź Spółka Akcyjna with its registered head office in Lubin”;
- submission of a proposal to the Ordinary General Meeting, regarding approval of the performance of duties of the Management Board Members for financial year 2008.

In addition the Supervisory Board heard information from the Management Board regarding:

- the withdrawal of KGHM Polska Miedź SA from the GDR program;
- the effects of realisation of capital expenditures and equity investments for the years 2005 – 2008.

After hearing the proposal of the Management Board regarding its opinion on the changes in the Bylaws of the General Meeting of KGHM Polska Miedź S.A., taking into account the fact that the laws which require these changes will only come into force from 3 August 2009, following discussions, the Supervisory Board concluded that the introduction of the changes proposed by the Management Board to the Bylaws is premature.

The Supervisory Board approved the changes proposed by the legal counsel regarding changes in the Regulations for the election by the employees of a member of the Management Board of KGHM Polska Miedź S.A., and resolved to adopt a decision in this matter at the next meeting.

Meeting of the Supervisory Board of KGHM Polska Miedź S.A. on 15 June 2009 in Warsaw

After reviewing the proposals of the Management Board, the Supervisory Board expressed its agreement to the acquisition of shares in the increased share capital of „Miedziane Centrum Zdrowia” S.A., as well as in the matter of acquiring property by the Lubin Mining Division of KGHM Polska Miedź S.A. in Lubin.

Due to the expiry of the 6th-term Management Board of the Company, the Supervisory Board appointed Herbert Wirth to the 7th-term Management Board, and granted him the function of the Acting President of the Management Board of KGHM Polska Miedź S.A. The Supervisory Board also appointed Maciej Tybura to the Management Board, and granted him the function of Vice President of the Management Board of KGHM Polska Miedź S.A. The Supervisory Board decided that the 7th-term Management Board of the Company would be composed of two members.

The Supervisory Board of KGHM Polska Miedź S.A. positively evaluated the proposals of the Management Board of KGHM Polska Miedź S.A., directed to the Ordinary General Meeting of KGHM Polska Miedź S.A., regarding the appropriation of profit for financial year 2008 and the proposal on setting the right to dividend date and the dividend payment date for financial year 2008.

In addition, the Supervisory Board adopted a resolution regarding commencement of the recruitment process for the position of President of the Management Board of KGHM Polska Miedź S.A. Towards this end the Supervisory Board approved the „Regulations on the recruitment process for the position of President of the Management Board of KGHM Polska Miedź S.A. for the 7th term”, commenced the recruitment process for the position of President of the Management Board of KGHM Polska Miedź S.A. for the 7th term and approved a recruitment committee composed of Arkadiusz Kawecki, Jacek Kuciński and Marek Panfil.

Meeting of the Supervisory Board of KGHM Polska Miedź S.A. on 10 July 2009 in Warsaw

After hearing the proposal of the Management Board and after hearing the recommendations of the Remuneration Committee, the Supervisory Board evaluated the work of the Management Board and adopted a decision regarding payment and setting of the amount of the advance on variable remuneration of the Members of the Management Board for the first quarter, and annual remuneration for 2008. The Supervisory Board also adopted a decision regarding payment of the advance on variable remuneration for 2008 to former Members of the Management Board.

The Supervisory Board, after reviewing the recommendations of the Recruitment Committee from the subsequent stage of the recruitment process, resolved to accept the proposal of the Recruitment Committee on accepting 11 candidates to the next stage of the recruitment process for the position of President of the Management Board of KGHM Polska Miedź S.A., and to allow 7 candidates to advance to the next stage of the recruitment process, under condition that they first supplement their references within the period of time specified by the Supervisory Board.

The Supervisory Board also adopted a resolution regarding the recruitment process, in which it resolved to grant further recruitment activities to the Recruitment Committee, and as part of these activities it authorised the Committee to conduct preliminary qualifying discussions with candidates admitted to the next stage of the recruitment process. The Supervisory Board committed the Recruitment Committee to present from 3 to 6 candidates, from whom the Supervisory Board of KGHM Polska Miedź S.A. would select the President of the Management Board of KGHM Polska Miedź S.A. for the 7th term.

Due to the granting to Herbert Wirth the function of the Acting President of the Management Board, the Supervisory Board resolved to sign an appendix to his employment contract.

In addition, at the request of the Management Board of the Company, after reviewing documents submitted by the Management Board, the Supervisory Board expressed its agreement to the acquisition by KGHM Polska Miedź S.A. of shares in the increased share capital of „Energetyka” sp. z o.o. in Lubin. The Supervisory Board again reviewed the proposal of the Management Board regarding expressing agreement to the sale of shares held by KGHM Polska Miedź S.A. in Polskie Centrum Promocji Miedzi sp. z o.o., and requested the Management Board to supplement that information indicated by the Members of the Supervisory Board.

The Supervisory Board heard information from the Management Board regarding:

- the strategy with respect to the company Walcownia Metali Nieżelaznych Sp. z o.o.;
- the report on the conduct of supervision of the companies of the Group;
- the technical – economic analysis of the concentrate hydrotransport system;
- the investment in the company Energetyka using the funds of KGHM to realise a wind farm.

Meeting of the Supervisory Board of KGHM Polska Miedź S.A. on 20 July 2009 in Warsaw

The Chairman of the Recruitment Committee, Jacek Kuciński, informed the members of the Supervisory Board of the course of meetings of the Recruitment Committee in stage two of the recruitment process. The Recruitment Committee recommended five candidates to the Supervisory Board. Following qualifying discussions, and after extensive discussion and after evaluating each of the candidates, the Supervisory Board of KGHM Polska Miedź S.A. made the decision (in secret voting) to appoint Herbert Wirth to the function of President of the Management Board of KGHM Polska Miedź S.A.

Meeting of the Supervisory Board of KGHM Polska Miedź S.A. on 24 August 2009 in Lubin

The Supervisory Board reviewed and approved the Report of the Management Board on the realisation of donations, sponsoring, representation expenditures, marketing and advertising by KGHM Polska Miedź SA and the Group in the first half of 2009.

The Supervisory Board reviewed information from the Management Board on the following subjects:

- analysing the effectiveness of ore processing in the OEPs, confirming implemented and planned organisational, technological and investment activities;
- the current status of Company computerisation and of investments executed and planned, together with analysis of operating and servicing costs;
- cooperation by KGHM with scientific, research and specialist institutions;
- the recovery of non-ferrous metals and advanced hydrometallurgical technology – the recovery of rhenium from acidic scrubber liquid by the Głogów II smelter;
- new research directions with respect to the use and processing of raw materials.

The Supervisory Board, with the participation of Marek Musiał, representative of Ernst & Young Audit sp. z o.o., reviewed the Financial statements of KGHM Polska Miedź SA for the first half of 2009, the Report on the activities of KGHM Polska Miedź SA in the first half of 2009, the Consolidated financial statements of the KGHM Polska Miedź SA Group for the first half of 2009 and the Report on the activities of the KGHM Polska Miedź SA Group in the first half of 2009.

After reviewing the proposal of the Management Board, the Supervisory Board adopted a resolution regarding an adjustment to the „Budget for 2009”, approved by Supervisory Board resolution No. 4/VII/09 dated 23 February 2009.

At the request of the President of the Management Board, Herbert Wirth, the Supervisory Board, as a result of secret voting, adopted a resolution regarding the appointment of Ryszard Janeczek to the Management Board of KGHM Polska Miedź S.A. and granted him the function of Vice President of the Management. Likewise, at the request of the President of the Management Board, the Supervisory Board granted Maciej Tybura the function of I Vice President of the Management of the Company. The Supervisory Board resolved that the Management Board of KGHM Polska Miedź S.A. would be composed of three Members of the Management Board.

The Supervisory Board, in performance of its rights arising from the resolution of the Ordinary General Meeting dated 16 June 2009, adopted a resolution regarding setting a uniform text of the Statutes of KGHM Polska Miedź Spółka Akcyjna with its registered head office in Lubin.

After reviewing the proposals of the Management Board, the Supervisory Board:

- resolved to set the amount of, and to pay, the quarterly advance on the variable remuneration of the Members of the Management Board for the second quarter of 2009;
- expressed its agreement to the participation of members of the Management Board of KGHM Polska Miedź SA in the Supervisory Boards of Companies in which KGHM Polska Miedź SA owns shares.

The Supervisory Board, after discussing the subject of the „Matter of the election by the employees of a member of the Management Board of KGHM Polska Miedź SA”, ordered its legal counsel to examine the existing „Regulations for the election by employees of a member of the Management Board of KGHM Polska Miedź SA” and proposed changes to the Regulations.

Meeting of the Supervisory Board of KGHM Polska Miedź SA on 19 October 2009 in Warsaw

The Supervisory Board reviewed information from the Management Board on the following subjects: the acquisition of deposits of copper and of other non-ferrous metals

beyond the borders of Poland; strategic directions for the development of the Group, with a schedule for realisation; main investment projects of Group companies with presentation of profitability analysis and financing; a conception for accessing and exploiting explored laterite ore (nickel) in Szklary in Lower Silesia; the investment in the Democratic Republic of Congo; a presentation of Group companies, together with their results for the last three years and an analysis of benefits (and/or losses) with respect to direct and indirect equity commitment of KGHM Polska Miedź S.A.

The Management Board also presented supplementary information (arising from the letter to the Management Board after the previous Supervisory Board meeting), respecting the operational functioning of the entire power system in the KGHM Polska Miedź S.A. Group, in connection with acquisition of the company WPEC Legnica; on the subject of profitability analysis of processing ore in the OEPs with comprehensive analysis of investments realised in the OEPs together with a schedule indicating deadlines for realised and planned expenditures; and on the subject of cooperation by KGHM with scientific, research and specialist institutions.

The Management Board also made (with the participation of the Management Board of Telefonía Dialog S.A) a presentation on the current operating strategy of Telefonía Dialog S.A. together with information on the strategy of the owner towards this company.

In addition, at the request of the Management Board of the Company, the Supervisory Board, after reviewing the documents submitted, adopted resolutions in the following matters:

- expressing its agreement for the acquisition of property by the Tailings Division of KGHM Polska Miedź S.A. in Rudna;
- expressing its agreement for the acquisition of shares in the increased share capital of CBJ sp. z o.o.;
- expressing its agreement for the acquisition of shares in the increased share capital of „MIEDZIOWE CENTRUM ZDROWIA” S.A.

Meeting of the Supervisory Board of KGHM Polska Miedź SA on 9 November 2009 in Lubin

The Supervisory Board adopted a resolution approving the changes in the „Regulations for the election by employees of a member of the Management Board of KGHM Polska Miedź S.A.” The Supervisory Board, after reviewing a presentation on a draft „Technical-economic Plan of KGHM Polska Miedź SA for the years 2010-2014” including realisation of the budget for 2009, requested to supplement this document, including in terms of the five-year plan currently in force.

The Supervisory Board heard information regarding investment project management procedures in the Company; on the subject of procedures applied in the realisation of equity investments by the Company and Group entities; on the subject of legal proceedings in which the Company is involved; control activities in the Company performed by government bodies and internal economic control services.

After reviewing the proposal of the Management Board, the Supervisory Board expressed its agreement to the acquisition by KGHM Polska Miedź S.A. of new shares in the increased share capital of POL-MIEDŹ TRANS Sp. z o.o.

With regard to the answer to the Minister of the State Treasury letter dated 18 August 2009 regarding the functioning of the Data Processing Center, the Supervisory Board, through the Audit Committee, ordered the Departments of Auditing and Internal Control of KGHM to monitor IT risk and to monitor procedures for taking decisions related to realisation of the strategy of the Data Processing Center.

On 30 November 2009 the Supervisory Board, in written form, adopted a resolution regarding its opinion of the proposal of the Management Board of KGHM Polska Miedź

S.A. directed to the Ordinary General Meeting of the Company regarding changes in the „Statutes of KGHM Polska Miedź Spółka Akcyjna with its registered head office in Lubin”.

Meeting of the Supervisory Board of KGHM Polska Miedź SA on 18 December 2009 in Lubin

The Supervisory Board reviewed the following information from the Management Board:

- on the subject of the policy of the Management Board regarding management of the property of the Company and Group.
- on the subject of the role of KGHM Cuprum Sp z o.o. in the strategy of its owner, with a benefits analysis;
- on the subject of the profitability analysis of production processes in the copper smelters and in the ore extraction divisions;
- on the subject of issues included in the letter to the Management Board (supplementary information to materials discussed at the previous Supervisory Board meeting).

The Supervisory Board also discussed correspondence received by the Supervisory Board (a letter of members of the Supervisory Board dated 2 November 2009, a letter of members of the Supervisory Board dated 7 December 2009, a letter of members of the Supervisory Board dated 25 November 2009) and requested and heard the explanations of the Management Board with respect to the contents of certain Management Board resolutions.

In a closed part of its meeting the Supervisory Board:

- heard the recommendations of the Remuneration Committee with respect to paying the members of the Management Board an advance on variable remuneration for the third quarter of 2009, and a discussion was held in this matter; the Supervisory Board adopted a resolution on the payment of an advance on variable remuneration to the I Vice President of the Management Board of KGHM Polska Miedź S.A. Maciej Tybura – resolution no. 84/VII/09;
- reviewed the report of the Audit Committee from its meeting on 9 December 2010, including the recommendation of the Committee with respect to holding a competition to select a certified auditor for the following term.

The Supervisory Board also reviewed the Quarterly report on realisation of the capital expenditures budget and on contracts entered into in the first three quarters of 2009.

III. Committees of the Supervisory Board of KGHM Polska Miedź S.A.

The Reports on the activities of the Audit and Remuneration Committee represent, respectively, appendices nos. 1 and 2 to the Annual report on the activities of the Supervisory Board of KGHM Polska Miedź S.A. for financial year 2009.

IV. Assessment of the work of the Supervisory Board of KGHM Polska Miedź S.A.

This report describes the main directions of the activities of the Supervisory Board in financial year 2009. All of the members of the Supervisory Board properly performed their duties on the Supervisory Board, applying their knowledge and experience in the operation and supervision of commercial law companies.

In submitting this report, the Supervisory Board requests that its members be approved as having properly performed their duties in financial year 2009.

Report on the activities of the Audit Committee of the Supervisory Board of KGHM Polska Miedź SA in 2009

During the period 1 January 2009 to 31 December 2009 the Audit Committee of the Supervisory Board of KGHM Polska Miedź SA functioned in the following composition:

1. Marcin Dyl,
2. Marek Panfil – Chairman,
3. Marzenna Weresa.

In 2009 the Audit Committee held five meetings in the Warsaw office of KGHM Polska Miedź SA:

1. On **20 March 2009** a meeting was held regarding market risk management in KGHM Polska Miedź SA. The members of the Audit Committee reviewed a presentation prepared by the Company, which familiarised the members of the Audit Committee with the question of the market risk hedging policy applied in the Company (arguments in favour of applying a hedging policy, the manner of managing market risk). The participants in the meeting discussed matters of the most importance for the Company regarding the hedging policy applied by KGHM with respect to commodity prices and exchange rates.
2. On **20 April 2009** the Auditing Committee met with representatives of Ernst & Young Audit Sp. z o.o. – the auditor of the Company – to discuss the role of the Audit Committee with respect to the *Act on certified auditors and their self-governing body, entities entitled to audit financial statements and on public supervision* dated 7 May 2009, and with respect to best practice in this regard as applied by other large domestic and foreign companies. During this discussion problems to be resolved were identified with respect to internal audit in KGHM Polska Miedź SA and the Group.
3. On **20 August 2009** the Audit Committee met with representatives of Ernst & Young Audit Sp. z o.o. The subject of the meeting was the most important, in the Auditor's opinion, questions arising after the review of the financial statements of the Company and Group in the period January - June 2009. The participants in the meeting discussed the most important problems identified by the Auditor.
4. The meeting on **29 October 2009** was dedicated to clarifying questions related to the functioning of the Data Processing Center of KGHM Polska Miedź SA.
5. At the meeting held on **9 December 2009**:
 - the members of the Audit Committee discussed and expressed a positive opinion of the wording of corrections to the „Regulations for internal audit in KGHM Polska Miedź SA”;
 - approved recommendations in respect of changes which need to be made to the Regulations of the Audit Committee;
 - after reviewing the the document currently in force in the Company titled „*Principles for the selection of a certified auditor to audit the financial statements of KGHM Polska Miedź SA and an auditor for special matters*”,

Appendix no. 1
to the Report
on the Activities of the Supervisory Board
of KGHM Polska Miedź S.A.
for financial year 2009

approved by the Supervisory Board on 6 May 2003, the Audit Committee determined that it will recommend the introduction of changes in the „*Principles for the selection of a certified auditor ...*”, arising from an updating of law based on the *Act on certified auditors and their self-governing body, entities entitled to audit financial statements and on public supervision* dated 7 May 2009, and based on the current Best Practices of WSE Listed Companies. The Audit Committee also decided that it will recommend that the Supervisory Board hold a competition to select a certified auditor for the following term, while the period for which the certified auditor should be selected will be discussed and determined by the entire Supervisory Board.

The Audit Committee hereby presents the Supervisory Board of KGHM Polska Miedź SA with this report.

Warsaw, 09 April 2010

**Report on the activities of the Remuneration Committee
of the Supervisory Board of KGHM Polska Miedź S.A. for 2009**

(approved by the Supervisory Board of KGHM Polska Miedź S.A. on 16 April 2010)

During the period 1 January to 31 December 2009 the 7th-term Remuneration Committee of the Supervisory Board of KGHM Polska Miedź S.A. functioned in the following composition:

<i>First name, surname</i>	<i>period of work on the Remuneration Committee in 2009</i>
Leszek Hajdacki	01.01.2009 – 31.12.2009
Jacek Kuciński	01.01.2009 – 31.12.2009
Arkadiusz Kawecki Chairman	01.01.2008 – 31.12.2009

During the reporting period the Remuneration Committee functioned on the basis of § 7 point 5 of the Regulations of the Supervisory Board, as well as the the Regulations of the Remuneration Committee (approved by Supervisory Board resolution No. 41/VII/08), which included the duties of the Remuneration Committee. The main area of action of the Remuneration Committee in 2009 were questions related to supervision over realisation of the management staff remuneration system, in particular with respect to the variable elements and the granting of bonuses to the Management Board, as well as supervision over the development of employment contracts with the members of the Management Board.

In 2009 the Remuneration Committee held one meeting, and continuously and as needed, prepared recommendations for the Supervisory Board, within the scope of its duties, in consultation with the members of the Remuneration Committee, carried out by e-mail.

The Remuneration Committee met on 27 March 2009 in order to formulate a decision and to present to the Supervisory Board recommendations regarding two request of the Management Board: a request regarding payment to the Management Board of an advance on variable remuneration for the fourth quarter of 2008 and a proposal by the Management Board regarding changes in the employment contracts with the President of the Management Board and the members of the Management Board. The Remuneration Committee was requested by the Supervisory Board to prepare recommendations in these matters at the Supervisory Board meeting on 23 February 2009. The recommendations of the Remuneration Committee were presented to the Supervisory Board at the meeting held on 27 March 2009. As a result of these recommendations, the Supervisory Board adopted a resolution regarding changes in the wording of the pattern of employment contract for members of the Management Board of KGHM Polska Miedź S.A. (it was decided that in 2009 there would be no valorisation of fixed remuneration) and in the matter of the amount of the quarterly advance on variable remuneration for members of the Management Board for the fourth quarter of 2008.

After reviewing further recommendations of the Remuneration Committee, the Supervisory Board made decisions in the following matters:

- at the Supervisory Board meeting on 10 July 2009, after reviewing the recommendation of the Remuneration Committee, the Supervisory Board evaluated the work of the Management Board in 2008, and made a decision as to the amount of

the bonus for individual members of the Management Board for 2008, and made a decision on the payment to the Management Board of an advance on variable remuneration for the first quarter of 2009; the Supervisory Board also adopted a resolution regarding acceptance of an appendix to an employment contract, in which the amount of remuneration was set for Herbert Wirth, fulfilling the responsibilities of the President of the Management Board of KGHM Polska Miedź SA;

– at the meeting of the Supervisory Board on 24 August 2009, after reviewing the recommendation of the Remuneration Committee, the Supervisory Board made a decision on the payment to the Management Board of an advance on variable remuneration for the second quarter of 2009;

– at the meeting of the Supervisory Board on 18 December 2009, after reviewing the recommendation of the Remuneration Committee and after a discussion, the Supervisory Board made a decision on the payment to a member of the Management Board of an advance on variable remuneration for the third quarter of 2009.

On 8 May 2009, by resolution no. 27/VII/09, the Supervisory Board of KGHM Polska Miedź SA approved the report on the activities of the Supervisory Board of KGHM Polska Miedź SA during the period from 1 January 2008 to 31 December 2008, reflecting the evaluation of the work of the Supervisory Board, to which were appended the reports on the work of the Audit Committee and the Remuneration Committee.

The Remuneration Committee hereby presents the Supervisory Board of KGHM Polska Miedź SA with this report.