DIVIDENDS

Under Polish law, as a Government owned company, the Company has been required in lieu of a dividend to pay certain taxes to the Polish State Treasury. The terms and rates of these taxes have varied between years. The current tax (which applied in 1996 and continues in effect) requires monthly payments to the State Treasury equal to 15 per cent. of the relevant company's profit after corporate income tax. The Company has paid the required taxes in each month in which it has been legally required to do so. Following the completion of the Global Offering, the Company will no longer be required to pay such taxes to the State Treasury after the payment in respect of July 1997.

Upon completion of the Global Offering the Company will be able to pay dividends annually if such payment (including the amount thereof) is recommended by the Management Board and the Supervisory Board, and approved by the shareholders of the Company at the annual general meeting of shareholders; provided, however, by resolution of the shareholders, a dividend may be approved by the shareholders without the recommendation of the Management Board or the Supervisory Board. The resolution of the shareholders approving a dividend will also state when the dividend will be paid.

Furthermore, the Company is prohibited under Polish law from paying a dividend in any financial year in an amount which exceeds the total of its (i) net profit available for distribution with respect to such year and (ii) retained profit from previous years, if any (excluding any amounts allocated to reserves). As used herein, net profit available for distribution in any year refers to net profit after any allocations to reserves determined at the shareholders' meeting.

The Statutes provide that meetings at which the proposal for the payment of dividends is submitted to a vote by shareholders must be convened no later than the month of June following each end of the financial year to which the dividend relates. Polish law does not permit payment of interim dividends.

Dividend Policy

In the absence of unforeseen circumstances or developments in KGHM's operations and taking into account the economic and financial circumstances of the Company, the Management Board currently expects to recommend to the Supervisory Board an annual dividend with respect to each financial year of up to 30 per cent. of the Company's unconsolidated net profit. However, there can be no assurance that any such dividends will be recommended by the Management Board and the Supervisory Board, or that such a dividend will be approved by the Company's shareholders. The first dividend to which holders of GDRs purchased in the International Offering may be entitled is the dividend, if any, in respect of the financial year of the Company ending 31st December, 1997. Net profit in 1997 will be reduced by the amount of taxes paid by the Company to the State Treasury prior to the completion of the Global Offering. The amount of such taxes will be calculated in the manner set forth above and will apply only to the Company's unconsolidated net profit for the first six months of 1997.

After the Global Offering, the Selling Shareholder is likely to retain a significant degree of voting control over the Shares. See also "Investment Considerations – Considerations Relating to the Shares and GDRs – Continuing Control by the Selling Shareholder; Exposure to the Polish Government".

Owners of GDRs will be entitled to any dividends paid on the Shares represented thereby to the same extent as holders of the Shares of the Company, subject to the fees of the Depositary. See "Terms and Conditions of Global Depositary Receipts – Distribution of Payments". See "Taxation" for a discussion of the tax consequences for owners of GDRs of the payment of dividends by the Company.